

Chapter 4

An examination of the impact of the internet on the classical music business with particular reference to how technology has changed classical music business models

4.1 Introduction

In Chapter 3, marketing tools employed by classical music organisations were analysed in order to see how they had developed from the 1989 *Four Seasons* model. This chapter will examine how the classical music industry has adapted its systems of trade in order to capitalise on technological advances in online business activity, and through that process to assess how much classical music content is available over the internet. The use of different marketing techniques is one approach that classical music organisations have adopted to this effect. Combining pop marketing tools with an expansion of online business activity is a further development that the classical music business has undergone, which this chapter will illustrate. It should be noted that one area not analysed in detail in this section is the growth of mobile phone companies using technology to supply music to their subscribers. This is discussed more fully in Chapter 6.

The use of technology in the current business climate refers to the internet and its application to commercial transactions. In fact technology has been used by the music industry for many years. For example, changes in the design of musical instruments, from upright keyboards to a full dynamic range offered by a grand piano in the nineteenth century is one case in point. Joshua Fineberg expresses this succinctly: *'there are two ways in which technology could make a real impact... first technological innovations could facilitate many things that are not new. They might make existing processes better or cheaper in ways that might alter the situation meaningfully...the second way technology could change art is through the more profound revision of the role of artist and art-perceiver.'*¹⁴¹ Facilitating access to music one of the main benefits of technology in the music industry. Downloading music onto portable devices and desktop computers are examples illustrated in this chapter. The increased role

¹⁴¹ Fineberg, J. (2006), Classical Music, why bother?, Oxford 2006, Routledge, p.60

of the artist as a controlling force in their recorded output has also been enhanced and specific cases are also examined in this section. The strength of the digital sector was underlined in the Digital Economy Bill published in the UK in November 2009 (and passed in April 2010) which commented that '*...our digital economy accounts for nearly £1 in every £10 that the whole British economy produces each year...worth around 8% of GDP.*'¹⁴² Classical music has incorporated developments in this area into its vision of trading and has also followed the pop genre in building up its trade online.

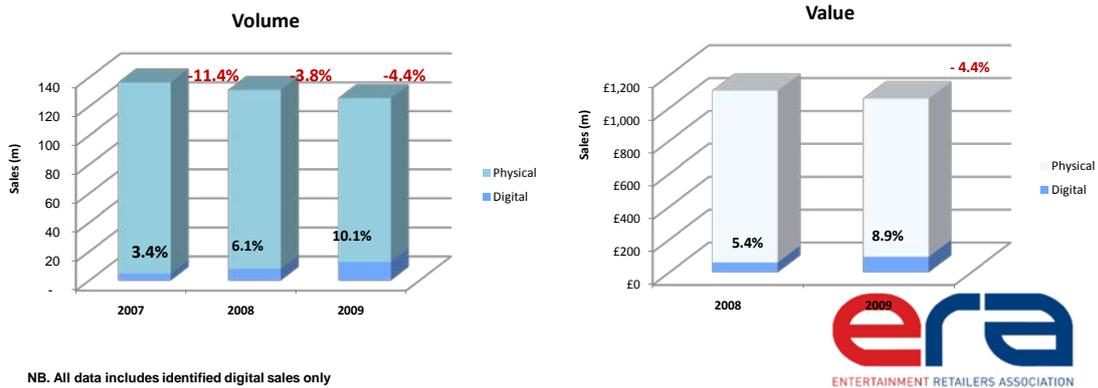
4.2 Value of the digital economy to the music business

Figure 1 below shows the most recent figures for the division of formats of music sold in the music industry. Included in a presentation given by Kim Bayley, Director General of the Entertainment Retailers Association (ERA, the trade body for all retailers in entertainment) the data indicates a rise of nearly 60% in the digital field on the 2008 figures, resulting in income of £94.4 million in 2009. This is one piece of evidence that indicates that the use of the internet to access and to sell music has now become an established form of trading in the music industry. Figures for the classical sector are analysed later and also show an increase (see page 93).

¹⁴² http://www.culture.gov.uk/reference_library/media_releases/6447.aspx

Market Conditions – Album sales 2009 vs 2008

	Units	ASP	Value
▶ All Albums	125.6m -4.4%	£8.41 -	£1,056m -4.4%
▶ Physical	112.9m -8.5%	£8.52 +0.6%	£961.9m -8.0%
▶ Digital	12.8m +59.5%	£7.40 -	£94.4m +59.5%



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Figure 1

Industry Statistics

- **£894m trade market value (£1.15bn retail)**
- **Industry revenue falling 1.5% YTD in 2009**
- **2009 best year for single downloads: 120m**
- **127m albums sold so far, 15m digitally**
- **Ad supported revenue £1.6m (168% on 08)**
- **Singles: 98% Albums: 15% of digital market**
- **British acts 49% of UK market: 9% in US**
- **34,000 new releases**

BPI
The British Recorded Music Industry

Figure 2

Figure 2 above consolidates the ERA data by illustrating industry statistics for 2009 which show the number of digital recordings sold in terms of singles and albums; as indicated, 120 million singles were downloaded through 2009 and in the same year 15 million albums (across all music genres) were bought online.¹⁴³ These figures indicate solid growth in the digital music market; though the strong effect of the download of singles does not have a significant effect on the classical music business because this genre rarely releases music on this format.

4.3 Take up of broadband

The increasing take up of broadband in the UK is directly relevant to this part of my research. Easy and quick access to the internet encourages online trading. Music is a beneficiary of this growth; classical music more so because the nature of the music (compared to other genres) is very different. The works are longer and therefore fast speeds for downloading (possible via broadband) is required. Figure 3 below gives an indication of the expansion of broadband in the UK up to 2009.¹⁴⁴

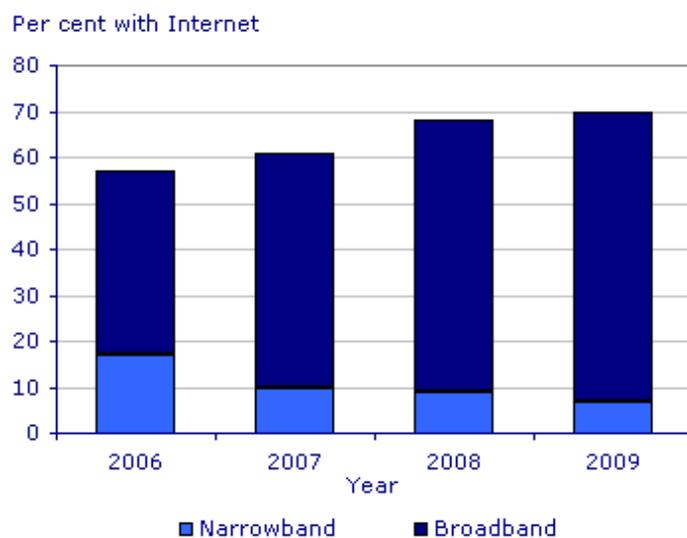


Figure 3

During 2009 70% of UK households had access to the internet (over 18 million people). The data also reveals that 63% used broadband for their internet connection in 2009, a high penetration figure. This growth shows the potential for the classical music business. Additionally Jeremy Hunt, the Secretary of State for the DCMS, has already signalled in his

¹⁴³ Mollet, R, Director of Public Affairs BPI, Music presentation, 19th November 2009, slide 9

¹⁴⁴ <http://www.statistics.gov.uk/cci/nugget.asp?ID=8>

first weeks in his new job the roll-out of a super fast broadband for the whole country.¹⁴⁵ The bigger the take up of broadband, the more potential there will be for downloads of classical music.

Another example where online activity is increasing is in the radio sector. Examined in more detail in Chapter 5, it is useful to reflect briefly on this area in this chapter. Rajar (the official research body that publishes listening figures and profiles of radio stations around the UK) published the findings of a survey of their research for the fourth quarter of 2009 up to the beginning of February 2010. Reproduced below in Figure 4, the chart shows listening figures on all formats via digital now accounts for 1/5th of all listening.

¹⁴⁵ http://www.culture.gov.uk/news/ministers_speeches/7132.aspx

	Dec '08	Sept '09	Dec '09
All Radio Listening			
Weekly Reach ('000)	45,511	45,721	45,968
Weekly Reach (%)	89.7	89.2	89.6
Average hours per head	20.0	19.7	19.3
Average hours per listener	22.3	22.1	21.5
Total hours (millions)	1,013	1,008	988
All Radio Listening - Share Via Platform(%)			
AM/FM	68.6	66.1	66.6
All Digital	18.3	21.1	20.9
DAB	11.4	13.3	13.7
DTV	3.2	3.6	3.4
Internet	2.0	2.2	2.1
Digital Unspecified *	1.7	2.0	1.7
Unspecified *	13.0	12.8	12.5

Figure 4

The table gives credence to the strength of the radio medium in the digital sector, although these are general statistics and the type of music listened to is not identified.¹⁴⁶ It is only in the early years of the 21st century that the classical music business, especially via the major recording companies, has begun to embrace the internet as an important medium through which to sell and thus derive a source of revenue. The business had long regarded the consumption of music over the internet as a threat to its stability. My own experience whilst at EMI reflected this. In the late 1980s a position was established for a manager to explore the possibilities of developing business over the internet. In reality this was a preventative measure with the role of the job to work with the legal department to prevent inroads of third party sales via the internet.

4.4 The recording business

To place trading online into a classical music context, sales of classical recordings in 2009 were 3.1% of the overall recording market, of which 6% were digital (2% above the 2008 digital figure for classical sales).¹⁴⁷ It is useful to compare the 2009 figures for sales through stores and mail order with those of 2008. Year on year, the classical market share was down from 3.6% in 2008, comprising of lower sales for high street retail stores 75% (in 2008) to 67% (in 2009); however mail order sees a rise from 21% (in 2008) to 27% of the market (in 2009), showing less reliance on the high street.¹⁴⁸ Digital figures were only collated from 2007 and the rise between that year and 2008 was 1.4%; therefore in three years digital sales have quadrupled in the classical field.¹⁴⁹ This is linked to the increase in accessing the internet for music downloads and also the success of portable devices that allows music to be downloaded onto them; the main two products are the MP3 player and the Apple iPod. There are also signs of growth of classical music sales on iTunes with the genre accounting for 12% of its sales.¹⁵⁰

Online growth is supported by published data from PRS for Music in 2009 and illustrated in Figure 5. Examining the most recent data on income for song writers and composers for the

¹⁴⁶ http://www.rajar.co.uk/docs/2009_12/2009_Q4_Listening_via_platform.pdf

¹⁴⁷ Email from Kim Bayley, Director General of ERA, 4th February 2010, Appendix 38

¹⁴⁸ Ibid.

¹⁴⁹ Green, C. (editor), Crutchley, R. (compiler) (2009), *BPI Statistical handbook*, London 2009, BPI Ltd, p.41

¹⁵⁰ Shave, N. 'Downloading made easy', *BBC Music Magazine*, May 2007 p.115, Appendix 39

first six months of 2009, it is noticeable that Broadcast & online receive the highest figure (£77 million) and a forecast of double that for the whole year. Although the change year-on-year is slightly lower, this can be accounted for by the current UK recession. PRS for Music also attributes the slight reduction in income from 2008 to the phasing of revenues and also higher than expected income in the previous year due to 'catch up' revenue from new licensing agreements.¹⁵¹

Revenue Stream	Jan-Jun 09 £M	Jan-Jun 08 £M	% Change	Full Yr 09 Forecast £M	Full Yr 08 Actual £M	% Change
Broadcast & online	77.0	82.3	-6%	174.4	180.2	-3%
Recorded media	73.9	78.5	-6%	123.4	141.6	-13%
Public performance	71.5	70.5	1%	147.6	146.7	1%
International	59.7	58.6	2%	150.4	139.8	8%
Total	282.1	289.9	-3%	595.8	608.3	-2%

Figure 5

Never the less these figures are encouraging for this sector.

Recorded music is projected a 13% decline and although both Public Performance and International show increases (1% and 8 % respectively), their projected income is below that of Broadcasting & online despite the latter recording a 3% forecast reduction from 2008. The latter is the important figure in relation to my research in this section, and demonstrates that income from online is a fully accepted category. Examples of companies adapting their business models to take online activity into account are demonstrated later in the chapter.

¹⁵¹

<http://www.prsformusic.com/aboutus/press/latestpressreleases/Pages/PRSforMusicsixmonthsto30June2009.aspx>

These figures demonstrate overall growth in this area of the business although no individual classical data is identified.

