

‘We’re fighting for survival’: The impact of the vinyl production crisis on indie artists

All but dead a decade ago, the production of vinyl records is now big business. However, a combination of Covid-19 and major record label dominance is creating a vinyl shortage that is hitting smaller artists and labels.



The Vinyl Factory in Hayes, England, presses a record, but vinyl is facing a production crisis, with smaller labels and acts being the worst affected. (Photo by Chris J Ratcliffe/Getty Images)

“Things have never been this bad for independent record labels and stores. We are really fighting for survival,” says Shaks Ahmed, owner and manager of Shaks’ Stax Of Wax based in London, about the combined impact of the Covid-19 pandemic and the global vinyl shortage on his business. “I am at half staff and am lucky to have the £40,000 that I’ve needed to keep my small business afloat. My three applications for Covid recovery loans have been rejected flat out.”

Unfortunately, this story is not rare. The irony is that these woes stem, in greatest part, from the industry’s own popularity. Demand for vinyl hit untold highs in the UK (and globally) in 2020, following nearly a decade of growth. But supply has lagged way behind demand, and with wild abandon – a situation drastically exacerbated by Covid-19.

“Before Covid, we used to wait a few months to get our records pressed. Now, independent labels are facing six to eight month lead times – and after paying large sums upfront. It is crazy,” says Dominic Williams, label manager at UK-based record label Acid Jazz. “Small labels don’t have the cash flow to wait that long and see [possible] returns. Nor can artists. A band might not even be together by then or the scene could have moved on completely.”

Other indie labels told *Investment Monitor* of even more nightmarish waiting times to the tune of 12–24 months.

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Shaks Ahmed, Shaks’ Stax Of Wax: “More and more records from manufacturers are coming in faulty because they are rushing to get them out,” says Ahmed. “There is a very real and growing quality control issue right now [that is causing even further delays].” It is important to remember that most musicians make the vast majority of their money from touring and merchandise. Covid, alongside the vinyl production crisis, has destroyed these key sources of income.

Covid boosted red-hot demand for vinyl

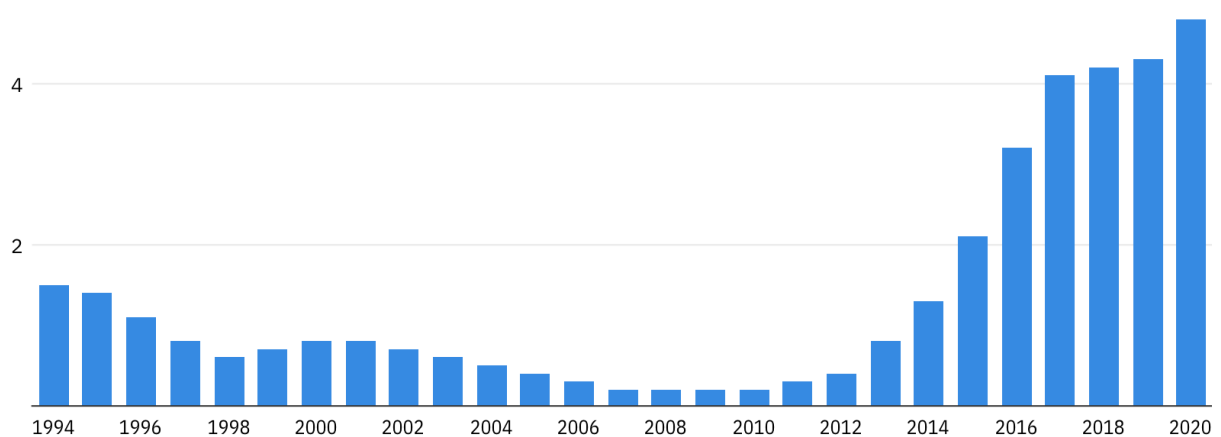
The vinyl revival is very much alive and spinning. Global sales broke new ground in 2020 to hit almost \$1bn. In the UK alone there were 4.8 million LP sales, marking more than a decade of growth.

“It used to only be older people who bought records, but now we also have a whole new generation of younger digital consumers who are hungry for physical copies, just not CDs. [We have come full circle],” says Ahmed.

Considered less cool and artistic, especially in Europe, CD-ROM is being evermore shunned for vinyl, which is why sales for the latter outperformed the former in 2020, for the first time ever.

