

## APPLE COMPETITORS RUSHING SERVICES

06/16/2003 10:20 AM

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NEW YORK (Billboard) - A month after Apple opened the doors to its digital music store, at least seven media and technology powerhouses have taken the starting blocks in the race to capture the PC market.

Meanwhile, Apple is looking to widen its offerings through deals with independent labels.

Microsoft, AOL, MTV, amazon.com, Yahoo, Roxio, and MusicMatch are among the companies exploring pay-per-download services, according to sources.

Each company has long expressed a desire to tap into the 99-cent digital singles business.

But with Apple planning to bow a PC version of iTunes - perhaps by the end of the year - rivals of the computer maker are upping the speed of development for their a la carte services, sources familiar with the companies say.

They are attempting to keep pace with Apple, which is now courting support for iTunes from independently distributed labels and free-standing, major-distributed imprints.

Attendees estimate that representatives of between 80 and 100 labels were among 200 people who filled an auditorium at Apple's Cupertino, California, headquarters June 5 for a presentation on iTunes.

Thus far, iTunes has only featured content from the major labels. But that may change quickly.

## IGNITING AN INDIE BOOM

With Apple reporting download sales of roughly a half-million tracks per week, excitement for iTunes is high in the indie sector.

"When they roll this out on PC, they're going to have all this independent product," says a representative of one prominent indie label, who declines to be identified. "It's also going to be the holiday season ... It's going to be an explosion. We want to be a part of that."

Los Angeles-based Lakeshore Records and Delvian Records in San Francisco, among others, have already pledged to supply content to Apple.

Sources present at the meeting say the terms offered to the indies were identical to those granted to major-label participants: a 65%-35% split of proceeds from the 99-cent downloads, favoring the labels, with payments every month. A host of other services are expected to court indies and majors in similar fashion in the near future.

Microsoft is already showcasing a demo of its service to the labels, according to a recent published report in the Los Angeles Times. Microsoft declined to comment.

AOL is readying a digital singles program with integrated shopping functionality that is expected to bow in six to nine months.

Mtv.com and vh1.com, which are currently without a digital distribution partner, also expect to relaunch a commercial digital-music initiative this year.

Amazon, which sources say is looking into launching an a la carte store, has long maintained an interest in the download business.

Talk in the press of Amazon entering the digital music fray has been on the rise since the bow of the iTunes service.

To date, the e-commerce giant has held back on a download store, citing concerns about the quality of the user experience with existing digital rights management rules.

Amazon declined to comment.

## SALES RECORD

The rise in the development of pay-per-download services comes as sales of digital downloads through iTunes are stabilizing.

An attendee of Apple's recent presentation for potential indie label content partners says Apple reports that iTunes is now selling about 500,000 songs per week.

In its first week, iTunes claimed it had sold more than 1 million downloads.

Apple also says it has sold more than 3.5 million songs through iTunes since the service launched in April.

In other chatter from the meeting, attendees say Apple reports that 45% of all songs have been bought as an album - which has helped the service sell more than 75% of the songs in its catalog at least once.

Apple also told attendees that 90% of sales through iTunes are one-click downloads, meaning consumers are storing their credit-card information on the service so they do not have to re-enter it with every purchase.

Companies targeting the PC market view the early performance of iTunes - which is only available to a limited segment of Apple computer users - as a potential sign of much larger demand there.