



**AD Chat With DASH TWO Ep 1:
Brian Shafton of RBC Records talks about
Modern Day Music Business**

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Kim Pham: Thank you Brian for taking the time today. The purpose of this talk today is to learn more about the story of you and how RBC records was started. And in an industry that is evolving, how you stay ahead in the digital landscape. I wanted to kind of start with an intro about you and how you got to where you are today and what made you take the leap on starting RBC records?

Brian Shafton: The sounds like a fair enough question. Unlike most people in the music business, I can't say that it was always my desire to be a part of it. I kind of lucked my way into it. After I graduated from UCLA with a degree in economics, I had gone to their job board and I had opportunities from companies such as the state of California, investment houses, insurance companies, banks and the like and they all kind of paid crappy money; but I also got one offer from Capitol Records.

So it was a pretty easy decision for me to go to Capitol as opposed to any of these other financial institutions. I had a quick run there; I was probably there for about a year and a half where they put me on a management fast track program and had me get my M.B.A. at night and I really enjoyed that. The problem was Capitol or CEMA at the time which was the distribution company for Capitol. It was an acronym for Capitol, E.M.I., Manhattan and Angel, the four labels that they had owned at that time. It was such an enormous organization, I was just a small cog in the wheel and I couldn't get recognized. I also felt like I couldn't make a substantial difference at a huge company. So, I got lucky while I was at Capitol; one of the accounts that I had was Priority Records. At this time it was a small label, about thirty employees maybe doing about \$15/\$20 million a year and they had recruited me over from Capitol to Priority Records. And if you're not familiar with Priority that was the label that signed N.W.A. from The Straight Outta Compton movie. Needless to say, it was the home not only to N.W.A. but some of the hottest rap acts in the country. We peaked out with \$300 million of sales a year, about 150 employees. We had artists such as Master P., Ice Cube, Dr. Dre, Snoop Dogg, Talib Kweli, Jay Z, the Friday soundtrack, Rhyme and Reason soundtrack, Training Day soundtrack. We really had everything under the sun; primary emphasis I would say on the West Coast but certainly a lot deeper than just that like I said we killed it in the South and a little bit even on the East Coast as well with Jay Z and Heltah Skeltah and stuff like that.

I lasted there for about ten years, a little over ten years; I got promoted various times throughout. My most recent post was acting as a vice president of sales and distribution for the company where I managed (at this time was really pre-digital, so I managed) a lot of the accounts and the sales staff that service these accounts. Priority was one of the largest and best independent labels out there and everyone knew that; in so doing Capitol also realized that and decided to put in an offer to purchase Priority. When they did that the company definitely changed and it didn't really suit me as well and I could kind of see it going in a different direction so I split from there to work for a company called JCOR. My friend Dave Weiner who had found Master P., Mos Def, Talib Kweli, Brotha Lynch Hung and the like went to JCOR; which was a small label distributed by Interscope and recruited me there and I was there for about a year until they ran out of money. And this is in probably the worst of the music business economic times I say this is 2002, the end of 2001 and the beginning of 2002.

I was desperately looking for work; a lot of expenses and no income coming in. So I decided to start consulting for some people just to make some money and consulted in the sales arena, no one had ever really done that before and especially not the rap world. And it went incredibly successfully and it started to grow and instead of continuing to look for jobs, I realized that I could make my own living doing this and I founded RBC in the basement, well not in the basement but my living room in my house. I think it was probably January or February of 2002 and then RBC just kind of took off from more of a consultation type of company to a general management consulting firm. We represented initially artists like C-Bo and his label West Coast Mafia, Tech N9ne and Strange Music. We represented E-40's Sick Wid' It label, although E-40 was not a part of it, and the company just continued to grow and people like E-40 recognized that and he eventually let us manage a lot of his label business and we currently have serviced his solo albums for probably last 8 to 10 years.

Maybe in 2006 we started, maybe 2005 or 2006, we started our own wholly own label. Some of our big artists right now include Gucci Mane and all of his independent stuff, Chief Keef, Pac Div, Krayzie Bone and many many more. And that brings us to where we are now.

Kim Pham: A stacked roster for sure.

Brian Shafton: Yea, hopefully. Thank you, thank you.

Kim Pham: Can you talk a little bit about RBC's business model and how it's different from the major labels?