4.5 Podcasting and the expansion of the Listen Again facility

The use of the internet for podcasting, for streaming programmes and live events and for the Listen Again facility for radio has been examined by Rajar and is worth commenting on here. In a survey published in December 2009, conducted by Ipsos MORI, figures showed that a third (33.9%) of the UK's adult population (15+) or 17.4 million people claimed to have ever listened to the radio via the internet, compared to 16.9 million people in May 2009. This is subdivided into 16.2 million who listen live and 13.9 million who listen at a later time using the Listen Again services (therefore a large majority do both).¹⁵² The report also stated that 8.1 million people had downloaded a podcast.¹⁵³ Whilst these figures do not specify the exact type of music, they do give a clear idea of the trend of the future in the accessibility of music via the internet. This offers a distribution channel that the classical music sector should continue to invest in.

There are a plethora of websites that offer music downloads, some offering more classical content than others. A range is listed below but I have left out specific record company sites and artist websites because I shall analyse them in more detail.

- <http://www.newclassicalreleases.co.uk>
- <http://www.passionato.com>
- <http://www.spotify.com>
- <http://www.datz.com>
- <http://www.hmv.co.uk>
- <http://www.eMusic.com>
- <http://www.7digital.com>
- <http://www.apple.com> (for iTunes)
- <http://www.play.com>
- <http://songs.sky.com>

¹⁵² <http://followthemediacom/newsfromyou/newsfromyou12122009.htm>

¹⁵³ Ibid.

- <http://entertainment.msn.co.uk>
- <http://www.napster.co.uk>
- <http://www.tescodownloads.com>
- <http://www.wippit.com>
- <http://www.intomusic.co.uk>

With such a range, it is no surprise that this area of the music business is expanding and as a consequence the ability to consume music has become a far easier and more approachable process to achieve. As will become evident, classical music downloads are prevalent on individual record company and artist websites where the range of classical repertoire is significantly wider than the majority of the sites included in the above list.

4.6 Social networking and illegal file sharing and downloading

Nevertheless, there have been mixed consequences on the music industry for downloading digital music; for some it has been beneficial, but not for others. Consumers benefit the most; they are able to purchase music cheaply and easily, using either a computer or mobile phone. The internet has provided musicians with the opportunity to have their music listened to more, through websites such as Myspace, Bebo, YouTube and facebook. These sites allow musicians to post music tracks and video clips onto their own web page and make them available to others online. This sphere of personal marketing has completely altered the music landscape. This is corroborated by research published in Music Week which indicates that over 30% of content on YouTube is music.¹⁵⁴ The classical world took music content on YouTube a stage further by establishing a YouTube orchestra.¹⁵⁵ Players were chosen via videos uploaded onto the YouTube site for a premiere performance of a new work by Tan Dun suitably entitled 'Internet Symphony', in April 2009. Additionally, classical artists such as the violinist Tasmin Little are using social networking as part of their way of keeping in touch with fans and using it to sell concert tickets and recordings. Models of this type are analysed on page 98.

¹⁵⁴ Forde, E. (2010), 'Music dominates on YouTube', *Music Week magazine*, 26th February 2010, Appendix 40

¹⁵⁵ <http://www.youtube.com/symphony>

Illegal file sharing and peer-to-peer networking has also had an influence on my area of research. This is because access to music has increased not only through the above social network sites, but also through illegal download sites. The record companies have been losing revenue through these types of sites, which in turn has meant less money to invest in new artists. This leads to more artists using every available opportunity to promote their music via the web. The BPI, as the trade body for the UK record industry, regularly publishes figures on this topic. In their 2009 Statistical Yearbook they show a useful chart indicating the severity of losses through illegal online activity in the music industry. Their data is based on a Jupiter Research 2007 study (commissioned by the BPI) which estimated that losses in 2008 through online music piracy would be £180 million (up from £159.2 million in 2007), some 14% of the retail value of music sales in the UK.¹⁵⁶ This is not the full picture because it does not take into account commercial CD counterfeiting or copying in private homes.¹⁵⁷ Another graph from the same source illustrates the types of music which are most popular with those who illegally share music files (P2P). The pop and rock genres unsurprisingly stand out as the most popular, whilst only 9% of shared music files were classical. The 9% is out of a figure of 15% in the survey who listened to classical music so this percentage is high, indicating that over half those who like classical music and access it online also share their files.¹⁵⁸ This is one example demonstrating that the classical music sector is, in this respect, like all other music genres. It can take advantage of the internet, but still has the risk of suffering from piracy.

4.7 Internet-led music projects and the *In Rainbows* model

The Digital Britain Bill became law in April 2010. Within the Act of Parliament there are a number of suggestions to alleviate the growth of illegal downloading. There have also been some genuine innovative campaigns conducted by music organisations using the internet as part of their business cycle. Classical music has followed the exceptional example set by the pop band Radiohead. It is worth a brief overview of the project in order to compare its similarities with examples of classical musicians' attempts illustrated below. *In Rainbows* was the band's seventh album and the first to be released after a four year gap, and without the

¹⁵⁶ Green, C. (editor), Crutchley, R. (compiler) (2009), *BPI Statistical handbook*, London 2009, BPI Ltd, p.80

¹⁵⁷ Ibid.

¹⁵⁸ Ibid., p.79

support of a major label. The group began its marketing campaign with the banner of 'pay what you want' to download the new album. This was followed by the opportunity to order a deluxe box in time for Christmas. A standard CD was released in other countries at the end of December 2007, reaching retail at the very beginning of January. The release achieved worldwide media interest. Research by MCPS-PRS Alliance stated that there were 2.3 million downloads between 10th October and 3rd November, 2007.¹⁵⁹ This is a very high figure, helped by the worldwide media interest. The fact that the band was well established in the market added to the success rate. In fact figures from www.examiner.com show that 3 million purchases of *In Rainbows* were made from the band's website, disc boxes and the physical album release, a project that shows the breadth of sales tools now readily accessed by consumers.¹⁶⁰ A significant number though is the physical sales figure. As Richard Mollet from the BPI confirms, the album sold 1.75 million hard (physical) copies, a major success with sales driven by the internet downloading campaign.¹⁶¹ In a similar manner, another band, Coldplay, achieved 2 million downloads of its single Violet Hill, within one week of release. Taken from their new album *Viva La Vida*, the single was available for a free download for seven days on the band's website. The band subsequently pursued the policy of 'something for nothing' by giving three free concerts in June 2008.¹⁶² The principle is similar, albeit on a smaller scale, to Radio 3's Beethoven download campaign (referred to on page 114) in which one of the broadcaster's established orchestras, the BBC Philharmonic, performed the complete cycle of the Beethoven symphonies which were made available for streaming and downloading (for free).

4.7.1 Tasmin Little

Tasmin Little represents a paradigm of the *In Rainbows* model for the classical music sector. The violinist released her first new recording after a four year gap in 2007. Entitled 'The Naked Violin', the recording was initially made available as a free download. There were three pieces on the recording: the Bach partitas, a virtuosic work by Paul Patterson called the Luslawice Variations and the 3rd sonata for violin by the Belgian composer Eugène Ysaÿe.¹⁶³

¹⁵⁹ <http://www.prsformusic.com/creators/news/research/Documents/Economic%20Insight%2010.pdf>

¹⁶⁰ <http://www.examiner.comx-498-Music-Examiner-y2008m10d16>

¹⁶¹ Email from Richard Mollet Director Public Affairs BPI, 4th March 2010 (see Appendix 27)

¹⁶² http://news.bbc.co.uk/newsbeat/hi/music/newsid_7373000/7373466.stm

¹⁶³ http://www.tasminlittle.org.uk/free_cd/index.html

An international performer, this release is made available in an easy to access format on the artist's website, which contains links to a range of music organisations and media outlets, as well as detailed material of the composers on the recording and a personal introduction about the new recording. The site extends an invitation to burn the CD free of charge at the top of the site;¹⁶⁴ unlike most other campaigns of this kind, there is no request for money at all. In a recent article the violinist commented: *'some people might say I am putting recording companies out of business. Not a bit of it, this is a complementary idea for those people who would not go out and buy the Bach partitas or the six sonatas of Ysaïe.'*¹⁶⁵ Little also comments that the figure for downloading was half a million and goes on to say: *'I hoped to encourage people into listening to classical music by making it accessible and by providing spoken introductions to the music...I know that many people who listened to The Naked Violin said that they would continue to explore the amazing world of classical music.'*¹⁶⁶ This is a prototype of how a professional classical musician has embraced technological developments in order to communicate with existing fans and attract new ones. The fact that Little released, in 2010, a second album *Partners in Time* using similar tactics is an indication of the success of this format.¹⁶⁷

4.7.2 Barbara Hendricks

The model that soprano Barbara Hendricks follows is similar to that of Tasmin Little. On her website, *Arte Verum*, Hendricks comments that she *'created Arte Verum because it is possible for artists today to control their creative endeavours from the beginnings in the rehearsal room to the concert hall, beyond into the recording studio and then directly to the public. The technological advances that have made this step possible would have been unthinkable just ten years ago.'*¹⁶⁸ This is a perfect example of how an artist can control what they release in terms of repertoire and marketing, while at the same time using the technological changes in the industry to their advantage. Hendricks is re-iterating Fineberg's comment of technological advances altering art through a revision of the role of artist and art-perceiver (see page 87). Musicians can manage the whole process directly. Hendricks' album *Endless Pleasure* is the third to be

¹⁶⁴ Ibid.

¹⁶⁵ Sommerich, P. (2008) 'Naked violin' launched free download', *Classical Music Magazine*, London, Rhinegold Publishing Ltd., 5th January 2008, p.7, Appendix 56

¹⁶⁶ Email from Tasmin Little, 9th March 2010, Appendix 57

¹⁶⁷ <http://www.tasminlittle.org.uk/>

¹⁶⁸ <http://www.arteverum.com/?page=presentation>

released on Arte Verum and the first to allow the purchaser to pay what they wish when downloading the release. As a clever marketing incentive, the purchaser is given the chance to download the previous two albums at the price they opt for buying the new release with the caveat that it must be the same or higher than €7. Download is DRM free and at 320 kbps. In the first two months, 60% of the downloads were paid for with an average price of €7.35 per album. The company states that many have chosen to download all three albums.¹⁶⁹

The most recent recording, Schubert's *Die Schöne Müllerin*, extends the promotion with the offer of a bonus DVD.¹⁷⁰ At the top of the website there is also a special offer for purchasing 6 of the soprano's previous EMI recordings previously on EMI. Hendricks posts a blog detailing the concerts she has performed at or places she has visited as a way of adding a personal touch to her fan base.¹⁷¹ These two artists offer examples of their business acumen, having full control of their musical enterprises, both in trading online and distributing on physical formats.

4.7.3 Tom Hampson

A further case is proposed by the baritone, Thomas Hampson, who has widened the role of his website to more than that of news, selling CDs and a concert schedule. Hampson has included a section on Books on Singing which the performer has referred to often in his career, and a section of Essays and Projects. The latter part covers specific music that Hampson is researching into (such as American Music and Schumann's song cycle 'Dichterliebe'). The singer has also added to his profile by being accessible on social networking sites including facebook, YouTube and flickr.¹⁷²

4.7.4 Benjamin Grosvenor

It is not only established musicians who are actively involved in selling their music content over the internet. The 16 year old pianist Benjamin Grosvenor created a download-only

¹⁶⁹ <http://www.arteverum.com/?page=press&id=8>

¹⁷⁰ <http://www.arteverum.com/index.php?page=catalog&disc=10>

¹⁷¹ <http://www.arteverum.com/?page=editorials>

¹⁷² <http://www.hampsong.com/>

album available in December 2008 working in partnership with the high quality speaker manufacturer, Bowers & Wilkins. The sound quality is of particular importance because the downloads use the 'lossless' sound which is as good as the sound achievable on a CD. Benjamin's download was the first classical album on the Bowers & Wilkins roster, one on which sound quality is paramount. Four tracks of the album can be downloaded for free if the consumer joins the company's Music Club.¹⁷³ This example portrays a young classical music artist not only incorporating the use of the internet in his work but also collaborating with a major manufacturer in the process.

