



C. MICHAEL BRAE

ROUTLEDGE



# NEW CHANNELS OF MUSIC DISTRIBUTION

A COMPLETE GUIDE TO MUSIC DISTRIBUTION,  
MUSIC BUSINESS, PROMOTIONS, AND SELLING MUSIC

A Focal Press Book

# NEW CHANNELS OF MUSIC DISTRIBUTION

With an example-driven, hands-on approach, *New Channels of Music Distribution* offers a practical, comprehensive study of the music industry's evolving distribution system. While paying careful attention to the variables that impact success, author C. Michael Brae examines the functionality and components of music distribution, as well as the music industry as a whole.

This book is a one-stop guide and resource for all musicians, performers, songwriters, and label owners in understanding all the elements and efficiency of music distribution. Through its hands-on exploration of the music business, this book provides insightful strategies for executing marketing, radio, retail campaigns, and much more.

Here you will find:

- Specific DIY methods and strategies for distributing music throughout every platform possible.
- Case studies and discussions highlighting wholesale and retail markups, pricing strategies, major chains, rack jobbers, one-stops, mom and pop stores, and other retail outlets.
- Tips on how to incorporate retail distribution networks supporting SoundScan and employ marketing techniques using cutting-edge web technology.
- Distribution methods and promotion tactics to help you increase an effective “sell-through” on your music.

**C. Michael Brae** is the founder, CEO, and chairman of Hitman Records, Inc. His company Hitman Records has evolved as a major “indie” distributor, as it distributes music (physical and digital), TV shows and films on DVD and digital worldwide. He has taught music business courses at the University of California, Los Angeles, San Francisco State University, University of the Pacific, Dominican University of California, and LA Film School and has spoken at countless music business seminars throughout the US.



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# NEW CHANNELS OF MUSIC DISTRIBUTION

A Complete Guide to Music Distribution,  
Music Business, Promotions, and Selling  
Music

*C. Michael Brae*

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# ABOUT THE AUTHOR

Having the patience to endure, yet the perseverance to move forward and achieve higher goals is the single most underlying factor in gaining strength and position to your brand. This is one of the key principles of success.

A native New Yorker, C. Michael Brae began his career on New York City's Wall Street after graduating with a double bachelor's degree in marketing and advertising from the University of San Francisco. He also holds a master's degree from Full Sail University and is currently working towards a Doctor of Education (EdD) in organizational leadership at California Coast University. Mr. Brae began Hitman Records in 1991 and solidified a joint venture with SOLAR (Sounds of Los Angeles Records—"A Division of RCA Records"). In 1997, Mr. Brae obtained and secured "exclusive distribution" through corporate Tower Records distribution arm Bayside Distribution. Hitman Records then began a period of artist acquisition and development, which focused on hip hop, rap, R&B and gospel genres. During this period, Mr. Brae represented well-known and established artists, such as Samuelle (double platinum and Grammy Award-winning singer from the R&B group Club Nouveau), Mac Dash Mone (former member of the double-platinum group Digital Underground) and Johnny Paycheck, who produced six gold albums, one platinum album, one double platinum and 33 hits. Currently, Mr. Brae has closed several major partnerships and distribution deals, as MVD Entertainment, Baker & Taylor, with partnerships and distribution partners Universal Music Canada, HMV Canada, Sugo Music, to name a few. Hitman has evolved as a major "indie" distributor, as it now also distributes TV shows and films on DVD worldwide. Mr. Brae's business entrepreneurship savvy has been harnessed in the academic world as well. He has taught over 15 years of business courses in the music industry as an adjunct professor at several prestigious universities and colleges, such as UCLA (Entertainment Studies), San Francisco State University (MRI), University of the Pacific (Music Business), Los Angeles Film School, Dominican University of California and MediaTech Institute and has conducted music business seminars at SAE (Nashville), to name a few. He has authored several editions of *Music Distribution: Selling Music in the New Entertainment Marketplace*, which is used as a music business course book

throughout colleges and universities. Another recent work released was a music reality TV show titled, *Totally Packaged*, which aired for 13 weeks on CHN Network, now available on Amazon and other retailers, for which he was the executive producer. Mr. Brae has been featured in *Billboard magazine*, *Music Connection magazine*, *College Music Journal*, *SF Weekly*, *Black Enterprise Magazine*, *Atlas Plugged*, *UCLA Bruins Newspaper*, *Nashville Pride* and others. Mr. Brea is also chairman on the boards of Hitman Records, Inc.; MP4Player, Inc.; Youth Vision, Inc., a nonprofit 501(c)(3) organization; SAE Institute (Academic Advisory Board Member); and board member for AADA (American Asian Development Association), based in San Francisco and Hong Kong.



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# OVERVIEW

With all the new changes in the music industry, the goal for any artist or indie label is to make his or her mark in history.

This book is a comprehensive study of the record industry distribution system. It has a “real” hands-on approach with current projects already in motion within the distribution system. Distribution is but one aspect of the business end of this industry, arguably the most vital. The importance of distribution is stressed, along with the importance of other contiguous aspects such as sales, marketing and promotions including music video, radio, retail, publishing, trades, consumer print, street promotions and college networks. Marketing through cutting-edge web technology, and how to incorporate into retail distribution networks supporting SoundScan capabilities, are discussed. In general terms, the text within has specific details about the functionality of distribution, both physical and digital distribution along with the variables that facilitate its functionality. The product distribution systems, wholesale/retail markups, pricing strategies, major chains, rack jobbers, one-stops, mom and pop stores and other retail outlets are also examined. Included will be a campaign on existing product already within retail systems and an examination of radio promotion campaign efforts on targeted markets through tracking methods.

The basic necessity of distribution is fulfillment: meeting consumer demand, showing accurate marketing and promotion results, but doing so in a preemptive methodology. In this book, you will find that methodology is prefaced, defined, detailed and justified. The intent is to convey total understanding of the process of music distribution, as well as the significance of that process and all its variables in the scheme of the business of music.

# 1

## MUSIC INDUSTRY STUDY AND FACTS

The global music industry is a 50 billion-dollar business despite constant shifts in the way music is enjoyed by fans—music lovers are still here!

According to Nielsen, 2015:

The Year-end Music report recently released by Nielsen details an unprecedented music consumption pattern in the United States. Sales of albums in every format except one are down from 2015. Digital songs downloads are also down. Despite this, total music consumption went up by 3%. The reason is not far-fetched. The music business was overtaken by on-demand streaming. Not surprising, just long overdue.

On-demand audio streaming accounted for the largest share of total audio music consumption with a slice that consumed 38% of the pie. For the first time, on-demand audio streaming bested digital music sales. Overall music streams (audio and video) increased by 39.2% year-over-year. Audio streams which increased by a whopping 76.4% from 2015 to 2016 account for most of that gain. There was a 7.5% increase in Video streams.

Sales of albums and songs boozed up in contrast by 2016. Downloads of digital songs were down 25% from 2015. Album sales (CD, cassette, vinyl and digital) in its entirety were off by 16.7%. There was a drop in digital album sales by 20.1% and a drop in CD sales by 16.3%. The Mass market went down by 24.5% while chain stores, which nosedived by 21.4%, counted the biggest losses in terms of physical album sales.

The fancied album format remains the CDs accounting for approximately 52.3% of sales. The second most popular format is the digital with 41% of album sales followed closely by vinyl with 6.5% sales.

The music industry's sole bright spot for sales in 2016 is the Vinyl LPs even when they accounted for a small proportion of album sales. Their sales increased by 10% from 11.9 million units sold in 2015 to 13.9 million units in 2016. There was an outstanding production of year-over-year increase in sales by Vinyl LPs for the 11th consecutive year.

The star of the music consumption show in 2016 was on-demand streaming. On-demand music streaming was measured by Nielsen through the combination of audio and video streams from Spotify, YouTube, Apple, Google Play, Amazon, Rhapsody Song, Tidal, Soundcloud, Xbox Music, Slacker, Tidal Video, Medianet, AOL Radio and Disciple.

431.7 billion music streams abound in 2016. That amounts to an average of about 1.2 billion streams per day or 49.3 million streams every hour. That's roughly estimated as 3.7 streams per day for every man, woman and child in the US. There were 251.9 billion audio (690.1 million daily) and 179.9 billion video (492.9 million daily) streams in 2016, breaking out audio and video.

Money was continually raked in by the music industry in 2016 because the loss in sales was offset by income from subscription streaming services. A report by BuzzAngle states that on-demand streams from paid subscriptions increased 124% from 85.3 billion in 2015 to 191.4 billion in 2016. There was an increase of 14.3% by Ad-supported on-demand streams. Subscription accounts streams up to approximately 76% of on-demand audio streams.

Talk about the on-demand cat that got out of the bag in 2011 when Spotify launched in the US, growing into a lion that is now the king of the music industry jungle (Murnane, 2017)!

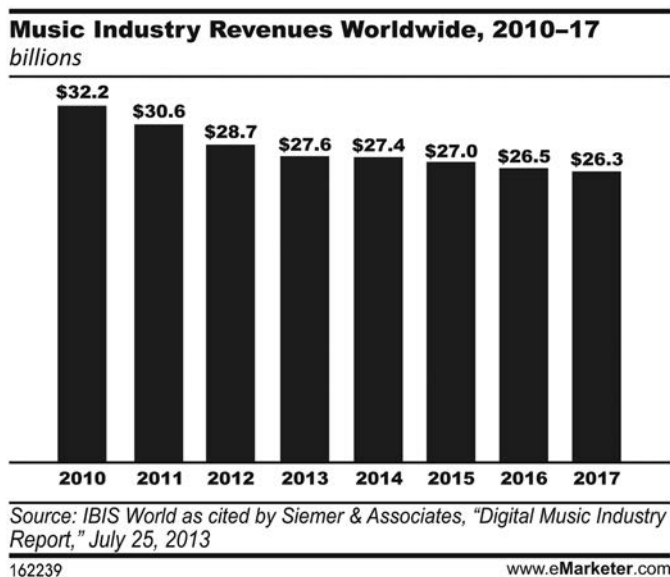
## Music Lifestyle

According to Music 360—2015 report (Nielsen, 2015), Nielsen's fourth annual study of US music listeners, 91% of the national population listens to music, spending more than 24 hours each week tuning into their favorite songs. While total listening figures are roughly the same as last year, how we access and engage with music is changing (Nielsen, 2015).

In looking at the report data, 75% of Americans listen to music online in a typical week, up nearly 12% from last year. And online listening trends are having a significant impact on our on-demand listening habits. While Americans streamed more than 164 billion on-demand tracks across audio and video platforms in 2014, they streamed 135 billion in the first half of 2015 alone—up more than 90% from the same period last year (Nielsen, 2015). And Americans' music listening isn't just becoming increasingly digital, it's becoming more mobile. In fact, 44% report using smartphones to listen to music in a typical week, a 7% increase over last year, while listening on our desktop computers less (Nielsen, 2015).

Radio continues to be the number one source of music discovery in the United States, with 61% of respondents saying they find out about new music from AM/FM or satellite radio, a 7% increase over last year. Word of mouth is also important, particularly for teens: 65% say they discover new music through family and friends, well above the average of 45% (Nielsen, 2015).

Americans are also discovering more music at live events. 12% of respondents say they discover music through live events, up more than 70% from last year. Americans are so engrossed in live events that they now spend more than one-half of music-related expenditures on them each year, and 50% of Americans say they've attended a live event in the last year (Nielsen, 2015). And what would the music year be without festivals? Eleven percent of Americans claim to have attended a music festival in the past 12 months, with Millennials comprising 44% of all festival-goers. Most attendees choose festivals based on the lineup, and about two-thirds choose based on proximity to where they live and price of tickets (Nielsen, 2015).



**FIGURE 1.1** Music Industry Revenues Worldwide, 2010–2017 (billions)

## Today's Celebrity Culture

Celebrity culture is alive and well. 19% of people say that they would “give anything” to meet their favorite music artists, though exactly what that might be is anyone’s guess! Fans in the United States (33%), UK (32%) and Spain (30%) are the most obsessed with this idea, while consumers in China, Hong Kong and Hungary aren’t ready to do anything special to meet their favorite music stars. Only 7% each would even make an attempt, the lowest among all markets surveyed (Siemer & Associates, 2013).

16% were excited about the idea of going on weekend getaways with their favorite musical artists and fellow fans, including access to a few concerts during that time, but not everyone was impressed with the idea. Those indicating they were “very interested” in this were the Americans (44%) and Brits (39%), while only 2% of those in Hungary and 3% in Hong Kong would be interested (Siemer & Associates, 2013).

“The rise of artists’ own websites, along with their use of social media like blogs, Twitter and Facebook, have gotten music fans even closer to their favorite stars,” says Steve Garton, global head of media research for Synovate.

We’re also living in fame-obsessed times, so the media helps fuel the frenzy. However, in many eastern markets, while things like celebrity endorsements can work quite well, if done right, a certain amount of pragmatism sets in. People think, yes, my favorite singer is gorgeous and sings songs that capture my feelings now, but they’re not going to help me get a promotion in my job. In Hong Kong and China, there is a pop culture. But it remains a means to an end, not an end in its own right.

*(Rise Artist, 2016)*

When respondents were asked which music “extras” they’d be willing to pay for, their answers suggest that Western markets overall are more interested in paying for exclusive items such as access to exclusive unreleased MP3s, members-only web content, private gigs, etc.

Americans topped the charts as most willing to pay for more access to and information about their favorite music stars. More than two-thirds of Americans say they’d pay for the following: text alerts about upcoming shows and tickets availability (70%); access to “members only” exclusive Internet gigs (67%); a “queue jumper” feature, including guest list entry and an upgrade for “all access” to areas (67%); access to a “members only” section on an artist’s website (67%).

According to Bob Michaels, Senior Vice President of Consumer & Business Insights for Synovate in the US, “Americans are willing to pay for these ‘rights,’ because they want to be part of the inner circle. While anyone can go online and get a song, paying for unreleased music or special access to the member-only section of an artist’s website makes fans feel that they ‘know’ the artist and are getting something that only really dedicated fans have. It’s like having a front row seat every day.”

## Mobile Music

The advent of MTV in 1981 ushered in a whole new way for musical artists to connect with their fan base, and TV still remains a key medium for consumers to watch music videos. But the computer and mobile phone are becoming strong contenders. When asked how they watched music videos over the past month, more than half of those surveyed (57%) say they watched them on TV, while 46% watched them on the computer. Another 16% used their mobile phones, which was highest in India (38%), Philippines (23%) and China (20%).

Mick Gordon, Managing Director for Synovate in India, said:

It’s not surprising that 38% of Indians have watched music videos on their mobile. A fully loaded mobile phone is a basic in India—the market is growing phenomenally, adding millions of mobile phone subscribers every year.

73% of Indians polled say they have watched music videos on TV. In India, it’s still the Bollywood music that is most popular; ditto for music videos. Lately we’ve seen some migration of Hindi pop stars into Bollywood music as standalone albums of Indian pop stars do not have the wide-reaching acceptance that Bollywood does. And among the youth and certain urban pockets, western music is very popular. That accounts for the popularity of MTV and Channel 5 in India.

China, at 16%, ranked the highest globally for “paid for music apps on my mobile phone,” compared to only 8% of people globally. This activity was also popular in Korea (13%), India (9%) and the UK (8%). The global average for “paid to download a music track to my computer” was 14%, topped by Korea (49%) and the UK (26%).

Robert Alleyne, Research Manager for Synovate in the UK, said:

The scores of less than one in ten people globally paying for music apps on their mobile is not really surprising because, despite mobile capturing many headlines recently, penetration is still relatively low. That said, I would expect this proportion to grow over time. While older mobile users may not be so open to downloading music and music apps via mobile, young tech-savvy

consumers have done this for some time now. And as gadgets such as the iPhone reduce the need for people to carry separate music players and mobiles it will continue to grow.

Licensing and ownership of mobile music is also important to bear in mind. If I download a song on my mobile, do I then have the right to transfer that to my PC, burn it to a CD, or transfer it to my MP3 player? The vast majority of consumers would believe they had the right to do so; however, many of the licensing agreements restrict what people do with the music they download using their phones.

Although I do expect the numbers on this to grow in the UK, I would envisage a faster growth in people streaming music on their mobiles. If I can stream any song I want while on the move, why would I need to own it?

*(Synovate, 2016)*

## Downloading and Streaming

Despite what some may think, the record store is not dead. Even with the rise in digital music, many still want to own music in its physical form. In the past month, almost one-third of people bought a music CD at a store, while 11% purchased one online. While this is good news for music retailers, there is still an underbelly of counterfeit CDs and illegal downloading that physical and online retailers are competing with. The music industry has made considerable effort to attach stigmas to illegal music downloading, which may be working in some markets.

11% of people surveyed globally confessed to purchasing bootleg/counterfeit/pirated music CDs, topped by the Philippines (41%), Brazil (21%) and China (14%) (Synovate, 2016).

Almost one-third (29%) admitted to downloading a song from the Internet without paying for it. This is highest in China (68%), Korea (60%) and Spain (46%). And 19% used a file-sharing program, topped again in China (37%) and followed by Spain (31%) (Synovate, 2016).

Robert Alleyne, Research Manager for Synovate in the UK, said:

For a long time downloading illegally was easier and faster than downloading legally but not anymore. Consumers have taken to these new legal services. They don't want to break the law; however, with credit card-only payment methods (remember, a large proportion of music sales, especially singles, are made by those under 16 who cannot use a credit card) and DRM—digital rights management/formats, meaning the song I downloaded in Microsoft's music store could not be played on my iPod—some consumers were almost forced to download illegally.

*(Synovate, 2016)*

Jesus Caldeiro, head of client relationships for Synovate in Brazil, said:

The belief of artists' rights is not as entrenched in Brazil as in other markets. Instead, music is perceived to be a common good, an intrinsic part of Brazilian identity and therefore belonging to everyone. Because of this, Brazilian artists themselves are being very active in promotion of free sharing of music via creative common licenses and other models.

*(Synovate, 2016)*

Most people purchase their music legally, and legal mobile downloads are beginning to take off. 8% of consumers globally have paid for music apps on their phone, rising as high as 16% in China and

13% in Korea, while 14% globally have paid to download a full-length mobile music track. Yet again, Korea (30%) and China (27%) lead this globally (Synovate, 2016).

Darryl Andrew, CEO for Synovate in China, said:

In China, we conducted a study a few years ago on digital music. From that we learned consumers were literally asking businesses to help them get access to music via their mobile phone . . . and guess what, that is exactly what China Mobile did. They added this to their service options, i.e., had customers pay a few Yuan more on their mobile phone bill enabling them to download music. Smart!

*(Synovate, 2016)*

Mick Gordon, managing director of Synovate in India, said:

Indians are clearly passionate about music, but downloading a full song on their mobile phone is still a low 13%, and online music downloads are just 6% due to lower levels of Internet penetration in Indian households. Buying a music CD in a physical store is still more acceptable and enjoyable to Indians.

*(Synovate, 2016)*

Music streaming is also a big fan favorite as one in five people globally, topped by Korea at 60%, streamed their favorite songs in the past month from the growing number of legal music streaming services, such as Hype Machine, Seeqpod, Imeem, We7 and Spotify.

## **Musical Merchandising**

Leveraging an artist's current reputation and image, or developing a new one, through merchandising can mean big money for the artist and the companies working with them. An overall 16% of people globally bought a live music/concert DVD in the past 12 months, topped by the UK at 25%, while 16% bought ringtones/wallpaper via their mobile, topped by Koreans at 66% (Synovate, 2016).

Even though just 11% globally say they bought clothing and other merchandise with musical artists on it over the past month, this rose to an astonishingly high 23% in Korea.

According to Soojeong Min, research project manager for Synovate in Korea:

In general, Koreans love music. This goes back to our history of having "Nodongyo," a song for working. Our ancestors sang while farming to forget about the harshness of work. So, I guess our love for song and singing started from then; it's kind of a national heritage.

Also, we have "Norebang," which is similar to karaoke, and it is very much a part of Korean culture. I'm guessing the reason Korean adults like music and singing so much is that we don't have many other types of "playing aspects" to our culture, such as card games and board games and barbeques, for adults in our culture. In addition, our high Internet penetration allows Koreans easy access to download songs at fairly low prices.

*(Synovate, 2016)*

## Advertising Is OK

So what about all the advertisements shown on music downloading and streaming websites? They're no problem at all for most consumers, especially if they offer something in return. 44% of people globally are happy to view or listen to ads, if it lets them download free music, while 41% are OK with viewing ads if they can get access to free music streaming (Synovate, 2016).

In fact, many are even willing to share information about themselves to gain access to free music. Almost one quarter of people globally would provide personal information in exchange for access to free music downloads, topped by the UK (38%), and Australia and Korea (37% each). Most hesitant would be those in Hungary (90% are unwilling) and Hong Kong (89%) (Synovate, 2016).

An overall 23% say they would share their personal information for access to free music streaming, topped by Australia (36%), India (35%), Philippines and the UK (31% each).

The markets most unwilling to share their personal information in exchange for free streaming were Spain and Hong Kong (88% each) (Synovate, 2016).

Steve Garton, global head of media research for Synovate, said:

I think this shows how careful listeners in these markets are—and clearly some already know how to get music for free anyway. There is concern about what will happen to their private information if they give it to a third party, so companies need to be really considerate about privacy and explicit with consumers on how they plan to use the information.

*(Synovate, 2016)*



FIGURE 1.2 Competitive Pricing

## Evaluating Your Fans, Artists and Overall Brand

Product endorsements and promotions/competitions that feature musical artists are one of the quickest ways to establish an artist's brand, and the study indicates that consumers support this.

Almost one-third (30%) of people globally look out for competitions or promotions that feature their favorite artists and bands (topped by China at 49%), while 43% agree that "If brand sponsorship is the only way an artist can make money, they think they should do it (even if they have to compromise)" (Synovate, 2016).

Garton said:

It seems like Hong Kong has the most committed fans in the world in one respect. They are the highest group, at 59%, that say they'll support their favorite performers who use brand sponsorship, if that is the only way these artists can make money.

*(Synovate, 2016)*

However, 47% of people globally don't think this is a good idea, with Hungarians the most opposed, at 63%, to the possible suggestion of musical artists "selling out" (Synovate, 2016).

Respondents were also asked if they are more likely to buy a product that is endorsed by their favorite artist/band. Overall, almost one-third of people globally (31%) agreed with this, topped by Korea at 52% and China at 38% (Synovate, 2016).

Darryl Andrew, CEO for Synovate in China, states that "Chinese consumers are always actively seeking brands associated to music icons and suggests for marketers to focus in on celebrity endorsements in raising the profile of your brand" (Synovate, 2016).

There is also a bit of 'Pavlov' conditioning involved. Consumers in China and across the world expect to see celebrities endorse and promote products, and in many cases they lap it up—they love the exposure for their favorite pop icon. So, it's a no-brainer, but marketers still have to know what consumers' hot buttons are.

*(Synovate, 2016)*

## Current Trend Predictions in Today's Music Market

What should be expected in the upcoming years with various changes and trends in the music industry? This is a multi-dimensional question, given that the music industry delivers outstanding changes almost daily; despite that, this is a question that must be answered in order for professionals to chart courses moving forward. The mainstream music industry is usually viewed by publications territorially, not globally even though the industry is global. Below are music industry predictions by Martin F. Frascogna, an Entertainment and International Attorney:

### ***1. Stakes Will Be Held in Artists by Companies***

The adoption of the Apple advertising model by most companies who use relatively unknown musicians in product campaigns will lead to a change in partnership expectations. This, in turn, will lead to companies expecting 360° deals just like the labels. If Nike, for example, makes the collective decision to break an artist by dropping their tunes in an upcoming commercial, Nike will now expect to have a percentage stake in digital and physical sales for X amount of time. It's an all-locked-up partnership now that businesses clearly understand the parallel between advertising and music (Music Globalization Report, 2011).

## ***2. Major Labels Will Adapt to Industry Changes***

The present adaption to industry changes by major labels will continue. Apple, Spotify and Amazon along with other rivals will be the change agents. The new creations are bent on making it clear to labels that digital music and the vehicles of delivery are not a fad. Because of this, you ignore apps at your own peril. Control is retained by those who hold the money; and unfortunately (or fortunately), major labels still control the money. This means their funds will be redirected, fighting digital warfare will stop, and major money will begin to be pumped into app and other tech development to break their roster. Expect more interface between gaming and music using Top 40 artists (Music Globalization Report, 2011).

## ***3. Shelf Space With Big Box Retailers (Reduced)***

Ample reductions to their physical music shelf space by Walmart, Best Buy and Target have already been made. This will not stop. Instead of carrying the standard Top 40 albums, trends indicate the big box stores will endorse only exclusive partnerships and carry heritage acts who have a long sales history (Music Globalization Report, 2011).

## ***4. Big Box Retailers Outside of the United States (Increased)***

Australian, Asian and some remote European stores dominate physical sales as buying trends for US retailers taper off to low levels. The reason is simple. Several contributing economic factors abound, but it primarily points to the fact that the vital relationship between nontraditional retailers and musicians has yet to explode in overseas territories. This will lead to a continuation of traditional sales methods (i.e., big box stores) (Music Globalization Report, 2011).

## ***5. Revival of Artist Development***

The label vengeance against poor industry figures has historically begun to invest less and less into developing musicians in order to sustain long-term careers. You, therefore, hear quick-famed one-hit wonders and/or mainstream artists only on the radio. Labels will leap into the breach by increasing their annual budgets with the help of new corporate sponsor partnerships. Labels will once again focus on developing sustainable careers instead of one-hit wonders by investing in new technology and other nontraditional marketing methods. A&R (artist and repertoire) will also, likewise, become cognate, which will lead to an increase in music industry jobs (Music Globalization Report, 2011).

## ***6. Mainstream Impacts Will Be Generated by New Genres***

By taking sunken, underground beats and spinning them into mainstream success through licensing contracts, the UK has turned out to be the latest genre-maker. This may not be historic at the moment, but it sure does indicate there is a potential trend to accept non-mainstream genres for advertising campaigns (Music Globalization Report, 2011).

## ***7. The European Market Will Even Out***

Musicians of European extract have made the largest dip in the global market. European-bred artists make up over a quarter of the group that now controls the Billboard charts like American

groups once did. European musicians have more crossover appeal in the States, in most cases, than in their homelands. However, year-end statistics revealed that markets evened out, meaning European musicians are gaining popularity in their home countries because of their success abroad. What this means is that European musicians no longer need American fans to be successful, so touring and marketing efforts will remain close to home (Music Globalization Report, 2011).

### ***8. Traditional Managers Will Have to Adapt or Get Weeded Out***

Managers and their models will also be forced to adjust just as labels have been forced to adapt. How managers manage groups, break bands, pitch musicians to labels and generate exposure, also known as management models, must readjust.

The reason is not far-fetched. This worked when groups wanted to sign with labels. The progression was visible—obtain a local/regional following, secure radio airplay in that given area, then use these statistics to negotiate with labels. Presently, nobody wants a romance with labels. Musicians have become their own labels. Managers must come to terms with this. Getting an act signed used to be the management payoff. Now managers must find different revenue streams to be successful (Music Globalization Report, 2011).

### ***9. Entertainment Attorneys Must Adapt***

It's remarkable that anyone can be more hardheaded than label executives, but entertainment attorneys take the cake. Attorneys have somehow figured out they could continue charging the same astronomical hourly rates given the economic landscape, and further, musicians today feel as if they don't even need attorneys. Undeniably, artists need entertainment attorneys on their creative team more so than everyone else, especially one who understands the new industry playing field and is able to work within a given budget (Music Globalization Report, 2011).

### ***10. The Australian Market Continued Dominance***

The music world was dominated by Australia closing out 2011 and this trend is expected to be maintained in the upcoming years. With a strong indie label market, solid distribution outlets and a fanbase that goes bananas for live music, Australia will further separate themselves from the flailing world economy (Music Globalization Report, 2011).

### ***11. Canada Gathers Momentum***

One of the next big markets is predictably Canada. This is because the American music market is leveling out in terms of accepting international musicians; labels have yet to make a solid spring into actually signing international acts. With this said, Americans will fill this void very conservatively. In contracts with international acts that labels can't afford to groom, American labels will look to their neighbors up north. Unfortunately for many Americans, Canada is considered "foreign" (musically speaking) and American fans have a fascinating attraction to Canadians. Blend that with unique radio pockets, talented musicians and potentially strong tour venues due to their close proximity to

the American border, and you've got a stew of success for the upcoming years (Music Globalization Report, 2011).

### ***12. Indie Label Opportunity Matures***

The focus of all music companies will be on streamlining their efforts. This entails smarter processes, innovative policies, and keeping low overheads. From the onset, independent labels typically have had to function with these elements in place; their ability to stay adroit will allow for continued growth opportunity. As business partnerships continue to thicken between content owners and brands, smaller labels will be able to adapt quickly and profit at lower revenue thresholds. This creates a strategic advantage that, if managed properly, will see upward trends on indie label balance sheets (Feinberg, 2011).

### ***13. Critical Mass Reached by Streaming Services***

Consumers seem to accept renting over owning content. Companies such as Spotify and Rhapsody have dominated this sector of the market and are capitalizing on it. With utmost good timing, savvy marketing and clear messaging that crisply communicates the benefits, a streaming music provider can easily blaze a trail in this race (Feinberg, 2011).

### ***14. "Free" Continues Evolving***

"Free" has unarguably been a highly debated concept. One side states that the awareness and data capture free can be converted to sales over time. This is a threat to the opposition who feels that free devalues content and sets the wrong precedent. The truth may lie somewhere in the middle, but it is clear that with the volume of free content (legal and otherwise) one has to be giving something away simply to stay competitive. There is nothing new about this line of thinking, but it has finally suffused the companies and artists at the top. The majors and superstars have relaxed their policies on free (especially when paired with data capture) and that trend will continue. This will happen in parallel with efforts to find techniques to convert free to paying—a critical element to make this model work (Feinberg, 2011).

### ***15. The Essential Toolkit Thickens***

There is an almost endless supply of new technology and techniques for digital marketers to try. Despite this, many have either faded away or a best-of-breed front-runner has emerged over the past 18 months. We will see this trend continue in the upcoming years as it becomes clearer which technologies and techniques provide real value. In years past, it became easy (and essential) to track true performance metrics; marketers now have multiple tools to evaluate effectiveness based on conversion, data capture, sentiment and engagement. This analysis is helping define where to focus efforts—and that is helping digital music marketing become a more precise practice (Feinberg, 2011).

Topspin, Bandcamp, Nimbit, Rockdex, NextBigSound, Rootmusic, SoundCloud, Buzzdeck, Artist-data, Mozes and the ever-essential Google Analytics are companies with momentum in the digital

marketing toolkit space. Let's also not forget the mainstays—Twitter, Facebook and email-marketing platforms such as ExactTarget, Mailchimp and Constant Contact (Feinberg, 2011).

## **16. The Debate About Net Neutrality Continues**

The net neutrality discussion (particularly at the government level) has continued unabatedly and the positions and arguments haven't changed much. The FCC approved rules that enable mobile carriers to regulate application use on December 15, 2011. Many members of Congress have already stated they will fight this by creating a new law. This debate is still far from over; expect heated discussion all year long (Feinberg, 2011).

The music industry is still building strategies and systems to forestall the steep declines it is suffering from. Innovation and experimentation are the key words moving forward. Most people have accepted the fact that we cannot force consumers to behave as they did in the past. Instead, we must seek to better understand our audience, foster stronger communication and be willing to take leaps of faith on a regular basis (Feinberg, 2011).

## **TV Trends**

Long-term stability and growth in US entertainment discretionary spending depends heavily on the development of new ways of delivering films, television shows and music to consumers. Successful new delivery systems generally should spur growth in demand for these types of entertainment products from distributors. Although cable television and home video have substantially increased both the demand for and the economic value of programming, these delivery systems are relatively mature. More than 80% of US homes subscribe to cable or satellite TV services (Stephens, 2016).

## **Longer Hours**

Collectively, in this age of telecommuting and the home office, as we progress steadily wayward of the 9-to-5 employment status quo, television executives have recognized and sought to exploit non-conventional time slots, finding a profitable viewership base even in late night hours. Conventional wisdom brought about the term *prime time*—7:00 pm to 10:00 pm—assuming the dated event of the 6:00 pm dinner hour. The prime-time slot, once a finite line, was the revenue jewel of television broadcasting. The slot is still king, though society, cable broadcasting and the \$1.99 movie rental have substantially blurred the line (Stephens, 2016).

## **Airtime Availability**

With thousands of national, regional and local television stations, and with extended programming hours, airtime is readily available. The growth of cable television, satellites and super-stations has brought television broadcasting a long way since the time when CBS, NBC and ABC had predominant exclusivity of the airwaves. Cable advertising networks, once the home of sometimes less than glossy, municipal or regional commercial spots, now reach millions of potential consumers and are replete with major advertisers and national ad campaign spots. The end result is that smaller advertisers

have an abundance of options and available airtime with national consumer viewership. This has changed the face and scope of television advertising dramatically (Stephens, 2016).

## Coverage

Some 98% of all US households have at least one television set. In this electronic age, TV has surpassed all other media as our primary source of information and entertainment. Television is no longer “just for entertainment”; it hasn’t been for quite some time. Even those US consumers who previously watched very little television, preferring instead the intimacy or knowledge exuded from a good book or the evening paper, now find it difficult to ignore the tube. There are enormous amounts of quality, informative and content-rich hours of television programming available for their discerning consumption. Television simply covers it all in this day and age (Stephens, 2016).

## New Trends/Platforms of Music Video Promotion

Music videos have become a valuable promotional tool for the music industry. At a time when television viewing continues to rise in the US, people somehow are finding time to watch more Internet videos as well, most likely at the same time. According to Adam Lella of comScore, Inc., some 182 million Americans watched nearly 41 billion online videos in May, up 5% from the previous month, according to newly released data from ComScore Video Metrix (Lella, 2013).

According to Dawn Chmielewski in an article for the *LA Times* (2013), Google sites—primarily YouTube—ranked as the top online video property in the US, with nearly 155 million viewers clicking in. That’s twice the number of people who watched videos on Facebook (60 million) and nearly triple AOL’s video viewers (54 million), according to ComScore. When it comes sheer numbers of video views, Chmielewski points out that Google dominated there as well. Google and YouTube generated almost 14 billion videos viewed in May, ComScore reported. AOL ranked a distant second with 839 million views, followed by Facebook with 727 million (Chmielewski, 2013).

Vevo has replaced MTV among most viewers, or should I say the new generation. Chmielewski states that among YouTube channels, Vevo continues to cement its reputation as the MTV for the new generation—with some 50 million viewers watching 561 million music videos in May 2013 (Chmielewski, 2013).

According to Chmielewski (2013):

Internet videos provide fleeting moments of diversion for a broad swath of the connected population. Almost 85% of the US Internet audience watched online videos in May. The average length of an online video, about 5.6 minutes, may reveal something about the nature of our attention spans.

While platforms like YouTube, Vimeo and Ustream (live streaming) are the most popular video platforms for musicians and recording artists, artists need to examine other platforms such as 45 Sound, Cull TV and Vydia in saturating their brand into the marketplace (Soso Active, 2012).

1. **45 Sound** uses its state-of-the-art editing technology to transform poor audio sound to studio quality. The platform is user-friendly, in which all you have to do is upload your video and audio in which they will transform your video. The service is free (Soso Active, 2012).

2. *Cull TV* is what MTV used to be before reality TV became so popular. Cull TV is a great platform that promotes videos by breaking indie artists through their YouTube and Facebook timeline integration. This platform is well designed and extremely easy to use. Just sign in via your Facebook account and you will automatically receive a recommended video list based on your and your friends' Facebook activity. Cull is always looking to partner with indie artists in promoting via their online platform. Cull TV is poised to be the MTV of the online generation.
3. *Vydia* helps artists of all levels monetize and distribute their visual content in one easy-to-use platform. This is by far my favorite platform for video content in reaching the masses worldwide! You can target MTV Jams, BET, Music Choice and more and in addition choose specific destinations as the US, Europe, Australia or Japan, etc. This platform lets you generate revenue for your audio files on YouTube and VEVO using their audio to video creation tool (Soso Active, 2012).

### **YouTube (the Ultimate Video Promotion Platform)**

As everything else is changing in the music industry, so is the music video promotions platform. Your next stop: YouTube.com.

YouTube Stats now include how often videos are viewed in different geographic regions and how popular they are relative to all videos in that market over a given period of time. The lifecycle of a video is tracked, including how long it takes for a video to become popular, and what happens to video views as popularity peaks.

YouTube reaches 4 billion video views daily, up 25% from May 2011 according to DailyTech.com.

YouTube is a video-sharing website, initially created and owned by three former PayPal employees in 2005, but was purchased by Google in 2006 for \$1.65 billion. It currently operates as a subsidiary of Google and offers a wide range of user-generated video content.

Since the explosion of mobile devices like smartphones and tablets, YouTube has gained some serious viewership. In fact, Google recently announced that the site streams 4 billion online videos every day.

YouTube has been moving up in the Internet video ranks by adding 100 original programming deals. Even the talent on the site is being taken seriously, with some making six-figure incomes.

### **YouTube Statistics**

As of right now, YouTube has more than 1 billion users registered on its website. This number makes up 33% of all Internet users worldwide. YouTube already has over 80 million videos uploaded to their website and each day, many millions of hours of video are watched on there. These videos have gotten billions of views and the number only keeps growing. The average demographic for YouTube users, whether they're on a mobile phone or normal laptop, is 18 to 49 years of age. In fact, this age group watches YouTube far more than any television network on cable in the United States (YouTube, 2016).

A recent statistic actually showed that the average YouTube watcher now spends roughly 60% more hours each year watching videos than they did in previous years. This increase in YouTube video watching continues to grow as viewing videos becomes easier with mobile devices. Since March of 2014, there have been 40% more users per year on YouTube each day. Also, year after year, there are 3 times more YouTube users visiting the homepage of the website when they first arrive on there.

A study from 2016 shows that 80% of all the views on YouTube are coming from users who are not in the United States. Since YouTube created localized versions of their website in over 70 countries, this has certainly helped increase its viewership. YouTube also has its website content available in 76 various languages. This makes it accessible to roughly 95% of the total worldwide population which uses the Internet (YouTube, 2016).

### ***Mobile***

People primarily go on YouTube and spend a lot of time watching videos per session. When they use their mobile device to watch videos, they are spending over 40 minutes on average per session. This has a year-over-year increase of over 50%.

As for the number of hours per session on mobile, the year-over-year increase is 100%. In all, over 50% of YouTube users are watching videos on their mobile devices. The mobile revenue generated on YouTube has a year-over-year that doubled (Perez, 2016).

## **Promotional Strategies of Music Videos**

### ***1. Get on YouTube***

Getting on YouTube should always be in the form of a professional video or as simply well-done footage of one of your live performances. (It's not as difficult as you think. Hire a film student to shoot your video for you, as it will cost just a fraction of the price of a professional director yet produce some good results.) Ensure it's of a high enough quality or the effort could actually amount to nothing for you. Content is key, but good content is everything (Moore, 2013). Poor quality is anathema these days. Even iPhones with their amazing video features should allow you to put together an impressive HD live video. Do you know of a new movie coming out that has gained a lot of buzz? Try posting clips of the movie set to one of your best songs. Quite a number of bands take this approach in setting their own music to clips of upcoming films. A thousand new listens and many new fans are often the end result. Ensure you build those relationships as well. Other similar sounding bands and music outlets should be commented upon. Favorite their videos and sign up for their channels. Always be building your network! (Moore, 2013)

### ***2. Start Up Your Own YouTube Channel***

A great way to attract people to your music, and to create and expand a thriving community, is to have your own YouTube channel. You can add your favorite videos by others within your YouTube channel. As those videos are viewed, your channel becomes visible, this translates to the fact that YouTube users are able to click through to see what else your channel has to offer. This is a perfect reason to expand your brand (Moore, 2013).

### ***3. YouTube Channel Distribution***

The website [www.Blanktv.com](http://www.Blanktv.com), which caters to rock, punk, alternative and metal music videos, is one of the most popular curators, amongst others, who have a YouTube channel. Curators re-upload artists' music videos to their own YouTube account, leading to many more views for the artist as a result.

YouTube channels are quite far-reaching, and it would take some searching to find them. Searching terms such as *independent music*, *music videos*, *unsigned* as well as genre terms like *metal*, *alternative* and *hip hop*, while using the channel filter is a good start. The more you show up within YouTube, the more potential for your music to be bounced around and to show up in search results (Moore, 2013).

#### **4. Optimize and Tag**

A proper label and tag on your YouTube video is key. When it comes to the impartial YouTube's search function, accuracy is more important than hype. The video title, description and tags should ideally contain repeat words, with the band name appearing in all three. Just a few comments are permitted on YouTube, so remember to include everything relevant to your video that people may search for, even similar bands that appear in your bio, for example (Moore, 2013). Don't also forget to include your full website's URL, sales page and contact information in the info section, as well as including your full bio and band information. A detailed description of your YouTube video is a big part of how people find you (not just on YouTube, but on Google as well) and how fast your video goes viral, but most bands skip this step. Being thorough with your title, video information and tagging is called "optimizing your metadata" (Moore, 2013).

#### **5. Vimeo**

Vimeo describes itself as: "a respectful community of creative people who are passionate about sharing the videos they make. We provide the best tools and highest quality video in the universe." It's apt. Vimeo has long been a hub for artists and video directors, and it's generally free of much of the low-quality distractions that pollute YouTube's search results (Moore, 2013). Their moderators also actively keep a close eye on the comments for anything offensive or out-of-line, so the community remains generally sanitized and free of excessive shenanigans. Channels and groups within Vimeo are quite easy to search for, and communicating with the users in charge is also easy. Admirably, Vimeo has member forums where you can get involved and cross-promote with others. Basic accounts allow up to 500 MB of storage (Moore, 2013).

#### **6. Muzu TV**

Muzu.tv is an Irish website where people actively seek out independent music videos. It features music videos from artists the world over. It has quite an active following and also pays artists 50% of ad revenue on their content. That's a novel idea (Moore, 2013).

#### **7. Promoting Music Video Through Blogs**

This point is a clear one, but music blogs don't just review albums. Typically, they rarely review albums in contrast to other things. Chances are you will see more music videos than anything else whenever you visit just about any music blog. In fact, it would be a challenge to find a music blog that didn't post music videos (Moore, 2013). Therefore, saying you don't know where your music video could be promoted is akin to saying you can't find the Internet. Because people are more visually focused now than ever before, a music video is not only essential to have; it should be the biggest part of your

promotional strategy. Spending two hours writing an in-depth review of your album is harder for a blogger than posting your music video embed code. Give bloggers the choice. Most video views for new artists being discovered happen from blog exposure versus just being seen on YouTube (Moore, 2013).

## **8. DMDS**

The highest-quality new music and music videos are delivered by DMDS Music. DMDS is a trailblazer amongst music distribution companies and is used by professionals for music promotion, radio promotion and music video distribution. It helps in promoting your music and videos to broadcasters, radio programmers, journalists and other industry influencers anywhere in the world. The starting cost is around \$150 and above per station, per a one-time submission. DMDS Manager App can also be used to upload broadcast-ready video files and deliver to streaming sites, video pools and TV broadcasters like MTV, VH1, BET, MuchMusic, etc. via their preferred submission service (Moore, 2013).

