

MUSIC INDUSTRY

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TITANIC TURNAROUND

Sony Music has discovered a more upbeat song to sing

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MS. STREISAND'S record of inspirational songs, "Higher Ground," was outselling buzzer acts such as Smash Mouth and Janet Jackson; as of mid-February it had sold 2.5 million copies in the U.S. alone after only three months and is her fastest-selling record in years.

"It doesn't matter who you are today: you've got to come out blazing," says Mr. Mottola, who is in the third year of a contract with Sony Music that pays him an estimated \$10 million a year. In 1996, the parent company gave Mr. Mottola a package that extends through the year 2001.

Last fall, Sony made what was then considered a

risky move of paying close to \$1 million for the soundtrack rights to "Titanic," which included Ms. Dion's single, "My Heart Will Go On." For the week ended Feb. 15, the soundtrack was the No. 1 album in the nation for the sixth consecutive week, selling close to 850,000 copies, a staggering 259,609 more copies than the previous week. And sales aren't slowing down: On Feb. 17, Sony received orders from retailers for more than 1.3 million copies of the "Titanic" soundtrack.

Sony Music's results were expected to boost the parent Sony's fiscal year, which ended March 31. In the third quarter, Sony Corp. cited a "modest decrease" in operating profit at the music group because of "increased artist-development costs."

Sony doesn't break out its music unit results, but Sony Music world-wide is expected to finish with revenue of \$6 billion, well above the \$5 billion in revenue for fiscal year 1997, and with an estimated operating profit of more than \$700 million, about a 5% increase, according to people close to the company.

Sony has had some duds, such as the new Billy Joel album, which has had a slow start. Of the weak performance by Michael Bolton's pop record, "All That Matters," Mr. Mottola says, "I am personally

disappointed with the results on that record. I wish we had done better."

But there is some consolation; Mr. Bolton is finding success with a new classical record, "My Secret Passion — The Arias," which became the No. 1 classical album in the U.S.

Mr. Mottola's handling of his separation from Ms. Carey has drawn admiration from colleagues. Ms. Carey, who Mr. Mottola had discovered and later married, is one of Sony Music's most valuable assets; industry executives estimate that her last album, "Daydream,"

contributed at least \$250 million in revenue. Her latest album, "Butterfly," is another multiplatinum hit, selling 2.6 million copies as of mid-February.

Mr. Mottola kept her in the fold, remaining on good terms even after she hired a new attorney and manager soon after they separated in 1997. He continued to support her label, Crave.

Ms. Carey is expected to deliver at least three to four more albums. A spokeswoman says the singer is "happy

at Sony and plans to stay."

Mr. Mottola has also kept a stable team of executives while rivals have gone through wrenching turnover. And he has promoted women in a male-dominated industry: Michele Anthony joined Sony in 1990 and, as executive vice president, is his No. 2. Polly Anthony was recently named president of Epic Records, and also heads 550 Music.

Still, trouble spots do remain,

such as the industrywide sales slump in Asia, where Sony Music gets 10% of its sales. Mr. Mottola says Sony will address this by finding Asian talent that sells.

"We are aggressively developing local artists, looking at the long-term picture rather than the short-term situation," Mr. Mottola says.

The Wall Street Journal published this article on Feb. 23, 1998.

How to Read the Charts

The charts on these pages were created using year-end data provided by the Recording Industry Association of America, based in Washington, D.C.

The top chart represents 100% of consumer purchases for each year from 1987 to 1997. This chart is divided into 13 musical genres (see color key to the right of the chart) and shows the percentage for each genre based on consumer surveys. The scale is to the left of the chart.

The musical genres are Classical, Jazz, Gospel, R&B (rhythm and blues), Rap, Rock, Oldies, Country, Pop, Soundtracks, New Age, Children's, and Other (which includes Ethnic, Standards, Big Band, Swing, Spanish, Electronic, Instrumental, Comedy, Humor, Spoken Word, Exercise, Language, Folk and Holiday Music). Of all the genres, Rock and Country have dominated the market in the 1990s.

The bottom chart shows manufacturers' unit shipments (in millions, net after returns) of the eight different types of listening media (see color key to the right of the chart). The scale is on the left.

The flags on the chart represent some of the significant events in the U.S. music industry from 1973 to 1997. The light-blue shaded areas represent U.S. economic recessions.