4.7.5 MaxOpus

Peter Maxwell Davies is a composer who has been selling his music online since 2004, via his website MaxOpus.com.¹⁷⁴ MaxOpus Music provides downloads via MP3 files or on CD which are then shipped via mail. This is another example of a musician, this time one who originally made his name in the pre-internet musical world, making his music available himself and using all available means of selling it.

4.7.6 Nicola Benedetti

The violinist Nicola Benedetti, has shown ingenuity in this field by releasing a series of mobile phone ringtones available off her website. A winner of the BBC Young Musician of the Year and on a contract with Deutsche Grammophon, Benedetti is keen for classical music to be enjoyed by as many as possible. To that end she has performed at non-classical events including the Glastonbury Festival (which usually hosts top pop acts). Her website is wide ranging and shows the violinist on facebook and YouTube. As with Little, Hendricks and Hampson, Benedetti also writes a regular blog.¹⁷⁵

Two more examples of classical musicians and followers embracing the internet are Gramophone Magazine's online service which allows readers to listen to recordings ahead of their release date,¹⁷⁶ and the YouTube Symphony Orchestra. The latter involved auditions

¹⁷³ <http://www.bowers-wilkins.com/display.aspx?infid=3550&terid=3554&qid=3898>

¹⁷⁴ <http://www.maxopus.com>

¹⁷⁵ <http://www.nicolabenedetti.co.uk>

¹⁷⁶ <http://www.brandrepublic.com/News/922702/Gramophone->

for orchestral players, with the idea of attracting the best players for a performance in Carnegie Hall in New York in April 2009. Each musician had to audition online within a given time period. Called the YouTube Symphony Orchestra, the chosen players to make the orchestra would perform a new work by Tan Dun (*Internet Symphony No. 1, 'Eroica'*) conducted by Michael Tilson-Thomas.¹⁷⁷ Instrumental parts were available for download of the new Tan Dun work. The hopeful player would then video him or herself performing both the part and also another work of their choice. What makes this project so involving is that once the best of the applicants were chosen, the public had the final say on who participated in the orchestra.

The second example of Gramophone Magazine's The Listening Room initiative is an incentive to dedicated classical music followers and at the same time suggests that listening online is now part of the classical music experience and not solely of the pop world.¹⁷⁸

4.8 Online developments in the record industry

Examining developments in the record industry in this field is pertinent to my research. The outcome will indicate how far the classical music industry has developed its business model since the *Four Seasons* and the first Three Tenors campaigns. Sales of classical releases demonstrate the internet to be an effective and successful way of selling music. One example is that of Janine Jensen's recording of Vivaldi's *Four Seasons*. Her success was remarkable for two reasons: first there are many recordings of this piece already in the classical catalogue so competition is tough; second, 75% of Jensen's sales were through downloads.¹⁷⁹ Below is a summary of the approaches that record companies have taken in utilising the internet in their business practices.

4.8.1 Chandos

2006 is a significant year in terms of online development in the classical music field. This is because Chandos, a medium sized record company, became the first to move into online selling. Chandos began its downloading service in June 2006 and had three CD orders to

¹⁷⁷ <http://www.youtube.com/symphony>

¹⁷⁸ <http://www.brandrepublic.com/News/922702/Gramophone->

¹⁷⁹ Higgins, C. (2008), 'Big demand for classical downloads is music to ears of record industry', *The Guardian*, 28th March 2008

every download. Its Chief Executive comments: *'now it's the other way round. We put up another 300 or so tracks this week ((March 2006) and we've got about 8,500 there so far.'*¹⁸⁰

4.8.2 Hyperion

Another medium-sized record label, Hyperion, has also launched its own download site. The company is focusing on giving the consumer as much text information on the recording as possible. Pricing per second rather than per track, Hyperion offers a one-click purchase of a work. Booklet texts are free and the company's whole catalogue is available online including material previously deleted.¹⁸¹

4.8.3 Decca

The first of the major record labels to trade online was Universal Classics & Jazz (UCJ). 8,000 albums from the company's catalogue were made available via its online store (www.classicsandjazz.co.uk) in 2007. The recordings included complete cycles and this not only led the way for other companies to follow suit but crucially it also encouraged the classical buyer to explore this area of purchasing.¹⁸²

4.8.4 Deutsche Grammophon

In November 2007, Decca's sister label Deutsche Grammophon launched its DG Web Shop making 2,500 DRM-free albums obtainable in 40 countries, 60 of which were not available on CD.¹⁸³ What DG was providing for its online buyers was a Web Shop and the timing was shrewd in being established in the busy Christmas period. Its success was marked by reaching 50,000 registered customers by its first anniversary; following that milestone, the business expanded into mail order and prime quality downloads. This included an option to stream the album for seven days at 99 cents.¹⁸⁴ The success of DG's venture online is borne out by what the company declared as "impressive" download figures for the week following its November 2007 launch. The site attracted over 50,000 music downloads with 85,000

¹⁸⁰ <http://www.guardian.co.uk/media/2006/mar/28/newmedia.arts>

¹⁸¹ <http://www.hyperion-records.co.uk/>

¹⁸² <http://www.classicsandjazz.co.uk>

¹⁸³ Kennedy, J. (2010), 'A new deal for consumers', *IFPI Digital Music Report 2008*, London, IFPI Ltd, p.11

¹⁸⁴ Sommerich, P. (2008), 'Yellow label pushed the boat out online', *Classical Music Magazine*, London, Rhinegold Publishing Ltd., 20th December 2008, p.9, Appendix 46

unique visitors in the first week after launch. The Web Store proved most popular with consumers in the United States, Germany, the United Kingdom, France and Switzerland, respectively, and accumulated a total of two million page impressions over the period.¹⁸⁵

In another business angle worth mentioning, UCI has made available CD releases of concert performances of North American and European orchestras that are in its catalogue. There is a subtle difference in this example because some of the artists participating in the concerts are not released digitally in its catalogue. The company is therefore expanding its business model in a different way.

4.8.5 EMI Classics

Subscription models are a factor in digital projects from some of EMI's significant recording artists which are being released only on digital format, or released digitally first and then in physical format later. Examples of this type of campaign include Simon Rattle and the Berlin Philharmonic in a recording of Mahler's 9th symphony, which was recorded specifically for a download release.¹⁸⁶ In 2007 EMI also recorded digital projects with the composer Thomas Adès' (Concentric Paths), and a Chopin programme from Ingrid Fliter.¹⁸⁷ This suggests that an increased reliance on selling online is to continue. It is interesting to note that Fliter was signed in June 2007 with her first release expected in March 2008, and as an appetiser some tracks were made available for download in January 2008. Some of EMI's digital sales are impressive. A release of Gabriela Montero was approaching 10,000 albums in 2007 confirming a strong presence in digital markets. A second release later that year will grow further her online presence as well as sales.¹⁸⁸

A company offering its catalogue online is only one aspect of the digital revolution affecting the record business. Encouraging buyers to download its product is another area which the classical business is beginning to embrace, something which the pop world has done for a while as the figures above indicate. By way of example, EMI has issued the first three of a

¹⁸⁵ http://www.billboard.biz/bbbiz/search/article_display.jsp?vnu_content_id=1003687096, Appendix 49

¹⁸⁶ <http://www.stereophile.com/news/100107emi/#>

¹⁸⁷ Email from Sophie Jefferies, former Director of Artist Relations and Communications EMI Classics, 11th September, 2007, Appendix 48

¹⁸⁸ Ibid.

series of digital-only releases; one major attraction is a download release of the Rattle recording of Mahler's 9th symphony (mentioned above) for £7.99. This is attractively priced compared to a full-price release in a record shop (normally £14.99). To further encourage sales of the company's Berlin Philharmonic Orchestra's (BPO) releases, EMI will offer a compilation album of BPO back catalogue items. The physical CD will then be released (along with the Adès) in the following year. This mirrors what is happening in the pop world illustrated by the Radiohead *In Rainbows* model (see page 97). Will Benthall from EMI comments: '*We need to broaden the range of repertoire that is available on digital platforms and we are looking at new releases to differentiate the platform. There are so many Simon Rattle followers who particularly love his Mahler cycle that we thought this would be a way of bringing them online.*'¹⁸⁹ The Rattle and Adès release is a case in point.

EMI's belief in online sales is also supported by placing the entire Virgin Classics catalogue (one of EMI's subsidiaries) available for downloading. Sophie Jefferies, EMI's former Director of Communications, also comments on the relevance of the internet to the company: '*All of our roster of artists is represented online. Most EMI Classics artists now record additional material when they're in the studio. This is used as bonus material which is available with the downloadable albums only.*'¹⁹⁰

4.8.6 Sony/BMG

To complete the picture of the major record companies, Sony/BMG (now demerged) is also a participant in this area. Sony has had great success with their international artist, the cellist Yo-Yo Ma, and his recording entitled '*Appassionata*'. Via the company's home page, music page, classical page and new music Tuesday placement, first week digital sales resulted in 63% of the overall target sales figure and 3200 units (album sales), a remarkable result.¹⁹¹ This demonstrates the range of outlets on a website that an album can be placed.

¹⁸⁹ Benthall, W. (2007), '*EMI tests market with digital-only release*', *Classical Music Magazine*, London, Rhinegold Publishing Ltd., 10th November 2007, p6

¹⁹⁰ Email from Sophie Jefferies, former Director of Artist Relations and Communications EMI Classics, 11th September, 2007, Appendix 48

¹⁹¹ Email from Jeremy Myers, Sony BMG Music, USA office, 28th August, 2007, Appendix 47

4.8.7 Naxos

Naxos, the largest of the budget classical labels since its launch in 1988, has recently turned to the downloaded music arena. In July 2007 the company set up an online service, ClassicsOnline. This offered a dedicated classical music download service in respect of the company's classical music catalogue, accessible by sophisticated search engines optimised for classical music. In November 2008 Naxos released the largest online collection of 320 kbps, DRM-free classical music albums available for download. This is further proof that companies are investing and expanding in this area of the business in the classical sector, enlarging its repertoire on offer to the consumer.¹⁹² The company now boasts 29,000 albums and over half a million tracks covering classical jazz, blues, World music and folk genres.¹⁹³

4.8.8 Arkiv Music

A further model is found in Arkiv Music. The company offers not only currently available titles to order but also recordings that have been deleted. The music is burned onto CD with, where appropriate, the text or opera libretti. Up to 8000 deleted recordings are now available.¹⁹⁴ The early music list is particularly comprehensive. For example, a search for recordings of the composer Machaut revealed 34 titles.¹⁹⁵ Both founders of the company are experienced in recordings, having been employed by Tower Records, the now defunct American music retail chain with shops in the UK and USA. Their knowledge, combined with the catalogue, has resulted in an effective e-tailer business. In an interview with Phillip Sommerich for *Early Music Magazine*, Jon Feidner, co-founder, comments: *'our customers at the moment don't appear to be the customers who buy downloads, they are more interested to buy physical CDs for the top-quality audio and the liner notes.'*¹⁹⁶ This is a particularly helpful comment for this research paper. It encapsulates what is probably recognised, that classical music devotees still tend to prefer physical copies of CDs rather than opt for downloads as their first port of call. That being the case, it seems logical that internet take-up is far behind

¹⁹² <http://www.classicsonline.com/press1008.aspx>

¹⁹³ <http://www.classicsonline.com/AboutUs.aspx>

¹⁹⁴ <http://www.arkivmusic.com/classical/Page?jsessionid=1DA2CC44AC03087607E0BF9A7FF12E3A?pageName=pages/about.jsp>

¹⁹⁵ <http://www.arkivmusic.com/classical/namelist>

¹⁹⁶ Sommerich, P., 'Download or die', *Early Music Today*, London, Rhinegold Publishing Ltd, January edition 2008, Appendix 58

popular music downloads and therefore less of the classical music catalogue is available online.

