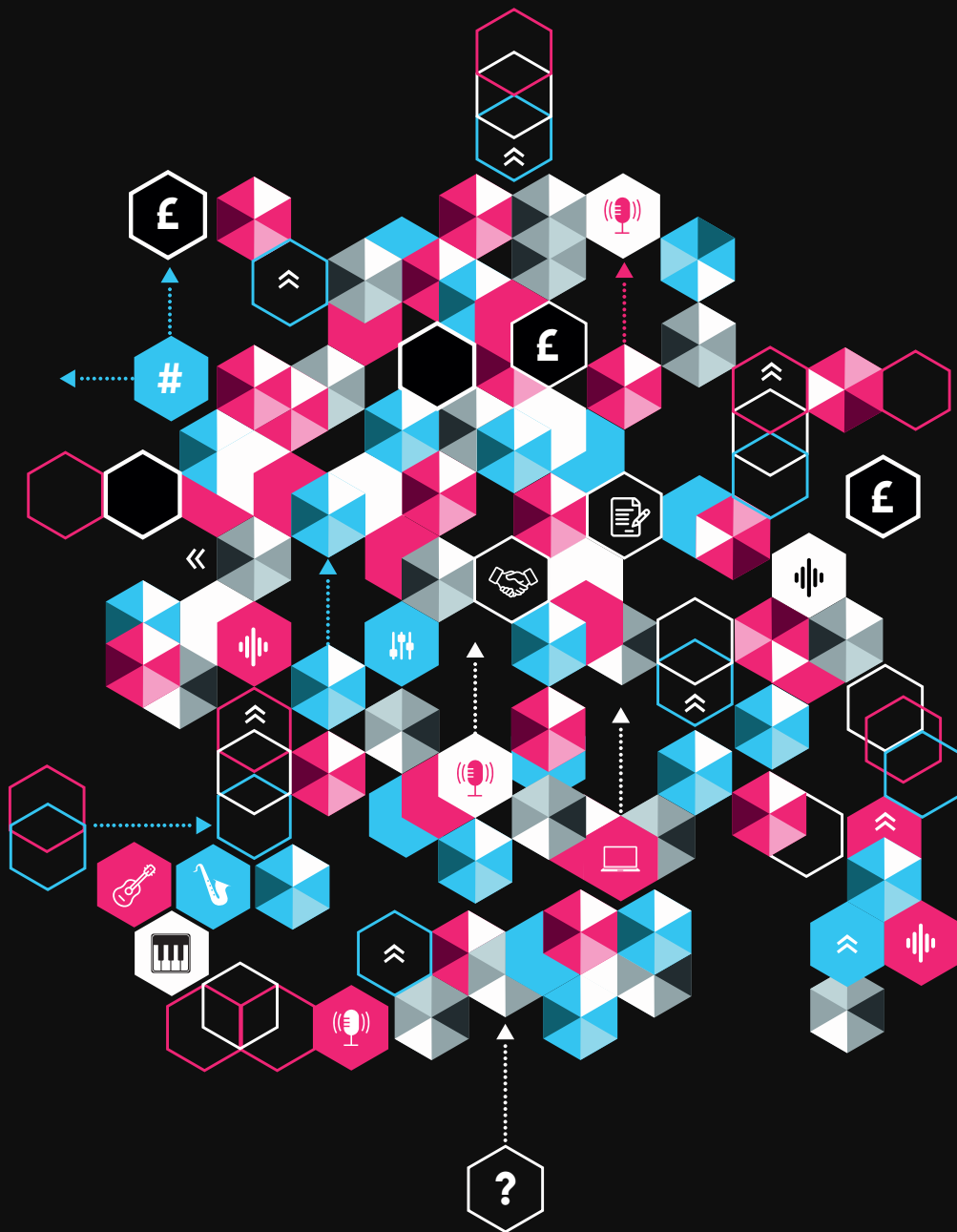


AIM PRESENTS

START-UP GUIDE TO MUSIC BUSINESS



THE ASSOCIATION OF INDEPENDENT MUSIC

AIM.ORG.UK

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ASSOCIATION OF INDEPENDENT MUSIC

AIM (The Association of Independent Music) is the not-for-profit trade body exclusively representing the UK's independent music sector, which now makes up a quarter of the recorded music market. Now in its 20th year, AIM's members range from the largest, most respected record labels and associated music businesses in the world to self-releasing artists and the next generation of entrepreneurs in music.

AIM promotes and supports this exciting and diverse sector globally and provides a range of services, commercial opportunities and practical help to members; enabling them to innovate, grow and break into new markets.

At the larger end, AIM member businesses include companies such as Beggars Group, Domino Records, Warp Records, Mute Records, Ninja Tune and [PIAS]. They release music from artists including AJ Tracey, Arctic Monkeys, Aphex Twin, Blood Orange, Bonobo, Danny Brown, Hot Chip, High Contrast, Little Simz, New Order, Radiohead and many, many more.

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ABOUT THE AUTHORS



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Tim Ferrone is the founder and owner of Wrapped Up Music, effectively a 'pay as you go' label for hire for the UK independent music sector. A campaign management service available to domestic and overseas artists, managers and labels, Wrapped Up Music is the culmination of Tim's nineteen years in the recorded music business, having worked for various major and independent labels, and in artist management. You can reach out to say hello, and find more details here; www.wrappedupmusic.com



PAUL PACIFICO - CEO, AIM

Paul Pacifico is a musician, music entrepreneur, educator and CEO of AIM. Paul worked in finance and strategy consulting for nearly a decade before moving on to concentrate on building his business, Specific Music. Over the last 15 years in music, Paul has worked as an artist, session musician and creative director with a diverse range of artists such as Quincy Jones, Nile Rodgers and High Contrast. Prior to joining AIM, Paul was CEO of the UK's Featured Artists Coalition (FAC), the organisation in the music industry that represents the interests and rights of artists.

Paul was also the founding President of the International Artist Organisation (IAO), which unites artist organisations from different countries to speak with one voice. Paul continues to perform and record as a musician, and is the Visiting Professor in the 'Artist as a Startup' at Berklee College of Music's Global Masters campus in Valencia, Spain. Paul is passionate about the meeting point between creativity and commerce and to helping people



GEE DAVY - HEAD OF LEGAL AND BUSINESS AFFAIRS, AIM

Gee Davy joined AIM in April 2017 to oversee Legal & Business Affairs both for AIM itself and as an advisor to AIM Members on all aspects of the impact of law on running an independent music business. Previously Gee spent over seven years with prestigious independent record label and publisher Cooking Vinyl and its group of companies, including distribution company Essential Music and partner label FatCat Records, looking across all business activity and working with artists as diverse as The Prodigy, Billy Bragg, Underworld, Amanda Palmer, Honeyblood and 65DaysofStatic. Gee started out in technology, studying Electronic Engineering, and working briefly in the telecoms sector before following her passion into the music industry and music law running a successful music events and promotion business with her brother for a number of years in between. Gee is an ardent supporter of facilitating the independent music industry's continued innovation and success and supporting its evolution in the digital age. She is a regular speaker at conferences and music industry events on the interface between music and technology, copyrights and other legal, business, and industry issues.

FOREWORD

It can be daunting to start a business and just as daunting to figure out how to grow; where to expand, or diversify, or when to specialise on what you do well.

This guide is intended to be practical in nature. It deliberately remains focussed on what things are, and how things work, rather than the more strategic questions. It is also not academic and doesn't dwell on why things work in a particular way, or whether they should.

We took this approach because it is AIM's belief that there is no fixed starting point for a music business. Some start out by performing at gigs, others in putting them on; others by writing, recording or producing music, or publicising and promoting it. The music business landscape is a patchwork of inter-related specialist areas; the majority of music businesses are active across a number of business areas, making them a 'virtuous circle' where each activity reinforces the others. The uniting thread here is that as soon as you start to make, distribute, or try to sell recorded music, you need to know how the business works and how the money flows.

Everyone has to start somewhere and the more you know about the business and how it works, the better your chances of success. As each business grows, it needs its own vision and strategy – what might work for one, might not be right for another. There is therefore no clear strategic pathway. Instead walk your own path and access specialist knowledge you need at each turn, for example at conferences, through expert tips, and networking with peers and potential business partners, all of which you may access as a member of AIM.

