

Vinyl's Resurgence

*Proven for A Second Consecutive
Year At Industry Conference*



Larry Jaffee

THE SECOND EDITION of Making Vinyl, the first business conference to celebrate the global rebirth of the LP record manufacturing industry, returned to Detroit in early October, 2018, raising the ante of this near-miraculous resurgence that defies most all technological and economic logic in the digital age. (Full disclosure: I am Making Vinyl's co-founder and its conference director. In fact, I named the event, whose main producer is the Colonial Purchasing Cooperative, which buys raw materials for media manufacturers.)

But you can't make this stuff up. The petroleum-based physical music format (the LP) gets quickly replaced by supposedly more-advanced technologies in fast succession (i.e., Compact Disc, digital downloads, and streaming), only to re-emerge as a deluxe product and consumers are today willing to pay twice as much for a newly pressed vinyl record as they did for a CD. And perhaps even three or four times what they paid for

an LP during the middle of the last century. What's up with this?

In November, 2017, the event's concept was largely proven with 292 attendees. By their presence, both in numbers and industry clout, it was evident the LP record manufacturing industry's rebirth was not a fluke, that the rebirth had traction and was going to continue to grow.

Deloitte estimates vinyl currently as being a \$1 billion business globally when taking into account turntables, a robust used LP market, and associated audio system accessories.

On Oct. 1 and 2, 2018 Making Vinyl attracted 336 industry professionals from throughout the world, trading notes on why vinyl remains an important piece of their business plans to distribute music.

There is no doubt the new vinyl industry is much bigger than the conservative guestimates that the

mainstream media erroneously pronounces as gospel. In fact, in my opening remarks, the audience – who included representatives of the major pressing plants and record distributors – loudly rejected as “way low” the numbers released in mid-September by the Recording Industry Association of America (RIAA) mid-year report. New LPs shipped in the U.S. during the first six months of this year, according to the RIAA, totaled 8.1 million units, up from 7.2 million in the corresponding 2017 period. Most significantly, shipments of new vinyl is rapidly closing in – maybe even by the end of 2018 – on surpassing the dollar value of CDs, despite being a fraction of the number of units.

Perhaps further proof that the vinyl comeback is not slowing down also lies in how we presented seven pressing plants, which began operating as recently as six months to a few years ago, on why they decided to get into record manufacturing. The previous year, executives from seven other new pressing plants did the same sort of presentation at last year’s conference. Not for the faint-hearted, building a new pressing plant from scratch is quite an undertaking from both a financial (i.e., investment of millions of dollars) and technology standpoint, despite a new vendor offering even “steam-less” pressing solution.

We were heartened by the continued growth of Record Store Day (RSD), a partner in Making Vinyl. RSD co-founder Michael Kurtz kicked off MV 2018 with a panel discussion of labels, distribution companies and retailers who attested to the fact that vinyl is continuing to grow. Kurtz reported on this past RSD on April 18 – the 11th such “holiday” – a half million units worth \$12 million of newly pressed records were sold on one day, not to brag about the volume, but put into perspective the magnitude of the format’s resurgence.

In putting together this year’s conference program, I was mindful to focus on subjects that I believed will move the industry forward, such as the economic models that allow limited-edition releases of 1,000 units to be profitable for all parties concerned.

Making Vinyl also announced our collaboration with the RIAA to update their manufacturing guide-

lines, which hadn’t been touched since 1978.

