How to get my music online

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Introduction

Today's technological landscape offers a huge array of possibilities for independent artists and labels wanting to promote and sell their music digitally. However it is precisely this variety that makes the environment so complex and daunting to navigate.

This is a practical guide detailing all the various considerations around getting online and mobile distribution, such as tagging, encoding and choosing a distributor.

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Tagging: UPCs, Barcodes and ISRC Codes

In order for CDs and other physical products to be sold in the high street, you will need a UPC code. UPC stands for “Universal Product Code” and represents a group of numbers that is exclusively associated with an album, EP or single. A barcode is the graphical representation of the numbers and allows scanner machines at checkout tills to read the UPC code.

For CDs, UPC/ barcodes tend to be between 12 and 15 numbers long. An album, EP or single will have its own unique UPC/ barcode; this UPC code can be used to track the album in the digital world as well as in the physical world.

Especially in the digital environment, it is imperative that each individual track within a release is given its own unique ISRC number. ISRC stands for International Standard Recording Code; an ISRC code is assigned to each recording, including variations on a recording where there is a substantial creative difference between each version (such as remixes).

The ISRC is the international identification system for sound recordings and music video recordings. Each ISRC is a unique and permanent identifier for a specific recording which can be permanently encoded into a product as its digital fingerprint. Encoded ISRC codes provide the means to identify recordings for royalty payments. This does not necessarily need to be a technologically complex procedure as in some instances the embedding of an ISRC code can be as simple as inserting it into the metadata / ID3 tags of an MP3 file.

Each ISRC number is a total of twelve characters in a combination of letters and numbers. A single requires both an ISRC (for the song) and a UPC (for the “album”), due the fact that as far as stores are concerned, a single is merely an album with one song.

You can obtain an ISRC code for free from the PPL (http://www.ppluk.com/), whose repertoire database currently stores details for over 4.5 million recordings.

In addition to playing a vital role in PPL’s distribution process, the system provides information to the BPI (to protect against piracy) and the Official UK Charts Company (enabling digital sales to be included in the UK Charts).

Registering your releases with the PPL Repertoire Database will also register them with MCPS and means that your digital releases will be available for inclusion in the Official UK Charts. All products should be registered at least three weeks before their release date to ensure eligibility for the Official UK Charts.

Also, increased efficiency for PPL means fewer costs being deducted from your PPL revenues.

Please note that in addition to these requirements a record company should submit a full performer line-up for each sound recording registered to ensure that PPL performer royalties can be distributed accurately. Once the release information has been sent to the PPL Repertoire Database, it will take approximately 24 hours to load onto the system.

Encoding and Metadata

Encoding is the process of transferring tracks from CDs or master digital audio files and preparing them for the various digital services. Most digital distributors will do this on your behalf either for free or at a small cost.

In addition to converting the audio into the relevant file format and compression rate, the encoding process will require all the relevant information about the song, artist and label, including but not limiting it to:

- Artist's name
- Artist Country
- Release Artist(s)-Performer(s), Composer(s), Orchestra(s), Ensemble(s) and-Conductor(s)
- Label
- Release Name
- Genre
- Sub-genre
- Release Date
- Sale Start Date
- Label Catalog Number
- CD Volume
- Track Number
- Track Name
- ISRC
- Track Length (Minutes)
- Track Length (Seconds)
- Songwriter(s) Publishers and shares

This information is known as "metadata" – in other words, data about the music – and ensuring that your metadata is correct plays a vital role in ensuring that tracks are delivered to digital stores and released in a timely fashion.

Online Distributors

This section details the leading digital distributors and music store builders. Note that the term "aggregator" is virtually interchangeable with the phrase "digital distributor", with the latter being preferred by most companies operating in the space nowadays.

As the market develops extremely quickly it is reasonable to expect mergers or even new entrants. Prices and costs listed are approximations based upon reports; Music Ally cannot vouch for the accuracy of these and, as costs are subject to change dependent upon circumstance and negotiation, we recommend that readers contact providers directly for details of the levels at which they are likely to be charged.

a. Why do independent labels need digital distributors?

The major online stores such as iTunes refuse to work directly with all but the majors and the bigger independent labels. The digital stores will gladly accept content from small independent labels but only if it is delivered through digital distributors. These distributors have existing relationships (both in terms of delivering music into the stores and in terms of contractual negotiations) with the digital stores. The advantage of this to an independent label is that by working with a distributor that is known and trusted by digital stores, the label is likely to receive greater attention than if it had attempted to contact a store such as iTunes directly.