This start-up guide is to help you cut through the noise and distil the essential information you need to understand the various parts of the business of releasing music: how they work, how they fit together and what you need to know to make them work for you, as you take your business from start up to scale. If you read this book from cover to cover before you start your business, I hope you find it easier to figure out how to get it going. Once you are up and running, you can dip into various chapters as they become relevant to you, to diversify activities, or to review the basics and make sure you are not missing any of the essentials.

Ultimately, this book should make everything a little quicker, a little cheaper and that bit easier to understand opportunities and challenges. Regardless of the size of the business, these challenges remain the same, and part of AIM's role is to help share knowledge to ensure a broad and diverse music market, levelling the playing field between big established businesses and the start-ups that challenge them.

If asked to sum up what it takes to start and build a successful music business, I would say: work hard – there is no substitute for this; play hard – love what you do and enjoy it, learn as much as you can and find trusted sources of information to help inform you on your way; but find balance as, without this, burnout can be all too common.

Paul Pacifico
CEO, AIM

INTRODUCTION TO THE GUIDE

Welcome to the new edition of AIM's Start-Up Guide To Music Business. The essential 'How To' guide to get started and grow a business working with music in the 21st Century.

The intention of this guide is to help you understand the basics of the business side of music from the outset, or to improve the way you run your existing music business. It is not intended as a definitive guide. The music industry does not operate in an ordered way, with one process naturally following another. More realistically, it is a combination of activities or processes that can occur in a number of different orders, often over-lapping.

In compiling the guide, we have assumed a certain order of events to outline what these processes **could** look like, but please do not interpret this as a 'one size fits all' solution – for no such thing exists. It might be helpful to think of the sections of this guide as pieces of a music industry jigsaw, that every business fits together in their own, unique way. Our suggestion is that you read this book in full once to get an overall view, and then you can refer back to specific chapters as and when needed. There are tips and references along the way for digging deeper into each topic and finding more detailed information for when you need it.

AIM also runs conferences and training sessions throughout the year on various aspects covered in this guide, looking into the detail, new developments and case studies. AIM's website also hosts a number of other guides on specific business topics, plus tip sheets, explainers, and videos of sessions from various AIM conferences and training workshops.

1. A BRIEF HISTORY OF THE MUSIC INDUSTRY, AND WHY YOU NEED TO KNOW IT

In order to fully appreciate the workings of the contemporary music landscape, and how you can make money from it, it is particularly useful to understand how we arrived at the current model.

Whilst that might not seem very exciting or relevant, please stay the course; understanding how the business has developed will really help you to know what to negotiate for and who to negotiate with. So, for the sake of a quick modern music history recap, reading the next few paragraphs will be time well spent.

THE 20TH CENTURY MUSIC BUSINESS

The 20th century saw the rapid development of the music industry as we now know it. In that time, the recording of music on to a purchasable physical product, and the development of the recording artist as the star, became well and truly established.

That model became the norm; with the record company being the entity that chose what to record and who got to record it, financing that process, and then making the end result available to the general public to purchase. Behold, the record business was born, staying much the same for several decades.

It resulted in a well-established business framework; recording was an expensive process that required lots of studio equipment, musicians and production personnel. Manufacture and distribution required vast amounts of factory space and machinery to reproduce records, and then a means of supplying those to the wider retail environment. Marketing and promotion required know-how, a network of relationships and a series of, sometimes dubious, processes to incentivise media support. Getting records on to the shelves in shops required a similar breadth of contacts and some often equally unspoken means of ensuring you got that all-important window display space.

In short, the artist, recognised as the undoubted star of the show, needed the record company to pay for and perform all of these functions on their behalf. Their reliance on this model (and the almost

complete absence of an alternative route to market), meant that it was the record companies, and not the artists, who held the balance of power. It was usually the record companies who chose who to sign, often what would be recorded, how the artist would look and be presented, and even the means by which the general public would commercially engage with that artist as the formats evolved over the years, whether on shellac disc, vinyl record, cassette and finally onto digital CD.

A key point here is that the record company, through its fundamental role in the process of funding and enabling the artist to reach an audience, often chose exactly what music that audience was allowed to hear. As a result, the record companies exerted a rare power not dissimilar to that of the early movie business, where star actors were exclusively contracted to single studios, not allowed to pick and choose which movies they made and were compelled to release whatever output that company deemed suitable.

That creative control loosened somewhat over the years as artists flexed their collective muscles and some were able to take greater control over their recorded output, but the necessity of operating through and with one recording company for the bulk of their career remained throughout. The bottom line was that if an artist wanted to record and release music, their only option was to do a deal with a record label. No record company meant no career.

In the physical era, there was certainly a high cost and therefore financial risk required to launch a new artist into the market along with all of the necessary relationships and resources. The artist/label contracts were therefore unsurprisingly and overwhelmingly stacked in favour of the record companies. Not only would they own and retain the rights to release any recordings, (generally without those rights ever reverting back to the artist), but they would also claim the lion's share of the sales income to recoup their outlay and generate more income to fund their profits as well as the release of more music. Complex deals made up of recoupable advances offset against artist royalties (more of

which later) meant that the artist's income was often low and kept under the control of record labels until such time as the record company had not only broken even, but made a substantial profit.

Back in the early days, there was really only one type of record deal for an artist and that was on what's known as a 'work for hire' basis, where the record label signed the artist's exclusive recording services and had complete ownership of the copyrights for any recordings made by that artist during the period they were signed, usually for the whole period or 'life' of copyright. Many independent record companies started making different deals, some because they wanted to create a different relationship with the artist, or do business differently, and some in order to attract artists when they weren't able to compete on up-front fees or 'advances'.

None of this is to demonise the record companies who, after all, existed in a commercial environment. The fact that any individual artist needed a record company more than any record company needed any individual artist was just a result of the way the system worked at that time. Also, someone had to take the risk and front the costs of taking that artist to market. It is not surprising that as the market started to evolve the smaller record companies with more market pressure, i.e. the independents, were quickest to change or use new models for their artist agreements and relationships and are generally acknowledged to operate on a more balanced and transparent basis with their artists.

The whole process of making money from recorded music was under-pinned by two primary elements: writer writes song and their publishing company collects income, and artist records music and their record company collects income (and pays some to the publisher for the use of their songwriter's song). It's worth noting that the rest of the music business, and the many ways of making money from it (live performance, for example), were virtually the exclusive domain of the artist and their manager. The record industry was making so much money that record companies were often disinterested in those artists' other channels of monetisation even though they played an important role in the process of

making and breaking star performers. For instance, record companies did not get directly involved in merchandise or gig ticket sales. Recording income alone was more than enough, and as the turn of the new millennium approached, it seemed like it always would be.

However, there were some rumblings from a dissenting few, who had foreseen the disruptive potential of the internet, and had begun to express concern about its potential influence on an industry that had become very set in its ways.

DIGITAL DISRUPTION = DEMOCRATISATION

It is hardly a revelation now to observe that the digitisation of the music industry changed it forever. The boom years of the £15 CD were gone virtually overnight, the record business reacted far too slowly to recognise or respond to both the threat and the opportunity the online market presented and fell into a decade and a half of year-on-year decline.

At first piracy, then eventually legitimate download services, and finally streaming, harnessed the potential of small digital music files that could be shared via computer and accessed within seconds. Digital files were eventually and begrudgingly welcomed as new formats, and internet replacements for the 'record'.

Whilst downloads still exist, the market for vinyl is growing and the CD remains a viable product in many major markets, the perceived 'industry saviour' appeared in the form of the streaming model, whereby music was not accessed on a product level, but as an over-arching subscription to the world's music library.

For the customer, music was to be paid for on a monthly basis. For the artist, their share of the income was paid through in small micro-payments for each 'listen', which started as a smaller revenue stream than that to which their predecessors might have been accustomed. However, with market saturation still many years away and increasing mainstream adoption of streaming subscriptions, the current market for recorded music is fired up

with an optimism that has been absent for the best part of two decades.

The changes brought about by the transition from the old world to the new have far-reaching consequences that shape how business is being done today and the expectations of both artists and their commercial partners such as labels, managers and publishers.

