



The Beat Goes On

Satellite and Internet radio could help save niche genres of music.

By Malcolm Beith
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Sept. 26 - Oct. 3, 2005 issue - A year ago, it was difficult to find a nightclub in Latin America that wasn't pulsating to "Gasolina," a raunchy number by reggaeton star Daddy Yankee. Bootleg CDs of the tune were on sale at street stalls from Santo Domingo to Tijuana. In the United States, however, the 28-year-old Puerto Rican was still a no-name outside of urban, largely Hispanic areas like the Bronx. Today the feverish chants—a call and response between Daddy Yankee and his female chorus—of "A ella le gusta la gasolina/Dame mas gasolina" ("She likes gasoline/Give me more gasoline") blast from radios in suburban Connecticut; hipsters shuffle back and forth to the song in upscale Manhattan bars. On Aug. 28, Daddy Yankee set the stage alight at the MTV Video Music Awards. Finally, after roughly a decade of being a secret of the Hispanic world, Daddy Yankee has gone mainstream—and taken reggaeton with him. "Now it's a huge movement, a force to be reckoned with," he says.

The U.S. explosion of reggaeton—a funky hybrid of hip-hop, dance hall and salsa originating from Panama and Puerto Rico—owes much to Daddy Yankee's charisma, booming voice and risqué lyrics, not to mention American hunger for an exciting new brand of hip-hop. But the real driving force behind the invasion is a rapidly evolving, globalized music industry—driven by two catalysts in particular: satellite radio and the Internet. Thanks to these two forces, songs can be transmitted quickly and easily through space—and cyberspace—creating strong consumer demand well before the supply arrives. "[They] allow niche music categories to exist," says Steve Kovsky of Current Analysis, a U.S.-based media-research firm, and to reach an "affluent audience" without the backing of a major label. For music lovers, satellite radio in particular is a "blessed relief," says Kovsky, "a conduit into a world they previously wouldn't have had access to."

They used to gain access through less savory channels. In the mid-1980s, the widespread distribution of pirated cassettes allowed rappers in America's inner cities to reach the wealthier suburbs. They then signed major recording contracts, and gradually turned hip-hop into a multibillion-dollar global industry. But as piracy techniques have improved and digital file sharing has increased, the same major U.S. record labels that once signed such innovative newcomers have taken a huge hit—and become cautious.

With profit margins down, they're now increasingly reluctant to sign new acts, especially from unestablished genres. "All the majors have cut their rosters in recent years. [And] the reason they only pursue big acts is because of the amount of investment necessary," says Aram Sinnreich, cofounder of Radar Research in Los Angeles. "In its darker form it's called payola. In its common form it's called promotion."

For niche musicians and small record labels, satellite radio and the Web are the ultimate in cheap new promotional tools. Satellite-radio broadcasters like XM, Sirius and WorldSpace—which among them boast nearly 5 million subscribers to more than 400 channels worldwide—make it possible for a small record label, or even a band, "to distribute to an audience of 100,000 people around the world with the potential of seeing a profit from a smaller investment," says Sinnreich. "The economics of the industry have shifted."

Meanwhile, the Internet is playing its own role, generating fast, global word-of-mouth buzz. Sites like latinohiphop.com and africanhiphop.com—which helped catapult the Senegalese rappers

Daara J from the clubs of Dakar to Europe and now America—offer downloads, introducing music aficionados all over to new sounds. MP3s of everything from Indian *bhangra* to Portuguese *fado* are accessible within a few minutes from anywhere in the world. Some argue that the plethora of Spanish-language sites devoted to reggaeton were the main ticket for Daddy Yankee's powerful entry into the American market. "The Internet brings together listeners with common interests that are divided over a geographical area," says Sinnreich. "Reggaeton is a great example of that."

In fact, Latin music—reggaeton included—could be one of the biggest beneficiaries of the current digital revolution. After all, the demand is already there: in recent years, Latin music has enjoyed unprecedented global popularity thanks to the initial U.S. crossover success of artists like Shakira and Juanes. But while U.S. sales of Latin music are rising—growing at nearly 20 percent so far this year—it's also the most pirated genre. As a result, the supply chain has been cut: several major Mexican record labels have folded in recent years, and in 2004 piracy prompted a Warner Music Group division to dump the hugely popular Mexico City band El Tri. Although El Tri was selling out concerts, the group just couldn't move enough records to generate a profit. Satellite radio could offer these popular-yet-still-struggling artists a direct channel to their listeners.

Even wary major labels could benefit. Most of them now scour satellite radio for new talent: though there is never a guarantee that local success will translate to mainstream profits, it does reduce the risk factor for the labels. New Zealand-based rock band Steriogram, for instance, was discovered by an independent L.A. scout looking around the Web for new talent; a few weeks later he got them a deal with Capitol Records.

And consider reggaeton: although Daddy Yankee will continue distributing his records through his own label, the Internet-aided buzz surrounding the genre has sparked a signing frenzy in the United States. Earlier this year Universal Records launched Machete Music, a label dedicated to the "burgeoning Latin urban music movement—with a specialty in reggaeton." Tego Calderon, a reggaeton veteran previously unable to secure a major U.S. contract despite his popularity, recently signed a worldwide multi-album deal with Atlantic Records. And more big signings are expected following the decision by XM's main Latin channel, Alegria, to focus specifically on reggaeton. "A mutual economic benefit is being exploited," says Kovsky.

Some major labels have even begun to promote their own artists on XM and Sirius. "Smart labels have been looking everywhere," says Sean Ross of Edison Media Research. "And a lot more of the forward-looking record reps have been reaching out to satellite radio." Even though recording-industry bigwigs acknowledge they no longer have full control of the process—which once ranged from signing the artists to distribution to dictating commercial-radio airplay—"they recognize that time marches on, and that the old system just doesn't cut it," adds Sinnreich.

After a period of retrenchment, the future of music should thus be more diverse than ever. File-sharing technology is improving, satellite radio continues to expand and Internet sites deliver more types of music to more parts of the world than ever before. That will likely mean that the majors have to share more and more of the pie with small labels and artists themselves. But listeners eager for new sounds cannot help but benefit.

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