

# The future of Goa-trance vs. the music industry...

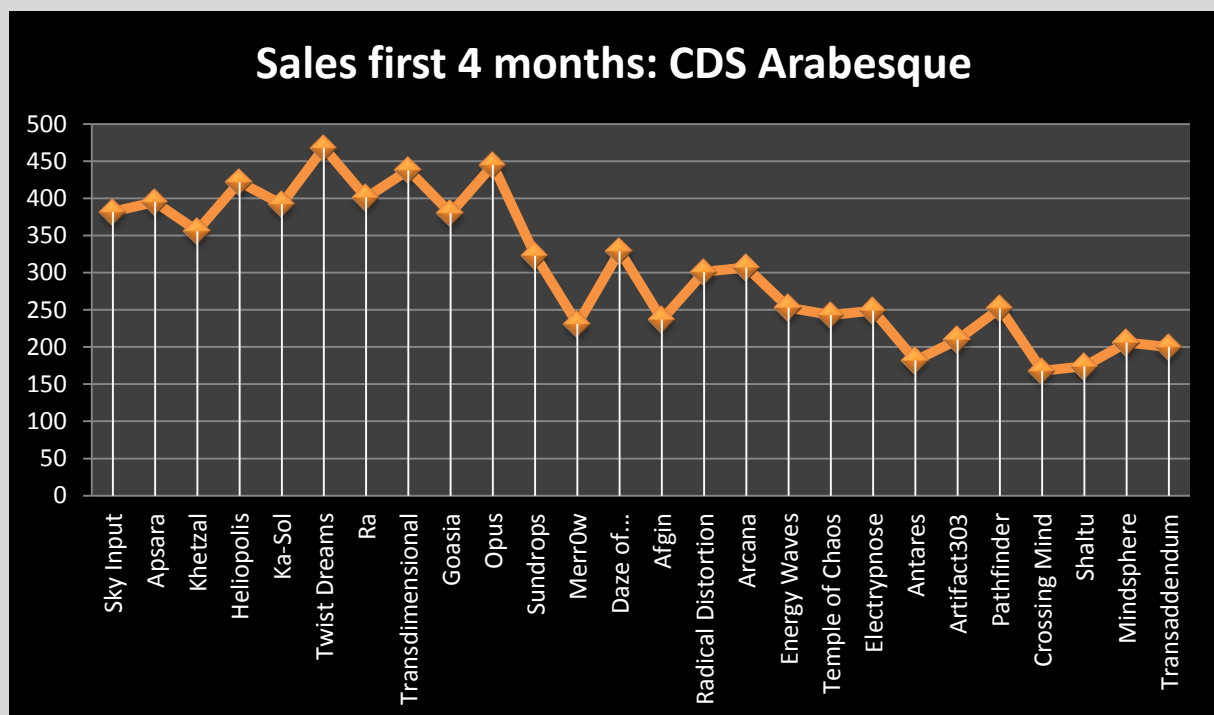
Last updated: October 10<sup>th</sup> 2013

All psychedelic trance music internet forums & articles are talking about it... Artists and labels can't survive anymore... The CD is dying and downloads kill the scene! The future isn't bright anymore! Well, as we are part of the scene for 10 years, we at Suntrip Records were wondering if this is really true! We took all our energy, and sales, we could find and made graphics out of it! Some of them are rather surprising, some of them are very clear...

