



A man in a black leather jacket is shown in profile, looking out a window. The background is a warm, golden light from the window. The man has short, dark hair and is looking upwards and to the right. The leather jacket is shiny and has a ribbed collar. The overall mood is contemplative and aspirational.

# When Steven Met HOODIE

Hip-hop artist Hoodie Allen (aka Steven Markowitz W'10) is using the latest in social networking and the old-school marketing skills he learned at Wharton—minimize barriers to entry; provide speedy, individualized customer service; build brand loyalty—to conquer the music world.

By Joel Siegel

**HE** was a young man living two lives.

By day, he was Steven Markowitz W'10, part of the latest wave of bright young graduates to descend on Silicon Valley. He was barely 22, four months out of the Wharton School, and working in a coveted job at one of the most successful companies around. As an account executive at Google, he was using his marketing smarts to convince companies to spend their advertising dollars with the web giant.

At night, he was Hoodie Allen, hip-hop artist. Every evening he retreated to his San Francisco apartment, writing rap lyrics and corresponding with fans. On weekends, he performed—even flying all the way home to New York for a weekend gig before flying right back to California to be at his Google desk Monday morning.

“I would wake up, go to work, come home at about seven or so, and I would try to ‘switch brains,’ to 2 a.m., 3 a.m., working on my music. And then I would go to sleep, get up, and do it again,” he says. “It definitely wasn’t healthy.”

He loved Google, but his hip-hop career was taking off, too. A new mix tape that he posted online was being downloaded thousands of times a day. Promoters were showering him with more offers to perform than he could squeeze into his schedule. And record-company executives were calling, asking to take meetings with him.

Hoodie Allen, or Steven Markowitz? It was becoming increasingly difficult to juggle his two lives. Four months after starting at Google, he flew home to New York and decided to roll the dice. He took a leave of absence from his day job to try his hand at being Hoodie Allen full time.

Barely one year later, the results are impressive: More than 100,000 fans on Facebook and nearly 60 performances across the country, including sold-out shows in Chicago, Boston, and New York, where he filled a 1,200-capacity hall. A new mix tape—the appropriately titled “Leap Year”—has clocked nearly 300,000 downloads; one of his music videos has been seen more than 2 million times. Type “Hoodie Allen” into Google, and the search engine responds with more than 10 million results.

Yet, he really hasn’t left his business career behind. Instead of selling Google products, he now pushes brand Hoodie, using the marketing skills he learned at Wharton to build his music career. And he’s doing it with a business plan that turns the traditional path to fame and riches in the music business on its head. Rather than seek a record contract, he has resisted efforts by record companies to sign him. And instead of selling his music, he has insisted on giving it away over the Internet. This new paradigm is a big bet on the power

of the Internet and social networks like Facebook to build a fan base, reflecting the new economics of entertainment. And so far, it is paying off.

Now, as Hoodie Allen, he is trying to take the next step. In April, a little more than a year after leaving Google, he is releasing eight original songs for sale on iTunes, gambling that his fans are ready to purchase his music, 99 cents at a time. And he’s preparing for his biggest tour yet—playing 25 cities and larger venues. “We’re on the precipice right now. I feel we’re at the moment where everything blows up to the next level.”

**I**t is a rainy Thursday night, three days before Christmas, and a sell-out crowd of more than 400 people is standing inside Sounds of Brazil, a well worn New York night club on the edge of Soho. A parade of hip-hop musicians has played here at SOB’s on their way to becoming boldface names, from Grandmaster Flash to Kanye West. On this night, Hoodie Allen has top billing. Shortly after 10 p.m., the lights dim and he bounds on stage, flanked by his drummer and his producer, Reginald “R.J.” Ferguson W’10, who creates the rhythms and instrumentals for Hoodie’s music on a laptop. The crowd, mostly quiet during two warm-up acts, erupts. “We are looking good tonight, NYC!” Hoodie shouts. “Make me one promise—make this the best night of your life!”

The first song, “The Chase is On,” sets the tone for the evening. Like most of Hoodie’s music, it is sunny, exuberant, anthemic, and fun—party rap. A catchy tale about love at first sight, it also reinforces a message Hoodie is sending to his audience. “I truly care more about you than anybody else in the world!” he says. “Even your parents! Your parents aren’t here, are they?” He is clean cut—short hair, a flannel shirt over a tee-shirt, gray jeans, Nike sneakers, and not a tattoo in sight. His fans—for the most part in high school or college, more male than female—sing along and wave their hands from side to side over their heads in unison with the beat.

