



Budi Voogt // heroic.academy

Understanding the Music Industry

The Series

Understanding the Music Industry is a series that outlines the framework of the business, explaining the roles of the industry professionals, what their jobs entail, when it's important to involve them and deal specifics that you want to be aware of. Artist managers, booking agents, music publishers, labels, A&Rs and others – we'll treat them all.

Lets rewind about four years, to my first days in the music business. I had teamed up with my best friends, whom had started producing. I would be their manager. We were eager and ambitious. And absolutely clueless.

I had no idea what an artist manager really did. Nor did they know what goes into being professional artists.

Our enthusiasm and drive would make up for that lack of knowledge. We would wing it, learn on the fly, failing and learning from our mistakes.

Not a bad approach at all - but perhaps more admirable for initiative and grit, than for efficiency.

What we lacked was insight into the framework that underlies the modern music industry. An understanding of the interconnected gears and sprockets - the music industry professionals - that drive the careers of successful artists.

Part 1: Artist Managers & Booking Agents - what they do and why you need them

Artist manager, booking agent, music publisher, label A&R, radio promoter, PR agent, event promoter... we didn't really know what all these jobs entailed, what work they did or at what stage they became relevant to an artist's career.

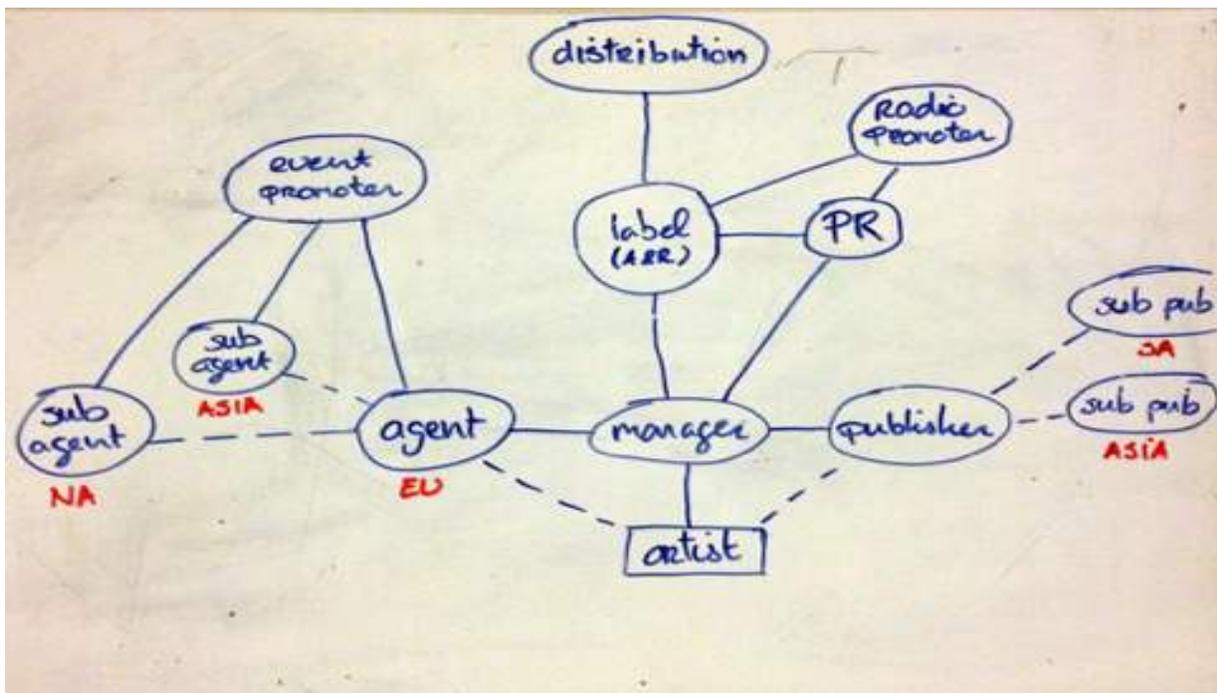
I suspect that if we did have that knowledge, this initial four year journey would have brought us farther than we are now.

The Framework

Example of the team that we have built around one of our own artists.

Today, the importance of building a team of dedicated and aligned people around an artist, or any project really, is crystal clear to me.

There is only so much that you can do independently. What people miss is the amount of 'team effort' that goes into making an artist successful. All the big guys at the top have a manager, booking agents for different territories, a dedicated label A&R, a PR person, so on.



Independents today have the tools to kick-start their careers themselves, and they need to - with the overload of supply on the market. However once the ball is rolling, bringing the right people on board, at the right time, can propel success to whole new levels.

The goal of this series is to give you insight into that framework. To explain what all the different music business professionals do, what typical deals look like and when you should involve them. So that when you start making waves, you'll know what to do.

The Core

Closest to the artist are the manager, booking agent and music publisher.

These are the people that start working with an artist in the earliest phase of their career. Sometimes a manager is found first, other times an agent, and often these two jobs are done by one and the same person.

Publishers tend to come into the picture later, once an artist is represented by management or is releasing music that's showing promise.