## **9. Vydia**

Vydia is probably one of my favorite platforms for promoting your music videos in various networks such as MTV, BET, Music Choice, VH1 and others. In addition, this platform can get your video on closed circuit televisions in food courts, fitness centers and hundreds of retail locations. Vydia is the ultimate one-stop for music video distribution (Vydia, 2016).

Through a simple a DIY-style format, you can select from over 30 different television, online, on-demand networks, and retail outlets to submit music videos to. Keep in mind, they cannot guarantee that your video will get airplay at every network you submit it to; however, using this platform gives you the best possible chance. One major plus is that every video submitted to the major networks through this system will be viewed, considered and given feedback either way. Costs per each submission start at \$20. I love the fact it is à la carte, in letting me pick and choose which network to use (Moore, 2013).

## **10. MondoTunes**

MondoTunes offers a one-time fee of \$249.99 per music video for video distribution. Are you getting paid for your video streams and views? Most artists reach one or two sites without receiving any royalties. With the fee of \$249.99 per music video submission, MondoTunes gets your music video on iTunes, Vevo, YouTube, Myspace, Muzu.TV, Vidzone and more! Get paid for every download and stream! No monthly or annual fees (MondoTunes, 2016).

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# 2

## MUSIC COPYRIGHT, PUBLISHING AND LICENSING

Exploiting your music in every channel and every territory possible is why publishing and licensing is paramount!

### Copyright

Any original work that has been created and is in tangible form is a form of copyright, meaning the copyright already exists as soon as you have a tangible version of your work.

However, in the United States, once you register your copyright, it makes it much easier in court if the copyright has been infringed, therefore it is advantageous to go through the registration process.

According to the US Copyright Office, the provisions of copyright laws dealing with duration are complex. Different standards apply depending on whether federal statutory copyright protection was secured before or on or after January 1, 1978, the date the current law—the Copyright Act of 1976—took effect. In addition, several amendments enacted since January 1, 1978 affect duration. This chapter describes the changes to the law that affect duration and gives details about terms of protection for copyrights secured and renewed on certain dates (US Copyright Office, n.d.).

### ***Works First Securing Federal Statutory Protection on or After January 1, 1978***

According to the US Copyright Office website, it states “works” fall into two categories. For works created on or after January 1, 1978, the law automatically protects a work that is created and fixed in a tangible medium of expression on or after January 1, 1978, it is from the moment of its creation in which the term is the life of the author plus an additional 70 years. For a “joint work prepared by two or more authors who did not work for hire,” the term lasts for 70 years after the last surviving author’s death (US Copyright Office, n.d.). If works are made for hire “anonymous and pseudonymous works”, the duration of the copyright is 95 years from first publication or 120 years from creation, whichever is shorter (unless the author’s identity is later revealed in the copyright) (US Copyright Office, n.d.).



**FIGURE 2.1** Copyright Text

Go to the US Copyright Office (website) at [www.copyright.gov](http://www.copyright.gov).

Registering online is what I recommend, meaning the entire process is much faster and can take up to 4 months, versus the mailing process which can take up to 15 months. The other advantage of registering online is how easy and user friendly the process is, not to mention it is free to set up an online account through US Copyright. There are several choices to submit your works including placing it on a USB drive, MP3, Compact Disc or even recording it to video format. Go to the US copyright website at [www.copyright.gov](http://www.copyright.gov) and click on the (electronic copyright office) section.

To register a free account: Click on “new user” to open your account. Provide your name, address, country (if not from the US), phone details and other preferred contact information. Click on the Electronic Copyright Office, where you can make an online copyright filing (WikiHow, 2016).

1. Once you have an account opened, you can use this every time you'd like to make a copyright application. The account allows you to monitor your applications and to find various types of information concerning copyright. There is also a tutorial on making a claim provided (WikiHow, 2016).
2. Complete your online copyright application: Click on “Register a New Claim” under “Copyright Services,” located in the left-hand column of your account. Be prepared to answer questions about yourself, the work you're seeking to copyright, and where you'd like the copyright certification to be sent.
3. Pay the \$35 fee via either by credit or debit card, electronic check or a copyright office deposit account. The advantage for registering online is it is much cheaper than registering it through the mail (WikiHow, 2016).

## 22 Music Copyright, Publishing and Licensing

4. Upload an electronic copy of your work. Many types of files are accepted, but check the Copyright Office's complete list to ensure that you're not sending in an incompatible file. If you don't want to do this, you can send a hard copy (non-returnable) and it has to be sent in a box, not an envelope (and CDs should be sent in a jewel case). You can make a shipping address slip from the site (WikiHow, 2016).

Registering for an account by mail: Be sure to obtain the proper form, which can be downloaded from the website or delivered by mail by contacting the Copyright Office and requesting the forms to be sent to you. The form for a sound recording to copyright is the Form SR. The form for Performing Arts, such as lyrics and sheet music, is the Form PA or Short Form PA. However, Form CO replaces these forms, along with other forms, so you can choose to simply use Form CO. Since the combined fees for forms PA and SR is currently \$65 and the fee for form CO is \$45, you might want to consider carefully which meets your needs most (Charles, 2011). A great option for registering basic claims is the new fill-in Form CO, which replaces Forms TX, VA, PA, SE and SR. Using 2D barcode scanning technology, the office can process Form CO submissions (when properly completed by the submitter) more efficiently than paper forms. Simply complete Form CO on your personal computer, print it out, and mail it along with a check or money order and your deposit. Please check out all current fees which are posted on their website (Charles, 2011).

Visit [www.copyright.gov/forms](http://www.copyright.gov/forms) for more information.

1. If you want the forms posted to you, the copyright forms can be requested at 202-707-3000 or requested through mail at US Library of Congress, Copyright Office, Independence Avenue, S.E., Washington, D.C. 20559.
2. Fill out the form. Read the instructions carefully and fill it out exactly how it is explained. If you have any questions, contact the Copyright Office (WikiHow, 2016). Place the forms into an envelope and include a \$65 payment, as well as a non-returnable copy of the music. Send your completed form to: Library of Congress, Copyright Office, Independence Avenue, S.E., Washington, D.C. 20559

Wait for the certificate of registration. Have patience because this part of the registration process can take a while. It can take up to 15 months if you've filed by mail, according to the Copyright Office FAQ, and averages around 8 months (WikiHow, 2016).

Keep in mind that your "works" are already copyrighted if they are in tangible form. The good news is that your copyright is effective in terms of your registration from the day that your materials are received by the Copyright Office (WikiHow, 2016).

### Music Publishing

The role of a music publisher is to exploit your works for licensing deals and opportunities. Notice I also mentioned *opportunities*, meaning the publisher is constantly soliciting your works to every possible channel. He or she is responsible for ensuring songwriters and composers receive payment when their compositions are used commercially. Through an agreement called a publishing contract, a songwriter or composer "assigns" the copyright of his or her composition to a publishing company. In return, the company licenses compositions, helps monitor where compositions are used, collects royalties and

distributes them to the composers. They also secure commissions for music and promote existing compositions to recording artists, film and television (Wikipedia, n.d.).

The term *publishers* originally referred to publishers of sheet music. In the late 19th century, sheet music was the primary commercial use of musical compositions. Today, the two businesses have diverged, and the large companies known as “music publishers” typically are no longer in the business of producing printed music.

The copyrights owned and administered by publishing companies are one of the most important forms of intellectual property in the music industry. (The other is the copyright on a master recording, which is typically owned by a record company.) Publishing companies play a central role in managing this vital asset (Wikipedia, n.d.).

The three types of music publishers are (1) “majors,” (2) “mini-majors” and (3) “independents” (or “indies”) (LawAdvice, 2016).

Major publishers like Universal, Warner Chappell, Sony, BMG and EMI pay millions of dollars in advances to the songwriters and artists in order to maintain their market share. The mini-majors are publishers such as Famous. The indies are the smaller publishers, which are individually owned and operated. Major music publishing houses have the advantages of several departments, each helping the company acquire and exploit songs, just as major record labels do (Rubin, 2005).

Often times the language of publishing contracts will look foreign to the songwriter. Copyrights are assets, just like a piece of land or a house that you own. If you know how complex a mortgage contract is for a home, therefore it’s no surprise that a publishing agreement can often be difficult to understand. It is important to understand the foundation of terms in a publishing agreement (Rubin, 2005). Below are a few definitions:

- **Advance/Recouping:** This is the financial arrangement within the agreement where the publisher advances money to the songwriter, before the publisher has collected any income. This concept is often used to satisfy the financial needs of the songwriter, as the entire process of registration, licensing and collection can often take a year or more to come to fruition. The songwriter should understand that if the publisher has paid them an advance, they will not receive any royalties until the publisher makes back their money and turns a profit, often known as “recouping” (Rubin, 2005).
- **Split:** This is defined as the share of income that both the publisher and songwriter will be entitled to. Percentages often range from 90/10 in favor of the songwriter to 50/50, usually common when a company invests a large amount of money upfront to a songwriter as an advance against future royalties (Rubin, 2005).
- **Co-Publishing Deal:** This is a certain type of publishing deal where the publisher and the songwriter are each 50% owners of the copyright. They agree to share the income from the copyright on a 50/50 basis (Rubin, 2005).
- **Administration Deal:** Without a share of the copyright, the publisher agrees to service the writer by collecting all sources of income and handling all aspects of administration on a commission basis. The range usually goes between 5% and 25%, but varies from deal to deal (Rubin, 2005).
- **Term:** This defines how long the agreement is actually binding, and could be anywhere from six months to forever.
- **Territory:** Refers to the “territories” or countries where the agreement is binding. It is common to have a worldwide agreement, or sometimes to carve out particular countries, such as when a publisher negotiates an exclusive deal solely for Japan or the United Kingdom (Rubin, 2005).

- **MDC:** This stands for the “minimal delivery commitment.” It is the amount of material or songs that a songwriter is required to deliver (for commercial release) during the term of their agreement. The MDC is based on 100% ownership of the song. A songwriter who agrees to a MDC of five songs will have to deliver 10 songs if they only write the music and thus get only a 50% share of the song. This is a common occurrence since most songwriters specialize in either writing the music or the lyrics but not both (Rubin, 2005).

## What Music Publishers Do

According to the law, a music publisher can be defined as: “A person that is authorized to license the reproduction of a particular musical work in a sound recording.” The most memorable way to think of what music publishers do, though, is probably to compare them with what a recording company does; the difference here usually boils down to differences in enforcing copyrights. Whereas a record company usually makes money by holding the copyright in a sound recording, a music publisher makes money by holding a copyright in the musical work itself, such as the composition, score or lyrics (LawAdvice, 2016).

As with major recording companies, there is less importance between being the publisher and recorder when a music publisher is one of the majors: the majors control the process. However, it is no less important to be sure a professional reviews your contract terms (both for publishing and recording terms). Publishers earn their pay from enforcing a series of licensing fees for the use of published music. This means that publishers protect their musicians’ copyright interests, sometimes from recording companies themselves (LawAdvice, 2016).

The responsibilities of a music publisher are song registration, licensing, royalty collection and creative matters. Let’s simplify those areas.

## *Song Registration*

An important part of the job of a publisher is to protect songwriters’ rights. The most common way to do this is by formally registering your songs for copyright protection. In the US, this is done via the US Copyright Office. In the UK, copyright exists automatically in any written or recorded work, but registering a song with the MCPS (Mechanical Copyright Protection Society) is a good way of establishing your claim to have written it in case of dispute—better than sending it to yourself in a Jiffy bag, anyway! As a benefit to the songwriter, a publisher often will play the role of “bad guy” when working with another party to make sure the songwriters’ rights are properly established and granted (Rubin, 2005).

In the United States, one of the larger issues in terms of protection comes into play when a publisher attempts to license a song to a record label. Since the record label is the entity paying out the mechanical royalties, they can attempt to pay less than the amount they are required in accordance with US copyright law. (According to copyright law, the current royalty rate you are entitled to receive—called the “statutory mechanical rate”—is currently 9.1 cents if you wrote 100% of the song and the song is under five minutes long [Barker, 2013].) They accomplish this not by breaking the law, but by having you sign documentation that allows the record company to pay you a lower royalty rate or pay royalties on fewer albums. By asking songwriters to accept less money than they are potentially entitled to receive, record companies save millions of dollars in mechanical royalty payments each year. If you

work with a publisher, hopefully he or she is experienced enough to not allow the record companies to issue the royalties at a reduced rate, unless the label is actually entitled to according to a prior written agreement (known in industry parlance as a “controlled composition” clause) (Rubin, 2005).

The concept of “statutory mechanical rate” does not apply to the United Kingdom, where rights are a bit easier to manage and protect. However, a UK publisher must still register the song correctly with the mechanical and performance societies to ensure proper and timely payment.

Songwriters also need to take care to protect themselves when they sign a publishing deal, often by simply using common sense. Remember the old saying and be careful what you sign. Always have someone with more knowledge than you in publishing, such as a lawyer, look out for your interests. A lawyer will guide you to the proper publisher who will protect your rights. Everything begins with having your paperwork in order. The registration process can sometimes be a boring and tedious job that only a publisher could enjoy. During the initial song registration process, the publisher usually informs performing rights organizations, such as ASCAP, BMI or PRS (see below) about the new song and relays all the relevant information to them (Rubin, 2005). Once the song is registered by a publisher, the performing rights societies will collect and pay out these performance royalties directly to the publisher and songwriter. Songwriters must choose to affiliate and register their work with only one society in the US; a publisher can help you decide which. In the UK, there is only one performing rights society, the PRS (Rubin, 2005).

Performing rights societies will pay equal shares of the performance royalties they receive to the songwriter and to the publisher. Assuming the songwriter has a split of more than 50%, the publisher will then pass on the appropriate percentage of his or her share to the songwriter (Rubin, 2005).

Those are, of course, not the only type of royalties a songwriter can earn. There are royalties that get paid when a song is included on an album that is commercially released in retail stores or made available legally online for downloading. These are called “mechanical royalties” (Rubin, 2005).

## Performing Rights Organizations

A performing rights organization’s (PRO) function is collecting performing rights royalties on behalf of its members, composers and music publishers. The PRO then distributes these royalties to its members, minus the PROs administration costs. Most songwriters, producers, composers and publishers have agreements with a PRO (SongTrust, 2015).

PROs license public performances of their members’ music, which includes radio, network television, cable TV, cable movie channels (HBO, Showtime, etc.) and use in nightclubs, stores, restaurants and other public performances. PROs only license performing rights, and only non-dramatic performing rights.

In 1851, the first performing rights society was established in France. In the United Kingdom, the Copyright Act 1842 was the first to protect musical compositions with the Performing Right Society, founded in 1914 encompassing live performances. The rights for recorded or broadcast performance are administered by the Mechanical Copyright Protection Society, founded in 1924. Italy introduced a performing rights society in 1882 and Germany in 1915. In the United States, the American Society of Composers, Authors and Publishers (ASCAP) was founded in 1914; Society of European Stage Authors and Composers (SESAC) in 1930; Broadcast Music, Inc. (BMI) in 1939; and SoundExchange in 2000 (Wikipedia, n.d.).

## ASCAP

ASCAP is a vital, leading-edge organization that serves more than 565,000 US composers, songwriters, lyricists and music publishers. Its member-owners include the greatest and newest names in American music across the genre spectrum, from hip hop to symphonies, rock to jazz, country to Latin, R&B to musical theater, gospel to electronic and more. ASCAP was founded on February 13, 1914 in New York City by a group of prominent and visionary music creators. ASCAP is short for American Society of Composers, Authors and Publishers. ASCAP is the only US performing rights organization created and controlled by composers, songwriters and music publishers, with a board of directors elected by and from their membership (Harris, 2004).

ASCAP is a nonprofit organization and elects its board of directors from the ranks of its members and holds general membership meetings. ASCAP members represent the forefront of their genres in the new millennium. From Jay Z to Duke Ellington, George Gershwin to Katy Perry, Leonard Bernstein to Beyoncé, from Marc Anthony to Alan Jackson. You can apply for ASCAP membership as a writer, a publisher or both—the processing fee is \$50 for each application (Harris, 2004). For more: [www.ascap.com](http://www.ascap.com).

## SESAC

SESAC stands for Society of European Stage Authors and Composers and was founded in 1930 to serve European composers not adequately represented in the United States. Though the company name was once an acronym, today it is simply SESAC and not an abbreviation of anything (AfroPunk, 2016).

With an international reach and a vast repertoire that spans virtually every genre of music, SESAC claims to be the fastest growing and most technologically adept of the nation's performing rights companies.

The system required to compute compensation is based on many factors, including state-of-the-art monitoring, computer database information and broadcast logs. Since 1994, SESAC has pioneered the use of Broadcast Data Systems (BDS) for monitoring radio performances and continues to partner with BDS for the most comprehensive digital monitoring of public performances in the marketplace (Tuch, 2016). Unlike ASCAP and BMI, SESAC utilizes a selective process when affiliating songwriters and publishers, resulting in a roster of affiliates who have personal relationships with the SESAC staff. In short, SESAC's creative staff provides affiliated songwriters and publishers with a level of service and attention unparalleled in the industry (AfroPunk, 2016).



**FIGURE 2.2** ASCAP—American Society of Composers, Authors and Publishers

SESAC has reciprocal agreements with over 80 international licensing organizations, covering every major territory in the world. If your music is used in a foreign country, that country's performing rights organization will collect your royalties in accordance with its practices and transfer the royalties to SESAC on your behalf, which will then be transferred to you (SESAC, 2016).

SESAC's corporate headquarters in the heart of Nashville's Music Row houses all of the company's divisions, from creative to licensing to administration. The company also has offices in New York, London, Los Angeles, Atlanta and Miami (SESAC, 2016).

SESAC represents such musical icons as Bob Dylan, Neil Diamond, Robert Johnson, RUSH, Cassandra Wilson, Bryan-Michael Cox, Nate "Danja" Hills, Jack Knight, Jason Perry and Swizz Beatz as well as many others. Artists who have performed SESAC-affiliated compositions include Justin Timberlake, Mary J. Blige, Usher, Mariah Carey, Beyoncé, Reba McEntire, Pussycat Dolls, Nelly Furtado, U2 and Christina Aguilera among many others (SESAC, 2016).

As mentioned previously, SESAC utilizes a selective process when affiliating songwriters and publishers. There are no fees or dues if you are offered a SESAC affiliation. For more: [www.sesac.com](http://www.sesac.com).

## **BMI**

Broadcast Music, Inc. (BMI) collects license fees on behalf of the more than 500,000 songwriters, composers, and music publishers it represents and distributes those fees as royalties to members whose works have been publicly performed. Formed in 1939 as a nonprofit performing rights organization, BMI was the first to offer representation to songwriters of blues, country, jazz, R&B, gospel, folk, Latin and ultimately, rock and roll (Hadjipetrova, 2011). BMI was founded by radio executives to provide competition in the field of performing rights, to assure royalty payments to writers and publishers of music not represented by the existing performing rights organization and to provide an alternative source of licensing for all music users. BMI's history coincides with one of the most vibrant, evolving and challenging periods in music history. As popular music has moved from big band to rock and roll and hip hop, and formats have evolved from 78 and 33 1/3-rpm vinyl records to compact discs, MP3s and beyond, BMI has worked on behalf of its members to maintain a leadership position not only in the United States, but worldwide (Hadjipetrova, 2011).

As a performing rights organization, or PRO, BMI issues licenses to various users of music, including television and radio stations and networks; new media, including Internet services and websites and mobile technology businesses such as ringtone and ringback providers; satellite audio services like XM and Sirius; nightclubs, discos, hotels, bars, restaurants and other businesses; digital jukeboxes; and live concert venues.

BMI currently represents some more than 7.5 million compositions—a number that is constantly growing. As a result, BMI has, over the years, implemented a number of technological innovations in its continuing effort to gather the most accurate information available about where, when and how its members' compositions are played or performed, as well as ensuring that royalty payments are made in as precise and timely a manner as possible. BMI represents artists as Taylor Swift, Pussycat Dolls, Jordin Sparks, Pink, Jennifer Lopez, Lady Gaga, Britney Spears, Kanye West, Carrie Underwood, Elton John, Sting, Rihanna, Kirk Franklin and Mariah Carey, to name a few (Hadjipetrova, 2011).

BMI is free to join for songwriters and composers. For publishers, the cost for individually owned is \$150 or \$250 for formally organized corporations (BMI, 2016). For more: [www.bmi.com](http://www.bmi.com).

## **SoundExchange**

SoundExchange is a performance rights organization that was created in 2000 as an unincorporated division of the RIAA (Recording Industry Association of America). In September 2003, SoundExchange was spun off as an independent and nonprofit organization, incorporated in the State of Delaware. SoundExchange is headquartered in Washington, D.C. (Lacy, 2016). SoundExchange is controlled by a board of directors comprising equal numbers of representatives of recording artists and sound recording copyright owners. This board oversees all operations of SoundExchange, and approves such things as the distribution methodology and administrative expenses. The board is composed of 18 members (Lacy, 2016).

SoundExchange collects statutory royalties from satellite radio (such as SiriusXM), Internet radio, cable TV music channels and similar platforms for streaming sound recordings. The Copyright Royalty Board, which is appointed by the US Library of Congress, has entrusted SoundExchange as the sole entity in the United States to collect and distribute these digital performance royalties on behalf of featured recording artists, master rights owners (like record labels) and independent artists who record and own their masters (Lacy, 2016).

SoundExchange currently represents over 5,000 registered record labels and over 43,000 registered artists. These include both signed and unsigned recording artists; small, medium and large independent record companies; and major label groups and artist-owned labels.

SoundExchange-registered artists run the genre gamut, from the Foo Fighters to the Supremes, from a cappella to acid rock, bluegrass to big band and everything in between. More than 43,000 registered artists receive quarterly payments whenever their music is played on digital transmissions for which SoundExchange collects royalties. In addition to registering to receive royalties, many of their registered artists become members, allowing SoundExchange to collect their royalties from around the world (Lacy, 2016).

SoundExchange, and their partners at musicFIRST (Fairness in Radio Starting Today), have been instrumental in the fight for performance rights. For decades, a loophole in copyright law has exempted terrestrial radio stations (AM/FM) from paying artists and copyright holders when they play music, comedy, spoken word or other recordings—they only compensate songwriters. Thanks to this loophole, radio stations continue to make billions of dollars in advertising revenue, driven by the songs played, without giving artists a cent. SoundExchange is seeking to change that.

SoundExchange has negotiated with a number of agreements with other performance rights organizations around the world in order to help American performers and sound recording copyright owners receive payment when their sound recordings are performed abroad.

SoundExchange is free to join as a member. Unlike ASCAP or BMI, which do not allow you to join more than one performing rights organization, SoundExchange will allow you to join, as they collect royalties from different media platforms. I strongly suggest if you're a copyright owner, artist or label to become a part of SoundExchange (Lacy, 2016). For more: [www.soundexchange.com](http://www.soundexchange.com).

## **Songtrust**

Songtrust is not a performing rights organization, however, they do collect royalties on behalf of music industry professionals. Songtrust, a *Billboard* magazine Top 10 Music Start-Up, provides a technology platform for royalty collection services to music business professionals.

The particular platform is a industry leader in online solutions that help songwriters, artists, managers, labels and publishers simplify music rights management, including the administration of music publishing assets, performing rights and digital licensing (Resnikoff, 2014).

Launched by Downtown Music Publishing in 2011, Songtrust provides efficient and accountable royalty collection service in over 50 major music markets worldwide. For a \$100 setup fee and 15% commission, Songtrust will help you register with a PRO (ASCAP, BMI, SOCAN [Society of Composers, Authors and Music Publishers of Canada]) if you're not already a member (Resnikoff, 2014). In addition, they will register your songs with over 40 collection societies worldwide. The setup fee covers 15 songs, and 10 more songs are \$10. If you've already got songs registered with your PRO, they will pull them into their system for free.

Keep in mind that retroactive mechanicals are hard to uncover. Most societies require them to be claimed within two to three years. After that, they are redistributed to their members or blackboxed to cover operational costs (Resnikoff, 2014).

Think of Songtrust as an insurance policy! For more information: [www.songtrust.com](http://www.songtrust.com).

## The Business of Music Licensing

This is the world of music licensing—a world where the rights to use music are bought and sold every day—for example, a popular song that everyone knows gets embedded in a TV commercial or a popular movie. Music licensing is something that happens constantly, all around us. When you listen to music on the radio, that music is licensed. When you hear music in a restaurant, that music is licensed, too.

### *The Basics*

Music licensing in the United States is made possible by the protection that US copyright law provides for artists. According to this article from the US Copyright Office:

The copyright code of the United States (Title 17 of the US Code) provides for copyright protection in sound recordings. Sound recordings are defined in the law as “works that result from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work” (U.S. Copyright Office, 2016a). Common examples include recordings of music, drama or lectures. Copyright in a sound recording protects the particular series of sounds “fixed” (embodied in a recording) against unauthorized reproduction and revision, unauthorized distribution of phonorecords containing those sounds and certain unauthorized performances by means of a digital audio transmission. The Digital Performance Right in Sound Recordings Act of 1995, P.L. 104–39, effective February 1, 1996, created a new limited performance right for certain digital transmissions of sound recordings.

So a sound recording is just that—a recording of sounds. There are several things that can be copyrighted in any sound recording for a song:

- Actual sounds themselves—the performance of the work
- Notes that the musicians play to create the song—they could be embodied in sheet music
- Lyrics for the song—they can be written down on a sheet of paper (Brain, 2003)

According to the US Copyright Office, copyright protection extends to the contribution of the performer(s) whose performance is captured (U.S. Copyright Office, 2016b).

Technically, the registration process with the copyright office is not officially necessary in order for you to own the copyright. You actually own the copyright as soon as you create the song and write it down. However, to enforce the copyright in court, registration is required. Once you have the copyright, you can sell rights to the song if you choose to, and you can also prevent anyone else from using the music, the lyrics or the actual performance of the song (Brain, 2003). You “own” the whole song and all the rights to it. You can license the song in any way you choose.

### *Music Licensing Companies*

Most musicians don’t know how to choose the right music licensing company or companies, because they haven’t done their homework yet. They haven’t learned how to know which company has the best chance of getting them a film or TV placement period, and they often have no idea which company has the best track record for making the most money for the songwriters and artists they work with (TaxiBlog, 2009).

### *Filtering by Competing Musicians*

Music supervisors want filtered music. The music supervisor primarily selects songs to be placed in a film, TV spot, television show, video game, etc., and goes through the licensing process necessary to clear the rights. They want only the very best music. In many cases (but not necessarily all), music that has been selected or filtered by competing songwriters or artists doesn’t stand up to the quality of music that has been pre-screened by real music industry professionals (LicenseQuote, 2016).

### *Companies That Are Too Quick to Accept Your Music*

There are companies who will sign almost anything, regardless if the deals are even non-exclusive. This is a sign that the company is just trying to fatten the catalog or music library for a later sale, and is more interested in quantity, not quality.

### *Are They a Licensing Company or a Music Library?*

There is a distinction between the two in that a licensing company will pitch individual tracks and also represent you, where a music library might supply clients with a searchable hard drive of music with thousands of tracks. In addition, licensing companies get paid higher amounts as well (TheMusicSnob, 2010).

### *Companies that Don’t Have Solid, Long-Term Relationships with the Industry*

Music supervisors have go-to people that they’ve worked with for years. They trust their ears. They know they can rely on them for great music. If you can’t find solid evidence that those relationships exist at the company you’re about to sign with, you might want to keep looking and find a company that does!

*Is the License Exclusive or Non-Exclusive?*

This is very important. Signing to a non-exclusive license will allow you to sign to other music licensing companies simultaneously, expanding your music licensing opportunities, and could initially provide a lucrative source of income if represented well. In today's ever-changing music industry and technology expanding, I suggest non-exclusive (Blume, 2014).

*What Rights Are They Asking For?*

At a minimum, you have to grant a licensing company the right to represent your music, but there can be varying levels of artist involvement for each placement they negotiate. Some contracts are pre-cleared, in that they don't have to get the artist to sign off on each individual placement, while others give the artist the right of refusal before the deal goes through. Most indie artists will encounter pre-cleared contracts (Blume, 2014).

*What Types of Placements Do They Typically Get?*

Keep in mind, all licensing companies are not created equally as most of them have areas of strength and weakness. One company may be really strong on gaming, but not as great at getting songs placed on film. Another company may specialize in getting music into TV commercials. Another thing to watch out for are companies that do bulk licensing deals that return little money to the artists they represent.

*What Percentage Do They Take?*

Standard fees can range between 20% and 50% of the gross licensing fee, but it's important to keep that in perspective. The smaller the company is, the more they tend to get a high number of placements for you and are more hands-on, in which case they might be worth the 50% fee (Blume, 2014).

*Don't Permanently Sign Over Any Rights to the Song*

Keep in mind that a licensing company is not a publishing company. There is a difference between a licensing representation deal and a publishing deal.

*Don't Work With a Company That Asks for an Upfront Fee*

This is a red flag. They should make their money off of getting songs placed, not by getting you to sign up more songs.

*Don't Grant Them Mechanical Rights*

Some licensing companies will write language into the contract that allows them to release your music in album form and make money off of it. A standard sync license contract is very straightforward, but granting mechanical rights ventures into record company territory, which is far more complex. This should be avoided (Blume, 2014).

### *Various Licensing Methods*

This is one of the areas where the procedures are different for the United States and the United Kingdom. In the US, before mechanical royalties can be paid out to the publisher by the record label, you first have to license your song to the record label. When the publisher issues a license to the record label, it allows the song to be included and sold on a particular album. The record company can then pay mechanical royalties according to how many copies of the album are sold. Your rights and payment rates are set down in this license, so I don't recommend signing a mechanical license that is directly sent to a songwriter from a record label without the review of a publisher or lawyer.

The procedure is a bit different in the UK. Just as PRS is the Performing Right Society, the UK has a "mechanical" society called the MCPS (Mechanical Copyright Protection Society, [www.mcps.co.uk](http://www.mcps.co.uk)). The record label that releases the album in the UK does not pay the publisher directly, as they would in the US. Instead, the record label pays the MCPS a certain amount of money, based on sales of the album. Once the publisher registers the song with the MCPS, they can then collect mechanical income from sales in the UK (Rubin, 2005).

There is also an organization called the Harry Fox Agency (HFA), which deals with the licensing and collection of mechanical royalties. For a commission, the HFA can collect mechanical royalties via record sales throughout the world. Although some publishers and writers rely on the HFA, it is an optional service as publishers have the ability to collect mechanical royalties without the aid of the HFA (Rubin, 2005).

Music publishers also must be knowledgeable about new technology and the licensing of additional revenue streams such as ringtones—songwriters must have a publisher issue a separate license for ringtone use, and the popularity of ringtones among teenagers leads me to believe that this source of income is not a passing fad but will only get bigger in the years to come (Rubin, 2005). In the US, the publisher will issue a license to a phone carrier (Verizon Wireless, Nextel or Sprint, for example) or a ringtone provider such as Blingtones or Zingy. The publisher would then receive the income directly from the ringtone provider. In the United Kingdom, the income is collected by the collection society rather than directly from the source, just as with mechanical royalties. Generally the income on a ringtone is about 10 cents (for 100% of the copyright) in both the US and the UK (Rubin, 2005).

With the worldwide explosion of DVD, songwriters should also be aware that a separate license is needed for collecting the royalties generated by this popular format. The royalty is usually about 12 cents (for 100% of the copyright), though an advance payment fee is also sometimes available through negotiation. The income structure is about the same for both the US and the United Kingdom, though you need to keep in mind that in the US, the royalties can be collected directly from the manufacturer, while the royalties in the UK have to be collected by the society.

### *Royalty Collection*

Song registration and licensing allow the publisher to collect your proper amount of royalties from all sources. We've already discussed performance and mechanical royalties, but there is another royalty type called "synchronization" royalties (Resnikoff, 2014). These usually occur as a one-off negotiated flat fee whenever music is "synchronized" to a moving picture. By way of example, sync fees are paid if your song is used in a movie, TV show, commercial or video game. An experienced publisher will negotiate the sync fees and issue the requisite licenses. (Future residual royalties are further paid by the

performing rights societies for many sync rights.) A music publisher works diligently to collect all of these income streams from the various sources (Resnikoff, 2014).

### *Creative Exploitation of the Song*

Publishers can often spend a large part of their time attempting to “pitch” the song to advertising agencies, music supervisors who work in film and TV and video game producers. The creative energies of a publisher can bring untold new opportunities to songwriters both artistically and financially (Backett, 2016).

### **Music Licensing Company Listing**

While the music industry is in the crossroads and the platform is evolving, it's a great time to be independent artist. In the world of TV film, Internet and tech gadgets, you never know where your music will end up. One of the most traditional “alternate” outlets has, of course, always been licensing your music for use by other parties—but for many people, it's a bit of a dark art and often a question of where and how to even start putting out feelers to potential licensees (TheRichMusician, 2016). Relax! I have put together a short list of music licensing companies to submit your music for licensing opportunities:

**8Fold Music**—A non-exclusive artist representation company pitching all genres of music for film/TV/multimedia licensing.

**Audiosocket**—Company licensing music of all styles to film, television, advertising and more; actively seeking submissions.

**BeatPick**—Showcasing 306 talented artists; 5,000+ selected music tracks for film, TV, advertising and any other use.

**Boosey & Hawkes**—Specialists in classical and jazz, with library of over 100,000 production music tracks in all genres; also sells sheet music, CDs.

**Broadjam**—Indie music, music licensing, free music promotion, download free music, streaming music.

**BMG/Chrysalis**—BMG/Chrysalis has become a world leader in the music publishing/licensing industries. They have highly personalized service with the most advanced technology in order to maximize copyright protection and collection efforts for its clients. Offices in LA, New York, Nashville, Atlanta, London, Munich.

**CopyCat Music Licensing, LLC**—CopyCat Music Licensing, LLC provides music licensing services for music publishers, composers and songwriters, representing them to music supervisors, film, video, television, multimedia and more.

**Deep Emotions**—Publisher based in India: Signs local songwriters and makes their songs active in the local and international markets; administers local film and record catalogs on behalf of their owners; collects the mechanical rights in India for foreign rights owners and helps them license their products in India; acts as a single-window clearing house for music licensing (ad agencies, film and record producers, TV channels, ringtones, etc.).

**Dittybase**—Search, audition, download license, independent artists, indie labels and production music libraries online.

**Film Music Network**—Licensing service for music into film and television.

**Hip Son Music**—Music publishing, music production and record company based in Boston, MA. Vocal and instrumental music catalog, licensing to movies, documentaries and TV shows. Focuses on electronic and pop music.

**Hook Line and Sync**—Licensing services connecting artists with film and television.

**Konsonant**—Music licensing, blanket licenses, subscriptions, custom scoring, music supervision, music editing and music searches.

**Labelsound**—Specializes in providing music from independent labels and artists for use in media projects; ambient, world, jazz, music for adverts, classical, chillout, house, funk, rock and more.

**Licensemusic.com**—Audio and video content provider with catalog of 200,000 recordings.

**License Music Now**—License Music Now provides professional music clearances, song licensing and music supervision services for all types of media projects.

**Lisn Music**—Music licensing for the film, television, advertising, game and app industries. Also offering music consultancy, supervision and bespoke composition and sound design services. Based in Greater Manchester, UK.

**LoveCat Music**—Independent music publisher and record label also licensing to TV, film, game industry, etc. Seeking submissions of original titles.

**Magnatune**—Provides both licensing and MP3 downloads. You've got to love a company whose motto is "We are not evil."

**Matchless Music Licensing Library**—Licensing original music by underground artists and indie bands.

**McClure & Trowbridge**—Nashville-based music publishing/licensing company.

**MRI (Music Reports, Inc.)**—Music licensing, royalty accounting, license administration; California-based.

**Music Dealers**—Non-exclusive music licensing service for artists and businesses.

**Musync**—San Francisco-based music licensing, library, and music supervision; licensing independent music to film/TV, advertising, video games, multimedia and events.

**Nightingale Music**—Music library, licensing and audio creation.

**Northstar Media**—Provides music-business administration, artist development, song placement and music licensing services.

**NOMA Music**—Los Angeles-based music licensing company supplying the motion picture and television industries in the US.

**Ocean Park Music Group**—Licensor of independent music in the industry, with exclusive representation of dozens of record labels for film, television, commercial and all other types of sync licensing.

**Premiumbeat.com**—Royalty-free music library, production music, stock music, Flash loops; based in Canada.

**PressPlay Media**—Placement of independent music into film, TV, commercials and games.

**Pump Audio**—Non-exclusive licensing deals for independent music; the audio wing of Getty Images.

**Quest Worldwide Production Music**—UK-based production music catalog that licenses audio to worldwide multimedia markets including film, television and radio.

**Record Play**—Music consultancy, licensing, clearance and marketing services; based in London, UK.

- Rock River Music**—Music supervision and licensing based in San Francisco, CA.
- Rumblefish**—“An iTunes for music licensing.” Music licensing company accepting submissions from artists. They specialize in licensing music for TV, film and corporate brands.
- Shockwave-Sound.com**—Royalty-free music, stock music, sound effects.
- Songcatalog**—Licensing music to film, TV and commercials; offices in Vancouver and Los Angeles.
- Sony Music Licensing**—The licensing department of Sony Music Entertainment.
- Soundtrax Music Services, Inc.**—A music supervision and licensing company based in Canada.
- Sugaroo!**—Music licensing company based in California.
- Sugartrax**—Music licensing and production music company with exclusive catalog.
- Tele Music**—Music library/production catalog based in Paris, London and New York.
- The Music Bridge**—Music licensing, clearance, supervision; based in Los Angeles, CA.
- Track Licensing**—Music licensing company based in London, UK; quality catalog also representing other labels for licensing.
- Tuna Music**—UK-based independent company for licensing, research, clearance and composition.
- United Entertainment and Media Limited**—Music licensing for advertising, film/movie, trailer, television, compilation, soundtrack, games, Internet—plus other services.
- Westwood Entertainment Group**—Offers licensing of music and masters to TV, film, cable networks and advertising.
- Youlicense**—Described as “the eBay of intellectual property,” Youlicense connects buyers and sellers of music in a unique way. Artists, take a look at the opportunities page.

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# 3

## MANUFACTURING PROCESSES, SYSTEMS, PRODUCT PLATFORMS AND MUSIC PRODUCTION

Manufacturing is entering a dynamic new phase! As a new global consuming class emerges in developing nations, and innovations spark additional demand, global manufacturers will have substantial new opportunities—but in a much more uncertain environment. While CD sales are falling worldwide, Japan still reports about 85% of physical sales (Sisario, 2014) and Germany 70% compared to 20% in some countries, like Sweden, where online streaming is dominant (IFPI, 2015).

### Manufacturing Processes

It always surprises me when companies or artists just choose any manufacturer without shopping around, especially when you consider how such a lack of diligence can affect your bottom line. When focusing on possible higher-net profits from album sales, manufacturing cost factors will weigh heavily in this regard. First, you as an independent label will only receive \$7.00 to \$8.00 gross on the full-length album from your distributor (BandZoogole, 2006). And \$8.00 is only if you have a major act or the artist is moving a decent amount of units via retail sell-through, so let's say we are only dealing with the \$7.00 gross.

If you are paying \$2.00 to \$2.50 per unit (CD) for manufacturing, you are now down to \$4.50 on your way from gross to net, and we haven't even touched on artist royalties, radio and retail promotions, music production or any other aspect or accrued expense that has to be recouped on the road to net. Now you can see the importance of having a good manufacturing company who can give you a lower rate, and at the same time, fast turnaround and a high-quality product. Controlling such costs is crucial to the profitability of any indie release. The goal is to find a manufacturing company capable of extending to you a volume-rate base, based on the total volume of manufacturing you give them in a fiscal year. The smart thing to do is to form a collective with a few artists or independent labels and group your manufacturing patronage under one account. This way, you should benefit from the lower rates afforded those with volume account status. It is a generalization, but there are discounts in volume. Now you are talking around \$.80 to \$.90 based on volume and for a run of 1,000 CDs manufactured. The money saved is money earned which will reflect directly on your net profits (Cuban, 2009).

However, based on the current “retail” environment, most retailers will not order large volumes of your titles into their stores unless you have a significant amount of radio spin activity in that particular region where the store is located. Based on that theory, even your distributors will not request 2,000 or even 1,000 CDs to be shipped off to their warehouses; you will be lucky if they even ask for 500 units. My point is that the demand is focused primarily to a targeted audience; an example would be an artist showcase that is heavily promoted with a seating capacity of 150 people with the featured artist 150 CDs available, built into the ticket price at the door. My suggestion is to press 10–200 CDs at a time, when needed, instead of having an additional 1,000 CDs collecting dust in your garage.

This moves me to my final point in this section: “small run” manufacturers are getting cheaper by the day, as the quality is also much better now. You can get “retail-ready” full color on the CD, two-page cover, four one-color inserts, color on front, jewel case and shrink wrap duplicated for around \$250 for 100 CDs. Sure it appears to be more expensive; however, it is much easier to “duplicate” and sell 100 CDs at a show at a cost of around \$10, totaling \$1,000, and make a profit of \$750, than to “replicate” 1,000 CDs at a cost of \$1.00, and make *no* profit (Kunaki, 2016).

Solution: small runs (duplication) [www.kunaki.com](http://www.kunaki.com), [www.yourmusiconcd.com](http://www.yourmusiconcd.com), <http://duplication.cdbaby.com>

## Press on Demand

No upfront CD or DVD manufacturing costs! No shipping and fulfillment costs! No inventory charges! No storage charges! Welcome to the *new* world of press on demand! This will more than likely replace traditional CD/DVD replication.

A few years ago, it was very difficult for independent musicians, filmmakers, publishers or non-mainstream media professionals to deliver their content via CD/DVD because of budget constraints, shipping and storage issues. Budget constraints have always been a problem for record labels and independent filmmakers, primarily independent labels, when dealing with upfront costs associated with manufacturing the discs. Most CD/DVD manufacturers generally do not accept orders for less than 500 or 1,000 units. If your target audience is limited or if you are not very sure how many CDs you will be able to sell, ordering, storing and fulfilling 500–1,000 pieces is not economically viable. Another challenge that content holders usually face is properly storing their mass produced CD/DVD discs. Improper storage can damage your CD/DVD. There is also the danger of theft and destruction of the stored inventory due to fire, flood, earthquake, etc. Another challenge with storage is most distributors now will charge you an additional charge for holding your inventory, especially if it is not selling. Most distributors now will not even want you to ship them 1,000 units, due to retailers ordering less and less units into stores. Shipping is another costly issue, especially large quantities to your distributor or even small quantities overseas. The press on demand CD/DVD production model eliminates all these issues. There is no inventory to produce, store, manage or ship. Everything is handled one disc at a time; once an order is placed for your product, it is manufactured and ready for shipping worldwide. Some additional advantages of press on demand are that all orders are processed within a 48–72-hour period or sooner. This means orders from your music website, Amazon or Target.com could be manufactured and shipped to the client all within a very short time. The production on demand model is designed for “retail-ready” product providers or for publishers that are selling multiple titles on CD/DVD. The press on demand manufacturers can store data for the publisher and produce and ship discs only when the publisher gets an actual order from their customer. The

main advantage of press on demand is it allows labels, filmmakers and publishers to maintain ZERO inventories of their products, while saving lots of money.