Vinyl revival in UK reaching new heights

Number of LP/vinyl album sales in million units, 1994–2020



Source: [British Phonographic Industry](#)

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“During Covid we have seen a significant extra bump in vinyl sales, [with] consumer demand via online platforms such as Bandcamp and Discogs [shooting up too],” says Danny Ryan, managing director of music distribution company Kudos Records. “I think buying records

provided a much-needed endorphin hit to those customers who could work from home, and who saved money on commuting and socialising.”

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Dominic Williams, *Acid Jazz*: Musicians have also turned up the volume, with Covid-19 unleashing a wave of creative output. “Lockdown happened and it felt like everyone just started working on the album they had never released before,” says Williams. “It was an explosion of people having more time on their hands – and for some more disposable income. I have never had many people ask me about getting their records pressed. It was ridiculous, honestly.”

One anonymous commentator from a UK pressing plant contends that it is the surge in demand from indies that is creating production bottlenecks, more so than the major labels'. "Everyone and their mother [wants] to get their lockdown album pressed...[that's what's changed]."

Whether this is true or not, one thing is clear: the vinyl industry's limited production capacity has been utterly overwhelmed since the pandemic began.

Big labels squeezed everyone out

For several years now, the music industry’s largest labels – such as Universal and Sony – have jumped on the vinyl bandwagon, for better and for worse.

This is best exemplified through the transformation of Record Store Day. Initiated by US indie labels more than a decade ago, back when the vinyl industry was at its knees, Record Store Day sought to bring fans and consumers together for special releases and deals. In short: a mini, non-corporate version of Black Friday, but for vinyl.

Big labels have flooded the vinyl market. In many cases they are pressing all manner of garbage for which there is no real demand. **Adam Scrimshire**, *Wah Wah 45s* “It used to be small and community-based,” says Ahmed. "There would be like ten titles on the rack and no one queuing. But the big labels ambushed it and are now making mass orders for multicolour vinyl reissues of classic rock titles, swallowing global production capacity and creating huge backlogs.” Coloured vinyl takes much longer to produce than the default black ones.

“Then, during the pandemic, the big labels decided to do two Record Store Days over the summer,” adds Ahmed. "So it was a double whammy – not to mention Black Friday too. We are talking about a whole year being blocked out – the whole supply chain disrupted.”

These frustrations, to put them lightly, are ubiquitous among the UK's indie labels. “Big labels have flooded the vinyl market,” says Adam Scrimshire, co-owner of *Wah Wah 45s*, an independent record label. “In many cases they are pressing all manner of garbage for which there is no real demand, only then to dump them in bargain buckets.”

Major labels’ hold over European production may not ease soon due to the fact that, following the partial (or total) closure of the US’s key vinyl plants during Covid, they have

found that producing in Europe is cheaper and easier. Why, then, would the major labels stop doing this after Covid?

Manufacturers have followed the big bucks

Vinyl manufacturers seem to be allowing big labels to swamp their capacity, and from a business perspective this is logical as it is far more profitable to manufacture large amounts of a few titles than small runs of many titles.

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Danny Ryan, Kudos Records: “I have no doubt that a 5,000 pressing of *Rumours* by Fleetwood Mac will find itself on a press much quicker than the ten times 500 pressings I have in the pipeline,” says Ryan. “I think this is why major label pressings are getting prioritised. They press in greater volume.”

Although just hearsay, every record label that Investment Monitor spoke to alleged that some major labels are paying the world’s largest vinyl presses to commit their machines to their orders only. In short, buying out their capacity for long periods of time. The result? Smaller players are kicked to the bottom of the queue, at best.

“We hear rumours of this all the time,” says Tom Ogilvie, development manager at Disc Manufacturing Services (DMS), one of the UK’s boutique vinyl producers that presses mostly independent artists and labels. “It is really impossible to know what is true or not unless you work within the plant itself and are willing to speak out about the titles and quantities you have witnessed coming through the presses – and far too many people value their jobs at this globally tumultuous time to risk such a thing.”

In an attempt to uncover fact from fiction, Investment Monitor reached out to some of the world’s largest vinyl manufacturers, such as Germany’s Optimal. All declined to comment or did not respond.

However, an anonymous source within one of Germany’s vinyl plants said: “Pressing 20,000 copies of Madonna is big, easy money. Of course the big producers are drawn to it. It is a business.”

On the other hand, another anonymous commentator at a different plant says that pressing 250 to 500 are more profitable. Contradictory info around this issue seems rife. What is unanimously agreed, however, is that waiting times have never been so long and bad – delays that hit indies the hardest.