First of all the cost of technology has massively reduced, meaning almost everyone can access what they need to record music without it being necessary to use an expensive studio like Abbey Road – home studios, or even being able to record via a handheld device, may not always be ideal but they work and are often good enough.

Also, the distribution market has opened up with online services available that anyone can sign up to and use to get their music into digital stores all over the world.

The media also experienced a revolution with the advent of social media and the millions of blogs, vlogs and podcasts, offering a way for artists to connect with fans that would have been impossible in the old world without media industry contacts.

Over the years, and as artists were offered many more ways of recording and distributing their own music directly, the profit margins of the record business were increasingly squeezed. Labels consolidated and reduced employee numbers.

In short, a process of democratisation has occurred, whereby the handful of key decision makers who traditionally decided what music to release, how and to whom, have been overtaken by a whole world of options with which the creative talent can, at least theoretically, choose to engage at every single step of the process.

AND THIS IS RELEVANT WHY...?

Over the decades since the 40s and 50s, artists gained increasing involvement in the creative side of their careers – at first they were told what to do, what songs to sing and how to look. Over the years, artists fought successfully for increasing creative control of their careers with most artists today expecting to have significant input into their repertoire, image and their voices – both literally and metaphorically. However, artists were still largely removed from the commercial side of ‘the business’.

That feels like a far cry from where we are today, with artists able to pursue their careers in any number of ways and to build a team around them that best suits their vision. The sense of increased freedom in the modern landscape though, can also be a double-edged sword.

Choice can be incredibly liberating but it can also lead to indecision and confusion over what might be the best or right way to go. Making choices means taking responsibility for those choices, and that adds pressure to have to know more about an increasing number of aspects of the business – this guide and other tools are out there though, to try to help make sense of things whether you are starting out as an artist, label, manager or mix of all of those roles and more.

So wherever you are starting out from, in the modern music market, you have options – and options are a game-changer.

KNOW YOUR RIGHTS

Consider for example that one fundamental aspect of the traditional recording industry model was the ownership of copyright in recordings, by the label, and in the underlying songs, by the publisher. This was a prerequisite of the traditional deals, and the artist had to accept those rules if they wanted to be in the game.

In the old world, artists had to sell, or ‘assign’ their rights to their label and publisher. In the new world,

the artist **doesn't have** to do any such thing but has the power to sell their rights if they wish to. They can also lease those rights through license deals which can be for a longer or shorter period of time depending on the deal. An artist might choose to do none of those things and instead release their music directly. Each of these options has pros and cons associated with them. It is most likely that over the course of a long career an artist these days will do a number of deals and probably a mix of all of the above.

You need to understand those rights and how they work if you are to build a business that creates them and / or trades them.

MAJOR VS INDEPENDENT

Traditionally, doing a deal with one of the so-called 'Major Labels' is thought to require the artist to give up more creative control and more of their future earnings in exchange for a bigger financial investment and access to the Major Label's global reach and infrastructure. The advantage of doing a deal with a Major is clearly that you are in business with a very powerful organisation. The flip-side is that you are in business with a very powerful organisation, and therefore your own negotiating power is probably much reduced.

Meanwhile, the independent sector tends to be made up of smaller, more niche businesses who may have less upfront cash but can have greater specialist knowledge of particular scenes and which offer the artist a higher degree of creative control. Independents also tend to be less corporate than the Majors and so often offer contracts whose terms are much more favourable to the artist.

CONCLUSION

The democratisation of the market has meant that the traditional record company functions of A&R, recording, marketing, manufacturing, distribution, accounting, etc. can be owned and controlled as much or as little by the artist as they want (as long as their finance, knowledge and business skills allow them to). THAT is why it is so useful to know the history of the recorded music business; because

each of those processes has its own contractual arrangements (often based upon the old model), and it's become the job of the artist, and those around them, to recognise each and every opportunity and, moreover, now that the balance of power is constantly shifting, that every deal should reflect that.

That said, operating outside of a traditional label structure comes with risks of its own; from sourcing cost-effective and sufficient knowledge, skills, experience and networks to the core financing of what can be an expensive business environment to enter.

Clearly then, there is no 'one size fits all' model for every artist, and the traditional record company signing route remains a hugely viable proposition, and the only option to work with some often powerful players. However, of increasing importance to artists is the greater opportunity to choose the nature of the agreements and relationships and the level of commitment required at each stage.

LONG LIVE THE RECORD COMPANY

Those predicting that the DIY opportunity marked the death of the record company (and there were many) were wide of the mark too. Record companies are still key commercial partners for artists and continue to maintain their position at the heart of the industry.

The survival of the modern record company at small music enterprise and indie level, is in large part due to the passion, adaptability and expertise of those leading the charge in the independent recording sector. For the Majors, international reach, leverage in the market and the scale of their back-catalogues have been key factors.

Taking an artist to market can still be an expensive process which requires a degree of funding proportionate to the artist's ambitions, but here too the options have opened up. Investment in recordings used to come only from the record company, but now a host of alternative funding sources have opened up, from grant funding, private investment, direct to consumer, crowdfunding and a whole host more.

Yet major labels continue to dominate the global market, whilst independent labels are seeing growth in market share and exist as a thriving source of talent and new lifeblood into the industry. How is that?

Clearly record companies have a vested interest to ensure that they remain relevant, but that only reveals part of the story. It's the combination of their scale, leverage, relationships and skillset that make the contemporary record company as relevant now as they ever were. The nature of the relationships with artists has changed, but the importance of those relationships remains undiminished.

The independent record company sector has led the charge in respecting, valuing and harnessing its affiliation with the artist community, ensuring not just a more even balance of power, but a healthier, more long-term view to an artist's career. Clearly, it is not just expensive taking a record to market, but making it both a profitable exercise and a positive experience is also an extremely difficult, and infinitely nuanced process. The need for a more strategic, holistic approach and to get all of this right, has led us to a contemporary music business landscape which embraces the capacity to adapt, and spreads skillsets and income generation across as many revenue streams as possible, completely breaking open the old world idea of what it was to be a record company.

Many record labels no longer identify with this title, as they are likely to offer a mix of services from across the industry to artists, seeking to be the artist's primary commercial partner more than just the company that funds and exploits their recordings.

Conversely majors have spent years buying up distributors, labels or catalogues as well as being the targets of consolidation in the wider media landscape, often now being part of a group of companies that includes, for example, TV channels. They also actively invest in digital services and stores hoping to gain a long term strategic advantage in the market and ensure that their music is prioritised over anyone else's.

So, while in theory the potential of a completely democratised DIY industry might sound wholly

liberating, the reality is that this process is more evolution than revolution, and that it is difficult to know everything and do everything yourself all the time. This makes the potential of the record company (or commercial music partner) as important an option as ever for artists starting out today.

THE UK MUSIC MARKET IN CONTEXT

The UK has consistently remained in the top three or four recorded music markets in the world, competing with Germany as the largest within Europe.

The UK undoubtedly benefits from the global strength of the English language in popular music and the legacy of ground-breaking acts from the UK that dominated global charts in the 60s and 70s. UK Music is recognised around the world and we are one of the few countries to regularly produce artists that succeed on the global stage. The UK's diverse population and our openness to absorbing influence from cultures all around the world has kept UK music fresh and relevant from generation to generation. For all of these reasons, and more, the UK is recognised as a musical standard bearer, which brings a wealth of positive cultural and export opportunities; a fact now being recognised at governmental levels.

Current data suggests that the download market is shrinking rapidly, and the physical market refuses to fall away at the rate that many had predicted. Recovering vinyl sales value rose to roughly one fifth of that of the CD market in 2018 and it is thought that sales of vinyl will overtake CDs by next year. However, both downloads and physical releases are dwarfed by the continuing influence of streaming, which is undeniably the true driver of the record industry's current growth in the UK and overseas. Growth in the market and the potential continued evolution in streaming help make the big picture look very positive, but for the individual artist just starting out, it is important to remember that for streaming to earn you even the minimum wage, you would have to generate several million streams every year, even if you still own all of your own rights.

Nevertheless, after a decade and a half of uncertainty and decline, sustained market growth clearly comes as a very welcome development.