Sommerich's article also cites entrepreneur John Buckman's company Magnatune.com. In an interview for the same early music article mentioned above, Buckman comments that *'40% of his catalogue of 230 items and 35% of sales are early music, many of them new to the genre.'*¹⁹⁷ An amateur musician (he plays the lute, an early music instrument), his company offers an eclectic range of music styles, which includes (along with early music) new age, world, funk and heavy metal! The company allows the consumer to listen to the complete album before downloading or buying it. It also offers a subscription service at the price of \$15 for a month's worth of unlimited downloads.¹⁹⁸

Magnatune.com is a pertinent example for my research. Despite the company selling, in effect, one person's own choice of music, it also mentions, as the Radiohead campaign did, the offer to the buyer to pay a price well below the usual retail price. The listener can listen to the whole album online without charge. This is an effective way of allowing access to music even though the catalogue is limited. These are clear examples of well established models in this sector of the classical music business. Indicated above are models for accessing music via record company websites. UCJ has already been cited, supplying over 100,000 titles on its website for download at 320kbps. New releases as well as already released recordings, video material, ringtones and concert dates are included.¹⁹⁹ EMI goes further and asks the consumer to join their Listening Club in order to create a sense of belonging and commitment to the company. In the Listening Club environment, the consumer can stream music from the EMI and Virgin Classics website for free. Members are sent CDs with a software called Opendisc which, when inserted into their computers, allows them to connect to the EMI and Virgin Classics Club.²⁰⁰

¹⁹⁷ Ibid.

¹⁹⁸ <http://magnatune.com/info/attribs>

¹⁹⁹ <http://www.classicsandjazz.co.uk/page/aboutus>

²⁰⁰ <http://www.emiclassics.com/listeningclub/index.php>

4.9 Other online business models

I included Naxos record label on page 105 as a company committed to trading online. Its venture ClassicsOnline is additionally an instance of a subscription service that not only aids the profile of the independent sector by offering a comprehensive downloading service, but is also a release mechanism for the major labels. Its music library arm, Naxos Music Library, also exemplifies the subscription model. Whilst access is restricted to educational institutions and music professionals, it is a model offering two levels of access (64bps and 120 bps) of streamed music on demand. ClassicsOnline offers a wide range of fare from its own two labels, Marco Polo and Naxos. It also has recordings from several independent labels for which it has a distribution contract (including BIS, Caprice, Celestial Harmonies, Chandos, Collegium, Coro, CPO, Haenssler, Hungaroton, Profil, Swedish Society, Vanguard, and Wergo). ClassicsOnline is specifically for the digital sale of music (tracks or full albums) only, and not the physical sale of CDs. 30-second previews are available, and, where applicable, the purchase of a full CD carries with it a downloadable CD booklet at no extra cost.

Musicpreserved.org.uk is also worth referring to. From past performances to contemporary, musicpreserved.org.uk is a download label for live music from performances of classical music over the last 80 years.²⁰¹ Launched in June 2009 the company's library contains 1500 recordings, both from live performances and also from broadcasts.²⁰²

The plethora of online companies providing music has led the Entertainment Retailers Association (ERA) to launch an alliance of digital download companies. Participating businesses will use an 'MP3 compatible' logo to indicate that downloads will work on both PC and Mac. The important part is that the logo allows consumers to identify legal sites and is one example of online retailing becoming mainstream through offering access to both types of computer hardware.²⁰³ A resumé of other subscription models is detailed below:

²⁰¹ <http://www.musicpreserved.org.uk>

²⁰² Ibid.

²⁰³ <http://www.eraltd.org/content/MP3.asp>

4.9.1 Rhapsody

With a catalogue of 9 million tracks and free for the first 14 days, Rhapsody offers two subscription packages (at \$9.99 and \$14.99).²⁰⁴ Rhapsody Premier allows for unlimited access for listening to music from any web browser and downloading onto one device; the more expensive option Rhapsody Premier Plus \$14.99 lets the consumer listen to and download onto three devices.

4.9.2 eMusic

Similarly, eMusic advertises 25 free downloads when the customer signs up and is then open to 6 million tracks from 60,000 record labels covering all genres. Of particular interest for the classical listener is the inclusion of Naxos, Koch, Telarc, Chandos, Harmonia Mundi and the Sony back catalogue which are all participants.²⁰⁵ The company uses 200 journalists who give guidance on the music and, as a way of encouraging the purchaser, new artists can have their tracks downloaded for as little as 40 cents per track.²⁰⁶ DRM-free and with the ability for the music to be played on any MP3 player, eMusic is cheaper than its main competitors (iTunes, Rhapsody, Napster and Amazon).²⁰⁷ The company has three subscription packages: eMusic Basic which offers 24 Song downloads per month at \$11.99; eMusic Monthly Plus offering 35 downloads per month at \$15.89; and Premium at \$20.79 allowing 50 downloads per month. The company has also expanded into audio books and offers similar packages for this sector too. The classical range for repertoire is good; inputting, for example, "organ works by Buxtehude", 30 recordings came up on the screen. This is impressive for a specialist area of music.

4.9.3 Napster

Holding 11 million tracks, a listener can take out one of 3 subscriptions for unlimited streaming at £5, £10 or £15 per month. Depending which subscription package is taken, a specific number of music tracks are allowed to be kept once downloaded.²⁰⁸

²⁰⁴ <http://www.rhapsody.co.uk/howitworks>

²⁰⁵ <http://www.emusic.com/about/index.html>

²⁰⁶ Ibid.

²⁰⁷ <http://www.emusic.com/promo/why.html>

²⁰⁸ http://www.napster.co.uk/product_info.html#why-is-napster-different

4.9.4. Puretracks.com

Another example of an organisation providing classical music but in a limited way is Puretracks.com. The company has access to 3.4 million tracks (of all music genres). Placing the composer Buxtehude's organ works in the search facility for Puretracks.com, for example, brings up a number of classical pieces which relate to organ pieces but not specifically Buxtehude. In contrast Yahoo.com offers 315,000 results for the same genre. Yahoo offers a free downloading service with internet radio as an extra feature.

4.9.5 Play.com

Play.com, like Yahoo, offers more than just music. It is a mail order distributor for CDs and Video, an internet radio station, and a downloading service. Classical CDs have a varied price range, from £4.99 to at £11.99 and include free delivery. Downloading costs 65p per track or £6.99 for the full album. The range is wider than Yahoo.com and includes recordings by, for example, Sweelinck and JC Bach as well as Hindemith.²⁰⁹

4.10 Balance between High Street Stores and Digital

Because the recording industry in particular has witnessed consumers moving onto the internet for purchasing (and therefore less into the record shops) it is unsurprising that companies have a digital download agenda. Will Benthall from EMI makes a pertinent comment regarding the growth of business in this area: *'the market is reaching a tipping point between digital and physical. This is an exciting time.'*²¹⁰ A recent article stated that Apple iTunes accounts for 85% of classical music downloads,²¹¹ but with better quality delivery systems due to the market in the next year, this percentage is likely to stabilise as more companies can offer good quality downloads. (The issue of quality of downloadable music is examined later in this chapter-see page 117).

Also worth examining are the responses from record companies into how they balance investing time and finance into expanding internet trade at the potential expense of the high street stores. Responses can be fudged. Dr. Maureen Buja, Resident Musicologist for Naxos

²⁰⁹ <http://www.play.com>

²¹⁰ Ibid.

²¹¹ Stewart, A. (2007), 'Making Tracks', *Classical Music Magazine*, London, Rhinegold Publishing Ltd., 4th August 2007, p.25

Digital Services Ltd. based in Naxos' Hong Kong Head Quarters says: *'ClassicsOnline is intended to answer the need for downloadable classical music; CDs still have their own place, particularly in the area of classical music, but across the world, we see that the demand is slowing. In addition, the availability of digital means that content that might only have limited audience and which wouldn't be worth committing to physical discs can also be sold, widening, in effect, the amount of music available to the customers. We have developed some joint digital/physical products, such as our MPKey from Naxos of America. You could buy the package in a bricks and mortar store but what it provided was a personal account for downloading the music.'*²¹² The implication here is that there are still physical recordings to sell, but they are limited when compared to the range available over the internet.

Chris Craker, former General Manager and Vice President of Artists and Repertoire (A&R) for Sony/BMG, is bullish about the way forward for classical recording companies and has few qualms about becoming less reliant on retail: *'Our strategy is to sell our assets (recordings) in as many ways as possible and via as many partners as possible, which would include all retail outlets for physical and all DSPs (digital service providers) for digital - the two sit perfectly together as our method of reaching consumers in the way that the customer finds best.'*²¹³ This is good news for the consumer but evidently less encouraging for the retail sector because it reveals a move away by record companies from the traditional view of retail as being geared towards the High Street. Sony/BMG also appears to have no reservations about enfolded the digital process. The company is in the process of making available its classical catalogue on iTunes. By 2007 already 900 out of over 1500 Sony recordings in print (hard copy CD) albums had been made accessible to iTunes. Total BMG recordings in print albums are 1207, of which 844 albums had been made live on iTunes by 2007. In fact because quality is paramount, as Beatriz Ramos, Sony/BMG's Management Associate for Continental Europe comments: *'This [SONOPRESS] is an old feed which we are in the process of replacing. After SONY side delivery is complete, we will redeliver all 844 and complete the total BMG repertoire.'*²¹⁴ Jeremy Meyers from Sony/BMG USA team explains further by defining the type of music that is

²¹² Email Maureen Buja, Resident Musicologist Naxos Digital Services Ltd, 10th September 2007, Appendix 50

²¹³ Email from Chris Craker, Former Senior Vice-President A&R, Sony BMG Music, 26th August 2007, Appendix 51

²¹⁴ Email from Beatriz Ramos, Management Associate Continental Europe, SONY BMG Music, 28th August, 2007 Appendix 52

made available to iTunes: *'Digital versions of physical albums with digital (or iTunes) exclusive bonus material; Digital-only compilations of pre-existing masters (i.e. Masterworks lifestyle, fright night) and Digital products for which there is no current physical counterpart in the US or globally (e.g. Spoken word titles, domestic delivery of international great performances titles).'*²¹⁵ The digital download success of the company's cellist Yo Yo Ma is one example.

In 2009, in an attempt to boost digital sales of full albums even further, Sony, Warner, Universal and EMI joined forces with the CMX album format.²¹⁶ This music format offers videos, images and liner notes in addition to audio, artwork, and even additional content such as videos.²¹⁷ What this means for classical music is that there is much opportunity for the genre to participate in online activity, through the initiatives already being pursued by the pop world.

4.10.1 HMV

The record shop sits between consumer and seller. High Street retail needs buyers and the more successful that downloads become, the potential for less business and income there is for record shops. HMV, one of the largest retailers in the UK music business, and a carrier for all genres of music, sees (perhaps predictably) that the demise of physical product has been exaggerated. In an effort to combine the use of internet technology with traditional retail, HMV has a delivering service. Entitled HMV Delivers, this service, on a trial period in selected stores, allows the consumer to buy mail-order goods and downloads via dedicated kiosks within the shops themselves. Not only is this an example of a music retailer consolidating the accessibility of the internet with its core business (that is in-store selling), but also there is a financial incentive in that the items purchased (if under £18) are VAT-free.²¹⁸ The retailer has also introduced an MP3 store with music content from Universal, EMI and independent companies. It initially offered 4 million tracks (subsequently 8 million)

²¹⁵ Email from Jeremy Myers, Sony/BMG USA office, 28th August 2007, Appendix 53

²¹⁶ <http://stuff.tv/News/Major-labels-create-new-CMX-album-format-to-rival-Apples-Cocktail/13006/>

²¹⁷ www.mirror.co.uk/news/technology/2009/08/11/major-labels-planning-new-cmx-music-format-115875-21589683/

²¹⁸ <http://www.guardian.co.uk/business/2008/jul/19/hmvgroupbusiness.retail>

set at 320kbps, with single tracks priced at 69p and albums at £6.99.²¹⁹ Classical material features as do all music genres.