Brian Shafton: Absolutely. I haven't always agreed with where the major labels are going as a matter of fact often times when they would zig I would have chosen to zag. And I guess that that's really helped me out because we've made decisions that weren't always popular amongst the major labels. One big example would be the Internet; we chose to embrace that early on. It really leveled the playing field between the majors and the Indies and we attacked that hard, kind of at its infancy, and that definitely distinguished us. The other thing that distinguished us was the fact that we had been in the rap game since the inception of the rap game so we had a nice resume, credibility and stuff within the artists. But what I was able to do with RBC is position it so that we could give artists a voice in the community and be able to market/promote these guys. A lot of times these rappers would try to get a deal with a distributor and try to get some financing as in a distribution deal, but the problem was these distributors had already had really poor experiences with these rappers and they'd been burned so many times before but I had known the distributors they trusted me and the rappers trusted me so I was able to insert myself in there to make sure that the money got appropriated correctly.

And like you said the Internet has been such a monster part of the game that a lot of our focus went towards that, whether it's YouTube or Facebook advertising these days or Google advertising or whatever; without a doubt that's the cornerstone for our company. And like I said, we specifically super serve the independent rap community and try to be super nimble, ahead of the curve and always in touch.

Kim Pham: That's really interesting. So would you say the biggest change was when the Internet became such a huge priority, having an online presence?

Brian Shafton: I would say without a doubt that that is the singular biggest thing that I've seen in my music career, is how the Internet has impacted it. I was there at the beginning of cd's when cassette morphed into cd's and that was huge; but the Internet was just a straight up game changer. Not only did it help the artists get heard without having to focus in on radio or traditional video, it gave them a voice to whoever wanted to listen. But more importantly it also helped allow us to aim our records better, find the right artists. We could measure these guys on how they did online. Did they have a lot of YouTube views? Back in the day, what was their MySpace presence like? How many Facebook friends do they have? What's their Instagram look like? What kind of responses are they getting? So all of those things certainly help us continue to formulate and develop the label and our artists.

Kim Pham: You mentioned that RBC records was on the forefront of getting ahead in digital landscape, and I was just wondering if you could tell me what that looks like?

Brian Shafton: Well, there's been a few different monster changes over the last let's say decade. The first of which is like a MySpace/YouTube type of thing. So really putting our music out there and even though people thought, "Oh YouTube, you're giving it away and it's getting consumed for free," we saw it as a great marketing endeavor. MySpace of course and Facebook just to use this is as a voice to communicate to our entire fan base, it allowed the artist to touch the fans directly. And that was just a cataclysmic change that the artist could be so in touch with their fans and be able to touch them, talk to them, communicate with them and however.

Needless to say, the downloads took over in iTunes and stuff like that and that was a phenomenal situation for us because we were able to eliminate a lot of costs involved; specifically manufacturing costs, co-op which is a retail cost that we would have to pay. So, we were able to mitigate expenses while continuing to increase revenue. The next big change obviously would be streaming and you know obviously with Napster and whatever else people have been doing this for free. The good people over at Spotify, Apple Music, Tidal, Deezer and all the like have come about and figured out a way to stop the piracy by replacing it with a legitimized form of streaming that has straight up revolutionized the business and made the entire business for everybody incredibly bullish. So through these various gyrations and evolutions we've really embraced it, we've been a big benefactor of what this new technology has brought our way.

Kim Pham: Yeah, and going into the streaming part of that I feel like it's a huge discovery tool for everyone. Not only just record labels but also as a consumer to find new music.

Brian Shafton: Absolutely. Like how often do you get stuck in YouTube from one video to the next? Or Spotify or Apple? Just finding new artists and new situations and getting excited about new music is really revolutionary.

Kim Pham: I know, there's just so much good music out there and how can you hear it all?

Brian Shafton: Yeah it's really impossible. It's impossible, you have to be so picky and choosy but with these great algorithms that some of these people - whether it's Pandora, Spotify, Apple - have created, they are able to refine your tastes and say if you like this then you're going to like that and point you in the right direction as opposed to just jumping in the middle

of the ocean. So it's pretty incredible and I expect that that will continue whether it's through these playlists that you learn about a new artist from or whatever that is, there's a great opportunity for music discovery.

Kim Pham: For your artists specifically, how much do you rely on organic discovery vs paid media?

Brian Shafton: Organic is always going to be the best just because it's my core fan base; but if I want to grow my artists I have to go outside of just their base. And that's where the paid media comes involved; so I can through again the miracles of the Internet, I can tap into similar artists. f I have someone like a Chief Keef, who is one of my artists, I can find artists who are similar to him [like] Lil' Herb, Lil' Durk, and try to attack their audiences and serve them up and ad so that they can become familiar with my artist. So that's been an incredible opportunity for us to really grow and expand.

