

The Registrar  
Commerce Commission  
By email: registrar@comcom.govt.nz

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## Public Submission: AlphaTheta / Serato

Webb Enterprises Limited (Webb Group) owns and operates a number of distribution brands and a retail brand in New Zealand which deal in the DJ hardware market - namely MusicBiz, Music Link, Music NZ and Rockshop.

- MusicBiz is the exclusive independent distributor in New Zealand of inMusic brands including Numark, Denon DJ, Rane DJ and Stanton.
- Music NZ is the exclusive independent distributor in New Zealand of Reeloc and Roland Corporation DJ products.
- Music Link is the exclusive independent distributor in New Zealand of Native Instruments.
- Webb Group / Rockshop is the exclusive independent distributor in New Zealand of Phase DJ and the sub distributors of Behringer.

These wholesale brands distribute DJ hardware to a number of different resellers in New Zealand, including Webb Group's own retail brand, Rockshop.

Rockshop is a major DJ hardware retailer in New Zealand with 28 bricks and mortar stores nationwide and an online ecommerce store. Rockshop customers range from professional DJs to the hobbyist. We believe that Rockshop sell the majority of DJ hardware units to end users in New Zealand. Rockshop also sell the widest range of DJ hardware brands in New Zealand.

We consider DJ hardware to fall under the following categories:

- DJ software controllers
- DJ Mixers
- DJ Players (i.e. media players and turntables)
- All in one stand alone DJ Systems

Rockshop sell the following DJ hardware brands:

- Pioneer
- Numark
- Denon DJ
- Rane DJ
- Stanton
- Reeloc
- Roland DJ
- Native Instruments
- Phase DJ
- Behringer

- Technics
- Ortofon DJ cartridges
- A&H – on special order basis

DJ hardware brands that are available in New Zealand and that Rockshop do not sell are:

- Hercules DJ
- Mixars

Rockshop also sell DJ software unlocking codes when the desired DJ software needs to be purchased separately from the DJ hardware – i.e. it is not embedded in the hardware or already bundled for sale with the hardware. However when purchased as a stand alone product like this it is predominantly purchased directly from the software supplier.

[.....]

Serato related products make up the majority of sales in the DJ hardware category, [.....]

“Serato related” means that the hardware comes with a version of Serato DJ software or is compatible with a version of Serato DJ software as a “Serato Official Accessory.” It is important to note that there is a lot of development between hardware manufacturers and Serato for hardware to have Serato DJ Pro integration beyond basic MIDI mapping, especially when it comes to audio output from the hardware. This involves an audio driver exclusively written by Serato for use with the hardware.

Serato branded products make up a significant portion of sales in the DJ hardware category, [.....]

Serato branded products is where the DJ hardware manufacturer has partnered with Serato to include the Serato brand name on the DJ hardware for marketing purposes.

Through our distribution and retail brands, Webb Group has in-depth knowledge of the wholesale DJ hardware market as well as the retail DJ hardware market in New Zealand. This includes an in-depth understanding of the purchasing decisions and buying habits of end users.

Our concern is if the proposed acquisition of Serato by AlphaTheta resulted in AlphaTheta refusing to make Serato DJ software available to competing DJ hardware manufacturers. We believe that if this happened, it would substantially lessen competition in the DJ hardware market in New Zealand.

Serato is and has been regarded as an industry standard for DJ software in the DJ market in New Zealand for many years. Serato compatibility is a material driver of DJ hardware sales in New Zealand and the most popular DJ hardware is Serato compatible. This is evidenced by the high number of sales of DJ hardware units that are Serato compatible. It is also evidenced by the fact that DJ hardware is often branded with Serato to increase desirability and sales of the product. It is also apparent to us from our extensive experience qualifying customers on the shop floor.

We depend on a competitive field to provide us with new product and competitive pricing to end users. Without several players in this market, we are concerned that innovation will be lost, end users will have less choice and prices will increase.