It is essential to recognise that building a successful professional career in music that you can make a living from is hard to do – but by no means impossible with talent, application and a good team around you.

So – now we have gone through the history and come up to date, let's turn our attention to how the bigger picture relates to you.

WHAT TO DO NOW:

1

UNDERSTAND HOW THE MUSIC BUSINESS LANDSCAPE CAME ABOUT TO HELP GUIDE YOUR UNDERSTANDING OF WHERE AND HOW YOU CAN WORK WITH IT.

2

RECOGNISE THE VALUE OF HAVING MORE OPTIONS NOW THAN EVER, AS BOTH CREATOR AND ENTREPRENEUR, AND THE POTENTIAL OPPORTUNITIES AND FREEDOMS THAT THIS ALLOWS FOR YOUR POTENTIAL BUSINESS.

3

CONSIDER THE REALITIES OF WHAT OPTIONS ARE AVAILABLE TO YOU ON A PRACTICAL LEVEL, GIVEN THE WIDER LANDSCAPE, TO HELP YOU PLAN AND FOCUS ACCORDINGLY AND TRY TO SET REALISTIC EXPECTATIONS AT EACH STAGE.

2. A STRATEGY FOR YOUR BUSINESS

Many people starting businesses in the creative industries have no deliberate roadmap at the outset. The business begins by the founder simply being active. This has two distinct advantages in terms of innovation. First, it allows you to evolve and try different approaches before figuring out what works for you. Second, it allows your business to pressure test the viability of micro niches, new roles or services that hadn't been previously identified or tested out.

Many such 'lifestyle businesses' are common in the music industry and the majority of labels, management companies, publicists and others thrive on this basis. When working on projects, they cluster with other specialist lifestyle businesses to form a multi-disciplinary team of experts that can deliver precisely what is needed for the job in hand without the large overheads of a big corporation. This is known as a 'niche-network' or boutique approach to delivery.

The advantage of 'niche-network' is that the delivery team remains a cost-effective hand-picked bespoke option for a particular project. The downside can be the potential lack of coordination, as there are fewer fixed structures in place and poor leadership and communication can make or break the efficiency of delivery.

The opposite of 'niche-network' is known as 'bulge bracket,' which adopts an approach of looking to mop up all of the opportunities in the market, requiring a full-time staff of generalists as well as some specialists who can take on anything at any time. They work at bigger scale than niche-networks, and carry higher central costs.

The upside of bulge-bracket operators is that they can potentially take on more, bigger projects and create economies of scale that each client should take advantage of. The downside, other than higher running costs, is that they will most often be more generalist in their delivery, driven by processes and a 'way we do things', rather than specialism and focus around a particular project or outcome.

When developing your own business it is important to think about where you sit between the two models – are you building a boutique, lifestyle business

that has an optimum operating size to maintain the quality / profit balance, or are you going for scale over the personal touch?

Try to identify whether you are building a business that is highly personalised in the service it delivers and whether that business can grow 100 times the size and still genuinely deliver to the same standard or better. If the answer is 'yes' then consider carefully how you are planning to achieve that scale and what you need to get there. Any choices you then make should be limited by that roadmap to scale and will drastically reduce the likelihood of experiencing so-called 'choice anxiety'.

Equally, if your answer is 'no' and you feel the business you are building needs that personal touch in what you do, then again you should consider any services you subscribe to, or systems that you implement, should prioritise what you need to assist you in delivering your vision.

VISION

Any business should be built on a vision. You should ideally be able to describe your vision to anyone you meet within 30 seconds – if not, it is an indicator that your thinking still needs some refinement. The key benefit of a clear vision is that it unlocks your decision making confidence, power and speed.

If you are considering expanding your business into a new area, you should ask yourself whether it fits the vision – if it does, it could be part of a virtuous circle, adding value to the whole. If not, it could be a money / time / energy sink that distracts and detracts from what you should be doing and even if you could make a quick buck, it may be worth saying no from a strategic point of view.

Every decision you take can be tested against your vision and if it is, it will help you stay on track to build an effective, efficient and more successful enterprise. This is not to say that everything you do will succeed if you have a vision for the business. Often that vision itself can be flawed and need refinement or adjustment which is why it will need revisiting and challenging periodically.

WHAT TO DO NOW:

1

CONSIDER THE TYPE OF BUSINESS YOU WANT TO RUN – ARE YOU GOING FOR ‘NICHE-NETWORK’ OR ‘BULGE BRACKET’? ARE YOU BUILDING A BOUTIQUE BUSINESS WITH A PERSONAL TOUCH OR A SYSTEMS-BASED OPERATION THAT HAS THE POTENTIAL TO SCALE UP?

2

TAKE THE TIME TO CONSCIOUSLY WORK ON YOUR VISION. WRITING IT DOWN CAN HELP YOU FOCUS IN ON THE CORE ELEMENTS. MAKE IT CLEAR AND SIMPLE SO THAT YOU CAN USE IT AS AN ‘ELEVATOR PITCH’ TO EXPLAIN IT TO ANYONE YOU MEET IN LESS THAN 30 SECONDS.

3. START-UP FUNDAMENTALS

There are a number of fundamentals that a business should have in place in order to commence trading in the music industry. Without a robust framework in which to function, a business runs all sorts of risks, from trading illegally, to operating in a way that is financially problematic or inefficient. Clearly then, starting off with the right foundations is vital. These fundamentals include;

Legal structure – By law, you will be required to specify whether you are operating as a sole trader, partnership or limited company, or as some form of social enterprise. The nature of your business will likely dictate this, but each has its own implications and repercussions.

Tax – The UK government department responsible for collecting tax (HMRC) will need to be informed that you're starting/running a business, what type of business it is that you're running and its legal structure. It will also be necessary to find out if you're likely to start to have to charge VAT. This is determined by whether income is over a pre-specified level. You can find out more about the HMRC guidance to starting a business on their website, which is very helpful. Alternatively, you should consult an accountant, small business advisor or other qualified specialist.

Accounting – The practice of accounting (at its simplest, keeping a record of all transactions) is essential not only for managing your own cash flow, but also making sure you know what tax you need to pay, how to deal with income & expenses, VAT and all the other aspects of managing your money as a business. If you are well organised and understand the rules, of course you can keep track of all of these things yourself. Often however, this is an important area for which to seek outside help. Employing an accountant can be expensive, but specialist bookkeepers can help you keep track of your money through the year and help you keep on top of things whilst keeping costs lower. An accountant can then review the bookkeeper's work and help you with your end of year accounts if required.

Regulations – The government provides a guide for businesses in order to ensure that you are compliant with various regulatory issues, from health and safety to data protection. These are mostly straightforward, but are designed to help you avoid pitfalls, and provide a safe and legal framework within which to operate.

Business name – When setting up a company, or registering as a sole trader, you should think about the name you will trading under. This name can be used to open a bank account or register with a company at Companies House. You should always keep your business money separate from your personal finances. When choosing a Trading Name – whether as a sole trader or company, it is advisable to research and purchase relevant corresponding web domain names and social handles at the same time and consider appropriate website content accordingly.

Business bank account – A separate business account is necessary to clearly separate your business and personal finances.

Insurance – This will depend on the nature of the business, but as well as the obvious (relating to property, equipment or accidents in the workplace for example), it is also necessary to have insurance in place to safeguard your responsibilities as an employer as well as any public liability and professional liability cover, to ensure that you're protected against any potential claims of negligence.

WHAT TO DO NOW:

1

UNDERSTAND WHAT TYPE OF BUSINESS YOU ARE SETTING UP (ARE YOU CREATING, PROMOTING, MANUFACTURING, DISTRIBUTING, PROVIDING A SERVICE, ETC.) AND THINK ABOUT HOW THAT IMPACTS EACH OF THE ABOVE FUNDAMENTALS.

2

ENSURE THAT EACH OF THE ABOVE FUNDAMENTALS IS ADDRESSED PRIOR TO COMMENCING COMMERCIAL ACTIVITIES. WRITING THIS DOWN WILL HELP SHAPE YOUR BUSINESS PLAN.

