

# MUSIC CONNECTION

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**HUGE FREE CLASSIFIEDS**





# **FANZ**

**Your Fans Are Your Future**

## **Offers Free Service to Up-and-Coming Artists**

by MC Senior Editor Mark Nardone

**I**f you were growing up in Liverpool, England, in the Sixties and you happened to be the younger stepsister of Beatle Paul McCartney, it was not just an exciting time — it was a bloody busy one, too. As a child, you see, Ruth McCartney earned pocket money helping her mother Angie (who'd married Paul's widower dad) and George Harrison's mother Louise sort out and reply to the avalanche of Fab Four fan letters — thousands of which came directly to the McCartney family home. Post-Beatles, she and her mother coordinated Paul's Wings' fan club newsletter.

It was an early education in the artist/fan relationship that Ruth would never forget and which led, three years ago, to the formation of iFanz (ifanz.com), whose motto is "Your fans are your future." The young company, touting a number of artist-friendly features, is seeking to distinguish itself in a potent field of online distribution companies. iFanz, however, promises to deliver more services to artists, across the board.

Regarding its fan list service, iFanz allows an artist to compile a database of fans' e-mail addresses, snail mail addresses and demographic information. With this, the artist can communicate directly with their fans, announcing shows, new CDs, and merchandise.

In addition, iFanz acts as an "invisible middleman," empowering the artist's own Web site to burn CDs (or books, concert tickets, posters, t-shirts), so there is no need for the artist to manufacture, handle or mail CDs to anyone. iFanz and its affiliates manufacture and fulfill each order at prices the artist sets himself. Due to the "burn-on-demand" aspect, the artist does not have to personally provide upfront capital to manufacture the item. iFanz charges a base price for each item manufactured. For one CD, for example, the charge is between \$4 to \$6 depending upon artwork and packaging. (Digital delivery is coming soon.)

While iFanz members include big names such as LeAnn Rimes, the Estate of Tupac Shakur, REO Speedwagon, Edgar Winter, Clint Black and more, McCartney says unsigned acts comprise 90 percent of its membership. To that end, iFanz is touting a free e-mail and database service to up-and-coming artists. Above all, iFanz is positioning itself as a revolutionary distribution model, allowing artists to control their own marketing, image, promotion, merchandising — their whole career. There are no contracts. Artists can dissolve the relationship at any time. Artists own all their content for all time.

McCartney and company state that the iFanz business model is based upon their belief that sheer volume in numbers will allow the company to turn a profit. Hand in hand with that is the faith that fans who are treated properly will "do the right thing" and not rip the artist off.

The company's vision goes beyond databases and the prospect of high volumes of fractions of pennies adding up to large sums of cash. For instance, says McCartney, iFanz is very active in brokering lucrative Film and TV advertising deals for iFanz members. In effect, iFanz is seeking to take on responsibilities that major labels have been taking on for years. But the iFanz vision is anything but traditional, positioning itself to one day become "the record label of the digital age."

To learn more about this emerging company and how its services can help artists handle their careers, *Music Connection* sat down with MMI CEO Martin Nethercutt, company President Andrew Frances (a former major-label senior executive who was also a key partner in David Bowie's and Garth Brooks' management teams), and iFanz's founder Ruth McCartney.

**Music Connection:** What motivated you to start iFanz?

**Ruth McCartney:** Three years ago the whole record label shift and downloading nightmare hadn't yet started. But we saw that there are hundreds of thousands of musicians around the world who are really good, but can't get signed to a major label deal.

We felt that, if they press up their own at, say, a dollar a record, if they can put out their own CD for 10 bucks apiece and keep nine, they do not have to sell lots of CDs to make a profit — if they know who their customers are. Out of our passion to see that formula work, iFanz was born.

**Martin Nethercutt:** We give the independent artists the tools that the big boys have.

**Andy Frances:** And the "Garage Band" level we offer is a freebie account, so you can come in and it's totally free. The artist can start developing a database and we've added bells and whistles above and beyond the data collection which are also free to the artist, like the CD-on-demand.