Labels are becoming involved sooner too, as the rise of the internet has lead to a surge of independent labels, whom are picking up brand-new but promising artists and showcasing them to the world. This is especially true for electronic music, where the net-labels are often involved with artists even before attentive managers and agents are.

'The Core' is the group of people that is closest to the artist. Often the manager, agent and publisher. They help build the career of an artist from the ground up, many times starting their collaboration before even an ounce of success has been achieved. It is their job to shield the artist from the outside world, to take care of all business affairs in their domain, and to find and involve other people that believe in the artist and want to work for them.

You'll find that the most successful artists always have a strong Core group surrounding them. People they've been with for years, that have all become perfectly aligned and dedicated to a mutual goal - their artist's success.

Artist Managers

An artist manager's job is multifaceted and broad in scope. In essence, their primary duty is this - to create opportunities.

It's their task to devise and execute a strategy. To facilitate the artist to excel artistically, in some even streamlining their personal lives. To connect them to the right people. To create a state of order from which creative work is easily done. To bring the right people on to the artist's team, for the right reasons, at the right time. To make the decisions that the artist doesn't want to make. To give the bad news that the artist doesn't want to spread.

A good manager has a plan for an artist and will do everything in his power to make that a reality.

That entails coordinating and streamlining the efforts of everyone working for an artist; agents, publishers, label A&Rs, PR people and others. It also entails making countless of sales calls and pitches, negotiating contracts and relentlessly pursuing opportunities - even when the odds are slim.

Managers need to truly believe in their artists. It's necessary for the job. To endlessly sell and receive NO for an answer most of the time. To be an objective sounding board for the artist, being able to say so when a product or track isn't good enough. To be critical to the outside world - filtering out the nonsense and telling people how it is. With tact. And then still maintaining that belief in the inevitable success that's coming in the future.

Artist-manager relationships become very personal over time. I think it's a necessity. The best managers are involved artistically, helping curate and develop the musical content and branding. These things concern creative ideas, which are very personal in nature. For artists to receive and appreciate feedback from a manager, it's necessary to establish trust but also to have respect for each others' authority on certain subjects. I can be critical about certain things to my artists, because they respect my opinions on those matters.

Types of managers

Managers that start working with an artist in the early stages of their career are often business oriented friends or want-to-be industry professionals, that take on the job because of a belief in the music. In the early stages the manager is often also the booking agent. These are the individual managers.

In the higher tiers, managers work for agencies and sometimes for record labels. They tend to have bigger networks and more resources, but are more selective about the artists they work with. As a rule of thumb, you should assume that the higher up the chain you go, the more people will preselect for artists that are already making waves independently. Also, managers at

big agencies tend to have more artists on their roster, resulting in less time spent on each individual act.

For the really rich musicians, management can be split up into music management and business management. The prior is all that we have just discussed, whereas business management takes a more financial spin. These managers concern themselves with asset and capital management, do investments for their clients, find tax and administrative loopholes.

There is something to be said for both the stand-alone managers as for the agencies. My experience has taught me to never work with people where the artist is not among their top priorities. Be watchful of the people that sign artists like notches, to hedge their risk in the hope that one of them will break through. Our best results came from working with people that were enthused to work with our acts, showing initiative out of their own accord - even if they had a lesser track record or weren't with a big agency. It's not all in the name.

The deal

The deals on which managers sign acts vary widely.

Beginning managers often work with acts on the basis of a gentleman's agreement. This is a procedure that sometimes extends to the honeymoon period of more serious artist - manager relationships. This is the trial period before an actual contract commences.

Serious managers sign their artists, working for a commission ranging between 10-20% off gross revenue. The industry norm is 15%, however the rate should be decided upon based on the manager's (future) contribution to an artist's career. Most managers will take this cut off gross revenue, meaning all revenues without any deduction of costs. I'm against that - a fair manager should only make money when the artist does.

The term for these agreements range from 1-3 years, the latter being most common. I view management as a long-term investment so will always try to sign artists for a three year term. You're building something together after all.

Managers also hedge against the risk of creating success for an artist and then being abandoned, by so called Sunset clauses. These entitle the manager to a certain percentage commission, diminishing per year, for a period after the agreement with an act ends. For example, if I sign an act for three years on a 20% commission, and we end our collaboration after that third year, I'd ask for a 15% commission in the fourth year, a 10% commission in the

fifth, and so on until we end at 0%.

Established artists have more clout in new contract negotiations, as the managers have contributed less to their development. The bigger the act, the less dependent they are on a manager's involvement for success. And in those cases the manager also stands to gain esteem by working with the act.

Booking Agents

The booking agent's job is to facilitate live performances, in the broadest sense.

This entails securing and arranging performances, negotiating deals, arranging proper technical set-ups for shows, and in many cases also securing hospitality (hotels, dinners), logistics (travel, flights) and promotional efforts.

They receive requests for performances and pitch the artists. This leads to offers which they negotiate on until a deal is closed. During this period, an 'option' is held on the date and time-slot for that promoter. Good agents make sure that contracts are signed long before the actual show, and collect deposits (read: payments) beforehand.

