

Bridging the gap between physical and digital music sales

"Before working with Blue Latitude I was focussed on all the problems we have to overcome. Blue Latitude has given me the ability to focus on the solutions we can achieve"
Raoul Chatterjee, Commercial Director, **Ministry of Sound**

Challenge

Over the past decade music companies have struggled with the effects of new formats, distribution channels and competition. Whereas the release of the CD format raised enormous revenues in the 80s and 90s, the transition to digital formats and their commercial exploitation has proven much more challenging. As CD sales continue to decline, the profits enjoyed from their downloadable counterparts are a long way from comparable.

The Ministry of Sound is a national institution in the dance music world. Known for its ground thumping club in London's SE1, it is also Europe's largest independent record company; selling more than 4 million* CDs a year.

Unlike most of its counterparts in the record industry, it is also a consumer brand in its own right. Since growth is most likely to come from digital products and services, exploitation of the Ministry of Sound brand online has become opportunistic and tactical as it has extended itself into new areas.

The challenge is to develop an online strategy that uses the Ministry of Sound's various brands to bridge the revenue gap between falling sales of physical products and rising sales of digital ones.

Strategy

If the shift from CD to MP3 wasn't hard enough, the role of traditional high street record stores is in decline, and the growth in sales of portable devices continues alongside the rise and fall of digital rights management. Consumers are acquiring, listening and sharing their music in new ways and as such the key to solving the commercial challenge lies with the customer themselves.

Blue Latitude are working with Ministry of Sound in the development of a long term customer proposition that builds upon the existing brand values to develop a profitable and sustainable online business within the context of an industry in flux.

The first stage of our work was to build an eMarketing framework, showing how the business reaches, converts and retains customers through the various online channels.

The framework clearly identified:

- Areas of strength where customers needs were being addressed;
- Weaknesses of existing marketing activities which result in poor performance;
- The customer pathway through the business, highlighting 'leaking' spots in the journey.

The output from this project helped to:

- Build a holistic living view of the Ministry of Sound online and provide a means by which to agree priorities
- Align the internal team around a single point of view from which to discuss and resolve issues
- Agree key performance indicators and ways of measuring returns on investment
- Increase the performance of 3rd party suppliers such as providers of SEO, PPC and affiliates.

Current position

Further to the development of the eMarketing framework, Blue Latitude is developing a thorough understanding of the Ministry's customers and their needs, both now and in the future so as to build a portfolio of appropriate products and services that will generate revenue from customers online.

*Source: Ministry of Sound Management Information 2007