**MC:** Give a specific example of how iFanz can benefit an artist or band.

**McCartney:** One aspect of iFanz is that it's a tool that lets you collect data, store data, and blast out e-mails, Zip by Zip. If you're doing a show in Chicago, you don't want to blanket everyone in Dallas. Not only will it let you blast out, Zip by Zip by Zip, but it will also, once it collects the data, tell you, "Hey, this is where you should be playing gigs, 'cause this is where your fans are."

You can download this information to an Excel spreadsheet and run a report. This allows you to see where your in-store visits should be, where to spend money on radio or independent promoters, and so on. It also will blast an automated birthday message each night at midnight to registered users — a great way to keep in touch.

**MC:** Other sites provide e-mail services. How is iFanz different?

**Frances:** If you're on AOL, for example, and send more than 50 e-mails at a time they won't allow it. So if you have 300 or 3,000 fans to contact, AOL cannot do it effectively.

**MC:** Most bands are hip about collecting e-mail address and compiling fan lists. How would the iFanz method be an improvement?

**McCartney:** With a lot of the major labels, you go to their site and they just say, "Join our mailing list." But that's just e-mails,

tise beer," then that's fine. It's their prerogative because they own the fan list, we don't.

**MC:** How can iFanz benefit a band that's planning a national or regional tour?

**Frances:** We had a scenario where a band had about 6,000 fans, pretty big in Australia. They started a North American tour and they were looking for tour sponsorship. We sat down with them and said, "Okay, who is your current sponsor, what are you doing with them?" They said, "Well, we have Paul Mitchell Hair Care." "Okay," I said, "part of what we suggest doing is to restructure your database to ask your fans what hair products they are buying."

**McCartney:** It's literally communicating with fans on a one-to-one basis. We don't just tell them we are going to stuff a Coca Cola banner in their e-mail.

**MC:** What else can iFanz do for a touring artist?

**McCartney:** When David Cassidy decided to go on the road a few years ago, I asked him what songs he was going to sing. He said, "I Think I Love You" and about 15, 20 other songs, I don't know, we'll figure it out." I said, "Would you let your average, white soccer mom, with 2.3 children figure it out for you?"

**Nethercutt:** Cassidy literally built his setlist with feedback from 50,000 women going, "Point Me In The Direction of Albuquerque" and "Echo Valley 26809." And he was, like, "God, you're kidding! I haven't thought of those songs in years!"

**MC:** Obviously, a brand-name act can take this approach worldwide.

**Nethercutt:** We were engaged by Richie Sambora to do that exact thing. He wanted to do the database thing and he still has multiple thousands of names stored securely at iFanz. Then his management asked if we could do a geographic survey to see, if a Sambora solo tour happened, where should that be? Outside the U.S., we felt that Argentina is the second largest sector.

**Frances:**  
"It allows the artist to get some leverage as opposed to begging, 'Please sign my band.'"



**iFANZ TEAM:** Ruth McCartney is flanked by (L) her husband and McCartney Multimedia CEO, Martin Nethercutt, and iFanz President Andy Frances.

**McCartney:** So we then organized a Yahoo chat with Richie and, at that time, they had 50,000-plus log-ons. Because we knew about Argentina, we sent a little press release down there; they put it out on the radio, "Go to RichieSambora.com at such a time and date. We managed to blow up the server, and the Yahoo needles were going crazy. When we analyzed the data and looked back later, of the 50,000-some-odd people, 14 percent were from Argentina.

**MC:** What if an act wants to pursue a traditional major-label career and get signed? Is iFanz able to help their chances?

**McCartney:** A good example is a great band in L.A. called Powder. They use iFanz and they are working it. They have gone from walking in our door six months ago, from zero people in their database — they could pack the House of Blues, but they didn't know who those club-goers were — to a very healthy undisclosed number at this point. And now the band is starting to think twice about wanting to be signed by a major label, because they are building their own brand. But if a label offers them a low-end deal, the band can now say, "Look at this database we have, we know we can already pre-sell x-thousand CDs." It becomes a negotiating point. If you know who your fans are — people you know you can sell tickets and CDs and merchandise to — a label has got to be impressed.