“It is depressing to see how the independents that kept the business afloat for the past two decades, who drove the revival and set new trends, are suddenly being pushed out of the picture by the big labels just cashing in through bulk reissues,” says Scrimshire. “The indies only want to push out 300–500 records, but they can’t even do that and that is having a big impact on their cash flow, as well as the sense of an event that a record release creates for the artist. The impact of losing physical products for small labels is quite catastrophic.”

Naturally, these losses are then felt most by the smaller, more niche artists attached to indie labels. “The genres that I am seeing get hit the worst by the production squeeze are electronica, techno and reggae,” explains Ahmed. “The things that haven't been really affected are classic pop or rock and [chart] artists, because they are the ones that the large labels push to the top of the queue.”

Covid worsened the existing vinyl shortage

While the Covid-19 pandemic boosted consumer (and musician) demand for vinyl, it simultaneously caused huge disruption to global supply chains and the manufacturing world. A perfect storm.

A key example of this is the global shortage of PVC plastic – a material that is key to vinyl production – caused by Covid-19. PVC pellets are largely produced in countries with low labour costs, many of which have been struck hard by the pandemic.

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“Exactly as [vinyl] pressing plants had to introduce safety measures and reduce their output capacities to avoid upsetting the chain, the manufacturers of raw materials [such as PVC], who supply directly to the plants, have invariably found themselves with the same issues,” explains Ogilvie from the DMS presser. “The processes that they employ to create such high-grade PVC for use in vinyl pressing are far from simple either, and likewise rely heavily on a busy workforce working, under normal circumstances, in very close confines.”

The sensitivity of the vinyl supply chain was already excruciatingly clear before Covid, as highlighted by the disastrous fire at California's Apollo Masters in early 2020 – one of the two places in the world to produce the lacquer discs needed to assemble master plates for pressing records. The facility was responsible for 70-85% of the industry's lacquers, meaning the only other plant (Japan's MDC) has been overwhelmed with orders since then, thereby causing delays to the whole supply chain.

Just as lacquer plants are few and far between, there is also a scarcity of mass-scale lathes around the world (which are used to design and cut records). “There are ridiculously few lathes in existence, or at least the big-capacity ones needed to produce records en masse,” says Scrimshire.

Worse still, to operate the world's leading lathes one has to go through a vetting process that has been described by one source as “not dissimilar to becoming a Freemason”. It is no surprise, therefore, that the online home devoted to this enigmatic community is called the Secret Society of Lathe Trolls.

Like a broken record, the issue does not stop at lathes. A lack of resources seems to plague the entire vinyl supply chain, both in terms of equipment and knowledge.