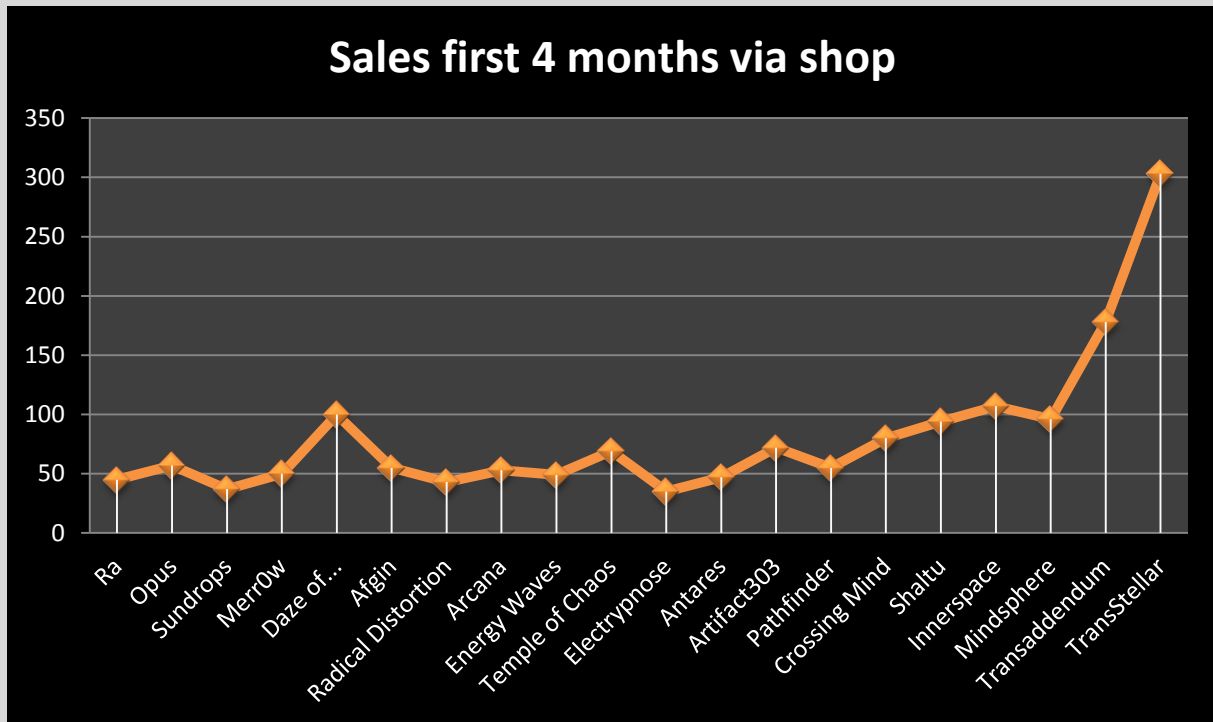
## 1.) Sales for new releases

In the case of Suntrip, we started in 2004 and released more or less 30 CDs since then. We always used Arabesque as distributor (until today), as they were always fair and trustworthy. This was our only distribution for about 4 years.

In 2008 the first big challenge came... At once sales dropped by more or less 25%. (On the graphic, you can see the sales via Arabesque during the first 4 months of a release). As you can see there was a "negative jump" by the time of the release of Sundrops in 2008.



We had to find a solution. In 2008 digital sales were almost non-existing, so we had to find another way to make that 25% income loss disappear. The logical next step was to start our own shop... The (now flourishing) Suntrip shop launched in March 2009. Because there are no middlemen, the revenue is much higher with a CD sold via the Suntrip shop. In the beginning, the sales were very small via this medium... but during the years the amount of sales only raised. Clearly viewable on the following graphic:

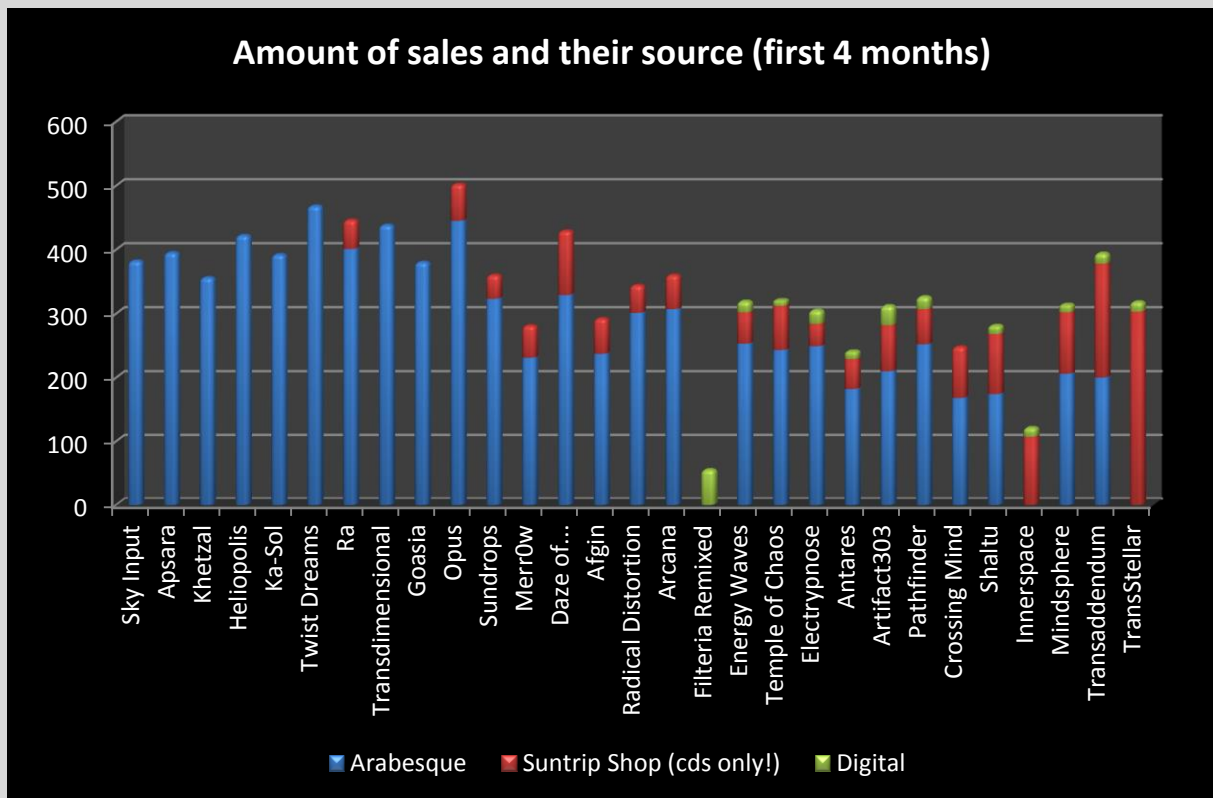


In the beginning we sold mostly around 50 CDs for the first 4 months of a new release. BUT, this was enough to compensate the loss via Arabesque. Since 2011, the sales via our own Suntrip shop are rising. As you can see Transstellar sold extremely good compared to other releases... But that is logic as it was ONLY available via our shop. A logical next step to compensate even lower Arabesque sales.

Most people now probably think: the best compensation is digital, right!? Well... Not really. Whilst looking for a digital distributor, we enabled digital downloads in the Suntrip shop. Unfortunately these sales were extremely small.

Quickly, we got an agreement with a digital distributor, RecordUnion, to propagate all our releases to digital shops (iTunes, Amazon, Juno, Beatport, Deezer, Spotify, etc...), but we got some surprises: Not only the revenue from iTunes or Amazon is (much) lower than this of physical releases; but worse, sites based on the "Spotify" economic model give us barely a few cent (!!!) for a sold release.

Thankfully sites like Bandcamp bring us more revenue, but the final result is still clear. There again, digital sales are very small compared to CD-sales, although we are available all over the Internet. This is clearly viewable on the next graphic, where you can see the source of all our sold items.