Key features are as follows: retail-ready product with full range of packaging choices; full-color smudge-proof disc printing that protects and preserves; publisher's brand; multiple SKUs with zero inventory requirement; ties directly into publisher's existing shopping cart no additional work required; completely scalable, reliable and dependable solution. There are three Press On Demand manufacturers I will gladly recommend Acutrak, Kunaki and Createspace. Createspace is owned by Amazon, so orders that are placed in Amazon.com are fulfilled immediately. For more info, visit: [www.acutrak.com](http://www.acutrak.com), [www.kunaki.com](http://www.kunaki.com) and [wwwcreatespace.com](http://wwwcreatespace.com)

## Digital Download Cards

When you talk about “evolution in the music industry,” i.e., “change,” you are talking digital download cards! (Brae, 2015)

Downloads are becoming increasingly popular and offer bands a broader product line. Plus, these credit card-sized download cards are much easier to carry around than CDs. This is not only a benefit for the artist and labels; it is a whole new vehicle for artists/bands to sell their digital downloads at shows, concerts and festivals.

Several companies, such as Distrophonix, Soundtrax, Procards, Dropcards and Discmakers, make (cardboard music download cards); *however they do not report to Nielsen SoundScan!* (Brae, 2015)

The company I recommend, IDitty.com, makes beautiful (plastic, full-color) download cards that *do* report to Nielsen SoundScan. It's all about SoundScan in making your number show up, so it's like having a retailer in your back pocket! Pricing can vary, but it should be around \$1.50 per card. Visit: [www.iditty.com](http://www.iditty.com).

## Product Platforms

“Product platform” is a term used for any medium or format used to host music; examples are: CD, MP3, MP4, vinyl or DVD. The primary product platform you should focus on is the digital download MP3, MP4 and CDs. You will still need to press vinyl for the benefit of club and radio DJs who prefer wax to CD. This is very important in terms of club and radio promotion, mix-shows, record pools, etc. This is another avenue to garner exposure, not to mention add support to your campaign.

In an article written by renowned radio promotions professional and music industry veteran Bryan Farrish of Bryan Farrish Radio Promotions, he speaks directly to the resurgence of vinyl as a product platform, particularly with respect to his area of overwhelming expertise, radio promotion. His article series, “Airplay 101,” speaks out on the positives of utilizing vinyl:

Vinyl (or wax) is actually growing in popularity. And radio, although it never totally dropped using vinyl, is now increasing its use of wax in particular formats. You may have even heard the scratches purposely put on some urban or pop recordings to simulate real vinyl.

(Farrish, 2016)

Farrish points out that while hip hop and rap are the primary users of vinyl, pop, hot AC (adult contemporary), electronic, ambient and even some mainstream AC or dance “re-mixes” also make



**FIGURE 3.1** Turntable and Vinyl

use of vinyl. The main indicator of the need of vinyl is how much potential there is for dance club play of the club remix.

Starting with college radio, if you are doing hip hop or rap, then vinyl is nice, but not mandatory. Projects with vinyl will do a lot better, but it's still possible to get most-added (and then chart) on *College Music Journal (CMJ)* without ever pressing wax—same for electronica (i.e., “RPM”). But due to the large number of college stations, it is understandable that not all projects will have the budget for wax (Farrish, 2016).

A commercial mix-show (that is, a “for profit” radio segment or time slot generally programmed by individual DJs incorporating mixes of many tracks), however, requires vinyl, period. These DJs are your main leads into club play and record pools, and indeed, they are sometimes the very same people who mix the clubs (or run the pools) anyway. You can almost do mix-shows without even having CDs, but don't try it—you'll be sacrificing some airplay. This applies to any genre that can spin in a mix-show.

With commercial regular rotation, the use of wax gets back to how much mix-show is being pushed at the same time. If mix is definitely part of it, then you have to do wax. But there is also a splash factor with wax, which becomes important, and it ties into the other standard marketing items like trade support. When you have wax, you are taken much more seriously, even though for regular rotation the stations are just going to dump the CD onto their hard drive.

So for a basic regular rotation push, you can use just CD; for a good push, you must use CD and wax; for a serious push, you must push wax and CD to both regular rotation and mix-show. (For a heavy-duty push, you have to work regular rotation separate from mix along with “servicing” each mix-show guy separately, usually reaching them privately on their cells.)

It should be noted that mix-shows are not the same as record pools. Record pools are for club servicing only; they do not cross over to radio mix-show (Farrish, 2016).

## Quantity

For college, if you only do one piece of wax per station, you'll need at least 200 to 300 wax (and CDs) for the basic reporting panel of *CMJ*. If you want to hit each DJ with a separate piece, you'll need more like 500.

For mix-shows, if you are only servicing the mixers (and not the program or music director) and if you are only giving one piece per person, you'll need about 600 pieces for the basic 300 stations that have active mix-shows which report to the trades (there are more, but they don't report). If you want to include the PD/MD, that's an extra two per commercial station, or about an extra 300. Finally, if you are going to be giving the mixers copies for them to give to the clubs, you'll need an extra 300 to 600. Keep in mind when you are servicing wax, you need to send it (with CDs) in a priority box. Otherwise it may get delayed two to three weeks.

## Music Production: Pre-and Post-Production

Music production is the very key to having a successful album, not to mention that it has heavy implications in regard to public buy-in, radio support, trade reviews, as well as show or touring support. Major labels usually spend a minimum of \$100,000 for the production of an album. As an independent label you want to be able to have high-quality production at minimum cost so that you will be able to place most of your budget into the promotion campaign. Keys to achieving that goal would be in the pre-production arena. Having a music workstation would cut down tremendously the costs accrued in the recording studio. Most music workstations have 24 tracks of recording and an unlimited amount of layering, along with mix-down and effects. A good producer can produce an entire album on a music workstation and then go into a recording studio with the workstation and transfer individual tracks to the system the recording studio is using. This will save you money and



FIGURE 3.2 Mixing Console

time in the long run, along with diminishing pressures while you are creating each song. An ideal studio would be one that has Pro Tools or a similar software program, capable of recording each track and individually manipulating them through its excellent editing effects. A good engineer who is knowledgeable in the utilization of such production software programs will have a major impact on producing a quality project. The goal is to focus on quality in the recording process. If your engineer is able to move very quickly throughout the recording sessions, that will also cut down on your cost factor. Many studios are equipped with such production aides, but only the producers or engineers truly versed in their use will be able to garner all that the programs have to offer and apply it to the production of your project.

Once the album is recorded, you will have to deal with the mix-down, which in itself is probably the most important part of the recording. What I have found to be easiest in regards to the mix-down is having the entire project recorded at the same studio, whereby making the mix-down easy since all the recording levels are the same. A good rule of thumb is to have a (new) engineer who has fresh ears to the project, who will be an asset by having new ideas and a unique perspective to add to the quality and sound of the project (Farrish, 2016). This is so very critical; everyone deeply involved in the recording process can easily lose perspective by the end of the process, making the final stages of production very tedious and counter-productive.

Lastly, the mastering: Yes, this too is critical; you would be surprised how many projects slip through without being mastered. Mastering takes the project to a whole new level and can quite often be the lynch pin to achieving quality in the studio; it is without a doubt what ice cream is to apple pie. The good news is, now there are mastering programs that can match any high-quality recorded album and duplicate it graphically in terms of levels, pitches, equalization, etc. This could be the one thing that could get you that airplay, product placement or customer buy-in that you are seeking (Farrish, 2016). Commercial regular rotation radio has very high requisite standards with respect to production quality. Otherwise radio playable tracks are frequently refused airplay as a result of poor production.

This book is primarily about music distribution, but it would be remiss to not devote text to the creative processes that are at the foundation of every music product release.

## Music Video: Pre-and Post-Production

The first step in the entire process of music video production is to determine if the production of the music video is feasible. Therefore a feasibility study should be conducted. Will you be able to sell enough units to cover your production expenses and make a profit? Yes, music videos can be attributable for up to 20% of album sales. However, if your budgets are limited and there is no activity on album sales, it cannot be cost-justified. Things to examine when considering making a music video are the budgets, approval process, stylistic approach, time frame and understanding the entire production process.

### **Budget**

Budget is *always* a major factor when considering whether to produce media content. However, it is practically impossible for a producer or production company to quote a dollar figure for your production without first knowing some specific information. A good producer will help you to figure this out in a step-by-step process by asking a series of questions that will help you to flesh out your

idea and make it more concrete. This is a good way to solidify your vision before you proceed with spending a lot of money (Farrish, 2016).

The producer's job is to "manage" the production by balancing the client's vision, directives, time frame and budget into cohesiveness while meeting his or her goals. Music video production can start at \$2,000 (for digital video) and \$9,000 (for film) and go into the millions. Of course, 35mm film is the way to go; it can be as low as \$9,000 for a basic video at one location. You can also shoot on super 16mm film, cutting down the costs as well. What is interesting is that by shooting on super 16mm film and using medium and close-up cameos on the artist along with great lighting, it literally could pass for 35mm film production, if done correctly. The producer's job is to help you understand the cost implications of each decision you make about your project (Farrish, 2016).

The latest trend in shooting film and/or music videos are now in digital format. The cameras I recommend are the "Red One" (Red Digital Cinema Camera Company) or the Canon 5D Mark II. Certainly the Canon 5D MKII, introduced in 2008, deserves credit, not necessarily as the first video-capable DSLR, but as the one that captured the imaginations of both photographers and filmmakers and opened up the possibilities of large sensor video. Prior to then, achieving the shallow depth of focus that 35mm motion picture film produced was impossible on video without spending hundreds of thousands of dollars or using awkward lens adaptors (Manyika et al., 2012). Now, you have larger sensor video capture on every new DSLR and CLC and also a new generation of dedicated video cameras that have DSLR-sized sensors, yet which offer all of the capabilities of proper video cameras. *Pirates of the Caribbean 4: On Stranger Tides* was shot the "Red One," while both the *Hawaii Five-0* TV series and the TV series *House* were shot on the Canon 5D Mark II. The Canon 5D Mark II has been called a "game-changer" since it also debuted throughout the filming of *Captain America* and *Iron Man 2*. The clearer you can be about the details of your project, the closer you are to an answer for . . . "How much is this going to cost?"

### **Approval Process**

It is important to have a limited number of people involved in the approval process and for you to maintain focus and centralized control of the project. Getting feedback on the project is good with a team of people; however, only the people working directly on the project will have a more realistic approach on decision making.

### **Stylistic Approach**

Stylistic approach simply refers to the "look" and "style" of your project. What kind of music video do you want? Special effects? Cameos only? Perhaps two or three outdoor locations? A scene shot in mid-Manhattan, or one shot in the studio with stock film of mid-Manhattan in the background? Certain styles fit better with different types of projects and the music also can change the outlook of the video. When considering these styles, bear in mind your audience. What would be appropriate for them? These decisions are up to you and your video team. You will want to balance creativity with effective communication of your message. Pre-production is the key to a successful music video. You will need to plan out all the necessary steps involved, along with the approach, realistic budgets and keeping the project within the time frame (Farrish, 2016).

### ***Time Frame***

Just as important as the budget is a clear understanding of the time frame needed to create a project. In many cases, you will be working toward a specific deadline for the completion of your video. Factor in the time it will take to shoot the video, special effects, animation, editing, feedback and the final editing phase. A good producer with a lot of experience can save you a lot of money and time by dealing efficiently with problems that he or she has encountered on previous shoots (GCMG, 2016). Just by incorporating new ideas for your project, the producer can assist in making it realistic and feasible. Sometimes, you will come to the hard realization that you aren't able to do your planned video due to a lack of adequate budget or time frame. This can be more painful to learn after you've begun your project and have been forced to ask for more time and money.

### **Understanding the Entire Production Process**

The production process typically breaks down into four phases:

- Pre-production
- Production
- Post-production
- Distribution

In the pre-production phase, representatives of the client and the producer meet to identify and finalize all program elements. These elements include: research and scripting needs, a stylistic “look” for the program, the need for actors and/or sets, the selection of those people and locations to appear in the video, identifying special graphical elements such as animation or photo-animation, determining



**FIGURE 3.3** “Red One”—Red Digital Cinema Camera

the need for narration and music, any travel needs and overall program length (Farrish, 2015). Once these issues have been clarified, the producer can then develop an itemized production budget and project timeline to be submitted to the client for approval.

At this point many different things can happen, such as acceptance of the proposal and progressing to the signing of a contract, a revision of the budget and timeline, a delay of the project to wait for additional funding or rejection of the proposal outright. Once a proposal is accepted by the client, a production schedule is created in consultation with many people. This will translate all of the elements in the desired final program into days of production. Most projects require two to four days of production, but of course, there are always exceptions (Manyika, 2012).

The production phase is the actual filming of the project segments over a period of days. This can be done locally or on location in another city, in a studio, office or virtually anywhere. This will occur with a selected video crew and with varying types of equipment. The specific crew and equipment needs and the amount of days required for videotaping will have been determined during the pre-production phase. The client should be present for some, if not all, of the production phase in case any last-minute questions or issues arise (Camp, 2013). This is also the phase where the majority of the project budget is spent. Once this phase is completed, there are still many more steps required to shape the raw footage into the final product (Camp, 2013).

In the post-production phase, all of your footage is copied, edited and “shaped” into its final form in a series of stages which may take several weeks. You will have a choice whether to edit your tape in an analog video suite or a digital suite (Camp, 2013).

Steps involved would include:

1. Copy your original footage to protect it, and then work with those copies until the final edit stage. If something goes wrong and you accidentally destroy a tape copy—no problem! You can always make a new copy from the original footage.
2. Log your footage and transcribe any interviews you might have. This will inform you of exactly everything you have and where it is.
3. The rough edit process—this is usually the longest single phase of assembling your program. It may take a few days, weeks or even a few months.
4. Selecting narration, music, graphics, transitions, titles, credits and animation. These can lend your program a professional polish.
5. Copying your final program edit—just in case you lose it, anything can happen, so have an extra copy (Camp, 2013).

## MVPA

How do you find great music video production companies? Well, you could start with the MVPA (Music Video Production Association), a nonprofit trade organization that has production companies under membership (MVPA, n.d.). Their work is of undeniable high quality, yet they are open for any budget negotiations, while keeping the project creative. The MVPA is a nonprofit trade organization created to address the mutual concerns of its members in today’s highly competitive, ever-changing music video industry. Its membership includes music video production and post-production companies, as well as individual editors, directors, producers, cinematographers, choreographers, script supervisors, computer animators and make-up artists, to name a few. Their associate membership



**FIGURE 3.4** Effect, Green, Texture

includes suppliers and service providers (MVPA, n.d.). The MVPA maintains chapters in Los Angeles and New York. What is important is that it represents the people responsible for the vast majority of the music videos produced throughout the world today (MVPA, n.d.).

The purpose of the MVPA is to promote and uphold the highest professional production standards, to provide an arena to share ideas and to educate members about the latest developments in the music video industry. The MVPA also provides a forum through which discussions of mutual concern can occur between video production companies, record labels, production crews, suppliers and all other interested parties (MVPA, n.d.).

It is widely recognized as the official organization representing music video production companies. The MVPA offers its members, cutting-edge information through its quarterly newsletter; up-to-date production and record company mailing lists; meetings with committees and special forums to discuss pressing issues. The MVPA website ([www.mvpa.com](http://www.mvpa.com)) is an expanding source for production information and tools that aid production professionals.

With industry-wide nominations and membership voting, the MVPA Annual Awards provides the only awards forum that recognizes the technical and creative artisans of music video production (MVPA, n.d.). The awards are presented at a gala event held in Los Angeles. The Artfest is an event that showcases a variety of artwork by music video directors. The Director's Cuts Film Festival is a bi-coastal event that provides an opportunity for music video directors to showcase their short films and experimental pieces to agencies and feature film representatives.

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# 4

## TYPES OF DISTRIBUTORS AND INDIE DISTRIBUTION ASSOCIATIONS

Success lies within the business model (B2B) wherein the companies that engage in strategic partnerships and alliances win!

### **Distribution Platforms**

The easiest and most comprehensive way to break down the distribution platform is to first fully understand the job of a distributor, which in short, is to transfer product from the record label to the retail outlet, serving as the conduit to point of sale (POS). There are several types of distribution companies capable of handling the job, some are wholly owned divisions of established record labels, and others are independent operations. Here are the recognized categories of distribution firms: major label distributors are the largest and dominate the distribution arena, mainly distributing major label products, and they are directly affiliated with the major labels serving in the capacity of exclusive fulfillment for their affiliated major label. There are three major label distributors: UMG, BMG/Sony and WEA. They all have tremendous warehouse facilities, capable of distributing their product within a 24-period into all major retail outlets, one-stops and rack jobbers throughout the US. They are for the most part, very well resourced and their catalogs are well represented to retail buyers at the corporate levels for nationwide buy-in and placement. These major distribution firms are additionally financially resourced to support any given project or title under distribution. The subsidiaries and partners they distribute for are the giants of the music industry; for example: BMG/Sony distributes Sony Music, Columbia, Epic, Arista, RCA and J-Records titles; UMG distributes Universal Music, Interscope, Geffen, A&M, Motown, Mercury and now Capitol, Virgin; while WEA distributes Warner Brothers Music, Elektra and Atlantic titles.

### **(Major) Independent Distributors**

Distribution has changed within the last few years, substantially, which is the reason for the term (*major*) *independent distribution companies*, encompassing those companies that have the capability to place product in most or all major music retail chain outlets and one-stops within a 24-hour period.

These distributors are also fully staffed with their own marketing, accounting, advertising, sales, shipping and receiving departments, housing products in their warehouse facilities, some equaling the size of the major distribution companies' facilities. They are also capable of manufacturing product when needed using their own financial reserves or credit lines and not the labels, along with fronting retail advertising costs on projects that have decent sales activity. Examples of (major) independent distributors would be: Koch International—now known as eOne Distribution—ADA and Red. Obtaining distribution through a major independent firm is difficult. Many of their operational business models are based on volume, therefore they are selective about who they sign. Typically they look to sign labels that have multiple titles, a solid roster with perhaps four to six strong titles with good marketing push behind them, giving strong reason to believe that significant sales potential exists. Many times with these firms, you will need sales history verifiable through SoundScan to obtain the coveted distribution services. It is not likely that these firms will grant distribution to an independent label with only one or two projects or an individual artist unless the projects have clear and impressive sales history.

## Independent Distributors

These distributors vary in size and cover US national distribution as well as regional distribution. Most of these distributors specialize in specific genres of music, choosing to operate within a niche market. Most independent labels are distributed by smaller independent distribution companies. That being said, these smaller distributors have affiliations or distribution contracts with other distributors and one-stops, creating a sort of daisy chain network or pipeline of distribution. What is interesting is that major labels go through these independent distributors as well, since they have great relationships with specialty retailers and have “niche” audiences. These operations also have specialized offices covering regional areas of the US, adding to the support of their targeted areas of distribution. It is true that with these firms you are more likely to benefit from aggressive retail promotion. With far fewer titles in their catalogs, it behooves these firms to aggressively seek product placement at retail POS; each title must sell through to some degree for the business model to work. An additional benefit of the smaller catalog is that your title is more likely to receive greater attention, as it will not simply be one of possibly hundreds under distribution. Independent distribution can be a tremendous stepping stone for indie releases, garnering the requisite sales history perhaps regionally to move up to a major independent firm. Depending on the daisy chain-like network of your independent distributor, you may find their reach to be sufficient, such that you never outgrow their capacity to place your product. You must note that dealing with an independent distributor may cut into your margin a bit more than direct distribution. These firms are essentially middle-men in the supply chain. They are granting you distribution via their proprietary affiliation, usually with a major independent distributor. The larger affiliate is returning to the independent a gross from retail minus its fee and then the independent distributor is deducting its fee or percentage in addition to that—all prior to you receiving your disbursement. An additional point is that related aspects and processes of distribution, such as returns, recalls and payment disbursement, may take longer because the process must administratively run through two companies. All in all, for the indie label, independent distribution is the answer; it represents a distribution solution that is within your grasp.

## One-Stop Distributors

One-stops are regional operations that obtain product from major labels and independent distributors. They are able to sell in smaller quantities to the mom and pop stores and specialty stores, while they are still capable of buying in large quantities from major and independent distributors. The one-stop distributor can also fill back orders for the major record chains. Examples of one-stops are Super D, Alliance Entertainment Corporation and URP Music Distributors (vinyl). From the retail perspective, one-stops provide inventory with minimal restrictions on buying for smaller independent, regional chain or specialty outlets/stores. These retailers cannot and do not need to purchase large numbers of units per title. One-stops afford these retailers the ability to purchase even one or two units of a particular title for their small operations. More and more independent labels and individual artists are seeking and obtaining direct distribution with one-stops local to their home market. This is a growing and very wise trend. Typically the mom and pop retailers in their backyard are buying direct from these one-stop stores that are receiving direct promotional attention from the independent label or artist. If the product is readily available through the retailer's usual supplier, and they can physically see promotional activities being conducted in their very town or market, they are more apt to purchase the units and you are more likely to see sell-through at these outlets. Now you are building a sales history for your release. Since the one-stops are dealing directly to retail, you are likely to be maximizing your per-unit profits. Some larger one-stops offer far greater than basic regional distribution and can place the product in larger retail chains as well.

A great example of a full-service one-stop is Super D, which services over 2,500 retailers worldwide. For more info on Super D, visit [www.sdcd.com](http://www.sdcd.com).

## Rack Jobbers

Rack jobbers sell audio recordings in the nontraditional music retail stores. Stores such as K-Mart and Walmart lease shelf space to and are serviced by the rack jobber. A customer walking into a large retail store cannot know just by looking around whether that music product selling area is a department of the store, whether it is space leased to an outside firm, or whether it is serviced by a jobber who supplies the racks and bins. Chances are a rack jobber is servicing that record selling operation. Jobbers work out various kinds of contracts with the store that supplies the retail space. Among the most common:

1. The jobber rents space for racks and bins from the retailer for a flat monthly fee. The jobber offers complete servicing of the area and retains all the money collected from sales.
2. The jobber pays the host store a percentage of sales.
3. The jobber and store management work out a minimum lease fee, and then if sales exceed an agreed-upon figure in any given month, the jobber pays the store a percentage of the overage.

Retailers like record racks on their premises because they can often make more profit per square foot of floor space from this kind of merchandise than they can from other lines. Merchants also benefit from increased shopper traffic generated by the high volume of music product buyers. Rack jobbers acquire such leases or arrangements by detailing to the retailer that they can “turn” or derive profit from even the smallest area of floor space. Retailers don't operate out of large commercial spaces to provide more room for their customers; they do so because greater floor space provides the opportunity to house larger inventories, which if carefully selected, can lead to greater gross revenues.

When rack jobbing of records was in its early stages (late 1950s, early 1960s), jobbers were content to lease small areas near checkout stands. These tiny displays had space to accommodate a very limited variety of records. Jobbers tended to display just the current super-hits and only some of them. The balance of the limited space was given to cutouts (overstock sale products). This limitation of space helped foster the “hit records syndrome”: only the hits were made available on the racks. Newer artists or lesser-known records never got a chance to be seen or heard.

Rack jobbers continue these small operations in a variety of locations. But today some installations rival the conventional record stores in size. When a rack jobber sets up a large number of racks and bins, the jobber needs clerks to assist customers and restock supplies daily. Where a rack setup of this size is in operation, it is practically indistinguishable from a “leased department.” When a jobber leases enough space for this kind of operation, the jobber has a major commitment of capital and will probably have a dedicated checkout counter and handle money separately. Large retailers can demand hefty lease payments from the record merchant/jobber and, at the same time, are spared all responsibility of running the record sales department.

Large retailers and chains, observing the success on their premises of these record sales operations, will, from time to time, decide to take over the same space, install their own record department management, then pocket the percentage formerly kept by the rack jobber. Rack jobbers try to anticipate this kind of temptation by offering the store trouble-free, profitable operations, sparing retailers the problem of trying to run a kind of retailing they do not really understand.

Individuals who started out as rack jobbers or distributors are now also heavily involved in operating “stand-alone” retail outlets. The lines between record distribution, jobbing and retailing are now blurred; some of the most successful merchants operate in all three areas. This blending of record selling operations was originally accelerated by the need of merchants to buy products at ever-higher discounts through volume purchasing. The largest rack jobber of the largest pre-recorded music, video, books and children’s books distributors in the United States music product in the US right now is Anderson Merchandisers, which services all 50 states.

## Exporters

Exporting is, of course, the sale and shipping of products manufactured in one country to a customer located in another country. However, I only want to focus on indirect exporting. In international business, this involves a foreign purchaser in the local market or using an export management firm.

(Music) indirect exporters in the US appear to be a dying breed. However, one music exporter I have had success with is Disk Union.

Disk Union USA is based in San Francisco and is a subsidiary of Disk Union Japan. They are a major exporters of music and specialize in the distribution of vinyl, CD and music DVDs to Japanese consumers. Their A&R department prides itself in providing Japanese music lovers with the freshest indie sound from the US. If you are interested in having your music distributed through their parent company Disk Union Japan and its 40 retail outlets, send in your promo with information about your music to Disk Union USA (DiskUnionUSA, 2016).

Disk Union USA  
1633 Bayshore Highway, Suite 120  
Burlingame, CA 94010

Tel: 650-692-5510

www.diskunionusa.com

email: info@diskunionusa.com

### ***Digital and Retail Distribution (Online Services)***

CD Baby has worldwide retail distribution through Super D and Alliance Entertainment Distribution.

For the good news: no one is rejected for distribution! The cost is only \$59 dollars per title to set up your physical album and \$49 for your digital album. You will need to mail them five CDs plus upload your music info when establishing your new account, and in a few weeks you be “live.” *However*, to utilize this, it needs to be “serviced.” Most artists signed to CD Baby just think things happen automatically, but that is not true. First you have to initiate (sales activity) for the individual retail buyers, once they see (radio activity, articles, shows) all within their region, then you email them your one-sheet along with radio spins, articles, shows, etc., and they will then order via CD Baby through Alliance and Super D (Cornell, 2014). Note: *All* the retail store accounts with Alliance and Super D will still have to be serviced through your label. It is *not* the responsibility of the distributor to promote and try to add support; that responsibility falls to the labels. Keep in mind to focus on a region within your means, meaning you can buy retail and radio advertising to support sell-through of product. Lastly, be in position to perform shows if needed in boosting awareness (Herstand, 2014). The “member’s tool” section of CD Baby is very helpful and is located on their website at [www.cdbaby.net](http://www.cdbaby.net).

### **Digital Distribution**

Digital distribution is now the new future and of course is growing as we speak! As you may already know, you cannot go directly to iTunes to have your music available for sale but have to go through a music aggregator. These aggregators are digital music distributors that position your music throughout all the digital retail stores worldwide. The Orchard, InGrooves, TuneCore, CD Baby, Ditto Music, MondoTunes and Believe Digital are companies that set and promote your album and/or single online, just to name a few (Herstand, 2014).

### ***Deciding Your “Ultimate Music Aggregator”***

There are hundreds of digital retail stores worldwide. Who do you pick as your “ultimate music aggregator” in positioning, promoting and selling your music to gain the most ground in supporting your overall digital sales efforts? I recently spoke to Steve Norris, one of the partners of MondoTunes, who commented, “While most independent distributors reach only 45–50 retailers, despite charging needless monthly and yearly fees, MondoTunes reaches over 750 retailers and mobile partners in over 150 world regions without any monthly or yearly fees.” He stated that they are the only global distributors that assist in marketing and promotions in supporting artist’s efforts in getting music heard by the masses. They have a veteran team with familiarity and hands-on experience that covers songwriting, production, A&R, booking, tour management, marketing, distribution, media and licensing (SmashMusic, 2013). MondoTunes boasts the largest music distribution in the world and provides upstream services for many major labels in search of breakout artists. What makes MondoTunes unique is its ability to provide the largest global digital distribution in conjunction with a

comprehensive worldwide online marketing campaign to maximize artists' hype and exposure. Artists retain 100 percent ownership of their own master recordings, publishing and songwriting credits. My recommendation is very simple—750 retailers in over 140 countries for a yearly fee of \$39.99. This includes (unlimited) uploads through the largest digital distribution channel in the world, which happens to be Universal Music. Check out <http://mondotunes.com>.

With all the new changes in the music industry, the goal for any artist or indie label is to make their mark in history. It's all about mastering "paradigm."

The most critical point to understand about paradigm is that in a paradigm shift, everything goes back to the beginning. In other words, change your perspective about the business of the music industry, take a look at the industry differently. The Internet has changed the way we do business and has leveled the playing field.

Sounds familiar—sure, the old music industry platform and the old "brick and mortar" retail systems versus the new digital world of music with hundreds of online digital retailers, online radio and social media support! To master the paradigm, it is important to first identify any paradigm shifts that are going on around you and secondly, position your brand. Position yourself for the future, which is now! Take advantage of corporate sponsorship partnerships, develop artists, build and expand your label's brand by finding the "choice" music aggregator in expanding your music worldwide while marketing your brand.

## Independent Distribution Associations

A2IM (American Association of Independent Music), formerly called NAIRD (National Association of Independent Record Distributors), is an organization of independent music labels that promotes business opportunities, provides advocacy, representation and networking (Revolvy, 2016).

A half dozen or so major multinationals handle the preponderant share of record distribution in the United States. But they don't do it all. A share of the business is in the hands of independent distributors, who provide services for hundreds of independent labels. Independent distributors usually provide promotion services as well. Some independents are just order-takers. Others have a staff of enterprising salespeople and merchandisers who call on record stores, deliver merchandise and set up displays—for instance, much like the major label branch offices do (Revolvy, 2016).

There are regional independent distributors as well as national independent distributors, some of whom have evolved through a merger or confederation of regional distributors. Large independent distributors are confronted with pleas from new firms to take on yet another line. If they consider adding new labels, management must determine whether it has the capacity to handle the increased inventory and the will to tie up additional working capital on unproven suppliers. If they stocked every recording that appears promising, they would soon go broke. But if they fail to stock new product that suddenly bursts wide open at the retail level, their local accounts will sometimes bypass the local distributor and buy directly from the record manufacturer. These kinds of management decisions have been poorly handled by many distributors. They are now out of business. Since 1972, the interests of these independent companies have been represented by A2IM. The association was originally organized to set up a distribution network in forming a unified voice in the industry for small labels and independent distributors. A2IM has now evolved into an advocate that represents thousands of independent labels and promotes business opportunities. Its national conventions provide small firms a convenient place for the exchange of information and for the forming of distribution arrangements for companies not affiliated with the major labels and their distribution networks.

### ***Music Business Association (MBA)***

Music Business Association (MBA) (formerly known as The National Association of Recording Merchandisers [NARM]) is the international trade association that represents the recorded music distribution industry. More than 1,000 companies are MBA members (MBA, 2016). Individuals automatically become members when their companies join. The two categories of company membership are:

1. **Regular members:** This category includes retailers, rack jobbers, one-stops, independent distributors and other wholesalers.
2. **Associate members:** This category includes manufacturers and suppliers of music, video and other forms of recorded entertainment, as well as suppliers of other accessories, products and services utilized by recording merchandisers such as display fixtures, advertising, printing, packaging, security systems and computer hardware and software. All companies who join MBA pay annual dues based on their yearly sales volume. Member benefits include an annual convention—a forum for recording merchandisers and manufacturers to network and discuss mutual opportunities and concerns; merchandising campaigns—MBA supplies point-of-purchase materials free to its members, as well as educational videos on merchandising; and MBA schedules additional conferences and meetings for its members and aggressively lobbies to represent members' interests in local, state, and federal legislative matters (MBA, 2016).

One of the main things I would like to point out about MBA are the conventions. *Take advantage of them!* It is here where you meet and greet “regional” retail buyers, and at the end of the day, it is all about “building a relationship”—that’s all they remember—and if your music is great or horrible!

Good news! If you are a student and/or educator, the membership fees are discounted. Visit [www.musicbiz.org](http://www.musicbiz.org).

### ***National Association of Music Merchants (NAMM)***

The acronym NAMM originally stood for the National Association of Music Merchants, but it has evolved from a national entity representing the interests of music products retailers to an international association including commercial, reseller members, affiliates and manufacturers. The NAMM Show is one of the largest music product trade shows in the world, founded in 1901. It is held every January in Anaheim, California, at the Anaheim Convention Center. Its only major competitor is the Musik Messe in Frankfurt, Germany.

The National Association of Music Merchants caters to domestic and international dealers and distributors, and the product exhibits are an integral part of the show, allowing the dealers and distributors to see what’s new, negotiate deals and plan their purchasing for the next 6 to 12 months (Gura, 2016). Only employees of the exhibiting manufacturers and/or NAMM member retailers and distributors are allowed to attend, along with credentialed members of the press. Exhibitors are allotted a specific number of badges based on the square footage of their booth, after which a \$25 fee per badge is assessed. Dealers are allowed a certain number of badges based on different criteria (Gura, 2016).

The association’s other show, Summer NAMM, takes place in July in Nashville, Tennessee, at the downtown Nashville Convention Center. The smaller Summer NAMM is approximately one-quarter the size of the NAMM show in January and focuses more on industry meetings and professional

development courses rather than products. Recent reports indicated that the Summer NAMM show has suffered from declining attendance, as it has been cycled between Nashville, Austin and Indianapolis during successive years (Gura, 2016). For more info: [www.namm.org](http://www.namm.org)

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# 5

## DISTRIBUTION PROCESSES

The basic necessity of distribution product fulfillment: meeting mounting consumer demand derived from external marketing and promotion results, but doing so in a preemptive methodology.

### Music Distribution Process

It is important to place all your promotional and marketing efforts around the distribution process in seeing a successful campaign to generate buzz and consumer interest in every new music release. It is the label's responsibility to find a way to get the product to potential consumers. This must be done wherever they may be, at the right time and in sufficient quantities to not only satisfy that current demand but also to meet projected demand based on anticipated continued promotional advances in given markets. This is a very difficult thing to do with precise timing and accuracy, for the market is unpredictable and widely dispersed. After 50 years of trial and error, even major labels are still trying to figure out a more efficient distribution system. As for small labels, the lack of effective distribution has caused many to fail in the marketplace. After all, the inability to achieve product placement at POS, and more specifically, in particular markets where there exists a demand or consumer interest, will take the wind from the sails of any new music product release.

Until about mid-20th century, only a handful of companies were in the recording business. Each had its own procedure for delivering its products to consumers. With the rapid proliferation of labels in the 1950s, newcomers to the market often lacked an understanding of the essential need for a national network of distributors to get their products to retail outlets. Smaller labels would seek larger ones to distribute their records. Other new labels contracted the services of the growing number of independent distributors that were setting up operations in most markets. In the years since, some regional independent distributors have formed national distribution networks. Many of the distribution problems and inefficiencies that have troubled the industry since the 1920s remain focal points today.

Music retailing has been plagued by price wars among merchants, which have had a direct and culminating effect upon the distributors. Merchants fighting to remain afloat amidst irrational retail pricing competition appeal to their distributors for deeper discounts to help them survive the

competition. Distributors can respond to these appeals most often when they can sell at high volume. For you economics majors, that's "volume economics": acceptance or realization of a lesser margin with the expectation of profiting more substantially overall by moving greater volume. But when a merchant becomes too aggressive buying-in and becomes over-burdened with expensive, stagnant inventory, the distributor will soon hear a plea for lenient "return privileges."

Distributors try to strike a balance between overselling their accounts and offering an undersupply. With the former, both parties suffer the inconvenience and expense of returns; only the shipping industry, and possibly the paper industry, profits with returns. But when a distributor's customers buy too conservatively and a recording hits suddenly, both parties miss out on sales when the merchandise is not available to the buying public. Consumer interest can be fleeting; the window of opportunity to profit from promotionally generated consumer demand can close rapidly. Smart distributors try to guide retailers in their buying so as to minimize returns, because when merchandise flows in the wrong direction, everyone gets hurt and the truth is that the title in question may not get a second chance, at least not in that particular market.

## Returns

Distributors and sales personnel can often pressure dealers to buy more stock than they believe they can move as a result of internal or external pressures to move particular blocks of inventory or just inventory in general. This pressure will manifest various forms, generally in some way at least momentarily attractive to the merchant. Record companies or distributors will often offer merchants liberal merchandise return privileges or discount on volume purchase orders—any number of methods to entice the retailer to buy-in heavier than perhaps they had initially planned. In the past, practically all records and tapes in the US were sold on consignment; if you can't sell the merchandise, return it for full credit. In the 1980s, most labels and distributors tightened their return policies. The practice now is often one that requires the merchant to return the stock within a predetermined time limit and to return only a pre-stated percentage of the total units originally ordered. Labels' return policies accelerated the demise of vinyl products, especially singles. When record companies disallowed the return of vinyl 45s, many retailers were unwilling or unable to continue stocking them. Of course, this practice was common in the mid-80s; however, today vinyl is making a resurgence even in the digital age. Return policies themselves have become competitive aspects of distribution. They are very carefully stipulated and closely reviewed line items within distribution vendor agreements, often being one of the more heavily weighted factors in deciding which firm to go with. A distributor with extreme, punitive and restrictive return policies may have greater difficulty persuading retailers to buy from him or her, particularly independent music product. This is because with such stringent return policies, sell-through becomes even more critical and independent releases tend to have far fewer promotional dollars behind them, making sell-through far from guaranteed. Conversely, a distributor with very liberal return policies may find itself being taken advantage of in the wholesale marketplace.

## Pricing

In order to get a distributor to carry your product, you'll have to convince him or her that your records are going to sell-through or at least have the potential to do so. If you don't have prior sales history to speak of for the title, you must demonstrate the potential of the release, even if just in a particular market or region.

This means providing the distributor with at least college radio playlists and airplay confirmation, good reviews, proposed advertisement schedules for radio and print, current touring/performance schedules and additional current or proposed promotional efforts. Offering all of this to him or her to evidence potential will have an even greater impact if it is primarily relegated to one particular market or region.

If a distributor agrees to stock your record, he or she will ask for a wholesale price per unit, CD or vinyl. For full-length CDs it's between \$7.00 and \$8.00. Vinyl is tricky in terms of price and can fluctuate, but is usually around \$7.00 and \$9.00. EPs (three to six songs) and extended length releases are slightly less and more, respectively. This is not the price at which retail buy-in will occur; it is the dollar return the distributor gives you. Based on these rather standard dollar-return figures, the distributor will sell your product to retail for about \$9.49 to \$10.89 per unit for a full-length CD. Retailers will be informed of the SRP, or suggested retail price, for your product but are actually free to price it as they see fit. Both the retail buy-in rate as well as your dollar-return rate are fixed (flat rate) and will not fluctuate based on anything retail chooses to do with respect to pricing. The system works; you need not worry about retailers trying to maximize profits by marking your product at outrageously high prices, therefore hindering sales. The system works because everyone in it is operating toward but one objective: to sell units.

## Distribution Payment Terms

Distributors are generally looking to get the longest possible terms on which to pay out on a disbursement schedule. The disbursement schedule is the aspect you eagerly await. It is the product, or end result, of retail sell-through and the end of the distribution cycle. First, you advance the distributor "X" number of units of your release. (Get them to pay the freight or designate the shipping company they use.) Second, you invoice them on the units advanced (send them a bill). Depending on the terms you agree to, they are obligated to pay you within either 30, 45, 60, 90 or 120 days from the date of the invoice. As the label, you want to negotiate the shortest terms possible. As an indie, cash flow is critical and capital reserve is king. The sooner you are able to realize the fiscal return from sell-through, the sooner you are able to allocate additional dollars back into your project—dollars you will no doubt require to press more units and keep the promotional wheel turning. Your ability to successfully negotiate shorter terms will center on how badly the distributor wants to carry your record and how much faith they have in your title's sell-through ability.

Regardless of the terms you secure, payment will transpire per the disbursement schedule set forth in your distribution agreement. Some standard elements apply to nearly all distribution agreements, such as the reserve or hold-back against returns. Some such hold-back clauses call for as high as 40% to 50% reserve to be maintained; some are as low as 10% or 20%. This serves as a protection for the distributor in the event that moderate to significant returns occur with your title. Let's say based on placement your distributor pays you after 90 days on 500 units; however, after their next billing cycle with retail they receive 200 returns on your title. They've overpaid you; their only recourse now is to wait for the opportunity to take the difference out from future sales or call you up and request that you cut a check back to them. Now let's say there was a 50% reserve held back; at the 90-day pay point, you would receive payment for 250 units with payment for the balance held in a credit account for your label.

At the end of that ensuing retail billing cycle when the returns came in, the distributor would not be hurt and you would be paid for the 50 units still outstanding after the deduction of 200 returns. Reading through this clause or line item in a contract, it seems complex—when in fact, as you can see, it's quite simple. Your distribution agreement will stipulate as to how long each hold-back remains in



**FIGURE 5.1** Strategy

reserve. Note that each payment disbursement will have a corresponding credit or deposit for credit in your account with the distributor. For example: if your agreement calls for a 50% reserve to be held back for 120 days, that means that when the payable 50% is disbursed to you, the reserved 50% is credited to your account and the 120-day hold-back time period begins.

## Protect Yourself

Though not a common occurrence, sometimes smaller independent distribution operations have been known to employ less than ethical tactics in dealing with small indie labels. The rule of thumb for dealing with a distributor is to only give them as many records as you can afford to lose. Some of these less than ethical practices include not paying, losing your invoice, going out of business, etc. The best way to safeguard against such circumstances and protect yourself is to keep your product selling. If sell-through is occurring, the distributor will require additional units, request payment for the previous block of units prior to forwarding additional units to meet the demand. The best overall safeguard is to keep in constant contact with the distributor and be aware of how your release is doing at retail. Also, when your distributor places an order with you for additional units, always ask for a physical PO (purchase order) and corresponding PO number. Be diligent, prudent and use common sense; keep good comprehensive records of all transactions with your distributor.

## Invoicing

For your internal reference and records, assign each outgoing invoice an invoice number. The idea is to make it look professional; companies tend to give greater respect and attention to professional-looking documentation. No handwritten letters! Be sure to include their PO number on your invoice and clearly state the terms for payment agreed upon in the distribution agreement providing the due date for

payment. You'll need to find out who handles the distributor's accounts payable and send your invoices to that person directly. If you experience delays or problems receiving payment you know is due to you, tell them to send your records back. Then, inform them of your intent to submit the invoice to collection and call a few collection agencies in their area. If you've got the PO number and have properly invoiced the distributor, then you have a legitimate debt for collection. If you decide to use a collection agency to obtain payments from your distributor, they will simply keep a percentage of the amount invoiced.

When you ship them your records, use the delivery confirmation service where UPS or the post office sends you proof that the distributor received your package.

## Request for Return

It is standard practice in the record industry for record companies to allow stores and distributors to return unsold records for credit against what they owe. If it's clear that a distributor is not going to pay you, demand that they return your goods. Most will probably want to return when it's time to pay you, anyway. Then, after they've sent them back, they'll turn around and order those same records back from you again! This is their way of avoiding spending cash on inventory that is sitting in their warehouse. When they re-order the records from you, they now have fresh 90-day (or whatever) terms to work with. One thing you must specify is that they pay freight on any returns.

## Getting Started

Before we get into the nitty-gritty of getting and maintaining good distribution, I want to give you a general overview of how it's all going to work. First, you're going to create what's called a "one-sheet"—a one-page description of your record that tells distributors and retailers why they should carry your record. The purpose of the one-sheet is to convince distributors and retailers to stock your record and to give them all the information they need to enter it into their computerized accounting and inventory systems. Keep in mind a one-sheet is simply a sales sheet. You will see an example of a product one-sheet in Figure 5.2.