3

RESEARCH SOURCES OF FREE SMALL BUSINESS ADVICE FROM CENTRAL GOVERNMENT, YOUR LOCAL AUTHORITY, BANKS, TRADE ASSOCIATIONS AND OTHER SOURCES. THERE ARE GOVERNMENT-FUNDED LOCAL ORGANISATIONS THAT OFFER ADVICE AND HELPLINES.

4. THE BUSINESS OF COPYRIGHT

If you are in the business of releasing music, you are actually in the business of copyright. If you want to succeed, it is worth spending a few minutes understanding what copyright actually is and how it works, as it underpins the majority of what you're likely to do, and how you're likely to earn income.

INTELLECTUAL PROPERTY

Copyright is a form of intellectual property. In many ways intellectual property is similar to physical property in the way that it can be traded, except you are dealing with an intellectual creation as opposed to a physical object.

Some rights attached to songs cannot be traded and these are designed specifically to protect their original creators (more on those later).

For the most part, the record business is focused on two copyrights.

1. The underlying song, which is often known as the 'musical work' (technically music AND lyrics separately, but very often, these tend to be amalgamated into the solitary song copyright)
2. The sound recording, 'master recording' or just 'master'

When a song is written, a copyright is created; when it is recorded, another type of copyright is created. Imagine two lads from Liverpool writing a song together, which they decide to call 'Hey Jude.' They then head into a famous London studio and record that song. Two copyrights have been created; one to protect the rights of the song (composition and lyrics) for the songwriters (and hence the writers, Messrs Lennon and McCartney), and one to protect the rights of that specific recording for the artist (in this case, The Beatles).

If another artist wants to record a version of that song after the Beatles release, then they can do so, and a portion of the money made from that new recording will go back to the original writers because of the the song copyright. Note that because they have not used the Beatles' recording of the song, nothing is due back to the artists, via the recording copyright – there is in fact a new recording copyright that

is credited to the new artist who has covered the Beatles' original version but both the original and the new version share the same song copyright

These two fundamental copyright streams have created two distinct business models, designed to remunerate the two types of core creators in the business; the songwriters, and the artists. These models are:

MUSIC PUBLISHERS

Song writers can sell ('assign') or lease ('license') their copyrights to music publishers. It is then the publisher's job to try to monetise those rights, collect the associated income (retaining a portion for themselves), and pay onward to the songwriter. Obviously the better known the song or the songwriter, the more value there will be attached to the works and therefore the deals. It is possible to administer your own revenues from songwriting, but it takes time and knowledge to do the admin and go out and get those songs used, so there can be advantages to finding the right partner. Songwriters should also join their relevant Collective Management Organisation. In the UK, the songwriter and publisher CMO is PRS for Music (see below for more info) who collect income for public performance and for creating copies (physical or digital) of the song (PRS act on behalf of MCPS for this second use).

RECORD COMPANIES

In the same way that songwriters can trade their rights in their songs, artists can also either sell ('assign') or lease ('license') their rights to record companies. This can happen after the recording has been made or the record company could fund the process of making those recordings. It is the record company's job to try to find ways to make money from those rights ('monetise' them), collect the associated income (retaining a portion for themselves), and pay onward to the artist. This is why most record companies have expertise in project managing releases including promotion and marketing, design and manufacturing and all the other elements needed to have the best possible chance of a successful release.

HOW CREATORS MAKE MONEY FROM THESE RIGHTS

Put simply, a songwriter writes songs, which benefit from the protections of copyright. They then earn money from the exploitation of those copyrights.

The performing artist who doesn't write their own material is focussed on deriving an income from the exploitation of their recording of tracks, monetising the associated sound recording copyright and driving revenues through the other areas of their business (live performance, merchandise etc).

If a creator happens to be both the artist and the songwriter, then they receive both parallel streams of income from the publishing and the recording copyrights.

WHEN DOES COPYRIGHT ACTUALLY START?

In the UK, copyright is said to commence once a work is created and documented or recorded in writing or by other physical means (for example, making a demo recording or video, or even writing out a musical score). Be aware that this can be different in different countries, for example in the US, where copyright must be formally registered with the US Copyright Office.

WHO IS THE OWNER OF THE COPYRIGHT?

The song is nearly always owned by its creator, at least initially. The only exception occurs when someone is specifically employed to create a song on behalf of another (e.g. a piece of commissioned music for an advert), in which case, whoever paid for the process will be the owner.

The sound recording is owned by whoever arranged and PAID (payment being the crucial element) for the recording to take place. So for artists signed under traditional recording agreements (more on this later), that would normally be the record company. Unsigned and even signed artists should own the sound recording copyright IF they paid

for the related studio hire. There is a catch here, if they arranged a deal with a studio on a free basis, then technically the sound recordings belong to the studio owner. In the case of home studios, ownership could theoretically come down to whoever paid for the equipment or even the electricity supply.

This is a complex area and uncertainty over who owns a particular copyright is the root cause of many of the lawsuits in the music industry. Whenever you write or record with other people, it is really important to set out your understanding in writing, if not in a contract, then at least in an email or other written form to establish your expectations and to have the others sign or repost to confirm their agreement. Legal advice should always be sought to make sure you understand all the consequences of any agreement you enter into (whether formal or informal).

The Musicians Union publishes a series of simple agreements that can act as useful starting points if you don't have a lot of experience or the support of a legal advisor, and most law firms can help you with template agreements, often at low or no cost if they see a long term benefit of working in this way with an artist or their team.

HOW LONG DOES COPYRIGHT LAST?

The copyright in a song (i.e for the songwriters) in the UK lasts for 70 years after the death of the last remaining writer.

The copyright in the sound recording in the UK is different and lasts for 70 years from the end of the year in which it was first released. For both copyright types, take care when working internationally as these durations vary from country to country. Again, it is important to properly understand the consequences, which could affect you legally and financially, so legal advice should be sought.

WHAT ABOUT COVER SONGS?

The moment a song is commercially released, anyone can play that song live or record it themselves, without having to seek the permission of the copyright owner so long as it is a 'straight cover'

with no changes to the lyrics or other substantive elements of the underlying song. To release a cover you may need to get a 'mechanical licence' from the collection society MCPS, or in fact in practice from PRS For Music. The PRS For Music website has lots of information and a helpline for more information. If the song is used in a way where any change is made to the composition (structure) or lyrics, this will require additional prior approval from the songwriters / publishers. It's worth noting that they don't have to give permission and in some cases even if they do it can take a long time but you must have permission in order to use a song in this way and can't make it available publicly until or unless you have it. There is often a royalty to pay in return for this permission, which could be significant. This

is a complex area and you should get good legal advice from a specialist music lawyer before going ahead.

WHAT ABOUT SAMPLING?

The procedure for clearing the use of any third party sample is to seek approval both from the songwriter/publisher (for the song) and from the label/artist (for the sound recording) in advance of release. An approval is required from all parties in order to proceed. If only the recording portion is denied, then it can be possible to re-record and utilise a newly recorded version of the sampled work instead, as long as the song structure remains intact – see above for more on this.

WHAT TO DO NOW:

1

KNOW WHICH COPYRIGHTS YOUR BUSINESS IS LIKELY TO BE INVOLVED WITH, AND TO WHAT EXTENT YOU WILL OR WON'T HAVE OWNERSHIP OR PERMISSIONS. THIS IS CRUCIAL; WHILST MUCH OF THE VALUE IN THE RECORDED MUSIC BUSINESS LIES IN THE OWNERSHIP OF THE RECORDINGS, IT IS ALSO POSSIBLE TO DERIVE INCOME FROM COPYRIGHT CREATION, EXPLOITATION, CURATION AND PROMOTION.

2

THINK AHEAD TO MAKE SURE YOU HAVE ALL THE RIGHT PERMISSIONS IN PLACE AND A PLAN FOR HOW TO GET THEM.

3

IF YOU NEED LEGAL ADVICE, THERE ARE A NUMBER OF GOOD MUSIC SPECIALIST LAW FIRMS LISTED ON THE AIM WEBSITE'S 'FRIENDS OF AIM' DIRECTORY, MANY OF WHICH OFFER DISCOUNTS AND LOW RATES TO AIM MEMBERS. ADDITIONALLY SOME UNIVERSITIES, SUCH AS QUEEN MARY UNIVERSITY IN LONDON, OFFER LEGAL CLINICS AT NO COST. THE MUSICIANS' UNION IS ALSO A SOURCE OF VALUABLE ADVICE AND GUIDANCE FOR MUSICIANS.

