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iTunes Income Substantial for Music Partners

Apple's iTunes dominates online music retail, the latest figures from aggregator Digital Music Group confirm.

Jonny Evans, Macworld

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Apple's iTunes service dominates online music retail, the latest figures from aggregator Digital Music Group (DMG) confirm.

The figures emerge as U.K. labels have begun articulating their complaints at the level of payment they receive from online music services other than iTunes.

Speaking on condition of anonymity, one independent label owner praised iTunes because the service hands over the majority of the £79 (US\$1.60) per track sale fee directly to the label -- but is furious at the kind of revenue he's generating through other online services.

"For everything sold on iTunes, we get 70-79p per unit," he said, then added: "But for everything sold on the Ruckus Network we receive the princely sum of £0.005 per unit. That's half a pence. My distributor then takes their 25 percent off of that, leaving myself and the artists to dish up the remaining fractions of a penny between us."

It's not much better through Real Networks, he informed -- for sales through that service, his label receives a penny per track, he claimed. The thousand tracks sold so far have accrued £10 to the label (to share with the artists) rather than, "the £790 or so we'd have got for the same amount of sales through iTunes."

iTunes also drives business at international distributor of independently-owned music and video catalogues, DMG.

Revealing the company's quarterly results, DMG CEO Mitchell Koulouris explained: "In last year's first quarter, approximately 89 percent of our revenue came from iTunes, less than 5 percent was from subscription services, and we had no mobile distribution."

Despite investment in mobile and subscription distribution, iTunes continues to predominate this year, accounting for 70 percent of company revenue, DMG confirmed.

The market for online video remains "in its infancy," said Koulouris, "we do not expect to achieve any meaningful revenue from video distribution until the second half of 2007, but we remain enthusiastic about the long-term business prospects for this exciting, emerging market space."

DMG also revealed that the average monthly download rate per track offered is 6.9 times. The company now offers 243,000 tracks, and attracted 4,782,200 paid downloads in the quarter, the majority through iTunes.

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