

KELLY CLARKSON

She has a team of superstar producers - but will her new disc be a hit? Page 18

WILCO IN THE STUDIO

Inside their Chicago headquarters as they prep seventh album. Page 24

Q&A: BILLY JOEL

On his new megatour with Elton and jamming with McCartney. Page 32

Rock & Roll

Dylan Records Surprise 'Modern Times' Follow-up

Dark new disc with a bluesy border-town feel arrives in April
By David Fricke

I'M LISTENING TO BILLY Joe Shaver/And I'm reading James Joyce/Some people tell me I got the blood of the land in my voice," Bob Dylan sings in a leathery growl, capturing the essence of his forthcoming studio album - raw-country love songs, sly wordplay and the

PREVIEW

wounded state of the nation - in "I Feel a Change Coming On," one of the record's 10 new originals.

Set for late April, the as-yet-untitled album arrives a few months after Dylan's outtakes collection *Tell Tale Signs*, and it "came as a surprise," says a source close to Dylan's camp. Last year, filmmaker Olivier Dahan, who directed the 2007 Edith Piaf biopic, *La Vie en Rose*, approached Dylan about writing a song for his next feature. Dylan responded with "Life Is Hard," a bleak ballad with mandolin, pedal steel and him singing in a dark, clear voice, "The evening winds are still/I've lost the way and will." (The song appears in the film *My Own Love Song*, starring Renée Zellweger.)

Inspired, Dylan kept writing and recording songs with his road band and guests, with Los [Cont. on 16]



SEÑOR DYLAN Dylan onstage in Mexico City during a February 2008 stop on his Never-Ending Tour. His new album - which was a surprise to people close to him - has a Tex-Mex vibe, with accordion on every track.

Tanking CD Sales Shutter Stores

Virgin Megastore is latest victim; 2,680 shops lost since 2005
By Steve Knopper

WITH VIRGIN Megastore closing three of its six remaining outlets in April and May, Circuit City shutting all 567 of its stores, Borders

RETAIL

threatening to cut its music-and-movie shelf space by 70 percent, and 30 other music retailers going out of business so far in 2009, the record industry is bracing for the death of the 27-year-old compact disc. "You've just reached the point in the marketplace where it's not possible to keep stores open at all," says Simon Wright, CEO of the Virgin Entertainment Group, which is closing two stores in New York and one in San Francisco. "If you want some deep catalog, you've just got to go to Amazon."

CD sales have dropped 48.9 percent since 2000, according to Nielsen SoundScan. Even though 361 million CDs sold in 2008, and the NPD Group reports two-thirds of music consumers buy music exclusively on CD, it's not enough to keep most record stores in business. [Cont. on 17]

END OF THE CD?

[Cont. from 15] Some 2,680 stores have closed since 2005, according to the Almighty Institute of Music Retail.

The transition from CDs to digital downloads has been shrinking the record industry most of this decade, leading to mass layoffs and artist-roster cuts at major labels. Record executives, who for years insisted the CD would be around forever, are blunt about its demise. But in contrast to the early-Eighties changeover from LP to CD, labels will try to keep the big-profit-margin item on the shelves as long as they can. "It's possible for it to become totally extinct, but at this point I see it as a slower erosion," says Bob Anderson, senior vice president of national sales for the RCA/Jive Label Group. "It's almost like the stock market, where you're not really sure when it's going to bottom out."

The implosion of CD sales has reversed the power dynamic in negotiations between labels and large retailers. With CD sales tanking, Walmart cut music shelf space by 20 percent in 2007 and more last year, and Best Buy cut space "in single digits," according to industry sources. Both chains, sources say, have used the threat of further space cuts to push labels for more favorable wholesale prices. "It's been that obvious and direct in the conversations," says a major-label source.

Consumers of certain genres, like R&B and country, according to some label sources, still tend to favor CDs over downloads – and some fans who still value audio quality or grew up shopping at record stores are hanging on to old habits. As a result, Best Buy, Walmart and other big chains say they have no plans to completely stop selling CDs. "It has a fairly long life in front of it," says Ed Hogan, Best Buy's music director. Sources say it was the Eagles – who sold 2.6 million copies of *Long Road Out of Eden* in 2007 as a Walmart exclusive – who convinced Walmart not to yank the format. "[The Eagles] kind of turned them around from thinking music was a shit category to thinking it was a good category that

was mispriced," says a major-label source.

