Training Guide for Sales and Customer Support

Background:

- Background information about the industry or the problem

  Amazon, a world leader in book self-publishing, is planning to enter the music self-publishing space. There is a crucial need for a self-publishing platform in the music industry for both artists/songwriters as well as streaming services like Amazon Prime Music.
  - Songwriters/Artists – Typically receive 50% of compositional royalties and 15% of recording royalties respectively under existing agreements with labels and therefore few of them make any real money
  - Streaming platforms – Though streaming revenues grew 24% Y-o-Y in 2019 to reach $11.9B, growth is slowing because of flat subscription rates. Content differentiation through more exclusive content arrangements with artists is key to raising subscription rates and revenues.

- Problem Statement: what is the problem your product is solving?

  Amazon Prime Music has grown rapidly yet addresses an older customer base. Amazon Music Unlimited, Amazon's paid music subscription service with younger listeners on the other hand grew more than 50% in 2019. There is therefore an opportunity for further growth in streaming revenues in the younger customer segment by onboarding more independent artists through our self-publishing platform and selecting talented new musicians for exclusive content deals on Amazon Prime Music.

- Product Goals: how does your product solve the problem

  Our goal is for Amazon Prime Direct to become the preferred music self-publishing and distribution platform for independent songwriters/ artists.

  With Amazon Prime Direct we expect to sign up at least 500 new artists with an average of 2 album releases in the first year and at least 1000 new artists with an average of 2 album releases in the second year.

With Amazon Prime Select (the augmented offering) we expect to sign up at least 10 new artists with an average of 2 album releases in the first year and at least 15 new artists with an average of 2 album releases in the second year

- Product value proposition
  We propose a plain-vanilla and an augmented self-publishing platform with the following benefits to users
    - Prime Music Direct (plain vanilla)
        - Non-exclusive publishing and distribution arrangement
        - No fee to upload music on Amazon platform
        - 15% commission retained on master, performance and mechanical royalties to artist/songwriter
        - Option to upgrade to augmented offering (Prime Music Select)
    - Prime Music Select (augmented offering)
        - Exclusive publishing and distribution arrangement with Amazon streaming platforms
        - 100% of master, performance and mechanical royalties to artist/songwriter
        - Marketing support, radio/playlist plugging, sync-licensing, etc

  Our product advantage over competition can be summarized as follows:

  "For the independent music artist and songwriter Amazon Prime Music Direct/Select offers a platform that provides them a user-friendly interface to quickly upload and publish their music to online music stores of their choice. Unlike with traditional recording label deals, our users benefit from brand and content association with Amazon Prime Music, get to keep the lion's share of their royalties with timely and transparent payments and have their CDs/Vinyls distributed through the world's largest ecommerce store at no extra cost."

Market background:

- Target audience:
  Research reveals the following insights about our target customer the independent artist:
    - Looking for respect and recognition over cash
    - Wants to build up a loyal fanbase of any size
    - Wants to build online and streaming success on their own terms.

The above fits the profile of our target customer for Prime Music Direct. We intend to reach out to them mainly through digital marketing with a mix of App Store SEO and paid advertising and posts in blogs and forums for indie musicians.

Our target audience for Prime Music Select is similar to above except that they are already somewhat established and hence ready to be onboarded to the augmented offering with exclusive content deals. The sales team will identify such musicians through market intelligence and through working with in-house talent scouting team and reach out to them through telecalls and email marketing.

- Targeted market
  In 2019 the Artists Direct category (those who distribute music through open distribution platforms) grew 32.1% to reach $873M in recording royalties alone. Publishing royalties would be another 1/5th of the amount at $ 175M. According to industry sources, while COVID -19 induced lockdown may hinder big artists and recording studios from publishing music, independent artists are expected to release music more frequently providing an opportunity for our product. The size of the Artists Direct market that represents out opportunity in 2020 at current growth rates is over $1.2B.

  Our sales and marketing efforts will be directed at the target market of Artists Direct as outlined above. Our product is a mainly a mobile app and thus readily accessible from both IOS and Android app stores. In terms of geography we will first roll out the product in our home territory before venturing internationally.

- Competitors
  1. CD Baby
     - Largest online distributor of independent music in the world representing over 750000 artists, 170000 songwriters
     - One-time (non-recurring) fee for albums and singles
     - 9% commission on digital sales
     - Publishing royalties collected through CD Baby Pro upgrade charging 15% commission
     - Physical distribution program for cd/vinyl in partnership with e-commerce platforms
     - Over $100M of $643M independent artist royalties in 2018 generated by CD Baby and gross revenues of $120M

  2. Tunecore
     a. No commission
     b. Annual fees (recurring)

c. Offers advances for future revenue projection
d. Revenue analytics and trending reports
e. Songwriter royalties collected through Tunecore Publishing (15% - 20% commission)
f. Distribution income for artists reached $308M in 2018, a 28% Y-o-Y increase
g. Publishing administration royalties grew 42%

Product Background:

- Three main features

  Feature 1:

  Before starting a new release the app checks if the user has album artwork and audio files in required format. In case the user does not then he/she can avail of the app's inbuilt artworks library and/or audio file converter to convert files before uploading.
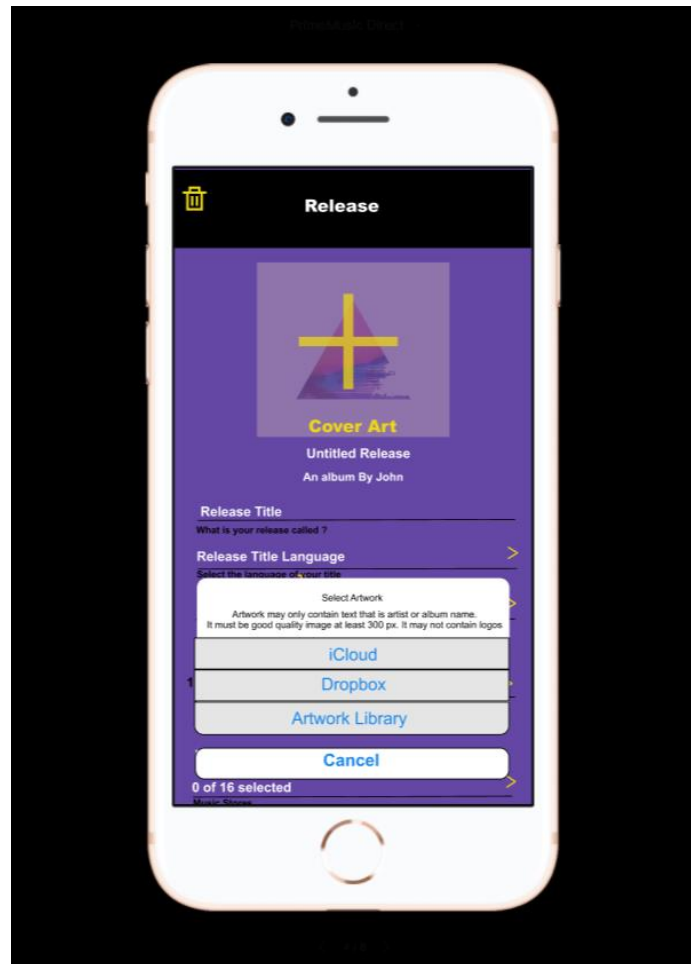
  Screenshot from Figma prototype
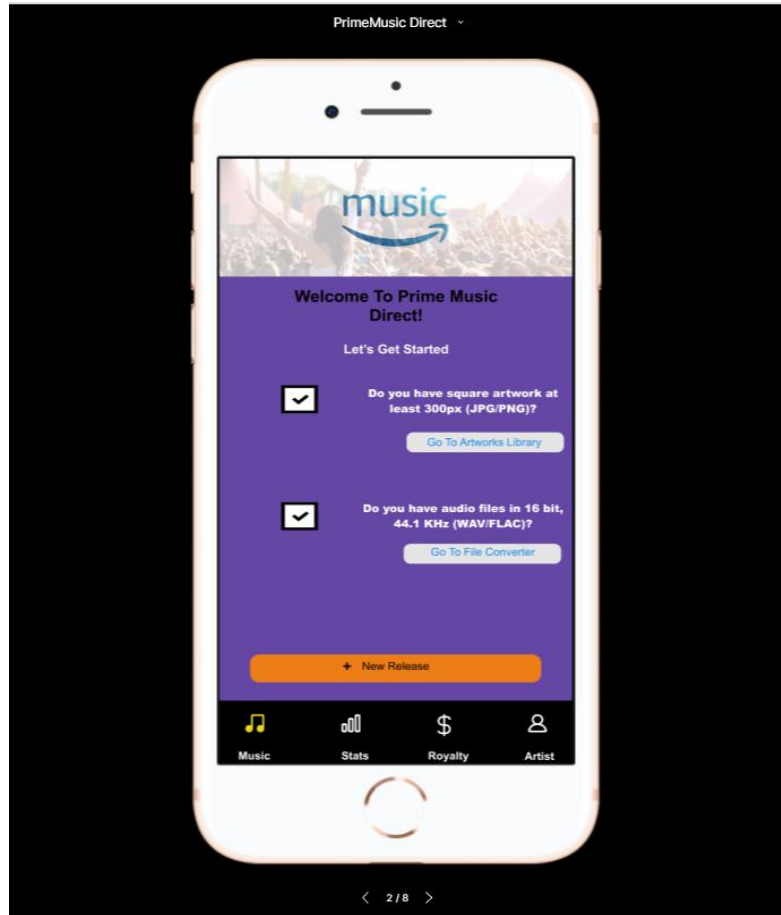
Feature 2:

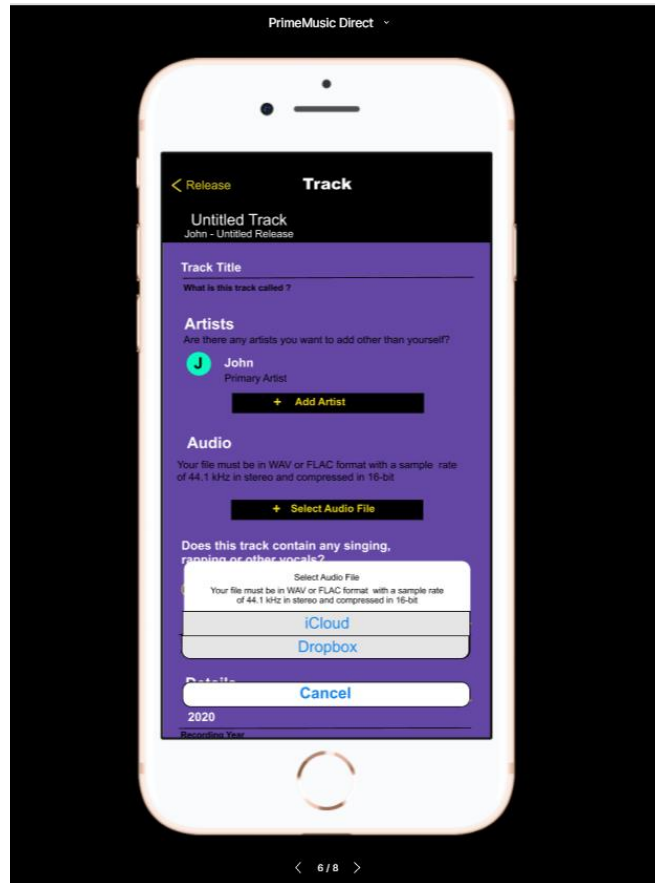The user can upload album artwork in required format from a cloud service or artworks library

Screenshot from Figma prototype

Feature 3

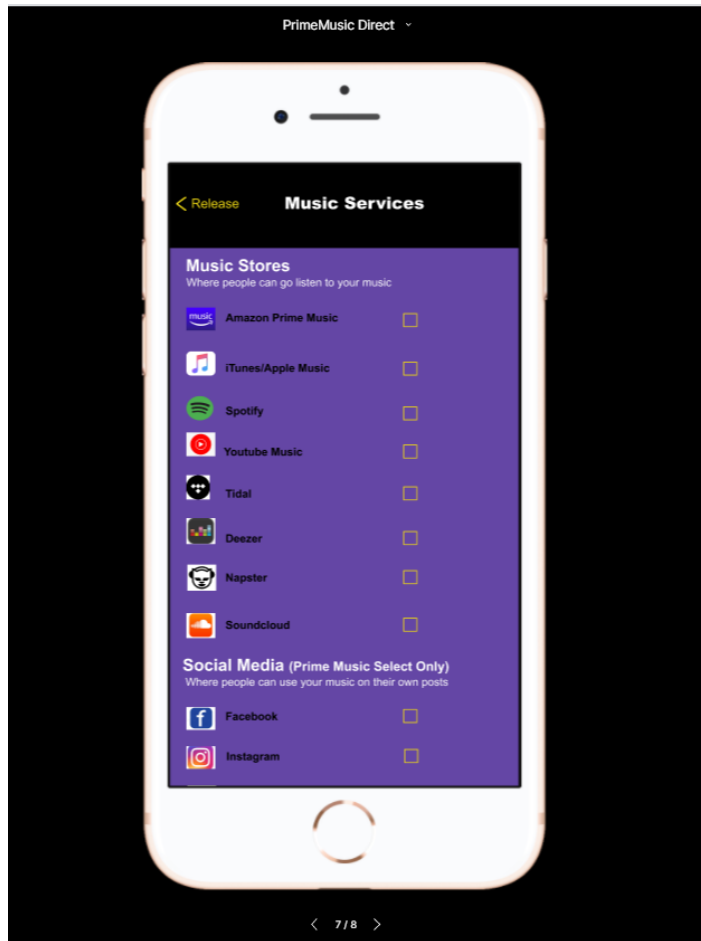For each track in album the user can upload audio file in required format from a cloud service

Screenshot from Figma prototype

Feature 4

Once album is uploaded and release details filled in the user can choose which online music stores he/she wants to distribute the album to

Screenshot from Figma prototype

- Known Issues Support Need To Know

  - Often users will not have cover art, audio file in required format and may not find Feature 1 above self-explanatory. When they are unable to upload files (because they are not in required format) and contact support they will have to be guided on how to use the in-built artwork library and / or file converter as shown in Feature 1 above.

  - Many users will not have uploaded their files to a cloud service before uploading to the platform. While encouraging users to do so, in the event they wish to upload from their device or an external disk, support will have to provide required upload link.

Pricing:

- Prime Music Direct:

15% commission retained on master, performance and mechanical royalties obtained by artist/songwriter. No other upfront or recurring cost for uploading music on the platform. This is a value-based pricing strategy based on the value we are offering the Prime Music Direct user of easily uploading and distributing their own music without any other ancillary support from our side. This is also in line with prevailing pricing models adopted by similar competitors like CD Baby and Tunecore where a percentage commission, a one-time or recurring upload fee or a mix of both are charged to users.

- Prime Music Select

100 % of master performance and mechanical royalties go to selected artis/songwriter and there are no charges. This is in return for exclusive content tie-in with Amazon Prime Music.