

# Trend Lines: The Changing Face of Sample Library Sales

By [Peter Lawrence Alexander](#) / October 6, 2009

You can still buy sample libraries at local retail stores, but change is here.

Over the past year, a trend has been emerging that now seems to be in full bloom: more and more sample library developers are bypassing retail distribution and selling direct to customer. Three dominant sales approaches have emerged.

**Direct-to-customer-only from independent developers.** Their prime source of distribution is their web site with the sale being either a downloadable product, a boxed product, or a combination of the two. Advertising is first derived by word-of-mouth on forums, sometimes banner ads, and occasionally, small print ads in select music magazines whose focus is on electronic music production. These developers are found worldwide, from China to the Netherlands. Consequently, outside of local geographic customers, they have no show room to demonstrate their products or to give customers a direct hands-on experience to play-and-hear. Thus, their web site must do it all from sales to customer service to tech support.

A majority of independent developers will house their product in a Kontakt player. While extremely costly to go this route, the benefit of being housed in a Kontakt player means that Native Instruments takes on the responsibility for system integration for both Mac and PC formats. Consequently, the system specs for the Native Instruments Kontakt player will also be their system specs.

**Larger developers with multiple sales channels and who've R&D'ed their own proprietary player.** East West, IK Multimedia, Spectrasonics, SONiVOX, and the Vienna Symphonic Library all have R&D'ed their own proprietary sample library player. Excluding Spectrasonics, all sell through retailers and direct-to-customer. However, Spectrasonics sells exclusively through distributors, who in turn sells to retail and direct-to-customer. Within this group are those developers who've amortized their distribution costs by sub-distributing other developer's product. Companies that do this include Best Service, East West, ILIO, and SONiVOX.

With the exception of a few music technology software products in Best Buy, such as Notion 3 and Sonar, all retail distribution is accomplished through music stores and online merchants.

So for this group, they've spent R&D money to develop their own player and they sell through multiple distribution channels: to distributors, to retailers, and direct-to-customer.

## THE CHALLENGE – WHAT'S IT SOUND LIKE?

What makes or break library sales from any company are audio demonstrations, especially if they're released throughout the sales year so that demos of existing products keep the product name in front of the customer generating new word-of-mouth, while also showing versatility of use. An ongoing demo program has another side benefit when placed on non-company web sites – virtual free advertising for the developer, especially if a non-employee has created the demo.

The Vienna Symphonic Library is one developer who consistently releases new demos promoting their libraries and now MIR, their proprietary virtual sound stage for mixing and recording.

**Demo Costs.** Audio demonstrations are created by composers either for a small fee plus a copy of the library, or, more commonly, in exchange for a copy of the library. Here, sample library developers face a serious challenge: there are more libraries than there are composers who can afford to create great demos for free. Creating a great demo takes several days or longer. Some have taken two weeks, four weeks, and most recently for Vienna's electronic realization of Stravinsky's [Rite of Spring](#), nine months. A professional composer grossing USD \$100,000 annually has to generate \$1923.10 weekly to meet expenses. Given the time required to learn the library and then to create a demo, few composers can "gift" a developer with two or three weeks worth of working for no pay to get a free library.

This may not be an issue for larger, well financed developers, but for smaller undercapitalized developers, it's a very big deal.

The historical sales pattern is this: without an ongoing PR plan, an independent will see an initial burst of sales, which will then fall, level out, and then drop to a trickle, or zero. So the more frequently a developer can release fresh demos into the market, the better for their sales in the long run.

**Two types of audio demos.** The first are those produced by the developer for the initial product launch. The second type of demos taking on increasing importance are those coming from the Innovators, representing 2.5% of the market, the first purchasers of a new library who produce their own demos which are shared in forums. The importance of these demos is that they show what the "average bloke" can accomplish in a few hours vs. spending days perfecting and ultra polishing a two-three minute work. User demos can be less than pristine because they're both experimental and works in progress.

Nonetheless, both are needed for marketing and sales. What should be stressed about demos is that they now precede print publication reviews. Except through careful coordination, and usually only with major advertisers, most print reviews of a new product will not take place for 30-60 days or longer after the release of a major product. By then, the street reviews are out, in some cases, the same day as the product is received post-purchase.

### **CHANGING SPECS**

New technology creates new specs. Even so, developers must be observant as to how backwards compatible their sample players will be. On the Mac, Power PCs are rapidly becoming obsolete as only Intel-based systems are now being supported. For operating systems, OS 10.5 is as far back as many are going. The new development wave is getting software operating for Snow Leopard. At this writing, not all programs or audio card drivers are Snow Leopard-ready. On the PC, Windows XP and Vista are being supported, and ultimately, Windows 7.

Customers buying Mac Pro Nehalems and PCs with the i7 Processor, will get the biggest bang for their buck – today, if they can afford it.

Because of lack of organized industry research, no developer or retailer can guess how many customers with older systems will be knocked out of buying the new computer hardware, and thus, the new sample libraries.

### **COMMODITY PRICING AND FLAGGING RETAIL SUPPORT**

In the past 12 months, three major developers have done buy 1/get 1 free sales which they've offered both direct and through their dealer network. While such sales boost immediately the OEM/distributors sales, the net result, as many music retailers have expressed is that the big players are training their customers to wait for the sale pricing.

Another issue at retail is tech support. With so many sample library products on the market, few retailers can provide the tech support and customer training needed. Nearly \$8,000 in hardware alone (computers, monitors, audio cards, MIDI keyboards) is needed to setup listening stations, one for each platform. And if the developer doesn't provide free in-store evaluation copies, then the dealer must purchase the software either directly or by getting a review copy from buying in quantity.

Additionally, a retailer must also have employed an individual fluent on both platforms, knowledgeable about software for both platforms, and able to tech support customers. An individual with this level of knowledge and applied skill is handily worth USD \$50,000 annually, if not more. Few music retailers can afford such an individual. And none have yet formed the music industry's response to Best Buy's *Geek Squad*.

Thus, retailers, both brick-and-mortar and online, are in the awkward position of trying to maintain quality sales and service, while competing with other dealers who slash product pricing to the bone ("We beat any price!"), or with developers offering special direct-to-customer pricing dealers cannot compete with.

### **TREND LINES**

What's been happening in other retail segments and in other industries has now firmly planted itself in the music technology sector of the music industry. Developers selling direct-to-customers doesn't necessarily translate to lower consumer prices for the simple reason that even with higher marketing costs for independents, developers keep more money, which enables and empowers them to continue the R&D required to create new products.

By taking this approach, independents can avoid commodity pricing of their products, but the trade off is that they'll sell fewer of them. To avoid this, developers have to create alternative lower cost distribution channels along with having an aggressive PR plan.

However, once a developer begins selling through retail distribution, commodity pricing is automatic. Once a retailer begins cutting prices then the developer who's also selling direct, now finds themselves competing with their distribution and having to sell at lower costs to maintain cash flow.

The only tool a developer has with retailers to avoid commodity pricing, is to create a reasonable price, and then give short discounts to insure that product value is upheld.

Part of product value is tech support, and tech support is labor intensive. Unless the developer is selling a one-off product, profits will be needed not just for personal income, but to build that organization called, a company.

*This article was previously published at SonicControl.tv*