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Web Marketing for the Music Business
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MUSIC GOES MOBILE

The global mobile music market is expected to rise to more than $17.5 billion by 2012 according to a Jupiter Research study released in early 2008 (Mobile Music Adoption, 2008). This will be driven by subscription music services and full-track downloads. The mobile music market is expected to be more successful in the area of subscription services, unlike the PC-based network, which has seen disappointing numbers for music subscription services. Perhaps the difference is that consumers desire to own music that resides in the household, but they may be more willing to “rent” music on portable devices, much like a personal radio station.

The year 2007 was considered the tipping point for mobile music adoption, according to a Jupiter Research report. Winsor Holden, author of the Jupiter report stated, “far more subscribers began downloading and subscribing to music content in developed markets, and it must be said that the publicity surrounding the iPhone launch undoubtedly contributed to consumer awareness of mobile music services per se” (http://hypebot.typepad.com). Until 2007, the majority of music for mobile devices took the form of mastertones—short excerpts from an original sound recording that plays when a phone rings. The market for ringtones, ringtunes, and the like developed throughout the first half of the decade but saw a decline in sales for the first time in 2007 as consumers moved away from phone personalization features and began to adopt full track downloads to mobile (International Federation of Phonographic Industries [IFPI]). Ringtones accounted for 62% of the mobile music market in 2007 but are predicted to account for only 38% of the market by 2012. The decline in ringtones may also be facilitated by consumers creating their own mastertones on their home computers and sideloading them into their mobile devices, and also because, in many cases, the ringtones cost more than the whole song.
While the market for ringtones appears to have peaked in 2007, new opportunities arise for independent artists and labels to feature their music for sale as ringtones. The service Xingtone offers artists the ability to sell their own ringtones to fans through the Xingtone web site. The “silver plan” is the best option for independent artists and allows artists to offer up to 15 different ringtones and set the price on each. The plan costs about $10 per month (www.xingtone.com). MyNuMo provides a similar service, but it does not charge a monthly fee. Instead MyNuMo keeps a larger percentage of the sale price (www.mynumo.com).

MOBILE MUSIC SALES

The IFPI reported that in 2007 “there was a notable pickup in sales of full track downloads to mobile, with sales accounting for 12% of all digital sales in the first half of the year,” compared to 6% in the same period a year earlier. There was quite a variation in the popularity of mobile music purchases, with Japan and China leading the way in a comparison of market share between mobile music
sales and online sales. The China/Far East region will remain the largest marketplace for mobile music sales, according to Jupiter Research’s predictions for 2012. Japan is the first market where sales of full-track mobile downloads, compared to master tones, are the leading mobile music format, accounting for over 40% of digital sales. The IFPI credits Japan’s success on the formation of mobile music retail services jointly owned by the record labels.

In 2007, France also showed a greater propensity for mobile sales than online sales, but that in part is a reflection of the weak online sales market resulting from problems with illegal file sharing and not based on large mobile music sales. France also has a weak digital music market overall, with digital sales accounting for only 7% of the market. The UK, on the other hand, has the most advanced mobile market in Europe with the greatest penetration of music phones—43% of mobile subscribers.

**FIGURE 15.2**
Top 10 digital markets, comparison of online and mobile revenue.

**MARKETING**

The emerging area of mobile music creates new challenges for marketing music to mobile devices. One of the first questions addressed in marketing is how to deliver the product to the consumer. What form should it take? How should it be distributed? And do the answers apply across the board to all segments of the market? Business models that work on the Internet
may not translate seamlessly to mobile devices. The media industries are fraught with failed experiments into new technology where old paradigms were applied without regard to unique features of the new technology. Radio shows were adapted to the new medium of television, but not without drastic modifications along the way. Music has found its way into mobile devices beginning with car radios, through the development of the Walkman, to the portable CD player, the MP3 player, satellite radio, and now the mobile wireless handset.

