

BPI

The British Recorded Music Industry

THE DIGITAL

GUIDE FOR INDEPENDENTS

WHAT TO DO...
WHERE TO GO

WHY BEING ON DIGITAL SERVICES IS ESSENTIAL FOR YOUR BUSINESS

Digital is essential to your business today and its share of the market is growing. A variety of digital services and ways of both licensing and selling have proliferated in the past decade. They include download services (such as iTunes), subscription services (Napster), mobile subscription services (Comes With Music), download-to-own subscription services (eMusic) and ad-supported streaming services (Spotify, we7).

Digital now makes up close to 98% of top 40 single sales and its share of album sales is growing. From zero in 2005, digital album sales in September this year topped 1.4m – compared to just over 8m CD sales. A total of 13m singles were sold digitally in September compared to 3m in September 2005.

In the first nine months of 2009, just under 108m singles had been downloaded, a 39% increase from the same period in 2008. Over 11m digital albums were sold in the first nine months of the year – up 55.8% from 2008. The figures speak for themselves.

Digital is a booming part of the business and is changing both how people consume music and how you, as a record label, make money from it. Here we outline how you can take your first steps in offering your music digitally.

HOW MUCH WILL IT COST ME?

While every deal will be different, here we provide general guideline costs for a typical digital distribution deal as well as indicating what services you may expect to receive. These figures are only intended as a guide and should be approached as such. The BPI encourages you to speak to distributors, other labels and licensing experts to get the best deal for your particular needs. Please note that the companies covered here may offer wider services than those listed, so you should speak to them directly to clarify exactly what they can offer your company.

Two industry bodies that you should be aware of here are Merlin and PPL as they may be able to offer you help and support.

Merlin is a licensing entity owned on a not-for-profit basis and provides its independent member companies with access to global licensing arrangements, as well as taking action to protect its members' rights against infringements and unauthorised usage.

PPL is the UK-based music licensing company working on behalf of record companies and performers. PPL licenses the use of recorded music and music videos for broadcast and public performance, without retaining a profit for itself. Such licensed usages already cover a range of digital platforms, including the streaming of radio and television programmes via services such as BBC iPlayer, ITV.com and BT Vision, the download of TV programmes via services such as iTunes, and internet radio services such as RealNetworks and Last.fm.

TEST CASE

Company X will offer to digitally distribute your content to a service for a fee of between 6% and 15% of what they receive from digital services (typically retail – VAT, mechanicals and 40% (the retailer share)). This difference between 6% and 15% will depend on the size of the label, how many digital sales it commands and overall revenue.

Deduction of the retail price could work as follows:

- 15% VAT (comes directly off the whole)
- 8% MCPS/PRS (comes directly off the whole)
- 40% retailer share (comes off what is left after the above two deductions)
- 6-15% what the distributor typically receives for delivering audio, artwork and metadata to all of its retail partners

Please note that certain exceptions may apply. These could include the following:

- mechanicals may have to come out from the retailer share (many early deals were structured this way)
- promotional allowances may be involved
- there may be a minimum payment that the distributor expects from the retailer (Hypothetically this could be £0.59 per download but the retailer can choose to sell the track for less than £0.59. The distributor, however, is paid a fixed rate per track rather than a percentage of whatever price the retailer sells at because this may fluctuate.)
- there might be a fixed wholesale price that the retailer divides up to make the calculation easier.

EXTRA OFFERINGS

Many distributors offer other services beyond pure distribution on a release-by-release basis. Below we list some guideline prices for what you, as a label, might expect to pay here.

These include:

- retail marketing (typically 18% of digital revenue, so this effectively replaces the 6-15% figure quoted earlier as it includes basic distribution services). This will typically involve promoting a key release to stores to try and get it featured heavily on the site, positioned on the home page etc.
- strategic marketing (typically 25%, again replacing the 6-15% rate quoted earlier and includes distribution and retail marketing). This will typically involve online marketing, offline activities like plugging to TV and radio, creating bespoke content in partnership with websites and download services, organising competitions etc.

Some distributors charge a flat rate based on tracks or albums, but they may also charge an annual fee for storage and maintenance. Preferential rates for distribution may also be possible if you sign up for a suite of services.

Always ask for a complete breakdown of fees, charges and deductions before signing any deal. Some services work on a flat rate basis and these may be available on their website. Others may be open for negotiation based on the size of your catalogue and company turnover.

WHICH DIGITAL DISTRIBUTOR IS RIGHT FOR ME?

Below is a list of the main digital distribution services that UK labels can work with. While most are based in the UK, a number are based in Europe or the US.

This is by no means a complete list, but it does cover the main companies operating in the market. They are ranked in non-partisan alphabetical order.