Next, you're going to mail packages containing your record along with the one-sheet to the distributors in your area. Then this is the hard part: you're going to meet with them, either by phone or in person, and convince them to work with you.

Once you find a distributor who wants to work with your product and with whom you feel comfortable, you will enter into a business relationship with him or her by signing a distribution agreement, which is a short contract that outlines the terms and conditions of your business arrangement. At this point, the distributor will send you a purchase order, or PO, for a quantity of units. You'll ship the units, and the distributor will try to convince stores within the area of your promotion or your designated launch territory to stock them.

The distributor will handle all the accounting and will pay you for the records either when they need more records from you or when you decide to "recall" the release.

If they need more records, they'll send you another PO, and you'll ship them more records, that is, if things go smoothly, where you're shipping records (by your band and maybe others as well) to the distributor and in return the distributor is paying you for past shipments that have already sold at retail. The more records you have that the distributor wants, and the more copies of these records that are being ordered by retailers, the more attention you'll get from (and the faster you'll be paid by) the distributor.

## ONESHEET EXAMPLE

**I4AI - Play**

I4AI combines elaborate vocalization and music production to create a fresh rock/pop style of music!

I4AI is s refreshing band with a brilliant production and song writing gives this new album release "Play" an edge in todays music. Combining elaborate vocalization with a fresh rock/pop style. I4AI incorporates great song writing and incredible production from its owns members in creating their own unique sound. This Pop/Rock groups new album registers as pop music with a heavy guitar sound of rock. Any listener who might reasonably expect that description to mean hooks, choruses, or hummable melodies would combine the feel of alternative rock leads from the talented and amazing lead vocalist Quinton Marcel. At the same time, I4AI's overall body of work is unbelievably expansive bridging together various streams of Pop and Alternative Rock making it hard to categorize them as either or. This album gives you the greatest of both worlds in these genre's of music.

**TRACK LISTING**

- Play
- Crazy
- Say O
- Jump
- Sorry
- Hero
- I Need You
- Rock Shake
- Beauty

**MARKETING HIGHLIGHTS**

1. 16-week college radio campaign to CMJ reporting stations (Phase 1)
2. 8-week commercial radio campaign (BDS stations) followed by successful college markets
3. Radio Advertising/Promotional campaign supporting CMJ/BDS/Mediabase radio markets
4. Advertising Campaign - .30 sec tv commercials through target cities on MTV/BET and VH1
5. Press Campaign - targeted cities, music album reviews, etc.

Year of Production: 2013 | Rating: NR

SKU#	HTMN-00796	Street Date:	08/06/13	Box Lot:	30	Audio:	STEREO
UPC:	619586007961	Pre-Book Date:	07/02/13	Run Time:	32 min.	Genre:	Pop/Rock
Format:	CD	SRP:	\$14.99	# of Discs:	1 disc(s)	Label:	HITMAN RECORDS

**MVDaudio**  
A DIVISION OF MUSIC VENDOR MANAGEMENT DISTRIBUTION

800.888.0486 Fax: 888.536.7998 203 Windsor Rd., Pottstown, PA 19464 [www.MVDb2b.com](http://www.MVDb2b.com)  
Publicity: Clint Weller 610.650.8200 x115 [clint@mvdb2b.com](mailto:clint@mvdb2b.com)



**FIGURE 5.2** Product One-Sheet Example from [www.MVDb2b.com](http://www.MVDb2b.com)

(Beware: If your distributor is not using a computerized accounting and tracking system, they probably won't be able to keep track of where they've shipped your records or find out how many have sold.)

## Distributors and Promotion

Once you find a distributor, you will have to work to keep that distributor interested in your recordings and working on your behalf, especially if you do not have a proven volume of sales. Think of the distributor as a business partner who is working with you to achieve a mutual goal: selling your recordings. News about your promotional successes and performances is important because distributors will use it as leverage to persuade stores to carry your product. This is called retail promotion; many distributors, especially those with very large catalogs, do not truly engage in this practice on your behalf. Even with those that have sales teams who are only pushing the catalog to retail, not many individual titles within it are being pushed. This is what can set your release apart from the many others in the catalog. You must lend your diligent efforts in this regard. Send them all press releases, performance dates, radio data and promotional activity reports; offer to supply updated text for their one-sheets for your release, which are universally used by distributors as quick reference sheets. They contain the artist's name, name of the record, label's name, date of release, UPC bar code number and catalog number. They also provide a brief description of the recording, its genre, unique qualities, selling points, highlight well-known musicians, quotes from reviewers and important tour dates.

In the last few years, several independent music product distributors have increased their services to supplement the promotional efforts of their labels. These include: sending out regular newsletters that feature tour dates, news of airplay and clips from favorable reviews; paying for listening posts at retail record stores; booking concerts at retail outlets; taking out ads; sponsoring Internet radio stations that feature music from the labels they carry and linking their websites to Internet music stores.

When you are going to tour in an area that is serviced by your distributor, tell them in advance so they can persuade stores to take extra stock and put up special displays. Offer to meet store owners and salespeople. Let the distributor know about your plans for getting reviews and airplay and ask them for suggestions. Even if you are not touring, send your distributors all your press releases and favorable reviews to inform them of your progress. Find out about your distributors' salespeople and deal with them personally. Add them to your mailing list, phone them occasionally and visit them when you are in their area. If you deal with distributors that handle many different labels, you will find that the salespeople are not always acquainted with the entire product they sell. Any input from you will give your title an extra push, and it's generally serving the greater good to keep your release in their faces and on their minds.

## Doing Business With a Distributor

The price at which distributors buy from record labels is commonly 50% to 55% of the retail list price. Variations are based on your discounting policies, leverage in the marketplace and number of units sold. Written agreements with your distributors should specify the discounts, when and how often you will be paid and the amount of promotional units you will provide for giveaways to sales personnel, retail, etc. Discounts as high as 60% are given to distributors for large volume buys. Distributors order inventory and, being wary about paying for product that might be returned, specify that payment will not be made until the stores have paid them. Stores pay distributors on a monthly or quarterly basis; they return unsold merchandise, generally after 90 days. The label and distributor agree to take back unsold and defective units. This means the record label consigns units to distributors and the distributors consign them to the stores. Distributors make accountings to labels on a quarterly, semi-annual or annual basis. They will want some free promotional records and want to make at least one copy available to each store they service as a way of introducing your product. Your written agreement with them should specify how many recordings they can make available as promotional giveaways or samples. Ensure that these copies are not just extras that will be returned for credit by using stickers that say "Promotional Copy, Not for Sale" or by otherwise distinguishing "promo" copies from sales copies. Once you have received an order from a distributor, you must ship or deliver the units at your expense. Include an invoice that states the terms of sale with each delivery.

## Collection

The biggest headache in dealing with distributors is the long wait for payment. Their primary reason will be that store payments are delayed. To expedite payment, distributors may offer incentives such as an additional 10% to 15% discount for cash on delivery with returns accepted only for damaged merchandise or a sliding scale discount and a one-for-ten policy. The label gives the distributor a free unit for every 10 bought and paid for within a specified period, usually 30 days. Distributors assess stores for late payment, usually 2% to 5% of the amount owing. You can use some of these same tactics with a distributor.

Many labels report that a period of six months is common before they see the first payment for new inventory and there are distributors (and stores) that delay payments for a year or more or never pay—a practice that has occurred often enough to warrant warning you about it here. The practice is often discriminatory: the distributors first pay labels whose products sell faster than others and those that have done business with them for a longer period of time. They will often delay payments to new labels or labels with sloppy business practices. Collecting money is one of the least appealing aspects of selling. If you are not persistent, distributors will think that you do not care when you are paid. The labels that are the most persistent are usually paid in a timelier manner. It is very important to find out something about distributors' payment reputations before you deal with them. Ask owners of other recording labels. People are usually willing to share their experiences, particularly the negative ones. You have real leverage to collect only when your recordings are selling quickly and your distributor must reorder, or when you put out a second recording to follow a record that has sold well. Many labels report cutting off distributors from receiving more product the very first time payments lapse beyond 90 days. This may sound hard-nosed, but it is accepted as prudent business practice and lets companies know you are not willing to be taken advantage of. You can expedite the collection process only through constant diligence. Develop a personal working relationship with key personnel. Visit and talk to your distributors as often as you can. Tell them about your performance and promotional successes as they occur or in advance. Regular and personable communication is the best method for assuring they will not neglect you. Always put an audit clause in your agreements that specifies you have the right to visit their accounting offices once during a calendar year and audit their books for your account.

Sell or consign only small numbers of units to distributors at first, so if sales increase rapidly and the distributor needs more recordings to keep up with demand, you can refuse to provide them until the last consignment is paid for. Your chances of getting paid are better anyway since the amounts involved are small. Distributors know their retail accounts and can often make fairly accurate estimates about the rate of sale for your release. Their initial order will be based on that knowledge and further based on your promotional outlook and marketing plan.

Be extremely diligent about collections. If distributors miss an accounting period, send the distributor a certified letter stating that they missed the payment date. Start phoning and ask to talk to the accountant. If you are told repeatedly that the accountant is "out of the office," complain to the person on the phone. Keep bothering them. Recognize that you are financing the distributor. Not getting paid on time means that they are using your money for maintaining their own cash flow or other inventory management issues not related to your product.

An alternative to trying to expedite the collection process is to simply accept the fact that you have to wait to be paid. Even so, you must put limits on what you will accept. The foregoing is not meant to discourage you from using a distributor but to inform you that it often takes a while for money to get back to you, so plan accordingly. Always have some reserve; never expend everything in hopes that you will be paid before you will need additional units pressed. When you do find distributors that sell your product for you and pay on time, acknowledge them graciously. Consider any move to a new distributor very carefully; weigh possible profits against the loyalty and hard work of your current distributor.

# 6

## DISTRIBUTION RESOURCES

The most important process is aimed to link business strategy, products and services.

### Catalogs and Databases

Once you offer your recording for sale, you qualify for listing in recording catalogs and databases that list information about recordings. Retailers, to locate and order product for their outlets, frequently review such resources. It is important to be listed so retail can become aware of your product and order it directly through your distributor.

### *TiVo Corporation (Formerly called Rovi Corporation and Muze)*

It is a must to send over your new release information to TiVo Corporation, just as it is to send your new release info to SoundScan and your album to BDS, getting your release into each system (Hyatt, 2016). TiVo Corporation is an organization that brings information solutions to entertainment retailers. It is very important for you, the label, to forward any new releases to TiVo Corporation. The best way is to give them a one-sheet, the retail-ready album and a cover letter stating the release date, title of album, artist, name of label, name of the distributor, and to formally ask TiVo Corporation to put your release into their database. The TiVo Corporation editors and programmers continuously enhance industry data about all commercially available music, books and videos with critical annotations, authoritative assessments, expert classification and smart data design (Hyatt, 2016).

TiVo Corporation originated from Muze, co-founded in 1991 by Paul Zullo and Trev Huxley. Muze began with seed money supplied in part by the Grateful Dead's Bob Weir. Zullo and Huxley sold a majority interest in the company to Metromedia founder John Kluge and his key executive, Stu Subotnick, in 1992 (Hyatt, 2016).

As the first in-store music information system, Muze began a revolution in American music retailing; sellers and consumers were able to enjoy the benefits of Muze's unique combination of information, editorial intelligence and user-friendly technology. Building on their success as a valued provider of music information, Muze added movies and then books to their core database. In 1995

they pioneered computer-driven server technology for in-store listening with Muze SD. As the Internet began to have a major impact on business success in the retail environment, Muze launched its first e-commerce venture in 1996, when West Coast Entertainment chose Muze video data to power their Internet-linked in-store information centers. Over the past three years, Muze data has been adopted by more than 90% of online music destinations, including Amazon, Yahoo! and Snap. Currently Muze and All Media Guide are now owned by TiVo Corporation (Hyatt, 2016).

TiVo Corporation now has new music data that combines music metadata from its AMG and Muze services, creating a superset of data from both acquisitions. The combined database includes more than 1.8 million pop and classical music albums and 16 million tracks.

The new database, TiVo Corporation, provides a single data source that provides multiple forms of data to support variety of devices and services across a broad array of platforms including websites, social networks, mobile, PC and embedded applications. In addition to editorial data, TiVo Corporation provides short-form content elements, like headlines and product descriptions, optimized for CD, portable and mobile device types and applications.

### *Music Data*

The way consumers enjoy music has changed dramatically. Today, music consumers expect complete control of their music database—instant delivery of the music that matches their mood, suggestions for music that they might enjoy and immediate metadata about the music artist who is performing. In addition, they want access to rich digital media—imagery and audio—and seamless media delivery and integration with their digital entertainment lifestyles (Kelapure, 2016).

TiVo Corporation contains a huge music database covering 3 million popular and classical album releases and 28 million music tracks. TiVo Corporation's metadata is built on an agile data management infrastructure designed to evolve with industry and customer requirements, including expansion into new countries. There are separate TiVo's Music data sets for North America, UK and EU countries. These three music data sets share a common music database structure, so you don't have to go through the effort of deploying and maintaining different music database structures for various countries (Hyatt, 2016).

TiVo's Music allows online stores, portals, social networking sites, service providers and mobile, PC and embedded application developers to differentiate their offerings, increase usage and drive consumption. With the TiVo ID, an industry-standard media identifier, your product can be visible in many places, enabling valuable synergy within TiVo's partners.

### **How to add your product to the TiVo Music database?**

Send a copy of your product along with any relevant promotional materials, such as onesheet, press releases, photos and other images. TiVo Music will add products and other materials to their databases at their own discretion. Your product should appear on their website within four to six weeks after they receive your materials.

All products and materials should be sent to:

#### **By Mail**

Product Submissions  
TiVo Corporation  
100 Phoenix Drive, Suite 201  
Ann Arbor, MI 48108-2202

## By Email

*For music*

content.music@tivo.com

*For movies and television*

content.movies@tivo.com

*For video games*

content.games@tivo.com

*For books*

content.books@tivo.com

Once TiVo receives your product, it will go through a data entry and scanning process in which everything from credits to track info, cover art will be entered into the TiVo database system. TiVo's editors may also assign descriptors such as genres, sub genres and styles to the title. The product is also stored in TiVo's archives in the case there are updated and/or edits to be corrected. If your title is a theatrical film, not a physical product, you can still be listed in the database by simply mailing a press kit to the Product Submissions address listed above.

## All Media Network

All Media Network is the company that owns and maintains Allmusic, Allgame and Allmovie. All Media Network was founded in Big Rapids, Michigan in 1991 by popular-culture archivist Michael Erlewine.

The concept was to create a comprehensive archive of all music. All Media Network has created a large database of metadata about movies, video games, audio books and music releases. These databases are used for point-of-sale systems in tens of thousands of stores globally; for CD and DVD recognition in software media players such as Windows Media Player, SimpleCenter and Musicmatch Jukebox; and for providing content for a variety of websites (Ryan, 2011).

In addition to selling computerized access to its databases, All Media Network sells several dozen print compilations of its information.

All Media Network will add any product submissions CD or DVD to its database as long as they are commercially available in their country of release. The best way to ensure that your title receives full coverage is for you to send a copy of the product along with any relevant promotional materials, such as a press release, one-sheet and artist photos.

All materials should be addressed to:

Product Submissions  
All Media Network  
1168 Oak Valley Drive  
Ann Arbor, MI 48108

## Gracenote

The company known as Gracenote, Inc. distributes technologies in the categories of automatic content recognition, sports, metadata, video and music. These technologies are provided to American entertainment companies as well as worldwide entertainment companies. Gracenote distributes music recognition technologies which have the ability to take music files and compare them to a global

database which holds information for many thousands of music titles. That way, these technologies can identify what the name of the music or song is.

Gracenote is the main provider of metadata for video and music throughout the globe. Their database contains 130 million music track descriptions. In addition, their database contains the biographies of movie cast members and filmmakers as well as albums, television listings and cover illustrations for films. The technology of Gracenote is integrated into all this information. This helps give life to the videos and music you find on smartphones like HTC and Apple (GraceNote, 2016).

Music fingerprinting is one way to describe what Gracenote is. If music files have track information that is not there or is invalid, those tracks will be spotted by Gracenote and then given the correct track information. This means you will no longer see something like Track 03, but rather the album name and artist name of the track. The next time someone plays a CD that is integrated with Gracenote, the music on the CD will be identified according to song name, album name and artist name. You will even get the cover art displayed as well. If you have an automobile with an infotainment system built into it, you can connect your smartphone to it and use verbal commands to allow Gracenote to select the songs and artists you enjoy listening to. It'll also create playlists for your favorite songs too.

Television viewers will have an easier time choosing programs to view because Gracenote will give them program listings that are both local and national (GraceNote, 2016). This will help viewers find new shows that they would never have known about before. Businesses can receive meta information and software from Gracenote, which will allow companies to search for their own digital media and the manage it properly. Gracenote's technologies for media management as well as their worldwide database of media information have been integrated into personal computers, home computers, automobiles and smartphones. You will even find Gracenote technology in many popular software applications like Apple iTunes, Media Go and Winamp. These are all programs which play CDs and retrieve specific information about the music.

The users of Gracenote are the ones responsible for creating its database. The company depends on volunteers to contribute their time in growing the database. After the commercialization of Gracenote, a controversy about their licensing came up. On September 9, 2010, Gracenote reached a milestone after it got its 1 billionth stream of information. This particular stream was from someone who submitted information regarding a CD called "My Father Will Guide Me Up a Rope to the Sky," by Swans. Along with identifying information for CD tracks, there is also a file identification system that is digitally built into Gracenote. This system can identify digital music files like Wav or MP3. It can also manage playlists and recommend songs to you (OmicsGroup, 2016).

In addition, Gracenote provides its products to a number of other services including:

- Online services including Yahoo! Music Jukebox, AOL, Amazon MP3, Spotify, Winamp, MetroLyrics, Pandora, Google Music and Tuneup Media
- Home and automotive products from Alpine, Bose, Panasonic, Philips and Sony
- Mobile music applications from Samsung, Sony Ericsson (TrackID), KDDI (Japan), KTF (Korea) and Musicwave (Europe) (Revolvy, 2016)

For more information on submitting your music:

Gracenote Corporate Headquarters  
2000 Powells Street, Suite 1500  
Emeryville, CA 94608  
Tel:510-428-7200  
[www.gracenote.com](http://www.gracenote.com)

## **SoundScan**

What is SoundScan? SoundScan is an online information system that tracks actual music sales throughout the United States. SoundScan information first became available on January 1, 1991. Currently, all of the major music labels and most of the independent labels subscribe to SoundScan. The *Billboard* magazine charts are constructed directly from SoundScan data in part.

Sales information is gathered from over 14,000 reporters (retail and mass merchandisers), which is compiled and made available on a weekly basis. SoundScan clients include record labels, distribution companies, artist managers, booking agents, concert promoters and venue owners (Nielsen, 2016).

There are two packages available to SoundScan subscribers. The first is a full-access package and the second is a limited-access package. Full access is unlimited access to SoundScan data, 24-hour access to the database, and an unlimited number of logons. Limited-access subscribers have access only to the information on their label's product and are limited to 20 titles. The client requirements are that the subscribers must pay for both system access and chart access fees. SoundScan information cannot be sold to non-subscribers. SoundScan is owned by Nielsen.

## **How It Works**

Data is sent from the point-of-sale cash registers via Internet from the retailers to SoundScan each week. The information is then available for PC downloading each Wednesday morning. Data files consist of store type, piece counts and the Universal Product Code (UPC). Nielsen SoundScan is the sales source for the *Billboard* music charts (Nielsen, 2016). To register your title online, go to: <http://titlereg.soundscan.com/soundscantitlereg>. For more info: [www.soundscan.com](http://www.soundscan.com)

## **BDS**

Broadcast Data Systems was purchased by Nielsen, so now it is called both Nielsen BDS and Nielsen BDS Data Systems. BDS uses computer technology that is patented to keep track of television and radio broadcasts. This technology can also identify information about television commercials and radio songs while they're airing live. The media being broadcast does not need to be encoded either for this technology to work. Instead, the technology has the ability to electronically hear the media from the stations.

There are thousands of digital fingerprints that are stored on every BDS monitor. These unique fingerprints are basically patterns that BDS computers generate to recognize each individual song within their database. So, when there is a song playing on the station, the signal generated from the broadcast is matched with one of the patterns in the system. After a match has been made by the BDS computer, information about the song is retrieved such as the station, date and time it's playing on. During the night, there is an update to the pattern library and everything which was detected that day is electronically transmitted for storage in the central operations facility. Once the morning begins, the detected information from all the BDS monitors in the field are processed and then digitally sent to all the computers that belong to its client. On these computers, the information will show up as an analytical report.

The music industry is served by the BDS Music Group with its products pertaining to Radio Track and Record Track. Depending on the track, the pattern of a song can be almost any length because they are generated from certain areas of the song. The BDS computer is programmed to listen to the entire song but then it chooses a particular area of the song that has very unique sound data. This is

the sound it uses to generate the identification pattern. Remember, this pattern is the digital fingerprint of the song's sound and so the BDS computers will hear the sound differently than a human would. The only exception to this is when the piece of the song used for the pattern is big enough to where it resembles the original track that was patterned. If this were to occur, a new pattern will be generated which will make it unable to recognize it as a sample.

The systems of the BDS are able to tolerate faster speeds of nearly 4% (Strong, 2016). Sometimes, however, if the record has too much speed added to it then it won't be recognized by the BDS computer. When that happens, another pattern that moves faster will be generated which will allow the track to be identified.

For a label or station, all music for encoding to BDS should be sent to:

Nielsen BDS  
8100 NW 101st Terrace  
Kansas City, MO 64153  
(Attention: Encoding)  
(CD, CD single, 12" vinyl, LP, reel, video and radio re-mixes)  
For more info: [www.bdsonline.com](http://www.bdsonline.com)

For those who want faster service, you can also encode online by emailing [clientservices@bdsonline.com](mailto:clientservices@bdsonline.com) and request a username and password. Once you receive your username and password, go to <https://media.bdsrealtime.com/login.aspx>.

### ***Mediabase***

Mediabase is similar to Nielsen BDS, in which it tracks and monitors radio spins throughout US and Canadian radio stations.

It was founded in 1985 and is now owned by iHeart Media, Inc., formerly Clear Channel Communications. There are around 1,800 US and Canadian commercial radio stations that subscribe to Mediabase.

To have your album encoded, send your CD along with a letter stating to encode radio-version tracks only. List only the tracks promoted to radio stations for encoding, along with the name of artist, label, genre of music and a contact email/number and send to:

Mediabase  
15260 Ventura Blvd, Suite 1500  
Sherman Oaks, CA 91403  
Attention: Encoding

### ***Mediaguide***

Mediaguide uses proprietary digital fingerprinting and watermarking technology to monitor and measure music and advertisement airplay on more than 2,500 commercial, non-commercial, and college radio stations in over 150 US markets, in real time, 24/7. Mediaguide information provides business insight to performing rights organizations, record labels, broadcasters, market researchers and advertisers, and fuels broadcast radio content interaction through real-time connection to digital outlets and mobile device applications.

Mediaguide licenses a full suite of custom audio recognition technology solutions for integration into consumer electronic devices, smartphones and mobile apps, providing customers with the ability to power interactive content solutions across all media.

Mediaguide was founded in October 2002 by ASCAP (American Society of Composers, Authors and Publishers) and Connexus Corporation.

### *Submit Content*

Advertisers, record labels, promoters and independent artists can submit music to Mediaguide for encoding. This allows Mediaguide to add content to their database and track what's playing more effectively.

### **Physical Submissions**

All full-length, EP and single releases (including remixes and station edits) should be sent to Mediaguide preferably on CD at the following address:

Mediaguide  
ATTN: Music Submissions  
640 Freedom Business Center  
Suite 305  
King of Prussia, PA 19406

All music submissions **MUST** include a completed Music Submissions Form. The form notifies Mediaguide that music has been submitted for encoding and also informs them of pertinent information related to the submission including its add date, release date and genre(s). You can fill in the music submission form online at: <http://musicmonitor.mediaguide.com/musicsubmit.php>. For more info: [www.mediaguide.com](http://www.mediaguide.com).

### **Commercial Radio/College/Internet Tracking Services**

CMG (Competitor Media Guide) and Mediaguide jointly provide on-the-air music detection and reporting services, from over 2,600 Internet and satellite radio broadcasts and 2,600 commercial and non-commercial terrestrial and college broadcasts. The two programs are MusicMonitor and RadioWave (Wiebe, 2016).

### ***Digital Radio Tracker***

DigitalRadioTracker.com (DRT) is a service that monitors and tracks radio airplay throughout the world, with more than 5,000 radio stations.

Stations include major FM terrestrial, college, commercial and non-commercial and streaming Internet radio stations.

DRT uses a customized technology that monitors radio airplay detections of songs 24 hours a day, 7 days a week, 365 days a year without any special encoding or fingerprinting.

DRT's database logs songs that are played by every station DRT monitors. The service compiles the data and produces a report that showcases song airplay detection information. For more information: [www.digitalradio-tracker.com](http://www.digitalradio-tracker.com).

## ***RadioWave Monitoring System***

RadioWave is an airplay monitoring system that monitors and tracks Internet streaming radio stations. It was launched in 2003 and uses a technology that provides on-the-air music detection services 24 hours a day, 7 days a week, 365 days a year.

Launched in 2003, RadioWave was the first airplay monitoring system designed specifically for radio stations streaming over the Internet.

RadioWave uses a custom-built monitoring technology that provides on-the-air music detection services 24 hours a day, 7 days a week, 365 days a year. It is currently compatible with all major radio groups, including: Live365, Yahoo! LAUNCHcast, AOL Radio, Clear Channel, CBS Radio, Shoutcast, Viacom, Citadel, Rhapsody, Napster, Pandora, Cox Radio, Galaxie MaxTrax, Bonneville, Emmis, Cumulus, Entercom, NextMedia and GAP Broadcasting.

RadioWave monitors and reports major formats including: Adult Hits, Alternative Rock, CHR/Latin, CHR/Pop, CHR/Rhythmic, Christian, Country, Jazz/Fusion and Rock/Active Rock.

Using RadioWave, subscribers can track which songs are the most popular in all major formats and view titles receiving top spin increases, and which titles are receiving the most adds.

In addition, RadioWave has also partnered with Mediaguide, which offers a wider base reaching 2,600-station monitored broadcast. For more info: [www.radio-wavemonitor.com](http://www.radio-wavemonitor.com).

The current rate is \$99.99 per full CD release, per 13-week period; to subscribe to Airplay Manager, contact Music Services: [distribution@radiowavemonitor.com](mailto:distribution@radiowavemonitor.com).

## **How to Get a UPC Number for Your Product**

The short answer is, in the US, call 937-435-3870, GS1 US (formerly the Uniform Code Council). For a fee, the GS1 US will issue you a company number and send you a packet of information about how to use it. You can also go online at [www.gs1us.org](http://www.gs1us.org).

GS1 US

7887 Washington Village Drive, Suite 300

Dayton, OH 45459

937-435-3870

## ***Obtaining Bar Code for Your Product***

When someone asks this question, they are talking about the UPC or EAN symbol found on most retail products around the world. Specifically, they are asking how to obtain a Universal Product Code Identification Number, which they can encode into a UPC-A or EAN-13 bar code symbol on their product. EAN stands for European Article Number, which has 13 digits. In the US your record label should first obtain a unique six-digit company identification number by becoming a member of the Uniform Code Council (UCC).

A full set of technical specifications and guidelines will be provided with your number. The UCC also will provide a list of suppliers that can produce camera-ready bar code symbols than can be included in the product's package graphics. You can assign the five-digit product code yourself. The number assigned to each product your company produces must be unique. For example, if you have

two different sizes of the same product, each must be assigned a different number. When you assign the numbers, you should communicate them to your affiliates, distributors and other partners.

You do not have to be incorporated to apply for a UPC company number. In other words, you can apply for a number as a sole proprietor. However, the UCC recommends that you register your business name before applying. The way you register your name varies from state to state. Often when you apply for a business license, you will also be required to register the name of the business. In any event, the UCC does not require this to become a member.

The Uniform Code Council (UCC) issues numerical company and product configuration codes to standardize computerized tracking of sales and inventory (Edwards, 2016). On a CD, for example, you will see a bar code with 12 numbers and vertical bars, which at checkout from a retail store is scanned (via SoundScan technology) and placed into the computer database as a reflection of that sale. It will also be compiled into sales statistics industry-wide. Let's break down the 12-digit number: The first six belong to the record label. The next five digits are the catalog number, which you as the label create as a unique number for each album and/or title, as a way to facilitate tracking throughout the ordering, distribution and billing processes. In years past, the catalog number was only four digits and the following number: "2" for CD, "4" for cassette, "1" for vinyl and "9" for DVD; however, GS1 has eliminated the product platform number and increased the catalog number to five digits. Lastly, is the check digit number, the very last number. This digit lets the scanner determine if it scanned the number correctly or not.

Here is a mathematical formula to use to create the check digit number:

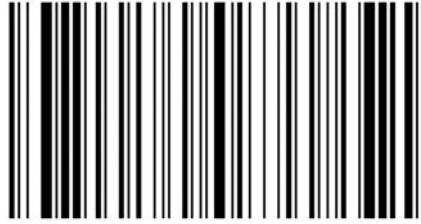
1. Add together the value of all the digits in odd positions (digits 1, 3, 5, 7, 9 and 11). So  $6 + 9 + 8 + 0 + 9 = 32$ .
2. Multiply that number by 3. So  $32 \times 3 = 96$ .
3. Add together the value of all the digits in even positions (digits 2, 4, 6, 8, 10). So  $3 + 3 + 2 + 0 + 3 = 11$ .
4. Add this sum to the value in Step 2. So  $96 + 11 = 107$ .
5. Take the number in Step 4. To create the check digit, determine the number that, when added to the number in Step 4, is a multiple of 10. So  $107 + 3 = 110$ , and the check digit is therefore 3.

Each time the scanner scans an item, the scanner performs this calculation. If the check digit it calculates is different from the check digit it reads, the scanner knows that something went wrong and the item needs to be re-scanned.

Now the good news. There is a much faster way of coming up with the check digit number: a free online bar code maker! Go to [www.barcoding.com/upc](http://www.barcoding.com/upc). Here you will be able to see the bar code maker. With this program, you just place the 11-digit number in the "Barcode Data" and position the "Barcode Symbology" to UPC-A; it creates the entire 12-digit number including the last number (check digit) in seconds, which you can save as a bitmap or JPEG file to forward over to your graphics department for use in the artwork for your CD (saves file at 350 dpi). Did I mention this is all for FREE online! Just in case some manufacturer or company tries to charge you an extra \$35 for your bar code, you can laugh out loud!

## ISRC

Since everything is going digital, you now need an identifying code for each digital music track you place.



**FIGURE 6.1** Bar Code

ISO (International Organization for Standardization) 3901, is an international standard code for uniquely identifying sound recordings and music video recordings. IFPI (The International Federation of the Phonographic Industry) has been appointed by ISO as registration authority for this standard. The ISO technical committee 46, subcommittee 9 [TC (Traditional Standards) 46/SC 9] is responsible for the standard. Note that an ISRC code identifies a particular recording, not the song itself. Therefore, different recordings, edits and remixes of the same song will each have their own ISRC code. Songs are identified by analogous ISWC (International Standard Musical Work Code) codes.

ISRC registrant codes are allocated by national ISRC agencies to both corporations and individuals.

ISRC codes are always 12 characters long, in the form “CC-XXX-YY-NNNNN.” (The hyphens are not part of the ISRC code itself, but codes are often presented that way in print to make them easier to read.) The four parts are as follows:

1. “CC” is the appropriate registrant two-character ISO 3166-1 alpha-2 country code. For the United States, it would be: “US-XXX-YY-NNNNN.”
  2. “XXX” is a three-character alphanumeric registrant code, uniquely identifying the organization which registered the code.
  3. “YY” is the last two digits of the year of registration (not necessarily the date the recording was made).
  4. “NNNNN” is a unique five-digit number identifying the particular sound recording.
- Typically, the appropriate regulating body in each country will issue a three-letter code to each record label. For example, the regulating body for ISRCs in the UK is Phonographic Performance Limited (PPL).

ISRC codes are permanent and unique identifiers for a specific recording, independent of the format on which it appears (CD, audio file, etc.) or the rights holders involved. Only one ISRC should be issued to a track, and an ISRC can never represent more than one unique recording. ISRCs are widely used in digital commerce by download sites and collecting societies. An ISRC can also be permanently encoded into a product as its digital fingerprint. Encoded ISRCs provide the means to automatically identify recordings for royalty payments.

There are various ways ISRC codes can be obtained: First, recording rights owners based in the United States can apply for a Registrant Code through the US ISRC Agency. This Registrant Code will allow that label, company or independent artist to assign ISRCs for its past, current and upcoming recordings. There is now a one-time \$80 application fee for the allocation of a Registrant Code. This Registrant Code is yours for life, and it will allow you to assign up to 100,000 ISRCs each year. Second,

the US ISRC Agency has allocated Registrant Codes for ISRC Managers, which they can use to assign ISRCs on behalf of clients or customers (ISRC, 2016). ISRC Managers can provide individual ISRCs to independent artists or to those who do not wish to manage their own ISRC assignment. ISRCs are issued as a part of the business arrangement between the company and an artist, and they are assigned to only those tracks that fall within this agreement. For more information about obtaining a unique ISRC code, go to <http://www.usisrc.org>.

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# 7

## ALTERNATIVE SELLING AND TOTAL EXPOSURE

Innovation is the key to economic development of any organization.

### **Cutouts, Repackaging**

It is usually hard for recording companies to judge the number of records they need to make when releasing a new product or creating more of the same product. If the demand is higher than anticipated, then many consumers will miss out on getting it. If the demand is lower than anticipated, then they will end up with too much inventory in their warehouses that remains unsold. If there is a decrease in demand on a product title, then the production of the product stops. All the additional inventory that remains unsold is then referred to as a cutout product. These are products which do not sell at normal retail prices in stores because there is no demand for them. So, as a way of getting consumers interested in these products again, distributors slash prices on the products and make them cheaper for their clients to purchase. These clients are known as the cutout merchants who specialize in purchasing large quantities of cutout products and then selling them to retail stores at cutout prices (which are low prices). Then those stores sell the products individually to consumers but at a discounted price. In the end, the distributors, cutout merchants and retailers all profit by purchasing in large quantities and then selling individually to consumers, which gives them a bargain on the retail price. The only unfortunate thing is that the musicians and artists of these products will not receive royalties from this type of business practice.

There are some record store businesses that prefer cutout sales because they make more money than selling at retail prices. If they are entirely a cutout company, they may purchase old master titles and then rerelease them to fans of those titles. This especially works if an artist has just died because there is much greater interest in their music at this time. Of course, their music products will still be at discounted prices for consumers.

## Mail Order

If you have a mailing list made up of fans or if it is just a mailing list that you rented to use, you can send them mail-order catalogs which sell musical recordings of a particular genre or a variety of different genres. A lot of sales can be made this way. All you have to do is research your target consumer market and then generate a mailing list of people from this market who are interested in what you have to sell. Then you have to create good advertisements which are effective in showcasing to them what you have to sell. When using print advertisements, just remember to include all the information about how they can order your recording through the mail.

If the only thing you want to do is sell your recordings to music fans, then you just need to design a quality-looking form where they can order it by mail. Make sure you add all the additional costs onto the price such as the shipping and handling charges. You should also give your customers multiple shipping options with different fees for them. The handling charge covers the time it takes you to package the product and the cost of the materials that you're using to mail it. Keep track of any sales tax that you are required to pay in your jurisdiction, just in case.

To make your package more interesting, hire a graphic designer and have them add graphics to your mailing package which illustrate the cover of your product beautifully. Any additional promotional elements you add to the mailing package will be a plus as well. Inside the package, make sure to put your business card in there along with a postage-paid envelope that is addressed to you. That way, it will be easier for consumers to contact you about their questions or interest in your products. This will ultimately lead to more sales in the end.

According to independent labels, mail-order advertisements are the most successful at generating sales when multiple titles are offered in it. But if you are just selling one title, try to include some free gift offering with it such as a free poster, decal, or shirt. If it's a holiday like Christmas, try to send out your holiday advertisements a few months in advance. This allows you to save money by getting other independent labels to do some cooperative mailing with you.

Marketing in music publications targeting consumers and trade markets will help you sell more records and also enable you to broadcast tour dates and play music on the radio. It is very expensive for an independent label to advertise so they always try to be careful about not wasting their money. Some labels have more money to spend on advertising than others do. The best thing you can do is analyze the advertising costs and see how much potential they have to generate sales for you. Be realistic when determining how many sales you can actually get from your records. More importantly, determine how many sales you will need just to break even on the costs you paid to advertise your records. If it doesn't look like you'll at least break even, then don't even bother with the advertisements. To truly figure this out, see how much exposure an advertisement would give you. Figure out the number of readers, listeners or viewers you will get based on whatever method of advertising you choose. For example, if don't have a distributor that provides your products nationwide, then you certainly don't want to pay a lot of money to a nationwide publication unless you are sure that mail-ordering will be an effective way to sell to them. Just remember that if you are unknown in the music world, then you'll have a much tougher time selling to a nationwide market, even if your music is good. That is why spending your money on local advertising in regional magazines and small-time record stores may be the way to go. But regardless of where you advertise, it is always going to cost you money to get your product marketed so that consumers will know it exists.

## Placing Ads

Before you place ads, you need to know what the advertising rates are in the magazines or newspapers that you want to advertise in. These costs will likely determine whether or not you choose to advertise with them. In addition, you should get a feel for what kind of subscribers are reading those magazines or newspapers and whether they'd be interested in what you're selling. The best magazines to use are local music- or entertainment-related magazines that get sent out weekly.

Surprisingly, a lot of new records get sold in smaller magazines that have cheaper ad rates. The most important thing is to target your audience properly, even if you don't have to pay a lot of money in ads. Remember that expensive ads are not always the best ads. There are plenty of people posting free classified advertisements who still generate sales because they have targeted music fans properly. Another effective method of advertising is to time the placement of the ad just right so that a review is generated for your record. If the release is going to be sent to a national radio station, you might get a bigger audience on there if you place a few advertisements in certain college trade publications because DJs and music directors tend to look at them. Then, if they like what they see, they may contact you about your record.

## *Independent Advertisement Discounts*

If you are an independent band or record label, you may be able to get a discount on certain publications. The best thing to do is avoid paying a cash advance up front and just get the magazine's terms first. The idea is to delay paying for the advertisements for a couple of months so you can have enough time to generate sales on your records. Then you can take the money from these sales and pay for your advertising costs.

## Branding the Music

You must have brand loyalty and brand equity if you are ever going to build your music brand. With brand equity, this represents how valuable consumers think your music products are in comparison to other music products of the same genre. However, brand equity represents the value of your artists, music group and label as well. As for brand loyalty, this is when you have fans of your music who are always interested in purchasing your products when they become available. These fans would never consider purchasing from your competition because they are loyal to your brand. Of course, you cannot just generate brand loyalty as quickly as you would want to. This is a process that takes a lot of time because you have to establish your music brand in the business first. Once more people have heard your music and it has been out there circulating around the world for a certain amount of time, then brand loyalty will start to be generated. After you have achieved that, selling records gets so much easier.

Every musician should have a goal to enhance their music brand. This is how you gain a following and earn credibility in the music industry. Furthermore, a brand separates you from your competition and establishes your reputation as a real musician who can stand on their own. Soon, your brand will have lots of fans that will recognize you and the music you give them. This will give you the opportunity to capitalize on merchandising things like hats and apparel that advertise your brand.

If you are just using your name to sell records without having a brand, you won't be very successful. But if you are going to do a good job in associating your brand with the music you make, you must

understand how your music and how you can associate it with your marketing. It doesn't matter how you deliver your marketing to consumers just as long as you have a creative idea for making it attractive to them. The idea is to create an emotional response in them which will make them appreciate your brand and respect the music that it creates.

### ***Trends in Music Branding***

The biggest trend in today's world is the use of social networking. Artists are being discovered and in turn working with brands. Artists are also becoming popular well before they get a label deal (Price, 2016). If a band or artist has an online following of a few hundred thousand fans, it becomes like a focus group. With the whole music business changing, artists are looking to our industry more than ever, and beyond traditional radio or TV advertising, artists can now synergize brands like never before (Franklyn, 2013).

The most notable branding initiative in the music space to me has been Apple's non-use of cool songs in their TV ads—notable because Apple's use of such songs was the talk of the town in the ad-music continuum for the last few years, and no brands have successfully filled that vacuum in '09. Apple has recently and effectively used underscores with voiceovers to sell their iPhones and iPhone Apps, utilizing music that's unique in its overuse of an acoustic guitar and glockenspiel instrumental combo—a sound that many in my field many would say/complain is the “Apple Sound” that other clients requested a bunch this past year for their own underscores.

*Josh Rabinowitz, SVP, Director of Music at Grey Worldwide*

### ***Music Branding Companies***

Music branding companies connect top brands with the ideal artists and music. Their core services include artist selection, strategic partnerships, branded content, tour or festival sponsorships, special events, artist endorsements, ad campaigns and branded content creation for digital and cross-platform marketing campaigns (Billboard, 2016). These companies tend to nurture emotional connections with target consumers by communicating the essence and “sound” of a brand through association with the perfect artist and music. I have put together a short list of great companies that specialize in music branding:

1. Prescriptive Music ([www.prescriptivemusic.com](http://www.prescriptivemusic.com))
2. DMI Music Branding ([www.dmimusicbranding.com](http://www.dmimusicbranding.com))
3. Sounds Like Branding ([www.soundslikebranding.com](http://www.soundslikebranding.com))
4. Rock River Music ([www.rockrivermusic.com](http://www.rockrivermusic.com))
5. Inspire Entertainment ([www.inspireentertainment.com](http://www.inspireentertainment.com))
6. Grey Matter Music ([www.greymattermusic.net](http://www.greymattermusic.net))
7. The Syllabus Agency ([www.thesyllabusagency.com](http://www.thesyllabusagency.com))
8. Muzak ([www.muzak.com](http://www.muzak.com))
9. Designer Muzik ([www.designermuzik.com.au](http://www.designermuzik.com.au))
10. Mood Media (<http://us.moodmedia.com>)
11. Gomus ([www.gomus.com.br](http://www.gomus.com.br))
12. Spirit Music Group ([www.spiritmusicgrop.com](http://www.spiritmusicgrop.com))

## Adding Corporate Sponsorship Support

Corporate sponsorship is a form of advertisement where companies pay to be associated with an event or cause. Finding the right sponsors helps make the event, and in turn your business, successful (Garecht, 2016). Follow the steps to learn how to find corporate sponsors for your event.

