

TO: Federal Communications Commission
FR: Josh Norek, VP, Business Affairs, Nacional Records
RE: Comment on Net Neutrality/Preserving the Open Internet NPRM (09-191)
DT: January 14, 2010

Nacional Records respectfully files these comments in the Notice of Proposed Rulemaking on Preserving an Open Internet. Formed in 2005, we are an independent label that specializes in what we call the “new sounds of Latin music.” Our artists represent a diverse array of styles and explore unique musical combinations such as fusing contemporary electronica with norteño and tambora — two music genres indigenous to the North of Mexico. Our roster includes innovative Latin acts such as Manu Chao, Pacha Massive, Señor Coconut, Plastilina Mosh and more. Although Nacional does sell CDs via conventional retailers, we are proud to say that we are the leading Latin label in terms of digital sales. In fact, many of our records are digital-only. Our success in the online marketplace would simply not be possible without the benefit of an open internet.

From day one, we recognized that Nacional simply couldn't compete with the major labels in traditional retail environments, particularly at larger chain outlets like Wal-Mart, Best Buy and so forth, where the costs of promotion and placement are too great for most independent labels. The story is much the same with traditional broadcast media such as television and radio, where the barriers to entry are extraordinarily high. And due to the rampant ownership consolidation within these industries, programming has become increasingly homogenized, leaving little room for the progressive, genre-bending approach our artists bring to Latin musical culture.

The internet, on the other hand, has created tremendous opportunity for both our label and our artists. For example, Nacional Records has had 25 #1 albums on the iTunes Latino sales charts, and 20 on eMusic. This is a remarkable achievement, particularly when you consider that the chief way people find out about our music is online. And, unlike some other labels, we embraced the idea of free downloads from the beginning. We regularly release individual songs and samplers on various digital retail platforms, and we have found that this drives further interest in our artists and their music. Without the ability to quickly and inexpensively promote our catalog, we wouldn't be able to inspire the kind of global response that we've been so thrilled to experience.

To put it plainly, open internet structures are critical for our business — it's what allows us to reach our audience directly, without interference from middlemen or gatekeepers. At Nacional, we pride ourselves on the fact that all of our artists are incredibly self-sufficient, and understand how to engage in the modern digital marketplace. Nortec Collective, for example, is Mexico's biggest electronic act, yet they answer all inquiries and manage their relationship with their fans around the world from their home base in Tijuana. This is the reason they can play in Australia, Germany, Japan, the US and so on.

It's amazing to consider that a band based in Mexico could have such a huge impact in, say, Seattle Washington, but that's what the sales figures show. Before the internet, this simply would not have been possible.

Another one of our acts, Pacha Massive, is an exciting dance band that fuses Colombian cumbia, Dominican palo, reggae, dancehall, dub and electronica. Although their roots are Latin, their music is global in every sense of the word. A lot like the internet, which allows Pacha Massive to reach people all over the world. Likewise, Dominican-born producer/guitarist/keyboardist Ramon Nova makes his music from his bedroom in an apartment in New York City. The open internet lets him collaborate with artists in other countries like Chile. Because of the exposure the internet offers, his music has been featured in a number of films and ad campaigns. Again, this would not have been conceivable for an independent artist twenty years ago.

In 2005, we released a benefit record for Santa Monica-based public radio station KCRW, called Sounds Eclectico. When we looked at the album sales reports, we expected to see mostly sales from the L.A. area, but they actually came from all over the nation — New York, Chicago, Washington, D.C., Denver, Austin, etc. This clearly illustrates the power and reach of the web. People tune in via live stream because they know that KCRW is one of the only stations playing this kind of music. And that led to direct support in the form of sales from places the station's over-the-air signal can't possibly reach.

Of course, open internet structures don't merely benefit independent labels and artists — it's crucial to the people we most want to reach: young Latinos who need to experience and reflect back their own culture in a way that makes sense for them. This is why we are supportive of current efforts to expand broadband to underserved communities. Yet we recognize the unfortunate fact that many Latino households do not have a computer. But they do have cell phones. Which is why we believe that net neutrality principles should also apply to the mobile space.

Our label and artists use the internet to express themselves creatively and make their music available to an increasingly global community. Without access to open platforms where we can compete alongside the biggest companies, there is no doubt that our sales would dwindle. But it's not just about a dynamic and competitive digital marketplace. We also see the internet as a conduit for democracy and speech. Nacional Records appreciates that the FCC is taking these matters seriously, and we look forward to the emergence of net neutrality principles will ensure that the internet continues to be a source of connectivity and inspiration for all.

Josh Norek,
VP, Business Affairs
Nacional Records