

# Accounting Firm Analyzes Major Record Label Sales

NEW YORK — Accounting practices unique to the record business were analyzed in a special report by Price, Waterhouse & Company, in a survey of 10 major recording companies, based on their 1974 sales reports. The Price,

Waterhouse report covered the problems of inventory valuation, artist compensation, returns, record master costs, copyrights and contingencies (reserves held back from an artist's gross sales to cover returns). In addition to the record business, two other segments of the entertainment industry — motion pictures and broadcasting — were analyzed.

The report provided a breakdown of record industry sales (revenues), a company's total sales, and the percentage of record sales to total sales (see chart). So while CBS had the largest gross revenues from records in 1974 (\$420 million), recordings accounted for only 24 percent of CBS' total sales of \$1.75 billion. On the other hand, Warner Communications had total sales of \$720 million, with the various record divisions accounting for \$291 million, or 40.5 percent. Columbia Pictures Industries (Arista Records) and the RCA Corporation's detailed figures were not provided. Of the ten companies included, Capitol

Industries-EMI receives the largest percentage of sales from record industry operations, 95.8 percent. On the opposite end were Walt Disney Productions, Transamerica (United Artists Records) and Twentieth Century Fox Film Corporation, with 3.5 percent, 4.6 percent and 5.7 percent respectively, coming from record industry operations. Music publishing figures were included throughout the survey.

Based on 1974 sales, then, the CBS record operations are close to 40 percent larger than the combined Warner Communications record operations, by \$129 million in sales. And the combined sales of the CBS and WEA groups, approximately \$712 million, are larger than the combined sales of the other companies whose sales are given: ABC, Capitol, MCA, UA, 20th Century and Walt Disney, whose combined sales total \$539 million. All eight companies on the list (again, without RCA and Arista) account for \$1.2 billion in sales, slightly

more than half of the record industry's reported sales.

Since the figures were compiled from public companies only, and there are a number of privately and foreign owned companies in the record business, the total sales picture is not complete. Missing from the top 10 list are Polygram, A&M and Motown, each doing a substantial amount of volume that would place them on the top ten list. There are also many smaller independent companies in the 10-50 million dollar range that similarly would be ranked; their total sales roughly came to \$250 million. Adding in television packages, record clubs, mail order and other markets, the \$2 billion plus figure for the industry (from the RIAA) takes on added dimension and realism.

**1974 Record Industry Sales Analysis On Pg. 9**

## FRONT COVER



Long a figure of major importance, both among her musical peers and a steadily growing audience, Joni Mitchell had already established herself as an influential songwriter when she recorded her debut album during the late '60s. By 1970, her solo albums and performances had attracted critical praise and a sizable following, yet it was during 1974 that she made the dramatic transition from celebrity to front-rank superstar.

"Court And Spark," her sixth album and second for the Asylum label, captured both AM and FM airwaves with a personal and uncompromising approach to singing, arranging and writing that culminated in both gold and platinum record awards. During that year, Mitchell embarked on two major North American tours that repeated this broad success; from those performances, the artist culled "Miles Of Aisles," a two-record set that likewise garnered both gold and platinum awards.

With the release of "The Hissing Of Summer Lawns" late in 1975, Joni Mitchell has continued to evolve as a musician and songwriter while further broadening her appeal. An ambitious project marked by striking thematic concerns and greater musical eclecticism, "The Hissing Of Summer Lawns" defied commercial fashion to achieve the most rapid acceptance of any Joni Mitchell album to date, earning the artist her sixth gold record award within weeks of its release.

The new year has marked the kickoff of Mitchell's most ambitious live performance schedule to date. Currently on tour in the U.S., Joni Mitchell is slated to complete a world tour that will take her to Europe and the Far East as well.

## Charlie Daniels Signs To Epic

NEW YORK — Country-rock artist Charlie Daniels has signed a recording contract with Epic Records. The announcement was made at the CBS marketing meeting in San Diego when Daniels made a surprise guest appearance with Epic artist Michael Murphey.



**DANIELS PACT** — Shown at the CBS Records' meetings in San Diego with newly-pacted Epic Records recording artist Charlie Daniels (seated) are (l to r) Steve Popovich, vice president of Epic a&r; Irwin Segelstein, president of CBS Records division; Eric Kronfeld, Daniels' attorney; Ron Alexenburg, vice president and general manager of Epic Records and CBS custom labels; Walter Yetnikoff, president of CBS Records Group; and Joe Sullivan, Daniels' personal manager.

## NARM Convention Programs Detailed

by Gary Cohen

CHERRY HILL, N.J. — While the official topic of the 18th annual NARM Convention is "The \$3 Billion Figure, Its Future Is Now," a wide variety of other topics will be discussed, as over 1400 industry representatives and their wives journey to Ft. Lauderdale, Florida March 19-23. The convention is now standing room only, according to Jules Malamud, executive director of NARM, who spoke with **Cash Box** recently to give background information on the convention

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## Clive Davis Addresses Wall Street Analysts

by Gary Cohen

NEW YORK — The signing and development of new talent, and the successes of three carryover artists from the Bell days, were the chief reasons for the success of Arista Records in its first year and a half, according to Clive Davis, president of Arista Records. Davis made these remarks at a meeting of the Entertainment Analysts Group, comprised of 35 Wall Street analysts specializing in the leisure-time industries, including broadcasting, movies, theatre and the record business.

Davis began the meeting, to which he was invited as a guest speaker, recounting his initial contact and association with Columbia Pictures Industries. "I came in to look for a six month period, on a consultant basis, at the artist roster and the executives at Bell. I had an opportunity to go over the roster of some 30 artists, and keep all of them, some or none. At the time, Bell Records domestically was losing a considerable amount of money." Davis wound up dropping all but three artists, Barry Manilow, Melissa Manchester and the Bay City Rollers, and signed many new

artists to the label. Presently, he noted, Arista is "very substantially profitable, both domestically and internationally." And the licensing fees from EMI, who distribute Arista internationally, "are well into seven figures."

Pointing to Arista's successes with new artists, like the Outlaws, Eric Carmen, the Brecker Brothers and Monty Python, among others, Davis explained that Arista's success has stemmed from "the signing, nurturing and development of new artists." And it is his feeling that "no company that's come into the record business since A&M" has had the initial success that Arista has enjoyed. He also indicated that the future success of the record business in general is tied to its ability to develop new artists.

Davis also made the following points:

- Arista's return rate so far has been ten percent, "the lowest in the record industry."
- "The industry finished an excellent Christmas season, 1975 was the largest year in the record industry's history, as

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## Zimmermann Named Cap. Operating Chief; Label In Major Realignment

HOLLYWOOD — Bhaskar Menon, chairman, president and chief executive officer, Capitol Records, Inc., last week announced the following appointments and realignments of executive responsibilities, effective immediately:

Don Zimmermann, formerly senior vice president, marketing, has been

elected executive vice president and chief operating officer, succeeding Brown Meggs, who is appointed assistant to the president, Capitol Industries-EMI, Inc. Zimmermann reports directly to Menon for the overall supervision of Capitol's record business.

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**Photo Coverage Of London, CBS Conventions On Pages 8, 10**



Zimmermann



Meggs