

guardian.co.uk

Universal to allow free music downloads

- Qtrax promises about 25m tracks with ads embedded
- Website uses peer-to-peer networks to transfer tunes

- **Owen Gibson**, media correspondent
[The Guardian](#), Thursday May 8 2008

About this article

Close

This article appeared in [the Guardian](#) on [Thursday May 08 2008](#) on p26 of the [Financial](#) section. It was last updated at 08:52 on May 08 2008.



Universal artist Kanye West. Photograph: Kevin Winter/Getty Images

Some of the biggest music labels could soon allow free legal downloads, after an ambitious ad-funded file-sharing service, Qtrax, signed a deal with Universal, the world's largest record label and home to U2, Kanye West and Mariah Carey.

Qtrax announced its imminent launch in January, making up to 25m tracks available for download free. It said it would piggy-back on existing illegal peer-to-peer download services but clear all the

rights with labels and publishers and make money through advertising.

When it emerged that several deals were not yet fully in place or had lapsed, analysts expected the service to disappear in the ensuing backlash. But it has since signed deals with Beggars, the UK's largest independent label, home to Dizzee Rascal and the White Stripes, and the publishing arms of EMI and Sony/ATV.

The contract with Universal is the first with a major label to cover both publishing and recording rights, meaning that it should be able to offer music by its artists within the next month or so. The Universal deal is initially understood to cover only the US.

Qtrax is just one of several sites trying to make money from the concept of free, ad-funded downloads and streaming.

Earlier this year We7, backed by Peter Gabriel, began offering downloads with embedded audio adverts and signed a deal with Sony BMG to offer its catalogue on a streaming basis.

Other sites such as Imeem and Last.fm have also signed deals with leading labels to offer streaming services that act as vast, ad-supported online jukeboxes. Adverts are displayed during the search and downloading processes.

Spiralfrog, a New York-based site that has been striving for two years to establish a user base in the US and Canada, also has a deal with Universal.

Qtrax has promised that tracks downloaded through its browser can be kept by users for ever as long as they regularly log in to renew the rights management software. It will also enable iPod users to transfer the tracks to their audio players, which could hit sales of downloads through Apple's iTunes Music Store.

As well as selling advertising, it will offer merchandise, concert tickets and other music-related items.

Major record label executives claim they are keen to experiment with new revenue models that could help plug the gap in earnings caused by the rise of online piracy and the corresponding slump in CD sales.

However, they are wary of signing long-term deals that could backfire and their hesitancy, plus the licensing minefield of negotiating with a range of rights holders, has caused frustration for some of the new entrants.

In addition to sites offering ad-funded music, labels are also exploring new licensing models for subscription-based or bundled offerings such as Nokia's Comes With Music and MusicStation and beginning tentative discussions with internet service providers about packaging music downloads into monthly broadband subscriptions.