One winner in all this has been Amazon.com, which sells both downloads and physical CDs and has boosted its proportion of music sales from 6 percent in 2007 to 8.3 percent last year, according to NPD. "We continue to invest heavily in our CD business," says Bill Carr, Amazon's vice president of digital media. "We won't turn out the lights on the CD business unless customers don't want them anymore." And strong indie record stores, from Amoeba Music in California to Twist & Shout in Denver, have survived piracy and iTunes to thrive on a mixture of used and new CDs. "We haven't seen any loss of sales at all," says Amoeba co-owner Marc Weinstein. "But if a lot

of labels start [going] digital-only and not putting out CDs, it'll have a cumulative effect."

Some retailers say they believe the labels can prolong the life of the CD, but only if they put out superstar releases on a more consistent basis – and price CDs to compete with the \$9.99 digital albums at iTunes and Amazon. "The CD is extinct if the record companies still run their business the way they're running it," says Russ Solomon, who founded the Tower Records chain – which closed in 2006 – and today runs R5 Records in Sacramento. "But if they just listen to what their customers are telling them, they might be able to keep it going. There are enough out there that really want to buy CDs. It's an object worth collecting."

The Death of the Record Store

With CD sales down nearly 50 percent since 2000, music stores across the country have closed at an alarming rate



Virgin Megastore
This spring, the chain is closing two stores in New York and one in San Francisco – leaving only three.

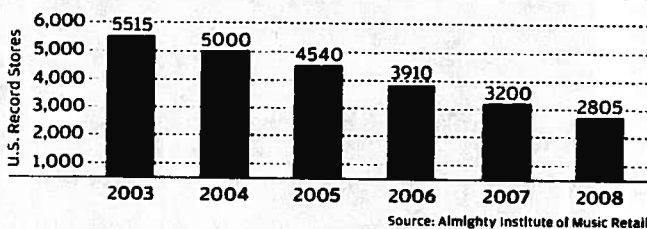


Tower Records
When the 46-year-old Tower closed in 2006, it left f.y.e. as the only major American chain still in business.



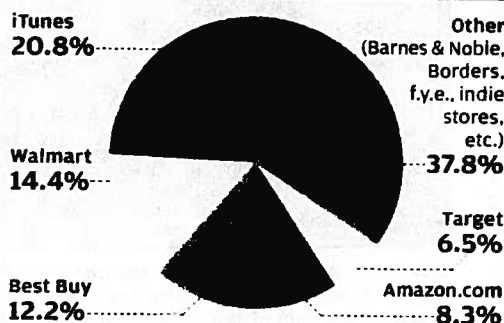
Amoeba Music
Most cities still have at least one strong, well-curated indie shop, like Amoeba in San Francisco and L.A.

The Decline Hit hard by piracy and competition from online stores and big-box retailers, national record chains and local Indies continue to close

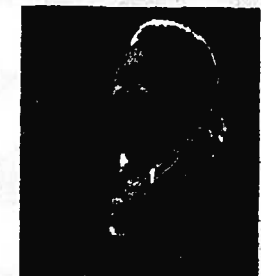


Where Music Is Sold Now
With Walmart slashing CD shelf space and record chains all but dead, online retailers like Amazon are growing fast

Source: NPD Group and sources



HOT LIST



BEN HARPER
"Shimmer and Shine"
Imagine Lenny Kravitz fronting Queens of the Stone Age – it'd be bad, right? Right? Well, that's what the formerly strummy Harper sounds like on this hooky single from his fuzz-tastic new band, Relentless Seven. Way to grow a pair, brah.

AMADOU AND MARIAM

Welcome to Mall
African-vibration alert! Our favorite blind, married, fiftysomething Afro-pop duo from Mall are back with an album as awesomely funky as their last.

DEATH

"Politicians in My Eyes"
We can't stop kicking out the jams to this supersonic blast from a lost Seventies disc by three African-American brothers from Detroit. It's like Hanson, if they were obsessed with Vietnam-era radical politics.

DEPECHE MODE

"Wrong" video
This Saw-esque clip is the most disturbing piece of footage since the Jobros grinded on Stevie Wonder at the Grammys – and the industrial-synth sither is scary too. Hey, Ma, where's our blankie at?

THE BEATLES

"Revolution 1" (Take 20)
Yeah, this 10-minute outtake may be totally fake. But after three tabs of Scooby-Doo, the undulating tapestry of swooshing madness feels pretty real. Bad trip! Save us, Yoko!

FROM TOP: JIM SAITO/WIREIMAGE; KELLY A. SWIFT/REXNA; FROM LEFT: RICHARD B. LEVINE/NEWSCOM; MARY ALTAFER/AP IMAGES; BYRON PURVIS/NEWSCOM; STEVE JENNINGS/WIREIMAGE