I am in favor of having 100% of the deposits collected before a show, as the last thing you want to do is to chase a promoter for money after you've already performed - that removes all your leverage. It's the agent's job to make sure this is agreed upon per contract and that the cash actually comes in in time. Also they communicate the technical requirements for the show with a document called a 'technical rider' and include hospitality and logistics in the contracts they sign with the promoter.

Agents represent artists for specific regions. This is done as it is unreasonable to expect that an agent in one market (read location) will have the same network and clout as in another. The major territories are split up as Europe (EU), North America (NA), South America (SA), Asia and Australia + New Zealand (Aus / NZ). Asia, Australia and New Zealand are often combined.

Big acts often have one head-agent, whom coordinates all the sub agents in the different territories. For example, for our artist San Holo, I am currently his head-agent as his manager, and I coordinate our sub agents in Australia and North America.

The head agenda and event promoters

Agents work closely with management and the event promoters.

Management determines an artist's schedule for the coming year, dedicating certain periods to shows in specific regions. This is done in accordance with the head-agent. The agents in turn have to fill in these periods with shows. So the head-agenda might dictate a Europe tour in March, Canada in June, NA in July - August and then Asia leading up to Australia + NZ towards New Years. The primary agent or manager will then coordinate these dates to all the sub-agents.

Event promoters are the people hosting the events. We call them promoters. These range from small-scale groups that throw recurring nights at clubs, to venue owners, and the bigger event agencies. These bigger agencies host a wide variety of events in specific regions, sometimes even holding the rights to events that spread internationally. This is especially a thing in electronic music, where companies like Insomniac (Electric Daisy Carnival) and ID&T (Sensation) are responsible for most major. They in turn are owned by major entertainment conglomerates like Live Nation and recently SFX.

It is the job of the agent to foster relationships with the key promoters in their region, that host events to which their artists match. These lead to long term partnerships, where the promoter looks to certain agents to deliver the majority of the talent (read: acts). Big promoters will often ask for exclusivity on an artist for a specific region. For example, if you play EDC Las Vegas, it is very likely that you'll be asked to refrain from playing any shows in the state for a specific region.

The deal

Agents differ slightly from management as it is far more common for an agent to work solely on the basis of a gentleman's agreement. Also agents tend to have bigger rosters.

The bigger agencies and more serious agents sign agreements with acts. However, in many cases the deal between a head-agent and sub-agent not be on a contractual basis. It is much more common for these partnerships to be established on a verbal agreement or quick note via email, than via legal deal.

Agents work on a commission basis, varying between 10-15% of the artist's booking fee. The 10% rate is common in scenarios where the agent does not 'advance' the show, nor routes and

arranges hospitality and logistics. Advancing means following up to the promoter to ask about how the show will be promoted, what ticket prices will be, coordinating marketing efforts and so on. The 15% rate is the norm for the 'all-in' service of an agent. The duration of these agreements ranges from one to three years, two being most common.

In Europe, the standard is that agents charges the booking fee, hospitality and logistical costs, on top of the artist's fee. So if an act is booked for a show of 1 hour, for a fee of €500, the agent would charge €75 on top, in addition to hotel and travel costs. In the USA, this is different. 'All-in' shows are the norm there. Meaning that deals are made based on a full fee from which the agent's commission, hospitality and travel costs are deducted.

My recommendation is to solely involve agents when they express interest to work with an act out of own accord. If you have to sell them on working with you, don't be surprised if you are not on the top of their priority list. Also, a 15% commission is fair in exchange for advancing and routing hospitality and logistics. The agents can often to a better job than you can in their specific regions. Sure, I can book a flight to Asia, but by no means do I have insight into the local customs and tricks that can make travel there more efficient.

In terms of agreements, restrict the duration to two years at max - coinciding with a certain performance measure. For example that the agent has to match x amount of shows per period, or has to make specific tours happen. Also get on paper they they will always try to get their fees and costs on top of the artist fee, and that they collect full deposits before the shows.

In this second part we'll further explain the framework and thoroughly talk about music publishers, from both a traditional and synching perspective.

Enabling Greatness.

At the essence, success of modern artists is driven by having great music, an exceptional brand and working with a team that can leverage that to the next level.

Exceptional music is the result of relentlessly honing your craft. Putting in hours upon hours of work to get closer to the point of mastery. We've all heard the 10.000 hours theory, which explains extraordinary feats of individuals as the result of them reaching a magical benchmark of 10.000 hours of dedicated practice, roughly the equivalent of 10 years of hard work.

Whether true or not, mastering your toolkit will allow you to better express your creativity, separating you from the masses that lack the dedication.

Once you have the product - the great music and brand - you're not there yet. It needs to be marketed. **In today's industry, a poor release well marketed will fare better than a great release poorly marketed.**

To best leverage your product, you need to build a team of enablers around you, whom each have a specialty that contributes to your success. You build this team as you go, starting with the core as a newbie independent artists, adding more and stronger partners as you go. At the top tiers, artists have managers, booking agents, sub agents, publishers, sub publishers, a label and multiple employees there working to push releases, and so on. That compounded force is the driver.

Part 2: Music Publishers, Syncs and Licensing

Music Publishers.