1. Determine your audience—the people interested in your event. Once you have established your event, decide whether a large amount of people will be involved and whether professionals will attend.
2. Think about the businesses that would be interested in reaching your audience. For example, if you are holding a bike ride event you may decide to target businesses involved in sporting goods, sports drinks and tire shops along with downtown businesses (Hostinger, 2016).
3. Set sponsorship levels. If your event is small, keep the levels small; the larger your business and event the more money and donations you can ask for and the more you will need.
4. Make phone calls and send proposal letters telling potential sponsors the commitment levels and benefits. Use bullets and “skimmable” sentences, including all contact information.
5. Follow up with the businesses and keep sponsors and non-sponsors updated with current event information and developments. Remember to send invitations to the event and let them know if there is any sort of VIP booth or seating designated for them (Cirelli, 2016).
6. Give sponsors publicity throughout the event. Create a sponsor banner, make announcements thanking sponsors, put logos in your organization’s newsletter and event program, take out advertisements or mention businesses in a newspaper article and print logos on T-shirts.
7. Send thank you letters to sponsors after the event, letting them know you appreciate their support. List any charity donations and prizes funded in part by them and give a statement of where their logo was used, when their name was announced and any advertisements and articles where they appeared (Cirelli, 2016)

The key to getting your message across in an email campaign is to get people to actually look at the ad, so make it as blatant and eye-catching as possible. Always include contact information and a free catalog offer when doing any type of campaign. Even if you only have one release, you can make some sort of propaganda sheet to send to people who respond. You should also include information on how a reader can order your record through the mail, and if your band is touring, include the performance dates and venue information. If you’ve got a website that features an online catalog, always include the address in your ads. This is an easy way for people all over the world to get more information about you and your release. The newest and possibly the best new advertising medium for independent musicians is the Internet.

There’s been plenty of talk about how the Internet is revolutionizing the music industry, and guess what? It is true. The Internet, the international computer network, has become a great way for musicians to network and promote their music. There are dozens of online discussion groups that deal with issues facing independent labels and musicians, and all the big commercial online services (Yahoo!, MSN, etc.) have music forums. If you have access to a computer, get Internet access and make it work for you!

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# 8

## INTERNET MARKETING

The Internet is disrupting the way we do business; it is all about you using it to your advantage! Engage, engage, engage!

Inbound marketing is an affordable strategy that utilizes all the new technology platforms—social media, digital content, online PR—as a strategic way to market your brand. The concept of inbound marketing is to target select audiences by providing more information on your products or services. I feel this new concept can be more effective as everything now is online and driven by the Internet. All marketing strategies and campaigns require an online presence to be successful. What I like about inbound marketing is that you are targeting consumers looking for products or services *you* provide, versus trying to advertise to a wide audience and not knowing what their needs are.

Outbound marketing is a much more costly strategy which utilizes traditional methods of advertising such as print, billboards, TV and radio. It can reach a broad audience even if the consumer is not looking for these products or services. “Saturated advertising” is what it feels like, not to mention these campaigns can get pricy! Although you can reach a wide audience and bring awareness to your brand, it usually is very costly. In addition, it can take months if not years to become effective and is hard to measure consumer response.

My take on inbound and outbound marketing is that they can both be effective if used in the right manner.

An effective marketing campaign, in regards to outbound marketing, would be a regional marketing campaign, versus implementing a “national outbound marketing campaign,” which can get pricy. In doing so, you are targeting a specific region—an effective and easy way to bleed over to the next region, even without you paying for it. Talk about strategy! I would also utilize inbound marketing, which for me levels the playing field for all businesses, large or small, and brings the potential consumer to you from everywhere, meaning globally, since it’s the Internet!



**FIGURE 8.1** Internet Marketing (word cloud)

## Managing Your Online Social Reputation

It's all about your reputation, your brand, your company's name and now your online social reputation! It's one thing to have a website, utilize search engine optimization and search engine marketing, but it's an entirely different thing to monitor and manage social media! Social media is no longer a new trend of some sort; it has become the norm. It can make or break your product, service, brand and your overall business!

Establishing an online presence and implementing an effective reputation-management strategy would be my priority in maintaining the overall success of the company name, product or service.

There are several social management tools and platforms available such as HootSuite, Google Alerts and reviewtrackers.com.

In developing a plan to accomplish this goal, I would start with HootSuite. HootSuite allows you to track and respond to all of your brand's mentions throughout multiple social media platforms in one place. I absolutely love this site! What's great is you are able to improve productivity by managing all of your social networks in the same place. In addition, the dashboard lets you listen, engage and measure activity from a very simple interface (SEJ, 2014).

Secondly, I would utilize and set up Google Alerts, as this allows me to receive email alerts whenever my brand is mentioned online. I would do this by setting up alerts based on keywords that are relevant to the company's product, service and even the company's name. The site is very user-friendly, and has a guide to help manage online reputation (Gray, 2013).

Third, I would set up an account with [reviewtrackers.com](http://reviewtrackers.com). Review Trackers monitors and moderates comments on sites like Yelp, Amazon and countless other online marketplaces along with forums and review sites. The key here is to monitor and respond to ALL positive or negative comments about your company right away and to ensure that visitors get accurate information.



**FIGURE 8.2** MP3 Player

I would then begin a second phase implementing platforms as Reputation.com, IceRocket.com, TweetDeck.com, Addictomatic.com and SocialMention.com in establishing a great online presence while implementing an effective reputation-management strategy.

IceRocket offers blog, Twitter and Facebook monitoring in 20 languages, as well as results graphs that you can play with. It allows you to choose the periods of time you are interested in monitoring. TweetDeck, Reachli, HowSociable and Addictomatic focus on a variety of platforms such as Flickr, YouTube, Twitter, WordPress, Bing News, Delicious, Google, Ask.com, etc. It's really useful for keeping an eye on recent industry developments and brand reputation. Twazzup is also a great Twitter monitoring tool.

Last, Social Mention monitors over 100 social media sites, according to Christina Jones, in "7 Tools for Managing Your Business's Online Reputation" (Jones, 2013). In the traditional sense, it can be said to be one of the best free listening tools available judging from its popularity amongst social media enthusiasts. It measures influence with four categories: strength, sentiment, passion and reach and analyzes data more in depth.

Keep an eye on your competitors. Spying on your competition's social media activities and noting successes and failures allows you to refine your own approach. Monitoring how consumers relate with other brands in your niche will give you insight into how you can optimize your online reputation and bridge the gap where others are groping for direction.

### **Online Music Distribution Services**

The two best services found online to sell your CD would be [www.cdbaby.com](http://www.cdbaby.com) and [www.amazon.com](http://www.amazon.com). You will have to self-administer your titles; it is very easy and fast. Both services actually report to SoundScan, which is a plus. CDBaby.com even takes it a step further by giving to you the customer's email address and physical address when a purchase of your title occurs, another way of adding to your loyal fan database

and conducting analysis of your advertising, along with the consumer demographic you are reaching. In addition to CD Baby, they have physical distribution through Alliance and Super D. CD Baby's partnership with Alliance and Super D's one-stop distribution makes them the world's biggest one-stop distribution company. Alliance and Super D's huge catalog is available to over 2,500 music retailers worldwide. Alliance and Super D supply chains like Barnes & Noble, Best Buy as well as independent tastemaker stores from the Coalition for Independent Music Stores and Alliance of Independent Media Stores. CD Baby's entire catalog of over 130,000 albums has been added to Super D's existing catalog of 415,000 albums, according to CD Baby's website (AltPress, 2016). This gives independent artists and indie labels a chance to have their CDs in retail stores. Thousands of brick-and-mortar record stores in the US and online retailers across the globe get a chance to order your titles that previously may not have been available to physical retail stores. Being available in brick-and-mortar record stores not only lends you credibility, but also provides convenience for your fans. Many music buyers want to know they can go into their local shop and purchase or special-order your latest album right then and there. Artists get paid their full retail price just a week after the sale, with no returns, and are given the full information of the purchasing store.

Amazon also has an incredible online retail program called Amazon Advantage, which allows you to sell and promote your CDs or other products directly on Amazon. The main benefit for using Amazon Advantage is that it enables you to promote and sell media products directly on Amazon.com, providing visibility to millions of customers worldwide.

Advantage is designed specifically for publishers, music labels, studios, authors and other content owners who would like to source their products to Amazon.com, the world's leading online retailer. It gives you the opportunity to market your products to millions of customers. The program offers a proven means of distribution and order fulfillment for media product (such as music, DVDs and books). The Advantage program is not intended for individuals selling used copies, or resellers of books (such as bookstores). To join Advantage you'll need to set up an Advantage account online. Once your account is active, you can start adding the items you intend to source out. Adding items to your account tells them which products are available from you. To list products, you need to have valid legal title to distribute them. Once Amazon receives your inventory, they store it in one of their fulfillment centers, and your product then becomes available for purchase. The item will appear as "in stock" on its Amazon.com product page and is ready for customer purchasing.

Once your titles are enrolled (listed) in your account, Amazon.com will automatically begin ordering them. This typically occurs once a week. Their goal is to have you send enough copies of the title to meet current customer demand, along with enough extra to meet that demand for the next few weeks. You simply confirm the orders in your Advantage account and let them know when you anticipate arrival at Amazon's warehouse.

Since Advantage is a consignment program, they pay you for the inventory after it has been purchased and shipped to Amazon.com customers. You'll be paid on a monthly basis, 30 days after the end of the month in which the unit is sold. Their standard terms include a 55% purchase discount (off the list price, which you set), member-paid shipping to their warehouse and a \$29.95 annual program membership fee.

## Email Campaigns

They say that the Internet is the great leveler, and it is true. There is no better evidence of that than email. What sets the majors apart from the indies is their ability to reach millions of people, potential consumers with vast expenditures on broad sweeping advertising and promotional campaigns. Thanks to the Internet, and specifically email, essentially for the \$19.99 to \$39.99 fee for Internet service, any label or



FIGURE 8.3 Blogging

artist can potentially reach the same number of consumers. You can put together an email mailing list the same way you would a normal mailing list. You can harvest email addresses from other labels, websites, bands you know, or simply purchase them for literally pennies per thousand addresses. When purchasing addresses you can even tailor your list to include only persons possibly predisposed to music buying or R&B listeners or, whatever. With the click of a button you can send press releases, tour schedules or show announcements, even track samples, to hundreds or thousands or hundreds of thousands of people at once, and at virtually no cost. The savings over traditional mass flier mailings is exponential and you could not possibly mail that many fliers through conventional mail with any sort of cost efficiency.

## Blogging

With the rapid increase of new Internet trends comes blogging. If you have the time to set up your own customized blog within your music website, it would be worth your efforts. There are several free blog widgets available online, and they are very easy to place within your website. In a nutshell, blogs provide the prospective music buyer an interest; second, you can see what people are saying; and third, your blog could bring that person back to your site, ultimately for a purchase.

Great blogs equal retention.

## (New) Online Marketing Tools

I am truly excited about the new platform and the performance of the Musician's Atlas Online tool. I have been in the music industry for over 14 years and have not seen anything like this in terms of a complete one-stop multi-management tool. Finally, a tool that's geared to target and increase your fan base along with a strong and complete database! I was extremely pleased to find current emails, contacts and administrative functions that set up a complete online management platform, all at the push of a button. I use the Atlas Online tool in my music industry courses; my students were overwhelmed

with the functionality and performance. One of my favorite functions is the college radio section, which lists the *CMJ* reporting stations with addresses, phone numbers, music directors' and program directors' numbers, music days and hours. My classes use this function, which is very helpful in their college radio campaigns. It is very hard, not to mention pricy, to obtain a (current) database of *CMJ* reporting stations, to say the least. Having this tool keeps you competitive in today's ever-changing music marketplace. I strongly recommend the Musician's Atlas Online!

This platform allows you to secure gigs, plan tours, develop media, market, set up promotional campaigns, sell music and contact targeted people. It is very interactive and comprehensive, and works for you 24/7. You get access to more listings and detailed information than any other industry resource; with new listings and updates continually added.

In addition, it is very user-friendly, and allows you to search the Musician's Atlas extensive databases by any number of criteria, such as company name, music genre and location; and with a touch of a button you can hyperlink to websites, create customized letters, mailing labels and email blasts!

This is a must! Go visit [www.musiciansatlas.com](http://www.musiciansatlas.com).

## Newsgroups

Newsgroups are online discussion groups or message boards stored on servers all over the world. You can subscribe to these newsgroups through your Internet service provider using a news reader program (like Yahoo! News). There are literally tens of thousands of newsgroups online, a great many devoted to music. Additionally, most colleges have discussion groups and message boards through online newsgroups. The subjects covered by individual newsgroups are endless, from guitars to peacocks. There are newsgroups devoted to hundreds of different famous (and non-famous) bands. People post messages or questions on these newsgroups, and then other people read them and respond and then other people respond to those responses, and so on. You can also create new groups.

Check out [alt.music.independent](http://alt.music.independent) for questions and advice about putting out your own music. Got a question about an indie label? Need a place to play in Topeka? You can get these answers and lots more by subscribing to music-related newsgroups.

Use the Internet as a reference tool. Almost every major label and large independent label has a website, as do most music related organizations. ASCAP ([www.ascap.com](http://www.ascap.com)) and BMI ([www.bmi.com](http://www.bmi.com)) both have sites that can give you information on performance rights and music publishing. *CMJ* (*College Music Journal*) also has a website you can use to view their college radio charts at [www.cmjmusic.com](http://www.cmjmusic.com).

There are also several sites devoted solely to musicians who are releasing their own music. LinkedIn ([www.linkedin.com](http://www.linkedin.com)) is a great site for networking and has thousand of newsgroups. Here you can find specific groups as Music Publishers, Music Licensing or Indie Artists to reach out to. You also create your own group and build a powerful network. The key is to build connections first, check out other groups and focus on quality members, not quantity. You have to be prepared to maintain as well as moderate your group. It's all about being consistent.

## Creating Your Own Music Website

Having your own music website active and visible increases your chances of more exposure and possible sale of your music, not to mention you may also be creating a fan following. Investing in a website designer would be money well spent. If this is not within your budget, post a sign at a local college

for an intern to design your site. It is very important to have it done professionally, not to mention that search engines do not recognize “do it yourself” website services where they let you build your site through Flash or HTML scripts. The search engine “spiders” pass by the given “meta-tags” in the site, and recognize it as a free website host provider, therein limiting your chances of higher search engine placement. This is critical, since it is all about being in the first or second page of a search result.

The most user-friendly, music-supported website builder and host provider I recommend is Wix.com. It allows you to create from scratch or use templates already in place for you. They offer a free service; however, I would only recommend using the paid premium services as it removes the Wix ads and lets you directly place your own domain.

## Search Engines and Optimization

There are several free services that will place your URL, or web address, in multiple search engines for free. New and improving services can change almost every day; it is highly recommended that you go to [www.google.com](http://www.google.com). Once you are there, just type in “free search engines submittal.” In addition, by adding your URL manually to [www.google.com](http://www.google.com), [www.yahoo.com](http://www.yahoo.com), [www.msn.com](http://www.msn.com) and [www.bing.com](http://www.bing.com), for example, you will also be able to increase your URL’s viewership. Free is always good, which is why I recommend [www.submitexpress.com](http://www.submitexpress.com), which will submit your website URL to the top 40 major search engines. This procedure should be done monthly in building your positioning and rankings in the search engines. For those who are serious, I suggest AddWeb website promoter for URL submissions to 250,000 search engines and directories.

Lastly, to get great placement in search engine listings, you have to have “one-way” links that point back to your website URL. The more links that point back, the higher your positioning will be in your overall search engine rankings. It is important to make sure the one-way links are not broken.



FIGURE 8.4 SEO

*One-way link* is a term used among webmasters for link building methods. It is a hyperlink that points to a website without any reciprocal link; thus the link goes “one-way” in direction. I would consider one-way links more natural in the eyes of search engines. One-way links are also called incoming links or inbound links. You can find paid services that offer legitimate one-way links to your website online when you search Google.

Other ways of obtaining higher positioning in the search engines are relevant linking and reciprocal linking. Relevant linking models reciprocal linking, in which a site linked to another site contains only content compatible and relevant to the linked site. Relevant linking has become increasingly important because most major search engines stress that—in Google’s words—“quantity, quality, and relevance of links count towards your rating” (Ranganathan, 2009).

The search engines’ insistence on reciprocal links being relevant developed because many of the methods described as, for example, free-for-all linking, link doping, incestuous linking, overlinking, multi-way linking and other schemes were designed to unethically “fool” search engines into awarding undeservedly high page ranks and/or return positions to sites engaged in search-engine spamming. Though the search engines warned site developers, again quoting from Google, to avoid “free-for-all” links, link popularity schemes, or submitting your site to thousands of search engines, because these are typically useless exercises that don’t affect your ranking in the results of the major search engines—at least, not in a way you would likely consider to be positive,” they also took proactive steps to recognize linking schemes and down-rate or de-index sites using them (Enmicron, 2012).

My overall suggestion in making life easy is to browse through companies that specialize in link building services. View [www.linking-service.com](http://www.linking-service.com).

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# 9

## RADIO

Commercial Stations (AM/FM), Public Access, College Radio, Internet Radio, Internet Streaming, Satellite Radio

### Break It Down

Excluding Internet radio for the moment, there are really only two types of radio stations you need be concerned with: commercial and non-commercial—public, NPR (National Public Radio) and college. Of the two, you have a more realistic chance initially of getting your music played on college and public radio (non-commercial). People at these stations are generally more receptive to independently released, unknown artists. These stations are looking for new music; they want to be the ones who “discover” a major new artist. College radio should be your initial target. There are several hundred college stations that are substantial enough in their market to make a difference. Many of these stations are *CMJ* core stations, reporting their airplay data to *CMJ* for charting purposes.

Commercial radio is your secondary target; commercial radio airplay sells records. Commercial radio tends to be more conservative when it comes to taking chances on new bands; generally they don't. The giant broadcast corporations that own them typically govern their playlists, and without a track record or any degree of success at the non-commercial level, you will not make their playlists. They usually wait until a release proves itself in the college radio arena before they will consider adding it to their playlist. With this in mind, it makes more sense to put your efforts into college and public radio first, and then worry about commercial radio.

### The Importance of Radio Airplay

Almost every college in the US has a student-run radio station. They range from one-watt, carrier current stations which can only be heard on campus, to 100,000-watt stations with a range or broadcast radius of over 100 miles. The one thing they have in common is that they will broadcast music from unknown, unproven bands and artists. Also, most college stations have dozens of different specialty



**FIGURE 9.1** Professional Radio Mic

shows that feature almost every style of music to match the diversity of the student body. The listeners of these shows are devoted music fans, and are probably your biggest potential audience. In recent years, the major corporate labels have pumped millions of dollars of advertising and promotion into the college market in an attempt to influence what gets played. Take one look at today's college radio top 10 and you'll realize that they've succeeded, to a degree. There are still hundreds of independent labels getting airplay all over the country, and some compete directly with the major label releases in this regard. Fortunately, college radio still remains more about the music, thus keeping the playing field level.

For the independent artist, getting college (or any) radio airplay is extremely important. Getting your music heard across the country will open substantial opportunities related to exposure and sales. If your goal is to garner a major label deal, these labels pay close attention to the college charts and use them as a prospecting sheet for new bands. *CMJ* is the number one source for the introduction of new music releases and independent artists on the rise. Although achieving chart debut on one of *CMJ*'s many charts requires cumulative spins/airplay on perhaps 50 to 150 individual stations, it is not difficult to attain, especially with a good radio campaign. Playlists from the stations that are playing your record are also an impressive addition to your press kit. They are necessary to convince distributors to carry your music, as well as persuade commercial stations to give you a shot. If you want to do a nationwide tour or sell your records to stores in other parts of the country, you need to be getting some sort of radio airplay, period.

## Industry Trades

There are several publications that keep track of music getting played on the radio. Among them are *Billboard* magazine, *College Music Journal (CMJ)*, *Hits Daily Double* magazine, *Friday Morning Quarterback (FMQB)* and *Variety*. Stations report their top 20 or 30 songs (based on spin count) to these magazines, which compile the data into national radio charts. They also accept advertising, and a call or letter to any of the above will get you a sample copy and ad rates.

These trade publications are read by music directors who decide what music gets played. Program directors, on the other hand, decide when and how often it gets played. DJs play their own personal choices along with a playlist determined by the managing director and program director and other record labels. Advertisements placed in these publications are different than ads in consumer magazines, and should be targeted directly at the radio station personnel (e.g., “The new single from band X, on your desk now! Play it!”). These ads should be timed to appear when your record arrives at the station and for several weeks after. This will help to distinguish your release from the dozens of others that stations receive each week. If it’s a great ad, it can generate airplay and interest from stations, distributors, etc. These publications also print directories of bands and labels, so ask them for information on how to be included for listing.

## Billboard

*Billboard* is a weekly American magazine devoted to the music industry, and it is one of the oldest trade magazines in the world. It maintains several internationally recognized music charts and tracks the most popular songs and albums in various categories on a weekly basis. The two most notable charts are the Billboard Hot 100, which ranks the top 100 songs regardless of genre and is based on physical sales, digital sales and radio airplay; and the Billboard 200, the corresponding chart for album sales.

Billboard is what I consider the bible of the music industry. It is very influential in impacting music, reaching key executives and tastemakers in and around the music business through *Billboard* magazine, Billboard.biz, Billboard Conferences, Billboard Bulletin and other targeted newsletters, and millions of music fans through Billboard.com and Billboard Events. The Billboard brand is built on its exclusive charts and unrivaled reporting on the latest news, issues and trends across all genres of music. Billboard receives hundreds of millions of brand impressions daily through many strategic relationships with major companies across various industries. These relationships leverage Billboard’s brand recognition, proprietary chart data and information resources to develop products, live events and print, television, radio, digital and mobile platforms. In addition to North America, Billboard operates businesses in Brazil, Greece, Japan, Korea and Russia.

Billboard is owned by Prometheus Global Media, a diversified company with leading assets in the media and entertainment arenas, including: music (Billboard and its related conferences and events, including the Billboard Latin Music Awards), entertainment (*The Hollywood Reporter*, *Backstage*, *ShowEast*, *Cineasia* and *CineEurope*) and advertising and marketing (*Adweek*, Adweek Conferences and The CLIO Awards).

## FMQB

*FMQB* (*Friday Morning Quarterback*) services music and radio industries with unique high-quality content, insightful articles and news. It was founded in 1968 by owner/publisher/radio-TV personality Kal Rudman and has established itself as the premiere destination for music and radio industry professionals. *FMQB* is read by over 10,000 industry professionals and reaches over 3.5 million hits per month with over 300,000 visitor sessions through its website. The plus side to using *FMQB* service, is the fact that it has an exclusive industry database of over 5,000 music and radio professionals. In the past five years, an increasing number of general consumers have discovered *FMQB*, and that trend multiplies exponentially each month. *FMQB* has quickly become a site for music exploration and discovery. Its constituency is an ideal blend of industry pros and general music and radio enthusiasts. Through *FMQB* Productions, *FMQB* is also renowned for its unique National Radio Series of

one-hour specials dedicated to major artists and the world premiering new music from forthcoming albums and DVD collections. These one-hour radio specials are produced in their entirety by *FMQB* and are exclusive rights of *FMQB* and its partner music labels who participate in the production of the content. *FMQB's* state-of-the-art electronic services and industry-renowned new media department has placed the company at the forefront of artist imaging, branding and advertising. *FMQB's* vast list of clients, both in the music and radio industries, provides premium opportunities for third-party clients to experience rewarding branding partnerships. *FMQB* is the connector to artists of all contemporary genres. *FMQB* is also the conduit to active consumers of all contemporary radio formats nationally.

## Hits Daily Double

*Hits Daily Double* focuses on all musical styles for retail and radio charts with over 700 radio station reporters. They are typically the source that most publishers get their favorite artist's first-week album sales predictions and numbers from. The *Hits Daily Double* website, [www.hitsdailydouble.com](http://www.hitsdailydouble.com), is very informative and is a music industry news authority for American music.

## College Music Journal

*CMJ* (*College Music Journal*) focuses on a professional weekly version (available by subscription only) and a consumer monthly version (available on some newsstands). You can get a feel for *CMJ* by looking at their site, but most of the real material is in the magazine only. Your promoter should provide you with all the *CMJ* info you need.

*CMJ* used to list (on a weekly basis, in the back of the magazine) a huge number of playlists of individual stations around the US. These lists, being that they were from college, community and NPR stations, actually showed music from new artists. *CMJ* stopped listing these playlists in January 2004, and now only offer them as a pay service in the "industry" section of their site.

According to *CMJ* (Top 200 Charts) about 75% is alternative music. Indeed, the first chart we want to look at (and the main chart in *CMJ*) is the "Top 200," which are 200 listings of deep alternative charting artists (compared to the 40 or 50 of other charts). Two hundred might seem like a lot, but on any given week, over 2,000 artists are attempting to chart (and don't). There are about 1,000 college stations that are eligible to send their playlists to *CMJ* to be included in the Top 200 chart. About 350 to 600 do it on any given week.

It works like this: A college radio station's programming is made up of many one-hour segments, each one being programmed by a student who is taking a broadcasting class, or by a volunteer that comes from the local community. Each student or volunteer presents his or her one-hour playlist to the music director, and the music director then compiles a "top 30" for that station—the 30 artists that are getting the most airplay from the different DJs at the station. The "top 30" for that station is then sent to *CMJ*. *CMJ* then averages all the individual top 30 charts for that week, and this is what makes up the Top 200 chart for that week (and that week only). Any top 30 received before or after that week cannot count for that week's Top 200 chart.

The stations that report to the Top 200 range in size from huge to tiny, and as you might imagine, the larger stations count for more than the smaller ones do. Whether or not you appear on the Top 200 chart is dependent upon how many stations put you on their top 30s that week. To make it onto the bottom of the Top 200 chart, you will need anywhere from 5 to 40 individual top 30s for that week, depending on the time of year.

A companion to the Top 200 chart is the “Radio 200 Adds” chart. An “add” chart is different from an “airplay” chart because at non-commercial radio an “add” just means a station added you to their music library—it does not mean they gave you any spins (airplay). Getting “an add-on” is usually the first step to getting spins, however.

Another companion to the Top 200 chart is the “Core Radio” chart. This chart only accepts playlists from the largest 100 or so college stations; so theoretically, having an artist appear on the “core” chart is worth more than having the artist appear on the “regular” chart. This may or may not be true, and is fuel for further discussions. Your promoter should be able to shed some light on the value of core stations.

The next chart to look at in *CMJ* is the “Loud Rock” chart. This is where all your metal and hard rock shows up. This chart is divided into the “Loud Rock College” chart and the “Loud Rock Crucial Spins” chart. The “college” one is 40 artists deep, and has a most-added section that is five deep. About 400 stations report to this chart. The “crucial” one is also 40 deep, also with five most-added. The thing that makes the crucial one different is that it is comprised of about 100 commercial specialty shows, instead of college stations.

Next up is the “RPM” chart. This is where your techno/electronic stuff is charted. It is also 40 deep, with five most-added spots. About 350 station report to it.

“Hip Hop” is your next largest chart; all your rap and hip hop fit here. It is also 40 deep with five most-added. About 300 stations report.

“Jazz” is next, also 40 deep with five most-added. About 250 report to it. Note that it is mostly traditional jazz, and not “smooth” jazz.

“New World” is the chart where new age and world music fit in. It is 40 deep, with only a three most-added. It has about 200 reporters.

“AAA” (Adult Album Alternative) is your singer-songwriter chart, and is 40 deep with five adds, but it has only about 50 reporters. This chart has a lot of major labels on it.

“Latin Alternative” is another smaller chart. It is 15 deep with three most-added, and it has only about 20 reporters.

An “Internet Broadcast” chart has recently emerged with about 10 stations.

## ***How to Find CMJ Reporting Stations***

This of course sounds easy, meaning you can just call up *CMJ* and ask for a list of their current reporting stations; however, the truth is you have to subscribe to *CMJ*, and even then, that would be considered a “service” so it would cost additionally since it falls under a database category, and databases always cost—usually a lot!

As a solution to this problem, I have found Musician’s Atlas to be a “goldmine” and excellent resource tool. Musician’s Atlas Directory is priced at \$49.95 and lists the *CMJ* reporting stations. It is very reasonably priced and quite accurate as a directory. In addition, it lists each radio station’s address, website, formats, watts, genres, music director and the music director’s email, perfect for emailing the MD (music director) an electronic press kit (EPK) and/or full MP3 track. Go to [www.musiciansatlas.com](http://www.musiciansatlas.com).

## **Radio Promo (The New Trend)**

Directories of non-commercial and commercial stations are available from several of the radio trade magazines; however, in today’s world of corporate radio, it is getting more complex to get update information. My strong suggestion is [www.radio-locator.com](http://www.radio-locator.com). Incredible! On their website you will

find the stations, genres, addresses and websites of the stations, how many watts the station has and more. Get this: you will even be able to view the coverage map of the stations! This is very important, especially if you are trying to “back-door” into a major market through a secondary market. A great example is WZFX, whose coverage area reaches not just Fayetteville, North Carolina but also Raleigh, North Carolina and Myrtle Beach, South Carolina. This is huge because you would reach three markets, if in fact you get airplay. In addition, concentrate your promotional efforts on reporting stations. Airplay in general is good; however, airplay on reporting stations will get you charted and possibly a review in a trade.

Send your release to all the stations that play your style of music. If this proves to be financially problematic, begin by sending it to those stations in your market or region.

Now, the new trend is to email an EPK to the music director of the targeted station. My recommendation for an EPK provider is [www.reverbnation.com](http://www.reverbnation.com): (1) It's FREE; (2) You're able to load in your brief bio and music samples, pics and more; and (3) It also has a store portal in which you can place “live” URL links of the online retail stores and digital stores that sell your music. This saves you time and money on mailing out CDs, not to mention they probably would get thrown out anyway; second, it shows you have digital and retail distribution by showing your music available on iTunes or Rhapsody. Not only does this support any station's efforts in promoting a track, it also shows “credibility.”

### ***What to Send***

In recent years, MP3 or WAV tracks have basically taken over as the format for radio, although many college stations may still request a CD or even vinyl for specialty mix shows. Always identify the music director at the station and address your package to this person's attention. Re-sends are quite common, especially at larger stations, so be prepared to send additional packages in follow-up. Call each station, let the music director know that you have just mailed them a new music package and it should arrive at the station shortly. Follow up with a call the following week just to confirm that they have received it; this is also a good time to pitch your release to them. Even if it seems as though they're immediately disinterested, they are more likely to actually listen to your track after having these couple of (very brief) conversations with you.

It is always better to send CD singles and/or MP3 tracks to college radio stations. It should be a standard five-inch CD with one or two tracks on them. The track information should be printed professionally on the CD face, and do not include any artwork or CD jacket material as with a retail CD. Be sure to send it in a standard jewel case with a spine. The idea is to make it as acceptable to the station as possible. If you have ever been in a station, you know that CDs are stored in racks on an entire wall, the slots take standard jewel cases only, and the only visible part is the spine. These CD singles are good for radio and should be viewed as a vital promotional expense. Most CD manufacturers have special low replication rates for radio singles. One CD manufacturer I highly recommend for small runs is [www.yourmusiconcd.com](http://www.yourmusiconcd.com). Believe it or not, they can even duplicate ten for \$45 or 100 retail-ready packaged CDs for \$199.

When dealing with college radio, it is important to remember that every station has many different specialty shows or segments: the rap show, hardcore show, reggae, etc. Make sure to write what style of music your track is on the outside of your package. Also, try to send it directly to the individual at the station in charge of that specific type of programming.

If you are not sending a single to radio, pick the song you feel is the strongest (for radio play) on the album. Highlight this track, both on the CD, in your link and in your conversations, emails or

messages to the music director. They will listen to the song that you have suggested as the main single to play. You should also ask to be added to the station's mailing list to receive their playlists. Also include postcards or posters, which will more than likely be placed inside the radio station and not tossed out, again exposing and advertising your label and the release.

Another idea is to include a stamped, self-addressed postcard, which reads, "If you'd like to receive more new releases from X Records, fill out and return this postcard." On the card, ask for the station name, address and phone number, the name of the person who opened your package, their position at the station, etc. Now you'll have the name and number of someone you can call to see how your record is doing. This is a good way of finding out exactly who cares about your release; and then follow it up with a phone call about clubs and stores in the area, if they liked the record, etc. One thing you should always take into consideration when sending to college radio is that these are schools; many stations are closed down or run by a skeleton crew over the summer and winter vacations. Don't send your records during these months! The best times to send are usually September to November or February to May.

## Radio Touring Support

Most college stations sponsor shows on campus or in their city. If a station is already playing your record, there's a good chance they would be willing to assist you further by possibly helping you put a show together in their town or even on campus. Always ask about doing an on-air interview or sending in a pre-recorded "liner" (i.e., "Hey ANY University, you're listening to X Band on WANY."). Interviews are free airtime and are great advertisements for your show as well as sales support. Many stations will give away copies of your release, so ask about it, and offer to send in promotional materials or even retail CDs for on-air giveaways. For the cost of a few CDs, you'll be getting airplay, advertising your band or show and gaining a few more fans in that area.

Touring is without a doubt the best way to promote your band. Besides being able to meet and play in front of people you've never seen before, touring gives you a captive audience to which you can sell your records, T-shirts and other band merchandise.

## Promotional Delivery Trends

DMDS (Digital Media Distribution System) is the new way to send your promotional content (music, video, ads) in full broadcast quality to managed lists of broadcasters, press, music directors, program directors and industry VIPs worldwide. DMDS is a much more effective solution in sending out your media to key decision makers, not to mention it is far less costly versus the high-priced independent radio promoters. You are also able to manage your account in tracking any views or downloads from prospective media contacts. For more info check out [www.dmds.com](http://www.dmds.com).

## Best Time of the Year to Push Radio

A majority of people think that starting the campaign at a certain time of the year when planning the date that their radio campaign will start will make a huge difference in the outcome of the project. It won't. There are many other far more important factors, and these factors will determine what happens with your release. Things like sequentially pushing a second and third release from the same

artist; not abandoning a campaign until awareness has been built; providing the proper packaging; and properly choosing “album versus single.”

Be that as it may, some good things could be had from different times of the year, which will give slight improvements in campaign performance, but this technique will rebound if any one of the above-mentioned points are not already taken care of. The following are the points to consider for the different calendar times.

### ***January–April***

Many people think that this should be the favorite time for indie releases. Advertising on commercial radio certainly is cheapest, and most major labels are taking a short break before starting heavy promotion again. (But you won’t be able to tell this by listening to the radio; you’ll just hear the same number of songs. What you don’t hear is how many releases are being pushed to radio.) Advertising in most trades is also cheapest at this time. So commercial regular rotation, or commercial specialty—mix-show, is a favorite at this time. For college radio, obviously, most stations are in session during this period. Don’t worry about spring break; there is no national single week that every school is closed. Instead, spring break varies from school to school, with some doing it in mid-February, and others doing it as late as mid-May.

### ***May–August***

For the duo of commercial and college radio, this is not a bad time to use your radio campaign to help you set up a tour. For college radio, this is the easiest time to chart, since college stations are getting the fewest number of releases. Many people think you can’t work a record to college during the summer—not exactly true. You do lose about 150 stations during the summer, but about 650 of them stay on (many of them the bigger ones which broadcast to the whole town), and thus a favor is almost being done for you since many of the smaller ones have been removed.

The beautiful thing with college is that when students go home for summer, they still want to hear non-commercial radio; so they simply tune into the college station that is in their hometown. The biggest advantage of summer college radio is that the *CMJ* charting is easiest here, due to the lower amount of competition from major or well-established indie labels.

### ***September–December***

This is the best time to work radio in order to sell lots of records for commercial radio. (That is, provided you are set-up, experienced enough and have enough of sales staff to sell 20,000 or 30,000 records.) This is the best technique used by larger labels to sell most of their product.

For college, they are of course back in session, so for many artists that is all goes without saying . . . college it’s going to be! Even though college radio receives many times more music in the fall than it does during the summer, many folks are going to push here nevertheless.

A great time to start your college project is the period between Thanksgiving and Christmas because the bulk of music has already arrived and passed, and for about three weeks there is very little competition again. You start back up after the new year by simply carrying your project through the holiday

Bottom line: you can find something good about any time of the year to start your project.

## College Radio Promo Campaigns

College radio is widely viewed by labels, high-end management agencies and distribution companies as the “proving grounds” for independent bands and artists. Not only can an act receive airplay through college radio efforts, but they can also receive comments, interviews and reports with *CMJ* (*College Music Journal*). Radio campaigns can result in gaining a following, physical and digital music sales, increased merchandise sales and better turnouts for live performances. Overall, college radio airplay is used as a development tool for up and coming bands and artists in the indie circuit. College radio can have many different types of formats, and the processes for tackling these formats and generating radio play is different for each one. While an indie band or artist can benefit greatly from a well-run college radio campaign, they are not for everybody. It is my experience that to make an impact on airplay, an effective college promotional campaign usually takes three to six months in pushing one song. While there are some 5,300 US colleges and universities (Selingo 2015), there are only around 700 college radio stations that report to CMJ, which adds credibility. My recommendation is to first build a campaign centered on the CMJ reporting stations, which can be found in the Musician’s Atlas database. View: [www.musiciansatlas.com](http://www.musiciansatlas.com).

In addition, cross-reference your college promotional campaign by also sending out your featured single to the 31 Nielsen BDS-monitored college reporting stations listed in the Nielsen’s website “industries/music” section at [www.nielsen.com](http://www.nielsen.com) and below:

KUNM	Albuquerque, NM
WRAS	Atlanta, GA
KUT	Austin, TX
KVRX	Austin, TX
WERS	Boston, MA
WBNY	Buffalo, NY
WCSB	Cleveland, OH
WJCU	Cleveland, OH
WRUW	Cleveland, OH
WUSC	Columbia, SC
WDET	Detroit, MI
WUAG	Greensboro–Winston Salem, NC
KTRU	Houston–Galveston, TX
KCRW	Los Angeles, CA
KXLU	Los Angeles, CA
WMSE	Milwaukee, WI
WPRB	Monmouth–Ocean, NJ
WRVU	Nashville, TN
WFUV	New York, NY
WNYU	New York, NY
WSOU	New York, NY
WPRK	Orlando, FL
WXPB	Philadelphia, PA
WRCT	Pittsburgh, PA
WKNC	Raleigh–Durham, NC

WBER	Rochester, NY
KSYM	San Antonio, TX
KUSF	San Francisco, CA
KEXP	Seattle-Tacoma, WA
WCLH	Wilkes Barre-Scranton, PA
WUSR	Wilkes Barre-Scranton, PA

## Internet Radio

Bridge Ratings' study of 3,500 consumers ages 12 and up determined that the current status/awareness and usage of Internet radio among average Americans have impacted the usage of traditional radio (AM/FM) listening greatly. The results of this study suggest that the two sets of Internet radio-streaming listeners ("Streamies" and "Simuls") are increasing their use of Internet radio. The study also indicates a positive relationship between those listeners who primarily listen to simulcasts of AM/FM radio streams (Simuls) and their terrestrial listening when not listening on the web. In the following media growth projections, Bridge Ratings estimates based on current trends that Internet radio will have 185 million listeners by 2020, 250 million will still be listening to terrestrial radio, and HD radio will have less than 10 million.

Many college and commercial radio stations also broadcast over the Internet. My favorite website to use for a very comprehensive list of "streaming" radio stations with commercial and college radio is [www.radio-locator.com](http://www.radio-locator.com). Internet radio is quickly becoming a great new outlet for independent music to get heard with some Internet radio stations legitimately boasting hundreds of thousands of listeners. You can find a list of Internet radio sites on Yahoo! and get information about submitting your music to them.

### *Streaming Helps Traditional Radio*

Streamies and simuls, those listening primarily to AM/FM simulcasts via the Internet, are spending more time listening to Internet radio than six months prior, and simuls are spending more time with the AM/FM counterparts to their Internet streams. Growth in listening to both simulcast (AM/FM) streaming and the terrestrial counterparts would suggest that each is having a positive impact on the other.

Bridge Ratings' projections for mobile phone audio audience size by 2015 could reach 40 million. This compares with our estimates for terrestrial (274 million), satellite radio (25 million) and HD radio (5 million).

Traditional radio companies are finding insufficient resources for the type of development of new media content and strategies needed to transition with its future audiences who today are between 10 and 24 years of age.

Total Internet advertising surpassed that of traditional radio in 2008 and Internet radio advertising will show 12–20% growth this decade; traditional radio companies should see the benefit of fully developing compelling Internet radio content and highly trained sales forces.

Their mission, should they decide to accept it, is to invest in and develop brand content for mobile media such as cell phones. It is clear from these Bridge Ratings' statistics that Internet radio's ROI (return on investment) potential is on much firmer ground for the future and should be developed and sold aggressively.

## ***Top 16 Internet Radio Stations (Recommended)***

### ***1. Jango Music Network (JMN)*** ***www.jango.com***

Jango is an incredible unique music promotion service that guarantees Internet radio airplay. According to Jango.com, they reach over 30 million monthly unique monthly visitors in the US alone (Jango, 2009). This online radio program allows artists to have their music exposed to millions of listeners while targeting a specific audience receptive to their genre of music. Packages start as low as \$10 for 250 plays. Not to mention, this online streaming service reports to SoundExchange, meaning you will also get paid a back-end royalty on airplay.

### ***2. Pandora*** ***www.pandora.com***

Serviced by the Music Genome Project, this online radio and music streaming service reaches over 81 million active users. In 2016, the cumulative listener hours for the streaming service reached almost 22 billion hours, marking the highest number to-date, according to Statista.com (Statista, 2016).

### ***3. Spotify*** ***www.spotify.com***

Spotify is definitely what I consider the best free music service available today. It is very user friendly and has a low monthly subscription fee or a free service with ads included. Spotify hit the 100 million user mark in June 2016. This streaming service is also available in most of Europe and South America, and various countries throughout the world (Statista, 2016).

### ***4. Acoustic Alternative*** ***www.acousticalternative.com***

Acoustic Alternative online radio station focuses on unplugged acoustic, alternative, punk and hard rock bands. This station prefers more of a raw sound versus commercial styled music. They even play acoustic versions of songs by popular artists.

### ***5. IMRadio*** ***www.imradio.com***

IMRadio (Independent Musician Radio), with over 80 genres, offers free radio airplay for independent artists with original music. Artists can take advantage of this online radio station in reaching listeners worldwide in over 75 countries. Artists can build and grow fans organically by obtaining fan email addresses while generating additional revenue. In addition, the audience will also be given a link to your profile.

### 6. *Slacker*

[www.slacker.com](http://www.slacker.com)

Slacker delivers free and subscription-based music with access to millions of songs and hundreds of expert-programmed stations, providing a seamless music discovery experience. I love the fact that they have music experts in every genre, along with the fact that you can personalize your music content.

### 7. *Shoutcast*

[www.shoutcast.com](http://www.shoutcast.com)

Close to 800,000 streamers use Shoutcast radio station's platform, according to the Shoutcast.com website, which also includes over 50,000 stations (TechCrunch, 2014). The software, developed by Nullsoft, is free of charge and allows digital audio content, primarily in MP3, to be broadcast to and from media player software, enabling the creation of Internet streaming radio stations. I love the fact that the majority of the content is original and niche music.

### 8. *AccuRadio*

[www accuradio.com](http://www accuradio.com)

AccuRadio is an independent, multichannel Internet radio available internationally that reaches over 500,000 unique listeners per month (and up to 1,000,000 unique listeners per month during the Christmas season), according to Accuradio.com (AccuRadio, 2017). It also has an audience of as many as 25,000 simultaneous listeners on weekdays during prime time business hours. With over 975 curated channels, it features adult contemporary, rock, pop, jazz, country, classical, Christian, world music and more.

### 9. *Soma FM*

[www.somafm.com](http://www.somafm.com)

Soma FM is a listener-supported, commercial-free, underground/alternative radio independent Internet streaming group of radio channels. It has over 30 unique channels that are supported entirely with donations from listeners. It now reports nearly 6 million "listener hours" every month (Wikipedia, 2017c). I love the fact that it supports well-known and unknown artists. Channels have a broad range of genres such as jazz, dance, trance, indie pop/rock, chillout, dubstep, indie folk, cover songs, Christmas themed indie, electronica, heavy metal, soul, industrial, new wave, WorldBeat and ambient space music, to name a few.

