

## NOTES AND GUIDANCE

# DISTRIBUTORS

There are many ways in which to distribute a product by using traditional and electronic means.

In the conventional world of physical distribution, the Distributor gets the records into retail outlets ( shops ). They have warehouses to store the stock, and vans to deliver it to the shops.

The major record labels traditionally had their own distributors, although nowadays most have outsourced the job to independent distributors. Independent labels will also require a distributor to get their product into the shops.

Labels now have to deal with digital distributors, who sell product online through digital downloads. More and more music is being bought this way as consumers find it easy to log onto a website or download a tune through their mobile phone.





### HOW DO YOU GET DISTRIBUTION?

If you are a small label and want to release a record, an often – asked question is ‘How do I get distribution?’

The fact is that it can be difficult to get conventional physical distribution in the early days, as distributors will usually work with labels that have been in business for some time. As the distributor will be effectively investing too, you will need to demonstrate that you have means of promoting a release and possibly also sufficient products to make it worthwhile for the distributor to engage with your label and create a management system to track sales revenue.

As a label you would have to be prepared to sign a contract with your distributor. Distributors will often want ‘exclusive’ agreements with the labels they choose to work with. You may also need to prove your worth to distributors by showing them how many records you have sold at gigs, internet sales, and any other alternative methods.

Many labels and distributors suffer money problems, and you cannot afford to get attached to a distributor that may not be able to pay its invoices. Search on Companies house and access data from the companies annual accounts record.

#### TIP

Look at chapter 2 for ways in which you can research and find a distributor.

When searching for a distributor find out what labels they represent, and try to talk to some of those labels to find out how well the distributor did getting records into retailers.

You will expect to pay a distributor a percentage of up to 40% of retail sales, so you may want to find out if the distributor has a sales staff and how large it is.

Other questions to ask include:

What commitment will the distributor make to help get your records into stores?

Is the distributor truly a national distributor, or only a regional distributor with ambitions to be a national distributor? (Many large chain stores will only work with national distributors).

#### TIP

Check the distributor’s financial status if you can.

#### TIP

It may not be possible to get a distribution deal for your music. But you do have an alternative – do it yourself!

There is nothing to stop you selling your own music at gigs, or even via your website. In effect, you are doing your own distribution and retail. These methods can help you get started as you build a fanbase for your music. However you do need to assemble a team with a lot of skills to do this. Many artists offer free downloads or previews on their websites instead.

### DEALING WITH A DISTRIBUTOR

Be aware that as a new label you will have to offer a distributor 100% on returns of your product. You must bear all the costs of any distribution and retail promotions, and be able to furnish the distributor with details of your continued promotional and marketing commitment as well as the relevant sales information and label details.

Distributors may ask for free promotional copies of your release to give to the buyers at the retail stores, make sure all promotional copies carry a sticker or printed message stating ‘for promotional purpose only – not for retail sale’.

Don’t expect a distributor to pay your invoices in full or on time. You will always be owed something by the distributor because of the delay between orders sent, invoices received, time payment schedules and whether or not your product has sold through, or returns are pending.

Create a relationship that is a true partnership between your label and the distributor and keep the distributor updated on any and all promotion and marketing plans and outcomes, as they develop. Work your product relentlessly on as many fronts as possible.

Remember

Your distributor is only as good as your marketing plan to sell the record. Don’t expect them to do your work for you.

#### TIP

Information for indies on distribution - go to [www.bpi.co.uk](http://www.bpi.co.uk) and look for ‘distribution’.

DIGITAL DISTRIBUTION

Digital distribution means selling your music digitally over the internet. Where traditional selling of music involves taking a physical product, moving it to the shops and consumers buying it and taking it home, digital distribution is a cost saving way of reaching an audience, missing out the physical product stage. As there is no physical product there is no need for fleets of lorries moving it round the country, and no real need for a physical shop. You can buy and sell your electronic product ( MP3 ) from an electronic or virtual shop.

What costs have been cut?

- Manufacture of product.
- Distribution around the country.
- Damage to stock.
- Physical premises for retailer.

You can get your product on the internet in a few ways...