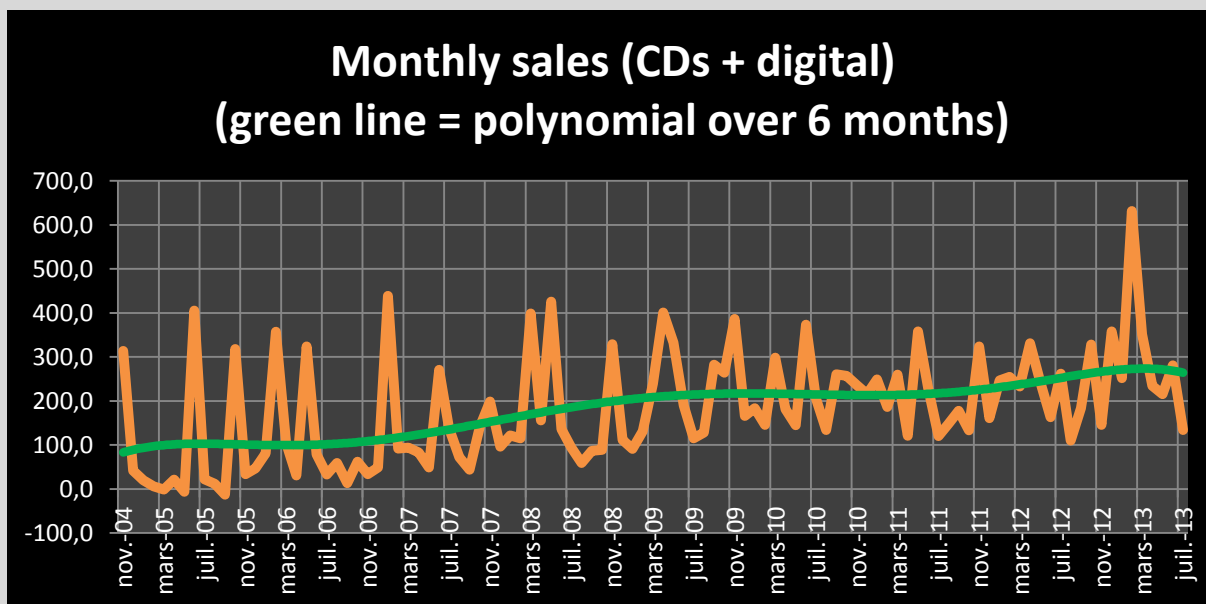
As you can see the arabesque CDs (blue) became less and less important. We managed to compensate that with our own Suntrip shop (red), and we tried to give the sales an extra boost via digital sales (green). But the result? The digital sales are only marginal! The 2 releases that score rather bad in the graphic are Fileria remixed; which is logical as it was an online only release, and Innerspace, which is logic as well, as it was a limited release, only distributed via our Suntrip shop.

What else can we make out of this graphic? We managed to find a decent amount of loyal customers with Suntrip. And even with a new release in 2014, we manage to reach 300 sales in the first 4 months. This is still 25% less as 2004, but we can survive this way. But keep in mind, this is Only because we were very creative with our sales. If we would have been stubborn, and didn't invent new ways of selling, we would have been bankrupt already.