Not all services listed here do standard distribution (category A in the key), but they do offer useful affiliated services such as a standalone digital sales platform for example. This is why they have been included here.

The BPI cannot recommend one company over another and suggests you speak to the companies directly and, if possible, their current or former clients before committing.

KEY

- A** Distribution
- B** Marketing/promotion/licensing/creative services
- C** Accounting/royalty tracking/reporting/rights management
- D** Webstore and website creation/management
- E** Web hosting/encoding and encryption
- F** Customer services
- G** Analysis and metrics

24-7 ENTERTAINMENT

D E

Web: www.247entertainment.com
 Tel: 0207 602 9922
 Contact: Jonathan Smith, VP UK

Clients: EMI, TDC

ABSOLUTE DIGITAL

A B C

Web: www.absolutemarketing.co.uk
 Tel: 020 8540 4242
 Contact: info@absolutemarketing.co.uk

Clients: Intact, ie:music, All Around The World Records, Kitchenware

ALTERNATIVE DISTRIBUTION ALLIANCE (ADA)

A B

Web: www.ada-music.com
 Contact: distribution@ada-music.com

Clients: Dramatico, Defected, Epitaph, Roadrunner, Visible Noise

ARTISTS WITHOUT A LABEL (AWAL)

A B G

Web: www.awal.com

Clients: Thom Yorke, Moby, Beverley Knight

BANDBOX

B D

Web: www.bandbox.com
 Contact: bizdev@bandbox.com

Clients: Taylor Swift, Keith Urban, Jewel

BELIEVE DIGITAL

A B C

Web: www.believedigital.com
 Contact: uk@believedigital.com

Clients: Unique Records, Blanco y Negro, Red Records

CD BABY

A

C

D

E

Web: www.cdbaby.com
 Tel: +1 (503) 595 3000
 Contact: cdbaby@cdbaby.com

Clients: Regina Spektor, Josh Ritter

CONSOLIDATED INDEPENDENT

A

C

E

Web: www.ci-info.com
 Tel: 020 7729 8493
 Contact: info@ci-info.com
 Clients: Beggars Group, PIAS, Domino Records, Ministry of Sound

DIGITAL STORES

A

D

E

F

Web: www.digitalstores.co.uk
 Tel: 020 8964 9020
 Contact: Simon Moxon,
 Sales Director
simonm@digitalstores.co.uk

Clients: The Beatles, Oasis, Queen, Mute,
 Prodigy, Cooking Vinyl

EMI LABEL SERVICES

A

B

Web: www.esounds.com
 Tel: 020 7795 7000
 Contact: Mike Roe, VP, Label Services Europe
mike.roe@emimusic.com
 Keith Sweeney, Director, Label Services Europe
keith.sweeney@emimusic.com

Clients: Eleven Seven Music Group, Blake,
 David Sylvian, Sweet Billy Pilgrim

FATDROP

B

Web: www.fatdrop.co.uk
 Tel: 0845 226 3726
 Contact: Chris Gorsuch

Clients: Freerange Records, Felt Music,
 Catskills Records

FINETUNES

A

B

C

E

Web: www.finetunes-solutions.de
 Tel: +49 (0) 40 3289 19810
 Contact: David Balfour

FUGA

A

C

Web: www.fuga.me
 Tel: +31 20 6 20 4785
 Contact: Lee Morrison
lee@independentip.com

Clients: Netwerk Music Group, Armada Music, Ultra Records, Toolroom Records

INDIESTORE

C

D

F

Web: <http://indiestore.7digital.com>
 Tel: 020 7099 7777
 Contact: info@indiestore.com

Clients: Black Lips, Temposhark

INGROOVES

A

B

C

E

Web: www.ingrooves.com
 Contact: Alex Branson, VP & MD,
 International
info@ingrooves.com

Clients: Spinal Tap, Daniel Johnston

IODA

A

B

C

E

Web: www.iodalliance.com
 Tel: 020 86009207
 Contact: Pete Dodge, MD
info@iodalliance.com

Clients: Cherry Red, Tru Thoughts, Hope Recordings, Ace Records

IRIS

A B C E

Web: www.irisdistribution.com
Tel: +1 (415) 495 1545
Contact: info@irisdistribution.com

Clients: Chemikal Underground, Ninja Tune, Kranky

KUDOS

A B C E

Web: www.kudos-digital.co.uk
Tel: 020 7482 4555
Contact: contact@kudos-digital.co.uk

Clients: Freestyle Records, Davy Graham, Touch Music

MBOP DIGITAL

A B

Web: www.mbop.co.uk
Tel: 020 7415 7010
Contact: Paul Ballance
paul.ballance@mbopglobal.co.uk