Kim Bayley from ERA comments that the High Street retailers believe that digital sales will not take over completely. ERA believes that, with digital album sales of only 10% of the market (see Appendix 45), the track based model is most suited for online selling.²²⁰ This model allows the purchaser the opportunity to buy individual tracks which they burn onto their CD or keep on their computer. Crucially ERA believe their continued presence on the High Street will succeed only if there are developments in the uses of the CD. This means, for example, that a CD could be taken into a shop to have downloaded onto it various mixes of tracks or full albums and then leave with it having paid the retailer for the downloadable material; or having a CD-RW which has a code added to it so that the disc is capable of being used to download unique material on the band/performer whose track the purchaser is downloading. With a membership of 150 retailers, approximately one third of the full number of retailers belonging to the ERA, this organisation is an important vehicle for retailers within the music business.²²¹

4.10.2 Classical World Ltd

There are other areas of business that are expanding trade over the internet. Independent companies such as Classical World Ltd are buying into a licence to offer music for download. Founded in 2000 by Roger Press, a former EMI Executive Producer with DVD and TV responsibilities and former head of PolyGram's (now UCI) classical video division, recordings are available for on-demand streaming on their website Classical.com. There are various deals for the consumer, from £6 per month to £60 a year. Classical.com has a catalogue of 450,000 titles on offer, including 1200 labels covering jazz and world music, but particularly focused on classical.²²² This is a helpful model for the classical music industry because it gives an all-in-one point of access for the consumer, with the ability to listen to radio, browse books on music and buy music itself. A major selling point of Press' company

²¹⁹ <http://musically.com/blog/2008/11/06/hmv-MP3-store-goes-live-firefox-users-need-not-apply/>

²²⁰ Conversation with author 25th January 2009

²²¹ <http://www.eraltd.org/content/home.asp>

²²² <http://www.classical.com/>

is that it allows the music to be compatible with both the iPod and MP3 players. Subsequently Digital Rights have been withdrawn by the major record companies allowing their product to be accessed on both formats as well which is of benefit to the consumer. The company provides major international artists' recordings in their repertoire including Alfred Brendel, Yo Yo Ma, Pinchas Zuckerman, Michael Tilson Thomas and Itzhak Perlman to name a few.²²³

4.11 BBC Radio 3 and downloading

BBC Radio 3 conducted a major experiment using the internet in 2004. Chapter 5 gives details of the station's internet broadcast experiments, which originated from the July 2006 complete Beethoven symphonies being available in downloadable format, performed by the BBC Philharmonic. There is merit in summarising the project at this juncture. Made available for free, over 1.4 million downloads of the complete Beethoven symphonies were recorded in two weeks.²²⁴ Such was the success of this venture that a second project was announced over the Christmas period of 2005. The complete works of J.S.Bach were broadcast over the Radio 3 network, and also made available in downloadable format for streaming. This was significant in the classical music world. It showed that the regular listener of BBC Radio 3 (which reflects the age of the concert going public, that is a more mature listener) was embracing music downloads. One can also assume that the project attracted a new and younger audience, one who is already used to that format.

Radio 3 defines their average listener as follows:

- *Core / heartland*
- *The Upmarket Mainstream (aged 55+) who value our classical music programming, are knowledgeable about our content and feel a strong sense of ownership of Radio 3*
- *Lightly engaged / replenishers*
- *35-54 ABC1s²²⁵*

²²³ Ibid.

²²⁴ Interview with Susannah Simmons, formerly Director of Communications, Classic FM and now Head of Public Affairs & Outreach, BBC Radio & Music, 3rd April 2006, Appendix 67, p.62

²²⁵ Included in Brief for Radio 3 by BLINC Partnership, May-June 2008, Appendix 42

This categorisation illustrates that the older listener is the traditional Radio 3 listener, one which has had less access to the internet (because of its recent emergence into the market place). This demonstrates classical music not only embracing the internet but also achieving results by attracting traditional listeners to stream or download.

4.12 Classical music and the internet

The extent of the classical music sector's growth in its digital business is verified by the IFPI's 2010 Digital Report. The document states that *'in 2009 globally, for the first time, more than one quarter of record companies' revenues come from digital channels...from download stores, streaming sites, subscription services, free-to-user sites, bundled with their broadband or a mobile phone handset.'*²²⁶ The report goes on to state that music companies around the world grew their digital revenues by 12% in 2009.²²⁷ This offers direct proof that digital trade is an essential part of a music organisation's business model.

4.13 Growth of Internet usage

To put the selling of classical music over the internet into context, the first six months of 2009 showed that sales of classical music accounted for 2.7% of total album sales, of which 1.8% was derived from digital downloads.²²⁸ This has risen, as indicated on page 93, to 3.1% of album sales with digital sales 6%. Sales of certain classical releases indicate that the internet has become an effective and successful way of selling music in conjunction with other traditional methods. This is a logical step forward, providing music in as and by as many means as possible. The classical music business has now truly begun to embrace the internet as a major source of revenue for selling, and increasing contact between itself and the consumer.

4.13.1 Digital growth reports

Confirmation of the establishment of the selling of music over the internet is found in three reports, the IFPI report of 2010, the BPI's 2009 Statistical handbook and Ofcom's August 2009 Communications Market report.

²²⁶ Kennedy, J. (2010), 'Music How, When, Where You Want It – But Not Without Addressing Piracy', *IFPI Digital Music Report 2010*, London, IFPI Ltd, p.3

²²⁷ *Ibid.*, p.10

²²⁸ Email from Tim Sismey, Millward Brown company, 26th June, 2009, Appendix 43

The IFPI report states that with a 12% rise in trade value between 2008 and 2009 (most recent available figures), worth an estimated \$4.2 billion globally, these figures for all genres of music are large.²²⁹ The report continues by listing the options of accessing music through the internet: 'from buying tracks or albums from download stores, and using subscriptions services, to using music services that are bundled with devices, buying mobile apps for music, and listening to music through streaming services for free.'²³⁰ These factors have led to a figure of 27% for the industry earning revenues from digital channels in 2009.²³¹

In the UK, the BPI reports that an average of 2.1 million music tracks were downloaded each week in 2008 (latest figures from BPI), and 200,000 digital albums were bought as well.²³² Mobile phone penetration in the year has reached 10% of the market, a not insignificant figure, but the genre is not specified.²³³ In the classical area of the business digital sales grew between 2007 and 2008 by 57%, an impressive figure and one that consolidates the data above that digital sales are very much a part of the classical music industry.²³⁴

On the face of it, these numbers show a strong market in this area, with such a healthy rise. The figure of 57% translates into 180,000 albums, equivalent to 3.8% of the classical sales market.²³⁵ This illustrates that although the internet is well and truly established and a primary source for business in the music field, there is still a market for physical CD albums. The success of online selling has not squeezed the traditional retail sector completely out of business. Data from the Ofcom Communications Report makes clear that the growth of digital is still evident. Take-up of Broadband, cited earlier, essential for downloading music, had reached 63% of UK households by the end of March 2009 (latest figures are included in this report) with mobile broadband extending to 3 million homes in the same period.²³⁶

²²⁹ Kennedy, J. (2010), 'Music How, When, Where You Want It – But Not Without Addressing Piracy', *IFPI Digital Music Report 2010*, London, IFPI Ltd, p.4

²³⁰ Ibid. p.4

²³¹ Ibid. p.6

²³² Green, C. (editor), Crutchley, R. (compiler) (2009), *BPI Statistical handbook*, London 2009, p.7

²³³ Ibid. p.12

²³⁴ Ibid., p.41

²³⁵ Ibid., p.41

²³⁶ http://www.ofcom.org.uk/research/cm/cmr09/CMRMain_1.pdf, p.6

Most interestingly for the classical music sector, Figure 1.10 of the Ofcom report includes a chart showing the percentage of households who use the internet for a range of activities. In the Downloading music files, movies or video clips section, there is a 4% increase for the age group 45-64 year olds. This age range is seen by Radio 3 as part of their core listener age group and therefore is significant. This age group were not brought up on the internet and is now adjusting to its benefits for music consumption. This is one reason why sales of classical music over the internet have risen. In contrast, younger age groups have seen a drop in the use of downloading (8% in the 18-24 and 5% in the 25-44 groupings respectively).²³⁷ This data illustrates the rise in music consumption over the internet by the different age groups. This is also supported in the PRS for Music's revenue figures for the first half of 2009 (on page 94).

4.14 Quality of downloading

There is another, less positive, but relevant side to the downloading of classical music over the internet. For classical music a major concern when it comes to online trade is the quality of sound and it is worth examining this major concern.

Quality of sound for downloadable material could be considered the most important aspect of a classical recording, followed by the interpretation of the music, in whatever format the recording is bought. It is useful to give some brief background information on the terminology used in downloading music before applying it to classical music. The file type is a factor when downloading music, as all file types will not play on all systems. WMA (Windows Media Audio), AAC (Advanced Audio Coding) used by Apple iTunes and ATRAC3 (Adaptive Transform Audio Coding) used by Sony employ the same principles as MP3 encoding and are the manufacturers' own versions of a compressed audio file. WMA is the format many leading download sites provide but it cannot be played on the Apple iPod which plays AAC files; conventional MP3 files will play on any type of MP3 player but Sony's ATRAC3 only plays on Sony devices. MP3 and other compressed audio file formats reduce the file size in order for it to be of use with portable MP3 players. MP3s can encode at different data rates but a standard 128 kbps is considered to be near CD quality and a

²³⁷ Ibid., p.12

benchmark. An MP3 player achieves the reduction in the file size by using perceptual coding; this means removing the audio signal which cannot be heard by the ear. Clearly as data is lost there will be a compromise in the sound quality.

A pertinent article in *The Seattle Inquirer* headlined '*Ipod and MP3s are killing music*' reflected the concerns two years ago of music producers who claimed that files being downloaded were no more than 10% of the original music. The article continues by stating that '*most of the data is junked during analysis and squeezed down until it fits through the Interweb tubes...and when compressed by MP3 and similar formats only a minuscule fraction of the actual live event survives.*'²³⁸ Yet, MP3 files can now be encoded up to 320 kbps and this factor links directly with the downloading of music, so 128 kbps can be viewed as a good standard of a compressed audio file. Anything lower would allow a degradation in the quality of sound which would be noticeable. Therefore a company offering music with good quality musical downloadable sound will have a major role to play in this area of the business, regardless of whether it has actively sold in this area of the business or not. For example, the supermarket chain Tesco offers high quality WMA downloads at a bit rate of 128 kbps or 32kbps (the latter taking less storage but reduced quality because less of the sound is compressed).²³⁹ The BBC offers a slightly higher rate of 192 per second for Radio 3, higher again than its compatriot stations.²⁴⁰

Apple's iTunes and Intomusic.co.uk offer a similar basic high quality bit rate of 128 kbps. Both also have options for higher bit rates (256kbps for iTunes²⁴¹ and 312kbps for Intomusic.co.uk²⁴²). Never the less, when compared to the quality of sound on a CD, a downloaded recording falls behind with CDs still perceived as having better quality. Musicresearch.com stated in March 2009: '*For example a CD quality file lasting around three and half minutes can be reduced from 38.5 Mb to around 3-10Mb depending on the amount of compression applied. Of course 'compression' cannot be done without a hit in the audio quality. The*

²³⁸ Farrell N. (2008), '*The Inquirer, IPod and MP3s are killing music*', *The Inquirer*, Seattle, 14th August, 2008

²³⁹ <http://direct.tesco.com/buyersguide/MP3%20format%20guide.aspx>

²⁴⁰ http://www.bbc.co.uk/radio/help/faq/dab_bitrates.shtml

²⁴¹ <http://support.apple.com/kb/ht1711>

²⁴² <http://intomusic.co.uk/scripts/faq.asp>

*MP3 format in effect results in parts of the recording being removed...*²⁴³ Placed against a CD, an MP3 is evidently inferior in sound quality for the majority of music genres, particularly relevant for the classical repertoire.

4.14.1 Bit rate for classical music downloading sites

There is an argument that listening to music through a portable device whilst on the move does not provide ideal listening conditions, especially for classical music. Decca, for example, combats this by providing downloadable music at a rate of 320kbps, significantly higher than the standard of 128kbps. The company uses the WMA format which offers the same quality of sound as iTunes' Audio Coding (AAC) files but with a higher transmission speed (iTunes has a bit rate of 128kbps as mentioned above).²⁴⁴

4.14.2 Lynn Records

In fact music downloading sites for classical repertoire are leading the industry by offering above-CD quality downloads which come at a premium price. These are clearly identified on the Linn Records website and it is useful to give a brief overview of what the company offers for classical music consumers.²⁴⁵ Studio Master FLAC, Studio Master WMA, CD quality FLAC, CD quality WMA and MP3. Studio Master FLAC is the best for quality and interestingly is seen as offering the same standard of sound quality as Linn's SACD (Super Audio CD). FLAC files are lossless at high bit rates although not all PCs are compatible with this system. Studio Master WMA is similar to the Studio Master FLAC in that it offers what the company calls 'true "studio quality"' and is based on the production version of the CD release.²⁴⁶ CD Quality FLAC is a lossless format which gives the best audio performance and has a file size half that of a normal CD.²⁴⁷ Much the same is on offer with the CD Quality WMA; finally the MP3 file works with both PC and Macs at a (high) 320kbps downloadable rate.

