



Computer Games:

Digital Retail & Aggregation

Just as a distributor takes your CD or record and puts it in JB-Hifi or The Warehouse, a digital Aggregator takes your digital music files and puts them on iTunes, Amazon or Spotify. But how do you go about finding the right Aggregator for you, and how does it work?

Selling your music online does not need to be a difficult or confusing experience. In NZ there are a number of outlets that support local music and a number of solutions that local bands and labels can use to tap into the market. The most popular path to market for Kiwi bands and labels is the use of an Aggregator – this is a company that acts as a distribution and accounting hub between you and the online stores that sell your music, like Amplifier, iTunes, Amazon, GooglePlay and Xbox, for example.

An Aggregator takes care of your royalty accounting, encoding the music into the different formats required by individual stores and platforms, uploading the music along with the meta-data required (label name, cover art, barcode, ISRC, UPC, release date, copyright and publishing info) and in most cases some promotion of the music. Often the Aggregator will exclusively represent your content for an agreed territory. In exchange, the Aggregator takes a percentage of sales, which will vary depending on the territory and the length of the contract. This process takes away a lot of the barriers that exist if you were to approach each store yourself (which many platforms wouldn't allow

anyway) and it remains the most popular way for Kiwi music to find a home online.

The biggest of the New Zealand Aggregators is **DRM (Digital Rights Management)**. They supply all of the New Zealand digital stores including iTunes NZ (they are the only Apple approved provider in New Zealand), Vodafone, FlyBuys Music and Amplifier, as well as iTunes international, Amazon, GooglePlay, Spotify, Rdio, Shazam and YouTube. The three major labels (**Sony Music, Warner Music, Universal Music**) and **Dunedinmusic.co.nz** also offer aggregation services to NZ bands.

There are also off-shore services such as **Tunecore, Reverb Nation** and **CDBaby** that allow artists to pay a single one-off fee to have their music ingested and put into a host of stores worldwide, with accounting being directed straight back to the artist or label. No ongoing percentage of sales are paid to these Aggregators once the initial fee is paid which means a higher percentage of revenue is retained by the artist or label. For example, **Tunecore** costs \$30 USD for the first year (a bit more for the next) plus the artist receives regular payments instead of quarterly payments like many other aggregators. However, using a New Zealand-based Aggregator like **DRM** means you get a greater reach and understanding of the needs of local musicians and labels.

If you're an artist with a small to middle-sized profile, you

won't have the same reach as iTunes so you will definitely need an Aggregator, but you should look at **direct-to-consumer** sales too. A well-run D2C solution allows bands to sell directly to their fans using tools that are easily available for purchase through sites such as **Topspin, FanBridge, Big Cartel**, and even **Bandcamp**. This allows the band to retain control over prices, as well as allowing them to provide free and 'premium upgrade' offers, such as buying a vinyl copy packaged with a free t-shirt. For example, with the site Big Cartel, users pay \$10 USD per month for a pro account, which allows you to sell up to 25 pieces of merchandise and include three photos per product. While the artist is responsible for shipping, the site takes care of the accounting and keeps your records in order.

Bandcamp on the other hand can offer similar yet slightly more sophisticated services, like limited-time free downloads, pre-order options and private streams you can send to media. They then take 15% of your digital revenue (dropping it down to 10% once you make \$5000 USD), and 10% of merch, as well as 4-6% in processing fees.

The good news is that there are plenty of options that can be accessed with only a couple of hours work that will ensure you can get your music out there and get paid for it. Keep in mind one key principle as you make your decision – just because music is available it doesn't mean people will buy it. Promotion is still the key driver for sales.

Each of the above options has its ups and downs. An Aggregator may tie up your rights for territories outside of NZ, which can prove problematic as your band moves into other markets – but they traditionally have great promotional and sales support, which is key to having online success. D2C and one-off fee services may provide a greater return per sale but far more responsibility is on your shoulders and if something goes wrong (which it does from time to time) you are generally on your own in terms of fixing it.

If you'd like to get in touch with some Aggregators, here are some addresses you might need:

Digital Rights Management (NZ)
drm@amplifier.co.nz

Dunedin Music (NZ)
artists@dunedinmusic.com

CD Baby
<https://members.cdbaby.com>

Tunecore
<http://www.tunecore.com>

ReverbNation
<http://www.reverbnation.com>