Note that even those independent labels that negotiate their own direct licensing contracts with iTunes often use some sort of external digital distribution company to deliver their tracks into the store. Digital delivery is a complex business best left to experts rather than developers in-house.

b. Contractual terms of digital distribution agreements.

The terms requested by various distributors are broadly similar. In many cases the terms are negotiable dependent upon factors such as the size of catalogue being offered. It is also common for contracts with digital distributors to be theoretically non-exclusive. In practice, however, the major stores such as iTunes do not want to find that the same music has been delivered to their store by multiple distributors.

Accordingly it would be incorrect to assume that there is a definite advantage in working with more than one distributor in a given territory, as digital stores have been known to disregard releases that have been delivered from two distributors simultaneously. The only circumstances under which Music Ally might recommend a label consider working with more than one distributor might be to handle different territories or perhaps different platforms such as online and mobile. Even still there are enough distributors with broad international reach and experience with a huge variety of different music stores that collaborating with one distributor exclusively is rarely a disadvantage.

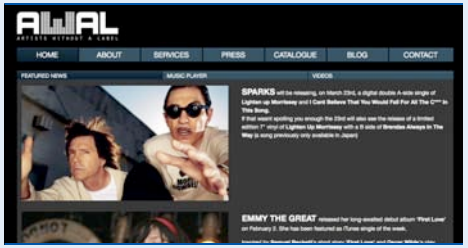
Chart eligibility

Chart eligibility is a key consideration for any artist or label. In the UK, digital tracks are counted by the Official Chart Company and indeed make up the vast majority of the singles charts. The album chart also counts digital album sales as long as there is an accompanying physical release.

In addition iTunes and the like have their own charts. This can become part of the press and promotional story around a marketing campaign: a high iTunes placing arguably influences the official UK chart ranking of a track as customers make their purchasing choices based upon recommendations from the iTunes chart.

Whereas most of the major digital stores (such as iTunes) are registered with the Official UK Chart Company, there may be exceptions whereby some white label store providers are not chart eligible. If a label builds its own store or uses third-party software, it cannot be guaranteed that this will be chart eligible. It is strongly recommended to check that any store provider is chart eligible.

c. List of Distributors:



AWAL

URL:
http://www.awal.com

Artists Without A Label (AWAL) was originally founded as a US company in 1997 by Denzyl Feigelson. It now operates in the UK via a partnership with noted Sheffield-based indie music producers Bacon & Quarmby. Feigelson, a former US manager of world music artists such as Johnny Clegg, Ladysmith Black Mambazo and Gipsy Kings among others, has long been associated with iTunes thanks to his work as a consultant to Apple. This has (rightly or wrongly) given AWAL a reputation as a smaller distributor with a greater reach into iTunes than one might otherwise expect for a company of its diminutive size.

The UK wing of AWAL, headquartered in London and Sheffield, was responsible for the digital distribution of the Arctic Monkeys' first EP and has at one time or another distributed releases by the Klaxons, Maps, Kate Walsh, Motley Crue, Sia and Moby.

AWAL's deal is non-exclusive and charges 15% commission, with no up-front costs. AWAL claims that labels need only send the CD and AWAL will handle the rest. The contractual term operates as a thirty day rollover, with quarterly accounting. The service concentrates on delivering to iTunes but also has deals with several other stores.

In January 2008, AWAL launched a marketing service launched focused around social media sites including iLike and My Space. The marketing services are not restricted to AWAL artists: the company has deals in place with Sony and The Royal Philharmonic Orchestra among others.

Cadiz Digital

URL: http://www.cadizdigital.net

Based in Greenwich, London, Cadiz describes itself as a “sales, marketing and label management company” but is primarily a distributor of other labels’ content. It has set up a digital distribution arm which was responsible for online delivery of the UK number one hit single by Nizlopi. Cadiz can distribute to various services in Britain and the USA including iTunes, eMusic, Rhapsody and Nokia stores.

Cadiz handles encoding, prepares metadata and delivers reports quarterly; the company claims it can also offer digital marketing services. Financially, revenues are split 80% to artists and 20% to Cadiz, which charges £10 to create a barcode.