5. RECORDING AND PUBLISHING CONTRACTS

RECORDING CONTRACTS

If you are interested in releasing music, it is important that you understand the basis of recording or record deals.

TYPES OF RECORDING DEAL

There are various types of agreement that can be arranged between label and artist. These can be broadly split into two types:

The exclusive recording deal sees the label become the sole rights owner in entirety, often for the life of the recordings' copyrights.

A license entails the label having a more limited set of rights, to release and exploit recordings exclusively, usually for a given period only, after which ownership reverts back to the artist. Licenses are a little like leasing your recordings to a label – or renting them to the label.

Many contemporary label deals cover more than just the recording itself – they capture any songwriting / publishing and even live, merchandise and other aspects of the artist's business. These tend to be called '360 deals'. When signing any deal, it is important to assess what rights and responsibilities attach to the transfer of any rights. If you are an artist, ask yourself if the business you are signing to has expertise in the areas captured by the deal. If you are signing an artist, ask yourself if you have the expertise, investment capital and capacity to deliver on what you are promising in the contract.

As this contract can have significant impact on the artist, it is always advisable that everyone involved gets expert legal advice from music specialist lawyers.

KEY CLAUSES

There are two clauses in the record deal that are of greater importance than any other, primarily because they set the baseline income levels due to the artist.

The advance is the amount of money due to the artist as a lump sum (and usually paid up front) and is intended to cover the artist's subsistence as well as the recording of the new material. As the record company is paying for the creation of new recordings, they are owned by that company, not the artist.

The royalty rate is the percentage of income from sales due to be paid back to the artist. All contracts will specify a base royalty payable to the artist from every sale. A substantial part of the rest of the agreement is likely to outline ways in which deductions will be made from the base royalty rate payable to the artist. Major label recording agreements in particular have become ever more complicated and lengthy, usually requiring many more rights and restrictions than independent deals. Independent deals tend to be more straightforward and increasingly geared towards transparency and the easiest way to work out the various split of any revenue.

The record company is usually not obliged to pay through artist royalties on sales until such time as the amount of royalties accrued is in excess of the value of the advance; a notion known as recoupment. Even once the artist has recouped, the record company still owns the sound recordings on the basis that at the time of recording, it was they who funded the process. After they have recouped the advance, any royalties will be paid through to the artist according to the terms of their recording agreement.

The territory clause outlines where the deal is limited to geographically speaking. This can be the UK, Europe, the world – and in some cases it is defined as the solar system or known universe!

The minimum commitment can be used to specify both the minimum content deliverable by the artist for the contract and to specify the very least release obligations of the label to make recordings commercially available whilst still fulfilling their obligations. The release commitment is specific to how soon after delivery a recording must be released, and usually relates to the main territory. Such clauses are intended to ensure an obligation to the commercial release of material, and in timely fashion.

Options refer to a maximum number of tracks, albums or album cycles (otherwise known as option periods) a label is entitled to pick up, if they choose to do so. The artist may not offer recordings to another label until the current label has used up all its options or has released the artist. It is sometimes possible, with the current label's permission and usually at a cost, to be released earlier.

The tour support commitment relates to a minimum financial commitment by the record company to fund an otherwise loss-making touring artist.

Once again, when offering or signing any legal agreement, make sure you take INDEPENDENT legal advice from a music specialist lawyer, and remember that if you are not paying the lawyer, you are not the client. Agreements may offer seemingly attractive rates which then get lower and lower once you get to the small print. Equally, as a new 'label', take care not to over-commit to an artist and find yourself in a position where you cannot afford to deliver on promises you have made, even with the best of intentions. Don't rely on generic templates without understanding all of the legal and financial implications. This agreement will bind you, sometimes for a long time, and will be part of your financial considerations and impact on your relationships with artists as well as your reputation, so it is extremely important to get them right.

PUBLISHING CONTRACTS

If you have involvement in the writing of songs, it is important that you understand the basis of publishing deals.

The number of different types of publishing agreement tends to increase as the songwriter gains in reputation. Those at the top of the scale might attract so-called 'admin deal' offers (administration only, with the lowest possible royalty due to the publisher), through to a full publishing agreement which will have a more favourable income split in favour of the publishing company.

The advance and the royalty rate dictate the basis of the agreement (the advance once again being recoupable via the writer's royalty rate, similar to the

recording agreement described above), although in this instance the royalty will be substantially weighted in favour of the writer, and not the publishing company (the opposite is historically true when it comes to record deals, reflecting the greater financial risk taken and the broader range of services generally offered by the record company).

The clauses regarding royalty rate may vary in order to incentivise the procurement of 'cuts' (i.e. songs commercially released), or sync deals (music placements in TV, film, adverts or video games etc).

Advances can be spread across a term, perhaps being triggered at intervals or on delivery of a specified quantity of cuts or option extensions (see below). Due to there being many fewer recoupable costs lodged against a writer, they are likely to recoup far more quickly than the recording artist.

The below elements are all worth noting;

The exclusivity will determine which type of deal a writer is signing, whether on an exclusive basis (all of their works over a given period), single-song assignment (a one-off basis for a specific song), admin only or sub-published (whereby an existing publishing entity assigns all of its rights to a third party).

The territory clause determines whether the deal is to be administered overseas either by a publisher's local country affiliate, or via a sub-publishing agreement with another company.

The rights period is the duration for which the publishing company will be able to exploit the relevant songs. Though subject to variation, this can often be for a set period (perhaps ten or fifteen years), whilst some deals endure for the entire life of copyright term (i.e. 70 years after death of songwriter).

Whilst the rights period is specific to the songs, the term relates to the actual writer, and determines the length of time for which the songwriter is exclusively signed to the publishing company. These are normally for a period of up to three years, with additional option periods. In assessing these options, the company will consider the degree to which the

writer has recouped their advance, as well as the minimum commitment. This is a clause designed to incentivise the writer not just to maintain high standards creatively and deliver a high quantity of songs, but also to actively seek out as many commercial release opportunities as possible. So for example, a minimum commitment of five songs in a twelve month period would necessitate that writer having to have written 100% of five songs which have been commercially released within the year.

Finally, the rights granted specifically detail exactly what has been assigned to the publishing company, and might usually be expected to encompass performance and mechanical income (i.e. income due from recorded music sales), as well as sheet music and sync fees.

WHAT TO DO NOW:

1

UNDERSTAND AND BE ABLE TO UTILISE KEY CONTRACTUAL CLAUSES IN RECORDING AND PUBLISHING AGREEMENTS, IN PARTICULAR RELATING TO THE ADVANCE, ROYALTIES AND THE NOTION OF RECOUPABILITY.

2

READ AS MUCH AS YOU CAN ON DEAL TYPES AND STRUCTURES (SEE RECOMMENDED READING SECTION AT THE END), TALK TO AS MANY PEOPLE AS YOU CAN ABOUT THE PROS AND CONS OF DIFFERENT APPROACHES AND THEIR EXPERIENCES, FOR EXAMPLE, BY ATTENDING NETWORKING EVENTS.

3

ACCEPT THAT THERE IS NO 'PERFECT' CONTRACT AS EVERY DEAL IS A COMPROMISE, BE CLEAR ON YOUR PRIORITIES AND ABILITIES WHENEVER YOU ARE IN A NEGOTIATION AND DON'T PROMISE ANYTHING YOU CAN'T DELIVER OR DON'T UNDERSTAND FULLY.

6. COLLECTION SOCIETIES

It is important to understand the ways in which the exploitation of your copyright will result in income coming back to you. Of course record and publishing companies can handle some of the royalty flow-through due from sales relatively directly and in straightforward fashion; a record is downloaded, and the artist is paid a royalty. Yet what of the writers who contributed to the song that was recorded, or the session musicians responsible for recording its string section? How does the industry support the notion that every writer or artist is compensated when their work is exploited via sale or broadcast (whether via media, or live performance)? And how does this apply to the multitude of creative entities which make up the modern music business aside from artist and writer, such as producers, performers, musicians and arrangers?