The job of a publisher is to represent the works of an artist. These works are known as compositions, the written songs. Some publishers represent artists exclusively, and therefore their entire catalog, other times they represent selective works - or catalogues of record labels.

What they represent is the actual composition that underlies a sound recording (read: master).

Publishers represent these works by creating as many opportunities and revenue streams with it as possible; facilitating releases on labels, getting radio play, having artists co-write on other tracks (which creates new compositions to be exploited), licensing out selections of the song to be used in other songs (sampling), synchronization to media such as advertisements, TV and film, and a variety of other methods.

Publishers are incentivized to exploit the works they represent because they receive a share of the copyright, or control over it. To quickly recap what is more thoroughly explained in my guide to music copyright, the copyright to a song, aka composition, is divided into the writer's share and the publisher's share. The share attributed to the publisher varies in different domains, with the standard in the USA being 50% of the total composition and 33,33% in The Netherlands.

Income is derived from the copyright through licensing, grant of mechanical licenses (needed by labels to reproduce a song - for which a statutory rate of \$0,091 per reproduction is set in the USA) and public performance - such as radio and TV play of the song - for which rightsholders are entitled to royalties which are collected by a PRS (performance rights society) such as ASCAP.

This last feat is essential to have properly arranged if you're looking for a career in music. If you score a hit and get played on the radio worldwide, you need a publisher who will trace and collect the royalties owed to you - especially in foreign countries.

In the USA and Europe, performance rights societies typically do a good job of administering and collecting the royalties owed by the major broadcasters (TV and radio stations). When royalties are collected by a PRS in one country, that are owed to a songwriter that is registered with a PRS in a different country, the one society will transfer the funds to the other - in the case that they are partnered.

For example, if a song that is written by an ASCAP registered songwriter is played on Dutch national radio and royalties are collected by the Dutch PRS BUMA, the BUMA will then transfer the funds to ASCAP. This process takes time, and you'll find that foreign royalties take upwards of two years to be received after publication.

Sometimes, royalties get lost - especially in non-Western countries. This is why publishers employ sub-publishers, whom are tasked with the collection and administration within their specific domains, in exchange for a percentage of the publisher's share of income (paid by the main- publisher).

Big publishers pride themselves on having subsidiaries as it enables them to collect a lot of monies that would otherwise be left unaccounted for. It's common to see publishing deals that revolve solely around the administration of rights. And successful artists can justify giving up a share on their rights in exchange for the revenues earned.

Traditional Agencies.

Publishing agents typically work for agencies instead of by themselves. Most agencies are divisions of labels, with the powerhouses being divisions of major labels such as Universal, Sony and Warner.

To get a sense of their significance, note that 72% of the top 100 songs on USA radio in 2014 are

represented by only four publishers. Then realize that they likely control over 33,33% of copyright on all the works they represent. These four agencies are the true behemoths: Sony/ATV, Kobalt, Universal Music Publishing Group and Warner/Chappell.

Traditional publishers boast huge rosters that sometimes reach into the thousands of writers, besides the huge catalogues of work they represent. Individual agents here represent many more talents than you would see a manager or booking agent do, partly because their job is

more administrative and less creative and personal, but also because publishers actively hoard talents to sign - before they blow up.

Now, it's imperative for all industry professionals to scout talent in the early stages of their career, when they can still negotiate better deals (for themselves) and beat the competition to the signing. Yet for publishers, this can go to extremes.

Finding **publishing agencies with offices where four full-time employees represent upwards of 200 artists is not uncommon**. Only their most successful artists get full attention, whereas the rest is neglected. This is the result of publishers wanting to improve their chances of striking gold and hedging their bets: the success of a few writers pay for the investments in all the others, and the more promising writers are signed, the bigger the odds of one blowing up.

This has its obvious downsides for artists and it's a common phenomenon to see artists sign with publishers, take an advance, to later find themselves tied down with a publisher that isn't actively working for them. I therefore urge you to be reluctant with these deals in the early stages of your career, as you won't fully appreciate the value of your publishing share yet. Only once you develop momentum will you have the clout to negotiate a good deal, guaranteeing that your publisher will work for you - and leave you off the 'hedged bets' shelf.

Nevertheless, a pro-active publisher can greatly contribute to your career. They can pair you up with other writers, deliver top-lines (lead melodies and vocals), finance studio recordings or other endeavors and negotiate and check legal contracts for you.

It's also interesting to note that many labels have 'publishing pools' together with publishing agencies, which puts labels in a position to sign the publishing rights on the records they put out (instead of solely the master rights). These rights are placed in the publishing pool, where the publisher actually does the publishing - with revenues split 50/50 between the label and publisher.

The Deal.

Traditional publishers sign artists exclusively, representing all their works. The standard duration is an initial three years, followed by yearly extensions.

Make sure that you sign over control over your works, not ownership, and never go beyond your country's standard of publishing share: 50% in the USA, 33,33% in The Netherlands.

Many deals will request that the publisher stays entitled to administer works that were created during the term, for an everlasting period. This is done as they can argue they've contributed to it's creation, possibly by arranging top-lines or co-writers. You want to push this down to 10 years maximum.

