



# TuneCore

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September 23, 2008

## TuneCore's "Mind-Blowing Music Industry In a Box"(Pollstar)

There's been plenty of press about the digital distribution of music and how online services like iTunes, eMusic, and Rhapsody level the playing field for major artists and obscure indie bands alike. But how does an artist or band place their music on those sites? Send an unsolicited CD to Napster? E-mail Steve Jobs? Or hope and pray for major label distributorship?

Sure, one of the above might work. Or you can place your music with TuneCore and let the company, which specializes in distributing music to music download stores, do all the heavy lifting.

"Traditionally, if you were a band, if you were The Beatles, Led Zeppelin, Madonna - take your pick - you could record music, you could manufacture physical product, you could tour, you could market and promote yourself. You could do all that even without a record label," TuneCore president, CEO and co-founder Jeff Price told Pollstar. "The one thing you just couldn't do was distribute your music. You had to deal with the record label and the record label had to deal with the physical distributor."

As co-founder of spinART, Price knows all about the traditional business model for music distribution. During his 15 years as its general manager and president, the indie label released CDs by artists and bands including

Frank Black, Pixies, John Doe, Richard Thompson and Echo & The Bunnymen.

What's more, Price knew countless artists and bands were never picked up by a label, indie or major, and therefore never had that all-important distribution deal needed to expose their music to worldwide audiences. And he saw an opportunity.

"My thought was, if I could remove this from being a gamble - that is, the label gambles on something becoming famous and successful to generate revenue - and turn this into a democratized industry and let everyone in, I'd probably be on to something," Price said.

Legend says Greek inventor Archimedes had the original "eureka" moment while lounging in the bathtub. For Price that moment occurred in the shower when he realized digital distribution had radically changed the music industry in two distinct ways.

First of all, under the traditional pre-Internet model, a finite amount of shelf space limited what stores could stock. Secondly, stores were limited to inventory. If a store sold out of the latest CD by a band or artist, it had to wait for another shipment before selling any more.

But it's no longer necessary to press 100,000 copies to sell 100,000 copies. Digital means taking one file and selling 100,000 copies. It's an inventory of one that keeps replicating itself based on demand.

"So I was thinking about this and I said, 'Why don't we turn distribution into a bottle of water?'" Price said. "Anybody on this planet can walk into a store and buy a bottle of water. They don't discriminate. Why don't I do the same thing with distribution? Why don't I create something to enable anybody who creates sound or music or spoken word, or even video for that matter, to have access to distribution? And that was the idea behind TuneCore - to create a Web site that anyone on the planet can go to. There's no filter. They just show up. They create accounts.

"Imagine if it was 20 years ago. I bump into you and in your back pocket you have a CD, a recording you made of your band. And I said to you, 'Pay me \$30 and now your CD will be on the shelf of every Tower Records

store in the world and there will be infinite inventory. And every time it sells in Tower Records you're going to get 100 percent of the money.

"You'd think I was out of my mind. But that's literally what TuneCore is. It enables anyone to have worldwide distribution for a simple up-front flat fee. We take none of the rights. There's a 100 percent pass through the revenue. We take no back end," Price said.

TuneCore charges 99 cents per track, 99 cents per store per album and \$19.98 per album per year storage and maintenance. Or you can put up one song as a single for a flat price of \$9.99 per year, all stores included. TuneCore also offers additional services, like real CDs, jewel boxes and full art with pricing based on the amount of CDs.

In addition to distribution to online music services, TuneCore also has a very intriguing partnership with a well-known brick & mortar retail company. "Not only do we do the marketing and promotion that one would expect with a digital store, but we are also a portfolio company and we have a strategic partnership with Guitar Center," Price said. "And Guitar Center is a monster. Guitar Center is a physical retail store that has a 37 percent market share in the United States in regards to physical gear and equipment being sold. The philosophy of that company is consistent with ours. It's not about making money off of the artist's success. It's about helping them to succeed.

"What's wonderful is I'm able to do additional marketing and promotions. For example, when you walk into Guitar Center retail stores you hear TuneCore customers' music being played and it's being back- and front-sold through the in-store radio. When you're on hold, the hold music - same thing. We do e-mails each month that go to about 4.5 million people where we put together editorial staff picks of music, and we provide direct links to buy them at the digital stores."

Why do artists choose TuneCore? Maybe a better answer is derived from the types of artists that have used the service. Of course, there's that garage band down the street hoping to make it to the big league. However, TuneCore also counts many established acts among their customers, including Nine Inch Nails, The Dandy Warhols, Keith Richards

and Ziggy Marley - artists and bands whose needs greatly differ from new bands just trying to get noticed.

"We're a music industry in a box," Price said. "It is our job to provide you the skills and tools you need to succeed or just take the headaches out of your life. As an example, for an established artist, you can utilize TuneCore literally for the price of a six-pack and a pizza - 30 or 40 bucks. Get that worldwide distribution and we'll do all your accounting for a year."

Perhaps one of the first signs that TuneCore is a winner is how quickly the company went from concept to launch. Price's "eureka moment" in the shower occurred in October 2005, and after enlisting the help of a friend at eMusic, the company opened for business only 12 weeks later on January 23, 2006. Since then it has grown tremendously in just more than two-and-a-half years. It's music distribution for the masses. And the masses are flocking to TuneCore.

"Every day at TuneCore, there are between 150 and 300 new releases," Price said. "There is more music being released every day at TuneCore than there is on any major record label right now over the course of a year. There is more music being released in three or four days at TuneCore than there are on all the major record labels combined over the course of a year. In about 30 to 90 days there will be more music released through TuneCore than all the music that has ever been released, of all the major record labels combined up to this point in history. And that's just mind-blowing."