²⁴³ <http://www.musicresearch.com/blog/?tag=internet>

²⁴⁴ <http://www.linnrecords.com/linn-download-quality-and-file-type.aspx>

²⁴⁵ <http://www.linnrecords.com/linn-formats.aspx>

²⁴⁶ Ibid.

²⁴⁷ Ibid.

4.14.3 Other models

Other companies have strategies in place to combat a general lack of quality when downloading. One is Universal. In June 2009 Universal and Virgin Media broadband announced a partnership. Their subscription service allows customers to stream and download music via Virgin Media's high speed 50Mbps.²⁴⁸ This is significant because the Digital Britain report of 2009 sets a target of 2Mbps connection for broadband service providers by 2012 in order to encourage streaming and downloading at a higher quality rate.²⁴⁹ By offering a much higher rate of downloading already, this is an attractive option for the classical music purchaser, especially as UCJ manages the catalogue of three major classical labels Decca, Deutsche Grammophon and Phillips.²⁵⁰ Musicresearch.com also comments that the introduction to the market place of MP3HD is leading to a comparable quality of sound between both formats, although it does continue to say that *'these MP3HD files are not better than CD but are promising the same as CD sound, which is good.'*²⁵¹

4.15 Streamed music

Another area where quality of sound is an issue worth consideration, is streamed music. In this scenario, the consumer is able to listen to music on a computer through the internet but it cannot be downloaded onto a CD or MP3 player or kept on the computer itself. The quality is dependent on the bandwidth of the consumer's Internet Service Provider. Below is a range of companies that provide a service for streaming music.

4.15.1 Spotify

One of the most influential is the free streaming site Spotify. Accessed through www.spotify.com the site promotes a large range of music, without charging the consumer (there is also an option of a premium service of £9.99 which removes the adverts). The organisation operates financially by taking adverts and playing them every twenty minutes. "Day passes" and a premium subscription are also available to purchase, the benefit of

²⁴⁸ http://pressoffice.virginmedia.com/phoenix.zhtml?c=205406&p=irol-newsArticle_print&ID=1298879&highlight=

²⁴⁹ http://www.culture.gov.uk/reference_library/media_releases/6221.aspx

²⁵⁰ <http://www.classicsandjazz.co.uk>

²⁵¹ <http://www.musicresearch.com/blog/?tag=internet>

which is the removal of the advertising.²⁵² Spotify is not only straightforward to operate but also allows the listener to share songs and playlists with friends. For the premium customers the sound quality of the music is 320kb/s, regarded as CD quality, the highest available from any music-streaming service.²⁵³ Spotify is a success story; by January 2010 3 million users had joined its service.²⁵⁴ In May 2010, the company extended its service by announcing two new products, both ad-free and at the same sound quality of 320kbps.²⁵⁵ Another add-on to its service began in May 2009, when the company began to expand the use of its customer's database. This meant sending through promotional material such as details of gigs of artists that the buyer has listened to.²⁵⁶ The company is good for the classical music sector with a comprehensive classical repertoire list. For example, a search for the composer Dufay, the 14th French composer, found 169 tracks.²⁵⁷

4.15.2 British Library

Another organisation which has moved into streaming music is the British Library. A thousand pre-1958 recordings of music by Bach, Beethoven, Brahms, Haydn and Mozart are now available for streaming. These are all out of copyright and are comprehensive within its repertoire list of composers. For example, the site has every recording made before 1958 of Bach's orchestral suites, the *Brandenburg* Concertos and keyboard concertos.²⁵⁸ Good sound quality is found in the Berlin Philharmonic Orchestra (BPO)'s concerts. These come from the orchestra and are available on the BPO website. For 9.90 euros visitors to their Digital Concert Hall can watch the concert of their choice or for 149 euros can watch all the concerts. James Jolly, a respected commentator in the classical music field, extols the sound quality on offer.²⁵⁹

²⁵² <http://www.spotify.com>

²⁵³ <http://www.spotify.com/en/products/premium/>

²⁵⁴ <http://www.musicweek.com/story.asp?sectioncode=2&storycode=1039536>

²⁵⁵ <http://www.musicweek.com/story.asp?sectioncode=1&storycode=1041189>

²⁵⁶ <http://www.telegraph.co.uk/finance/newsbysector/mediatechnologyandtelecoms/5339178/Spotify-plans-data-share-with-music-labels.html>

²⁵⁷ <http://www.spotify.com>

²⁵⁸ Lydon, T. (2009), 'British Library streams 1,000 'canonic' recordings', *Classical Music Magazine*, London, Rhinegold Publishing Ltd., 28th March 2009, p.11, Appendix 54

²⁵⁹ Jolly, J. (2009), 'James Jolly finds the sights and sounds of a virtual Berlin take his breath away...', *Gramophone Magazine*, London 2009, p.104, Appendix 55

The internet has encouraged other media outlets to be creative in how to sell music to the consumer. It is also worth commenting on specialist genres within the classical music canon to see what availability there is. Interestingly some have a long way to go. If a consumer has Apple's iTunes software, by clicking onto "classical" from the main menu in the music store early music is listed as a sub-genre. But the list is not comprehensive. David Munrow's CD of Renaissance Dances is listed along with The Shadows and Best of Trance volume 1 for instance. However if the name of the artist is fed into, for example, Early music specialist Andrew Parrott with his Taverner Consort and Players, a host of recordings are listed.

4.16 Models used by live performance organisations

The inclusion of record company catalogues and their availability online is one area of internet use. Another significant area is that of live performance, and in particular where online audiences' interaction is becoming a significant part of the business. As the chapter mentions on page 131, the classical music sector is part of an industry which is widening its remit and moving toward the 360 degree model. The latter model is when a company not only offers artists tour dates, but negotiates their recording contracts and merchandise deals for them as well. However, it is worth examining live music organisations and their initiatives with online developments.

4.16.1 English National Opera

English National Orchestra (ENO) is an example. In 2007, the company set up a dedicated site for its, then, new production of Carmen. From 21st July 2007 the site offered photos, news, rehearsal progress, booking details, video and music of specific parts of the opera, and various blogs from a number of key people involved in the production including the director of the production and ENO's Artistic Director. The performances began at the end of September 2007 and ran until 23rd November 2007. What the company is doing in this scenario is providing a sense of excitement and build-up to the performances, but also a sense of belonging and involvement with the audience. The website and an emailing list are used to promote special ticket offers such as a ticket offer of £20 per person for ENO's end of season opera productions. The mailing is made attractive not only by the price reduction but also in the use of colour and details of future performances over the summer period. 2010

productions are equally wide ranging. The February and March 2010 production of Donizetti's *The Elixir of Love* showcased a trailer, podcast, images from the production, excerpts of the music itself and a glossary of operatic terms.²⁶⁰

The company has taken the process of using the internet as a tool for trade one stage further by streaming a performance. The performance on November 3rd 2007 was shown in its entirety on the Radio 3 website.²⁶¹ This was the first time that Radio 3 had video streamed an opera. The website also incorporated music excerpts taken from Chandos' catalogue (of opera recordings) and was made accessible through YouTube, flickr and facebook, three of the most used blogs on the internet especially for young adults and teenagers.

4.16.2 The Royal Opera House

ENO's main London competitor, the Royal Opera, expanded the use of its website in 2008 by allowing the public to watch its productions through their website. For example, Mozart's opera *Don Giovanni* was accessible via the website with access free of charge. Notes on the opera and a podcast of an interview with the director of that production were also made available.²⁶² This broadening of the company's website has continued. For instance, the March 2010 production of Handel's *Tamerlano* included an interview with Graham Vick about the production along with a brief synopsis of the opera. If the potential opera consumer joins the site and opens an account, then CDs of productions and a trailer of the relevant production are available to them. The web browser for this production is no longer available but an article in Classical Music Magazine confirms the detail.²⁶³ The website also directs the browser to cinema productions of ROH productions around the country with background on all the opera plots and the venues they are being performed at.²⁶⁴

²⁶⁰ <http://www.eno.org/explore/explore.php>

²⁶¹ http://www.bbc.co.uk/pressoffice/pressreleases/stories/2007/10_october/26//carmen.shtml

²⁶² <http://www.roh.org.uk/discover/dongiovannifree.aspx>

²⁶³ Quinn, M. (2008), '*Don Giovanni* relaunches Covent Garden website', *Classical Music Magazine*, London, Rhinegold Publishing Ltd., 27th September 2008, Appendix 59

²⁶⁴ <http://www.roh.org.uk/cinemas/opusarte/index.aspx>

4.16.3 The Metropolitan Opera House experiment

The Metropolitan Opera House has offered opera goers a similar visual opportunity, since 2006, with live relays of matinees at digital cinemas around the world.²⁶⁵ These are examples of the opera business taking on board the digital process comprehensively. Digital relays of the Metropolitan Opera in New York via cinemas reached 300,000 with the January production of *Carmen*. The previous relay of *Madame Butterfly* managed an equally impressive figure of 285,000. These are excellent examples of the classical music genre raising its profile by the use of new technology.²⁶⁶

4.16.4 St John's College, Cambridge

St John's College in Cambridge is another illustration. IN 2008, the college launched a weekly webcast of its choral services, the first time a college has set up such a project.²⁶⁷ This is significant because it demonstrates that it is not just large commercial classical music organisations exploring the breadth that the internet can offer. The St John's website includes previous Evensongs with a choice of which music to listen to within the service itself.²⁶⁸ St John's competitor college, King's College, followed suit, albeit in a different mode, by broadcasting a performance of Handel's *Messiah* in April 2009. What made this event special was that the concert was broadcast live into cinemas around the world through the auspices of Arts Alliance Media.²⁶⁹ A technological triumph, and a significant one, because it pushed classical music to the forefront of trading with new technology.

4.17 Visual material online

Relevant visual content is seen most impressively in medicitv.com and classictv.com, both mentioned in Chapter 5 on Broadcasting. Classictv.com makes available premium (paid for) and free video material. Its business model is much broader, though, providing the subscriber with live and as-live events, tickets for opera and concerts, and articles and

²⁶⁵ http://www.metoperafamily.org/metopera/broadcast/hd_events_current.aspx

²⁶⁶ Sommerich, P. (2010), '*Carmen* helps New York Met to digital relay record', *Classical Music Magazine*, London, Rhinegold Publishing Ltd, 30th January 2010, p.7, Appendix 60

²⁶⁷ http://www.sjcchoir.co.uk/default.php?page=webcast_about

²⁶⁸ <http://www.sjcchoir.co.uk/default.php?page=webcast&webcast=91#>

²⁶⁹ <http://www.artsalliancemediacom/cinema/>

cultural news as well as an online magazine.²⁷⁰ Similarly *medicityv* offers access to programmes and videos with daily, monthly and six monthly rates.²⁷¹ In the orchestral scene, most orchestra's websites follow a similar pattern to each other. The site is made up of sections devoted to programmes for up-and-coming concerts, education and out-reach work, recordings, tours and how to book.