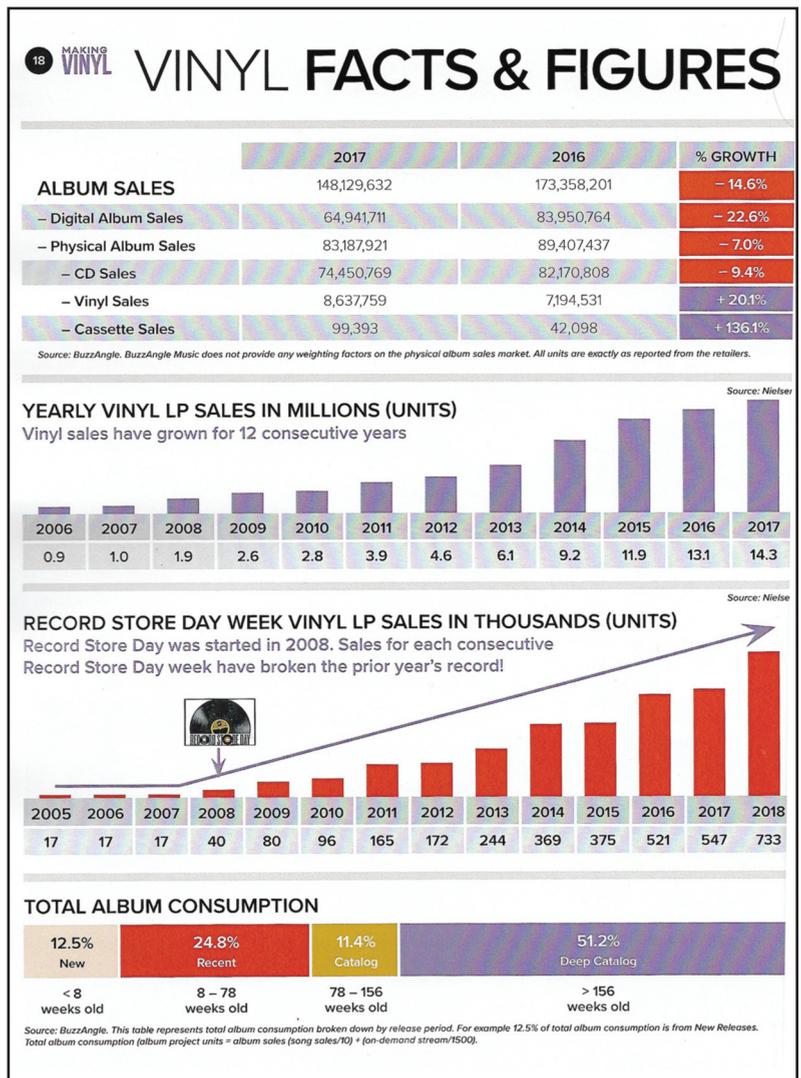
We set about bringing together the best minds all along the vinyl value chain – from the pressing plants to the mastering facilities and PVC plastic producers to the plater/stamper makers and lathe cutters to the record labels, distributors and indie retailers.

Few will dispute that today’s records – with 180-gram vinyl being commonplace – are generally better made and better sounding than in the 1960s and 1970s heyday, but that starts with a properly mastered recording. It’s the rare release these days that’s sourced from all-analog original tapes. In fact, Scott Hull, chief engineer at renowned mastering house Masterdisk, reported during the mastering session that 85-90 per cent of the projects he’s given to master these days are from digital files.

Chad Kassem, owner of the audiophile label Analogue Productions, Quality Record Pressing, and the former Doug Sax mastering studio, explained how complicated it can get to obtain the vinyl rights to reissue several Doors albums.

After a year of negotiations and coming to terms with the estate that oversees the band’s intellectual property, Kassem was told that Doors engineer Bruce Botnick would send over the hi-res files. “I told them, ‘No, that’s not what I want or what I do. The name of my company is ‘Analogue Productions’. Sometimes you have to be willing to walk away from a multi-million dollar deal,” he said, noting he ultimately received the analog tapes.

Kassem promised a new vinyl version of Pink Floyd’s **Dark Side of the Moon** but mastered at 45 rpm, and a new album by country



chanteuse Shelby Lynne cut direct to disc.

Classic albums are harder to license because the major labels increasingly want to do it themselves and jump on the bandwagon.