**Frances:** It allows the artist to get some leverage as opposed to begging. "Please sign my band."

**McCartney:** There are also going to be bands that come out of this going, "Thank God I didn't sign to a major; just look at the numbers. And now I control my own destiny."

**MC:** You state that there are no contracts at iFanz?

**Frances:** Not for any of the current services, right. We may be adding a digital distribution deal soon, but that's still kinda down the road. We always say that we are for the upcoming artists, as well as we are for the legacy artists. We don't care about the flash-in-the-pan artist per se, because they only have an 18-month shelf life.

**Nethercutt:** And we are not exclusive. A band can work with us, they can leave us, they can make their moves. We don't tie them down.

**MC:** You have some "classic rock" artists as members. How are they benefiting from iFanz?

**McCartney:** A good example is REO Speedwagon. They use all our tools across the board at the 50 dollars a month level. They've sold millions of albums. But instead of having millions of fans in their database, they had a really low number, despite having hundreds of unofficial fan clubs. But now, after using iFanz, REO have a customer base that we are selling digital autographs to — and t-shirts, mouse pads, concert tickets — and we're talking about polling fans as to their favorite hits for a CD.

And again, with this kind of information the labels weren't thinking about releasing those 10 songs on a CD. But we tell the career-artists to ask fans what they want and then go back and re-record those monster hits so the band will own them. The REO fans have told them what they are most likely to buy, so iFanz helps the band to minimize the risk. It's all about the customers telling the artist what they want.

**MC:** Does iFanz have a plan for helping artists — especially indies — to protect their earnings from piracy?

**Frances:** If an artist develops a one-on-one relationship with his fans, if the fan feels empowered by the artist, wouldn't it be more interesting to the fan to get the music directly from the artist — from the artist's official Web site rather than from other sites? On our sites, you go to speedwagon.com and you get letters from the band. A fan says, "I'm going to go to REO's site, they told me it's there, I'm going to buy it there because I'm your fan. I'm going to meet them. I'm going to get backstage passes." Most fans, in



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which is worthless demographically, because it contains no Zip Code. I could be ruth@aol.com from Iceland, and that information doesn’t help you if you don’t know where I am and what I’m into.

**Nethercutt:** Also, I’d like to say that we have a zero tolerance for spam. And if a fan wants to get off an artist’s mailing list, the fan can immediately do so. The trust factor is really high on iFanz.

**MC:** If, as you state, 90 percent of your members are unsigned acts, how does iFanz make a profit?

**Frances:** We want to do the price-points so that nobody feels gouged. The way it is set up, iFanz makes a little bit of money on the mass aspect of it.

**Nethercutt:** What we want to do is offer the best services where artists don’t have to put money down. Our hope is that the band will like the quality of our service, remain true to us and come back and spend 30 to 50 bucks a month to operate at a higher level than the freebie account.

**MC:** What are some of your basic programs and what do they cost?

**McCartney:** The Garage Band level is free, no monthly fee. The next level, the Club level, costs 30 dollars per month and is for artists with 2,500 people in their club; that means they can send out 2,500 e-mail blasts per month. And then there’s the Stadium level, which is 5,000 e-mails per month and up to 10 million names. That costs 50 bucks a month flat out. There are other bells and whistles available if you want to do more promo.

**MC:** Beyond the database and e-mail aspects, what exactly are the advertising opportunities that you sometimes offer the artist? Also, how much say does the artist have concerning these opportunities?

**Frances:** As a band gets more popular, advertisers will come to them. So we said, “Cool, if a band has validated data — if the band knows who their fans are — then that’s a proven value iFanz can then solicit. iFanz will act as a broker, if the artist gives us permission, to those ad agencies.”