Like I said, you can do so much within your own ecosystem; but in order to really survive and thrive you have to go above and beyond that and grab new fans and the paid advertising is great. In particular I could say the best part of the paid advertising is that when you cast the net you're able to really define who you're advertising it to versus buying a television ad on let's say ABC that goes out to thirty million households with not a lot in common. I can find, a specific demo and stuff like that so the online advertising component is absolutely crucial, it's incredibly cost-effective and if I have a small budget that's going to be where I'm going to want to spend that.

Kim Pham: And also, it's just so trackable.

Brian Shafton: Yea exactly. It's trackable, it's remarketable, it's just unbelievably efficient and effective, cost-effective and an unbelievable way to grow your business and grow your career.

Kim Pham: Yea, I totally agree. So you mentioned that if you are on a tight budget digital is your go to. Is there a specific...

Brian Shafton: Even if it's not a tight budget, even when I have an enormous budget, the Internet ads online advertising is always going to be a crucial crucial crucial component for us.

Kim Pham: At what point of the release cycle do you decide that you want to launch an ad campaign and how do you wait out Pre-Order vs Street Date?

Brian Shafton: Those are good questions. In terms of trying to figure out how much to spend and when to spend, when I initially give a budget to an artist we try to allocate the funds initially. I'm going to spend this much on videos, I'm going to spend this much on a publicist and I'm going to spend this much on consumer advertising. So, I like to do it right when we do the deal and come up with these guys' marketing plan. I like to have my artists participate and say, "Hey, these are the things that I like to see and want to do." So it's from jump that we start doing it.

As far as the pre-orders, based on the fact that streaming is just taking over right now, the pre-orders are becoming less and less important; just because they are a smaller piece of the business while the streaming continues to grow. As I'm sure you've heard Spotify just hit 60 million paid subscribers, I think it was this week or last week. So, this is

where the growth is and that's you know an enormous focus for us whether it's Apple Music, Spotify, Tidal, Deezer, Rhapsody or anybody else for that matter so that's kind of how we do it. But without a doubt it's probably the most important, the easiest thing to set up and more importantly is that when you hire a publicist you target certain things, you hope that you get an ad in The Source or you hope that you get Jimmy Kimmel to put your group up on there or something like that. When you advertise online you have guaranteed results, you're guaranteed that this ad is going to run in front of those people so it is an incredibly safe and effective bet.

Kim Pham: It sounds like the goals of these advertising campaigns are also changing. Maybe before we were really focused on pre-orders, looking at iTunes and Google Play pre-orders, but now, what kind of metrics you are looking at?

Brian Shafton: Yea, you nailed it. Exactly that. The great thing about an online ad versus a static ad, let's say, on XXL when I say, "XXL, go look to YouTube to go find my music or whatever," I got to rely on this guy to type in YouTube.com and figure this out versus just having a link. I want to make this as easy as possible for them. And then the call-to-action, the final destination, it constantly changes. The reality is, is a company like Apple Music pays the highest per stream royalty. There's other companies out there, but they're among the top high paying per stream royalty so I direct a lot of my advertising to them where I can maximize my revenue not only for RBC records but more importantly for my artists that that they're always happy and fed and they have money in their pockets.

Kim Pham: As far as most effective or memorable campaign, what are some of the attributes? Has it been campaigns that have come more native to the artist's voice or is it good creative? What's your take on that?

Brian Shafton: I got to say it's getting me in a position to speak to the right people that have the ability to buy, stream, and download my stuff.

Kim Pham: It's just insane how targeted we can get on these platforms. What they are listening to, their online and offline behavior...

Brian Shafton: You can tell how many people have clicked, I have a very amazing understanding of what's successful, what's not. When I buy an ad in a newspaper I don't know how many people have used that to purchase my stuff. With an online ad I can totally tell. And then in case part of my online advertising campaign isn't as successful as the rest, you guys are able to instantly reallocate my funds to be a part of the better responsive part and get away from the part that is less responsive. So, it's totally interactive, three-dimensional. It's where you need to be if you're going to be a successful entrepreneur. Not just in the music business but I would think that it holds true for any business and anyone that's in marketing.

Kim Pham: I totally agree. So over the years, I would love to know how your media mix has changed. Did you start out doing tons of radio? Tons of print? And how has that changed to today?

