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The Lessons of Lady Gaga

With digital dominance, business savvy, a niche-busting sound and 1,001 wardrobe changes, she is a new model for success

By JOHN JURGENSEN



VEVO/Getty Images

Pay attention to that woman opening the Grammys.

At Sunday's awards show, Lady Gaga is expected to play a duet on a single piano with Elton John. She is nominated for five awards, including record of the year, but that's less important than her broader impact on music culture in the space of a year, which has been seismic.

Her debut album has generated four No. 1 songs. She topped the digital sales chart for 2009 with 15.3 million tracks sold. Her dance hits, including "Poker Face" and "Paparazzi," recalibrated the sound of pop radio with a spacey Euro vibe that's crept into songs by rock and rap artists. She grabbed attention beyond the music world with outfits that make her look like a refugee from a sci-fi film. In concert, on video and at past awards shows she has sported full facial masks, worn planetary rings around her head, and framed her face in what looked like a bird's nest.

"She's very vaudevillian," says an admiring Alice Cooper, the rocker whose history of stage theatrics includes simulated decapitations. But he says Gaga's antics only work because "she can really sing."

Vote: Grammy Winners

Gaga may turn out to be yet another fleeting pop novelty, but many other industry veterans see her as the real deal, and her ambitions and skill at navigating the turbulent industry may make her a durable star. Born Stefani Germanotta, she graduated from Manhattan's Convent of the Sacred Heart school, then left a music program at New York University to chase a music career. She was signed and dropped from one label, Def Jam, before uniting with a core



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Stars like Beyoncé will face off against newcomers such as Lady Gaga at the 52nd annual Grammy Awards on Jan. 31. Who will take home the prize? Cast your vote.

News Hub: Music Industry Gaga Over Lady Gaga

2:10

WSJ's John Jurgensen joins the News Hub and tells Simon Constable why the music industry loves Lady Gaga. He discusses how the singer is a case study in how the business has changed.



team of advisers. She then stormed the media in a year when Michael Jackson's death reminded us how few new music stars transcend narrow genres anymore.

Underneath Gaga's haystack wigs is a case study of what it takes to succeed in the music business today. Gaga, 23 years old, has made shrewd use of new digital platforms, while still leveraging the clout of a major label, an institution deemed obsolete by many proponents of DIY culture. She is a product of a new kind of recording contract which goes beyond just selling records to encompass everything from touring, merchandise—even her make-up deal. Though she writes her own material, she is as focused on visual theatrics, fashion, and global appeal as she is on the music.

Gaga's actual odds in the Grammy race are uncertain. For instance, the best-album award typically goes to nominees with a long record of achievement, including recent winners Robert Plant, Alison Krauss and Herbie Hancock. This year, the senior slot is represented by Dave Matthews. Another strong contender: Beyoncé Knowles, who at just 28 is a veteran who leads the pack with 10 nominations. The Black

Eyed Peas are reliable hitmakers with a bevy of corporate sponsors including BlackBerry. Newcomer Taylor Swift, the 20-year-old country singer, also has a strong shot at awards.

This year, expect the cameras to hover around Gaga, who will be challenged to top the six different costumes she donned at the MTV Video Music Awards. Divining fashion trends from her outfits would be fruitless. Instead, here are three things Gaga can tell us about how the music industry works now.

She's a digital phenomenon

Lady Gaga's towering digital sales, almost all of them iTunes downloads, only tell part of the story. In fact, much of Gaga's audience got her music for free, and legally. They have listened to free streams—by the hundreds of millions—on YouTube and the other online services that Gaga currently leads, according to research firm BigChampagne. On MySpace, Gaga has had 321.5 million plays. By contrast, singer Susan Boyle tallied only 133,000 plays, despite scoring the No. 2 selling album of 2009. A difference (among many) between Gaga and the dowdy Scotswoman discovered on a British talent show: Ms. Boyle's material, including "Amazing Grace," was traditional—and so were most of her buyers. Some 97% of her albums were sold on compact disc.

More

[Speakeasy: The Man Behind Lady Gaga](#)

fractions of a penny each time a song is streamed on Yahoo, for instance. While most artists stand to profit more from high-margin CD sales, being embedded across the Web can pay dividends in exposure and the loyalty of fans.