Hoodie moves through his catalogue of most popular tunes, sprinkling in new songs—the music he will sell on iTunes—along the way. Between songs, he chats up the crowd. “There’s no label here,” he

says at one point. “There is no big money behind us. You are looking at the crew!” His breakout song, “You Are Not a Robot,” a tune that generated enormous buzz on Internet music sites the summer after his graduation from Penn, is saved for last. Eighty minutes and 16 songs after taking the stage, Hoodie, his tee-shirt now soaked with sweat, is done. Almost. “I’ll be back in five minutes, in the back,” he says. “Let’s hang out and have fun!”

And so begins Part II of a Hoodie Allen concert, a free meet-and-greet that begins when the music ends, a ritual virtually unheard of in the music business. After changing shirts and drying off, Hoodie reappears behind a table at the back of the club, where 100 or so fans have lined up to say hello. He signs autographs and poses for pictures, a smile always on his face. Within minutes, as Hoodie knows, many of these photos will be posted on Facebook and Twitter, reinforcing, in a way, his own viral marketing campaign.

That marketing is how Aaron Lieberman, 16, of Manhattan’s Upper West Side, became a devoted fan. “My friends told me about him, and then I looked him up on Twitter, and every time I wrote him, he wrote me back,” Aaron says. He and a friend, Zev Mark, an 11th grader from the Bronx, had just gotten Hoodie’s autograph. “This really makes an impression,” Zev says. “It shows he cares about his fans.”

Such interactions are crucial for Hoodie—not just because he likes doing it, but also, he explains, because it makes business sense. In an interview 10 days before his Sounds of Brazil show, he compared himself to a new company, trying to break into the marketplace. “I am taking this new product, which is my music, which I think has unique qualities to it, and I am trying to convince people to try it, and then to become involved with it and supporters of it,” he explained. To do this, he has taken a number of his classroom lessons to heart. First, he is providing easy access to his music, what he describes as “creating as few barriers to entry as possible.” Like many musicians trying to build a following today, he concluded it was better to give his songs away rather than charge for them. He and his equally young manager, Michael George, 22, then took this one step

further, creating a clean, eye-catching website (hoodieallen.com) where fans could download or listen to any of his songs with one simple click.

Hoodie also identified the influential music bloggers in the hip-hop world and cultivated relationships with them, sending emails and copies of his mix tapes. “You get the people who are cool on board with you, and you are cool,” he explains. “It’s not rocket science.” Other new artists are sending their music to bloggers, “but I know we do it better based on what I have learned from school.”

But the foundation of his approach is the marketing staple of creating “brand loyalty.” “How do you get someone to be a repeat customer, to talk about your music, share it, and feel like they are valued and important? You engage with them,” Hoodie explains. He does this not only through his meet-and-greets, but also by trying to answer every email sent his way, every Tweet, every post on Facebook—a task that can consume hours a night. (To ease the time pressures, his manager sometimes will respond in Hoodie’s name.) “It all makes business sense. Show me someone else doing it. There is nobody,” Hoodie says. “Obviously, I like it ... But it would be so much easier not to do it sometimes.

The reason I stay committed to doing it is I wanted to create something that’s not fleeting, that’s lifelong, that if I was always there for them, they would [always] be there for me.”

He singles out a Wharton class he took during his senior year, Interactive Media Marketing, “where I kind of honed in on a lot of the digital marketing strategies that I employ today. I didn’t get any other A-plus except for that class.” Suzanne Wiener Diamond W’83, an adjunct lecturer in marketing who taught the class, remembers her former student as “very enthusiastic” and “able to take the ideas and synthesize them.”