An advance on royalties will be offered with a new deal, which is an up-front payment on royalties that you have yet to earn. As attractive as this may sound, be very wary with this, as publishers use it as a way to lock down talent. **Normal advances are recoupable, meaning that the publisher will withhold all the income due from your writer's share, until the advance is paid back.** In the case the advance is not recouped within the initial term of the agreement (say an initial three years), the contract is automatically renewed for another period. Always ask for a non-recoupable advance, do not sign the deal otherwise.

Sync Agencies.

Scoring syncs means to pair up songs in media such as advertisements, film and TV. These opportunities are also pursued by traditional publishers, however there's a special branch of agencies that focus solely on this activity - **the sync publisher.**

Because of this focus, sync publishers tend to sign works on a per title basis, instead of signing artists exclusively (and therefore their total catalog). They cherry-pick tunes that are most likely to get synched.

In order to grant sync licenses, the publisher needs to grant the licensee two licenses - a composition sync license and a master sync license. The prior can be granted by the party in control of the composition (typically the publisher of an artist), the latter can only be granted by the owner of the master (typically the record label - or the artist, in the case of a self-release). The licensees in these scenarios are typically movie studios, broadcasting networks or advertising agencies (whom are hired by corporations to create marketing campaigns).

There's a lot to be gained from scoring a sync, both financially and in terms of exposure. Just imagine what a Campbell soup advertisement, broadcasted on TV, would do for you if your track were put underneath it. It's an interesting field to investigate - and if you're signed with a traditional publisher, you definitely want to urge them to pursue sync opportunities - both by themselves and by working together with synch agencies (whom can be incentivized to participate, if you can convince your traditional publisher to give up half of their publisher's share in the case the synch partner lands a placement).

The sync working process is driven by the demand of the clients (ad agencies, broadcast networks, etc) more than by the supplied music. When a publisher receives a brief for an advertisement for which they're looking for music, they will look for a fitting track - instead of looking for the right advertisement for the music.

The Deal.

Sync publishers sign works on a per title basis or represent catalogues of partners such as labels. Most of these works are represented non-exclusively, as demand is driven by the clients, resulting in many works remaining untouched for longer periods.

The typical duration for a non-exclusive deal is an initial two years, followed by consecutive one-year renewals.

In the case a sync is scored, the publisher will want to register the work with a PRS. You need to make sure that they re-title the work, so that they only collect income derived from the actual placement. They will want to have this registration for 5-10 years, and sometimes need exclusive rights to grant sync licenses, should a client demand this.

For example: say you have a hit record that is self-published and released via Universal. The release is doing well and is racking up public performance royalties because of radio plays worldwide. You team up with a synch publisher, with whom you have a non-exclusive deal, and they score a sync - then you want to make sure they only collect monies on the actual placement, through retitling. A retitled registration with a PRS would look something like this: "Artistname - Songtitle - PUBLISHINGAGENCY", which would co-exist with a traditional registration of "Artistname - Songtitle". In the actual placement, the publisher then has to take care to inform the client to administer the used work using the re-titled title, should public performance royalties be part of the deal.

The publishing share demanded by synch publishers is the same as for traditional publishers.

Sync deals are often paid for in flat fees, which is up-front cash paid in exchange for the sync license and a sometimes as a waiver of public performance rights. As licenses need to be obtained from both the owner of the composition and the master, this means two fees need to be paid. Flat fees are common, however you always want to make sure that the fee reflects the amount of money you would have earned from a work's use. A sync to an ad that is to be displayed on Fox five times a week, for five minutes, would bring in more royalties than a minor ad on a minor channel - thus the flat fee for the prior should be higher.

A strategy that we have found to work well, is to retain publishing rights on the majority of music we put out with our label, whilst licensing it out non-exclusively to a team of sync publishers. They bring in a variety of opportunities, to which we can respond with high accuracy and speed, as we're very familiar with our catalog.

As for exclusive deals, some of our artists signed with publishing agencies early in their careers. At the time, those decisions made sense, winning them expert insight and advances. However now, the control and copyright give-away are in no way justified by what they get back. I have yet to see a publisher that really worked hard for an artist, instead of just on the occasions when there's money to be made.

Every artist that wants to make a career out of music needs to be registered with a PRS for both compositions (ASCAP) and masters (SoundExchange).

I recommend refraining from signing with a publisher exclusively until you're in a position to really make them work for you. Meanwhile, do whatever you can to score syncs and leverage those publishing rights.

Part 3: Record Labels, A&Rs, Distribution, PR and Radio Pluggers

In this third part we will expand on the different types of record labels, the role of A&Rs, distribution deals and music promotion (via radio pluggers and PR agencies).

In other words, things you should know when you're looking to get signed by a label or are currently negotiating a deal.

Death of the Gatekeepers.

Let me take you back in time to the 1970s.

Those were the days when music was played from vinyl discs and cassette tapes, and when the discovery of music was limited to listening to the radio, going to a venue to see a live-show or by browsing your favorite section in the record store.

Popular opinion was formed was very different - people could only consume and discover music in a few ways, so those who controlled those channels had major influence over what became hot, or not.