"We keep having to repress," Kassem said, adding a footnote that audiophile records really aren't competing with less expensive options for sales to the discerning because the buyers of Chad's releases are willing to pay a premium for quality. "Our customers want the best." Mobile Fidelity vice president Josh Bizar agreed that's been his company's experience over the past 40 years.

Kassem explained the difference between making a \$20 and \$50 [retail price] version of the same record also starts with the jacket, which costs him \$2-\$3 apiece for a tip-on package.

Reps from leading vinyl packag-

ing and printing firms including Stoughton Printing (whose specialty are tip-ons), Dorado Packaging and Ross-Ellis spoke on several panels.

Bizar announced that an improved LP version of Marvin Gaye's **What's Going On** soon be available, and moderator Michael Fremer, of Analog Planet, quipped the label had released an audiophile version of the album 20 years ago. Bizar responded that "We saw an opportunity to improve it with advanced cutting technology. You can hear subtle details," noting that MoFi employs three full-time engineers in Sebastopol, Calif.

Billy Fields, Warner Music Group's (WMG) domestic "vinyl guy," admitted independent labels were "making records the entire time that the majors weren't." Fields added that the music industry has benefited from the vinyl comeback, which has "kept people employed

across the [supply] chain."

Indeed, when Sundazed founder Bob Irwin started licensing for vinyl in 1989 from Sony, the back catalogs of Bob Dylan, Johnny Cash and The Byrds, "nobody else was doing it," said Jay Millar, who runs the Nashville office of Sundazed and its offshoot Modern Harmonic.

Majors then would accommodate requests for mono tracks "at reasonable rates," he added. Modern Harmonic reflects Irwin's esoteric tastes that "sell far fewer than a Dylan record." He cited in the works a vinyl release of recently acquired pornographic-film soundtracks recorded with a 22-piece orchestra. "We found a box of tapes in the attic," Millar said.

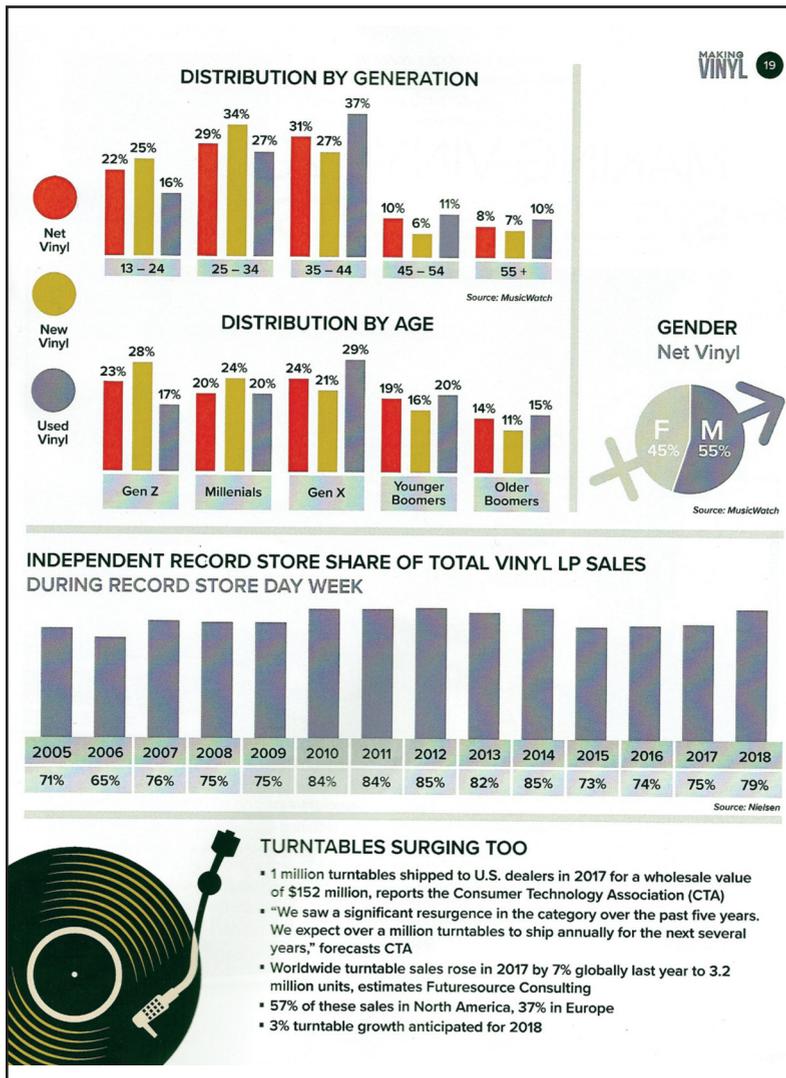
Coming from the label is a new version with newly found outtakes of Alexander "Skip" Spence's legendary **Oar**, the only solo album of the one-time member of Moby Grape, Quicksilver Messenger Service, and Jefferson Airplane. Sundazed originally reissued a CD of *Oar* in 1999; the new version has three CDs, and vinyl will be forthcoming.

