



Label Execs Assess Results Of Digital-Delivery Music Test (Billboard- February 19, 2000 Page 3)

BY DON JEFFREY

NEW YORK-The major music companies and IBM last month completed their research on a six-month digital delivery market trial called AlbumDirect (previously code named the Madison Project), and some executives involved say it was a success.

Paul Vidich, executive VP of Warner Music Group, says, "The purpose of the test was twofold: first, a test of technology; secondly, to be a test of consumer attitudes toward the downloading of music. We were very pleased with the test."

About 1,000 San Diego consumers who subscribe to the high-speed cable-modem service called Road Runner participated in the trial, which lasted from June 29 through Dec. 15. An additional 100 households were added in October in Portland, Maine, to test an Internet-delivery element.

More than 1,000 albums, both new and catalog, and about 200 singles were made available for the test. Project officials say there were nearly 4,000 downloads of more than 50,000 tracks for sale.

Music company executives decline to say what consumers paid for the music. They say project managers set up a "store" and set prices. But it is believed albums were initially sold at list price and that the record companies authorized discounts at different times.

Edgar Bronfman Jr., president/CEO of Seagram, the parent of Universal Music Group, told analysts in response to a question about pricing in the project that the trial was about "whether people were interested in downloaded music . . . It was not a consumer trial about pricing and packaging. We were selling albums in line with offline retail [pricing]. All that's still ahead of us."

On average it took 12-18 minutes to download a 74-minute full-length CD. Participants were provided with CD burners, blank CDs, and jewel cases and were able to download graphics and text.

IBM provided the technology-Electronic Music Management System (EMMS)-for the downloading, digital rights management, playback, and clearinghouse functions.

Some sources reported glitches. But, Vidich says, "there was no single significant technical issue that we encountered."

He adds that Warner Music Group is now evaluating more than seven different technologies for "a commercial industrial-strength" system for offering digitally downloaded music for sale in the U.S. by midyear. "The EMMS system we used there is clearly one we're seriously looking at," he says.

Research from the trial was gathered in January and will be used to gauge consumer acceptance of digital music commerce.

Also taking part were BMG Entertainment, EMI Recorded Music, Sony Music Entertainment, and Universal Music Group.

Al Smith, senior VP of Sony Music Entertainment, says in a statement, "Project Madison gave us insight on duplicating the consumer's physical retail experience in the electronic world, delivering full-length recordings in true CD-quality audio, with album art and liner notes."

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