- Sign up directly to an online distributor. Most have non-exclusive contracts.
- Use an intermediary to get your product on several sites at once, for a fee.
- Sell directly from your own site.

The problem with selling directly from your own site is handling the payment. As well as designing your own website, you will have to set up an account with ( for example ) Paypal. It may be easier to sign up with an online distributor and link to it from your site than to try to sell your own.

Examples of online distributors are:

- cd baby - [www.cdbaby.net](http://www.cdbaby.net)
- Ingrooves - [www.ingrooves.com](http://www.ingrooves.com)
- Mainbeat - [www.mainbeat.com](http://www.mainbeat.com)
- od2 - [www.ondemanddistribution.com](http://www.ondemanddistribution.com)
- the orchard – [www.theorchard.com](http://www.theorchard.com)

Selling online has changed the music industry. Over Christmas 2004 the number of downloaded ( paid for ) MP3 singles equalled the number of CD singles sold. Over 20 million ipods have been sold. In 2005, the single and download charts were combined, so that if a song is available as both a CD and an MP3, the MP3 sales count towards the chart position.



Go to the BPI website and search for digital distribution. They have a guide on digital distribution for independent labels, including lists of online distributors.

Promoting your music using the internet

There are other websites which allow you to upload your music and join a community of music fans who can spread the word about you. Examples include:

[www.myspace.com](http://www.myspace.com) – a very popular site which draws attention from the music industry. You can upload your music, get feedback on it and build a fanbase. The amount of interest you have can give you an idea of how many customers would be interested in buying your product.

[www.soundclick.com](http://www.soundclick.com)  
similar to myspace but for music fans only

[www.livejournal.com](http://www.livejournal.com)  
similar but you need to know a bit more about web design

[www.peoplesound.com](http://www.peoplesound.com)  
free MP3 downloads from emerging artists ( that could be you! )

GLOSSARY OF  
TERMS USED IN  
DISTRIBUTION

Telesales

This team works on behalf of the distributor and calls retailers to tell them about a release and achieve advance orders. They may offer incentive deals to the store and even play the record down the phone. The telesales team will need information about the progress with DJ’s in the clubs, Radio and TV and any press or advertising, in order to influence the buyer at a store.

Salesforce

Sales representatives of the distributor or independent teams visit stores to deliver stock and sell additional stock into the dealer / record buyer. This activity usually builds upon the work undertaken by the telesales team and typically, around 10 reps would cover the UK.

Van Sales

Working in a similar manner to the salesforce team, Van Sales may service specialist stores and dealerships and distribute and sell stock, popular with niche market product such as jazz and dance. They plug the gap by supplying shops who are unable to get an account with a large distributor.

Export

Most distributors provide an export service to clients by getting record releases out to specialist stores on an international basis. You can also export your stock independently by using agents. You can source agents using directories such as Music Week Directory.





## CASE STUDY

GARETH Digital distribution manager

### What do you do?

I have developed, set up and now run a website 'Audigist' selling MP3 downloads for both unsigned artists and independent record labels. Alongside this I own a mobile recording company which specialises in gig recording, and I teach on a range of music courses at a large college in Manchester.

We've been trading for 18 months and are now seeing an average of 30,000 hits per month, with hundreds of tracks being hosted for a range of genres.

### How does the digital distribution business work?

There are three main roles; webmaster, account management and data analysis.

The web side of the site includes initial coding, and day to day running. We have a server which hosts this site and a few others.

The majority of the workload revolves around Account management; setting up accounts for new artists, converting and uploading MP3's, liaising with the artists and ensuring that any support issues are handled promptly. On average, each new artist sign up takes 2 hours, including email communications and the conversion and uploading process.

The Data analysis aspect of the business is to keep track of statistics for website hits; where customers are coming from, how regularly, how long they are spending on the site and who is selling the most MP3's. We also have to manage the finances and ensure we are running efficiently in that sense.

### TIP

Keep the bigger picture in mind at all times – there is plenty of competition so be sure you know how your service fits in

Ensure you communicate quickly and effectively with your customers

Research new ways of marketing the site and ensure the brand is built and named wherever possible

Don't underestimate the power of favours – work experience students are invaluable

WANT TO KNOW MORE? Go to the 'Want to know more' section in chapter 2