**McCartney:** For example, let’s say Colgate toothpaste wants to get in front of a demographic that is 27 to 38, or whatever... women who buy groceries. Then we will go to our band directory and see who fits into that genre and that demographic and we’ll offer them that deal. We’ll say, “Do you want advertising in your e-mails?” if they say “no,” then we will not make that deal.

**Nethercutt:** But the opportunities have become available through iFanz, so that we can say, “Hey, band X... Budweiser is looking to get to a certain type of audience. Here’s the deal on the table, do you want it, yes or no?” If the band says, “God no, we won’t adver-

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that case, will simply not want to rip the artist off.

**Nethercutt:** What it's coming down to is that you're promoting the lifestyle of the artist, not necessarily just the component, the musical unit, the CD. Corporations are starting to wake up to that, and now you get the t-shirt, the mouse pad, or you could even get the charity. We are making books on the band, tour books, and if you're into the band you can work the whole lifestyle.

**MC:** How useful is iFanz to artists whose music is, for instance, in the hip-hop or R&B categories?

**McCartney:** Tupac Shakur, we handle his list. Fifteen or 20 of our clients are in the genre. Using our database knowledge, we can show that there is a huge, burgeoning hip-hop/R&B fan base coming up in Nashville or in Omaha. Without even looking at writing to anybody or contacting them, we can turn our database data into pie charts similar to that of Jupiter Communications and Forrester Research. We can form a corporate perspective, and go, "Hey ad agency X Urban Department. If your people handling the Nissan / Dodge / Pepsi accounts are looking for hip-hop fans, you should buy an outdoor ad in such and such a location."

**MC:** Lots of artists are keen on getting connected with film and TV soundtracks and video games. Do you offer any of those opportunities?

**Nethercutt:** Sure. Musicians call and say, "Would it be possible to do such and such for us?" Like get their music in film or TV soundtracks. We have a long-standing relationship with Uprising Entertainment and we'll submit music to them. Most artists think they have to go through some kind of A&R person or a Taxi system or something. But if something looks good to us, we'll pop it in the CD. And if we say, "Oh that sounds good, what's that?" we'll try to get it placed in soundtracks. Not to say that Taxi and Tonos don't work; they do great. But we are just another avenue if you want to try something different.

**MC:** What technological breakthroughs do you see on the horizon?

**McCartney:** One of the things that we are working on with L.A.-based Cinematica, and it will come into play later this year, is the whole structure of digital cinema. The cinemas traditionally use a movie print that costs 1,500 bucks — to make one print. It lasts just six weeks and costs 300 bucks to ship. Plus, typically, what happens is that the projectionist will sometimes show it for free to his friends who have a digital camera. They film it right off the screen and then put it out as a DVD.

Or, paying audiences sometimes come in with digital video cameras and film it. But with digital cinemas, there's no need for prints. The films will all be delivered to the theater via satellite. Well, once that infrastructure is in place, why wouldn't people want to see, digitally, the band Powder from L.A. at the House of Blues, or some other live music package? It will happen, once the digital cinema hardware

# Nethercutt: "We are not exclusive. A band can work with us, they can leave us, they can make their moves. We don't tie them down."

infrastructure is in place. There are 160 screens in the United States now and there will be another 2,500 coming on in the next 12 months, and then 3,500 more right after that.

**Nethercutt:** Once again, the big picture of iFanz is that we can tell a theater owner exactly where the fans are for that digitally delivered music concert.

**McCartney:** We can also now sell ring tones, MP3 downloads and trivia game packages to telephones via our McCartney Mobile division. Again, it's the whole lifestyle play — if you are in the ViPortal of an artist, you get to know the latest news before your friends do.

**MC:** What is it like out there right now, financially, growing a business of this nature?

**Frances:** Well, we have an army of help — you can earn 10 percent by joining our affiliate program and recommending your friends.

**McCartney:** It's literally growing very slowly, but slow and steady wins the race. We are self-funded. At the same time, though, I don't want to go back on our word to artists and say, "All the free accounts are now five bucks a month." It just doesn't work that way.

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