Brian Shafton: I started off doing mainly radio and then I realized buying radio spots was really expensive. So I started doing non-traditional radio where I would sponsor events and be able to get a lot more impressions. What I found was the number of impressions was much more important than anything else. You need to hit someone over the head

multiple times before you can bring them to a call to action. So, by doing these non-traditional radio spots I had a much more frequent message. Then I started to transition into some outdoor stuff: billboards, bus benches and the like. Print ads, especially into trade type of magazines, genre specific magazines: Source, XXL, Murder Dog. And the next transition was online and at this point I would say probably ninety plus percent of my ad campaign comes online. For some of my bigger artists I'll still do some outdoor, some bus benches, some print, some billboard, some 8-sheets and stuff like that but I guarantee you there's also a huge online component that's substantially bigger and again if I have a smaller budget every penny is dedicated to online.

Kim Pham: Yeah, going back to that, is there a more successful platform that you prefer? Whether it be Facebook, Google or Twitter?

Brian Shafton: Facebook without a doubt has provided the best cost benefit for me, so we can easily tell how much it cost-per-click and Facebook has traditionally been the best. Sometimes however I need to make sure that my partners at HipHopDX, XXL.com and stuff like that are also supported because I need those sites to be healthy and I know they have a good audience so I'll also support those. They don't necessarily have as great of a cost effectiveness but they do a lot of ancillary things for me. But without a doubt it's Facebook ad, a Google ad, those are the two that seem to have the most potency. And World Star [World Star Hip Hop] for that matter too when we buy their banners. It has an incredible efficacy rate as well.

Kim Pham: I think all of what you said, it really just shows that you guys have been not resisting all the changes that are happening in the digital space and kind of just embracing it.

Brian Shafton: I think you nailed that, and those people that have avoided it might not be in business today. We have got to stay a step ahead and you're right, if you're embracing it you're riding this huge current wave and it feels stupendous.

Kim Pham: When streaming was such a thing it's like, how do we monetize this? Where is this going? What are the goals? But from our conversation it really sounds like you're like, "Alright, let's just do this."

Brian Shafton: That's right! That's exactly right. It's been proven successful and could take us into the next iteration of our company's growth.

Kim Pham: Yeah, that's great. Just to kind of wrap this up we did want to ask you one question, and it doesn't have to be related to your artists but for all the advertising that you've seen what has been the most memorable in your mind?

Brian Shafton: Wow the most memorable advertising...

Kim Pham: It could be like TV, print, radio...

Brian Shafton: I'm going to go back to my early days at Priority [Records] where we did these nontraditional radio. What I would do with Power 106, which is the local hip hop station, is I bought an ice cream truck for them where they'd give away free ice cream and in addition to that they would also serve out PoP of mine whether it was a snippet, a poster, a postcard and stuff like that. We'd always have these huge long lines for the ice cream

truck that like I said was doing a remote broadcast for Power 106. All day every day they'd be announcing what the Priority Power track would be, Power ice cream truck would be. It really became quite the thing and people really recognized it and it was a promotion that we probably ran for well over five years so it's a long one.

Kim Pham: 5 years? I was thinking like a standard 4-week campaign.

Brian Shafton: It started off as a 4-week campaign and then to be honest with you I do an annual deal with them and we just kept re-opting and increasing it. It became a lot bigger than just the ice cream truck where we started doing sponsorships of a fun truck, of a hip hop show, the mix show, of the New at 2 Mix whatever it was but we found that that was the most incredible thing to do. We also found a really great partner, they're no longer here, but Warehouse Entertainment and Violet Brown, who is a buyer, she was incredibly supportive. And what we did is we tied that into their warehouse stores and we had a Power 106 ice cream display where I was able to feature all of my hot titles at that time and we would rotate them out each month and it became a permanent fixture within ALL, like a thousand of their stores. So, it was a phenomenal situation and it worked out so great for so many years and super proud of it and we saw others try to copy but we really owned it.

Kim Pham: What was it called? Do you have a name for it?

Brian Shafton: It was the Power 106 Ice Cream Truck. The Priority Power 106 Ice Cream Truck. They would have to say it every time and I'm telling you that they said it thirty times a day. It was great, "Go get your Ice Cube and NWA and Friday soundtrack on sale at the warehouse for \$9.99" or whatever it was. So it was a great fun campaign and I think everyone benefited from it; from the artist to the distributor to the label and the consumer ultimately.

Kim Pham: Thank you so much.

Brian Shafton: Thanks so much. Be good.