Concord Music has also been active in vinyl, partly thanks to the acquisition of various label catalogs, "heavily in jazz" (e.g., Prestige, Riverside), but others as well (including Stax, Vanguard, Fantasy), diversifying the company's genres into soul, folk, blues and rock, explained Mason Williams, who oversees A&R for Craft Recordings, Concord's catalog division.

Another label often credited with doing vinyl reissues properly is Light in the Attic (LITA), whose Patrick McCarthy, project manager and reissue producer was a panelist on a different session. LITA, which employs about 12 to 15 people, releases as many as 40 albums a year. However, there are some years when more units are sold when they have half that many releases. A few have been constant sellers like three from Rodriguez, which "pay for the other projects."

McCarthy said he considered his lacquer engineers among his "best friends. They're very integral to the business."

Making Vinyl also honored Ron McMaster, a recently retired mastering engineer who worked in the circular Capitol Tower in Hollywood, Calif., mastering everyone from Frank Sinatra to the Beach Boys.



"I'm humbled to receive this award," said McMaster, who is now working on reissuing with Third Man Records, which has a pressing plant and mastering facility in Detroit, an album that his garage band Public Nuisance (he was the drummer) recorded in 1968.

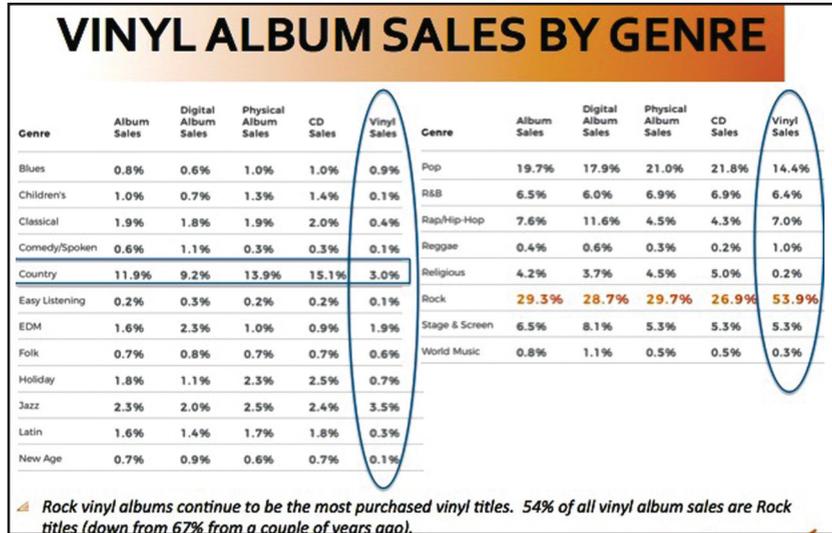
"When vinyl came back full force, I realized there was an opportunity to share the knowledge that I learned over the last 38 years," said McMaster, who received the award from Steve Sheldon, owner of Los Angeles-based Rainbo Records, the oldest in-house U.S. vinyl manufacturer. Sheldon, who was at McMaster's retirement party in July, is on the board of Colonial Purchasing.