Step forward the performing rights organisations, PROs for short, also known as collection societies or Collective Management Organisations (CMOs).

COLLECTIVE LICENCING

The Performing Rights Organisations were created for reasons of cost saving and simplification of procedure, with the UK music industry applying a system known as collective licensing.

This occurs when the majority of rights owners collate all of their rights into one pot, and appoint a central organisation to handle licensing on their behalf. The resultant performing rights organisation can then strike one deal for all rights owners with an entire groups of licensees (so in this instance, licensees could be radio stations, TV channels, venues, cafes, bars etc, or indeed any public or commercial entity likely to want to use music). Clearly this is far simpler than coming to an arrangement for every single use of music with every single potential licensee.

Equally the licensee does not have to come to an enormous amount of agreements with every party involved in the ownership of every single track they're hoping to use.

In order to ensure that all relevant creatives are fairly compensated for the public performance of their work, several different organisations were created, each tasked with overseeing a specific use

of copyright;

a) **PRS For Music - (short for the Performing Rights Society)** the principle role of PRS For Music is to collect royalties from users of music in the UK who perform or broadcast music to the public. They collect only on behalf of songwriters, composers and publishers, and hence are in no way concerned with artists.

Their principle means of income are derived from:

- issuing annual licenses to businesses and organisations who utilise music on their premises
- the agreement and pay-through of set rates payable for the use of songs broadcast on radio or television
- live performance venues

b) **MCPS - (Mechanical Copyright & Protection Society)** Whilst the MCPS operates on behalf of the very same creatives as the PRS (i.e. for songwriters and publishers), their sole purpose is the collection of a specific amount every time a record is either pressed or sold, downloaded or streamed. The majority of the resultant income is then paid back to the songwriter and their respective publishing company.

These two independent entities merged in 1997, and now operate under the name PRS For Music.

c) **PPL - (Phonographic Performance Ltd)** In effect, PPL performs the same role as the PRS, but in relation to sound recording copyright (not the song). So those same public performance scenarios, from radio, TV, or at any space where music is exposed to a number of people will also collectively licence to PPL. In this instance though, the royalties collected will be paid through to the relevant record companies and performers, on an equally split basis. Note that both PPL and PRS for Music can collect royalties not just from the UK but also from around the world through a series of bilateral agreements with their equivalent organisations in each territory.

d) **VPL (Video Performance Ltd)** VPL perform a very similar function to the sister PPL organisation, but in respect of music videos, hence this extends to anyone featuring in a music video, be they artist, band member, backing dancer, featured actor, etc.

THE PPL PRS MUSIC LICENCE

In 2018, PPL and PRS For Music formed a joint venture in order to further simplify the process of licensing music for public performance. In providing a single point of contact for any entity requiring the above mentioned licenses, the joint venture now allows this to occur via just one application for the newly termed 'TheMusicLicence'; once collected, royalties are then distributed to the two parent companies.

HOW DO THE P.R.O.s WORK WITH BROADCASTERS?

PRS for Music and PPL will issue a so-called 'blanket licence' to the main domestic broadcasters that entitles them to use any track administered by the respective PRO without having to seek permission on an individual song-by-song basis. In turn, the broadcasters must provide detailed lists of all music utilised so the PROs can pay out the correct rightsholders.

Note that these blanket licenses are not issued to all UK broadcasters, meaning that Sky for one is still required to procure licences on a case by case

basis. More prominently (and for the lucky chosen ones, often more profitably) the US TV and film industries are themselves obliged to seek individual agreements for the use of music in their productions (a process known as synchronisation, more of which later).

PUBLIC PERFORMANCE & BROADCAST - 'NEIGHBOURING RIGHTS' OR 'PERFORMANCE RIGHTS'

Neighbouring rights is a term used to describe the performance in public, broadcast (TV, radio) and some other 'secondary' rights attaching to the recording copyright, or Master Right. The international collection of Neighbouring Rights has become an ever more important source of income for the industry, and it is worth spending a moment learning a little more about it if your music is being played on the radio in the UK or overseas. There is a lot of good general information on both the PPL and the PRS websites. For some more advanced information AIM has two guides to this area, as well as video and other resources on its website for members.

WHAT TO DO NOW:

1

UNDERSTAND THE PRINCIPLE OF COLLECTIVE LICENCING, WHERE IT APPLIES, AND HOW THE PAY THROUGH OF ROYALTIES FOR EACH COPYRIGHT TYPE FIND THEIR WAY THROUGH TO THE RELEVANT BUSINESSES AND CREATORS

2

ENSURE THAT YOUR WORKS AND RECORDINGS ARE REGISTERED WITH THE RELEVANT COLLECTION SOCIETIES.

3

START TO KEEP A DATABASE OF ALL OF YOUR WORKS AND RECORDINGS WITH ALL THE METADATA ABOUT THEM. DON'T RELY ON A DISTRIBUTOR OR COLLECTION SOCIETY TO DO THIS FOR YOU. THERE ARE TOOLS, SYSTEMS AND COMPANIES WHO CAN HELP YOU DO THIS, CHECK THE FRIENDS OF AIM DIRECTORY ON AIM'S WEBSITE, COME TO RELEVANT AIM EVENTS TO LEARN MORE ABOUT THIS.

7. FUNDING: COVERING THE INITIAL OUTGOINGS

The process of maximising an artist's reach requires substantial investment. This can make the business model a challenging one for many developing artists and small labels who face the difficulties of having no set route to market, whilst requiring substantial funding in order to break through.

Historically, much of the funding for both the development and promotion of the artist came via the record company. Whilst this still occurs, it does so now much later in the process than it once did. Using the plethora of tools and data available, record companies are incentivised to wait and observe an artist's market potential as they develop, rather than commit too early and back a less likely winner. In this way, the cost of early-stage development has swung away from the record companies, and places responsibility with the artist to develop themselves to such a level that they attract substantial investment. Whilst artists these days are likely to have to get further on their own before they get signed than in the old world, the availability of social media and other free or low cost tools makes the process feasible and achievable. Getting a music career off the ground was always said to be about 'creating a buzz' – in many ways, it still is.

There are typically a number of different options for generating early stage investment.

GRANTS

The contemporary music industry benefits from some Government backed and other grant funding.

Funding, in the form of grants, is available for application from a number of different sources, for example the PRS Foundation, Arts Council England, devolved national governments, regional / local funding, Help Musicians UK, and the Music Export Growth Scheme (MEGS) from the Department for International Trade which is administered by the BPI.

CROWDFUNDING

As artists have increasingly taken direct control of their early release activity, so the options for funding this process have opened up, and crowdfunding remains a popular option, in spite of the high

profile failure this year of Pledge Music, which collapsed for particular reasons, but proves the rule that it's essential to read the small print.

Crowdfunding by its nature encourages members of the public to contribute towards a project, by offering incentives or products that they can purchase, often in advance of their creation. As a result, it is a process that lends itself to the direct artist-fan relationship, many of whom are early adopters, eager to liaise direct with the creative talent, and support their career. Crowdfunding has allowed artists with no other viable means of raising funding, to do so in a way that is engaging and directly relevant.

LOANS

Though loans remain an option for music as with any business, the reality is that artists will often struggle to get a traditional business loan from a bank. Of course other investors can also be found (more of which below), and though the lenders charge interest, it may not involve an exchange of copyright ownership, which at least ensures that the intellectual property remains within the control of the borrower.

PRIVATE INVESTMENT

Trying to identify and then speak the language of business investment tends not to be a strength of most creatives or start-up music businesses. Nevertheless, third party investment has become an increasingly viable means of funding projects whether an artist or entrepreneur simply knows someone that might want to invest in them, or via more formal investment programmes looking to target music. In such instances, the programme can help package the artist as an investment opportunity, seek interested parties and set the terms of any resultant deal.

In return for their initial investment, an investor may well expect a percentage stake in a forthcoming release, or to get a share of a portion of the artist's income across multiple streams over a given number of years.

BRAND DEALS

Music remains an attractive and glamorous business, and one which other industries are hugely keen to associate with, in order to promote their products and services, underscore their brand values and energise their offering. Artists create a cachet which third party brands recognise, and are willing to pay for the association, as the resultant promotional value can be substantial.

