MySpace: Meet the Band, Buy the Song

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Technology is taking the middleman out of the music business, giving artists a bigger array of tools to get their songs in the MP3 players of potential fans around the world.

That trend is hurting the classic record store chains, such as Tower Records, and thousands of independent stores, but it's also opening doors to digital music sales direct from the artist to the fan.

The latest development in that direction comes from MySpace, a social networking site that has brought new audiences to many bands. Now MySpace is adding a music-store feature that will allow artists, labels and the site itself to cash in on the popularity of those songs.

The new feature, expected to be announced today, will allow artists to set a price for songs the way they might with services such as iTunes and Yahoo Music.

The service is in trial and will be available broadly by the end of the year.

It is a first step into e-commerce for Los Angeles-based MySpace, which makes money through advertisements on
the site. MySpace has revolutionized how its mostly young users communicate and share music, and the company said it could venture into other forms of online ticketing and commerce.

"We think it's going to make a reasonable amount of money, but most of the money will go to the artists," said Amit Kapur, director of business development for MySpace. This product is directed primarily to appeal to unsigned artists, but similar deals could cater to other artists' needs in the future, he said.

Snocap Inc., a San Francisco-based company that manages a registry of copyrighted music, will operate the software behind the online music service. Snocap was co-founded by Shawn Fanning, known best for launching the Napster file-sharing program in 1999, sparking years of controversy over the fair use of copyrighted music.

The songs, which initially will be bought through credit card or PayPal accounts, will be in the MP3 format. That is compatible with most digital music players, including the popular Apple iPod.

MySpace, which started in 2004 and was purchased last year by Rupert Murdoch's Fox Interactive Media, now hosts more than 106 million profiles, including roughly 3 million musical acts that post tracks online. By allowing users to self-publish, MySpace has become a launching pad for small local acts, as well as a place for national movies and artists to promote themselves.

The new online music store is likely to appeal most to unsigned artists, who have discovered their own following on the Internet. But it probably will not draw big artists, because the company is not attaching files that restrict how the downloaded songs are used, said David Card, music and social media analyst with Jupiter Research.

And while it may bring in some money for unsigned artists, Fox Interactive parent News Corp.'s recent $900 million deal with Google to provide search on sites such as MySpace will probably prove to be more significant than the music store, Card said.
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