The radio stations determined what music was broadcast. The event promoters and venue owners chose which bands were allowed to perform live and the distributors curated and pushed music to stores.

They were the tastemakers... and the gatekeepers.



As the music industry developed from infancy to maturity, in the 70s the radio stations, event promoters, major concert venues and distributors had become intricately involved with the labels.

They could push records through to radio, stores and stage tours - making them able to engineer the success of most of their acts. **Effectively, the labels controlled the spread of music.**

Driven by the margins of physical sales, music became a multi-billion dollar industry. Some labels grew out into large corporations, earning the nickname majors. The rest of the industry grew with them. Many radio stations, concert promoters and distributors scaled immensely.

Things changed rapidly in the 90s, with the introduction of the internet.

First the MP3 format was introduced, allowing music files to be compressed to a share-able size. Hard drive storage grew and then everyone got a cable connection. When in 99 Napster came out, it spread like wildfire.

Technologies such as peer-to-peer file sharing, torrents and sites such as YouTube and SoundCloud reinvented how media was shared and distributed, including music. It made the

distribution of content more efficient - but also reduced the demand for physical products.

Record sales plummeted and the industry lost millions. The Recording Industry Association of America (RIAA) started a whole series of lawsuits against companies such as Napster, Kazaa and Morpheus - even suing thousands of people that downloaded a few songs.

The music industry was in shock and had to adapt to survive, but couldn't do it close to the rate at which the tech industry kept developing. The majors had become big corporations, bureaucratic and slow in nature - whereas these tech start-ups were driven by young coders that innovated at rapid rates.

Everyone had underestimated the threat of digital and the speed with which the common user would adopt it.

To this date, the industry has still not caught up. **It hit its peak in 1998 with a global trade revenue estimated at \$27.8 billion US dollars, but has only seen one year of growth in 2012 and is still shrinking in size since.**

Total revenue by year [\[edit\]](#)

Global trade revenue according to the [IFPI](#).

Year	Revenue	Change	Notes
2005	\$20.7 billion	-3%	[38] [39]
2006	\$19.6 billion	-5%	[38]
2007	\$18.8 billion	-4%	[40]
2008	\$18.4 billion	-8%	[41]
2009	\$17.4 billion	-5%	[42]
2010	\$16.8 billion	-8.4%	[43]
2011	\$16.2 billion	-3%	[43] [44] (Includes sync revenues)
2012	\$16.5 billion	+0.3%	[44]
2013	\$15 billion	-3.9%	[45]
2014	\$14.97 billion	-0.4%	[46]

Yet the future is promising. In 2014, global industry revenues from digital matched those of physical, both accounting for 46% of the then \$14.9 billion US dollar industry.

I expect it will take another decade before the music business has internalized and optimized its business models to digital; optimizing payouts for streaming, satellite radio and online websites

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such as YouTube and SoundCloud.

That time will also be needed for a change in culture. Many label policies are archaic and based on outdated 'company culture' - such as USA radio and TV broadcasters still not paying for performance royalties over use of a master, or labels offering a meager 15-20% artist royalty in deals, even when records are only distributed digitally.

The big change is this: control over the distribution of content has shifted from a selected few, to everyone. *The death of the gatekeepers.*

Now more than ever, independent creators, artists and labels are empowered.

With good music, grit and an understanding of the internet, anyone can build a core audience of superfans to sustain one-self, or to leverage for deals and get signed to a record label.

In the rest of this article I will outline the role and function of record labels, A&Rs, music distributors, radio pluggers and publicists. Because as you better understand this framework, it'll be easier to win at the game.

Record Labels.

The job of a record label is to represent and exploit sound recordings. These are also known as master recordings, or masters in short.

Whenever a song is recorded, a sound recording is created. The name explains it all - it is a recording of sound, usually the performance of a song.

It is possible for one person to write a song (also known as a composition, or a work), while another performs and records it. Or the same person could both write and record it.

This leads to two types of intellectual property, called music copyrights. One for the song, another for the sound recording. The song is typically represented by a publisher, whereas the sound recording is represented by a record label. For a better understanding, read my guide on music copyright.

Back in the day, it was uncommon for songwriters to also own the copyright to sound recordings - they rarely recorded their own songs. Instead, songwriters or their publishers pitched songs to the managers and labels of recording artists, such as Elvis Presley and Frank Sinatra, who picked those they liked and recorded them.

The labels would pay for and facilitate these recordings, manufacture copies, distribute to stores and market to radio and press. A capital intensive operation, as the costs for recording a full-length album with a five-piece band could run into the tens or hundreds of thousands of dollars - let alone costs of pressing and shipping thousands of LPs.

Labels operated as banks for musicians; investing in artists and recordings up front, with the high margins on physical sales allowing them to recoup costs and make a profit. And because they controlled the distribution channels, they were able to influence which artists became successful, thus making more of their investments profitable.

Today, most songwriters are also recording artists, and vice versa. They are empowered to be both via education and tools available to them. Electronic music artists can compose a song within a *digital audio workstation* (DAW) such as Fruity Loops or Ableton, perform it with samples and plugins, then generate a master by exporting.