4.17.1 Visual and audio production of classical music

Monte-Verdi TV, the Dutch-based website, whose core business is the broadcasting over the internet of classical music, was launched in March 2008. Its first broadcast was a performance of Bach's St Matthew Passion which was a live relay which was then repeated a number of times throughout the following week. The company offers a wide range of titles which are available for on-demand video streaming, live streaming and audio downloads; Documentaries, CDs, books and sheet music are also available for purchase. The company offers for three months unlimited streaming for €2.99 and there are also rates for individual concerts, documentaries or operas depending on their length.²⁷²

4.18 Orchestral websites

The major orchestral websites are active participants in trading online. An overview of some of them is detailed as follows:

4.18.1 www.philharmonia.co.uk

At www.philharmonia.co.uk, the calendar takes priority when entering the site. Clicking onto a particular month will give you the dates of the concerts for that particular month with basic repertoire and artist details. Double clicking on a specific concert gives complete information for that performance, with information on how to book for tickets, by taking the purchaser direct to the relevant concert hall's Box Office. News headlines about the orchestra's activities and information on its residences are set out below the calendar section. This is an example of an orchestra developing its websites to great effect as a

²⁷⁰ <http://www.classicaltv.com>

²⁷¹ <http://www.medicitytv.com/#/a/497/werther/498/br-l-opera/>

²⁷² <http://www.monteverdi.tv/tickets.php>

marketing tool. CDs and MP3 downloadable music is available for purchase along with background information about the orchestra and its players.²⁷³

4.18.2 www.cbso.co.uk, www.bbcsco.co.uk and www.rsno.org.uk

Selling recordings is a feature on most of the orchestras' websites. The procedure varies depending on the orchestra. The CBSO and BBCSO, for example, list the recordings they have made. In the CBSO's case, there is an option to listen to a sample of the ones the consumer wishes to buy.²⁷⁴ In the BBCSO's CD list, it is only the details of the recording and the company that has recorded that are listed.²⁷⁵ Excerpts of the music are available if there is a CD that is recorded and which ties in with the repertoire of the concerts the orchestra is performing in that season. The BBCSO's website for March 2010, for example, features concert dates and music extracts of the symphonies by Martinů which the orchestra was performing in concert.²⁷⁶ The Philharmonia's website goes further and offers the chance not only to buy direct but also to listen to a part of a movement of the work in question.²⁷⁷ This is also the case with the Royal Scottish National Orchestra (RSNO) and with the 'Listen to Music Online' section on its home page.²⁷⁸

4.18.3 www.lso.co.uk

The London Symphony Orchestra has also expanded its area of trade through establishing its own record label. The LSO Live label has released over 70 recordings since 2000. It has both physical distributors throughout the world and simultaneously makes repertoire available in downloadable format through iTunes and eMusic.²⁷⁹ In an interview with Classical Music Magazine, Chaz Jenkins, the head of LSO Live label commented: *'You need to look at why orchestras and artists never released their own recordings before. Artists are great at giving concerts and even at logistics, such as going on tour and shifting 100 players around the world. But orchestras and artist have legs and CDs don't move themselves. That element is at the*

²⁷³ <http://www.philharmonia.co.uk>

²⁷⁴ <http://www.cbso.co.uk/Recordings>

²⁷⁵ <http://www.bbc.co.uk/orchestras/symphonyorchestra/cds>

²⁷⁶ <http://www.bbc.co.uk/orchestras/symphonyorchestra/performances/martinu/index.shtml>

²⁷⁷ <http://www.philharmonia.co.uk/shop>

²⁷⁸ <http://www.rsno.org.uk/index.php>

²⁷⁹ <http://lso.co.uk/buyrecordings/distributors>

*heart of what a record company does.*²⁸⁰ Other UK orchestras have followed suit (the RLPO and The Philharmonia are two). The UK orchestras also have a Podcast section, similar to the opera houses. In this part of the website, conductors, players and composers talk about specific works and concerts in the orchestra's calendar. Some sites also offer blogs for the follower to respond and engage in discussion with fellow music goers. This is a way of engaging further the consumer through social networking and making the orchestras' work as accessible as possible. Overseas orchestras are also willing participants. One example is the New York Philharmonic, which, in 2006, aligned itself to the Deutsche Grammophon label to sell four new releases on a downloading-only basis.²⁸¹ The benefit of the latter is the distribution network that DG is able to provide. A further instance is the Chicago Symphony Orchestra which launched CSO Resound in May 2008, retailing their performances purely through the download format. As with the New York Philharmonic, these releases are available on iTunes.²⁸²

4.19 Online concert listings and orchestral digital initiatives

There are now a number of websites providing listings of classical music events registered on the internet. www.concert-diary.com is one of the most user-friendly. All the details required for attracting a concert goer are included: the price of ticket, venue, repertoire and artists performing. Another is www.classicalsource.com which is similar and also includes reviews of live concerts and CDs. What is useful is that reviews are published within a couple of days, and their coverage of concerts is far wider than the national newspapers who allow a few reviews per week. Others include www.bachtrack.com, www.classical.net and www.opera-base.com.

4.19.1 RLPO interactive experiment

Of particular relevance to this chapter is the Royal Liverpool Philharmonic Orchestra's interactive experiment in 2007. In a quite unique project, from September 2007 audiences around the globe were able to sit in a three-dimensional virtual version of Philharmonic Hall (its home). The audience then had the ability to watch and listen 'live' to the opening concert

²⁸⁰ Sommerich, P. (2008) 'All our own work', *Classical Music Magazine*, London, Rhinegold Publishing Ltd, 2nd August, 2008, p.18

²⁸¹ <http://www.nytimes.com/2006/02/09/arts/music/09reco.html>

²⁸² <http://www.cso.org/resound>

of the new season. Even more inventive was the fact that listeners who had subscribed to the internet virtual world Second Life were able to open dialogue with other listeners of the concert. After the concert the participants were able to communicate with the conductor Vasily Petrenko amongst others at a virtual Foyer bar of Philharmonic Hall. The initial trial was open to only 100 applicants to ensure transmission quality. The orchestra's explanation as to why the RLPO was undertaking this concept is revealing: *'We knew that if we didn't do it now, someone else would get there before us...'*²⁸³ Entrepreneurship and business acumen are evident in this example and show the industry taking the potential of the internet seriously.

4.19.2 Philharmonia interactive project

The Philharmonia was the first orchestra to podcast and run a webcast of a concert (in 2005), through their interactive project PLAY.orchestra. As with the RLPO's experiment, this was an interactive scheme. Placed on the PLAY.orchestra website were 56 plastic cubes and 3 hot spots laid out on a full size orchestra stage with each cube containing a light and a speaker. The listener chooses a cube, stand or sits on it to hear a specific instrument. Up to a further 58 friends can join you to listen to the full work. Two works were played, one a new commission by a young composer and the other a standard work from the classical repertoire. In another linked initiative, the Philharmonia invited a listener to use Bluetooth to access Philharmonia-owned ring tones as well as a piece the listener could have created him/herself. This was a project that involved the public closely by using digital technology to the hilt.

4.19.3 Berlin Philharmonic Orchestra

Orchestras around the world are involved in similar projects. The Berlin Philharmonic is one. In December 2007 the orchestra set up a two option process of watching its concerts online. Rates for single concerts or for the whole season were initiated at €9.90 and €149 respectively.²⁸⁴ The Boston Symphony Orchestra also streams its concerts and provides an iPod facility of previews of the concerts coming up in each season.²⁸⁵

²⁸³ Clark, A. (2007), 'Orchestral stars leap into cyberspace', *Financial Times*, 18/19th August, 2007, p.4, Appendix 61

²⁸⁴ <http://berliner-philharmoniker.de>

²⁸⁵ <http://www.bso.org/bso/index.jsp?id=bcats5220002>

4.19.4 Social networking

Using the internet to interact on a regular basis with an organisation's purchasers is a trait most classical music organisations follow, and the orchestras are no different. Using the opt-in procedure to receive emails about events and activities of an organisation (such as the ENO example mentioned on page 122) is one way; others such as the Britten Sinfonia have a profile on facebook and MySpace along with videos of performances on YouTube and Twitter (see below). These profiles offer forthcoming concert details, audio clips and space to send a message to the orchestra.²⁸⁶

Blogging between followers of an orchestra and the players and administration staff of that orchestra is also another relevant use of the internet. The RSNO, for example, has a blog about its participation in the St Magnus Festival in June 2009.²⁸⁷ Blogging is also a participatory procedure on Twitter. Twitter.com offers real time contact between members.²⁸⁸ The May 2009 publication of *Highnotes*, (the monthly magazine of the amateur music organisation Making Music), cites the LSO as one example of a musical organisation actively involved on this site.²⁸⁹ The Principal Flautist of the LSO writes a tour 'blog' and the responses to the Twitter are clearly visible on the orchestra's website.²⁹⁰

These examples indicate that, whatever the organisation, music can be downloaded free in an easy-to-use manner to anyone in the world. They underline that the classical music world is embracing whole-heartedly the potential of new technology in order to keep its regular audience as well as expand it. These on line developments in trade are on a parallel with the changes in marketing that the *Four Seasons* initiated.

In order to remain competitive with other music organisations in the entertainment business, orchestras need to make the concert experience as interesting as possible so as to maintain their audience in the first place as well as enlarging it. The use of technology adds a sense of engagement from the audience to the orchestra; and along with the involvement

²⁸⁶ <http://www.brittensinfonia.com/digispace/index.html>

²⁸⁷ <http://rsnoatstmagnus.blogspot.com>

²⁸⁸ <http://twitter.com/londonsymphony>

²⁸⁹ Cardy, K. (2009) 'Doing Digital', *Highnotes*, London May 2009, issue 10, p.1, Appendix 62

²⁹⁰ <http://lso.co.uk/stayinformed>

comes a feeling of 'belonging' to the orchestra. This in turn results in loyalty to the orchestra which feeds through to buying concert tickets.

The ability to trade over the internet has unexpectedly led to the growth of small business and has initiated the demise of the domination of big business in music. Whilst physical sales of CDs are falling, the shift in the overall market has been to move away from monolithic major companies into the hands of smaller organisations and individuals (the labels, artist and consumer). Whereas traditionally labels discovered artists and signed them, now there is now an avenue for the musician to introduce and sell their music/performance via the internet. The artist led examples of Tasmin Little, Barbara Hendricks and Tom Hampson are illustrative of this trend (see page 98).

4.20 www.avierecords.com

A further business model within the recording business is where companies create the recordings with the performers in a way which allows them to retain the rights but generates income for both parties through marketing and distribution. Divine Art operates in a similar way as Avie in this respect.²⁹¹ Avie Records states on its website (www.avierecords.com) that it *'operates a unique business model based on artist ownership. This model is as robust today as when the label launched in 2002, and allows artists a creative freedom not found at any other label...with a worldwide distribution network that extends to over 30 countries.'*²⁹² This is a model which allows for the downturn in music sales and makes the recording process less of a financial burden for both parties. The artist makes the recording but pays for the marketing and distribution that the record company is able to provide, broadening the CD's reach of buyer, especially outside the UK.

4.21 Mail Order model

It is useful to briefly explore the role of Mail Order in the classical music business. Mail Order is a growth area, a beneficiary of the continuous growth in orders placed online. One of the best exponents of this area of the business in the UK is MDT. A family run organisation based in Derby, the Wilsons set up MDT in 1989. It now gets most its orders via

²⁹¹ <http://www.divine-art.co.uk/recordingterms.htm>

²⁹² <http://www.avierecords.com/about.php>

its website, mdt.co.uk. The business has over 65,000 titles and includes the major labels as well as a host of the smaller record companies. This is another perspective on the accessibility of music and one more suited to this genre of music buyer. Gradual acceptance of the internet for viewing, ordering and on some websites sampling the music before purchasing is now occurring. For the generation who did not grow up with the internet, buying online through mail order is a viable alternative.²⁹³ As a percentage of the classical market, Mail Order is 7.6% (most recent figures).²⁹⁴ Although smaller than the percentage of sales from music specialist shops and supermarkets (39% and 27.8% respectively), the figure is on a level with store chains and multiples (6.8%), meaning it is a useful area of the market to sell product.²⁹⁵

Business models in the internet area are following the 360 degree model (noted on page 122). This is where for example a company will assume responsibility for all aspects of the artist's career, arranging the recordings, concerts, merchandise and ticket sales. On a parallel is the classical community website, Dilettante. This offer a range of services: tickets to events, radio, streaming of concerts and CDs, reviews of specialist publications, and online purchases of music from its partnerships with iTunes, ArkivMusic, Amazon and DG Web Shop.²⁹⁶

4.22 Digital Rights Management

It is worth commenting on Digital Rights Management (DRM) and how the free-ing up of rights for music to be played online has revolutionised the music industry. Ensuring that tracks are DRM free means that the consumer can purchase music and share it with his/her peers. January 2008 become a pivotal moment in the downloading business because the last of the four major record companies signed up to DRM-free music. Sony/BMG followed Warners, EMI and Universal's decision of 2007 to abandon its long asserted statement of protecting its catalogue from piracy by using DRM. Sony's decision, announced on 10th January 2008, allowed a-la-carte music to be bought free of DRM for MP3 players on

²⁹³ <http://www.mdt.co.uk/MDTSite/pages/home/default.asp>

²⁹⁴ Green, C. (editor), Crutchley, R. (compiler) (2009), *BPI Statistical handbook*, London 2009, BPI Ltd, p.66

²⁹⁵ Ibid.

²⁹⁶ <http://www.dilettantemusic.com/press/2009/06/dilettante-classical-music-hub>

Amazon, and significantly not with iTunes.²⁹⁷ Digital Rights Management was created by Apple in order to prevent the removal of software that prevents the copying of music files. Currently songs bought on iTunes will only play on Apple's own iPods, and music bought from other download sites have their own DRM systems that work for competing music players. Whilst this hasn't eliminated piracy, it has led to the abolishing of DRMs entirely and encouraged legal buying. The establishing of free downloads as part of a marketing campaign for bands is a further acceptance that DRM is not as urgently required as before. It is also one less obstacle which will encourage classical music followers to browse and trade online.