### 10. *TuneIn*

[www.TuneIn.com](http://www.TuneIn.com)

TuneIn is a free online platform streaming music and talk radio with a global audience of over 50 million active listeners (The Verge, 2012). You can broadcast your own station in which new or existing fans will be able to listen to your content on their mobile phones and tablets, computers, smart TVs, Internet radios and even their cars. An interesting feature is that listeners can search for a song, artist or show to find a station to listen to from anywhere in the world for free. There is also an app which lets listeners browse by location or genre and allows listeners to also bookmark songs and radio stations (Wikipedia, 2017d).

### 11. Google Play <https://play.google.com>

Google Play lets you listen to your favorite songs and store your music collection while you can create playlists, listen to radio and more. The Google Play store had over 50 billion app downloads in 2013 and has reached over 2.7 million apps published in 2017 (Wikipedia, 2017a). Google Play serves as a digital media store, offering a wide array of music, magazines, books, movies and television programs.

### 12. Radio Paradise [www.radioparadise.com](http://www.radioparadise.com)

Radio Paradise is a commercial-free DJ-mixed flow of modern and classic rock, world music, electronica and more. It is a listener-sponsored Internet radio station that identifies itself as an eclectic online rock radio station (Wikipedia, 2017b). A great attribute is that it has “live” DJs that provide commentary and voice interaction, just like an FM or AM radio station. This gives it a uniqueness which engages the listener community while building constant retention.

The channel differs from most traditional FM channels and other Internet stations in that the music played is not just limited to a specific genre; instead, it represents a variety of music and will even occasionally play other genres from jazz, classical, electronic and world music.

### 13. SurfMusic.De [www.surfmusic.de](http://www.surfmusic.de)

This is an incredible international online radio directory with over 16,000 stations, according to the SurfMusic.de website. It provides access to free online radio stations throughout Europe, Asia, Africa and the US and includes every genre, to which you can listen live within the SurfMusic Portal without even leaving the site. If you are trying to promote your new music in new world territories, this would be a tremendous resource, as it also gives you the link of each station’s homepage. The key in using this great platform is to contact stations’ music directors and request the procedure in submitting new music.

### 14. ListenLive (Europe) [www.listenlive.eu](http://www.listenlive.eu)

ListenLive is a powerful online radio directory that showcases over 4,000 radio stations from across Europe streaming live on the Internet, according to the ListenLive.edu website. What I like about this platform is you can browse stations by country or genre. This online directory showcases Top 40, Hot Adult Contemporary, Oldies, Country, R&B, Hip-Hop, Dance/Techno, Rock, Alternative, Jazz, Classical and European college radio stations.

### 15. NCRA (National Campus and Community Radio Association) <http://www.ncra.ca/members/member-directory>

This online radio directory has large Canadian college and community radio member stations that broadcast in more than 63 languages. The estimated population within signal range of NCRA members are 23,771,000 Canadians (NCRA, 2017). Their reach covers over 75% of Canada’s population, with 4,000

radio stations from across Europe streaming live on the internet (NCRA, 2017). According to the ncra.ca website, close to one-half of these volunteers are students and opinion-makers, as well as independent artists. The best part is you can submit your music through the online portal. Talk about opportunity!

### *16. RadioGuide.FM* *www.radioguide.fm*

Listen to thousands of various radio stations broadcasting from all over the world. RadioGuide has online radio stations in more than 200 countries, according to the RadioGuide website (RadioGuide, 2017). Genres include: alternative, blues, classical, country, folk, gospel, groove, hip hop, hits, house, indie, jazz, Jewish, Latin, lounge, metal, oldies, pop, punk, R&B, reggae, rock, soul, techno, top 40, trance and urban, to name a few.

## **Satellite Radio**

Satellite is still a very popular broadcast platform for US listeners.

According to SiriusXM.com, the number of consumers listening to satellite radio has steadily increased. During the first quarter of 2016, Sirius XM had 30.1 million subscribers, according to its quarterly earnings report, up 8 percent from 27.7 million during the first quarter of last year (Sirius XM, 2016).

One thing that's likely been driving continued signups is the widespread availability of satellite in cars. Some 85 million cars had satellite radio capabilities during the first quarter, up 16 percent year-to-year from 73 million (Sirius XM, 2016).

Satellite is very unique platform, as its signals broadcast nationwide, across a much wider geographical area than terrestrial radio stations. The service is primarily intended for motorists, as it is available by subscription, mostly commercial-free, and offers subscribers more stations and a wider variety of programming options than terrestrial radio.

The technology allows for nationwide broadcasting so that listeners can hear the same stations anywhere in the country.

## ***SiriusXM***

According to Siriusxm.com, the satellite radio service is adding subscribers faster than expected. Even though they charge, it appears customers are sticking around after trying its service for free. However, terrestrial radio is still proving resilient, especially in the car. More than 80% of those polled by Edison Research said they listen to AM/FM radio in their vehicle. AM/FM radio still is a major threat to satellite radio in that it's still free (Koslosky, 2015). That being said, satellite radio has proven itself in terms of its select loyal customer base, definitely worth a shot to submit your music to!

For music consideration and submission policy, go to [www.siriusxm.com/contactus](http://www.siriusxm.com/contactus).

Please submit your recording to:

Attn: Music Programming Department  
SiriusXM  
1221 Avenue of the Americas  
New York, NY 10020

If your submission is selected for airplay, XM Radio will report all spins to ASCAP/SESAC/BMI and Sound Exchange. Artists who are members of these performing rights societies will be eligible for royalties.

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# 10

## PROMOTIONAL CAMPAIGNS AND PLANNING

Effective marketing and promotion strategies equal long-term success, but customer centricity is forever!

### **Touring and Booking Agents**

Every band or artist should be performing, especially if you've got product in stores. Not doing so is equivalent to not supporting your own release. It can be difficult for indies with unknown artists to obtain bookings. A good manager can help in this regard, but you will inevitably want to find a booking agent. There are booking agents who specialize in arranging tours for new bands, but unless these people are approaching you, it's usually very hard to get them interested in a band no one's heard of. Your booking agent gets paid only when they successfully book you. Their ability to do so is hindered if you are virtually unheard of. Since this is how the agents get paid, they will only take you on if they feel there's reason to believe they can book you.

The way to obtain a booking agent is to play the numbers game. Send a press kit to as many booking agencies as you can locate. Once again, you are trying to sell yourself; do your homework and make sure your press kit is well put together and professional. The key now is to use EPKs (electronic press kits) in promoting your music to touring and booking agents. I recommend using Sonic Bids or building a Reverbnation site profile.

If you are going to attempt to book your own independent tour, it's important that you have built up or generated a "story"/buzz around your release—some degree of college radio airplay, press, local chart activity or other notoriety so that you can interest venue owners in your act.

You should begin generating this interest at least two or three months prior to launching any tour. After you've done a radio mail-out, concentrate on the stations that played your record or markets where you seem to be hot. Make sure your distributor is aware of these developments as well as your plans to tour. It's a good bet you are already building a fan base in these areas. Whenever possible, work with the local stations in trying to secure bookings. They know everything about the music scene in their town; most of them sponsor or present shows on campus or in town, and they have the clout to get the shows booked.



**FIGURE 10.1** Crowded Night Club

Getting the support of individual college and public stations is the best way to plan a tour. At the least, they can tell you what clubs in their city cater to your style of music. Ask if they would like to sponsor or in some way support the shows. Such a commitment from radio will no doubt include announcing the show on the air, giving away tickets to the show and doing an on-air interview with your band, not to mention increased airplay. If they're interested, call the area venues and tell them that your band is in the Top 10 at the local station, and that the station will be involved in the show.

Most venue owners won't agree to pay an out-of-town, independent band more than \$750 to \$1,000 for a full set, and you must demonstrate sufficiently that your performance will draw a substantial number of patrons. Quite often venue owners will not grant you a flat stated rate guarantee. They may prefer to pay you a percentage of the money collected at the door on the night of your performance. You should always try to get a flat guarantee or a combination of guarantee and percentage of the door. Always verify that the venue will be assisting in promoting the show, either in print media, local TV, radio or at least at the venue itself in the weeks leading up to the show.

The question of the day is where do you find touring and booking agents? I have two recommendations: Pollstar Booking Agency Directory, which you can purchase directly on their website at [www.pollstar.com](http://www.pollstar.com) and which lists over 640 booking agencies and represents more than 10,000 artists worldwide. The cost of the book is \$99 and is updated biannually. The other resource is Musician's Atlas (online tool), which has a booking agents section listed on the site. They have a monthly fee starting at \$19.99. View [www.musiciansatlas.com](http://www.musiciansatlas.com).

## Show Sales

As an independent label or artist you will not want to squander any opportunity to sell units and clearly there are few opportunities as prevalent as during a show. However, be careful—if you have product at retail through distribution you may be working against yourself. Attendees at your

show may be hot to buy your product after hearing the live performance, but each unit you sell at the show is one less you will sell at retail POS. The reason this can be critical is that CDs sold at the venue are not receiving SoundScan credit; they're not counting at all. This will hurt your attempts to secure a major label or distribution deal. Keep in mind SoundScan will count gig sales if the proper procedures are in place. Always check with your distributor to make sure that product will be in the market by show time. If not, then go ahead and do what you have to do. When distribution is involved and in place, the best way to ensure that your live performances generate sales is to work the crowd. You should always pass out POP at the venue; the phrase "Available in select stores NOW" should be stated on all your materials. You can even go a step further and indicate which retailers are carrying your release.

### Fan Clubs

If you have a mailing list of fans and friends, you can mail those catalogs or postcards that announce your new record and tell them where to pick it up. Live performances are a great time to add folks to your mailing list or fan club. If you don't have a mailing list, you should probably start one. At venues you can have attendees sign a guest book, perhaps leaving their email addresses. If you have a music website, it is a must in building your fan base. Plan on having a fan base platform integrated into your website. Obtain mailing lists from others; get subscriber lists from magazines. Word of mouth is still the number one method of promotion. Fan clubs are also wonderful tools in that regard. As time goes on, you will notice more and more attendees at your performances; it is ultimately the key in building your customer fan base and selling your music.



**FIGURE 10.2** Artist on Tour

## Mailing Campaign Follow-Ups

Promoters mail free promotional copies of new releases to a large number and variety of destinations. Mailing out this many free recordings is costly. Experienced promoters use a very select mailing list, one that includes mostly influential stations or stations where the promoter has personal contacts, and trades where they are fairly confident of receiving a review— basically, destinations where the material is likely to be well received and where it is beneficial to send.

All mail campaigns must be followed up by telephone calls. The success of this kind of telephone follow-up depends not only on the suitability of the recordings mailed with respect to the destination, but the rapport between the caller and the recipient. If you are planning to hire an independent promotions firm to do either your mailing or the follow-up campaign, or both, you want to find a firm that has experience and very strong contacts and resources in the industry. Don't be shy about asking them to facilitate some sort of confirmation or verification of the stated resources. Do your homework.

## Club Promotion

Dance clubs have historically and consistently been effective places to measure the pulse of the 18-to-26 music-buying demographic. They are for that reason great forums to test new music product. Prior to commercial release for retail consumption, record labels should look to test-market their new product by launching a club promotion campaign. Send promotional copies of your pending release to appropriately formatted clubs. Whenever possible, this campaign should also include live performance bookings at clubs. Don't be shy about enlisting the aid of the DJs or club managers to help gauge response to your music. If the clubs report strong response, this could be a precursor to having a truly marketable release on your hands. Always be sure to share this information with your distributor; include it in your press kit for reviewers and radio. This particular type of campaign will not be cheap; most club DJs demand vinyl, sometimes two pieces each.

Most record labels supply clubs through record/DJ "pools." Servicing record pools is a good move, even critical for certain genres. If strong word of mouth develops through the network, and the track gains good airplay in that region, the single may be headed for the charts. Another way dance clubs contribute to record promotion is by showing music videos of new releases on high-resolution monitors or TVs in the club. Clubs obtain most of their tapes through video distribution companies that act as liaisons between record companies and the clubs. Dancers are literally surrounded by imagery and sensory intake with clubs' multiple screens and overpowering sound systems. These same club-goers may be stimulated enough to later walk into a store and pick up a copy of your release to continue enjoying the vibe at home.

## Campaign Management

In order to ensure efficiency and results, any promotional campaign must be tightly managed. With so many elements involved and so much follow-up required, diligent management and oversight is a requisite. Whether you take this task on yourself or contract it out, it must be done. Many labels opting to self-manage their promotional campaigns will assign one particular individual to manage it. This is a good idea. That person will likely require assistance, however there should only be one person

charged with oversight. The campaign manager should be aware of the budget they have to work with and should conduct the campaign in conjunction with the distributor. A good campaign manager will have a considerable awareness of market, regional and national data pertinent to your release and be able to conduct analysis of that data to derive sound strategy for the campaign. It cannot be stated enough how critical it is for the campaign manager to be in constant contact with your distributor regarding all aspects and developments of the campaign. The manager will have the responsibility of assigning particular promotions personnel to certain geographic areas and to coordinate the efforts of staff promoters working in many different directions. If the distributor is unaware of such activity geographically, you run the risk of generating substantial consumer demand in a market or region and not having any units in stores there. This is actually a worse scenario than not promoting at all. Consumers eager to purchase your release may become disinterested if the title is not available to them at retail. Additionally, radio stations playing your track may cease doing so if the release is not available for their listeners to purchase. Proper, sound management will ensure that this and other promotion blunders never occur.

With radio promotion campaigns in particular the campaign manager is sometimes called a “tracker” because the job’s primary responsibilities center on keeping track of which stations are adding or dropping the new release as well as spin rate or level of rotation. If the tracker observes good airplay developing in a particular geographic area, they may double efforts there in an attempt to develop a regional hit. If a regional breakout occurs, it can, if properly managed, be parlayed into a national hit.

The tracking person or manager also has the task of following the progress of a new release on the trade charts. The early rise and fall of a recording on the charts provides guidance on how to spend (or withdraw) the money available for a particular campaign.

## Advertising

Advertising is obviously an important component of music promotion campaigns. A wide variety of media have proven effective, such as print, broadcast, point-of-sale and direct mail. All advertising seems to help sales in a general sense, but the difficulty is measuring whether the resulting sales justify the expense. Do not allow sentiment (or for example, your desire to see your release on television) to play a part; base it solely on the numbers. Different advertising media will show results differently and along different timelines. For example: if you are monitoring your sales as a measure, a print media ad schedule will take more time to manifest sales than a weekend blitz radio schedule. Be patient when required, but be decisive and proactive when necessary.

Advertising can be cooperative, with the label and the store sharing costs, or institutional—for example, a print page or media buy that mentions a store or particular retailer. Co-op advertising may be paid up-front, all or in part by the retailer or the distributor, then reimbursed by the label from a co-op budget determined by the retailer’s volume of purchases from the distributor. To justify the high expense, several titles are pushed in one ad, thus pulling down the cost-per-thousand expense per title. Local record store chains will frequently place print ads in newspapers. However, the record label may in fact pay for all or part of the costs for such ads. Sometimes record stores request that record labels finance a print media campaign in their area through the distributor. Or the label itself initiates print ads, particularly when it is trying to coordinate advertising with the promotion of local concerts.

# 11

## COMPANY STRUCTURE

Having a solid business structure and platform is the underlying foundation of any company.

### **Understanding the Right Company Structure**

In setting up a record label, the key to your success is longevity, and part of that success is understanding the pros and cons of which type of company structure will best fit your record label. Let's examine the advantages and disadvantages of forming a corporation.

A corporation is defined as a legal entity or structure created under the authority of a state's laws, consisting of a person or group of persons who become shareholders. The entity's existence is considered separate and distinct from that of its members. Like a real person, a corporation can enter into contracts, sue and be sued, pay taxes separately from its owners, and do the other things necessary to conduct business.

Incorporation can be a complicated process. You should consider hiring an attorney to guide you through the process for more information. Regardless of the tack you take, take into consideration the advantages and disadvantages listed below before you embark on incorporating your company. When you're ready to incorporate, make sure to read.

### **Corporate Advantages**

#### ***Limited Liability***

One of the key reasons for forming a corporation is the limited liability protection provided to its owners. Because a corporation is considered a separate legal entity, the shareholders have limited liability for the corporation's debts. The personal assets of shareholders are not at risk for satisfying corporate debts or liabilities.

### ***Corporate Tax Treatment***

Since a corporation is a separate legal entity, it pays taxes separate and apart from its owners (at least in the typical “C” corporation). Owners of a corporation only pay taxes on corporate profits paid to them in the form of salaries, bonuses and dividends. The corporation pays taxes at the corporate rate on any profits.

### ***Attractive Investment***

The built-in stock structure of a corporation makes it attractive to investors.

### ***Capital Incentive***

The stock structure also allows corporations to attract key and talented employees by offering them an ownership interest in the form of stock options or stock.

### ***Owner/Employee***

A business owner who works in his or her own business may become an employee and thus be eligible for reimbursement or deduction of many types of expenses, including health and life insurance.

### ***Operational Structure***

Corporations have a set management structure. The owners of a corporation are shareholders, who elect a board of directors, which then elects the officers. Other than the election of directors, shareholders do not participate in the operations of the corporation. The board of directors is responsible for managing and exercising the rights and responsibilities of the corporation. The board sets corporate policy and the strategy for the corporation, and elects officers—usually a CEO, vice president, treasurer and secretary—to follow the policies set by the board and manage the corporation on a day-to-day basis. In a small corporation, the lines between the shareholders, board of directors and officers tend to blur because the same people may be serving in all capacities.

### ***Perpetual Existence***

A corporation continues to exist until the shareholders decide to dissolve it or merge with another business.

### ***Freely Transferable Shares***

An advantage to a corporation is that it can continue to exist as a separate entity and is not terminated or dissolved even when shareholders die or sell their shares.

That being said, shares of corporations are freely transferable unless shareholders have a “buy-sell” agreement in place. Keep in mind, it could be subject to securities laws, which could restrict the transferability of shares.



**FIGURE 11.1** Building

Since a corporation is a separate entity, the existence of a corporation is not dependent upon whom the owners or investors are at any one time.

### **Advantages and Disadvantages of Sole Proprietorships**

A sole proprietorship is the most common and simplest form of business that can be established. The individual owns and operates the business and is responsible for all business activities. The negative side is the owner is also personally responsible for all debts and liabilities incurred by the business. If there is any positive advantage of setting up a sole proprietorship, it is that the owner can sell it at any time and can own the business for any duration of time. Another positive note is there is no double taxation and no specific corporate tax paid by the company. The downside can be it is difficult to attract investors versus a corporation. The owner pays taxes on income from the business as part of their personal income tax payments.

The formalities and paperwork are very minimal and substantially less than those of corporations, allowing sole proprietors to open a business quickly with relative ease of formation.

#### ***Advantages of Sole Proprietorships***

- A sole proprietor has complete control and decision-making power over the business.
- Sale or transfer can take place at the discretion of the sole proprietor.
- No corporate tax payments.
- Minimal legal costs to forming a sole proprietorship.
- Few formal business requirements.

## Advantages of a Limited Liability Company (LLC)

The two-way answer to choosing the form of business for your company may be to go with a limited liability company (LLC), which combines the pass-through taxation of a sole proprietorship, or general partnership, with the limited liability of a corporation. An LLC is a private company that operates as a separate legal entity from its owners with the limited liability of a corporation. Therefore, there are no federal corporate taxes imposed on the LLC as a separate entity from its members. To start an LLC, a member or members must file the specific forms with a state's secretary of state. Required information includes the latest date at which the LLC is to dissolve and a statement explaining whether the LLC will be managed by one manager, several managers or the members.

The LLC is unique in that it's formed by members, not shareholders, who draw up an operating agreement to run the business without the structural guidelines imposed on a corporation. This allows for greater flexibility without the formalities, such as board of director meetings, which are imposed on a corporation. While most LLCs have two or more members, in many states a single member can now form an LLC as a legitimate business structure.

- LLCs provide personal liability protection for members.
- There is no need to meet the requirements and formalities of a corporation to maintain the business status.
- Members can draw up their own contract, allowing for flexibility in management and responsibilities.
- One has greater flexibility than with a corporation in allocating income to members. For example, an LLC can have various classes of interest, while an S Corporation can issue only one type of stock.

## Advantages and Disadvantages of General Partnerships

General partnerships consist of two or more partners who are both responsible for the business. They share assets, profits, liabilities and management responsibilities for running the business. General partnerships are formed by individuals. They are taxed in the same manner as a sole proprietorship, meaning that each partner includes business income on his or her personal income tax return. Each partner can also deduct pro rata losses from the business on his or her own individual tax return.

General partnerships provide a means of raising capital quickly, and can also allow several people to combine resources and expertise. However, several problems can occur as well.

- Partners may have different visions or goals for the business.
- There may be unequal commitment in terms of time and finances.
- There may also be personal disputes.
- Partners are personally liable for business debts and liabilities.
- Each partner may also be liable for debts incurred, decisions made and actions taken by the other partner or partners.
- At some time, there most certainly will be disagreements in management plans, operational procedures and future vision for the business.
- You may encounter difficulty in attracting investors.

For these and other reasons, general partnership agreements should be drawn up carefully with legal counsel and signed by all partners. Additionally, there should be in place a means of dissolving the partnership in the case of death, disability, or if one partner should want out of the business for any other reason, personal or professional.

## Advantages and Disadvantages of S Corporations

An “S” corporation is initially formed in the same manner as a “C” corporation, by filing incorporation documents with the state of incorporation. Once the business has incorporated, the owners may decide to file as an S corporation within approximately 75 days of incorporating. To do so, they need to file an IRS Form 2553. This does not create a separate type of corporation, but does change the corporation’s tax structure.

The S corporation has shareholders and is taxed like a sole proprietorship or a partnership rather than like a C corporation, which is taxed as a separate business entity. Income is passed through to the shareholders, who report their pro rata income, or losses, on their individual tax returns. The corporation still files a federal tax return (Form 1120S) and possibly a state return as well, if required by individual state law. The S corporation shows profits and losses as they pass through to the shareholders, and the corporation does not pay federal income tax as a separate entity. Some states, however, do tax S corporations in the same manner as C corporations. Check your state tax laws before electing S corporation status.

The advantages of an S corporation are:

- Corporate losses can be passed through to the shareholders, and as the owner (and shareholder), you may be able to take the loss against income that appears on your personal return.
- You can have the protection of limited personal liability without having to pay corporate taxes.
- You can minimize self-employment tax and FICA tax. Your profits, as a shareholder, are not taxed in this manner.
- It’s easier to raise capital as a corporation than as a sole proprietorship or partnership.

## Advantages and Disadvantages of C Corporations

The most common type of corporation is the “C” corporation, which is a for-profit, state-incorporated business. Articles of incorporation are filed and appropriate fees are paid to set it up. The C corporation is established as a unique business entity, which takes on a distinctly separate business and tax identity from that of the owners (the shareholders). Separate income taxes are filed (IRS form 1120), and corporate taxes are paid regularly for the business. In return, the business owners are removed from personal liability for debt incurred by the corporation.

Should the business go bankrupt, or be faced with a lawsuit, the owner’s/owners’ personal assets are protected. This is the most significant reason why many business owners choose to incorporate. Additionally, as a separate entity, a corporation can own property, make business deals, or even sue another business independently of the shareholders.

To establish a corporation, several requirements and formalities must be addressed. For example, a corporation must issue shares to stockholders. In addition, state requirements usually include that minutes be taken at shareholder and board of director meetings, that officer appointments are recorded and that specific records maintained, as outlined by the state in which the incorporation documents are filed.

The shareholders have ownership in the corporation; the board of directors governs the business; and elected officers manage the day-to-day activities. Corporations must adhere to corporate tax laws and file corporate taxes regularly. While corporate taxes can be higher, initially they may be lower than that of a sole proprietor who is paying a 28% rate on their personal income tax. The first \$50,000 is taxed at a rate of 15% for C-type corporations.

## Advantages and Disadvantages of Nonprofit Corporations

The decision of whether or not to incorporate is a major challenge all nonprofit organizations are faced with. There are many benefits associated with incorporating that are the same as those commonly enjoyed by for-profit business corporations. Others are unique to the nonprofit corporation. The greatest advantage of all—granted exclusively to organizations with bona fide nonprofit status—is perhaps the exemption from taxes at federal, state and local levels. Other benefits include:

- Ability to solicit funds—quite a number of nonprofit organizations depend on their capacity to solicit funds (in the form of gifts, donations, bequests, etc.) for their very existence.
- Reduced postage rates—many nonprofit corporations are able to use the US mail system at considerably lower rates than private individuals or for-profit businesses. Nonprofits must apply to the postal service for a permit to secure these lower rates, but this is generally not a major impediment, provided that the nonprofit group has its affairs in order. The importance of the mailing rate advantage is directly proportional to the volume of mail the nonprofit corporation generates in the course of its business. Membership solicitations are usually mailed third class. Nonprofit corporations that rely on membership income can use the mail even more extensively to service their members. So potential savings from a special mailing permit are substantial.
- Labor rules exemption—nonprofit organizations enjoy exemption from the various rules and guidelines of union collective bargaining, even if their workforce is represented by a union.
- Immunity from tort liability—this advantage is not enjoyed in all states, but some states still provide nonprofit charitable organizations with immunity to tort liability. Notably, however, that where it exists, the immunity protects only the nonprofit corporation—not the agent or employee whose negligence hurts someone.

Nonprofit corporations also enjoy certain advantages that are also bestowed on for-profit corporations like legal life (nonprofit corporations are guaranteed the same rights and powers of individuals), limited personal liability, continued existence beyond the involvement of original founders, increased public recognition, readily available information on operations, ability to establish employee benefits programs and flexibility in financial record keeping.

Below are some disadvantages and major drawbacks associated with incorporating nonprofit organizations:

- Costs associated with incorporation—although these costs are usually not too gross, especially for organizations of any size, incorporation does generally involve some extra costs.
- Additional bureaucracy—the informal structure of an unincorporated nonprofit organization can make its operators keep whatever records they choose on the backs of envelopes or napkins. Not so in a nonprofit corporation. As a legal entity, the corporation is subject to some specific record-keeping obligations set down by the state in which it is incorporated. In addition, there are certain activity guidelines to which incorporated organizations must adhere.

- Sacrifice of personal control—the organization may have to appoint a board of directors to oversee operations (although founders of nonprofit groups can often exercise considerable control in influencing the composition of the board and the flavor of corporate bylaws and articles of incorporation), depending on where incorporation takes place. No such obligation is binding on founders and directors of unincorporated groups.

Ultimately, the advantages far outweigh the disadvantages. The disadvantages stem from the fact that incorporation necessitates an affirmative act of the state government: it “charters” the entity. The state usually expects certain forms of compliance by the organization, such as adherence to rules of operation, an initial filing fee, annual reports and annual fees in exchange for the grant of corporate status. However, the reporting requirements are usually not extensive and these costs are frequently nominal.

## Obtaining Your Corporation EIN Number

An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number, and is used to identify a business entity. Generally, businesses need an EIN. You may apply for an EIN in various ways, by calling the IRS direct or by mail, fax or online. To obtain an EIN immediately by phone, call the Business and Specialty Tax Line at 800–829–4933. The hours of operation are 7:00 am–10:00 pm local time, Monday through Friday. An assistor takes the information, assigns the EIN and provides the number to an authorized individual over the telephone. This is a free service offered by the Internal Revenue Service. You must check with your state to make sure you need a state number or charter. The preferred method for customers to apply for and obtain the Internet EIN application is available online. Once the application is completed, the information is validated during the online session and an EIN is issued immediately. The online application process is available for all entities whose principal business, office or agency, or legal residence (in the case of an individual) is located in the United States or US territories. The principal officer, general partner, grantor, owner, trustor, etc. must have a valid Taxpayer Identification Number (Social Security Number, Employer Identification Number or Individual Taxpayer Identification Number) in order to use the online application. For more information, visit [www.irs.gov](http://www.irs.gov) (go to search and type in EIN).

## Dun & Bradstreet

Once you have established your music company as a corporation, the next step is to start in establishing your business credit file. Dun & Bradstreet is the company that will provide that service and list your corporation in creating value to your company. Down the road you will be able to obtain better interest rates and terms from banks and lenders, increase the likelihood that others will extend credit to you, lower your insurance premiums (such as workers’ compensation) and make it easier for business partners to assess the risk of doing business with you.

## What Is the D-U-N-S Number?

The D&B D-U-N-S Number is a unique nine-digit identification sequence that provides unique identifiers of single business entities while linking corporate family structures together. D&B links the D&B D-U-N-S Numbers of parents, subsidiaries, headquarters and branches of more than 70 million corporate family members around the world. Used by the world’s most influential standards-setting

organizations, it is recognized, recommended and/or required by more than 50 global, industry and trade associations, including the United Nations, the US federal government, the Australian government and the European Commission. In today's global economy, the D&B D-U-N-S Number has become the standard for keeping track of the world's businesses.

A business credit file enables other companies to assess your creditworthiness before making critical decisions about whether to do business with you, and at what terms. Not having a business credit file with D&B (or having an incomplete file) can make your company appear to be unsound financially and could cost you valuable business. I would strongly suggest visiting [www.dnb.com](http://www.dnb.com) for more information on their services.

### **Build Your Company "Paydex"**

It is also important to build your company Paydex score. *Paydex* is a term used in business for a numerical score granted by Dun & Bradstreet to businesses as a credit score for the promptness of their payments to creditors. The Paydex score is used for commercial organizations in a manner similar to the way the FICO score is used for individuals.

The Paydex score ranges from 0 to 100 (best). A Paydex of 80 or higher is considered healthy for a company. The score indicates if a company is paying its suppliers and vendors on time, before they are due, or past due.

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# 12

## RECORD LABEL ORGANIZATION

Culture is defined as the environment of a particular organization. Teamwork is paramount in achieving goals and objectives for every member of the organization.

There are numerous independent record labels. The more money a label has, the more people they can hire to handle the various responsibilities of a label. Smaller, grassroots or garage labels organize the work of promoting, selling and publicizing their releases by having as many different faces as they can. These smaller labels have a fabulous task marketing their records because there may be only two or three employees, including the label owner, doing the A&R scouting, calling radio stations about airplay, working with a distributor (if they even have one), checking with the music retailers, coordinating the publicity efforts, as well as dealing directly with their artists and bands in helping them find gigs and shows, in addition to constant online marketing efforts in supporting projects.

It is a very expensive and time-consuming job to run a record label. The issues I have outlined above account for some of the reasons very few independent labels succeed. Operating a legitimate record label is financially draining and time consuming. The more research and planning a young label does before launching into the world of music marketing, the higher the likelihood that they will survive and perhaps even excel in a very competitive business.

### **Chief Executive Officer**

The chief executive officer (CEO) works on a company's long-term strategies and strategic partnerships; provides leadership to position the company at the forefront of the industry; develops a strategic plan to advance the company's mission and objectives; and promotes revenue, profitability and growth of an organization. The CEO's job is setting strategy and vision, building culture, leading the senior team and allocating capital. Keep in mind the CEO is a visionary and is constantly building a strong coalition of supporters.



**FIGURE 12.1** Team

## **President**

The president deals with day-to-day operations and bottom-line performance. This includes:

1. Being responsible for all the label activities.
2. Developing a business plan to advance the company's mission and objectives and to promote revenue, profitability and growth.
3. Overseeing company operations to ensure production efficiency, quality, service and cost-effective management of resources.
4. Planning, developing and implementing strategies for generating resources and/or revenues for the company.
5. Identifying acquisition and merger opportunities and directing implementation activities.
6. Approving the company's operational procedures, policies and standards.
7. Reviewing activity reports and financial statements to determine progress and status in attaining objectives, and revising objectives and plans in accordance with current conditions.
8. Evaluating performance of executives for compliance with established policies and objectives of the company and contributions in attaining objectives.
9. Promoting the company through written articles and personal appearances at conferences and on radio and TV.
10. Representing the company at music industry events, committee meetings and at formal functions.
11. Promote the company to local, regional, national and international organizations.
12. Build a fundraising network using personal contacts, direct mail, special events and foundation support.

## **Legal Department**

The legal department handles all contractual issues and other legal responsibilities.

## **Marketing Department**

The marketing department is responsible for creating the overall marketing plan for every record the label is releasing. They are also involved in coordinating all the promotion, publicity and sales campaigns that the label is committed to.

The department is responsible for achieving a high growth in visibility, branding the labels and artists' official music sites, and digital and music business. Use of online marketing techniques such as SEO, paid search, online advertising, online PR and blogging to drive qualified leads to the labels website is one of the main responsibilities. In addition, the department should create and manage relationships with PR agencies and partnerships with music press and publications to drive musicians and labels to the website from offline communication. They also work closely with sales managers, internal interactive and design teams, and our product development teams. They focus on design and develop channel marketing strategies to recruit partners (including web designers) and agents to resell the label as the cross-promotion solution to their clients' needs. Usually start-up budgets tend to be low along with limited resources, so the marketing team has to get creative in order to target and acquire customers that deliver a strong lifetime value to the label. Developing and managing customer communication plans to ensure customers refer new business and retention is key.

Other duties include managing (number of live sites), sales per site, traffic per site, retention and target cost of acquisition. Inherit and further develop marketing strategy by developing and implementing quarterly tactical plans. Managing marketing budgets while leading the marketing team to achieve the marketing targets. Responsibilities also include managing relationships with suppliers in the fields of PR, promotion and events managements to achieve targets; building the brand and maintaining brand integrity. The overall goal is always develop and manage key channel marketing programs, customer referrals and customer retention.

## Marketing Objectives

The keys to success in staying on path for their marketing objectives are:

1. Ensure that each project achieves and sustains a position on industry music charts.
2. Release and promote four singles and accompanying music videos, in addition to each full-length CD/digital album track, creating revenue streams for each album project.
3. Utilize a three-phase marketing and promotion plan.
4. Hire independent record promoters or establish promotions internally to cover each of four separate regions of the US.
5. Utilize teams of publicists to coordinate print advertisements and artists' public appearances.
6. Support retail and radio promotional efforts linked to each release.

## Sales and Distribution

The sales and distribution department is the "foundation" of every department of the label in that it is critical in producing overall sales for the company by having a solid sales and distribution platform in place. Key personnel in this department look to add retail support to major chains such as Best Buy, Target, FYE, Barnes & Noble; independent record stores such as Amoeba Music; one-stops, such as Alliance and Super D; rack jobbers, such as Anderson Merchandisers and digital music aggregators such as The Orchard.

The sales department oversees all the digital music distributors/digital aggregators and retail distribution channels and activities of the label, and concentrates on building relationships with the key

record store chains and other mass-market retailers. The sales staff coordinates their efforts with the major label's distribution company, as well as communicates regularly with the promotion and publicity departments at the label.

The label liaison is the person who coordinates the business of the major label's distribution company with the needs of their parent record labels. Street dates (the date that a new release goes on sale at music retailers) must be approved by the label's distribution company.

## Retail Co-op Advertising

Traditional distribution and new music aggregators/digital distribution to music-related retail and alternative platforms give the label the opportunity to reach music consumers throughout the world. The label should closely coordinate product launches and utilize the distributor's clout with retailers to design specific strategies for enhancing advertising and marketing presence within retail establishments. These strategies will focus on point-of-sale advertisements, in-store advertising opportunities, print, radio and television co-op opportunities.

## Alternate Distribution Outlets

Additionally, the label should examine all prospects of distributing products through network marketing channels. The recent explosion of network marketing concepts has produced millions of distributors and consumers worldwide, providing an effective means to reach the public. The distribution breadth of individual companies will be evaluated to determine if access can be gained to selected target markets. Furthermore, the label should distribute its products throughout the distribution networks, one-stops and retail association.

## Artist and Repertoire (A&R)

The artist and repertoire (A&R) division of a record label company is responsible for scouting and artist development. It is the link between the recording artist/act and the record label, and generally helps with the artistic and commercial development of the label's artists. An A&R person is often required to handle contractual negotiations, find songwriters and record producers for the act, schedule recording sessions and locate and sign new talent. They work with the artist in song selection, choice of producers and recording studio selection and they communicate with the label's business affairs department to make sure all the paperwork and accounting issues involved with the actual recording of an act's record are set up properly. In short, the A&R department can serve as a liaison between an artist and all the other departments at the label. Duties include:

1. Auditioning demos (solicited, as well as unsolicited, depending on record label policy). If interested, asking to see artist perform live.
2. Attending live shows at clubs, showcases, concerts and other venues. Also visiting artist/band website and social networking sites like Twitter and Facebook.
3. Following leads from any "buzz" created by artists.
4. Checking industry insiders (managers, agents, attorneys, concert promoters, label promo reps, retail contacts, trade and consumer press tips, regional "scenes" or other sources).
5. Watching for talent on other labels in terms of their contracts expiring.

6. Evaluating talent and matching with potential audience tastes.
7. Signing talent to label with executives' approval.
8. Searching for new songs for existing talent on the label.
9. Coordinating label relationships for an artist, once they are signed to the label.
10. Providing creative input and direction on artist's material.
11. Finding suitable producers and recording studios.
12. Planning and monitoring recording budgets with the business affairs department.

## **Promotion**

Promotions is the most important part of any label or artist, which is why this department goal is all about raising awareness to the consumer. The overall goal of this department in promoting music is to show the consumer your music exists, make them aware of the music, artist and label and convince them to buy it. The department utilizes college reps as brand ambassadors, street teams, implement college and commercial radio campaigns, purchase retail co-op advertisements and other sales aids, and look to add tour and show support.

1. The promotion department's primary goal is to secure radio airplay for their company's new releases. Their ability to get songs played on the radio is central to the success of the whole company. The promotion department is closely connected to and constantly communicating with other departments within the label to make sure that all strategies being used to market and sell an artist's record are working together properly. Soliciting videos to MTV, VH1, YouTube and other music-oriented television networks, platforms and programs may also be the responsibility of this department. At some labels this job is a separate department, or part of the new media department.
2. The new media department produces and promotes the music videos for the label's artists that are shown on MTV, VH1, etc. This department also oversees some promotions and marketing opportunities on the Internet that use the audio and video technologies available from online hardware and software sites that support music.

## **Online Marketing**

In response to the growing popularity and necessity for a presence on the Internet, online marketing is a must for all labels in maximizing promotional efforts. The key is to utilize the latest web technology in making online marketing efforts effortless.

Support online marketing efforts by maintaining relationships with fans and social networking sites to increase artist exposure as outlined below. To understand this role, you need to be in the forefront of the latest technologies and trends in digital music and entertainment.

## **Online Promotion**

### **Key Responsibilities Include:**

1. Managing online promotions team by constructing fan-building initiatives including fan recruitment, media posting, video and radio requesting, online voting, viral "send to a friend" initiatives, banner campaigns, consumer surveys, contests, etc.

2. Work with marketing staff, labels and management to create engaging artist profiles, content, projects and web-based tools to increase artists' awareness and fan base.
3. Interact with team members via email, forums and a weekly newsletter highlighting new content to artist pages, news and tour dates.
4. Implement promotions that increase website traffic and online members.
5. Create reports recapping projects and evaluating new technology and promotions; provide statistics and reporting on marketing initiatives.

## **Social Networking**

Social Networking is key to growing and maintaining your fans. Social Media has become one of the most importance factors in exposing your Internet presence. Consumers today crave for content in every format, which is why the social networking team of the label is a valuable asset.

### **Key Responsibilities Include:**

1. Assist in working with social networks to increase artist exposure by creating online promotions and contests.
2. Maintain various social networking sites for artists.
3. Update news sections on a daily basis to create reliable/accurate pages for priority artists, including tour dates and artist appearances, press clippings, personal messages from the artists to fans, etc.
4. Update design of websites by including artist podcasts, "webisodes," widgets, videos, audio, artwork and press photos.
5. Interact with fans by sending updates; create viral contests to attract new and established fans.
6. Sites include Facebook, Reverbnation, YouTube artist channels, Twitter, Instagram, etc. and others.
7. Maintain branded social networking sites such as Twitter, Facebook, LinkedIn, Vine, etc.
8. Update news regarding labels and artists on a daily basis to create reliable/accurate pages.
9. Interact with fans by sending updates and creating viral contests to attract new and established fans.
10. Promote merchandise and blogs by directing fans on all social networking sites to appropriate sites.
11. Conduct ongoing research for new opportunities in the online space and identify emerging social networks and interactive platforms.

## **Creative Production**

The creation and origination of all music marketing promotions in multiple commercial formats, both physical and digital, stems from the creative production department of the label. Since labels have access to more resources, the creative production team plays a critical and important role in exposing key marketing promotions for the artists and label. Pro-active involvement, forward-thinking efficiency and the ability to meet deadlines are all part of the culture in this department. Having an understanding of digital files and music technology is a requirement. This department works in conjunction with the marketing department when it comes to various projects and coordination of campaigns.

1. Scan press clippings for artists, labels and employees—convert them into JPEG, PDF, BMP using Adobe Photoshop.

2. Create audio and video streams for artists, labels and employees—convert them into WAV, MOV, MP3, WMA using Windows Media Encoder.
3. Create content tools to promote viral marketing that supports marketing promotions and priority artists, as well as assist in developing new and engaging tools that enable the maintenance and syndication of content including news, tours, etc.
4. Collating watermarked lists or coordinating digital promo mail-outs.
5. Maintain quality control/quality assurance of all posted information.

## **Manufacturing**

Manufacturing includes pressing, packaging, shipping and warehousing, and press on demand for back-end support for online retail “seamless integration.”

## **Media Relations**

Media relations involves pitching projects to various editors and web masters to generate editorial features (album reviews, news features, tour press, interview press, etc.).

1. Work closely with grassroots and project managers to construct an appropriate marketing plan.
2. Maintain existing relationships with blog sites, online “zines,” regional sites and tastemaker/community sites.
3. Perform general administrative work, website and contact research.
4. Track and archive current projects.
5. Compile mailings, media kits and press materials.

## **Publicity Department**

The publicity department arranges for any feature stories, interviews, record reviews in local and national newspapers, magazines and web zones, as well as broadcast opportunities for such coverage on radio stations and television. They may also coordinate any of these publicity opportunities with an artist’s own publicist.

A key piece in the promotion of new product releases is the “creation of mass interest” in the marketplace. This is done in the motion picture industry with sneak previews, interviews with starring actors/actresses and directors, television commercials and print advertisements. The coordination of these activities is the responsibility of the publicist(s).

Publicists will arrange and promote appearances and interviews (talk shows, industry publications, mainstream magazines) and create written materials and ad copy about the artist to catch public attention. The label’s job is to utilize publicists to create buzz in the marketplace about new projects and artists. Initially, this important function will be outsourced to credible public relations firms until such time that it is feasible to internalize this position at a label.

Combined with concentrated airplay and print advertisements, the impact created from the publicist’s strategy creates the most powerful advertisement: word of mouth. Music buyers who hear the “talk” and hear the music on the radio are more inclined to enter a music store to make a purchase.

## Corporate Sponsorship Department

Corporate sponsorship is a form of advertisement where companies pay to be associated with an event or cause. Finding the right sponsors helps make the event, and in turn your business, successful. Follow these steps to learn how to find corporate sponsors for your event:

1. Call local businesses, corporations (local, regional and national) using a pre-determined script and pitch a marketing sponsorship opportunity.
2. Maintain an organized list of those you call, with contact information and all relevant information for follow-up.
3. Submit by mail packets of information on services and sponsorship options.
4. Follow up on all interested prospective sponsors with persistence.
5. Look for co-branding opportunities.

