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NARM Coverage: Are Digital Music Service Discouraging Music Sales?
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By Antony Bruno, Denver

NPD analyst Russ Crupnick presented the results of a new focus group to NARM attendees that suggests various digital music service may actually be discouraging music sales. "Consumers are a little bit overwhelmed, and it's starting to inhibit the purchasing decision," he said.

Because there are so many digital music outlets where fans can stream, download or otherwise access music on an immediate basis, Crupnick suggests that there is less a need to actually acquire it. For instance, the NPD study showed that satellite radio subscribers are 30% less likely to buy a CD simply because the music they like is readily available 24 hours a day.

While illustrating that the ubiquity of digital services aid in the discovery of music, there is a disconnect between discovering music and actually buying it. "They're wonderful ways to reach consumers, but there's a dark side," he said. "For all the benefit that digital has done, it's created a huge barrier from getting (fans) to purchase as much as we'd like them to... Is there discovery that leads to purchase, or is there discovery that leads to more discovery?"

That said, Crupnick encouraged retailers to embrace the digital platform as a means of extending their value and brand to consumers, who increasingly are naming selection as their most important factor of choosing a place to buy music, far over price and location. "If you're not supplying them with the selection and experience that they want, they're going to migrate to online services quicker," Crupnick said.

For instance, the NPD study found that only 16% of consumers discover new music in record stores, compared to 32% on radio, 21% from family and friends, and 20% from online services.

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