CD Baby

URL: http://www.cdbaby.net

After the Orchard, CD Baby is one of the pioneers of digital aggregation/distribution and has built up a strong reputation throughout the indie artist world, particularly in the States (the company is based in Portland, Oregon). The company was recently acquired by CD and DVD manufacturer Disc Makers though CD Baby is expected to continue to operate separately with founder Derek Sivers continuing to act as a consultant.

In business since 1997, the company distributes both physical CDs to e-commerce stores and digital tracks to web services. It has over 25 employees, a turnover of millions and boasts that it has distributed over USD $80 million to artists.

CD Baby charges a USD $35 per CD set-up fee, then takes 9% of what it receives from digital partners. Delivery time is between three weeks and three months to get set up in the various services; the standard CD Baby contract is non-exclusive, though it stresses that stores do not wish to deal with multiple distributors for the same material. Accountings occur as money is received but only after USD $10 has been collected. Material can be withdrawn at any time with written notice.

With over 40 digital distribution outlets (see list here: http://www.cdbaby.net/dd-partners) from iTunes to Amazon, CD Baby certainly has among the widest reach of any of the aggregators. Arguably CD Baby is most associated with unsigned and emerging artists.

InGrooves

URL: http://www.ingrooves.com

California-based InGrooves offers online label, content aggregation and distribution to internet and mobile services, with a focus on the dance / electronica and urban market. It distributes to iTunes, eMusic and Rhapsody, among over 200 others.

InGrooves has had some success in licensing music on to broadcast and TV. It is safe to say that InGrooves is better established in the US.

Independent Online Distribution Alliance - IODA

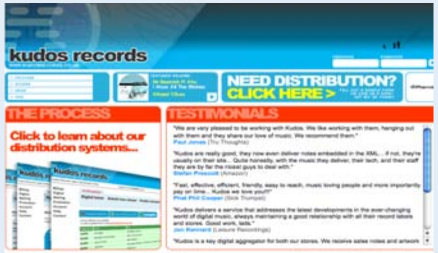
URL: http://www.iodalliance.com

IODA was part of a second wave of digital distributors to set up in the USA, so can claim a good amount of experience. It has offices in San Francisco, New York, London, Paris and Australia as well as local representation in Japan, China, South America and Mexico.

IODA is adept at dealing with small labels and does not market itself solely to indie artists. In addition, IODA makes a firm case for its marketing abilities thanks to a service called Promonet (http://promonet.iodalliance.com) which uses blogging and podcasting in a bid to publicise its members' pre-cleared material.

IODA distributes to over 300 online and mobile retailers around the world including iTunes, Napster and the Nokia Music Store, providing distribution for over 50, 000 artists in more than 50 countries with a catalogue of over a million tracks.

2008 was a year of expansion for IODA during which it signed several major partnership deals including IMMF, Ace Records, Telefonica and Demon Group. The company launched IODA Spain in partnership with DiscMedi - a leading Spanish label, publisher and distributor. One of the most interesting facets to IODA's technology service is its Dashboard which works as a central hub that allows tracking for distributors and rightsholders allowing them to monitor retail info and royalty accounting at a glance.



Kudos

URL: http://www.kudos-digital.co.uk

Kudos Records is a well established physical distributor (est 1992), who has successfully applied it's knowledge of the music retail marketplace to the digital arena. Kudos work only on commission, and don't charge for delivery or ingestion.

Kudos has one of the widest digital account basses, servicing iTunes, eMusic, and a host of smaller, more specialist retailers with a dedicated Kudos relationship manager, who present new releases and discusses campaign and site placement possibilities with store programmers.

Genres carried range from Electronica through to Dance, Jazz and Folk, concentrating predominantly on niche markets.

PIAS Digital

URL: http://www.pias.com/uk/

A major advantage of this company is the fact that this is an extension of the existing physical services provided to labels by the PIAS group.

Formerly known as Vital, PIAS is a major force in the offline distribution world and should be considered an important player. As with its physical distributor, PIAS Digital is aware of the prestige it carries and does not accept every distribution request it receives. PIAS decides to work with labels on the basis of the quality of their catalogues. It takes 20% of revenue.