Vinyl 2.0 also ushered in new players such as Discogs, with its vast e-commerce marketplace; clubs like Vinyl Me, Please, which currently has more than 30,000 members paying \$29 a month for a curated pick of the month and works with labels to reissue lost or underappreciated albums with impeccable liner notes; and Reverb LP, which grew out of a musician's equipment marketplace. All three companies had executives speaking at Making Vinyl.

Sales figures show that vinyl sales are not slowing down. Chris Muratore, co-founder of the music analytics company Border City Media, whose BuzzAngle service reports actual sales, not weighted estimates as Nielsen does, reported vinyl album sales continues to grow year after year with more than 20 per cent growth since 2015.

So far this year, BuzzAngle reported vinyl album sales increasing 17.6 per cent, while CD sales declined 18.6 per cent, compared with the corresponding 2017 period, continuing the smaller shiny disc's slide over the past 15 years.

Citing figures from January through September 2018, Bruce Ogilvie, chairman of vinyl distributor Alliance Entertainment, reported his company experienced a 15.5 per cent lift in vinyl sales year to year. According to Ogilvie, Alliance currently has a 49 per cent U.S. market share of back-catalog LPs and a third of the market for new releases on vinyl. Since the beginning of the year until Sept. 20, the retail sales system SoundScan during that period showed 6,747,928 catalog and



3,701,842 new release units were sold. "New release sales would increase if vinyl were released on the same date as the compact disc," Ogilvie said.

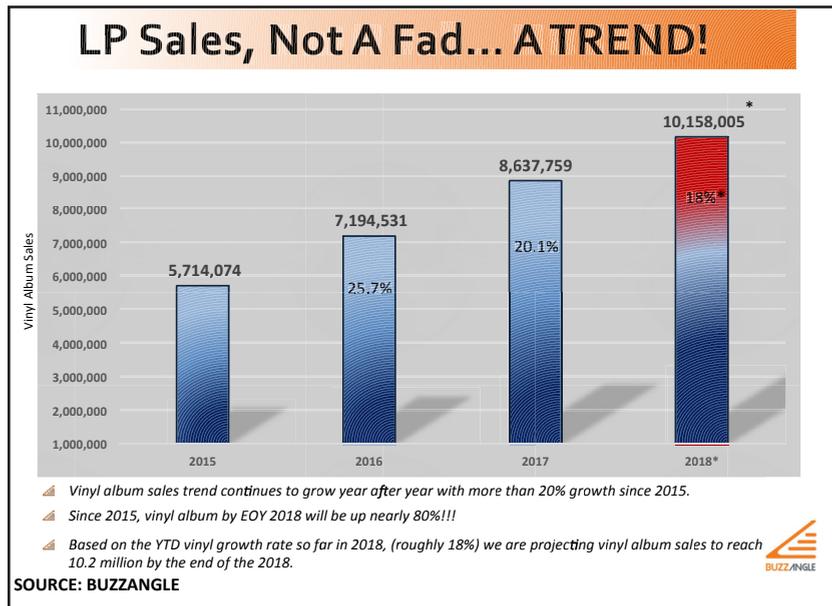
Alliance services more than 1,000 RSD participating stores, which typically don't get all of the RSD releases it pre-orders because neither does the distribution company, Ogilvie explained. For RSD 2018, Alliance received pre-orders for 245,000 units, but it actually shipped to its customers 225,000 units due to allocations it received from pressing plants.

Mastering engineer Clint Holley, whose firm is called Well Made Music where he focuses on disc cutting, observed that there's a real need in the industry for a company to manufacture new lathes with which the lacquers are cut and

then the pressing plates made. In recent years, several vendors have filled the void with new pressing lines, including two that were in Detroit, the Canadian firm Vinyl Technologies and the Swedish firm Alpha Phoenix.

