



Amazon Prime Music Direct

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Background

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

Amazon Prime Music has grown rapidly yet addresses an older customer base. Amazon Music Unlimited, its paid subscription service with younger listeners 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.

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.

The advantages of our product in relation to competition are:

- Brand association with Amazon
- Lion's share of royalties to artists and songwriters and no upfront/recurring costs; marketing support and exclusive content deals for Prime Music Select users
- CD/Vinyls distributed to the world's largest e-commerce store at no extra cost
- Transparent and swift royalty payments with splits

Goals

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. Our projected ROI with this product in the first year only from digital streaming revenues is 14%.

With Amazon Prime Select 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

By the end of Year 5 our goal is for Amazon Prime Direct & Select to capture at least 30% share of the Artists Direct Market and at least 10% share of the total Artists Direct & Indie Labels market

Success Metrics

- Launch an app with at least 4.5 stars ratings on the app store
- At least 500 sign-ups for Prime Direct in first year
- Average of 2 album releases per artist in the first year
- Minimize the time needed to upload album on the app to less than a day

Key Features & Scope

Priority	Feature	Description
P0	Sign-in with Amazon account	The user should be able to log in to the app using Amazon account only
P0	Upload cover art	The user should be able to upload album artwork from a cloud service
P0	Include release details	For each release the user should be able to fill in details like release name, language, date of release, genre, etc.
P0	Include track details	For each track the user should be able to add details of artist, writers, contributors

P2	Feature to edit royalty splits in track details	We could look at giving the user the power to do this on the app but it is a 'nice-to-have' and not necessary
P0	Choose stores for delivery	The user should be able to choose which music stores she wants the release to be in
P2	Choose social media for publicity	This is really a feature for the augmented offering and thus a 'nice-to-have' on the main platform but not necessary
P1	Sales and other reports and stats	Important to enable this feature soon after launch
P1	Royalty tracker	Important to enable this feature soon after launch
P0	Post submission status page	The user should be able to see if the upload is successful or not

Core UX Flow

[Prototype](#) (please paste link below in browser if required)

<https://www.figma.com/file/67UP8vEkfITK7YEsUZ166Q/PrimeMusic-Direct?node-id=0%3A1>

Target Market

The Artists Direct category (those who distribute music through open distribution platforms). 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.

Research reveals the following insights about our target user 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.
- While COVID -19 induced lockdown may hinder big artists and recording studios from publishing music, independent artists are expected to release music more frequently

Estimated TAM

- The total addressable market for our self-publishing product is the \$7B share of global recorded music revenues held by independent labels and artists direct

- The artists direct sub-category has seen the fastest growth of 32.1% to reach \$873M representing 4.1% of the total market. This represents recording royalties and publishing royalties would be another 1/5th of the amount at \$ 175M.
- **The size of the artists direct market that represents our opportunity in 2020 at current growth rates (24% for streaming revenues) is over \$1.2B**

(Source: <https://rainnews.com/midia-research-streaming-was-56-of-the-21-5-billion-in-global-music-revenue-for-2019/>)

Competitors

Competition comprises open distribution platforms which allow music upload and distribution to streaming platforms based on commission-based or one-time / subscription fee-based models.

1. CD Baby
 - a. Largest online distributor of independent music in the world representing over 750000 artists, 170000 songwriters
 - b. One-time (non-recurring) fee for albums and singles
 - c. 9% commission on digital sales
 - d. Publishing royalties collected through CD Baby Pro upgrade charging 15% commission
 - e. Physical distribution program for cd/vinyl in partnership with e-commerce platforms
 - f. 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%

(Sources:

1. <https://aristake.com/post/cd-baby-tunecore-ditto-mondotunes-zimbalam-or>
2. <https://www.musicbusinessworldwide.com/tunecore-is-collecting-nearly-1m-a-day-for-its-independent-artists-who-just-earned-over-500m-within-a-year-and-a-half/>
3. <https://www.musicbusinessworldwide.com/cd-baby-expands-into-india/>)

Acquisition Channels

1. Paid advertising and posts in forums and blogs run by indie musicians
 - Our target audience (independent musicians) are easy to reach here
 - Blog posts by influencers in these channels can serve as recommendations for our product
2. App store SEO
 - Our product is primarily a mobile app
 - App store SEO leading to more downloads will enhance our app's ranking and visibility
3. In-house talent scouting team
 - Required for onboarding musicians with Prime Music Select (the augmented offering)
 - Talent scouts can successfully identify suitable talent and pitch the platform effectively

Marketing Guide

Link to marketing guide below:

[Marketing Guide](#)

Pricing Strategy

The pricing strategy is set for regular Prime Music Direct product as the augmented Prime Music Select is a different model where artists get to keep all their royalties in return for exclusive content deals.

- Revenue Goals – Our revenue goals are based on the following assumptions
 - Product goal of 500 new artists signed up in the first year with two album releases per artist – total 1000
 - Targeted average number of sales per album – 50
 - Targeted total number of albums sold – 50000
 - Only digital streaming revenues considered
 - Targeted album sales have been converted into equivalent number of streams and average streaming payout across DSPs considered as per The Trichordist

2019-2020 Streaming Price Bible to arrive at total streaming payout of **USD 304134**

- A 15 % commission charged as per rationale given below results in revenue goal of **USD 45620**
- Pricing Strategy – Our pricing strategy of 15% commission retained on master, performance and mechanical royalties to artist/songwriter 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.

Pre-launch Checklist

1. Digital Sales & Marketing Team
Discussion point: App Store SEO optimization plan, targeted advertising plan, blog posts in forums
2. Talent Scouting Team
Discussion point: Outreach plan for artists to be signed up for Prime Music Select
3. Technical Writer
Discussion point: App store release notes, help center documentation
4. Customer Support
Discussion point: Customer feedback plan, query resolution mechanism
5. Engineering
Technical risk mitigation plan for launch, rollback plan

Risk Factors

1. Legal
 - Risk of copyright violation
 - Caused by users worried about uploading songs that could be potentially plagiarized
 - Mitigation will include checking with legal team in advance if process to counter copyright violation is in place
2. Technical
 - Risk of product failure at launch
 - Caused by some features not working as expected
 - Mitigation will involve having a rollout plan worked out with engineering to reinitialize the product

3. Support

- Risk of failure to provide support at launch
- Caused by users reaching out to support for help with product
- Mitigation will involve adequate training to support team before launch, user guides and other help center documentation in place

Training Guide

Link to training guide below:

[Training Guide](#)

User Guide

Link to user guide below:

[User Guide](#)

Post-launch A/B Test (Amazon Project)

- **Problem:** Post-launch data for the first five weeks shows that in terms of number of items recorded and number of items posted there is a 20% lower adoption in music sector than in the self-publishing video sector.

Sector	Items recorded	Items posted
Video	2000	1000
Music	1600	800

- **Goal:** Raise the adoption level in the music sector in terms of number of items recorded and posted by 20% over the next five weeks
- **Hypothesis:** Our hypothesis is that many users do not have audio files and / or album artworks in required format and hence are not able to upload to the platform
- **Solution:** Send push email notification to users highlighting that the platform has a free tool for converting audio file to the required format and an in-built artworks library to choose album artworks from.
- **Test:** 50% of the users will not get the notification(control group) and 50% will get the push email notification twice over the next five weeks (test group) and we will see if recordings and postings increase in this group.
- **Success Metric:** A 15 – 20% increase in recordings and postings among the test group over the next five weeks.

Launch Email

Link to launch email below:

[Launch Email](#)