The Orchard

URL: http://www.theorchard.com

Founded in 1997 and operational by 1998, The Orchard is not only a pioneer in the digital music space but also one of the few music technology firms to weather the dot com crash. The company is owned by the same group as eMusic. It delivers to all the major outlets and taking into consideration The Orchard's mobile partners the stores it services now number in their hundreds.

The Orchard claims it builds strong partnerships with labels for the long term, emphasising its marketing initiatives which it believes are unrivalled. The Orchard has 29 local offices in twenty seven countries, which initially were for licensing catalogue but now are also viewed as an extension of the marketing department. This means that local representatives in France, Spain and Italy (for example) talk directly to their counterparts in the local digital stores.

While The Orchard stresses that records do not market themselves, it is keen to work with labels to market and promote music when there is press coverage or a similar unique story to promote. This would enable The Orchard to push for special placement within the stores, for example on a specialist genre page. The Orchard claims it has particular experience working with niche genres and is popular with world music and jazz labels.

However, it is worth noting that some smaller labels have claimed that The Orchard is now too big to serve their needs adequately. It is probably the case that The Orchard is better suited to indie labels with significant catalogues rather than those with only one or two releases under their belt.

Tunecore

URL: http://www.tunecore.com

Tunecore is a US-based distributor best known for its unusual business model whereby artists receive 100% of the revenues from the digital distribution of their tracks. Instead of taking a percentage on each transaction, Tunecore simply charges a flat rate of USD $0.99 per track, $0.99 per store per album, and $19.98 per album per year for storage and maintenance. A flat price of $9.99 per song per year including all stores is also available. Tunecore distributes to a range of stores in North America, Europe, Japan and Australia, including iTunes, Rhapsody, iLike, Napster, MusicNet, eMusic, Amazon MP3, Lala.com and Amie Street.

The service is clearly marketing itself to unsigned and independent acts but can boast Nine Inch Nails frontman Trent Reznor among its artist roster. Tunecore's website site offers a wealth of information on how to market music online, which is worth reading for educational purposes in its own right.

Music Ally would conclude that Tunecore is not planning to make money from the success of the music it distributes. Instead the business model seems to be predicated around injecting as many tracks into the digital services as possible.

Other digital distributors

- **Absolute**
  http:// www.absolutemarketing.co.uk
- **C I - Consolidated Independent**
  http:// www.ci-info.com
- **Ditto Music**
  http:// www.dittomusic.com
- **State 51**
  http://state51.com
- **Zebralution**
  http://www.zebralution.com

Mobile Music Distribution

The mobile landscape is far more complex than the online world as there are so many content types to offer and a vast array of handsets and different kinds of customer to cater for. There is a great number of companies in the mobile value chain, with over fifty operators across Europe having launched full track download music stores, ringback tones or other mobile content such as ringtones or wallpaper.

Between the label and these operators is a series of mobile music aggregators who supply music to the platform providers, who in turn act as the gatekeepers for the mobile operators. Since mobile operators are fundamentally not music companies, they are not resourced to deal directly with any labels except for the majors. This means that for independent artists or small labels there is usually no alternative but to go through a distributor.

With companies like Myxer (www.myxer.com) and Indie Mobile (www.indie-mobile.com) appearing in the enabling space, independent artists and labels now have a platform for mobile distribution without a distribution or mobile operator deal.

Before creating a mobile strategy, it is vital to create a single mobile portfolio and keep track of which rights have been licensed to whom.

In choosing partners the main question should be: what is the primary objective to be reached?

- To distribute ringtones via third party agreements with companies that have an existing database of users?
- To make mobile content available on as many phones and networks as possible?

The latter option is much more sophisticated, and it won't be possible to work with a distributor unless the content is chargeable.

a. What content works best?

Full track downloads are an important source of revenue in many European markets. Now that many mobile handsets are capable of downloading and playing full tracks, ringtones appear to be losing some of their appeal while more customers are experimenting with full tracks. However, obscure indie content does not sell as well as mainstream pop and R&B and is not as attractive a proposition to marketing partners.

The biggest selling ringtones in all markets tend to be mainstream current chart hits, or novelty tracks. Although Music Ally estimates ringtones peaked in the UK between 2005-06, they still provide a significant source of revenue in some European countries (Italy and Spain), Asian countries and Latin America.

The main ringtone companies can be divided into two camps. First, the direct to consumer (D2C) camp including companies like Jamba - the mobile giant which trades under the name of Jamster in English speaking countries – which sell through press and TV advertising.

