

Online delivery

John Buckman claims that his company, Magnatune, is small but perfectly formed. But how does it differ from other companies marketing themselves as 'artist-friendly'? **Phillip Sommerich** reports

The next time the Recording Industry Association of America decides to try to stamp out piracy by taking legal action against a 12-year-old girl, perhaps it should go out to California and visit John Buckman instead.

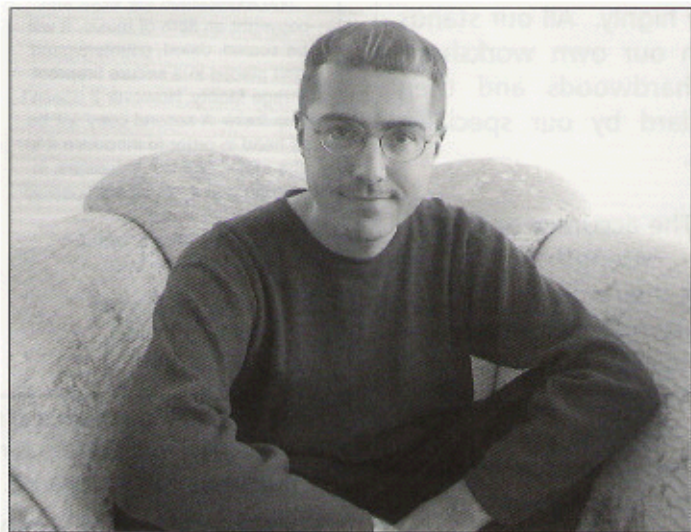
A combination of West Coast idealism, Silicon Valley entrepreneurship and the enthusiasm of an amateur lutenist led Buckman to create Magnatune. 'I don't claim to have great ideas, what I do claim to have is a lot of ideas, and I try them out,' he says. Magnatune is so far a small one, but for an industry ravaged by illicit online music delivery it may be perfectly formed.

It began when Buckman's harpsichordist wife, Jan, made a recording with an independent label and found the return from investing in 1,000 discs was scant. 'In order for small labels to survive, they cannot be very fair to the artist,' Buckman says. 'It's not that they are evil, nasty people, it's just that they have to pay the rent.'

With expertise developed in creating Lyris, a \$12m-a-year turnover company that makes email discussion and announcement software – Warner Music uses it to keep fans up to date with news from the company's artists – Buckman developed Magnatune, motto: internet music without the guilt.

Magnatune licenses recordings from artists on a non-exclusive, 50-50 revenue split basis, with the artist retaining all rights. The music is put on the website for surfers to audition and buy – in the latter case an uncompressed, CD-quality WAV file is downloaded in real time (a 70-minute album takes that long to download). Buyers are invited to 'pay what you think this music is worth', with a range of \$5-\$18 and a 'recommended' \$8.

The site's current tally of 100 albums is divided into genres



Entrepreneur John Buckman

including electronic, rock, heavy metal, jazz and classical. But, as with Buckman's own tastes, all the albums are outside the mainstream.

Buckman's apparent altruism seems to pay off. The site opened in May and last month was attracting 850 people a day, a 30% increase on the previous month. One in eight visitors clicks on the 'buy' button and the average payment for a disc is \$8.08. The average purchase, though, is \$9.50, perhaps meaning that many people are buying something they don't know at budget price and paying a premium for an album they really like.

Classical is easily the most popular genre – double the audience of number two category, world music, and an album of Ukrainian choral music is the best seller. Buckman's research has found that most customers 'are people who don't know classical music but are using the site to find out what they like'. The average visitor tunes in to at least two genres.

Most browsers seem to be using workplace broadband systems to tune in – Magnatune gets a big UK audience after

8am London time – and the site has links to several internet radio stations including AOL and iTunes. If a purchaser can be shown to have been referred from a radio station, Buckman pays the broadcaster a fee out of his share of revenue. After all, he says, most record companies pay broadcasters for advertising and Magnatune is getting its exposure for free.

But what is strikingly unique about Magnatune is that site visitors can license the music for any of 14 commercial uses, all done by mouse or keyboard. Anything from a movie soundtrack to restaurant background music can be catered for with the automated system. Buckman has found some unusual demands, including 'on hold' music for corporate phone systems – a personalised selection can be had for \$180 – and the \$400m-a-year corporate CD market, such as Starbucks' own-brand discs and the ones BMW gives to buyers of its vehicles.

Buckman estimates that his artists are getting \$1,000-\$2,000 a year from Magnatune now, compared with the \$3,000 advance they might get from a

small conventional label.

He points out that Magnatune also escapes the 70-minute straitjacket imposed by the CD; guitarist Edward Martin has put on the site Luis Milan's *El Maestro* suite, which record labels have shunned because of its awkward 35-minute duration.

At present Magnatune's classical offering is a mere 30 albums and it refuses frequent requests to supply CDs. But that will change because it has just agreed an alliance with Avie, the British firm that has applied a similar 'artist friendly' philosophy to the more conventional world of making and distributing physical music carriers.

About 30 of Avie's albums will be on the website by the end of the year and much of Magnatune's classical catalogue will be available on disc through the UK firm's international distribution network.

Surely Buckman fears that he could be ravaged by the same practice that has hit the rest of the industry, people buying his downloads then putting them on pirate sites such as Kazaa? He recalls his own efforts to download the latest Metallica double album from Kazaa. Four hours of button pushing, he says, yielded just a few of the 18 tracks, all in 'lousy' sound quality. 'If you make it easy for people to listen to the music, they will pay.'

He has more ideas. Discs distributed through Avie will have added-value offers: a forthcoming release from viol consort Phantasm will invite buyers to visit the website and download 20 minutes of music that could not be fitted on the disc. Buckman also plans to put two tracks from each artist on the website for free download, accompanied by recorded reminders from the performers that they get half of the revenue from any album purchase.

Buckman believes that the CD has a limited future in a world where hundreds of albums can be stored on pocket-size MP3 jukeboxes which can be listened to at home, in the car and in the office. There is, too, one form of piracy he would welcome: 'I'm here to have my ideas stolen. I want to prove this is a viable business.'