Labels have to invest less to facilitate recordings now. Most artists do it themselves. And with the sales format shifting from physical to digital, costs of manufacturing and distribution have been minimized too.

Distribution of digital music hardly imposes costs at scale. A track uploaded to Spotify or iTunes can be consumed continuously without more effort on the label's behalf. The only cost imposed is the one charged by the store for extra use.

This has led to a change in the purpose of labels.

They still have to curate great music, but their involvement is more essential on the marketing and promotional side, than anywhere else. They have the bank to make this happen; securing feature placements on iTunes and Beatport, inclusion in Spotify playlists, press coverage on blogs and magazines and plugging to radio. That's where the difference is made.

A&Rs - Artist & Repertoire.

Surely you have heard the term of 'label A&R'. It stands for '*Artist and Repertoire*'.

An A&R is the person that works at a label and is responsible for communicating and signing new acts, developing them and their music until they are ready to be marketed, and initiating their involvement with the label.

A big part of an A&R's job is A&Ring, which is industry slang for the act of curating music to the point of becoming commercially viable. The A&R has to make sure that the music will do well with an audience, so that the investment of time and money by a label pays off. After all, they are businesses.

This is always like walking on thin ice. Artists never want to be shaped into something they are not. That never works out in the long term. However the music needs to meet all the quality standards and needs to be commercially sensible.

From my experience, slight A&R involvement is always beneficial. Guaranteeing a certain standard of quality within the arrangement, mix and master of a record. And to help artists find artistic direction if they're lost on a track or visual branding.

It's important that artists are open to this and willing to collaborate. Over at Heroic, we do not sign artists that can't take constructive criticism. Few labels do.

If you're looking to get signed with a record label, the A&R is the person you should reach out to.

Find out who they are. Build relationships. Only pitch the best of your material.

Music Distribution.

Professional record labels have deals with distribution companies that send their records to stores, whether physical or digital.

With digital becoming the primary format and the huge cost reduction of not having to create physical product, most labels release new records on digital only.

An exception is for records that are put on compilation albums (such as 'Ibiza Summer Deep House Hits' etc), made in small batches for sale via merchandise shops, or have proven to do very well in radio charts or sales figures. In those cases, the prospective sales justify the investment of making and shipping physical.

The process of making physical product involves copying the records onto CDs or pressing vinyls and having booklets, sleeves and cases made. Bigger labels usually manufacture via larger distributors or production plants, whom service multiple labels and are able to reduce costs at scale.

CDs or vinyls are then shipped to different distributors per region, whom each spread it to stores within their area of expertise. Bigger labels often work with distributors on a territory basis; North America (USA + Canada), Europe, Australia + New Zealand and Asia.

Digital records are distributed differently. They have to be supplied to digital service providers (DSPs) such as iTunes, Spotify and Beatport. For Heroic, these three stores generate the most revenue, in that order.

Physical distribution rights can licensed to one company and digital distribution rights to another.

Distribution of digital product can be done a few ways; via the same distributor that also handles your physical product, by negotiating individual deals with each store (for example Heroic delivering straight to iTunes or Spotify), or by working with a digital distributor.

The majors have direct deals with the largest DSPs (iTunes, Spotify, Beatport, etc.) and work with multiple distributors for physical. Most indies distribute digitally via their main distribution company (for the world) with the bigger ones also having distributors per territory for physical.

Many small independents and net-labels only distribute digitally. They use automated digital distribution companies such as TuneCore or DistroKid. These take a flat-fee per year for

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records distributed, instead of the percentage commission that regular distributors take (typically between 10-15%).

A label's distribution deal has a lot of impact on the deals they can offer artists.

Larger distributors often account on a quarterly basis - providing statements and payouts only four times a year. Services such as TuneCore account on a monthly basis. This restrict a label's ability to account to the artist, as it is impossible to provide quarterly accounting to an artist when statements from distribution only come in twice a year.

In turn, the distribution commission (percentage or flat-fee) reduces the income an artist will receive. And time needed for a distributor to deliver content to stores determines how long in advance a label will need to receive final masters.

Whether you're looking to get signed or want to distribute independently, it is important to understand the complexities of music distribution.

Music Promotion.

Marketing drives sales.

Plugging a record to radio in the hopes it will be put in constant rotation, securing coverage on music blogs and magazines, feature placements on iTunes and Spotify... All ways to generate exposure.

When negotiating a record deal, always inquire about the label's marketing efforts - for social media, online and offline press and radio.

Most labels have in-house facilities to cover marketing and radio, with the majors having full departments and the independents usually having a few team members on board for marketing services.

It's not uncommon for labels to allocate a budget for marketing, beyond the efforts of their internal team, which is spent on hiring third party publicists and radio pluggers. Small indies that do not have marketing departments hire these third parties for their high-priority releases.

Publicists and PR Agencies.

Music publicists and PR (public relations) agencies are responsible for generating press, both

online and offline. They do this for record labels, artists, event promoters and venue owners.

Their services include pushing releases or an artist to online blogs and offline magazines, securing interviews, feature placements, reviews and other forms of press. Many bigger PR agencies such as Your Army also provide radio plugging services, which we'll expand on later.

