

► Webb says he has a lot of unsigned artists who come to him with glass-mastered CDs already produced and pressed. "In the traditional way of being a record label I would have produced those CDs, but there's no point if they already have them. So usually I'll buy the CDs from them at a wholesale price, sell them through the site, and then at the same time do one of the licensing deals and put the album out under my label on various subscription services. It means I don't have to actually hold vast stock or produce the CD myself, in many cases. But also there are some artists I've put out on these services where I've *never* sold their CDs; they've just sent a CD-R and I've got some artwork made up. Equally, there are others where I've pressed up the CD, if I thought I could sell enough to make the money back. It's flexible, really."

Webb pays out money to artist and labels every six months. Some he sends cheques to, but in most cases he pays them using Paypal, which he says is quite convenient. For on-line payment processing of customer orders he initially used Netbanx, but has since moved to Protix. "Netbanx is the one to use if you're just starting out, because you don't have to have a trading history to use them," he explains. "They have a bureau merchant agreement and take the payments on your behalf, but then they hold the money for 30 days, and charge you eight percent plus VAT. Once I had a trading history behind me and my income was going up, I got a merchant agreement with the bank and changed to Protix, and now I pay something like two percent and the money's in my account within five working days."

Business is going well, Webb says, with no sign of dwindling CD sales. "For the last year or so, my sales have gone up every month without fail, and they've probably quadrupled in the last 12 months."

'We Are Not Evil'

In contrast to Farfield's veteran presence on the web, Magnatune have only recently launched. The brainchild of programmer and musician John Buckman, Magnatune — described by its founder as an 'open music record label' — exemplifies the opportunities afforded by the Internet to anyone who wants to try to do something differently. The idea came about as a result of Buckman's observations on the failings of the music industry, in particular how badly it treats artists. His observations were lent added weight by a disastrous experience his wife had when she released an album on an independent label in the UK, where the label subsequently, as he puts it, "got screwed at every turn."

Having built up his own software company over the past nine years to the point where it employs 42 people and now "runs on its own", Buckman has turned his attention and energies to making a go of Magnatune. The fledgling label has already attracted quite a lot of attention on the Internet, partly for their tongue-in-cheek tag-line 'We are not evil' and the fact that it releases all its music under a so-called Creative Commons licence — specifically, the Attribution-NonCommercial-ShareAlike licence, which essentially means the music can be freely copied, remixed and sampled for non-commercial use. This is something to bear in mind if you're thinking of approaching the company (for more on Creative Commons licences, see the 'Creative Licence' box earlier in this article). In fact, Magnatune do a number of things differently. Their artists are signed up to non-exclusive contracts which are only for the music they submit, and they aren't tied in for any minimum term — but then you won't find Magnatune giving out advances, either. Customers can choose how much they want to pay for an album, within the range \$5-18, and all download revenue is split 50/50 between the artist and Magnatune. Music is sold from the site as downloads only, with Buckman taking the view that the prevalence of CD burners nowadays means people can burn their own CDs if they want to. Once a customer buys an album, they can download it track-by-track in MP3 or WAV format, or as a single zipped file in MP3, Ogg Vorbis, FLAC or WAV format.

An important feature of the Magnatune experience is that you can listen to all the available music as high- or low-bandwidth MP3 streams without having to pay anything. You can choose individual tracks, whole albums, or continuous genre-based compilations. While there isn't any payment mechanism as such for the streaming listening, Magnatune do have an on-line donation feature; the web page also lists

John Buckman, head of the decidedly 'not evil' Magnatune.



Useful Web Links

APPLE ITUNES MUSIC STORE

W www.apple.com/itunes/store

ASSOCIATION OF INDEPENDENT MUSIC (AIM)

W www.musicindie.org

AUDIO LUNCHBOX

W www.audiolunchbox.com

BEGGARS GROUP

W www.beggars.com

BUYMUSIC

W www.buymusic.com

CD BABY

W www.cdbaby.com

CD BABY DIGITAL DISTRIBUTION

W <http://cdbaby.net/dd>

CONSOLIDATED INDEPENDENT

W www.ci-info.com

CREATIVE COMMONS

W www.creativecommons.org

EMUSIC

W www.emusic.com

FARFIELD RECORDS

W www.ambientmusic.co.uk

MAGNATUNE

W www.magnatune.com

MUSICMATCH

W www.musicmatch.com

NAPSTER 2

W www.napster.com

OD2

W www.ondemanddistribution.com

PLAYLOUDES

W www.playloudermsp.com

RHAPSODY DIGITAL MUSIC SERVICE

W www.listen.com

THE ORCHARD

W <http://theorchard.com>

TOBY SLATER

W www.tobyslater.com

WIPPIT

W www.wippit.com

previous donations, with the highest so far being \$150. Buckman says that currently the conversion rate of visitors to buyers is about 50 to 1. But he's happy with that:

"I expected a lower rate of conversion, because you can just listen to music forever on the site, you don't have to pay, and the quality's good" he says.

There's also another side to Magnatune, namely the licensing of music from the label's catalogue for commercial use, again on a 50/50 split. In keeping with Magnatune's twin themes of openness and Internet enablement, the licence-selection process is entirely on-line and automated, and features transparent pricing. "I'm going after people who aren't part of the music-licensing establishment," says Buckman. "So, for example, I get a lot of licensing from webmasters, who see me as friendly to e-commerce."

Magnatune are not another MP3.com or IUMA, accepting all comers. Rather, the music that makes it onto the site is all selected by Buckman from the submission

he gets. "My acceptance ratio is about five in 200 submissions, so it's a huge filter," he points out. And it certainly shows in the high quality of the music available on the site. As this is written, there are almost 70 artists on Magnatune, spread across classical, electronica, new age, world, metal and punk rock, rock and pop, and 'other' genre classifications, with classical having the most artists and the most sales (around 40 percent). Europe is actually a slightly larger market for Magnatune than the US, accounting for some 40 percent of sales (a fact which Buckman puts down to the preponderance of classical music and electronica available on the site), while the UK is the largest single country for sales outside of the US, at around 15 percent.

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John Buckman says he can add between 10-25 new artists a month to the site. However, although he doesn't envisage a cutoff point, he's also wary of letting the number of artists grow too much compared to the growth in number of visitors to the site, as that runs the risk of demotivating artists by spreading the earnings too thinly. Not that any artist is going to earn a living *solely* from Magnatune, let alone get rich — at least, not currently. Buckman says that on current sales figures, the top five percent of earners will pull in \$6-10,000 a year, the average top third around \$3-4,000, and the middle range around \$1-1,500. "Unless you want to sign with a major label and go exclusive, you should probably look for as many non-exclusive ways as possible to get your music out there," he advises. "Just get it out there. That's the basic idea with Magnatune — it's another way for your music to get some attention."

What Next?

With Apple having admitted that the iTunes Music Store in itself isn't profitable for them (although it's done wonders for iPod sales), and with the potential for competition to drive down prices in an easy-compare on-line environment, it remains to be seen how the viability of the emerging on-line music stores will work out. Meanwhile, although the original Napster is no longer with us, there's still the challenge of the other free filesharing services like Kazaa, whose usage figures remain high. Still, with what could be a critical mass of legal on-line music services beginning to get off the ground in 2003, and with the Internet's ongoing ability to throw up challenging (if fringe) alternatives like Magnatune, the coming year is going to be interesting — not least in Europe, where we'll see a rich variety of legal music-download services for the first time. **SCS**