The Impact of the Web on the Music Business
The Leading Digital Distributor

- Founded in 1997
- Thousands of labels
- Every music genre
- Catalogue of more than 1 million tracks
- Supply the leading legal digital music retailers and mobile operators throughout the world
- Headquartered in New York and London with operations in 22 countries
Orchard Artists

Afrika Bambaataa
Alexander Shulgin
Anthony Braxton
Archie Shepp
Art Brut
Asha Bhosle
Astor Piazzolla
B.B. King
Bad Brains
Bay City Rollers
Beck
Benny Goodman
Bill Laswell
Billie Holiday
Billy Bob Thornton
Bing Crosby
Black Flag
Black Uhuru
Blazin' Squad
Blink-182
Bo Diddley
Bob Marley
The Brand New Heavies
Bright Eyes
C&C Music Factory
Cab Calloway
Carl Perkins
Cecil Taylor
Charles Mingus
Charlie Parker
Chris de Burgh
Chuck Berry
Chuck Loeb
Coldplay
Count Basie
Curtis Mayfield
Daniel Johnston
Dave Brubeck
Dead Kennedys
Orchard Artists

Death Cab for Cutie
Deep Purple
Dinah Washington
Dion
Don McLean
The Donnas
Dr. John
Duke Ellington
Ella Fitzgerald
Eric Dolphy
Evan & Jaron
The Fall
Fats Domino
Fito Paez
Frank Sinatra
George Carlin
Glenn Miller
Green Day
Gregory Isaacs

Hank Williams
Harry Belafonte
Helmet
Herbie Hancock
The Hives
The Hold Steady
Howlin' Wolf
Ike & Tina Turner
Immortal Technique
The Jerky Boys
Jerry Lee Lewis
Jerry Seinfeld
Jody Watley
John Cage
John Coltrane
John Denver
John Fahey
John Lee Hooker
John Legend
Johnny Cash
Keane
Orchard Artists

Kim Waters
King Sunny Ade
The Kingsmen
The Last Poets
Lata Mangeshkar
Laura Cantrell
Ledd belly
Lee “Scratch” Perry
Lewis Black
Lightnin’ Hopkins
Little Richard
Los Lobos
Louis Armstrong
Mad Professor
Mahalia Jackson
Masta Killa
Matisyahu
Medeski Martin & Wood
Melvins
Me’Shell N’dgeocello

MF Doom
Mikis Theodorakis
Ministry
The Minutemen
Mojo Nixon
Motley Crue
Motorhead
Muddy Waters
Nat King Cole
Nina Simone
Norman Cook
Nusrat Fateh Ali Khan
Ofra Haza
Ohio Players
Ojos de Brujo
Ol Dirty Bastard
Operation Ivy
Paul Oakenfold
Perry Como
The Pharcyde
Orchard Artists

Pigface
Pilar Montenegro
Public Enemy
Ralph Stanley
Ravi Shankar
Ray Charles
Roger McGuinn
RZA
Sam & Dave
Screamin’ Jay Hawkins
Seu Jorge
The Silos
Simply Red
Sir Mix-A-Lot
The Skatalites
Sly & Robbie
Solomon Burke
Son House
Soulive
Soulive
Soundgarden
Sublime

Sufjan Stevens
Sun Ra
Swing Out Sister
Taj Mahal
Ted Leo / Pharmacists
Tim Buckley
Tom Waits
Tone-Loc
Townes Van Zandt
Triumph
The Turtles
The Vandermark 5
Walter Beasley
The Wedding Present
Ween
Wilson Pickett
Yellowman
Young MC
Zakir Hussain
CD’s Are Dead!
Finally We All Agree

- **Europe** – 30% decline in sales by 2011
- **US**
  - Retail Sales = $12.5 billion 2005
  - Retail Sales = $10.5 billion 2010
Digital is the Future
And We All Agree On This

- 2004 – 2005 the market nearly tripled from $400 million to $1.4 billion
- Mobile operator 3 sells more than 200k full track downloads a month
- Gnarls Barkley reached the top of the singles charts with a digital only release
What Is Impeding the Business?

Implementing old business models in a new world

Email vs. Mail
Pricing

- 99 cents - 79 pence (same cost as physical world)
- Even higher cost for mobile
- "Respect the value of music"

People pay for services
Services pay for music
Usage Restrictions

- Control
- Copying
- Interoperability
- Portability

Old world business model gives the consumer more freedom!!!
Paradox of Choice – Consumers demand an abundance of choice

Recommendation

Marketing and Promotion in the old world – Demographics
Marketing and Promotion in the new world – Psychographics
Ownership

- Stop asking the consumer!!!
- Learned helplessness – When presented with a better option it is not taken.
- DVD vs. Video Tape
The Business Models

- P2P – low price and low service
- Subscription – higher price better service
- Streaming – free but no interactivity
- Interactive streaming – low price with some functionality
- Games, tones, websites, user generated, etc. – charge, charge, charge!!!
- Charge based on size of wallet
When will this happen?

- After Majors are sold and new companies exploit their copyrights
- When indies find their lost spirit
- When companies start serving their customers
- When retail stores disappear and there are no other options
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