Not enough training or machines in the dark arts

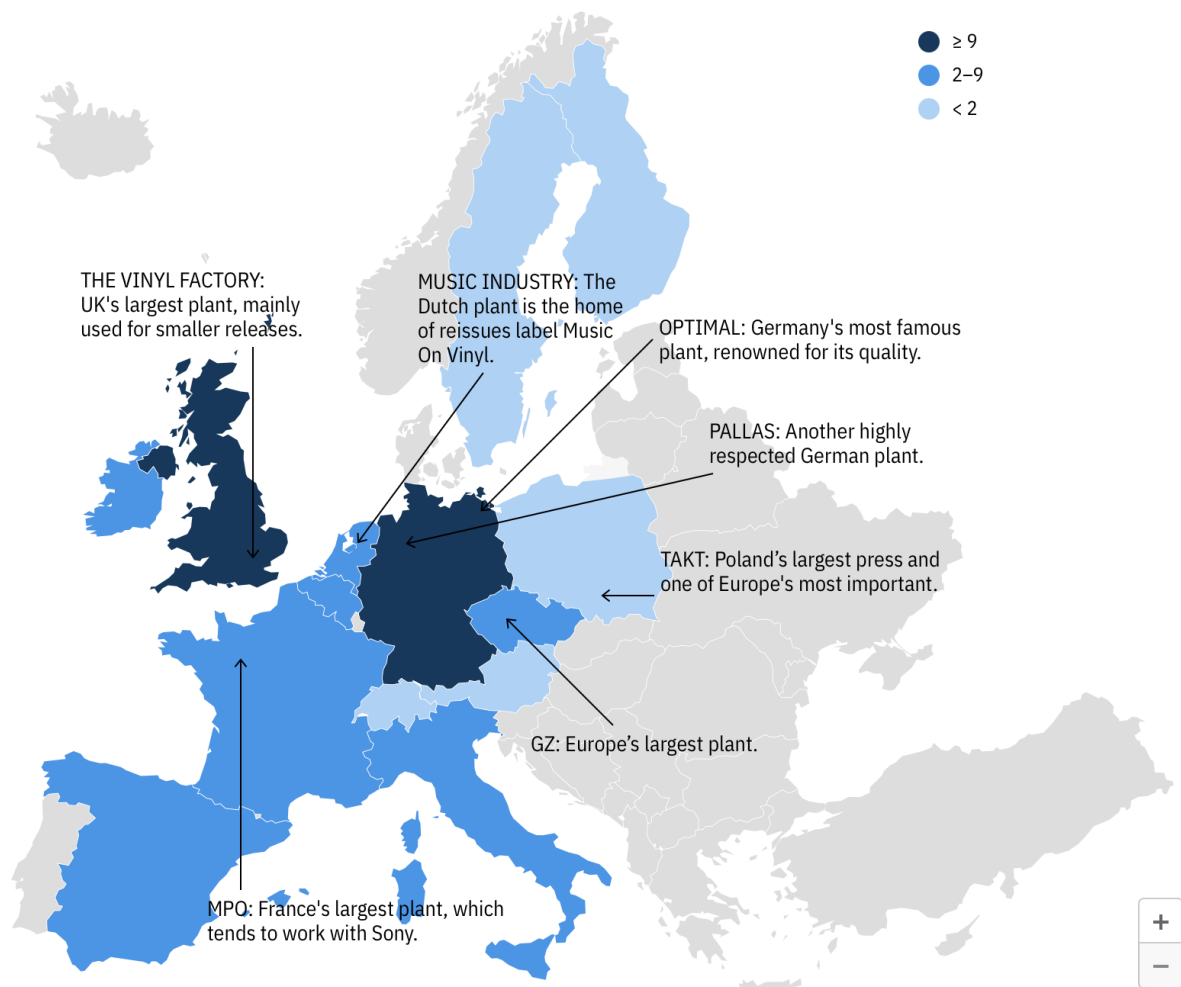
Ballooning demand and squeezed supply would usually have investors weak at the knees. Not with vinyl, however.

“The biggest problem right now is the skills shortage,” says Ahmed. “There are nine parts of the vinyl supply chain, and most require high levels of skill or craftsmanship that sometimes takes years to hone. Not enough people have been trained because the vinyl industry almost died in the 2000s.”

What is happening today is very much akin to if thatched roofs suddenly became wildly popular again, explains Ogilvie. The dying art of thatching would be swamped and unable to cope within months and the entire thing would become unsustainable.

Vinyl pressing plants across Europe

Number of vinyl manufacturers – with key plants highlighted



Note: Although the UK has many presses, they are mostly small capacity.

Source: [LiveTrigger](#)

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“There were only a certain number of vinyl presses in the world, and [mostly old ones] recommissioned from the [1960s],” says Ogilvie. “The process hasn’t really changed much since the original concept, and new presses are incredibly expensive, so starting a new operation takes a serious financial input.”

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Tom Ogilvie, Disc Manufacturing Services: Maintaining these old machines, each of which has its own idiosyncrasies and quirks, is not cheap or easy – nor are the brand new range of presses that have been developed in recent years. On top of the presses, manufacturers also have to consider their proximity to or relationships with large format and scale printing houses to produce labels, sleeves, stickers and so on for every record they press. “Many large plants in Europe have these operations in-house,” says Ogilvie. “But it is another factor in why it can be so costly to start up anything new, especially also factoring in the costly galvanic stages of processing audio supplied as lacquers, and the sheer amount of equipment required to ensure the optimum transfer to the vinyl format via direct metal mastering cut – every single time.”

These high costs and in-house processes have led some manufacturers to squeeze smaller labels even more, according to Ryan of Kudos Record. “One plant will now not let you deliver in your own sleeves... You have to print at their factory, so you can't use plain stock ones,” he says.

Why central Europe dominates the vinyl industry

Very few countries can produce vinyl records en masse. Although the UK is home to the highest number of pressing plants in Europe, the largest and most renowned are (by far) in continental Europe, namely Germany and the Czech Republic – as shown in the chart above.

Vinyl really did come close to a kind of complete disappearance in the early 2000s to 2010.