## 2.) Sales per month.

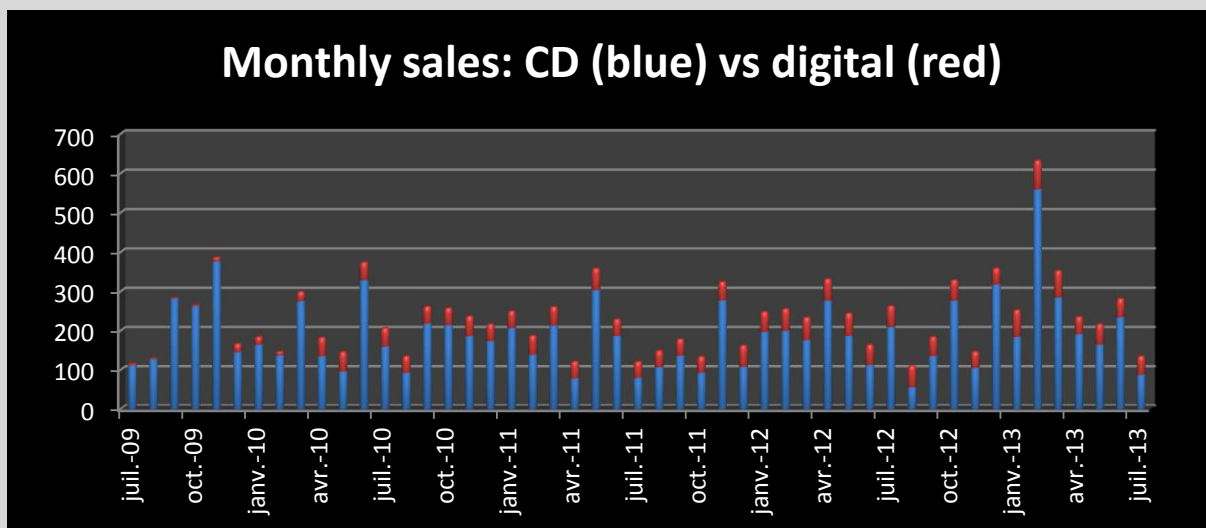
Luckily, we are not only counting on “new” releases to survive. We have a serious back stock in the meantime, and some of them became real classics. Because of that they keep selling and this is of utmost importance for a label.

In the graphic below you see our total sales (both CDs and digital) per month:



In the beginning sales were only boosted during a new release... During the summer sales were (and still are) always very low. But since 2007 you see the sales are slowly growing and reaching an average of around 200 CDs per month in 2008. This is not because the new CDs sold so good, but only because our back stock had gained some fame by that time, and many people still wanted classics such as Khetzal, Fileria or RA! Because of that our sales stabilized since 2009. We had 1 “big” month as you can see, and that is March 2013. During that month we released the 2 Dimension 5 albums. 2 releases in 1 month meant double sales, which is clearly viewable in the graphic.

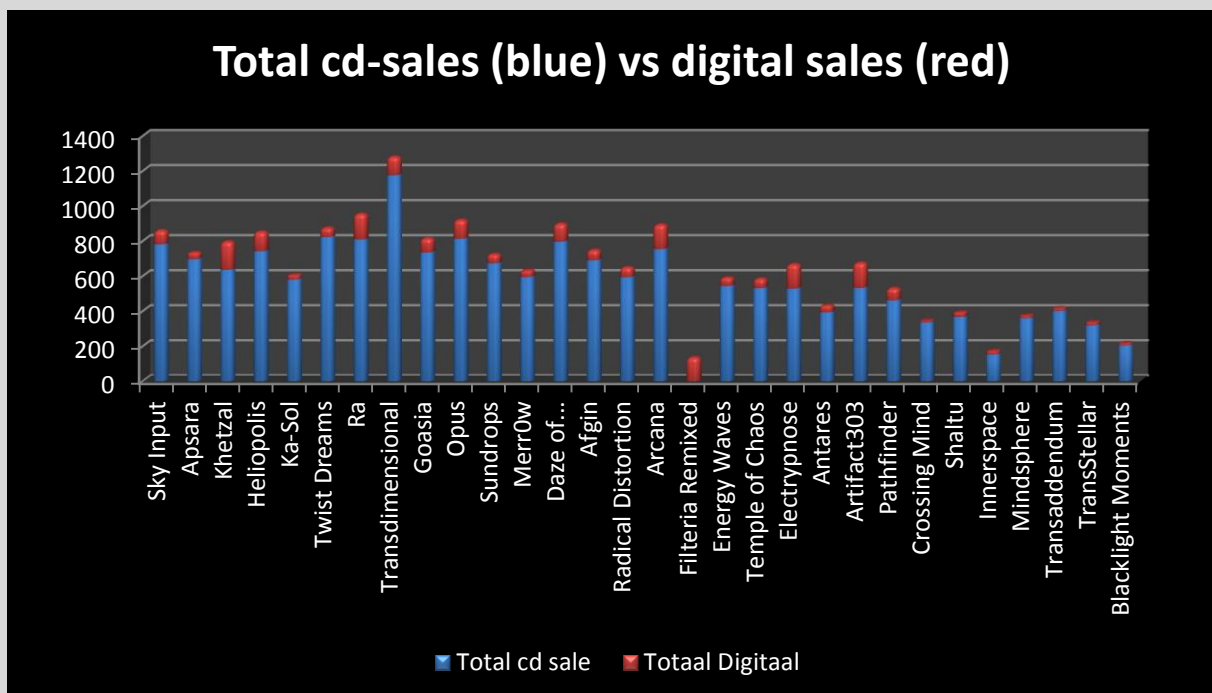
Of course it is interesting to see how important digital sales became last few years. As said, only since 2009 we have decent digital distribution, so the graphic starts only there:



You can see, digital sales were slowly growing since 2010, but since 2011 they are stable. Mostly between 15-20% of the total sales. So, this is clear evidence: digital didn't take over the CD... Not even close!

### 3.) Total sales

So, the final sales graphic is viewable here... Although I have to say the graphic is not really "honest". The first 8 CDs are all sold out (1000 copies), but 300 of those copies were sold "out of hand" and are not viewable here, as they were sold on parties 8 years ago, we have no idea about the exact amounts anymore. Since 2008 the graphic is completely right! Clearly viewable is the small influence of digital sales. The old "classics" sold even better than our new releases, digitally speaking.



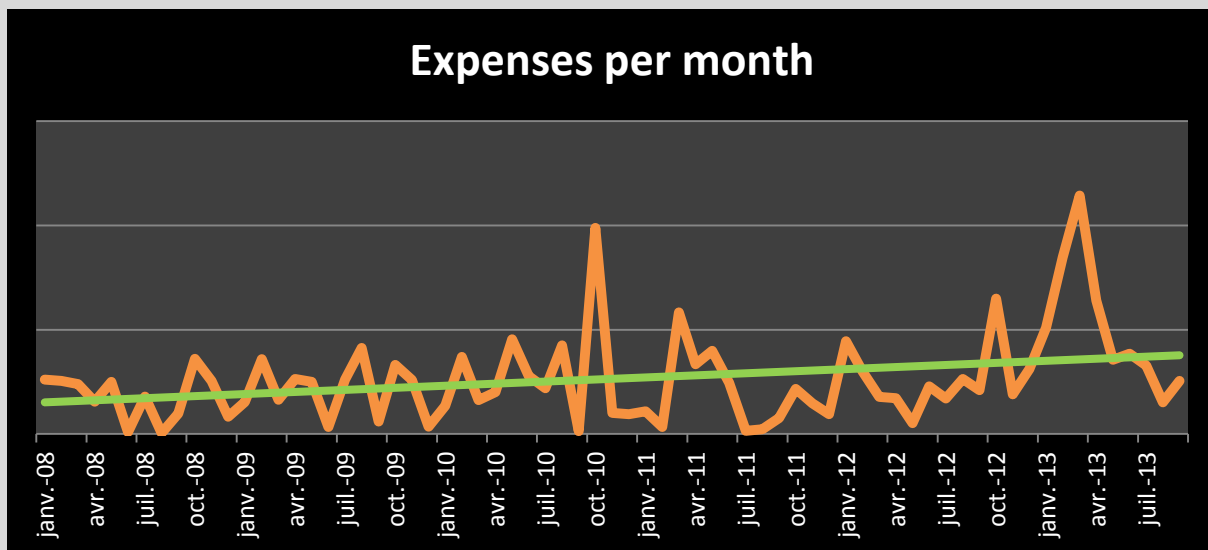
### 4.) The financial situation

So, what does all this means for a label these days? Can they still survive? To explain this, we need to give you some info about the income of labels. Many people think a label gets 10€, when a cd is sold. This is, of course, not true. Arabesque gives mostly around 5.5€ for a sold cd, and even on the Suntrip shop we get "only" 7.9€ for a cd (as we have to pay 21% VAT).