"That tells you how pronounced the generational divide is," says BigChampagne founder Eric Garland. When it comes to the free streams that dwarf her still-impressive sales, Gaga isn't giving it away for nothing—musicians typically earn

She's got a 360-degree view

The business needs more Gagas. The upheaval of the last decade has forced the major record companies to cut their work force by 60%, according to a recent report by the Recording Industry Association of America. Within the last week, dozens of Universal Music Group employees were laid off. (Gaga's own publicist took a

buyout; his job won't be filled.) Labels have had to change their relationship with artists and lean on new partners, including the talent managers they often squabbled with in the past.

State of the Music Industry



Click above to view the state of the music industry, by the numbers.

Without the budget and staff to support their once overloaded artist stables, labels have slashed their rosters and doubled down on acts expected to drive hits. They're also going after the money artists generate outside the labels' traditional business of selling music. This has given rise to, in industry parlance, the 360 deal, in which a label invests more money up front (for marketing, for example) in exchange for a piece of merchandise sales, touring revenue and other earnings that artists had long kept for themselves.

The 360 model hasn't launched big stars yet—with a few exceptions, including Gaga. From concerts, including four sold-out nights at Radio City Music Hall this month, a percentage of her take goes to her label, Universal's Interscope Records. The label also gets a cut of her revenue

from Polaroid, Estée Lauder's MAC and other corporate partners. Does Gaga validate the 360 model for other artists? While she pockets relatively less money on tour, Interscope puts more muscle behind her than it would have in the old days. "Would she be in the position to play in front of 20,000 people a night if the record company had not put up the marketing dollars?" says Gaga's manager Troy Carter.

She could be the next Madonna

On the song "Bad Romance," Gaga chants "I want your ugly, I want your disease." She lovingly refers to her fans as "monsters." On stage, she bleeds from simulated stab wounds. Despite these dark theatrics, she's become a darling of mainstream radio by drawing from Madonna's playbook, with thumping dance beats, a shape-shifting image and a playful obsession with celebrity.

While Ms. Swift represents the pretty (but friendly!) girl next door, Gaga's allure is that of a misfit run amok in the system, a role that has helped her cut across disparate subcultures, including teens, finicky hipsters and gays, to whom she sends frequent shout-outs. While Gaga's bared skin and professed androgyny have raised the eyebrows of interviewers like Oprah Winfrey and Barbara Walters, she isn't shocking, per se.

"That's a tool that's no longer available to pop artists," says Danny Goldberg, the longtime manager and former label head. Since rap music, he adds, "those taboos have been removed and that, to me, makes her that much more impressive. She doesn't have that easy ticket to notoriety."

She's also determined not to be niche. Last year, the Recording Academy's nominating committees received a record 17,000 Grammy submissions. Many of those hopefuls hailed from what could be called music's growing middle class—made up of acts that carve out niche audiences within subgenres such as indie rock. Only a few artists, including Ms. Swift, have defied that trend as newly minted superstars. While some acts try to get there with experimental strategies, such as giving music away free, Gaga used an old technique: cementing her image in music videos such as "Paparazzi," in which she hobbles on crutches.

RedOne, Gaga's primary producer, hails from Morocco and has an outsider's take on American music. "The songs have to be lyrically simple and easy to sing along to, even for people in the world who don't speak English," he says. Studio pros like Grammy-winning mixing engineer Manny Marroquin are being hired to replicate her chopping synths and densely-layered sound. "Everybody's saying, 'Make it like Gaga,'" he says.

Such a now-trendy sound won't last forever. Gaga's longevity will hinge on evolving before its expiration date. Alice Cooper suggests softening things up: "I'd love to hear her sing a Karen Carpenter song." In fact,

before she was Lady Gaga, Ms. Germanotta was a piano-playing singer-songwriter who haunted open mics in New York. Rather than attempt to outdo her own outlandish antics, Gaga may dial back toward that former persona. Next month, for instance, she'll begin pushing the single "Speechless," a stormy piano ballad in the mode of Sir Elton.

Says Tom Corson, executive vice president and general manager of RCA Music Group, a rival to Gaga's label: "It's not just about great songs. In the best-case scenario, it's a full multimedia package."

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