Good publicists are well-networked people who have built relationships within the music industry (usually specific to a niche - say electronic music, or indie dance) over time. Through these relationships and being more professional in dealing with publications (online blogs, magazines) than artists and labels, most press prefers to work with experienced PR people - they make their life much easier.

Good publicists know how to deliver clean press releases, submit content for review feature far in advance and are punctual and detailed about providing 'premiere' and 'exclusive' opportunities.

They are usually hired per-territory, with a label or management working with different agencies in North America, Europe, Australia / New Zealand and Asia. For very specific campaigns, they are hired per country (one in The Netherlands, another in France etc).

PR agencies provide their services on either a continuous or per-project basis.

For continuous projects, they are responsible for representing a client over time - helping them shape their public image and building their brand. For these services, a retainer (continuous) fee is paid, typically between the \$500 - 2500 per month range. Big artists that need support in maintaining their public persona enlist these services, such as Martin Garrix, Tiesto and Mumford & Sons.

About Mumford and Sons	
Overview	
Page Info	PAGE INFO
Milestones	
Start Date	Founded in November 2007
Genre	Rock
Band Members	Ted Dwane Ben Lovett Marcus Mumford Winston Marshall
Hometown	London
Short Description	"The Sons" www.mumfordandsons.com Gentlemen Of The Road www.gentlemenoftheroad.com/stopovers/
Current Location	London
	Everybody's Management
Website	http://www.mumfordandsons.com/ https://twitter.com/MumfordAndSons http://www.gentlemenoftheroad.com/
Press Contact	Big Hassle (US) / Chalk Press Agency (ROW)

Mumford & Son's PR for USA and Rest of World (ROW).



Many independent labels work with PR agencies on a per-project basis, enlisting their support to help push online and offline press. For these services a flat-fee is paid, around \$750 - 1500 per online or offline campaign with a decent agency.

Our experiences with PR agencies have been two-sided. One the one hand, nothing beats developing relationships yourself - because when you service a single release with a publicists, you're forced to do it again with the next one if you want to achieve the same results. After all, you haven't built the relationships yourself. On the other hand, you can only do so much yourself and if you're convinced you have a great release on your hands, it can be worthwhile. Just make sure to work with the best, not the cheapest party.

Radio Pluggers.

Radio pluggers also go by the name of *radio promoters* or *song pluggers*. These are the people that persuade the radio stations to play records.

Their job is to take a record to the program makers or show-hosts and to pitch them on playing the track. It's all based on the plugger's reputation and relationships. The end goal is to get a track put in *rotation* - meaning that a record is getting consistent spin (play).

When a track is in 'light rotation' it gets around 5-15 weekly plays, 'medium rotation' is 10-25 and 'heavy rotation' is 20+. Consistent radio play leads to exposure, radio chart positions, which in turn drive sales and an artist's demand.

Pluggers operate either independently or are employees of record labels (in the radio department) or PR agencies. The majors labels always have a one or multiple pluggers servicing radio within a given territory, who push their current high-priority content.

Just like PR and distribution, radio is divided in territories. Different relationships and expertise is needed to generate radio play in different areas. A Dutch plugger is needed to penetrate Dutch radio, another for the French market, so on.

A plugger can not service more than a few records at the same time. After all, they have to reach out to their contacts, often done via weekly radio sit-ins, where show hosts, programmers and pluggers come together to review music - this is when the plugger physically 'plugs' records. A lot of it also happens digitally, with the plugger pitching to relationships via email and feeling their responses to particular records.

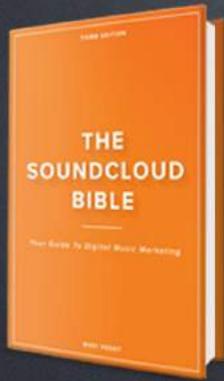
Pricing for pluggers differs. Major labels often have specific pluggers on a recurring retainer fee, as they are constantly pushing their material. For one-off projects, fees range from a \$1.000-3.000 starting fee, with additional costs whenever a song gets spin (say \$500 per spin on a major station) or is included in a chart, up to a specific cap (somewhere between \$5.000 - \$10.000).

This fee is totally justified when you get consistent play. The exposure drives sales, increases an artist's profile and leads to public performance royalties for the songwriters (collected via PRS' like ASCAP) and for the recording artists and record label (collected via PRS' like SoundExchange, almost everywhere in the world except for the USA, where radio / TV do not have to pay master- right holders for using their records).

When negotiating a record deal for a track that has radio potential, always have the label clarify their radio marketing efforts. If dealing with majors, have them add a clause that guarantees plugging efforts, for each market. With independents, if they do not have an internal plugger, ask for a budget that may be allocated to a mutually approved independent radio plugger.

When reviewing pluggers to work with, ask for their previous successes, what records and clients they are currently serving and to agree about the pricing structure (with bonuses and caps) up front.

Enjoyed this content? You should check out my book [The SoundCloud Bible](#). It's packed with exclusive marketing strategies that we used to sign artists to majors and grow our label over 70.000 SoundCloud followers.



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