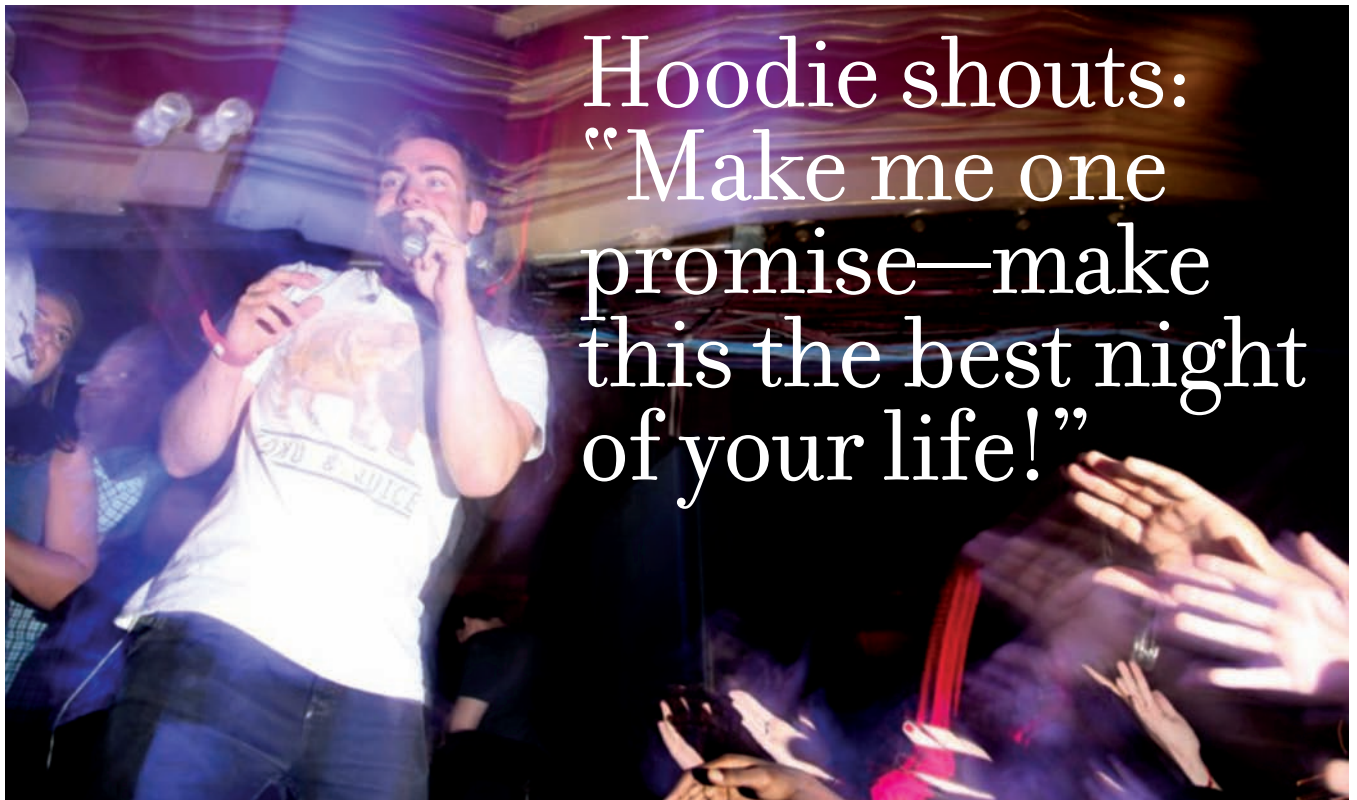
“We would talk about how to use social media, about how you can’t just push content on customers, that you have to create a dialogue and build a relationship between the content provider and the content user.” After being contacted for this article, Diamond went online to check out what her former student was up to. “It blew me away,” she says. “What Steven has done is come up with a way that really keeps his fan base engaged and builds a relationship with them. I don’t know of anybody who is personally responding to every email, every Tweet. In that

sense, what he is doing is unique.”

The website socialnomics.com wrote admiringly of his approach in a “social media case study” and concluded, “Hoodie Allen now performs upwards of 15 times a month, selling out venues across the country. The corporate day job? History.”

Hoodie’s path to a music career began in his home town of Plainview, Long Island. He displayed an interest in writing songs at an early age, but aside from some piano and guitar lessons, he received no formal music training. “I started writing rhyming songs to different sorts of music when I was five or six, and I can’t really say why. It must have been innate, because no one was pushing me to do so,” he says. His father, Ernest Markowitz, remembers his son recording songs with a \$20 microphone on the home computer. “I would take him to work with me and he would sit in the conference room, writing—music, short stories, cartoons. It’s always been what has motivated him.”

By the time Hoodie was a teenager, hip-hop had migrated from the inner city to become enormously popular among white suburban kids. Hoodie became a fan, too. He would record rap tunes, post them online, and soak up the feedback. “There was a lot of discussion that helped me to learn about the technical aspects of rap,



like flow and delivery,” he says. He thinks he was 16 or 17 when he first appeared before a paying audience. “It was a club called the Crazy Donkey on Long Island, and I performed with a few friends. We had the early slot, 6 p.m., and the main act didn’t go on until nine. I think 15 or 20 friends showed up to watch us.” He applied early decision to Penn, after studying screenwriting during a summer program for high school students at the University. “After that summer, it was kind of like I had no other option. I knew I wanted to go to Penn ... I had a good experience there doing something that I loved, which was writing.” And obtaining a Wharton education, he believed, would be “something practical ... to prepare for the future.” His application was deferred, “but I bugged them, I really bugged them, and they let me in.”

