

Media Age Business Tips From U2

IN pop culture, nothing lasts forever. But U2 is coming close.

On the surface, the formula U2 used to send 20,000 fans into sing-along rapture at Madison Square Garden last Tuesday night was as old as rock 'n' roll: four blokes, three instruments, a bunch of good songs. Add fans, cue monstrous sound system, light fuse and back away.

But that does not explain why, 25 years in, four million people will attend 130 sold-out shows this year and next that will gross over \$300 million and how their most recent album, "How to Dismantle an Atomic Bomb," has already sold eight million copies.

For that, you have to look at U2 less as a band than as a multimillion-dollar, multinational media company, one of the smarter ones around.

"We always said it would be pathetic to be good at the music and bad at the business," said Paul McGuinness, the band's manager since the beginning. And while U2 hasn't become a Harvard Business School case study (at least not yet) it offers an object lesson in how media can connect with their customers.

MEET THE CONSUMERS WHERE THEY LIVE For years, the U2 fanzine Propaganda was used to feed the tribe. The band's Web presence was restricted to temporary sites for specific tours. But in 2000, U2 opened an extensive Web site, with an index to every song and album, lyrics, tour news that is refreshed nightly and subscriber features - for those die-hards willing to part with \$40 - that allowed them access to tickets, exclusive content and streaming downloads of every song and video the band has ever made.

APOLOGIZE, THEN MOVE ON With the Vertigo tour, it became apparent that some of those fans who had paid good money to join U2's Web site had been elbowed aside by scalpers in the scrum for tickets. The band's response was to apologize immediately and promise to do better.

"The idea that our longtime U2 fans and scalpers competed for U2 tickets through our own Web site is appalling to me," the drummer Larry Mullen wrote in a statement issued by the band as soon as the problem arose. "I want to apologize to you who have suffered that."

EMBRACE TECHNOLOGY While other big acts were scolding and threatening fans for downloading music or, in the case of Metallica, suing Napster, U2 was busy working on a new business model.

A collaboration with Apple yielded a U2 special edition iPod that was a smash hit and gave visibility to the band at a time when most radio station playlists don't extend much beyond a narrow selection of pop singers. With iTunes, U2 produced what may be the industry's first downloadable version of a box set, offering the band's entire musical history for \$149.

"We thought it was an opportunity to be taken with both hands," said Mr. McGuinness. Contrast that statement with anything from Hollywood on digital technology in the last three years.

DON'T EMBARRASS YOUR FANS Sure, U2 has recorded some clunkers (1997's "Pop" comes to mind) but the band works and reworks material until it has a whole album's worth of songs, no filler. Last

Tuesday, the band played at least four of the songs from the current album, giving the songs a shot at entering the pantheon and affirming U2's status as a contemporary band, not a guilty pleasure or retro musical act that covers their own earlier greatness. (Quick, what's the last Rolling Stones' album?)

"Don't embarrass your fans," Bono told The New York Times last year. "They've given you a good life."

BE CAREFUL HOW YOU SELL OUT U2 has been offered as much as \$25 million to allow a song to be used in a car commercial. No dice. They traded brands, not money, with Apple. Bob Dylan may wander around in a Victoria's Secret ad and The Who will rent "My Generation" to anybody with the wherewithal, but the only thing U2's music sells is U2. Just because it will fold and go in someone's pocket - The New Yorker publishing ads illustrated by its cartoonists comes to mind - does not mean it will be beneficial over the long haul.

EMBRACE POLITICIANS, NOT POLITICS I watched Bono, during the Republican Convention last year, hold Bill O'Reilly of Fox News rapt with a lengthy discussion of AIDS in Africa. Last summer, he posed for a photograph with President Bush, congratulating him for the work his administration had done for Africa.

"Their credibility is very strong," said Gary Bongiovanni, editor in chief of Pollstar, a trade magazine covering the concert industry. "I don't think there is anybody who doesn't believe that they are sincere in what they are doing."

(Bono came close to jumping the shark by donning a blindfold and miming a prison torture scene during "Bullet the Blue Sky," the band's fatwa against United States military intervention and then saying at the end of the song, "This is dedicated to the brave men and women of the U.S. military." Which of these things, Bono?)

IT'S CALLED SHOW BUSINESS FOR A REASON In 1980, I was standing with my sister at First Avenue bar in Minneapolis watching a then little-known band from Dublin take the stage. The Edge, the band's lead guitarist, kicked into a chiming, ringing salute, the opening chords of "I Will Follow." Bono ambled out, absently drinking a glass of water and when the drummer kicked in, Bono tossed the water into the lights above him, a mist enshrouding him - and us - as he stepped to the mike.

Much theatrical and musical combustion ensued, on that night and in the decades since. The current show is a testament to reinvestment, with a huge lighting and stage structure that managed to make Madison Square Garden seem like a cozy church, the backdrop for a secular sacrament. The Vertigo tour included seven curtains of lights, consisting of 12,000 individual bulbs, and a heart-shaped runway that may have wiped out a few hundred prime seats, but allowed thousands more to feel engaged as The Edge and Bono strode out along it during songs.

SEIZE THE MOMENT, BUT DON'T STEAL IT For years, U2 declined invitations to play at the Super Bowl, but the first one held after the attacks of Sept. 11 had special significance. Bono, in the middle of singing "Beautiful Day," slyly opened his coat to hundreds of millions of viewers and revealed it was lined with the American flag. The band adopted industrial and electronic motifs into their music in the 90's to give currency to their sound and then promptly stripped it down for the current tour. Not every gesture and instinct resonates: Let's not forget Bono's decision to go with a mullet in the mid-80's.

AIM HIGH As the central icon in the Church of the Upraised Fist - a temporary concert nation of gesturing frat boys, downloading adolescents and aging rockers reliving past glories - Bono can command his audience to do anything. During the concert last Tuesday, Bono asked the audience to send, via text message, their full names to One, an organization that fights AIDS and global poverty. They happily complied and their names were flashed on screen between encores. MTV's "Total Request Live" may attract a wider audience, but its members probably aren't made to think they are part of something bigger.