The second camp includes white label or business to business (B2B) companies like Arvato Mobile that provide ringtone services to the operators.

Ringtone companies also sell other types of mobile content like wallpaper, voice tones and videos. It is therefore necessary for labels to identify the top content retailers in each territory and to establish what types of content they hope to sell in order to make best use of their distribution options.

The full track download sector is different from the ringtone market as mobile operators tend to control full track downloads. However, whereas in the online world the retailers of digital downloads tend to have a music focus and also deal with the distributors, the mobile operators are not music focussed and stay at arm's length from the industry.

Instead the platform providers, or vendors, maintain the relationship with the music industry on the operators' behalf.

b. What's involved in mobile distribution?

The mechanics of mobile music distribution are fairly complicated, and vary depending on what type of product is being distributed. Different types of mobile music content include:

- Monophonic ringtones
- Polyphonic ringtones
- Real music ringtones
- Full track downloads
- Video downloads
- Ringback tones
- Voice tones
- Alert tones
- Wallpaper
- Competitions
- Promotional information

Each one of these different products requires formatting for mobile. Clearly there will not be demand in each category for every single music track released.

There are three options:

- either encode the material in-house, then provide the content to a marketing partner
- choose a marketing partner which has the capability to encode in the necessary formats and manage distribution
- or work with a distributor that can encode and manage distribution directly to operators and maybe some direct to consumer companies like Jamba.

The process of formatting each separate product is not simple and will usually be carried out by the marketing partner or distributor. For example Vodafone offers its subscribers such a wide range of handsets across Europe that almost 100 different ringtone formats are required to service that operator.

The production work involved in producing mobile content is therefore quite arduous. It is estimated that there are over 90 file formats for ringtones, 7 formats for full tracks, 13 formats for wallpaper and 20 formats for ringback tones. To a large extent the work involved in creating these formats can be automated but with multiple products and formats comes an increasing burden on the management of metadata and reporting figures back to the artists.

For basic distribution services involving the placement of content into the mobile world it is therefore more advisable to pick just one partner and work directly with them, using the bargaining tool of a sole distribution agreement as an incentive to obtain better terms from the distributor.

The specialist distributors have two roles; one is to create all of the different types of mobile content you will need, from polyphonic ringtones, real tones, video and full track downloads. The other is to distribute these into the operators and to work on marketing the catalogue. In both of these ways the specialist distributors can help the label to understand and plan the best strategy in the markets in which they specialise. Their effectiveness depends on the extent to which they can specialise in each region. Prime UK examples include Indie Mobile (www.indie-mobile.com), Pocket Group (www.pocket-group.co.uk) and The Orchard (www.theorchard.com).

Technologies available to fulfil mobile marketing are not just limited to SMS messages or ringtone promotions on the back of a CD. Much more sophisticated applications can be developed using mobile Java applications, intelligent databases, MMS (multimedia messaging), apps, such as iphone apps and combined mobile and online internet promotions. Also a savvy distributor should be able to tap into the mobile operators' marketing budgets and potentially secure above the line advertising on TV or radio in exchange for exclusivity or prizes.

About London Connected

London Connected is the digital network for London, helping the Capital's music companies and individuals to make the most of opportunities presented by digital technologies.

The programme is supported by £650,000 from the London Development Agency (LDA) and delivered by the Association of Independent Music (AIM) – the organisation that looks after over 800 of the UK's independent labels. Over the last 10 years AIM and its members have been at the forefront of pioneering new digital music business models.

"An invaluable service for any music company or entrepreneur looking to compete in the rapidly evolving digital music market"
***Danny Ryan**, MD and Founder, Kudos Records*

www.londonconnected.org

About Music Ally

The leading digital business information and music strategy company, Music Ally, has been providing publications, consulting, training, research, events to the music and technology industries since 2001.

Music Ally's executives come from a genuine music business background, from the sharp end of the major label recording and publishing worlds through to digital business strategy, licensing and retail. This means Music Ally understands the relationships and the politics that drive the real-world activity within the music industry; backed up with a full complement of market data, consumer research, forecasting and trend insight.

"Music Ally is a one stop drop for all your digital news and analysis."
***Martin Mills**, Chairman, Beggars Group*

www.musically.com