



Business Matters: MySpace, Grooveshark, Netflix and more

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By Glenn Peoples

MySpace Redesign

-- MySpace users' home pages are getting a redesign. Some users got the new page on Wednesday but the broader rollout isn't until Monday, August 16. The new page looks a lot like a Facebook page, with a feed (called a stream) dominating the layout and tabs to other pages (status, photos, videos, apps, etc.). What this means for artist pages is not yet known. At the top of my wish list is an improved music player that loads faster and does not have pop-up ads. ([MySpace](#))

Grooveshark iPhone App Gets Rave Review

-- Matt Rosoff of Digital Noise has review of the Grooveshark iPhone app. "It compares favorably on a feature-to-feature basis with other subscription services on iPhone, with features like queuing (so you can add a search result to your current playlist) and a radio function that picks songs similar to the currently playing selection so you don't have to do the work of building your own." Song selection, however, is where the app – a function of the overall service, actually – falls short, he writes. Even so, Rosoff gives both the service and the app high marks and says "if you have an iPhone and love music, there's no better way to see the power of a subscription service." The app is free and comes with a free 30-day trial. ([Digital Noise](#))

Inside An Album's Sales Trajectory

-- With albums able to grab such strong first-week sales these days, it's not too early to wonder what will happen to Arcade Fire's "The Suburbs" this week. Will it have a typical second-week fade or will media attention help give its sales trajectory or more gentle slope?

The band's third album had a strong debut with 156,000 units, beating Eminem's "Recovery" by just 4,000 units and landing atop the Billboard album chart. This kind of release tends to get a lot of iTunes preorders. Indeed, 62% of sales were digital. (Amazingly, the band sold only 52,000 single track downloads from the album. This is definitely an album buyer's album.) First-week sales were helped by widespread media coverage, an appearance at Lollapalooza, a live broadcast on Vevo and a \$3.99 sale price at Amazon.com's MP3 store (the price is currently \$7.99).

Last week, Avenged Sevenfold's "Nightmare" dropped 72% while Tech N9ne Collabos's "Gates Mixed Plate" fell 71%. In 2010, dozens of well known titles have had really big fades. MercyMe's "The Generous Mr.

Lovewell” dropped 80%. Barenaked Ladies’ “All in Good Time” fell 79%. Releases by Vampire Weekend, Dead Weather, Gorillaz, Alkaline Trio, Nick Jonas & The Administration, Beach House, Scissor Sisters and many more had second-week drops of greater than 60%.

But it won’t be so terrible when “The Suburbs” has a big second-week drop. In fact, a big fade next week would be typical for an album without a radio hit. And besides, the true measure of an album is not first-week sales, but sales over a long period of time. Sales that previously would have come in the weeks after release are being front-loaded due to digital marketing and greater fan awareness. Digital retail allows for both instant purchases and pre-orders. That an album has a shorter stay at or near the top of the chart is not a good or bad thing, it is simply a fact of today’s market.

The Devaluing of Music

-- Merge Records co-owner Laura Ballance on Amazon.com’s temporary \$3.99 price for Arcade Fire’s The Suburbs: “Devaluing music is something that concerns me greatly. But it’s hard to draw a hard line on it. At this point, people can download music for free if they really want to. If you’re trying to get people to buy music, people who wouldn’t otherwise, maybe that’s the way to do it. Just to make it so cheap that it tips the scale.” ([LA Times](#), via [Daily Swarm](#))

Netflix's Blockbuster Deal

-- Netflix’s deal to acquire streaming rights from Epix is certainly a blockbuster, but it also shows the momentum behind streaming entertainment isn’t coming from the long tail. Epix is a joint venture of Viacom, Lions Gate Entertainment and MGM. The deal will give Netflix streaming rights to those studios’ movies just three months after they air on pay-TV. The deal won’t come cheap – Netflix will pay about \$180 million a year. Better streaming rights will help transition the company away from physical DVDs and help reduce its \$600 million in spends each year mailing DVDs to customers.

The Netflix-Epix deal shows the power of using hit titles to lure customers and fend off competition. Netflix already has quite a long tail in its on-demand streaming catalog. But the company cannot compete without hits in its on-demand catalog. Greater value can be derived from adding “short head” titles for on-demand viewing. This is antithetical to “The Long Tail,” which urged aggregators to push niche content because it will end up being more valuable. But that’s obviously not the case here. A service like Netflix, hailed for its ability to serve niche content, can’t compete based only on that niche content. Depth and variety of catalog will be important, but they won’t be the deciding factors in movie services’ success. ([Los Angeles Times](#))

Arcade Fire's Vinyl Success

-- Lost in the media hoopla over Arcade Fire’s success with “The Suburbs” is the incredible success of the vinyl format. First week sales of the vinyl LP totaled 6,100, according to Nielsen SoundScan, or 4% of sales. Vinyl sales alone would have put “The Suburbs” at #67 on the Billboard album chart. In comparison, Vampire Weekend’s “Contra” did a “mere” 3,300 units of vinyl LP in its first week of release – 2.7% of its 124,000 first-week sales.

MySpace Launches Romeo

-- MySpace Music launched a **new video application called Romeo** which is aimed at offering a highly personalized video experience, according to a release. Romeo allows users to choose music based on their moods or from a sopecific genre (there are 13 moods and 15 genres), offers the ability to easily share videos easily through social networks, and is integrated with iTunes, among other features. The app can be used on the Web and on the iPad.

Rationale For Reduced Damages In Tenenbaum Case

-- In article for the **Washington Legal Foundation**, Ben Sheffner (attorney, blogger and Billboard contributor) finds fault with Judge Judy Gertner's rationale for reducing damages in the Joel Tenenbaum file-sharing case.

“So how did Judge Gertner reach the reduced amount of \$2,250 per work, which she determined was the maximum allowable under the Due Process Clause? This is where her opinion took perhaps its strangest turn. Judge Gertner purported to rely on the venerable doctrine of treble damages, under which a court may award three times the amount of actual damages in antitrust and other types of cases. But Judge Gertner did not treble the amount of actual damages she found (\$1 per song), but instead trebled the minimum amount permitted under the Copyright Act, or \$750... In other words, she did not treble the amount of actual damages; she actually multiplied it by 2,250, an act that seems particularly arbitrary, and that finds little support in logic or the case law.”

If this case was to reach the Supreme Court, he concludes the justices would be deferential to the range of statutory damages established by Congress. That would be bad news for Tenenbaum. **(WLF's Legal Background)**