



Classic manoeuvre

Photo: May Tse

Once set aside by retailers as cheap music, the Naxos label now rivals the big guns in quality, writes **Sam Olliver**

This year's Grammys may be long gone but Klaus Heymann, chairman of the Naxos group of companies, is still buzzing with excitement. At last month's awards ceremony, his classical music label won in three of the 11 categories it contested.

It's not the label's first scoop – it has won seven previous awards – but it is significant as the only Asian company to share in the honours and for beating more established rivals to clinch the awards for best classical contemporary composition, best classical vocal performance and best chamber music performance.

"To put it in perspective: EMI won one, Deutsche Grammophon won one. I think last year we had more nominations than all the other labels combined, so we are now at the forefront of the business," Heymann says.

It has taken 35 years to get there. Naxos has its roots in Pacific Music, a modest import and distribution company for specialised classical music labels, which Heymann founded in 1974 after he found it difficult to buy recordings of pieces heard at live performances.

But it was in the mid-1980s, when compact discs hit the scene, that he first rattled the recording industry's cage. Heymann delivered a pragmatic response to the more expensive new CD format and capitalised on the unwillingness of Hongkongers to dig deeper into

their pockets after years of cheap LPs and cassettes. He produced new recordings, kept costs to a minimum and undercut the international selling price of a CD at the time by around two-thirds.

"It was a sensation," Heymann says. "If [the major companies] had recognised the danger I posed to their business at the beginning, they could have killed me with their back-catalogue of big-name artists, which they could have easily released at my price." The majors were too busy enjoying the maximum mark-up, however, and Heymann slipped in comfortably under the radar.

"The majors sold 35- and 40-minute CDs whereas my catalogue from the beginning was aimed at a very decent playing time – never below 55 minutes. There was never a conscious effort from any of the majors to replicate what we did in recording a broad catalogue."

From its headquarters in Cyberport, Naxos now releases 20 new CDs each month, one from each of a specific list of genres that includes orchestral repertoire, song, opera, early music, chamber music and American, Spanish and Japanese classics. It also has a general policy of never re-recording a work, making it easier for stores to provide shelf space.

"In the beginning, of course, we only had about 50 titles," Heymann says. "The retailers didn't want to have those cheap CDs mixed in with the others and they put them into a

separate corner. It was the most wonderful marketing [advantage] imaginable, and now people are really envious."

The company has developed close relationships with a core set of musicians, referred to as house artists and orchestras. Although they don't enjoy exclusive contracts with Naxos, they are kept "in the family" – a phrase that Heymann uses repeatedly. "The New Zealand Symphony, Malmo Symphony, Royal Scottish National, Warsaw Philharmonic, Seattle, Baltimore, Nashville – if you want to keep them more or less exclusive, you have to give them regular work," Heymann says. "It's a challenge."

In the early days, Naxos scouted for musicians who were affordable; many of them were from eastern Europe and far from being household names. As Naxos' reputation grew, however, artists began to make the first approach.

"Now, the biggest problem is saying no politely," Heymann says. As if on cue, the telephone rings and, with laser politeness, he's laying out minimum expectations for a proposal from a Central American orchestra to record works by its country's native composers.

"There's a big network now. We note which repertoire we want to record, and what artists we don't yet have in the family who should record it."

Once in the family, there's no bias with remuneration: irrespective of age and reputation,

everyone receives the same fixed fee and no royalties.

Trained as a teacher and with a background in newspapers and advertising, Heymann came to Hong Kong in 1967 to open a newspaper office serving the US military forces. Arriving from his native Germany with his suitcase and typewriter, he was eager to experience "a great new adventure". He chose not to return home when

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Klaus Heymann, Naxos chairman

his two-year contract expired. "I was bitten by the entrepreneurial bug," he says.

Heymann has steadily grown his business, going one step at a time with basic business proposals. "I wish I could claim I had foresight and had this grand vision, but I did not," he says.

His acumen served him well. He has established the digital platform, Naxos Music Library (NML), that gives subscribers access to 400,000 tracks from 30,000 discs

streamed from both its own catalogue and a host of third-party labels. "The NML is really the one where I was prophetic. People thought I was crazy when we launched it in 2002. At the very beginning, I said the day would come when downloading would no longer be the thing; people would listen online to music on a subscription basis through their mobile phone. It has now come."

The 72-year-old's other goals include an online spoken-word library, a site for classical music downloads, plus a web radio station with pre-programmed playlists streamed on more than 80 channels. And the ideas keep flowing.

"We're now working on a video-on-demand platform where you can watch every opera we have on DVD and stream it into your home ... at a fraction of the cost of going out to the opera."

This diversification helped lift the company's turnover in 2007 to US\$90 million, its healthiest level to date. But will Heymann find himself swimming against the tide if the siren voices are right – that the collapse of stores such as Tower Records in part reflects a decline in interest in classical music?

"I think the interest in classical music has increased," he says, "partly because so much now is accessible on the internet and the audience has become a lot younger. The demand is still there. Every time a supplier closes, the sales at Amazon go up."