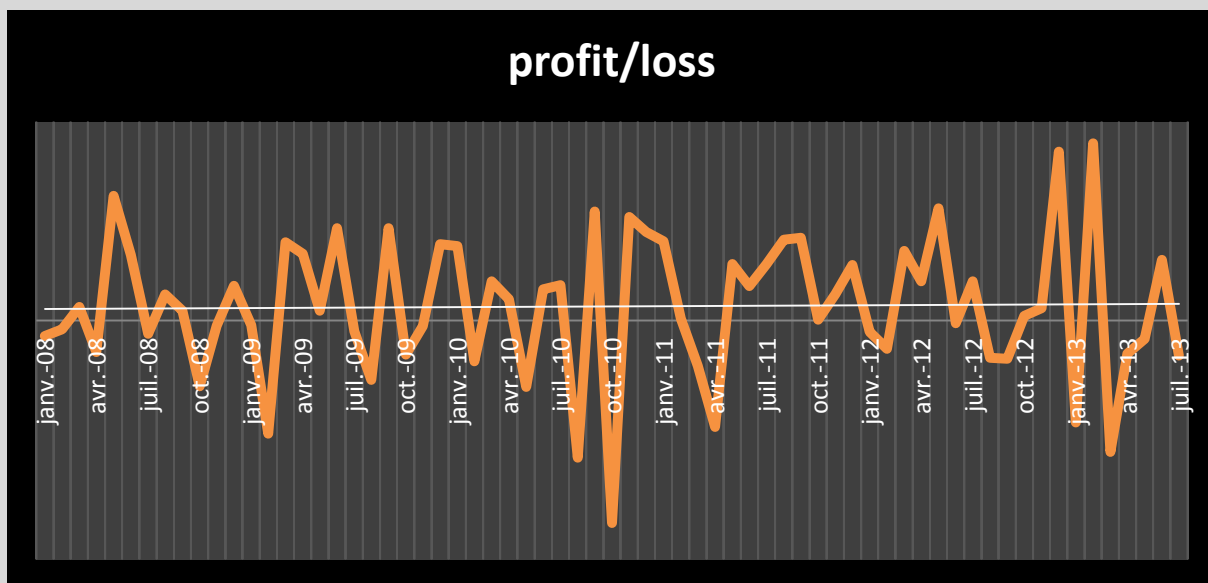
For digital sales, those prices are lower. We even had spotify bills of a few cent! Bandcamp gives the highest percentage (you get 7.4€ when a cd is sold for 10€). The other online shops are in between, with an average between 3 and 5€.

When you think about it, this is insane. Digital sales, with almost no middlemen and physical needs, give you a much lower price than cd! We can only hope in the future fans buy more and more directly from the labels to support more music and keep the artists happy.

So, although the income of sales are lower than even before (today mostly between 5-7€ for 1 sold release), expenses are still rising. Printing cds, shipping, mastering and artist contracts become more and more expensive. This is clearly viewable on the next graphic:



Does this mean all labels are doomed? No. But you have to adapt to the current situation. And fast. If you manage to sell a lot by yourself, and you have some back stock, you can survive. If you are sterile, you can forget to survive as a label. Until now, we always managed to pay the artists a fair price for their albums. And we found the perfect balance between surviving as a label, and paying the artist (and make them happy). You can see that on the following graphic.



This is the profit/loss of Suntrip the last 5-6 years, as you can see we have a very small profit margin (white line), but this is needed to survive the future and to have some money to invest in new artists and projects. After 10 years of running this label, we never paid ourselves 1€. (!!!) Luckily, we are “paid” in smiles, gratitude, good parties and a new wave of goa-trance!

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