During freshman year he largely put music aside to focus on schoolwork, making friends and playing on Penn’s sprint football team. By sophomore year, he felt himself being pulled back. “I think it just was something that found me again,” he says. “I had played safety on my high-school football team ... but I came to the realization that I was not good enough at it to be spending my time doing it at Penn like I was. So music ended up winning, taking my time up, at the end of the day.”

His friends say Hoodie’s music and writing talents became clear. One Penn roommate, Lee Rubenstein W’10, says Hoodie showed an “amazing” ability to freestyle—an improvised form of rapping. “We would be hanging out in our house, there would be girls over, and he would go from one girl to another, singing raps about each one, saying something funny about each one,” he says. “It takes a lot of confidence to just rap off the top of your head like that.” A turning point came when Hoodie posted his music on Facebook, and his friends began sharing it online. “The word just got out,” Hoodie says. It did not hurt that, in an early bit of marketing savvy, he came up with the name *Hoodie Allen*, as a word play on the famous film director. “I just thought it was a catchy name that applied to me, that applied to my background as a Jewish kid from New York who was doing something unconventional. I thought it stuck in people’s minds, and it has.”

At Penn, R. J. Ferguson W’10 was following a somewhat similar path. Growing up in Stamford, Connecticut, he earned money on the side by performing as a DJ at parties. At Penn, he began producing as a hobby, borrowing bits and pieces from other songs—some horns here, some guitar riffs there—and then mixing in drum patterns, to create, in effect, new music. Ferguson and Hoodie had heard about each other on campus, but they did not strike up a friendship until they found themselves taking Suzanne Diamond’s marketing class at the same time. “Steve was working with another producer, but they split, and Spring Fling was coming up and Hoodie Allen was supposed to perform,” Ferguson told me. “He said it would be cool if he had new material. We said, OK, we should start working on tracks and ideas. It all kind of grew from there.” Their Spring Fling debut, a 45-minute performance in the Lower Quad, was well received, and they decided to continue the collaboration. By now they had both lined up work after graduation, Hoodie—with his degree in marketing and finance—at Google, Ferguson at Blue Flame, a digital marketing company in New York. With their post-graduation futures secured, they found the freedom to concentrate on their music. “I knew that I had this thing that was bubbling up, that I’d finally be able to kind of explore,” Hoodie says.

Two mix tapes under the name Hoodie Allen already had been released online; one of them earned an MTVU Best Music on Campus award in 2009. And Hoodie’s work cultivating bloggers was beginning to pay off. “They started supporting me and started supporting what I was doing. That did add, for one, legitimacy, and then two, a fan base.” But his collaboration with Ferguson took everything to a new level. In June 2010, they released “You are Not a Robot.” The song was listened to 60,000 times the first night, and soared to No. 1 on The Hype Machine, an online aggregator of new music posted on blogs around the world. “There was an instant reaction in a way that had never occurred before,” Hoodie says.

Seeing that reaction, Ferguson began to doubt the strategy of giving away their music. “I was like, ‘Let’s try to make this money now.’ I didn’t see it going further. I didn’t see this going another year. I felt

we should enjoy that, and then go on with our lives.” His partner, however, insisted on staying the course. “Steve was thinking about the big picture,” Ferguson says. The release of a new mix tape, “Pep Rally,” soon after Hoodie began working in Silicon Valley, brought even more attention. Friends watching all this realized Hoodie’s days at Google were numbered—not that leaving the Googleplex would be easy. “He was definitely willing to take that risk, but I think there was a certain fear, to an extent,” Rubenstein says. “In the same way he might be passing up a hip-hop career, maybe he was passing up an amazing opportunity to work at a place like Google.”

Shortly after Hoodie left Google, Ferguson quit his marketing job to join him. Through performing and selling Hoodie Allen merchandise, they earn more now than in their corporate days. Soon, income from iTunes will start rolling in. And there is the potential for even more: if Hoodie’s new music sells well, record companies likely will be more eager to sign him, offering more favorable terms than in the past. For his part, Hoodie says he would be open to the right deal.

Ferguson admits it’s a career path he never envisioned at Penn. “It’s pretty surreal to see people do a cover of a song you made, influencing culture in a way I never imagined I would be able to. And doing the shows, seeing that the shows paid pretty well—both of those things came together to overpower what I had set out to do, which was get a job in marketing.”

But Hoodie says a music career is something he secretly dreamed about. He says has no regrets choosing the life of Hoodie Allen over Steven Markowitz.

“This is what I wanted to happen, but it is strange seeing those dreams—it gets different when those dreams come close to coming true, because it is put-up or shut-up time. But you know, my philosophy on everything has really changed, because I very much see things now as, ‘You should seize the moment, and you really should go after what you want in life,’ which might not have been my outlook going into college.” ♦

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