

The New York Times

This copy is for your personal, noncommercial use only. You can order presentation-ready copies for distribution to your colleagues, clients or customers [here](#) or use the "Reprints" tool that appears next to any article. Visit www.nytreprints.com for samples and additional information. [Order a reprint of this article now.](#)

PRINTER-FRIENDLY FORMAT
SPONSORED BY

**June 15, 2009**

Cracks in Muzak Monolith as a Young Rival Grows

By TANZINA VEGA

When Muzak, the company whose name has become synonymous with syrupy instrumental renditions of pop songs piped into elevators, filed for Chapter 11 bankruptcy protection in February, Joshua Katz's phone started ringing.

"I must've gotten 25 calls," said Mr. Katz, the co-owner of El Records, a six-person company that provides custom music for luxury hotels and other high-end brands. "People started addressing what they were paying for and realized they weren't happy," he said of the bevy of potential customers looking to flee the monolithic music provider.

Muzak may soothe the savage elevator-riding breast, but can it soothe nervous shoppers? It has been a decade since the company, based in Fort Mill, S.C., underwent a major brand overhaul veering away from elevator music to provide businesses with tailored playlists, including the not-so-syrupy original versions of pop songs, as background music. They have also expanded their product offerings to include digital signs, audio installation, commercial television, and on-hold and in-store messages.

But Muzak's expanded repertoire did not save it from joining the ranks of troubled music providers like Sirius XM Radio and [Clear Channel Communications](#).

Bob Finigan, Muzak's vice president for product and marketing, insists the bankruptcy filing was "independent of the current economic crisis," and instead the result of debt incurred a decade ago when Muzak made a series of acquisitions, but he declined to specify what those acquisitions were.

And there is another issue for Muzak to fight: perception.

"If you ever have a teacher or a parent who tries to use that cool phrase, that's Muzak," said Maggie Houston, a manager at the boutique Duane Street Hotel in New York, one of Muzak's clients. The company turned 75 this year, but Mr. Finigan insists age is only a number. "It's not your grandfather's Muzak," he said.

Ms. Houston disagrees. She said she was unhappy with the type of songs and lack of variety in the

selection provided by Muzak. “Everyone here can sing the songs by heart,” she said. She has also fielded complaints from hotel guests who she said have asked her to turn the music down. “In the morning people are just waking up,” she said. “they don’t want to hear club music.”

The hotel is considering using other music services but plans to keep Muzak for its on-hold message service.

The perception of Muzak as stodgy and out of touch is a boon to El Records, which is five years old. “They may have a database, but they don’t know how to use it,” said Mr. Katz, who attributes his growing client list to an increased sophistication in music taste among clients.

“People want to hear more than what’s on the Top 100 chart.” To that end, El Records uses a mix of licensed music from pop artists and their own D.J.’s and producers.

While Mr. Katz recognizes that his company and Muzak are “not in the same ballgame” in terms of size and reach, that is not stopping him from trying to position El Records as the “new version of them.”

In Manhattan’s fashionable meatpacking district, Elon Kenchington, chief operating officer of the Gansevoort Hotel Group, has settled on what he calls “a winning combination” of Muzak and music from El Records.

Mr. Kenchington, who uses Muzak at properties in New York and Miami, said the service was integral to building the brand by creating different moods for the hotel’s many spaces, including its lobby and rooftop decks.

Another reason is legal. “You hear all of these nightmares about other companies using their own music,” said Mr. Kenchington about the dangers of using unlicensed music. “Muzak protects us from all of that.”

But if the hotel needs a quick turnaround for a branded CD or is hosting a party that requires a specific mood, Mr. Kenchington calls Mr. Katz. “They just get it,” said Mr. Kenchington, adding that he can visit El Record’s Midtown studio himself and make a more creative contribution.

El Records may be vying for Muzak’s business — and Mr. Katz says the company is close to sealing deals with some of its former clients — but Muzak is still a dominant player. Its Web site lists clients like [Applebee’s](#) and Aveda. Because of the recession, Mr. Finigan said, the company is feeling the pinch of slow growth in the opening of stores nationwide. But he said business at fast-food restaurants like [McDonald’s](#) has been booming.

“I’d like to think that brands understand the world is more competitive than it ever has been,” Mr. Finigan said. Muzak is telling its clients to “turn the volume up,” he said, in the hope that

they can profit from helping customers achieve the “intangible aspect of feeling good in a down economy.”

[Copyright 2009 The New York Times Company](#)

[Privacy Policy](#) | [Terms of Service](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#) |
