

## **“...Because it just makes sense for music promotion**

Aside all the rationales that we can develop to justify information-driven marketing for music promotion like *this is the real match between information analysis and marketing, it is linked to a proven 80/20 rule, information is out there or you can do it...*nothing is really meaningful if it doesn't work.

First of all, information-driven marketing just makes sense. As we said before, the principles of marketing are plain simple, including for music promotion:

***Find your best customers or fans***=> The ones who will want the most your product, service or music and who would be ready to pay the price to generate profit for you

***Contact them in the most effective ways*** => The ways that those top customers use the most to find information or have experiences in you field

***Propose them the best music products mix***=> The one that will beat your competition on all what is the most important for them. And by competition, we mean not only the other artists but also the other entertainment propositions like video games, movies, etc.

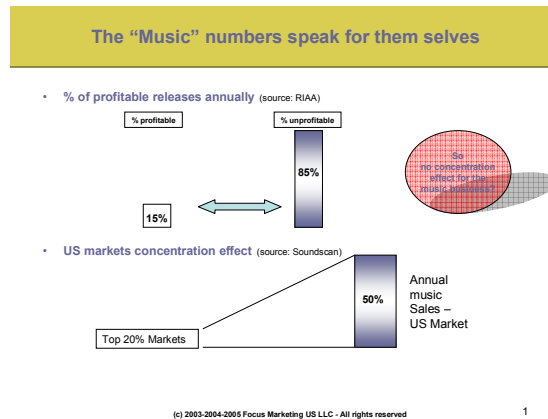


This is what information-driven marketing just does but at a larger scale and within a world where you have more and more differences of tastes, lifestyles, beliefs, etc. between people.

Second of all, information-driven marketing just works...Particularly for music business.

**Let's remember that what we want to observe first is the existence of a concentration effect in the music market.**

Do we observe concentration effect at the market level?



The graph is self explanatory.

So if we observe a concentration effect at the market level, do we also observe concentration effect at the artist level? And is it true for all types of artist from the mainstream to the niche ones?

**We can consider that Britney Spears, for example, is rather main stream. What do we observe?**



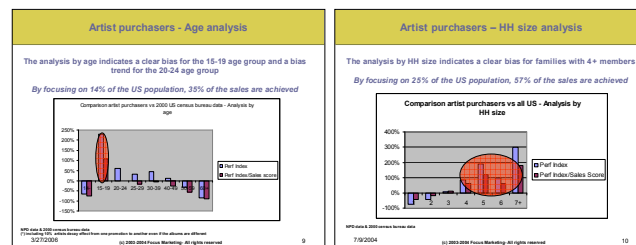
Let's look at 2 analysis examples for this artist.

For those analyses, we use music purchasers and demographic data from a music database provided by the NPD group, that we will present in more details later on.

This database enables you to access music purchase information (what album, what date, where purchased, etc.) combined with demographic information on the purchasers (age, gender, income, etc.) overall or at an artist level (even an album level if needed).

## Age & HH size analysis for Britney Spears music purchasers

### Britney Spears – Music purchasers analysis



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Once again, the graphs are self explanatory.

On one hand, by concentrating on 14% of the US population for age, 35% of the total sales for Britney Spear are realized.

On the other hand, by concentrating on 25% of the US population for household size, 57% of the sales are achieved

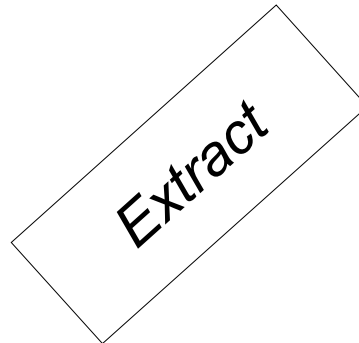
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So if we observe a concentration for a mainstream artist like Britney Spears, what can we say for a niche artist?

**Peter Yorn, who had some success with his first album, is definitively more niche oriented.**

Is the concentration true for him as well?..."



“...To support the higher return logic, we will cover a generic example that will help appreciate how the leverage of the concentration effect for music promotion purposes could ***mechanically*** be beneficial.