**Rent or Sell?**

In the absence of experience in the area of music-to-mobile, questions arise as to whether the consumer will ultimately prefer to (1) purchase and download tracks, much like iTunes; (2) subscribe to a music service much like Rhapsody; or (3) prefer to listen to streaming audio like a personal radio channel, much like Pandora or LastFM. Or perhaps some new business model not yet developed by the industry will become the consumer favorite. In the article “Marketing Mobile Music,” John Gauntt lamented, “The most pressing question facing mobile carriers, music labels, and music service providers is how consumer behavior will evolve as mobile music transitions from a phase dominated by early-adopter, active music fans to one more influenced by mainstream, casual music fans.” He speculated that the variety of ways that digital music can be packaged and played on a variety of fixed and mobile devices such as dedicated music players, mobile phones, DVD players, stereos, TV, and automotive audio systems make it likely that mobile music will not likely be permanently fixed to a specific device. But even this varies from country to country. According to Gauntt, the U.S. music market leans toward multidevice models, whereas consumers in Korea and Hong Kong prefer listening primarily on mobile phones.

The subscription-based model that has not shown success for Internet music sales does show more potential for mobile music, with consumers more willing to “rent music” that is accessed remotely. Pyramid Research estimates that the global market for “a la carte” mobile music will be worth around $2.5 billion in 2011; with subscription models, mobile music market potential swells to more than $4 billion in 2011 (not including ringtones, etc.).

Subscription services have been a hard sell to Internet users who prefer to possess their music collections on their computers. The subscription services require subscribers to sync their libraries each month to verify their subscription service is still active. This limits consumers’ ability to transfer the music to portable devices. Meanwhile, mobile companies and record labels are not enthusiastic about transferring the same iTunes business model to the cell phone because much of the profit from the iTunes model comes from hardware sales, with small profit margins on 99 cent downloads. So according to Colin Gibbs of RCRWirelessNews (2007), “recurring revenue—in the form of subscriptions—may be the key for mobile music services.”
Distribution is not a problem and financial transactions are not a problem because mobile users are billed for services monthly. The question becomes how to package and price music for the consumer. Until the industry sorts out what the consumer wants and is willing to pay for, companies that are currently in the digital music sales business, such as iTunes and Napster, wireless carriers such as Verizon and AT&T, and specialty upstarts such as Groove Mobile will continue to experiment with their offerings to consumers until something hits.

Meanwhile, the mobile industry continues to test unique marketing ideas to get music consumers more involved with using mobile devices for music discovery and consumption. Several of those strategies are outlined next.

**Music ID**

One of the most challenging problems for record labels since the 1950s has been finding ways to help music lovers connect with the music they hear and are then motivated to purchase. A gap existed between listening to the song and determining where and how to find it for sale. FM radio, with its long blocks of music, has done a poor job of helping listeners identify the music they are hearing, and therefore, the label loses out on a sale. A campaign in the late 1980s attempted to encourage radio stations to back-announce songs they played with a reminder to disk jockeys: “when you play it, say it.” In the 1990s, early versions of retail kiosks sought to provide reference information that would help consumers quickly locate music they were searching for. Some kiosks provided music samples, others had a keyword index. The Internet introduced other methods for identifying music, the most important being the music sample, which allowed consumers to recognize and confirm they had found the titles they intended to purchase, either online or in the store.

One of the more recent features of mobile phones is a service that helps users identify music so that it can be purchased. Verizon offers V-Cast Song ID. When users hear a song being played on a loudspeaker, over a radio, and so forth, they can press a few buttons to call up the service and hold the phone near the music source. The service will then identify the song and send a text message back to the user with the song title and artist. AT&T does the same thing with its MusicID feature. Verizon also offers the user the option to download the song from its music store directly to the user’s multimedia phone.

**Advertising via Cell Phones**

Although the majority of advertising on cell phones takes place through text messaging, marketers are beginning to look at other options. In a study of teens in the UK (Q Research), respondents said they preferred to receive advertisements in the form of picture ads, with text ads being the least popular. In the study,
only males under 16 preferred video ads, with other respondents expressing concern over the cost of receiving video ads.

Marketing company Echo Music developed a campaign for an artist that included sending an audio advertising of country artist Dierks Bentley’s voice telling fans about the release of a new album and playing a music sample from the album. Bentley’s voice kicked off the message stating, “Hey, dudes. Today’s my big day. I’m excited for ya’ll to hear it,” followed by a snippet from the album.