It's not your father's record industry to be sure. And subsequently everyone along the vinyl value chain is working smarter and leaner, perhaps with greater cooperation than what existed in the past. That camaraderie was especially evident in the panel of new pressing plants.

"[Running a pressing plant] is the hardest thing I've ever done in my life," said Sean Rutkowski, general manager of Independent Record Pressing in Bordentown, NJ. Asked what he learned along the way, "Double your projected costs and





Chad Kassem of Acoustic Sounds.

cut the revenue in half." His co-panelists all agreed with that assessment.

"This is craftsman-level stuff," offered Jeff Truhn, operations manager of Cascade Record Pressing in Milwaukie, Ore., adding that labor will cost more than expected.

Concord's Williams gave the label version of the vinyl-making equation: "It's expensive to make a really good record and sometimes they don't sell that well."

Keynote speaker "Little Steven" Van Zandt, who interrupted his tour with his band The Disciples of Soul and recording a new studio album, said he'd "salute anyone" who can make an "all-analogue" record from beginning to end. These days he still records to analog tape, "which sounds different to me." Outboard (presumably digital) equipment "helps make it sound like it did in the 1950s and 1960s."

In his address, he talked about being depressed while making the first three Southside Johnny & The Asbury Jukes albums in the 1970s because he didn't like the sound coming from the recording studios, and it wasn't until Bruce Springsteen & The E-Street Band's **The River**, which Van Zandt co-produced, that he felt they had captured the sound of the 1960s.

"In the 1970s, the engineers started using closed mics and padded all the walls," lamented Van Zandt, who said his first record purchase as a kid was Little Anthony & The Imperials' "Tears On My Pillow" on 45 single.

Portable record players that allowed teenagers to go in the privacy of bedrooms and wear out their favorite 45s, forever changed popular culture, as did **Meet the Beatles**, which was purchased by every member of my generation. "It had no filler," he added.

Van Zandt said he started his syndicated "Underground Garage" radio show, which has since expanded to also two channels on Sirius XM satellite radio, because the "classic rock" format by the 1980s was limited to playing in rotation a few bands.

Van Zandt asked rhetorically, "What happened to the great music of the past 60 years?" If he had to pick a single favorite album, he cited **The Temptations' Greatest Hits** because it matched "composition with production." He noted Berry Gordy's Motown made "black music acceptable to whites."

Making Vinyl attendees had the opportunity to visit the Motown Museum, as well as the Third Man Pressing plant, which was opened by Jack White in February 2017.

Making Vinyl was also good for gaining tidbits about the format, such as Buzzangle finding that nearly a third of record purchases occur on Friday or Saturday; translucent records sound better than opaque; while a 180-gram record doesn't necessarily sound better, it "feels better" (courtesy of Rutkowski), or from LITA's McCarthy: only 5 per cent of download cards often found in new vinyl releases are redeemed and those rights must be paid for by the label.

Quality control was the subject of the closing session, and there was the announcement of the creation of the aforementioned industry body formed by Making Vinyl in conjunction with the RIAA to focus on quality, standards and best practices. On the panel were executives of leading industry players representing different aspects of the industry, including pressing, mastering, plating and packaging.

The QC topic is a major gripe for Sam Pennachio, founder of Vinyl Junkies, an online vinyl enthusiasts' destination that boasts more than 50,000 followers. "Vinyl is not a product; it's an experience," he stressed during a panel on vinyl evangelists. Pennachio has complained loudly for industry reform to tighten the supply chain to rid new records of warps, thumbprints and damaged sleeves.

Of the former, WMG's Fields commented, "It goes to UPS, and then it's in god's hands," referring to deliveries that are left in sweltering sun. He urged that next year we attempt to get courier companies to attend the conference.

Stay tuned for announcements regarding our 2019 plans for Making Vinyl in Europe in June and back in the U.S. next November.

Little Steven