Let's go through a simple case...no pretension to develop a statistically perfect case but more a good illustration of the business impact of the 80/20 rule and more generally of the concentration effect:

- \* Let's assume that you have \$10,000 for your music marketing expenses
- \* When spent, those marketing \$ generate 1000 albums sales at \$10/each or \$10,000 in total sales
- \* You marginally just break even on your marketing investment and you should be loosing money when you look at your total expenses
- \* Now if you look at your 1000 music customers a little bit closer, you will observe that 20% of those or 200 customers explain 80% of your sales or \$8,000, meaning a \$40 average per customer. It could be led by the fact that they purchase more different albums from you or that they also purchase merchandise, etc.



\* Let's assume that those top 200 customers have some very particular demographic characteristics, clearly different from the other 80%. Therefore, you will have the possibility to distinguish them and target them specifically to promote your music and you albums

\* Mechanically, on your \$10,000 marketing budget, you spend in fact \$2000 on your top target (20% of your budget)

Now, we can look at 2 scenarios:

-> You are able to find more people within the US fitting the specific profile of your top 20% fans

-> You are not able to do so as for example, you have exhausted the potential there

***Option 1: You are able to find more people within the US fitting the specific profile of your top 20% fans***

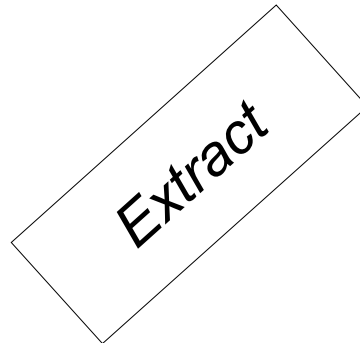
\* In that case, you can spend your \$10,000 marketing budget on your top target on a larger scale (at a target volume level equal to your initial action)

\* You will still be able to generate at least 1000 customers from this action but this time at \$40/sales as opposed to \$10/sale, generating \$40,000 in total sales

\* Those \$40,000 in sales represent a 400% jump from your previous results and this time, you are marginally profitable by \$30,000.

***Option 2: You are NOT able to find more people within the US fitting the specific profile of your top 20% fans***

\* In that case, the story is a little bit more complicated but still true..."



**“...Let's now look at the impact that information-driven marketing based on the 80/20 rule can have for music promotion.**

For this part of the analysis, we will leverage the experience of one of our clients.

Before we worked with him, this client released a new album for a new artist in 2004, used professional-traditional supports for radio promotion, PR and distribution (which ended up costing more \$100,000) but the overall promotion generated only a few thousands \$ in sales, leading to a 6 digits financial lose.

The initial reaction was to say that this is the music business...Sometimes, you win...Sometimes, you loose.

The client asked us to analyze the results of the campaign and apply our unique methodology to define the actual top fans target, top radios target and top touring markets by integrating music purchasers databases, radio airplay databases and the US census bureau data.

**A stunning discovery was made: Up to 92% of the promotional effort was off mark.**

**. Radio promotion:** Across all the top radios markets that were the focus of the 2004 radio promotion, 4 were part of



the list of actual top markets based on our analysis or 23% only, potentially meaning that 77% of the radio promotion effort was off mark.

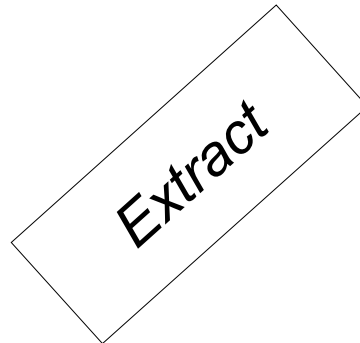
. **PR effort:** Across the markets that were the top focus for the PR effort, 3 were part of the list of top markets from the analysis or 37.5%, potentially meaning that 62.5% of the effort was off mark.

. **Distribution:** Across the markets where distribution was engaged, only 4 were part of the list of top markets from the analysis or 30% and only 1 was part of the list of top cities, potentially meaning that 70% to 92% of the distribution effort was off mark.

. **Touring:** For the shows that were engaged for the album promotion support, only 5 were in the top markets from the analysis or 36%, potentially meaning that 64% of the touring effort was off mark

Furthermore, the marketing budget directly aimed at supporting the album promotion and therefore generating business traction represented only 34% of the total budget behind the album.

