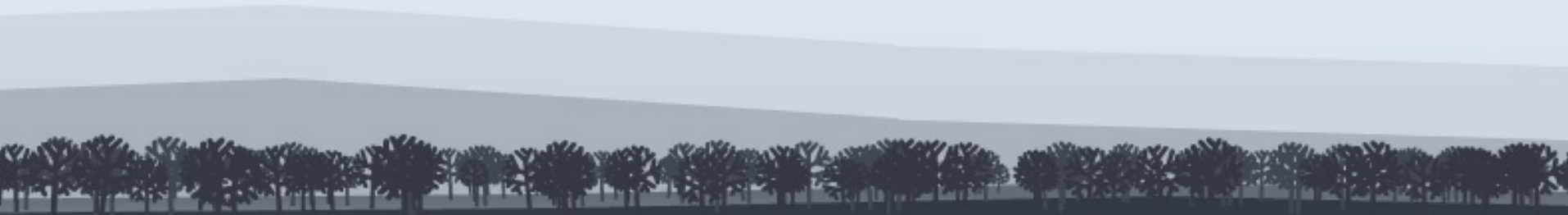




# The Impact of the Web on the Music Business





# 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  
Leadbelly  
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'degeocello

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  
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
- Gnarl's 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!!!



# Customer Service

- 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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