## Business Affairs Administration

The business affairs administration department of the label includes the accounting office manager, administrator, staff accountant, payroll and accounting.

### Key Responsibilities Include:

1. Day-to-day office management and accounting.
2. Inspecting royalty statements and income.
3. Payments of royalties and mechanicals.
4. Registering works with societies.
5. Liaison with suppliers.
6. Manufacturing and production.
7. Basic legal affairs.
8. Labeling copy and logging masters.
9. Liaison with publishers such as ASCAP, BMI, SESAC and SoundExchange.

## Artist Development

The artist development department can also be called artist career development. Though this department has primarily phased out with major labels, it has flourish among independent labels.

The artist development department usually oversees the career planning of artists signed to the label. This department coordinates a consistent marketing and promotional presence for an artist throughout their career with the record label. The artist development department has changed over the last decade. Many labels no longer have such a department. Others have changed the name to product development and concentrate more on “breaking” or promoting artists quickly in order to try to speed up the return on their financial investment. The pressure to return a profit to shareholders has changed the face of the music business dramatically in recent years, so the emphasis has been more on product development and securing a hit as quickly as possible.

## **Merchandising Department**

The merchandising department administrates a label's merchandising, marketing new and existing artists' merchandising products with tie-in to all music events, shows, touring, website, etc. as support in boosting overall sales while creating a consistent revenue stream for the label and enhancing "artist and label brand equity."

## **Creative Services**

The creative services department supervises all product design jobs (CD, digital, vinyl cover art, etc.), trade and consumer press advertising, retail sales posters and flats, and other needs of the print media. The department also is responsible for merchandising concepts, graphic and website designs, artistic production, technological, internal and/or outsourced creative services.

# 13

## INTERNATIONAL MARKETS

The Internet has just leveled the playing field as every global market is now within reach!

### **International Music Records Popular in Japanese Marketplace**

The United States purchases more music products than any other country in the world. Second to the United States in the music purchasing market is the country of Japan, according to Ben Sisario of the *New York Times* (Hutchison et al., 2010). The Japanese purchase roughly 25% of all foreign records and music products in the world. To give you some perspective on this, more than \$1 billion is spent by the Japanese on foreign music products from other countries. When it comes to all the CD albums sold in Japan, 25% of them contain foreign music on them. Therefore, if you create your own music and wish to find a suitable marketplace to sell it in, then try selling it in Japan because you may find a lot of interested buyers there.

The Japanese may be second to American in purchasing foreign music, but the average Japanese citizen spends more money to purchase this music than the average American citizen (Peoples, 2015). One of the primary methods of music purchasing in Japan is through the Internet. Out of all the digital music products purchased in Japan, 82% of them are online downloadable products that the Japanese listen to on their laptops, tablets or smartphones. In fact, 18% of these music purchases in Japan are just on mobile phones alone.

Japanese music lovers enjoy a variety of music genres. They listen to everything from reggae to hip-hop to alternative rock. You name it, they listen to it (JMM, 2016). About one in every four CD albums sold in Japan is international (Miller, 2014). What you may not realize is that Japan actually has a bigger population than a lot of other countries in the world. And since they are becoming a little more “westernized” and developed, they are more open to having foreign influences like music in their marketplaces.

Despite all the digital music purchases, some Japanese still prefer the physical CDs for their music. In fact, 78% of the total music sales in Japan are still physical CDs. This is kind of surprising for a developing country that has digital streaming options available. Compare this to a country like Sweden, which has most of their music sales from digital streaming, and you will be very amazed.

In 2006, 89 US outlets for the music company Tower Records had closed down. However, there are still 85 outlets of this company in Japan and they are managed by the biggest phone carrier in the country, which is NTT DoCoMo. With all these outlets being successful, they rake in \$500 million in profits each year. Go figure!

CD sales have plummeted over the last 5 to 10 years, forcing many physical record stores to close down. The reason is because more consumers are turning to the Internet to purchase music. When you advertise your music merchandise, the advertisement should specify the URL address of a Japanese website where they can go to purchase music. If you are not in Japan and would rather keep it localized for Japanese consumers, provide the URL addresses of Japanese music stores where your music products are being sold, whether they're just merchandise, physical CDs and/or digital music downloads.

### Global Consumers Are Buying More Online

According to a polled survey of 30,000 online respondents in 60 countries, more than half of global consumers are willing to buy products online (Nielsen, 2015).

The survey was conducted to understand how digital technology will shape the retail landscape of the future, according to Nielsen Global e-commerce and the New Retail Survey. One-quarter of global respondents say they are already ordering retail products online for home delivery and more than half (55%) are willing to use do so in the future (Nielsen, 2015).

The report looks at how consumers are using technology and offers insights into how retailers and manufacturers can use flexible retailing options to improve the shopping experience and drive increased visitation and sales across channels.

### Connected Commerce: Bridging Digital With the In-Store Experience

The good news for brick-and-mortar retailers is that clicks won't be replacing bricks any time soon. Online shopping has a number of benefits, but physical stores also have strong key advantages over e-commerce—especially for fast-moving consumer goods. In fact, the majority of global

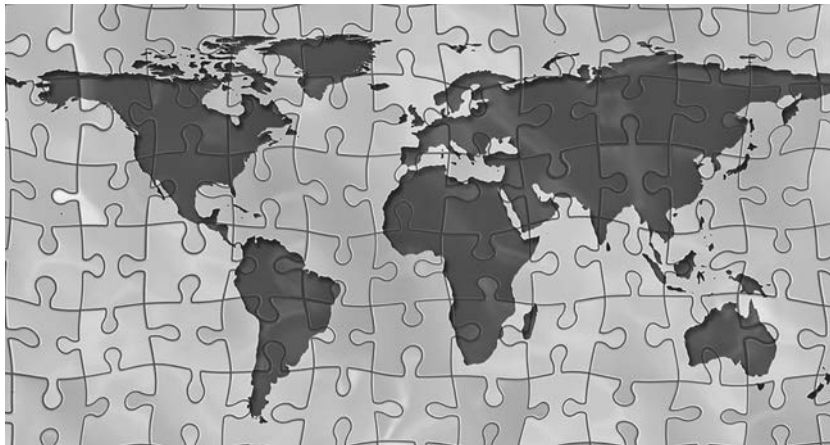


FIGURE 13.1 International Market

respondents (61%) reported that going to a physical store is an enjoyable and engaging experience. A similar percentage (57%) think that shopping in a retail store is a fun day out for the family (Coupe, 2015).

However, Nielsen research shows that clicks do lead to bricks and this is an important take-away for retailers and manufacturers who must engage the consumer early on the path to purchase.

### Who Is Shopping Online?

The growth of online CPG (consumer packaged goods) sales has been driven in part by the maturation of digital natives, the consumers who grew up with digital technology (the Millennials and now Generation Z). These consumers have an unprecedented enthusiasm for and comfort with technology, and online shopping is a deeply ingrained behavior. Current usage of six e-commerce options (home delivery, in-store pickup, drive-through pickup, curbside pickup, virtual supermarket and automatic subscription) is greatest among the youngest respondents, and they are also the most willing to use all of the e-commerce options in the future. Andrew McCaskill of Nielsen, states in his article “More Than Half of Global Consumers Are Willing to Buy Groceries Online” that 30% of Millennials (ages 21–34) and 28% of Generation Z (ages 15–20) respondents say they’re ordering groceries online for home delivery, compared with 22% of Generation X (ages 35–49), 17% of Baby Boomers (ages 50–64) and 9% of Silent Generation (ages 65+) respondents. Younger respondents are also the most willing to use all of the e-commerce options in the future (Nielsen, 2015).

According to the Nielsen Global Retail Format Preferences Survey, Patrick Dodd, a Nielsen spokesperson mentioned:



**FIGURE 13.2** Young Lady Lifestyle

Millennials are at the beginning of their careers and are starting to form households, while the oldest members of Generation Z will soon be graduating college and joining the workforce. These generations will shape our economy for decades to come. Therefore, it is critical that retailers and manufacturers understand how these consumers are using technology and include digital touch points along the entire path to purchase.

*(Nielsen, 2015)*

Willingness to use digital retailing options in the future is highest in the developing markets in the Asia-Pacific (60% on average), Latin America (60%) and Africa/Middle East regions (59%), and trails in Europe (45%) and North America (52%). Continued increases in mobile adoption and broadband penetration, particularly in the developing regions, have also helped boost online grocery sales. Regionally, Asia-Pacific consistently exceeds the global average for adoption of all online retailing options. Ordering online for home delivery is the most commonly preferred flexible retailing option in the region, with particularly high usage in China. More than one-third (37%) of Asia-Pacific respondents, and even more in China (46%), say they use an online ordering and delivery service. Adoption levels for online automatic subscriptions are also particularly high in this region (22% versus 14% globally), with China once again leading the way (30%) (Nielsen, 2015).

While digital is here to stay, the majority of consumers will continue to shop for the bulk of their purchases in-store—even if the channels they’re using are changing. Shoppers will use whatever format best suits their needs for convenience, choice and value. Therefore, it is critical that retailers and manufacturers leverage physical and digital assets to optimize the in-store experience.

## Understanding International Environments

Releasing music or product in an international market requires planning. Simply releasing a digital music album or CD doesn’t ensure economic benefit nor does it promise a beneficial and sustainable career in country X. Your goal, simply put, should be to strategically boost a career plan and sell albums over a long period of time. A few tips I suggest are:

### ***1. Understand the Design Differences***

Study the album trends in a specific region of release before blindly putting out a product. US statistics reveal that 90% of albums use photography of the group/band/musician; the three most commonly used colors are black, blue and white; and only 10% use artistic graphics. However, what works here in the US in terms of colors may not work in another country (Alleyne, 2014).

### ***2. Use Local Musicians to Gain Recognition***

Collaborate and use a local musician from another country in an attempt to cross over markets. With the overwhelming amount of indie level bands craving crossover and international exposure, partnering with other musicians should prove easy.

### 3. Understand Distribution Outlets

What works in big box retail storefronts in America does not work the same way in another country. Pay close attention to the popular distribution outlets, whether it be large music stores, digital sales or mom and pop stores. Another sensible approach is to set up nontraditional retailer relationships. International groups have a certain appeal, mysteriousness and draw where nontraditional retail stores may be interested in a partnership. Locate stores and specialty stores that may complement your style of music and then establish contact.

### Conclusion

The music business is in a constant flux. There is no quick fix and/or solution overnight. What is sure is “brand positioning” in which music buyers all over the world view, perceive and engage your specific artist, music and label. Your overall goal is to have your music in every channel possible throughout the world. Music is universal and the Internet is your avenue to fuel and fulfill your dreams. I am in hopes that this book is able to take you a step closer in understanding all the alternatives and strategies possible in selling your music.

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# APPENDIX 1

## Radio Campaign Codes and Spreadsheet Sample

Why pay an expensive radio promoter when you can do it all yourself? Below are a few sample codes you can use to place in a radio campaign spreadsheet in tracking your radio promotional efforts.

### Codes

T = This week, 2 = 2 weeks ago, 3 = 3 weeks ago, etc.

L = Last week

- = No info on status of music yet

★ = We have info on the status of the music, but there is no change this week (that we know of) since we did not talk live to anyone.

LM = Left Message, sent fax, or both

G = Got MP3/digital version

A = Added track or song to playlist (commercial radio); added track to library (non-commercial)

L = Low rotation (commercial: 5–9/week; non-commercial: 4–6/week)

M = Medium rotation (commercial: 10–19/week; non-commercial: 7–9/week)

H = High rotation (commercial: 25+/week; non-commercial: 10+/week)

S = Specialty show, or testing (commercial only)

N = No plays

D = Discontinue calling this station.

R = Resend digital track.

P = Send a Pack for on-air giveaway: 5 digital tracks, 5 bios and 5 each of any of the other items available (posters, pictures, shirts, videos, tickets, etc.).

I = Send ID; you will be faxed a separate detail sheet.

V = Interview or Visit. Call number provided in comments column.

No Contact = The music phone, business phone and studio phone of the station were all incapable of taking messages, and the fax did not go through. Emails, however, may have still gone through.





## APPENDIX 2

### Master Use License Agreement

This Master(s) License Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_, by and between \_\_\_\_\_(hereinafter referred to as “Licensee”), and \_\_\_\_\_(thereinafter referred to as “Licensor”).

WHEREAS, Licensor owns or controls the copyrights in and to the following master sound recordings (hereinafter referred to as the “Master[s]”):

1. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_
2. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_
3. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_
4. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_
5. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_
6. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_
7. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_
8. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_
9. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_



10. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_
11. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_
12. “\_\_\_\_\_” featuring the performance(s) \_\_\_\_\_  
\_\_\_\_\_

WHEREAS, Licensee desires to reproduce, market and sell mechanical and/or digital copies of the Master(s) as part the commercial album release entitled “\_\_\_\_\_” (the “album/single”), and in consideration of the mutual covenants hereinafter set forth, the parties hereby each agree as follows:

1. Subject to the limitations set forth hereunder, Licensor hereby grants to Licensee a non-exclusive license, to reproduce, use and otherwise exploit the Master(s) as part of the single and/or album, throughout the territory of the Universe, including without limitation, the right to manufacture, market, distribute and/or sell mechanical and/or digital copies of the Master(s), in any and all formats, configurations and/or means of delivery now or hereafter known or in existence (including, but not limited to, compact discs, vinyl, vinyl, analog and digital cassette, super audio discs and all digital or digitally delivered formats). In connection with the forgoing, Licensee shall be permitted to edit and/or modify the Master(s) to meet the Licensee’s technical specifications with regard to the single and/or album, without having to obtain Licensor’s further consent. In connection with foregoing grant of rights, the Licensee shall have the right to market, distribute and/or sell copies of the single and/or album, including reproductions of the Master(s) embodied thereon, and to license or use the same in connection with films, television, video clips and/or music videos.
2. Licensee agrees that the Master(s) licensed hereunder shall only be exploited as part of the single and/or album, and that said Master(s) shall not be exploited separately from the single and/or album, until and unless the parties hereto have negotiated a separate written agreement calling for additional compensation to the Licensee in return for granting such additional licensed rights. Notwithstanding the foregoing, Licensee shall be permitted to facilitate the public performance and/or broadcast of the individual Master(s), or any of them, in connection with promoting sales of the single and/or album.
3. In connection with the other rights granted herein, the Licensor hereby further grants to Licensee the non-exclusive right for the duration of this Agreement to use the respective names and likenesses (including photographs) of the Licensor, and of each of the individuals whose performances are featured in the Master(s), in connection with the advertising, promotion and/or exploitation of the single and/or album, including without limitation, in connection with the packaging and/or liner notes for commercially released copies thereof, and/or other products sold or offered for sale by or through the Licensee.
4. To the extent that Master(s) are included within the final released version of the single and/or album, a promotional credit shall be included, listing Licensor’s ownership of the Master(s), as part of the liner notes therefore. Notwithstanding the foregoing, no casual or inadvertent failure by Licensee and/or by any third parties to include the foregoing credit shall constitute a breach of this Agreement by Licensee.
5. In consideration of the rights granted herein, the Licensee shall pay to Licensor, on all copies of phonorecords embodying the Master(s) which are manufactured and sold by or through the



Company, a royalty equal to a pro-rata share of sixteen percent (16%) of the “net” suggested retail list price (“SRLP”) customarily recognized for sales of record albums through United States normal retail channels. The foregoing pro-rata share shall be based upon a fraction, the numerator of which is the number of Licensor’s Masters actually included as part of the single and/or album, and the denominator of which is the total number of master recordings embodied on the single and/or album. For example, if ten master recordings are included on the single and/or album, two of which are the Licensor’s Masters, the Licensor shall be entitled to royalty of two-tenths (2/10) of 16% of the “net” suggested retail list price (“SRLP”), subject to the following:

- (a) Amounts payable to Licensor hereunder shall be subject to all standard deductions, withholdings and/or reductions customarily recognized within the record industry, in connection with the sale of phonorecords, including without limitation, standard record industry deductions or adjustments, as applicable, for packaging, breakage, free goods, new technologies, reserves and distribution fees, in addition to all other expenses incurred in connection with the single and/or album, before calculating any amounts due to Licensor. Royalties shall otherwise be payable only as to amounts that are actually received by Licensee;
- (b) The royalty otherwise payable to Licensor hereunder shall be reduced by one-half (50%) of the amount otherwise due, with regard to sales of records embodying the Compilation (i) where the purchaser or retailer is located outside of the United States; or (ii) where such records are sold at less than the full SLRP (e.g., sales through record clubs, “rack jobbers”, military channels, etc.). Notwithstanding the foregoing, no royalty shall be payable as to phonorecords given away for promotional purposes and/or sold as scrap, cutouts, or at less than 50% of the full SLRP;
- (c) Licensee shall render to Licensor statements of account as to any monies payable hereunder, within thirty (30) days after the live event where the single and/or album CD will be sold to customers. Each statement shall be accompanied by appropriate payment due in connection therewith, if any. No statement shall be due for periods for which no payment is due. Licensor shall be deemed to have consented to all statements rendered to Licensor, and said statements and other accounts shall be binding upon Licensor and not subject to any objection for any reason, unless specific written objection setting forth the basis thereof is given to Licensee within one year from the date rendered. Payments provided for hereunder shall be computed as of the date each such statement is due. All statements and payments, as well as all formal notices and other correspondence to Licensor may be delivered via first-class United States Mail, postage prepaid, at the address set forth herein below for Licensor, and the effective date of delivery thereof shall be the date of mailing;
- (d) Any payment obligation provided for hereunder is contingent upon the actual inclusion of the Master(s) within the single and/or album. In other words, if the Master(s) is not actually included as part of the single and/or album, no payment shall be due to Licensor. Nothing within this Agreement shall require the Licensee to actually include the Master(s) on phonorecords released by through the Licensee.

6. The Licensor hereby specifically represents, warrants and agrees as follows:

- (a) That the undersigned Licensor who owns or controls the copyright in/to the Master(s) is over the age of 18 years and has the right, power and authority to grant the rights herein contained, including without limitation, the right to license and otherwise exploit both the



- Master(s), and the single and/or album embodied within the Master(s); the Licensor further represents and warrants that no other person, firm or corporation has any right, title or interest in or to the Master(s) or any copy or duplicate thereof, inconsistent with the Licensor's rights therein, and that there are no liens, encumbrances and/or obligations upon or in connection with the Master(s) or with the performances embodied therein;
- (b) That Licensor has paid in full any and all costs of recording, musicians' fees and/or royalties to any artists due in connection with the recording of the Master(s); and has obtained the appropriate permissions, assignments and/or disclaimers of ownership from all individuals who have contributed to the making of the Master(s); that Licensor will be solely responsible for all the above-stated costs, fees and/or royalties in connection with the contributions and/or services of the artists and musicians whose performances are embodied on said Master(s);
  - (c) That Licensor shall ensure that all necessary permissions have been obtained from the copy-right owners of the musical compositions embodied in each of the Master[s] (hereinafter referred to as the "composition[s]") including without limitation, the Consent to Mechanical License set forth at the end of this Agreement, and that Licensor shall remain solely responsible, as between the Licensor and Licensee, for payment of all mechanical licenses fees which may become properly due to the owners of the composition(s) embodied within the Master(s), in connection with uses of the Master(s) pursuant to this Agreement, and that Licensor shall specifically indemnify and hold Licensee harmless against any/all costs, damages, or claims pertaining to the use of the Composition within the Master(s);
  - (d) That Licensor shall indemnify, and hold Licensee and its successors, licensees and assigns harmless, from and against any and all claims, liabilities, losses, damages, costs or expenses (including, without limitation, reasonable attorneys' fees) otherwise arising from a breach of any of Licensor's warranties hereunder, including without limitation, any and all claims and/or liability arising out of, or in connection with the exploitation of the Master(s), and/or the Composition and the performances embodied therein.
7. The parties hereto agree that ownership of the single and/or album, including all rights therein and thereto, shall be belong solely by Licensee, subject to the Licensor's ownership rights in and to the Master(s), and that the Licensor shall otherwise have no rights in and to said single and/or album. The rights granted under this Agreement shall continue uninterrupted and in perpetuity for the life of the copyright in and to the Master(s), and any/all renewals and extensions thereof. Licensee may assign and/or sublicense its rights under this Agreement. The provisions of this Agreement shall otherwise apply to the heirs, legal representatives, successors and assigns of the parties hereto.
8. The parties hereto hereby agree that any/all disputes arising out of the subject matter of this Agreement shall be submitted for mediation in accordance with the rules of the Arts Arbitration and Mediation Services (AAMS), a program of the California Lawyers for the Arts. If mediation is not successful in resolving the entire dispute, any outstanding issues shall be submitted to final and binding arbitration, in accordance with the above-described AAMS program. Attorney's fees and Costs shall be awarded to the prevailing party in any dispute, including arbitration, but excluding mediation, arising out of the subject matter of this Agreement.
9. Licensor hereby fully releases and absolves \_\_\_\_\_, including without limitation, its directors, officers, instructors, licensees, assigns, agents and employees, from and against



any and all claims, damages and/or liability, whether known or unknown presently, arising out of, or in connection with, the subject matter of this Agreement, including without limitation, the use and/or exploitation of the Compositions.

10. The Licensor hereby certifies and warrants that he or she has had the opportunity to have this Agreement reviewed by his or her own respective legal counsel, and that he or she each has otherwise read the same in its entirety and understand all of its terms and provisions, and in signing below, certify that he or she each finds the terms hereof to be fair and reasonable.
11. Nothing contained in this Agreement shall be deemed to construe either party as a partner or employee of the other party. This Agreement expresses the complete understanding of the parties with regard to the subject matter hereof, and may not be amended except in a writing signed by the parties. This Agreement, and the terms hereof, shall be governed by \_\_\_\_\_ State law. Should any part of this Agreement be deemed invalid for any reason, the remaining terms hereof shall remain in full force and effect.

IN WITNESS HEREOF, the undersigned now enter into this agreement as of the date above written:

**Licensor**

Name \_\_\_\_\_

Title \_\_\_\_\_

Authorized Signature \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
Date \_\_\_\_\_

**Licensee**

Name \_\_\_\_\_

Title \_\_\_\_\_

Authorized Signature \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
Date \_\_\_\_\_



## APPENDIX 3

### Consent to Mechanical License

The undersigned party, who owns or controls the copyrights in and to the musical composition(s) entitled “\_\_\_\_\_” (hereinafter referred to as the “single and/or album[s]”), hereby represents, warrants and agrees to the following:

1. The undersigned has read the Master Use License Agreement, to which this document is attached. The undersigned understands that \_\_\_\_\_ (hereinafter the “Company”) desires and intends to license and otherwise use certain master sound recordings (the “Master[s]”) embodying the Compositions, in connection with the commercial album release entitled “\_\_\_\_\_” (the “single and/or album”). The undersigned hereby consents and agrees to the provisions the hereinabove referenced Master Use License Agreement, to the extent required to permit the Company’s use of the Composition(s) embodied within the Master(s).
2. In accordance with the foregoing, the undersigned hereby grants to the Company a non-exclusive mechanical license, to reproduce, use and otherwise exploit the Composition(s) as embodied within the Master(s), consistent with the provisions of Master Use License Agreement (the provisions of which are hereby incorporated herein by this reference). Without limiting the foregoing, the Company shall be permitted to manufacture, market, promote, publicly perform and/or broadcast, license or otherwise exploit the Compositions embodied within the Master(s), including the right to edit, re-arrange and/or modify parts of instruments serving to reproduce the Composition(s) to meet the Company’s technical specifications for the single and/or album. The undersigned further consents and agrees to the Company’s non-exclusive use of the name(s) and likeness(es) of the Composition(s)’ songwriter(s), in connection with the advertising, promotion and packaging (i.e., liner notes) of the Master(s) and the single and/or album.
3. The rights granted under this Agreement shall continue concurrently with, and for the duration of, the rights granted within the Master Use License Agreement. The undersigned hereby grants the permission necessary to facilitate the “first recording” of the Composition(s), if applicable. The undersigned otherwise waives any/all notice or other procedural requirements pertaining to the rights granted hereunder, including without limitation, the filing or service of a notice of



intention to obtain a mechanical license. The Company may assign and/or sublicense its rights under this Agreement. The provisions hereof shall otherwise apply to the heirs, legal representatives, employees, licensees, successors and assigns of the parties hereto.

4. The undersigned represents to owning or controlling the copyright in/to the Composition(s), and further represents to being over the age of 18, with the right and authority to grant the rights herein contained. The undersigned further specifically releases and discharges the Company and their respective owners, agents, employees, licensees, and assignees from and against any and all claims and/or liability arising out of, or in connection with, the use of the Composition(s) as part of the “single and/or album.” The undersigned hereby certifies to having had the opportunity to consult the undersigned’s own legal counsel regarding this document, and, by signing below, acknowledges having read this document in its entirety and otherwise understanding all of its terms and provisions.

IN WITNESS HEREOF, the undersigned now indicates its consent and agreement to the forgoing:

On behalf of the OWNER and/or PUBLISHER of the Composition(s)

Name/Title \_\_\_\_\_

Authorized Signature \_\_\_\_\_

Date \_\_\_\_\_



## APPENDIX 4

### Distribution Agreement

This Distribution Agreement is made and entered into as of \_\_\_\_\_, by and between \_\_\_\_\_ (“Firm”), of \_\_\_\_\_ and \_\_\_\_\_ LABEL of \_\_\_\_\_ with reference to the following:

#### Witnesseth

1. (a) Firm hereby engages LABEL as its (non-exclusive) distributor in the Territory for CDs presented to LABEL per this Agreement hereinafter called (“Records”) made a part of this Agreement. (b) The rights herein granted to LABEL and the obligations of Firm shall be for the United States and their territories and possessions, including all U.S. Armed Forces Military Post Exchanges throughout the world (“Territory”).
2. (a) The Term of this Agreement shall be for one (1) year of this Agreement, subject to the acceptance and approval of LABEL and Firm. (b) Firm hereby grants LABEL one (1) option: to renew this Agreement for a period of one (1) year. Option period shall run consecutively beginning at the expiration of the immediately preceding term of this Agreement. The renewal term option hereunder is non-automatic and mutually exercisable, in which LABEL or Firm gives written notice not to exercise such option at least ten (10) days prior to the commencement of the renewal term.
3. (a) For consideration and placement. Firm or its Affiliates will be required to deliver a reasonable amount of promotional CDs (50 units minimum up to 300 units maximum) per title to LABEL of each title to be considered, for the purposes of and as a means of offsetting costs in the areas of: in-store listening CDs, retail incentives, free goods, product placement, promotions by LABEL, as well as shipping and print advertising. In addition to the reasonable amount of promotional CDs, Firm or its Affiliates will also be required to deliver to LABEL a synopsis or bio of artists(s) listing accomplishments, promotion or marketing efforts with regard to their release, radio airplay, etc. in order that LABEL can prepare a one-sheet for retail to enter each accepted product into



the system. (b) All projects released through LABEL will be distributed regionally, nationally and internationally based on promoted and targeted areas through Firm's and LABEL's promotional efforts, which may require a LABEL bar code. In the event a title does have already a bar code, the LABEL bar code will not be necessary. Adjustments in price will be applied if CDs have no shrink wrap (subject to reasonable manufacturing re-shrink wrap fees with approval from LABEL and Firm). Any future reorders of product to fill orders must be manufactured by LABEL whereby the LABEL bar code will be stripped in at a cost of \$75.00. (c) LABEL Logo, address and website address will be applied to Firm's manufactured products during subsequent product runs throughout the course of this agreement. Shipping product to Distribution warehouse is the responsibility of Firm. (d) Any Record that shows minimal sales activity after a period of eight (8) months may be deemed and returned to Firm inactive and subject to being pulled from all LABEL retail accounts. Minimal sales activity would be considered record sales of fewer than 100 CDs in the eight (8) month period.

4. (a) No payment shall be made to Firm on the initial promotional CDs given to LABEL per release of each title. Payment will only begin once the first unit past 500 units is sold, verifiable through SoundScan (in conjunction with section 4(b) below). LABEL shall be entitled to twenty-five percent (25%) of the "Net Profits" on all orders shipped for service fee. The service includes (promotional services provided in this capacity)—LABEL's website, Internet promotions, college networks throughout the US, targeted [posters, flyers, record pools, reasonable radio advertising in targeted areas and music video promotion, calling buyers and sales reps on titles] promoting sales activity throughout distribution system. "Net Profits" are herein defined as gross monies received from the sale of records and received by LABEL from Distributor. Monies will be held in the LABEL's [credit] account with reference to Firm, bar code assigned to Firm per each specific title and reference accounting number. (b) Providing Firm has sold 500 units, verifiable through SoundScan, payment by LABEL to Firm shall be made on fifty percent (50%) of payments received by LABEL, and only on invoices paid by Distributor, with a reserve of fifty percent (50%) to be liquidated every calendar quarter until fully liquidated in respect to (each) project [album/single/CD] being distributed.
5. All notices hereunder shall be in writing and shall be sent by certified mail, return receipt requested to Firm at its address first above written and to LABEL at its address first above written.
6. LABEL and Firm warrants, represents and agrees that: (a) LABEL and Firm have the full right and power to enter into and fully perform all of its obligations under this Agreement; (b) LABEL and Firm are not under any disability restriction or prohibition, whether contractual or otherwise, with respect to LABEL and Firm's right to execute this Agreement or LABEL and Firm's right to perform its term and conditions; (c) No prior obligations, contracts or agreements of any kind undertaken or entered into by LABEL and Firm will interfere in any manner with the complete performance of this Agreement by LABEL and Firm.
7. Wherever in this Agreement Firm's approval or consent is required, Firm shall give LABEL written notice of approval or disapproval within ten (10) business days after such notice is received by Firm. In the event of disapproval or no consent, the reasons therefore shall be stated. Failure to give such notice to LABEL as aforesaid shall be deemed to be consent or approval.
8. Disclosure of relationship: LABEL and Firm agree to disclose below any business or personal relationships it, or any of its entities, may have. Failure to disclose, or any fraudulent disclosure,



will result in immediate cancellation of this Agreement and monies due to Firm will be paid in full within 60 days or sooner of cancellation of Agreement, along with remaining Firm units.

NAME	RELATIONSHIP
_____	_____
_____	_____
_____	_____

9. For the purposes of this Agreement, the following definitions shall apply: (a) "LABEL"—refers to its principals or assigns; (b) "Firm"—refers to any promotional company, recording company, management, artist or group that is a party to this Agreement; (c) "Record"—The equivalent of a compact disc or cassette tape of at least 30 minutes in length intended for use in retail.
10. This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof. No modification, amendment, waiver, termination or discharge of this Agreement shall be binding upon either party unless confirmed by a written instrument signed by an officer of the party to be charged.
11. This Agreement shall be deemed to have been made in the State of \_\_\_\_\_ and its validity, construction, performance and breach shall be governed by the laws of the State of \_\_\_\_\_, applicable to agreements made and to be wholly performed therein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

**Firm**

By \_\_\_\_\_  
(an authorized signatory)  
Title \_\_\_\_\_  
Date \_\_\_\_\_

**Label**

By \_\_\_\_\_  
(an authorized signatory)  
Title \_\_\_\_\_  
Date \_\_\_\_\_



## APPENDIX 5

### Production, Manufacture and Distribution Agreement

This Agreement is made and entered into as of \_\_\_\_\_, by and between \_\_\_\_\_ (“Group”), of \_\_\_\_\_ and LABEL of \_\_\_\_\_ with reference to the following

#### Witnesseth

2. (a) Group hereby engages LABEL as its (non-exclusive) distributor in the Territory for the CD, indicated in this Agreement hereinafter called (“Records”) made a part of this Agreement. (b) The rights herein granted to LABEL and the obligations of Group shall be for the United States and their territories and possessions, including all U.S. Armed Forces Military Post Exchanges throughout the world (“Territory”). (c) Further, LABEL will be responsible for recording/production of said album master, post-production, artwork and manufacturing.
2. (a) The Term of this Agreement shall be for two (2) years, subject to the acceptance and approval of LABEL and Group; (b) Group hereby grants LABEL one (1) option: to renew this Agreement for a period of one (1) year. Option period shall run consecutively beginning at the expiration of the immediately preceding term of this Agreement. The renewal term option hereunder is non-automatic and mutually exercisable, in which LABEL or Group gives written notice not to exercise such option at least ten (10) days prior to the commencement of the renewal term.
3. (a) For consideration and placement: LABEL will be required to manufacture retail-ready packaged CDs for resale as well as a reasonable amount of promotional CDs (150 units minimum up to 1,500 units maximum) for the purposes of promotion in the areas of: in-store listening CDs, retail incentives, free goods, product placement, promotions by LABEL, as well as shipping and print advertising. LABEL is required to provide Master Recording (CDR) for this purpose as well as Master Recording including applicable artwork and graphic materials. Group will be required to deliver to LABEL a synopsis or bio of artists(s) listing accomplishments, promotion or marketing efforts with regard to their release, radio airplay, etc. in order that LABEL can prepare a one-sheet for retail to enter the accepted product into the system. (b) All projects released



through LABEL will be distributed regionally and nationally based on promoted and targeted areas through Group's and LABEL's promotion efforts, which will require the LABEL bar code. (c) LABEL logo, address and website address will be applied to Group's manufactured products during the course of the Agreement. Shipping product to Distribution warehouse is the responsibility of LABEL. (d) Any Record that shows minimal sales activity after a period of eight (8) months may be deemed and returned to Group inactive and subject to being pulled from all LABEL retail accounts. Minimal sales activity would be considered record sales of fewer than 100 CDs in the eight (8)-month period. In this instance, Group will have the option to buy back/ purchase the existing inventory of units from LABEL at a rate of \$1.00 each for retail-ready or packaged units and \$.80 each for promotional units. If Group fails to exercise this option within 30 days, LABEL is granted full right to discount or dispose of inventory in any means without obligation to Group.

4. (a) No payment shall be made to Group on promotional use of CDs manufactured by LABEL per release. Payment will only begin once the first retail-ready unit past 500 units is sold, verifiable through SoundScan (in conjunction with section 4(b) below). LABEL shall be entitled to thirty-five percent (35%) of the "Net Profits" on all orders shipped for service fee. The service fee includes [promotional services provided in this capacity] LABEL's website, Internet promotions, college networks throughout the US, targeted [posters, flyers, record pools, reasonable radio advertising in targeted areas and music video promotion, calling buyers and sales reps on titles] promoting sales activity throughout distribution system. This agreement is deemed to be "Production, Manufacture and Distribution" in that LABEL and Group will jointly promote, market and advertise the project for the mutual benefit of both. In this regard it is understood that LABEL will incur costs and expense, which will be non-recoupable. Group agrees to aggressively maintain a performance schedule as well as incur costs related to such activity all in support of the project. Group further understands and agrees that it may be called upon by LABEL to travel to markets foreign and domestic to perform in support of the project with relative costs to be incurred by Group. "Net Profits" are herein defined as gross monies received from the sale of records at retail outlets and received by LABEL from (Distributor). Monies will be held in the LABEL [credit] account with reference to Group, bar code assigned to Group and reference accounting number to be accounted for and disbursed to Group quarterly. (b) Providing Group has sold 500 units, verifiable through SoundScan, payment by LABEL to Group shall be made at sixty-five percent (65%) of payments received by LABEL, and only on invoices paid by (Distributor), to be liquidated every calendar quarter until fully liquidated in respect to (each) project (album/single/CD) being mastered and distributed. *All notices hereunder shall be in writing and shall be sent by certified mail, return receipt requested to Group at its address first above written and to LABEL at its address first above written.*
6. LABEL and Group warrant, represent and agree that: (a) LABEL and Group have the full right and power to enter into and fully perform all of its obligations under this Agreement; (b) LABEL and Group are not under any disability restriction or prohibition, whether contractual or otherwise, with respect to LABEL and Group's right to execute this Agreement or LABEL and Group's right to perform its term and conditions; (c) No prior obligations, contracts or agreements of any kind undertaken or entered into by LABEL and Group will interfere in any manner with the complete performance of this Agreement by LABEL and Group.



7. Wherever in this Agreement Group's approval or consent is required, Group shall give LABEL written notice of approval or disapproval within ten (10) business days after such notice is received by Group. In the event of disapproval or no consent, the reasons therefore shall be stated. Failure to give such notice to LABEL as aforesaid shall be deemed to be consent or approval.
8. Disclosure of relationship: LABEL and Group agrees to disclose below any business or personal relationships which it, or any of its entities, may have. Failure to disclose, or any fraudulent disclosure, will result in immediate cancellation of this Agreement and monies due to Group will be paid in full within 60 days or sooner of cancellation of Agreement, along with remaining Group units.

NAME	RELATIONSHIP
_____	_____
_____	_____

9. For the purposes of this Agreement, the following definitions shall apply: (a) "LABEL"—refers to its principals or assigns; (b) "Group"—refers to any recording company, management, artist or group that is a party to this Agreement; (c) "Record"—The equivalent of a compact disc or cassette tape of at least 30 minutes in length intended for use in retail.
10. This Agreement sets forth the entire agreement between the parties with respect to the subject matter hereof. No modification, amendment, waiver, termination or discharge of this Agreement shall be binding upon either party unless confirmed by a written instrument signed by an officer of the party to be charged.
11. This Agreement shall be deemed to have been made in the State of \_\_\_\_\_ and its validity, construction, performance and breach shall be governed by the laws of the State of \_\_\_\_\_, applicable to agreements made and to be wholly performed therein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

**Label**

By \_\_\_\_\_  
(an authorized signatory)  
Title \_\_\_\_\_ Date \_\_\_\_\_

**Group**

By \_\_\_\_\_  
(an authorized signatory)  
Title \_\_\_\_\_ Date \_\_\_\_\_



## APPENDIX 6

### Artist Management Agreement

THIS AGREEMENT is made and entered into as of the \_\_\_\_ day of August, 2016  
BY AND BETWEEN:

\_\_\_\_\_(herein referred to as the “Artist”)

[Address]

- and -

\_\_\_\_\_(herein referred to as the “Manager”)

[Address]

Intro

- A. The Artist wishes to obtain advice, guidance, counsel and direction in the development and advancement of the Artist’s career as musician, recording and performing artist and in such new and different areas as the Artist’s artistic talents can be developed and exploited; and
- B. The Manager, by reason of the Manager’s contacts, experience, resources and background, is qualified to render such advice, guidance, counsel and direction to Artist; NOW, THEREFORE, in consideration of the mutual promises herein contained, it is agreed and understood as follows:

Services of The Manager

- 1) The Manager agrees to render such advice, guidance, counsel, direction and other services as the Artist may reasonably require to further the Artist’s career as a musician, composer, recording and performing artist, and to develop new and different areas within which the Artist’s artistic talents can be developed and exploited, including but not limited to the following services:
  - a) to represent the Artist and act as the Artist’s negotiator, to fix the terms governing all manner of disposition, use, employment or exploitation of the Artist’s talents and the products thereof; and
  - b) to supervise the Artist’s professional employment, and on the Artist’s behalf to consult with employers and prospective employers so as to assure the proper use and continued demand for the Artist’s services;
  - c) to be available at reasonable times and places to confer with the Artist in connection with all matters concerning the Artist’s professional career, business interests, employment and publicity;



- d) to exploit the Artist's personality in all media, and in connection therewith, to approve and permit for the purpose of trade, advertising and publicity, the use, dissemination, reproduction or publication of the Artist's name, photographic likeness, facsimile signature, voice and artistic and musical materials; and
- e) to engage, discharge and/or direct such theatrical agents, booking agencies and employment agencies, as well as other firms, persons or corporations who may be retained for the purpose of securing contracts, engagements or employment for the Artist; and
- f) to represent the Artist in all dealings with any unions; and
- g) to exercise all powers granted to the Manager pursuant to Paragraph 4 hereof.

#### Rights And Authority Of The Manager

- 2) The Manager is not required to render exclusive services to the Artist or to devote the Manager's entire time or the entire time of any of the Manager's employees to the Artist's affairs. Nothing herein shall be construed as limiting the Manager's right to represent other persons whose talents may be similar to, or who may be in competition with the Artist, or to have and pursue business interests which may be similar to, or may compete with, those of the Artist. Notwithstanding the foregoing, Management shall be available to Artist and shall act as her day-to-day manager. In the event that Manager is not involved in the day-to-day management of Artist for a period of thirty (30) consecutive days, then the Artist may terminate this Agreement, provided Artist provides Manager with five (5) days written notice to cure any breach under this paragraph.
- 3) The Artist hereby appoints the Manager as the Artist's sole personal representative, manager and advisor for the term of this agreement and any renewals, in all matters usually and normally within the jurisdiction and authority of personal representatives, managers and advisors, including but not limited to the advice, guidance, counsel and direction specifically referred to in Paragraph 1 hereof. The Artist agrees to seek such advice, guidance, counsel and direction from the Manager exclusively and agrees not to engage any other agent, representative or manager to render similar services, and not to perform said services on the Artist's own behalf, and the Artist will not negotiate, accept or execute any agreement, understanding or undertaking concerning the Artist's career as a musician, recording or performing artist without the Manager's prior consent, which shall not be unreasonably withheld or delayed.
  - a) The Artist hereby appoints the Manager for the term of this agreement and any renewals hereof as the Artist's true and lawful attorney-in-fact to generally to do, execute and perform any other act, deed or thing whatsoever deemed reasonable that ought to be done, executed and performed of any and every nature and kind as fully and effectively as the Artist could do if personally present, including, subject to the limitations set out in this agreement, the following:
    - (i) to sign, make, execute, accept, endorse, collect and deliver any and all bills of exchange, cheques and notes as the Artist's said attorney;
    - (ii) to demand, sue for, collect, recover and receive all goods, claims, money, interest and other items that may be due to the Artist or belong to the Artist;
    - (iii) to make, execute and deliver receipts, releases or other discharges therefore under seal or otherwise and to defend, settle, adjust, compound, submit to arbitration and compromise all actions, suits, accounts, reckonings, claims and demands whatsoever that are or shall be pending in such manner and in all respects;



- (iv) to approve and permit any and all publicity and advertising;
  - (v) to approve and permit the use of my name, photograph, likeness, voice, sound effect, caricature, literary, artistic and musical materials for purposes of advertising and publicity in the promotion and advertising of any and all products and services;
  - (vi) to execute for the Artist in the Artist's name and/or on the Artists behalf, any and all agreements, documents, and contracts for my services, talents and/or artistic, literary and musical materials, provided that the Artist has been apprised of the material terms thereof and the Artist has granted the Management the authority to execute such agreements in each specific instance.
- b) The Artist expressly agrees that the Artist will not on the Artist's own behalf exert any of the powers herein granted to the Manager by the foregoing power of attorney without the express prior consent of the Manager and that all sums and considerations payable to the Artist by reason of the Artist's artistic endeavors shall be paid to the Manager on the Artist's behalf.
  - c) It is expressly understood that the foregoing power of attorney is limited to matters reasonably related to the Artist's career as a musician, recording and performing artist and such new and different areas within which the Artist's artistic talents can be developed and exploited.
  - d) All business decisions, major commitments, including, but not limited to recording agreements will be approved with the Artist and executed prior to completion or commitment on any business arrangement or contract with a third party.
- 4) The Manager shall be entitled to book the Artist and act as the Artist's booking agent on separate terms to be negotiated between the Manager and the Artist and commensurate with terms generally offered by other booking agents in accordance with industry practices. The Manager shall utilize such third party booking agents as the Manager feels are reasonably required to develop and promote the Artist's professional career.
  - 5) The Manager may act as Executive Producer on the Artist's recording projects on separate terms to be negotiated between the Manager and the Artist and commensurate with terms generally offered by other booking agents in accordance with industry practice.