**Push/Pull and Viral Marketing via Text Messaging**

Cell phone marketers have begun using push messages to consumers’ cell phones to market products. A push message is a specially formatted short message service (SMS) text message that gives you the option of connecting directly to a particular wireless application protocol (WAP) (mobile Internet) site, using your phone’s browser. In other words, the text message has a link; by clicking on the link, the user’s cell phone is directed to a special mobile-friendly web site. According to Nester and Lyall (2003), “The majority of mobile campaigns today use (SMS) messaging. SMS messages are limited to text only and to 160 characters. Despite the limitations of the media, it has proven to be highly effective generating high brand recall and response rates.”
Pull marketing campaigns are those that target the customer to take some form of action, such as requesting or demanding a product or visiting a web site or store to learn more about a product. For cell phone use, a pull strategy may use some other form of media to encourage consumers to use their cell phones to look up a web site or respond to a challenge. Nester and Lyall used the example of a “text to win” campaign, or special offers that encourage users to log on using their cell phones to receive free wallpaper or ringtones. The TV show *American Idol* uses a pull strategy on the live program to encourage viewers to text in their vote using their AT&T phones.

Push campaigns, on the other hand, rely on the marketer sending push messages to the cell phones of potential customers. This requires that consumers “opt in” to allow the marketer to send these messages. Even then, fear of, or rejection of, spam messages may cause consumers to opt out of the process unless there is some incentive to grant permission. Marketers use enticements to encourage permission. A study of teens in the UK revealed that only 32% of teens are willing to receive ads on their mobile phones, with no enticements. These teens prefer to receive picture ads on their phones, rather than videos or text only. When asked if they would be willing if they only received push ads on things they are interested in, the positive response jumps to 71%. And, when incentives are added in, the response is even higher. In fact, in late 2007, one cellular provider, Blyk, launched a phone service in the UK that is free to consumers—it is fully advertiser funded. The service targets 16- to 24-year olds, by offering 217 texts and 43 minutes of voice calls every month for free in return for users agreeing to receive six daily push marketing messages.

The results of this study indicate that push ads need to be tightly targeted to the receiver’s interests. Nester and Lyall reported that push campaigns have a response rate of about 12%, much higher than other forms of direct marketing.

Viral marketing campaigns are new to cell phones and incorporate the notion of recipients passing along the message to others. In the blog “How to make viral marketing appealing for phones,” JayVee (2006) mentioned three factors to successful viral campaigns on cell phones:

1. Offer exclusive content: something that is not available on the Internet but only via cell phones. It could include ringtones, free music files, wallpaper, graphics, and so on.
2. Make it useful and timely: for musicians, something centered around a live concert date would be effective, offering something of value related to the concert or the artist.
3. Clearly define objectives: the goals should be simple and straightforward; create awareness for the product or service; encourage recipients to pass along the message; elicit a call to action (log on, download, etc.).

There are several Web 2.0 sites that facilitate group SMS messaging and are available to end users, making it perfect for the do-it-yourself (DIY) music marketer. GupShup is a site that allows users to easily start an SMS group. Musicians can
start a group, invite friends and fans, and have a convenient method to send out blast messages in support of their career. The GupShup site outlines three simple steps to start a GupShup from your mobile phone:

1. Create your group by sending an SMS to 567673434. Example: CREATE mybandname.
2. Invite friends to your group. SMS the following to 567673434: INVITE fan1, fan2, fan3, friend1, friend2, friend3.
3. SMS, your message to 567673434 to post a message to your group.
   Example: Hi, we’re the Rock Dudes and this is our group of friends and fans. Please check out our new recordings at ….

The service allows you to send group text messages to mobile phones from your phone, encouraging them to pass along the message and respond to the call for action. New groups can issue up to 50 free invitations or up to 200 opt-in invitations. You then can send out a mobile text SMS message to all members of the group, such as 2night @ bluesvil lounge ROCK DUDES @ 8 dont B L8.

Another service, TextHQ allows you to “send text messages from your PC to mobile phones. Send text messages to one phone or group of phones instantly. Upload pictures to your gallery and send them to mobile phones worldwide.”
TextHQ is not a fee service, but prices are reasonable at 250 messages for under $30, and the service offers delivery notification. Zlango is a platform that transforms SMS into a colorful icon-based experience; a combination of text and icons can be sent to mobile phones. Their plug-ins and widgets allow for some creative communication, but as of April 2008 it was not available in the United States. ZipToPhone is a free text messaging service. Using this simple tool, you can, from your computer browser, easily send SMS messages to a cell phone. Mozes is a service that boasts, “Take your fan club mobile … Broadcast text messages to your various groups and get quick replies, or poll them and see instant results on the web too. You can ask your mobile mob trivia questions, send coupons, run contests and more.” Kadionk offers to mobilize your social networking (www.kadoink.com). Twitter has features and widgets to interface between the web and mobile phones at www.twitter.com.