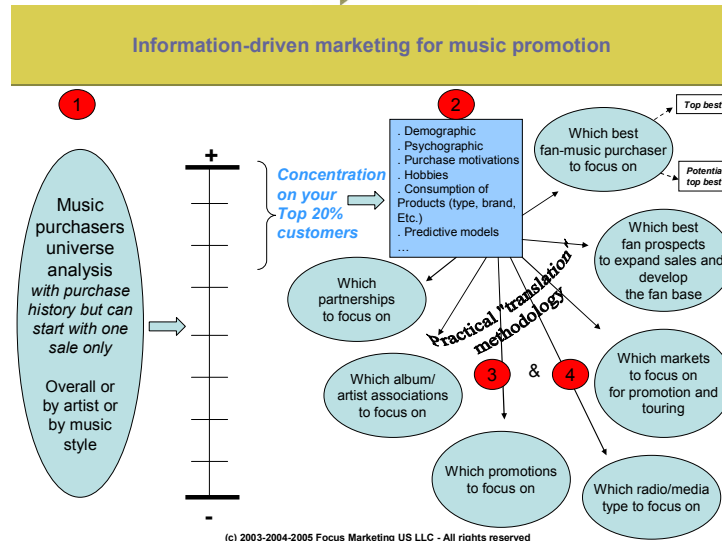
**The notion of concentration effect is universal and to leverage the learnings from information analysis helps develop very powerful marketing strategies and plans which have a clear positive impact for music business returns..."**



## *How Information-Driven Marketing works for music promotion*

### **A logical and simple process**

Information-driven marketing is linked to a very simple and straightforward process.

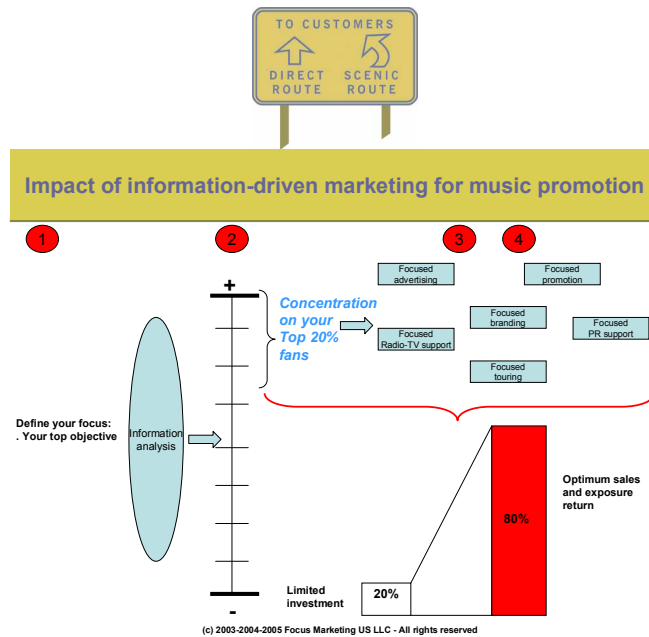


The process is in 4 core steps logically set up to eliminate waste and define the top 20% at every stage:

- . Top fans target to focus on
- . Top market segments to focus on
- . Top media/marketing channels to focus on
- . Top promotion activities to focus on
- . Top associations - partnerships to focus on

All aimed at one single goal: Optimizing the return within the limit of the available or potentially available resources

All this effort will be leading you to very concrete, focused and targeted promotion and marketing activities for your music, which will have a clear impact on your ability to generate profitable traction in your career or business.



Such process will impact your:

- . Advertising
- . Touring
- . Radio airplay
- . Promotion
- . PR
- . Etc.

By constantly focusing your efforts on what have the most impact against your top fans target.

The following parts will cover each step in details and provide instructions on how to get started.

Also in each of the following parts covering the information-driven marketing methodology, we will have a **"Reality Check"** section where we will confront the generic process to the limitations of "real life" and provide insights/ideas on how to overcome those.

The process that we will expose has one single-counter intuitive logic behind it: ***The more you dig, the more you see the light...***



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