Clients: River Records, Red Bus, Fountain Records, Prestige-Elite

NOVA

A B C

Web: www.novadist.net
Tel: 020 8390 3322
Contact: info@novadist.net

Clients: Conehead, Right Recordings, 115, RTR Records, Orange Leisure

THE ORCHARD

A B C

Web: www.theorchard.com
Contact: veronika@theorchard.com

Clients: Fierce Panda, Snapper

PIAS UK (DIGITAL)

A B C

Web: www.pias.com/uk
Tel: 020 7471 2770
Contact: Adrian Pope, Director of Digital and Business Development

Clients: Oasis, Dizzee Rascal, Röyksopp, The Horrors

PROPER DISTRIBUTION

A B C

Web: www.properdistribution.com
Tel: 0870 444 0799
Contact: Dave Webb,
Digital Distribution Manager
proper.info@properonline.co.uk

Clients: Eliza Carthy, ABC, Martin Simpson, Seu Jorge, Thin Lizzy, Basquiat Strings, Sharon Shannon

RSK ENTERTAINMENT

A B

Web: www.rskentertainment.co.uk
Tel: 01488 608 900
Contact: info@rskentertainment.co.uk

Clients: Appleseed Recordings, Despot Records, Mellow Drama Records

SOUNDCLOUD

B E

Web: <http://soundcloud.com>
Contact: Dave Haynes, UK manager
dave@soundcloud.com

SOUTHERN RECORD DISTRIBUTION

A

Web: www.srd.co.uk
Tel: 020 8802 3000
Contact: info-srd@srd.co.uk

Clients: Hospital Records, Ram Records, Ruthless Records

STATE 51

Web: www.state51.co.uk
 Tel: 020 7729 4343
 Contact: conspire@state51.com

Clients: Angular Recording Corporation,
 Far Out Recordings, Memphis
 Industries, Trunk Records,
 Tummy Touch

TOPSPIN

Web: www.topspinmedia.com
 Contact: info@topspinmedia.com

Clients: Eminem, Beastie Boys, Beck,
 Pixies, Paul McCartney

TUNECORE

Web: www.tunecore.com
 Contact: bizdev@tunecore.com

Clients: Playloop Records, Frank Black,
 Reach Records

**UNIVERSAL MUSIC DIGITAL /
NOCARBON DISTRIBUTION**

Tel: 020 7471 5000
 Contact: Natalie Williams, Adam Macaulay
nocarbondistribution@umusic.com

Clients: Absolute Marketing, Genepool,
 Jeepster, Bella Union, Moshi
 Moshi, Downtown, Wichita

ZEBRALUTION

Web: www.zebralution.com
 Tel: 020 7359 1834
 Contact: info@zebralution.com

Clients: Big Brother, Big Cat, LXRecords,
 Mach 1 Records

MAIN DIGITAL SERVICES

3	www.three.co.uk
7digital	www.7digital.com
Amazon MP3	mp3.amazon.co.uk
Beatport	www.beatport.com
Bleep	www.bleep.com
Classical.com	www.classical.com
Comes With Music	www.comeswithmusic.com
Deezer	www.deezer.com
Domino	http://digital.dominorecordco.com
eMusic	www.emusic.com
Global Groove	www.globalgroovedigital.com
HMV Digital	www.hmv.com
iTunes	www.apple.com/uk
Jamba	www.jamster.co.uk
Juno	www.juno.co.uk
Last.fm	www.last.fm
LostTunes	www.losttunes.com
Mbop	www.mbopmegastore.com
MOS	www.ministryofsound.com
MusicStation	www.omnifone.com
Napster	www.napster.co.uk
Nectar Music	www.nectarmusicstore.com
Nokia Music	http://musicstore.nokia.com
O2	www.o2.co.uk
Orange	www.orange.co.uk
Passionato	www.passionato.com
Play	www.play.com/music
PlayLouder MSP	http://playlouder.com
Play Now Arena	www.playnow-arena.com
Qtrax	http://music.qtrax.com
Sky Songs	http://songs.sky.com
Spotify	www.spotify.com
Tesco	www.tescodigital.com
T-Mobile	www.t-mobile.co.uk
Trackitdown	www.trackitdown.net
TuneTribe	www.tunetribe.com
Virgin Mobile	http://mobileweb.virginmobile.com
Vodafone	www.vodafone.co.uk
we7	www.we7.com

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Produced by the BPI Independent Member Services department

The BPI (British Recorded Music Industry) is the representative voice of the recorded music industry. Our membership currently comprises over 450 music companies covering record labels and related companies throughout the UK. BPI members account for around 90% of recorded music sales in the UK. Membership is open to all copyright owners and associated entertainment companies.

For details of how to join the BPI, please contact Debi Blackgrove
020 7803 1300 or debi.blackgrove@bpi.co.uk

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