Further encouragement for classical music buyers in this field has been given by the introduction of a new price structure on iTunes. Apple has had to reduce the amount it charges for customers to download music tracks as a result of intervention by the European Commission. A report in *Classical Music Magazine* stated that UK customers currently pay 79 pence per track, whilst in Europe the cost is 74 pence. In fact European charges, although lower than in the UK, are 50 % higher than those charged in the USA (99 cents per track).²⁹⁸

4.23 Free music downloading sites

4.23.1 Qtrax and We7.com

There are a number of companies in the market which allow free downloading of music. Qtrax launched in 2008 with a catalogue of 25 million songs. Music is free to download (but the user cannot avoid the adverts), burn the music onto a CD or download onto a portable player. Each time a song is accessed, targeted advertising is shown; such is the perceived future of this model that major companies including Burger King, Virgin Media, Ford and H&M are already signed up to advertise.²⁹⁹

Another relevant business model in this category is We7.com (www.We7.com). This company provides up to 80,000 free downloads supported by 10-second audio adverts once you choose your song; if you purchase a complete album, there are adverts between each

²⁹⁷ http://www.businessweek.com/technology/content/jan2008/tc2008013_398775.htm

²⁹⁸ Sommerich, P. (2008), 'Brussels raps iTunes over UK pricing', *Classical Music Magazine*, London, Rhinegold Publishing Ltd., 19th January 2008, p.8

²⁹⁹ <http://www.qtrax.com>

track downloaded; interestingly if the purchaser wants to avoid watching the advert, they can pay for the album to be downloaded; The site is easy to navigate and the repertoire for classical is broad but not comprehensive. Opera, for example, consists of popular arias (such as *Nessun dorma*) or recordings by historic artists (Kathleen Ferrier or Jussi Björling are two); similarly in the Baroque section the works are either individual tracks from works by (mainly) Bach, Handel and Vivaldi or compilations.

4.23.2 MySpace

MySpace is one of the most active of all the social networking sites on which a consumer is able to listen to music but not download it; similarly with facebook (www.facebook.com) and Last.fm (www.last.fm.com). The latter allows any track to be heard for up to three times. Last.fm has a good selection of classical music, and recognizes niche areas of genres such as Buxtehude or Tallis as well as major performers (such as Simon Rattle and Alfred Brendel).

4.23.3 Passionato.com

One of the largest online stores specifically devoted to classical music is Passionato.com. The enterprise was launched in September 2008 and currently has over 500,000 DRM-free downloads from 50,000 albums released on 200 labels, an impressive library. There are various options for the consumer. They include the ability to download single tracks or a full album as well as sample the music (ten free tracks to download are offered on joining). Liner notes, reviews and samples of the recordings are also on offer. These downloads can be played on any computer, burned onto a CD or placed onto any portable device or burned onto a CD. The audio quality is high at 320kbps. If the consumer wants an even higher audio experience, there is the option of placing the recording on to the Free Lossless Audio Codec (FLAC) format. Similar to an MP3, FLAC is an audio format which compresses the music without any loss in quality. The website also enables the customer to organize their music into collections by cataloguing CDs already downloaded. The catalogue includes music from both major and independents labels.³⁰⁰

³⁰⁰ <http://www.passionato.com/help/about-us>

4.23.4 Dilettante

Another specific social networking site for the classical music genre is found at Dilettantemusic.com. Here one can not only buy music from specialist retail partners DG Webshop and ArkivMusic, along with iTunes and Amazon, there are also profiles, music uploads, blogs and private messages.³⁰¹

4.24 Classical DVDs

The widening of access to classical music was further enhanced in March 2008 when Digital Classics (www.digitalclassicsdvd.co.uk) begin to offer downloads of a selection of DVDs, ranging from Classical and Rock to Comedy, Dance and World Music. The classical music section has 30 DVDs, catering for a range of tastes. These include Thomas Adès' opera *Powder her Face* to the life of Stravinsky, from a Tony Palmer film on Margot Fonteyn to the music of Gabriel Yared who composed music for feature films, such as 'The Talented Mr Ripley' and 'The English Patient') to a biopic of the Greta Voices of Today.³⁰²

Naxos has a much more comprehensive video library, found at www.naxosvideolibrary.com. Set up in February 2010 there are 250 videos in 5 languages which are for streaming only. Importantly the videos are compatible with both Mac and PC. Two strands of streaming are available with a price of £70 for a year's subscription.³⁰³ Whilst most major record companies sell their own DVDs featuring their own artists, this catalogue is much more wide-ranging.

4.25 Online criticism

One area not mentioned so far is online criticism. Internet-only models have been devised to offer classical music criticism, reviews of concerts and recordings, not only to manage the increased interest in the use of the internet, but also to compensate for the lack of critical space given in national newspapers. The Classical Source (www.classicalsource.com) and Musical America (www.musicalamerica.com) are two of the most used. Michael White, former Chief music critic of the Independent on Sunday now has a Telegraph blog http://blogs.telegraph.co.uk/michael_white, as do the critic Michael Church

³⁰¹ <http://www.dilettantemusic.com/>

³⁰² <http://www.digitalclassicsdvd.co.uk/dvds/classical?page=1>

³⁰³ <http://www.naxosvideolibrary.com/>

(<http://michaelchurch.livejournal.com/>) and the author and music writer Jessica Duchen (<http://jessicamusic.blogspot.com/>). The Arts Desk (www.theartsdesk.com) compiles reviews from well respected writers in the business and, as with the other examples, access is free.

4.26 Conclusion

The developments in online trade detailed in this chapter have shown the classical music industry making its mark in this sector of the market. The losing of DRM rights from the major record companies has increased online trade. The smaller record companies were the instruments in the development of online business. This is a shift from the dominance of big companies to the smaller and independent companies, and more recently to the individual artists. With Naxos and Chandos as examples of mid-range recording companies and specific online distributors such as Classical.com, the large conglomerates have followed these organisations rather than led them. The examples of Tasmin Little and Barbara Hendricks to name just two show that performers are as intuitive in where the future of recorded music lies, and have the knowledge and understanding to exploit the internet directly. These are established artists. It could be viewed that these are purely marketing campaigns, devised in order to resurrect their recording careers from major labels who are no longer interested in recording them. Yet their experiment has worked; subsequent recordings from both have followed suit and there is little to stop other musicians following in their footsteps and having success with their recordings. Perhaps the ultimate in digital sales is the online platform Rawrip, founded in 2008, which allows copyright owners to keep all the revenue from every song sold by funding its service through advertising.³⁰⁴

A helpful example of a classical music based company embracing new technology is seen in the German company Hänssler Classics, which released in 2008 the complete works of Bach from the company's catalogue to mark the 75th birthday of its most high profile artist Helmut Rilling.³⁰⁵ The music was made available in a 172-CD version retailing at £1,100 but significantly also pre-loaded onto a special edition 120GB iPod.³⁰⁶ In an article in Classical Music Magazine, Matthias Lutweiler, the Managing Director, comments that although the

³⁰⁴ <http://www.rawrip.com>

³⁰⁵ <http://www.haenssler-classic.de>

company's sales expectations had been for an increase in the twenty-five year olds and upwards, in fact it was the over-50s who had bought the product.³⁰⁷ This suggests that the generation who are perceived to buy the most classical music CDs and attend classical concerts are using new technology, which is encouraging; less so is that this genre is still not attracting a younger generation in large numbers.

Social networking has moved into the classical world as the opera house examples cited earlier indicated. Increasingly composers and performers are members of MySpace, YouTube, facebook and Bebo. Web 2.0 allows visitors to chat with friends online, and add blogs, videos, music and photographs. Facebook offers an option for those that subscribe to receive updates. The LSO is one such organisation that uses social networking as a marketing tool. According to its research, 47% of LSO supporters on facebook are aged 18-24, compared to 40% of those visiting the orchestra's website being over 40.³⁰⁸ Therefore the LSO facebook fans will receive regular updates on the work of the orchestra, and many are in an age category which gives potential for long-term growth.

All these areas of expansion are useful tools for the classical music business. Lala, the American-based label is possibly the most advanced business model.³⁰⁹ The company allows users to stream full songs with the intention of encouraging them ('upselling' is the terminology used on their website) into buying the songs and albums. But instead of creating a free experience supported by advertising, the labels have licensed their music as a virtual product that involves no file transfer or usage-based stream. The users are in effect buying permanent rights to a song rather than a file. The company has negotiated a deal that allows users to stream any song they already have in their digital music library for free from any Web-enabled device, be it DRM-free, WMA or Fairplay files. Users can also buy a permanent, Web-only virtual copy of any song they don't already own for 10 cents, along with downloading the actual MP3 file for 79 cents. This is a completely new business model to enhance the consumer's experience of internet listening and buying.

³⁰⁷ Sommerich, P. (2008), 'Sales book for iPod Bach', *Classical Music Magazine*, London, Rhinegold Publishing Ltd, 19th July, 2008, p. 8

³⁰⁸ Clampin, F. (2008), 'Site reading', *Classical Music Magazine*, London, Rhinegold Publishing Ltd, 19th July 2008, p.24, Appendix 63

³⁰⁹ <http://www.lala.com/#howitworks>

With such predicted growth, all areas of the music business are benefiting from traffic via the internet. This is partially aided by PRS for Music's rate which has been reduced by two thirds since July 2009. It now charges licence fees of 0.085p per track (formerly 0.22p). This will help radio stations which have little advertising and therefore need to raise some income to exist.³¹⁰ It is interesting to note that online revenue from PRS for Music increased in 2008 by 81% to £17.6 million, an impressive increase of business activity online (although streaming itself is only 2.98% of that total income).³¹¹

Businesses such as the digital distributor The Orchard give breadth to the music industry, not only in terms of repertoire but also in the scope of what is on offer to the client. Over a million songs '*from around the world, spanning every genre and era – from cutting-edge indie bands, to top Billboard hits, to iconic global superstars, to historically significant regional music.*' It is one of a few digital distributors that has good range of classical music as well as other genres.³¹² The same applies to IODA, which offers marketing advice to the artist on marketing as well as distribution and ability to podcast.³¹³

Music organisations are increasing their use of the internet for trade by moving into social media sites. Already mentioned in the chapter are facebook, MySpace, YouTube and Twitter. Making Music magazine Highnotes (in their May issue) published useful statistics on these sites in terms of their popularity: for hits per month facebook achieves 1.2 billion, MySpace 820 million, YouTube 340 million and Twitter 55 million.³¹⁴ These are large numbers and explains the interest that music organisations have in using social networks to raise their profile. A raised profile increases awareness, and through that increased awareness more business. Performance venues, smaller recording businesses and the profile of individual artists will all benefit. This is an area where provision and accessibility of classical music is good and growing, which brings most benefit being the consumer.

³¹⁰ Sommerich, P. (2009), 'PRS finds compromise with online music streamers', *Classical Music Magazine*, London, Rhinegold Publishing Ltd, 6th June 2009, p.7, Appendix 64

³¹¹ Ibid.

³¹² <http://www.theorchard.com/>

³¹³ <http://www.iodalliance.com/about.php>

³¹⁴ <http://www.makingmusic.org.uk/>

In summary, the internet has irreversibly altered the business model of the local record store, which was important for specialist areas such as classical. As CD sales fell, retailers reduced their range of stock and switched to more popular repertoire and also to computer games and DVDs. This meant that consumers of niche music could not find what they wanted and turned instead to the internet or direct mail.

This chapter has illustrated that rising digital sales have not offset falling CD revenue and the losses resulting from internet piracy; hence the move by businesses into concert management and merchandising. Sony's purchase of DEAG mentioned in Chapter 6 (see page 219) is one example.³¹⁵ Conversely, the cheapness of making a digital recording and the ability to market it online has expanded A & R models in the music business, especially for those artists who want to connect directly with the public. What will most effectively meet business requirements is an amalgam of what is currently available which can then be developed. I define this as a website that provides an easy-to-use system of cataloguing a composer, good quality audio, full downloadable booklets and artwork, wide choice with easy navigation and a social networking section to make it completely holistic.

³¹⁵ <http://www.deag.de/en/navi-bottom/.../news-ir-release.html>