Adam Scrimshire: Both countries, much like the UK and the US, used to have large stocks of old vinyl machines. However, during the industry's decline in the 1990s and 2000s, the UK and (to a greater extent) the US disassembled and sold most of this equipment in the face of, what seemed to be, CD-ROM's inexorable rise. Meanwhile, the Germans held on to their machines – like the Czechs – not least thanks to government subsidies. The Czech Republic, alongside Poland, used to be a key vinyl producer for the Soviet Union, an industrial legacy that is now worth its weight in gold.

In short, central Europe leads global vinyl production thanks to its monopoly on original machines, the skills required to run them, and the cost of its workforce (outside Germany, at least).

“Plants such as GZ in the Czech Republic and [especially] Takt in Poland benefit from low labour costs to remain viable, whereas Germany's Optimal relies [on its] reputation [for excellence],” says Ogilvie. “[Meanwhile], the UK [doesn't have any big] pressing plants, the skills are not really there, labour costs are high due to living costs, and there has been a huge uncertainty around Brexit for years which will have deterred investors from the substantial initial financial outlays required to get any meaningful operation off the ground.”

The costs and challenges of the vinyl supply chain explain why very few factories, or expansions, have popped up since the vinyl boom began almost a decade ago. In 2015, Chicago's Third Man Records bucked that trend – at vast expense – in a move that solidified North America's growing role in vinyl production, after central Europe.

Part of investors' hesitation is the fear that vinyl's mass popularity will soon burst. After all, the industry has risen and fallen three times since the 1960s – now, in the digital age, is it here to stay?

“[You have got to remember] that vinyl really did come close to a kind of complete disappearance in the early 2000s to 2010,” explains Scrimshire. This is still fresh in the memory of many investors.

So what are the alternatives?

Although the situation for indie labels is grim when it comes to vinyl production, it is not all doom and gloom. One option that has both raised eyebrows and pricked ears involves another throwback: cassettes, (or 'tapes').

The way forward is to have a community-run vinyl pressing plant that is completely sustainable.

Jack Ames, Lowell Norwich: “We are already seeing most indie labels who are being priced out of the vinyl market resorting to cassette tapes once more, with a surprising level of success,” says Ogilvie.

Meanwhile, some labels have realised that the only way to stay afloat in vinyl is to rely on their own mini, do-it-yourself vinyl presses. “I know a guy that sells me reggae records. He has got his own [tiny] plant,” says Ahmed. It has not been easy, however. “The cost of raw materials has gone up from Covid,” he adds. “Brexit [and its VAT issues] has also raised prices. Rent and labour costs are high in the UK.”

Another answer for indie labels is to merge or work together to amass more resources and capital – especially in a more environmentally sustainable way.

For example, Jack Ames, co-owner of the record store Lowell Norwich, explains his plans for his business: “For me, the way forward is to have a community-run vinyl pressing plant that is completely sustainable. I would like to see that in the coming years.”

“All the plastic we use will be old records or PVC melted down and rechipped. It is called Eco Wax and [is already being done]. It is ethical and looks great.”

Will major factories help those who kept them alive?

While small labels look for ways around the vinyl production squeeze, some would argue that the major factories have a responsibility to the indie labels (and culture) that kept the industry alive when it crashed.

In light of the excessive waiting times of more than six months, Williams at Acid Jazz thinks that manufacturers should take payment upon completion of the order, as opposed to beforehand.

“The trouble, of course, is that a lot of records don't go into profit,” he says. “So where do you draw the line with that? Tough question. Another idea is for them to dedicate one week a month, for example, just to independent record labels. I had a meeting with someone at GZ

who said it is opened a pressing plant just for major labels.” This begs the question, why not open a pressing plant dedicated just to smaller, indie labels too?

Ogilvie takes things a whole lot further. “I think that manufacturers should dedicate 11 months a year to pressing for independent artists and labels, [with a month off of maintenance],” he says. “This will sustain the vinyl industry for many more years to come, and allow majors to focus on making their revenues from the digital market, which they have all but dominated already.”

He adds that plants need to stop taking on new vinyl customers given that lead times are showing no signs of stopping – as DMS and Optimal have done already.

Beyond the private sector, government regulation could also play a role. Indeed, vinyl’s production crisis highlights a much bigger problem: that over the past three decades the UK’s Monopolies and Mergers Commission has allowed the music industry’s big labels to merge into gargantuan entities (as has happened in the US too).

This, more than anything, is the biggest threat to the indie music world. For now, however, small labels will have to band together or initiate a cassette comeback. Those with surplus cash might ride out the self-inflicted curse of vinyl’s popularity –or just wait until more manufacturers take a leap of faith and bet on the industry’s (very likely) staying power.

Sebastian Shehadi

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