### SMS Messaging Services

- **GupShup**: [www.smsgupshup.com](http://www.smsgupshup.com)
- **Zlango**: [http://zlango.com/products](http://zlango.com/products)
- **ZipToPhone**: [http://ziptophone.com](http://ziptophone.com)
- **Mozes**: [www.mozes.com](http://www.mozes.com)
- **Kadoink**: [www.kadoink.com](http://www.kadoink.com)
- **Twitter**: [www.twitter.com](http://www.twitter.com)

*More links at [www.go2web20.net](http://www.go2web20.net).*

### Proximity Marketing

Proximity marketing is the localized wireless distribution of advertising content associated with a particular location, generally a retail establishment, transportation hub, or venue (Wikipedia). The electronic marketing messages are delivered to willing customers’ handsets and may include store coupons and discounts.

A press release from Ace Marketing and Promotions states:

> What if you could tap every potential customer on the shoulder within 100 m of your location and send them a business card, advertisement or special offer directly to their mobile phone? What if you could do this constantly, without worry about the cost?

Proximity marketing allows businesses to do this as long as the customer has the equipment to receive and has agreed to accept marketing messages. Messages should not be sent to customers who have not opted-in to receive them. Bluetooth-enabled cell phones and PDAs, as well as cell phones equipped with a GPS system, are among the current generation of mobile devices that are capable of being targeted by proximity marketing. Proximity marketing services are capable of sending text messages, video clips, ringtones, audio files, and promotional or discount messages.
coupons complete with a graphic representation of bar codes. An article in South Africa’s BizCommunity.com touts eight advantages of proximity marketing over other forms of marketing (from Proximity Marketing Revealed, Imajinn):

- **Speed.** Content is delivered to mobile devices in seconds
- **Cost.** Significantly cheaper than direct mail or other media
- **Relevance.** Content to users in relevant places at relevant times
- **Interactivity.** Interact with or engage consumers nearby
- **Proximity.** The mobile device is always in the consumer’s pocket
- **Reach.** 100% of current mobile phone market, for example
- **Personalization.** Bespoke content per individual consumer
- **Viral.** Content shareability factor allows for peer-to-peer transfer

Proximity marketing is also capable of responding to pull marketing, where consumers seek out nearby retail establishments by logging on to the Internet using their mobile devices. The system would note the location and then send a customized list of appropriate retailers in the vicinity of the consumer’s device. For example, someone traveling who would like to know the names and locations of nearby pizza parlors could simply log on, type in “pizza,” and get a local list.

One of the most relevant applications of proximity marketing in the music business is proximity marketing at concerts and venues. One of the tenants of proximity marketing is having members of the target market in the area who will be responsive to the marketing messages. In all applications of proximity marketing, these messages need to have some appeal to the recipient in the form of (1) information they may desire to have, (2) special offers, (3) privileged access or opportunities, or (4) “advertainment,” something that entertains as well as advertises.

**Concerts**

Marketers have been finding new ways to incorporate cell phone marketing into live performances since the mass emergence of cell phones at concerts began to influence shows in the 1990s. Although recording devices and traditional cameras are not allowed into concert venues, use of cell phones is actually encouraged lately and incorporated into the concert experience. Journalist Neil Strauss of the *New York Times* wrote in 1998 of the emergence of the use of cell phones at concerts for something other than talking: fans were holding up cell phones, allowing someone not in attendance to hear the music. This first display of cell phone interactivity at concerts was just the beginning. A few years later, bloggers started to write of their experiences at concerts where the crowd was prompted by the artist to hold up their opened clam-shell phones to bask the audience in the blue glow from cell phone screens. At that point, the cell phone had replaced the old (and hazardous) tradition of holding up lit cigarette lighters at concerts. Now, some acts will provide specific wallpaper for fans to download that they can use when they participate in the “screen glow” events. In an effort to engage music fans in interactive marketing endeavors, many new forms of interaction via the cell phone have emerged to enhance the concert experience that maximize marketing potential for the artist. The advantage for artists is that they