#### Term

- 6) The term of this agreement will be three (3) years as the above-dated agreement. The Artist hereby grants to the Manager two (2) irrevocable consecutive options to extend the term of this agreement for two (2) periods of three (3) years each upon all the terms and conditions thereof. Notwithstanding the foregoing, in the event that Artist has not, during the Initial Period secured a recording agreement with a major label (the "Major Label Agreement") or with a production company or independent label distributed by a major distribution company or a major label in the U.S. Said options shall be exercised automatically unless ninety (90) days prior to the end of the current the then term the Manager gives the Artist written notice to the contrary.
- 7) As compensation for the services to be rendered hereunder, the Manager shall receive from the Artist (or shall retain from the Artist's gross monthly earnings) at the end of each calendar month during the term hereof or any renewal, a sum of money equal to TWENTY PERCENT (20%) of the Artist's gross monthly earnings (plus any applicable taxes) and the Artist hereby assigns to the Manager an interest in such earnings to the extent of said percentage.
- 8) The term "gross monthly earnings" as used in this agreement, refers to the total of all earnings, whether in the form of advances, salary, bonuses, royalties, interest percentages, share of profits,



merchandise, share in ventures, products, properties or any other kind or type of income which is reasonably related to the Artist's career in the entertainment, amusement, music recording, songwriting, music publishing, live performance, personal appearances, motion picture, television, radio, literary, theatrical and advertising fields, in which the Artist's artistic talents are developed and exploited, received from any person, firm or corporation on the Artist's behalf, less the following exclusions:

- (i) production costs of Artist's master recordings and audiovisual works;
  - (ii) tour support payments paid out by a third party record company;
  - (iii) fees, advances, royalties and other payments paid to third parties including, without limitation, record producers, audiovisual work producers and directors;
  - (iv) independent promotion costs paid by a third party record company; bona fide third party costs incurred in connection with motion picture and television synchronization licenses;
  - (v) that portion of Artist's income from any motion picture or television package which is payable in commissions to a talent agent or is otherwise payable to third parties as part of the cost of production;
  - (vi) any monies payable by Artist for reasonable "sound and lights" or opening acts in connection with live engagements;
  - (vii) monies payable to Artist as bona fide "per diems"; and
  - (ix) any income derived by Artist from any business investments, entrepreneurial activities or other non-entertainment related activities.
- 9) The compensation agreed to be paid to the Manager shall be based upon gross monthly earnings of the Artist accruing to or received by the Artist
- a) during the term of this agreement or any renewal; or
  - b) after the termination of this agreement or the expiration of the term or any renewal where gross monthly earnings result from any services performed by the Artist during the term hereof or any renewal; or as the result of any contract negotiated, or substantially negotiated, during the term hereof and any renewal, extension or modification of this agreement.
- 10) After the termination of this agreement or the expiration of the term and continuing for a period of one (1) year thereafter; the Artist will continue to pay the Manager ten (10%) of gross monthly income as defined herein.
- 11) In the event that the Artist forms a corporation during the term hereof for the purpose of furnishing and exploiting the Artist's artistic talents, the Artist agrees that said corporation shall offer to enter into a management contract with the Manager identical in all respects to this agreement (except as to the parties thereto). In the event that the Manager accepts such offer, then the gross monthly earnings of such corporation prior to the deduction of any corporate income taxes and of any corporate expenses or other deductions shall be included as a part of the Artist's gross monthly earnings as herein defined, and any salary paid to the Artist by such corporation shall be excluded from the Artist's gross monthly earnings for the purpose of calculating the compensation due to the Manager hereunder.
- 12) The Artist agrees that all persons, firms or corporations shall pay all gross monthly earnings directly to the Manager and the Manager may withhold the Manager's compensation and may reimburse itself from for any reasonable and receipted fees, costs or expenses advanced or incurred by the Manager.



- 13) The Artist specifically agrees to authorize and direct any and all persons, firms or corporations from whom the Artist is owed any sums which are earned as gross monthly earnings under this agreement to remit such sums directly to the Manager. If the Artist shall receive any such sums directly or indirectly, the Artist shall hold same in trust as to the Manager's share (including expenses) and shall remit the same forthwith to the Manager. The Manager will collect and receive any and all monies payable to the Artist with respect to the Artist's professional career.
- 14) Provided that the Manager has received all information required, the Manager will compute all amounts payable to the Manager and the Artist and shall render a statement of account along with payment as soon as practical after each of the Artist's performances or other receipt of funds by the Manager on behalf of the Artist, and in no event less than on a monthly basis.
- 15) The Manager agrees to maintain accurate books and records of all transactions concerning the Artist, which books and records may be inspected or audited during regular business hours by the Artist or her nominee upon reasonable notice to the Manager and at the Artist's sole cost and expense. In the event of material irregularity in the books or records, Artist shall be reimbursed for costs of audit and Manager shall take steps to immediately correct the error.

#### Expenses

- 16) The Artist shall be solely responsible for payment of all reasonable costs and disbursements incurred by the Manager or the Manager's employees in furthering the career of the Artist, including, but not limited to booking agencies, fees, union dues, publicity costs, promotional or exploitation costs, traveling expenses and wardrobe expenses. In the event that the Manager advances any of the foregoing fees, costs or expenses on behalf of the Artist, or incurs any other reasonable expenses in connection with the Artist's professional career or with respect to the performance of the Manager's services hereunder, the Artist shall promptly reimburse the Manager for such fees, costs and expenses. Artist shall not be responsible for normal and recurring office and operating expenses of the manager.

#### Termination

- 19) The artist shall be entitled to terminate this agreement at any time upon the Manager's breach of any of the Manager's representations, covenants and warranties contained herein, or obligations hereunder, including without limitation the Manager's duty to account to the Artist in accordance with Paragraph 14) above.
- 20) The Artist shall be entitled to terminate this agreement immediately upon bankruptcy or insolvency of either of the Managers, or in the event of dispute between them.
- 21) In the event of any default by the Artist of the Artist's commitments, obligations and duties hereunder, the Manager's obligations (but not the Manager's right to compensation) shall be suspended for the duration of any such default. In the event that the Artist for any reasons fails to fulfill any of the Artist's commitments, obligations or duties hereunder, without good or unavoidable reason or excuse, then, in addition to any other rights or remedies which the Manager may have, the Manager shall have the right, upon written notice to Artist at any time prior to the expiration of the term or any renewal, to terminate this agreement as of a date thirty (30) days after the Artist's receipt of such written notice.



#### Assignment

- 22) This Agreement shall not be assignable by the Artist to any person, firm or corporation; provided however, that the Artist shall have the right to assign her right to receive payments under this Agreement.
- 23) The Manager shall not have the right to assign this agreement or any of the Manager's rights and obligations hereunder to any person, firm or corporation without the express written consent of the Artist, which consent may be withheld. Notwithstanding the foregoing, the Manager may assign this agreement to a corporation to be incorporated by the Manager for the purpose of carrying out the services contemplated by this agreement, provided the assigned agrees in writing to assume all of the Manager's obligations under this Agreement and manager shall not be relieved of its obligations hereunder.

#### Fiduciary Relationship

- 24) The Manager agrees and understands that by virtue of this agreement the Manager stands in a fiduciary relationship to the Artist and the Manager shall be held to the highest standards of good faith and loyalty.

#### Mutual Representations and Warranties

- 25) The Parties warrant that each is under no disability, restriction or prohibition with respect to such parties' right to execute this agreement and perform its terms and conditions and further warrant and represents that no act or omission by the Artist hereunder will violate any right or create any liability to any person. The parties agree to mutually indemnify the other fully in respect of any liability, loss or claim suffered by the other as a result of any breach of this Agreement, or the terms, conditions, representations, warranties and covenants herein.
- 26) The Artist agrees at all times to attend to the Artist's professional career and to exert the Artist's best reasonable efforts to further the Artist's professional career during the term of this agreement and any renewal, and to cooperate with the Manager to the fullest extent in the interest of promoting the Artist's career.

#### General Provision

- 27) This agreement contains all the terms agreed to between the parties with respect to the subject matter hereof and during the term of this agreement it is understood and agreed that there shall be no change or modification of this agreement unless reduced to writing and signed by all parties hereto. No waiver of any breach of this agreement shall be construed as a continuing waiver or consent to any subsequent breach hereof.
- 28) It is agreed that as a condition precedent to any assertion by the Artist or the Manager that the other is in breach of any representation, covenant or warranty or is in default in performing any obligation contained herein, the party alleging the default must advise the other in writing by registered or certified mail, return receipt requested, of the specific obligation which it claims has been breached and said other party shall be allowed a period of NINETY (90) days from the receipt of such written notice within which to cure such default.
- 29) This agreement does not and shall not be construed to create a partnership or joint venture between the parties hereto. It is specifically understood that the parties are acting as independent contractors.



- 30) The Artist acknowledges that this agreement and the books of account of the Manager contain confidential trade information; neither the Artist nor the Artist's representatives shall reveal or use on their own behalf or on behalf of any person any facts or information arising from this agreement or any inspection of the Manager's books of account hereunder.
- 31) Any notice, direction or other instrument required or permitted to be given to the parties shall be in writing and may be given by mailing or delivering the same or by fax or email addressed to the parties as follows:

To the Manager:

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[Address]

[Email Address]

To the Artist:

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[Address]

[Email Address]

Any such notice sent by fax shall be deemed received upon faxing thereof; any such notice delivered shall be deemed received when delivered; and any such notice mailed shall be deemed received on the third business day following mailing. Any party hereto may change its address or notice by notice to the other parties hereto, given in the manner aforesaid.

- 32) The Artist hereby acknowledges that the Manager has instructed the Artist to seek independent legal advice regarding the Artist's entering into this Agreement and the Artist hereby confirms that the Artist has, in fact, sought and received such independent legal advice.
- 33) Subject to the restrictions on assignments set forth in this Agreement, this Agreement will bind the parties (and each of their partners, jointly and severally) and the Company, together with their respective heirs, executors, successors, assigns personal representatives, partners, parents, subsidiaries, affiliates, members, officers, directors, agents, attorneys and employees, and together with any proprietorships, corporations, partnerships or entities which any of the above parties may own or control, and any reference to the parties will be deemed to include, where applicable, a reference to any and/or all successor proprietorships, corporations, partnerships or entities substantially owned or controlled by these parties or any of them.
- 34) If any term, provision, covenant or condition of this Agreement is held to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.
- 35) Wherever required in this Agreement, the singular shall include the plural, and the masculine gender shall include the feminine and the neuter.
- 36) All disputes arising in connection with the interpretation of this Agreement shall be finally settled by arbitration pursuant to the Arbitration Act (State of California), which shall apply in all respects except as follows:
- (a) There shall be one arbitrator, unless the parties cannot agree, in which case there shall be three: one selected by each party and the third (who shall act as chair) by the first two;
  - (b) The arbitrator(s) shall have the power to order the production of documents or discovery of witnesses prior to the arbitration; and
  - (c) Costs of the arbitration shall be in the discretion of the arbitrator(s).



- 37) The law governing this Agreement and any action, matter or proceeding based on or relating to this Agreement based on state laws in the jurisdiction of the State of California.
- 38) The Manager acknowledges that it shall have no rights in or to any stage or professional names of the Artist.
- 39) The Artist shall have and retain exclusive control over artistic and creative matters, provided the Manager shall be consulted on all such matters.
- 40) This is the entire agreement between the parties and it supersedes all other agreements, whether written or oral, prior to the date of this Agreement.

IN WITNESS WHEREOF, the parties hereto have properly executed this Agreement as of the day and year first written above.

Name:

Manager

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Date:

Name:

Artist

---

Date:



## APPENDIX 7

### US Radio Market Share

*Arbitron—Nielsen*

<i>Rank</i>	<i>Market</i>	<i>Population</i>	<i>% Black</i>	<i>% Latin</i>	<i>% Asian</i>
1	New York	15.3 Million	16.6	18.2	7.2
2	Los Angeles	10.3 Million	7.7	38.1	13.3
3	Chicago, IL	7.2 Million	18.3	12.9	4.2
4	San Francisco	5.8 Million	7.9	17.9	19.4
5	Dallas–Ft. Worth	4.3 Million	13.3	14.5	3.7
6	Philadelphia, PA	4.2 Million	18.9	4.1	3.1
7	Detroit, MI	3.9 Million	21.4	2.2	1.9
8	Boston, MA	3.8 Million	5.6	5.2	4.2
9	Washington, DC	3.8 Million	25.2	7.5	6.9
10	Houston–Galveston, TX	3.7 Million	17.3	22.7	5.1
11	Atlanta, GA	3.5 Million	24.8	3.4	2.8
12	Miami–Ft. Lauderdale, FL	3.4 Million	16.3	38.4	1.9
13	Puerto Rico	3.2 Million	no data	no data	no data
14	Seattle–Tacoma, WA	2.9 Million	4.6	4	4
15	Phoenix, AZ	2.65 Million	3.6	17.2	2.4
16	Minneapolis–St. Paul, MN	2.45 Million	4.2	1.9	3.6
17	San Diego, CA	2.4 Million	5.1	24.3	10.7
18	Nassau–Suffolk, NY	2.36 Million	7.4	7.7	3.5
19	St. Louis, MO	2.12 Million	17	1.3	1.3
20	Baltimore, MD	2.1 Million	26.9	1.7	2.5
21	Tampa–St. Petersburg, FL	2.1 Million	9.2	9	1.7
22	Denver–Boulder, CO	2.03 Million	5.1	12.6	3
23	Pittsburgh, PA	2 Million	8	0.7	1



<i>Rank</i>	<i>Market</i>	<i>Population</i>	<i>% Black</i>	<i>% Latin</i>	<i>% Asian</i>
24	Portland, OR	1.84 Million	2.6	5.4	4.3
25	Cleveland, OH	1.76 Million	18.3	2.6	1.4
26	Cincinnati, OH	1.63 Million	11	0.6	1
27	Sacramento, CA	1.54 Million	7.3	31	5
28	Riverside–San Bernardino, CA	1.5 Million	7.3	31	5
29	Kansas City, KS	1.47 Million	12.7	3.5	1.5
30	San Jose, CA	1.43 Million	3.2	24	21.9
31	San Antonio, TX	1.42 Million	5.7	50.6	1.7
32	Milwaukee–Racine, WI	1.39 Million	13.7	4.3	1.7
33	Middlesex–Somerset, NJ	1.36 Million	no data	no data	no data
34	Salt Lake City, UT	1.35 Million	1	6.9	2.8
35	Providence, RI	1.34 Million	2.9	4.9	2.2
36	Columbus, OH	1.33 Million	12.5	1	2
37	Charlotte–Gastonia, NC	1.3 Million	19.4	1.7	1.6
38	Norfolk, VA	1.24 Million	29	2.9	3.5
39	Orlando, FL	1.23 Million	13.1	12.1	3
40	Indianapolis, IN	1.2 Million	13.5	1.2	1.1
41	Las Vegas, NV	1.2 Million	9.1	15.7	4.9
42	Greensboro–Winston Salem, NC	1.09 Million	18.8	1.3	1
43	Austin, TX	1.07 Million	9.2	23.5	3.1
44	Nashville, TN	1.05 Million	15.2	1.3	1.5
45	New Orleans, LA	1.05 Million	32.8	5.2	2.3
46	Raleigh–Durham, NC	1.04 Million	23.2	2.3	2.6
47	West Palm Beach, FL	1.01 Million	12.4	9.9	1.6
48	Memphis, TN	1 Million	39.9	1.3	1.1
49	Hartford–New Britain, CT	1 Million	8.1	7.8	7.8
50	Buffalo–Niagara Falls, NY	976,500	10.8	2.3	1.3
51	Monmouth–Ocean, NJ	973,200	6.2	4.7	3
52	Jacksonville, FL	948,400	21.4	3.4	2.6
53	Rochester, NY	911,700	8.8	3.4	1.9
54	Oklahoma City, OK	904,000	9.9	4.3	2.2
55	Louisville, KY	895,500	12.2	0.8	0.8
56	Richmond, VA	847,800	29.1	1.5	1.9
57	Birmingham, AL	836,500	26.3	0.7	0.5
58	Dayton, OH	825,400	13.4	0.8	1.3
59	Westchester, NY	797,800	no data	no data	no data
60	Greenville–Spartanburg, SC	783,200	16.9	1	0.9

(Continued)



<i>Rank</i>	<i>Market</i>	<i>Population</i>	<i>% Black</i>	<i>% Latin</i>	<i>% Asian</i>
61	Albany–Schenectady–Troy, NY	738,000	4.6	2	1.8
62	Honolulu, HI	730,400	3.3	6.5	64.6
63	McAllen–Brownsville, TX	727,600	0.2	85.1	0.4
64	Tucson, AZ	722,600	3.3	26.2	2.4
65	Tulsa, OK	704,700	7.5	2.5	1.1
66	Grand Rapids, MI	666,000	6	3.6	1.6
67	Wilkes Barre–Scranton, PA	652,100	1.1	1.1	0.8
68	Fresno, CA	636,600	4.3	40.3	10.7
69	Allentown–Bethlehem, PA	631,700	1.9	4.9	1.6
70	Ft. Meyers–Naples, FL	624,200	5.8	9.4	0.8
71	Knoxville, TN	598,000	6.1	0.8	1.1
72	Albuquerque, NM	590,700	3	36.8	2
73	Akron, OH	586,200	10.4	0.7	1.2
74	Wilmington, DE	551,400	16.1	3.2	1.9
75	Monterey–Salinas, CA	546,800	3.4	32.3	8.3
76	El Paso, TX	545,200	3.1	73	1.5
77	Harrisburg–Lebanon, PA	537,200	7	2.1	1.6
78	Sarasota–Bradenton, FL	534,800	6	3.9	0.9
79	Syracuse, NY	534,800	5.8	1.6	1.7
80	Omaha–Council Bluffs, NE	521,200	8.2	4.6	1.7
81	Toledo, OH	509,900	11.4	3.6	1.3
82	Springfield, MA	509,600	6.3	8.4	2.1
83	Baton Rouge, LA	493,200	30.1	1.7	1.4
84	Greenville–New Bern, NC	490,300	25.5	3.6	1.5
85	Little Rock, AR	490,300	19.8	1.8	0.8
86	Gainesville–Ocala, FL	459,700	16.4	4.5	2.2
87	Stockton, CA	459,000	4.8	27.4	15.8
88	Columbia, SC	459,700	28.5	1.7	1.4
89	Des Moines, IA	453,800	3.6	2.4	2.7
90	Bakersfield, CA	453,100	5.5	35.4	4.6
91	Mobile, AL	450,500	26.5	1.3	0.9
92	Wichita, KS	450,000	7.4	5	2.4
93	Charleston, SC	446,500	29.7	1.9	1.7
94	Spokane, WA	444,900	1.2	2.5	2.1
95	Daytona Beach, FL	441,000	10	5	1.2
96	Colorado Springs, CO	434,800	6.7	9.8	3.4
97	Madison, WI	429,300	3.2	2	3.2
98	Johnson City–Kingsport, TN	419,200	2.2	0.6	0.4



<i>Rank</i>	<i>Market</i>	<i>Population</i>	<i>% Black</i>	<i>% Latin</i>	<i>% Asian</i>
99	Lakeland–Winter Haven, FL	416,000	14.2	5.1	1
100	Melbourne–Titusville, FL	414,900	8.7	4.3	2.2
101	Ft. Wayne, IN	396,800	6.8	2.1	0.9
102	Lexington–Fayette, KY	412,600	9.7	1	1.5
103	Lafayette, LA	411,300	27.2	1.7	1.1
104	New Haven, CT	410,600	12.6	6	2
105	Morristown, NJ	409,000	3.3	6.1	6.2
106	Chattanooga, TN	406,900	13.5	1	1
107	York, PA	404,300	3	1.8	0.9
108	Youngstown–Warren, OH	403,000	11.5	1.7	0.6
109	Roanoke–Lynchburg, VA	389,500	15.9	0.9	0.8
110	Bridgeport, CT	398,200	9.7	11.4	2.9
111	Visalia–Tulare–Hanford, CA	394,700	3.1	42	5.6
112	Augusta, GA	376,300	31.8	2.2	2.2
113	Lancaster, PA	392,100	2.2	4.4	1.6
114	Santa Rosa, CA	390,200	1.3	12.9	3.8
115	Oxnard–Ventura, CA	386,900	2.6	40.3	6.8
116	Huntsville, AL	385,400	17	1.5	1.6
117	Ft. Pierce–Stuart, FL	382,800	12.1	5.1	1
118	Worcester, MA	381,500	2.3	5	2.4
119	Portsmouth–Dover, NH	372,300	0.7	1.1	1.3
120	Lansing–East Lansing, MI	372,500	7.2	4.3	2.7
121	Boise, ID	366,600	0.5	7.2	1.5
122	Jackson, MS	365,200	41.1	0.6	0.6
123	Modesto, CA	360,800	1.6	25.6	6.8
124	Flint, MI	357,600	20.1	2.2	0.9
125	Pensacola, FL	350,600	16.9	2.5	2.7
126	Fayetteville, NC	345,900	27.3	6	2.5
127	Reno, NV	342,500	2.3	12	5
128	Canton, OH	341,200	6.8	0.9	0.5
129	Saginaw–Bay City, MI	331,700	9.5	4.8	0.9
130	Ft. Collins, CO	331,700	3.7	2.3	2.3
131	Reading, PA	319,800	3	5.7	1.4
132	Shreveport, LA	319,000	34.6	1.4	0.8
133	Beaumont–Port Arthur, TX	317,400	23.8	5.1	2.2
134	Corpus Christi, TX	306,800	3.8	56.1	1.2
135	Atlantic City, NJ	303,900	14.6	6.9	2.6

(Continued)



<i>Rank</i>	<i>Market</i>	<i>Population</i>	<i>% Black</i>	<i>% Latin</i>	<i>% Asian</i>
136	Biloxi–Gulfport, MS	302,000	18.8	2	2.4
137	Trenton, NJ	300,700	19.1	7.4	4.6
138	Stamford–Norwalk, CT	300,000	10.3	8.3	3.2
139	Appleton, WI	298,600	0.6	0.9	1.7
140	Quad Cities, IA–IL	296,600	5.4	4.9	1
141	Burlington, VT	127,400	1.1	1.4	1.8
142	Peoria, IL	286,700	7	1.3	1.1
143	Newburgh–Middletown, NY	281,300	6.9	8.4	1.7
144	Springfield, MO	280,300	1.6	0.9	0.8
145	Ann Arbor, MI	279,300	11.7	2.4	5.8
146	Tyler–Longview, TX	278,800	20.4	5.7	0.7
147	Montgomery, AL	265,600	35.2	1	0.7
148	Eugene–Springfield, OR	275,600	0.7	3.4	2.4
149	Fayetteville, AR	272,300	1	3.1	0.9
150	Salisbury–Ocean City, MD	271,600	24.1	1.4	0.9
151	Huntington–Ashland, WV–KY	267,800	2.2	0.4	0.4
152	Rockford, IL	267,700	8.2	4.2	1.5
153	Macon, GA	260,000	37.2	1.8	1.2
154	Killeen–Temple, TX	253,100	18	14.5	4.4
155	Evansville, IN	248,100	6	0.7	0.6
156	Utica–Rome, NY	247,700	4.4	2.6	1.1
157	Flagstaff–Prescott, AZ	237,000	no data	no data	no data
158	Palm Springs, CA	244,100	2.3	39.3	4.7
159	Savannah, GA	242,600	35.8	1.9	1.5
160	Poughkeepsie, NY	238,100	8.3	4.7	3.3
161	Erie, PA	232,800	5.6	1.4	0.7
162	Portland, ME	226,600	0.7	0.8	1.1
163	Fredericksburg, VA	226,000	no data	no data	no data
164	Tallahassee, FL	226,000	26	3.3	2
165	New Bedford, MA	223,600	2.4	3.9	1.4
166	Hagerstown–Chambersburg, MD	222,800	5.1	1	0.8
167	South Bend, IN	222,200	9.9	2.6	1.4
168	Wausau–Stevens Point, WI	221,500	0.2	0.6	2.2
169	Myrtle Beach, SC	219,900	21.8	1	0.9
170	New London, CT	205,400	4.8	3.9	2.2
171	Ft. Smith, AR	213,500	3.7	2.3	2.3
172	Charleston, WV	213,500	5.3	0.5	0.6
173	San Luis Obispo, CA	213,000	1.9	16.3	3.8



<i>Rank</i>	<i>Market</i>	<i>Population</i>	<i>% Black</i>	<i>% Latin</i>	<i>% Asian</i>
174	Lincoln, NE	212,700	2.3	3	2.5
175	Binghamton, NY	209,300	1.7	1.4	2.2
176	Anchorage, AK	207,900	5.1	4.6	6.2
177	Wilmington, NC	207,600	18.8	1.4	0.7
178	Columbus, GA	204,000	39.5	4.4	2
179	Kalamazoo, MI	199,700	8.9	1.9	2
180	Lubbock, TX	199,400	7.7	25.4	1.8
181	Asheville, NC	198,100	7.4	1.2	0.7
182	Johnstown, PA	197,000	1.9	0.7	0.3
183	Tupelo, MS	195,600	20.6	0.6	0.2
184	Cape Cod, MA	195,600	1.7	1.3	0.8
185	Green Bay, WI	188,900	0.6	0.9	1.8
186	Topeka, KS	187,000	6.3	5.3	0.9
187	Odessa–Midland, TX	186,700	6.3	28.5	1.1
188	Dothan, AL	180,400	20.2	1.5	1
189	Manchester, NH	185,300	0.6	2	1.4
190	Yakima, WA	181,200	1.2	27.6	1.8
191	Amarillo, TX	180,500	5.6	14.7	2.6
192	Traverse City, MI	169,700	0.2	0.9	0.5
193	Waco, TX	178,700	15.4	13.9	1
194	Danbury, CT	178,400	2.3	4.1	2.9
195	Morgantown, WV	177,600	2.2	0.9	1.1
196	Merced, CA	177,000	4	34.9	9.9
197	Terre Haute, IN	172,600	3.1	0.7	0.8
198	Clarksville, TN	172,300	no data	no data	no data
199	Chico, CA	171,700	1.2	9.1	3.9
200	Santa Barbara, CA	168,800	2.2	27.1	5.9
201	Santa Maria–Lompoc, CA	168,500	2.5	34.7	5.9
202	Springfield, IL	168,800	7.7	1	1
203	Frederick, MD	165,700	7	1.6	1.4
204	Cedar Rapids, IA	162,400	1.9	1.4	1.1
205	Bowling Green, KY	161,400	2.4	0.7	0.6
206	Florence, SC	160,900	38.1	0.6	0.3
207	Medford–Ashland, OR	156,400	0.2	5.2	1.3
208	Elmira, NY	156,000	3.5	1.3	1
209	Tri-Cities, WA	155,700	1.7	15.6	2.8
210	Laredo, TX	154,500	0.2	94.8	0.5

(Continued)



<i>Rank</i>	<i>Market</i>	<i>Population</i>	<i>% Black</i>	<i>% Latin</i>	<i>% Asian</i>
211	Sioux Falls, SD	146,900	0.6	0.6	0.8
212	Champaign, IL	143,300	9.9	2.4	6
213	Bangor, ME	151,700	0.8	1.1	0.8
214	Alexandria, LA	152,500	27.5	1.6	0.7
215	Lake Charles, LA	149,800	24.3	1.4	0.5
216	Laurel–Hattiesburg, MS	147,400	24.5	0.8	0.6
217	Fargo–Moorhead, ND–MN	146,700	0.4	1.4	1.4
218	Blacksburg, VA	146,000	4.9	1.3	2.9
219	Ft. Walton Beach, FL	143,600	9.8	4.3	4.1
220	St. Cloud, MN	141,700	0.7	0.6	0.9
221	Tuscaloosa, AL	138,400	26.3	0.8	1
222	Muskegon, MI	137,900	no data	no data	no data
223	Duluth, MN	135,700	0.9	0.8	0.8
224	Winchester, VA	138,900	4.8	1.1	0.7
225	Charlottesville, VA	138,500	15.8	1.4	2.7
226	Marion–Carbondale, IL	138,000	5	1.4	2.1
227	Redding, CA	135,200	0.7	4.8	2.5
228	Rochester, MN	129,000	no data	no data	no data
229	Joplin, MO	133,700	1.1	1	0.7
230	Dubuque, IA	133,000	0.3	0.6	0.6
231	Abilene, TX	131,600	5.8	15.5	1.6
232	Bryan–College Station, TX	130,700	10.9	15.6	4.8
233	Wheeling, WV	130,500	1.9	0.5	0.4
234	Lafayette, IN	129,200	2.3	2.1	4.8
235	Bloomington, IL	129,000	4.3	1.6	1.7
236	Parkersburg–Marietta, WV–OH	127,100	1	0.4	0.4
237	Lima, OH	126,600	8.5	1.1	0.7
238	Santa Fe, NM	126,200	0.8	43.9	1.1
239	Waterloo, IA	126,100	5.7	0.9	1
240	Panama City, FL	125,800	12	2.4	2.8
241	Meadville–Franklin, PA	123,700	no data	no data	no data
242	Eau Claire, WI	123,400	0.3	0.4	2.4
243	St. George, UT	122,900	no data	no data	no data
244	Florence–Muscle Shoals, AL	121,900	no data	no data	no data
245	State College, PA	120,100	2.6	1.5	4.5
246	Pueblo, CO	120,000	2	37.7	0.8
247	Monroe, LA	119,300	31.1	0.9	0.7
248	Sussex, NJ	119,100	1.3	3.1	1.5



<i>Rank</i>	<i>Market</i>	<i>Population</i>	<i>% Black</i>	<i>% Latin</i>	<i>% Asian</i>
249	Elizabeth City, NC	116,100	2.4	0.7	0.6
250	Wichita Falls, TX	116,900	9.3	9.4	2.2
251	Columbia, MO	116,200	8.2	1.4	3.8
252	Battle Creek, MI	114,400	11.1	2.1	1.1
253	Altoona, PA	108,500	1	0.4	0.4
254	Billings, MT	107,800	0.6	2.6	0.6
255	Texarkana, TX–AR	107,800	22.4	2	0.5
256	Columbus–Starkville, MS	103,800	no data	no data	no data
257	Sioux City, IA	101,300	1.4	4.6	2
258	Williamsport, PA	99,900	2.4	0.7	0.6
259	Grand Junction, CO	98,900	0.3	8.7	0.9
260	Augusta–Waterville, ME	97,700	0.3	0.6	0.6
261	Albany, GA	95,200	46.8	1.4	0.7
262	Decatur, IL	95,100	12	no data	no data
263	Harrisonburg, VA	94,700	3.7	1.6	1
264	Mankato–New Ulm, MN	93,600	no data	no data	no data
265	Bluefield, WV	93,200	4.8	0.4	0.6
266	Lawton, OK	91,500	16.2	7.9	3.6
267	Watertown, NY	90,000	6.7	4	1.3
268	Rapid City, SD	87,200	1.9	2.5	1.5
269	Lewiston—Auburn, ME	85,500	0.5	1.1	0.7
270	San Angelo, TX	85,200	4	28.5	1.5
271	Ithaca, NY	83,500	3.6	2.6	7.2
272	Cookeville, TN	81,900	1.3	0.8	0.9
273	Bismarck, ND	78,300	0.1	0.5	0.6
274	Sebring, FL	78,100	2.4	0.7	0.6
275	Grand Forks, ND–MN	77,700	1.4	2.8	1.4
276	Jackson, TN	77,700	31.3	0.6	0.5
277	Owensboro, KY	75,800	4.1	0.3	0.4
278	Jonesboro, AR	70,400	no data	no data	no data
279	Mason City, IA	93,200	no data	no data	no data
280	Beckley, WV	67,800	7.4	0.6	0.6
281	Cheyenne, WY	66,900	2.7	9.4	1.5
282	Great Falls, MT	64,800	1.4	1.7	1.1
283	Meridian, MS	63,800	34.5	0.7	0.7
284	Brunswick, GA	56,900	27.6	1.6	0.8
285	Casper, WY	53,700	0.8	3.2	0.6

Source: Nielsen Topline Ratings From Subscribing Radio Stations <https://tlr.nielsen.com/tlr/public/market.do?method=loadAllMarket>



## APPENDIX 8

### Top 100 World Cities by Population

*Source: World Atlas.com (2016)*

1. Tokyo, Japan (37,843,000)
2. Jakarta, Indonesia (30,539,000)
3. Seoul, South Korea (22,547,000)
4. Delhi, India (22,242,000)
5. Shanghai, China (20,860,000)
6. Manila, Philippines (20,767,000)
7. Karachi, Pakistan (20,711,000)
8. New York, USA (20,464,000)
9. Sao Paulo, Brazil (20,186,000)
10. Mexico City, Mexico (19,463,000)
11. Cairo, Egypt (17,816,000)
12. Beijing, China (17,311,000)
13. Osaka, Japan (17,011,000)
14. Mumbai (Bombay), India (16,910,000)
15. Guangzhou, China (16,827,000)
16. Moscow, Russia (15,512,000)
17. Los Angeles, US (14,900,000)
18. Calcutta, India (14,374,000)
19. Dhaka, Bangladesh (14,000,000)
20. Buenos Aires, Argentina (13,639,000)
21. Istanbul, Turkey (13,576,000)
22. Rio de Janeiro, Brazil (12,043,000)
23. Shenzhen, China (11,885,000)
24. Lagos, Nigeria (11,547,000)
25. Paris, France (10,755,000)



26. Nagoya, Japan (10,027,000)
27. Lima, Peru (9,121,600)
28. Chicago, US (9,121,000)
29. Kinshasa, Congo (DRC) (9,046,000)
30. Tianjin, China (8,922,000)
31. Chennai, India (8,865,000)
32. Bogota, Colombia (8,702,000)
33. Bengaluru, India (8,670,000)
34. London, United Kingdom (8,586,000)
35. Taipei, Taiwan (8,338,000)
36. Ho Chi Minh City (Saigon), Vietnam (8,314,000)
37. Dongguan, China (8,278,000)
38. Hyderabad, India (7,903,000)
39. Chengdu, China (7,895,000)
40. Lahore, Pakistan (7,743,000)
41. Johannesburg, South Africa (7,618,000)
42. Tehran, Iran (7,419,000)
43. Essen, Germany (7,304,000)
44. Bangkok, Thailand (7,151,000)
45. Hong Kong, Hong Kong (7,106,000)
46. Wuhan, China (6,995,000)
47. Ahmedabad, India (6,482,000)
48. Chongqing, China (6,321,000)
49. Baghdad, Iraq (6,204,000)
50. Hangzhou, China (6,178,000)
51. Toronto, Canada (6,139,000)
52. Kuala Lumpur, Malaysia (6,094,000)
53. Santiago, Chile (6,015,000)
54. Dallas-Fort Worth, US (5,874,000)
55. San Francisco-San Jose, US (5,864,000)
56. Quanzhou, China (5,798,000)
57. Miami, US (5,582,000)
58. Shenyang, China (5,553,000)
59. Belo Horizonte, Brazil (5,523,000)
60. Philadelphia, US (5,474,000)
61. Nanjing, China (5,455,000)
62. Madrid, Spain (5,427,000)
63. Houston, USA (5,383,000)
64. Xi'an-Xianyang, China (5,253,000)
65. Milan, Italy (5,232,000)
66. Luanda, Angola (5,204,000)
67. Pune, India (5,156,000)
68. Singapore, Singapore (5,155,000)
69. Riyadh, Saudi Arabia (5,037,000)



70. Khartoum, Sudan (4,887,000)
71. Saint Petersburg, Russia (4,879,000)
72. Atlanta, US (4,715,000)
73. Surat, India (4,687,000)
74. Washington, D.C., US (4,679,000)
75. Bandung, Indonesia (4,674,000)
76. Surabaya, Indonesia (4,617,000)
77. Yangon, Myanmar (4,528,000)
78. Alexandria, Egypt (4,526,000)
79. Guadalajara, Mexico (4,524,000)
80. Harbin, China (4,477,000)
81. Boston, US (4,427,000)
82. Zhengzhou, China (4,379,000)
83. Qingdao, China (4,378,000)
84. Abidjan, Cote d'Ivoire (4,368,000)
85. Barcelona, Spain (4,223,000)
86. Monterrey, Mexico (4,180,000)
87. Ankara, Turkey (4,172,000)
88. Suzhou, China (4,159,000)
89. Phoenix-Mesa, US (4,076,000)
90. Salvador, Brazil (4,032,000)
91. Porto Alegre, Brazil (3,965,000)
92. Rome, Italy (3,799,000)
93. Accra, Ghana (3,792,000)
94. Sydney, Australia (3,785,000)
95. Recife, Brazil (3,756,000)
96. Naples, Italy (3,726,000)
97. Detroit, USA (3,724,000)
98. Dalian, China (3,717,000)
99. Fuzhou, China (3,713,000)
100. Medellin, Colombia (3,686,000)

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# GLOSSARY OF MUSIC AND INDUSTRY-RELATED TERMS

**A2im**—American Association of Independent Music; formerly (NAIRD) National Association of Independent Record Distributors.

**Ad schedule**—Schedule of advertising spots, usually referring to radio. Example: 60 30-second spots to run 15 per day from Friday through Monday.

**Add**—Radio play term referring to when a station officially adds a track to the playlist.

**AFIM**—American Federation of Independent Musicians.

**A&R**—Artist and Repertoire; responsible for discovering talent.

**BDS**—Broadcast Data Systems. BDS monitors radio and television broadcasts, identifying songs and commercials as they are being aired.

**Broadcast corporations**—Large corporations owning sometimes hundreds of radio stations of multiple formats.

**Buy-in**—Sales term meaning essentially to submit a purchase order from retail to wholesale with terms, not cash.

**Buzz**—“Creating a buzz”; generating a level of consumer awareness and interest in a release.

**Call letters**—Radio term for identifying insignia of a station, i.e., KMEL or WNUR.

**Commercial radio**—“For profit” radio stations. These are generally the largest and most popular stations in a market, but not always.

**Co-op**—Typically referring to structured arrangements with retail to prominently place, promote, and push a particular title inside the store throughout a region.

**CPG**—Consumer packaged goods.

**Cutouts**—Previously released, dated, and deeply discounted music product re-packaged and re-released.

**Disbursement schedule**—Stated in the Distribution Agreement, it is the timeline and terms by which payment will be remitted.

**EP**—“Extended play” retail music single.

**Fulfillment**—The act of responding to purchase orders submitted by retail.

**Genre**—Category of music, i.e., pop, R&B, rap, country, Christian, etc.

**Indie**—Short for *independent*; generally referring to independent record labels or artists.

**In-store**—Promotional term referring to promotional appearance inside a retail music store location.

**ISRC**—International Standard Recording Code.

**Listening post**—A listening station or device inside retail outlets facilitating the preview of selected music titles for sale.

**Market**—Term defining a particular city or cluster of closely neighboring cities.

**MBA**—Music Business Association; formerly National Association of Recording Distributors (NARM).

**MD**—Music director (radio).

**Media**—Platforms for storing or conveying recorded music to listeners and consumers, i.e. compact disc, vinyl, etc.

**Mediabase**—Music industry service that monitors more than 1,800 radio stations' airplay, continuously updated 24 hours a day, 7 days a week, 365 days a year. Mediabase produces airplay charts for US and Canadian radio stations, satellite radio and music television.

**Mix-show**—Radio segments or time slots generally programmed by individual DJs incorporating mixes of many tracks.

**Mom and pops**—Reference to independently owned and operated music retail outlets.

**MRI**—Music and Recording Industry.

**Muze, Inc.**—Organization that brings information solutions to retailers.

**NAIRD**—National Association of Independent Record Distributors.

**NARM**—National Association of Recording Merchandisers.

**Non-comm radio**—Non-commercial radio: college, NPR (nonprofit radio), community radio.

**One-sheet**—Reference sheet used to detail one title containing all the pertinent data for that title, i.e., artist name, title, production credits, marketing plans, UPC number, wholesale info, artist bio, etc.; commonly used industry-wide by retail buyers and distributor sales staffs.

**One-stop**—Regional distributor or fulfillment house typically servicing smaller independent retail establishments within a region.

**PD**—Program director (radio personnel).

**Playlist**—Radio term for the track list representing a station's core music titles played; generally 20 to 30 tracks total.

**POP**—Promotional items, i.e., posters, flyers, decals, postcards, etc.

**POS**—Acronym for point-of-sale; the point at which product is sold to its end user (retail stores).

**Print media**—Magazines, newspapers, hard-copy trade publications.

**PROs (Performing Rights Organizations)**—ASCAP, BMI, SESAC and SoundExchange.

**Product placement**—Term used to describe placement of music product at retail.

**Product platform**—Term used for any medium or format used to host music for the purpose of selling at retail, i.e., CDs, MP3, MP4, DVD, vinyl, etc.

**Purchase order (PO)**—Document showing order or request for product by retail.

**Rack jobber**—The jobber rents space for racks and bins from the retailer for a flat monthly fee. The jobber offers complete servicing of the area and retains all the money collected from sales. The jobber pays the host store a percentage of sales. Example: Anderson Merchandisers (Wal-Mart).

**Radio clean**—Indicates that a track is edited of explicit content and ready for radio.

**Radio friendly**—Indicates that a track is well suited musically for radio play, just as “club friendly” indicates a track is suited for dancing and club enjoyment.

**Region**—Cluster of markets or states; i.e., southeastern US or the Midwest.

**Regular rotation**—Having made the playlist at a radio station, defined as 9 to 25 spins per week at a given station.

**Retail promotion**—Pushing product titles to retail buyers and account reps in order to get them to “buy-in” or place your product on the shelves of their POS (point-of-sale) outlets.

**Retail systems**—Internal inventory management and tracking systems used by retail companies.

**Returns**—Product placed at retail that has failed to sell through and is returned to the distributor by retail companies.

**RIAA**—Recording Industry Association of America.

**ROI**—Return on investment.

**Royalty**—Payment made to an artist, writer, or composer for each copy of a work sold at retail.

**Sell-through**—What occurs when product placed at retail is purchased by the end user/customer.

**Shrinkage**—Term used by retail referring to product lost or unaccounted for after inventory count as a result of theft primarily.

**Snippets**—Promotional tool used for giveaways to potential consumers consisting of all the tracks of an album reduced to short samples (60 to 90 seconds).

**SoundScan**—Online information system that tracks actual music product sales throughout the United States.

**Spin rate**—The per-day or per-week spin count on radio for a particular track; how many times the track is played on the air.

**SRP**—Suggested retail price.

**Street team**—Independent promotions firm. Street teams spread POP at the street level to generate consumer demand and awareness for music product releases.

**Trades**—Refers to music industry publications, i.e., *Billboard*, *CMJ*, etc.

**Units**—Term used to refer to individual product item. For example: 1,000 CDs are referred to as 1,000 units.

**UPC**—Universal product code; bar code.

**Volume economics**—Acceptance or realization of a lower margin with the expectation of profiting more substantially overall by moving greater volume.



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