A brand owner's principle ambition is often to reinforce their brand identity by association, which can by definition mean partnering with newer developing artists considered to be a better fit for their target audience. The notion of early adoption applies just as much in commercial partnerships as in media.

WELL CONSIDERED, FRUGAL BUDGETING

Whilst it is true that the upfront costs of music promotion can be expensive, it is worth asking how much of those outgoings are actually essential, and what the expenditure will likely add to the bottom line. In this day and age, there is a lot you can do for free. Think about everything you can do yourself; be creative!

Simply by considering what the essentials for any given piece of activity might be, it can be easy to ascertain which elements could be considered necessities, and which are luxuries. All of which is not to say that a business should not benefit from investment, merely that due consideration should be given to where that investment is made.

WHAT TO DO NOW:

1

CONSIDER YOUR INVESTMENT NEEDS AND THE RANGE OF POTENTIAL FUNDING OPTIONS OPEN TO YOU, AND REACH OUT ACCORDINGLY.

2

ALWAYS READ THE SMALL PRINT AND BE FULLY AWARE OF ANY OBLIGATIONS OF REPAYMENT, HOW YOUR MONEY IS KEPT AND PROVIDED AND SO ON. IF YOU ARE NOT CLEAR ON THE DEAL ALWAYS SEEK SPECIALIST LEGAL ADVICE.

8. CORE BUSINESS SKILLS

It is worth examining in greater depth some of the core principles that underpin running a business.

YOUR BRAND VALUES

Allocate plenty of thought as to what constitutes your brand values; which business principles are of most importance to you, and how you want your product or service (and yourself, in a business context) to be perceived. This will determine everything from what type of service you're offering, to how you should market yourself, and who your ultimate audience is.

By considering who you want to reach and who can help you reach them, it will be possible to identify not just your target audience, but your whole business community, from suppliers, to advisors, to investors and beyond.

SEPARATING PERSONAL AND BUSINESS FINANCES

It is essential that you separate out any business finances from any of your own personal money. This will dramatically simplify the processes of accounting and tax preparation. It could also help you in the event that things go wrong. This means having a separate business bank account whether or not you set up a company or operate as a sole trader.

BUDGETING

It is advisable to make some effort at budgeting likely expenses and consider these against potential income when setting up any new venture. You can research a lot of the likely costs you will incur by looking online, consulting contacts in the industry, or through trial and error with smaller scale experiments or pilot projects. Think about whether you will require premises, a website build, what types of insurance, staffing or transport costs are you likely to accrue? Will they be one-time expenses, or regularly incurred costs?

Your expenses will also help define at which price point you should make your product or service available (i.e. in order to start to try to generate revenue). Any costs associated with making any

goods, labour, packaging and shipping, processing, marketing and relevant taxes must be considered.

SALES PROJECTIONS

Many coming into the music business have already been involved in a degree of commercial or entrepreneurial activity with their music, which is as good a basis for ascertaining sales projections as any. Ideally this can be combined with research (whether anecdotal, or literal) into similar businesses. Consider who you know who might be prepared to provide some ballpark numbers. Research artists you admire or identify with them at different levels within the industry – see what they are doing and how they are making money. What can you learn from them?

BOOKKEEPING AND ACCOUNTING

Bookkeeping is the process of tracking and recording daily transactions, whether sales or expenses, and recording their impact on financial status. In other words, it helps track and show the health of your business at any given moment.

CASH FLOW

Cash flow is the single most important indicator of whether your business will survive. 82% of small businesses (across the wider economy – not just in music) fail due to cash flow problems. Poor cash flow management is the biggest single risk to your business no matter how good your music is. If you can't afford to pay your debts when they fall due, you risk going bust.

Maintaining good cash flow is all about making sure you get paid when you are due to get paid and being able to deliver on your obligations when your bills fall due.

Remember that the cash flow position of the company can vary enormously from the the accounting position, for any number of reasons (perhaps the most common of which is late payment of an invoice) so if there is one business process you need to prioritise, it is keeping on top of your cash flow. The golden rules are to make sure you send out any invoice you can as soon as you can and that you work actively to make sure people pay you on time

TAX FOR YOUR BUSINESS

It is essential to recall any business will need to pay tax on its profits. As a guide, it is worth assuming that approximately twenty percent of annual profits will need to be set aside in a separate deposit account in order to allocate towards any tax obligations as and when they are due.

ACCOUNTING TO THE ARTIST

Accounting royalties due to the artist is an extremely complex task, and one which even experienced industry veterans tend to out-source to a third party platform. These days, many platforms are available and several work on a commission basis and so cost nothing up front. It is well worth using a proper third party system for helping run your administration – particularly when it comes to royalty accounting as being late or getting it wrong can fundamentally

damage any relationships between artist and their commercial partner.

WRITING A BUSINESS PLAN

Writing a business plan will not only allow you to road test your proposal, and identify gaps in your existing knowledge base, but also it will be essential in circumstances where you are seeking to attract third party investment.

A business plan should be an overview document that not only describes what a business is and how it intends to generate profit, but also core elements you might want to think about such as staffing levels, premises, managerial leadership, the operating model, and of course, financing. In other words, it should be the comprehensive blueprint for you to relay your business intentions to any given third party.

WHAT TO DO NOW:

1

IDENTIFY AND COMMIT TO YOUR BRAND VALUES, COMMUNITY AND VISION.

2

LOOK AFTER YOUR NUMBERS. SEPARATE PERSONAL AND BUSINESS TRANSACTIONS, RESEARCH AND EMPLOY A BUSINESS FORECAST PROCESS, IDENTIFY AND EMPLOY A SUITABLE ACCOUNTANT AND UTILISE ROBUST ACCOUNTING PROCEDURES.

3

CONSIDER OUTSOURCING ROYALTY ACCOUNTING TO A SPECIALIST COMPANY. YOU CAN FIND DETAILS OF SOME COMPANIES AND TOOLS ON THE FRIENDS OF AIM DIRECTORY ON THE AIM WEBSITE AND BY ATTENDING AIM EVENTS LOOKING AT THIS AREA.

4

WRITE A ROBUST MARKETING PLAN AND STICK TO IT!

9. THE TEAM AROUND THE ARTIST

It is important to understand the core team that might exist around an artist, and how they support their business needs. The boundaries between each role have become increasingly blurred over recent times, but nevertheless the principles remain the same and understanding the roles and functions of the team can help in formulating a strategy for an artist career or campaign.

THE MANAGER

The manager should maintain a strategic overview across every aspect of the artist's career. Broadly speaking that entails enabling the artist to be as free as possible to focus on the creative element of their role, whilst the management oversees the business elements. Their role can therefore include involvement in aspects as far reaching as A&R, logistics and legal matters, marketing, promotion and the artist's health and wellbeing.

The most important clauses in any management agreement stipulate the basic rate of commission due, what happens to that rate if the parties go their separate ways, and then a legal notion which attempts to ensure that the manager always acts in the artist's best interests even when it may prejudice the interests of the manager themselves. This is the highest legal duty of care and is known as a 'fiduciary duty'.

THE LAWYER

As a guiding rule, if a business collaboration or substantial exchange of money is to be undertaken, or an issue regarding ownership exists, then it is wise to consult a lawyer.

Whilst it is generally suggested that such guidance tends not to come cheaply, anyone first encountering a legal document, and the 'legalese' language which they utilise, will understand exactly why a trustworthy, experienced and legally trained eye can add substantial value (and prevent a multitude of later issues) if employed from the outset. The money a lawyer could save you in the long run is almost certainly worth any initial outlay.

Music industry lawyers also tend to be well networked

at senior levels within industry organisations, making them valuable allies and connectors at the earliest stages of the artist's career, when external input and assistance is often so beneficial.

THE BOOKING AGENT

A booking agent's responsibility is to procure live performance opportunities for the artist, most likely in the form of headline shows, support slots or festivals. As few artists have a reach beyond their immediate locality, the agent's extensive network of contacts and capacity to understand where the most suitable opportunities exist makes them a potentially valuable addition to any team. They tend to work exclusively, and on a commission basis of the gross fees of all live income.

THE ACCOUNTANT

Often paid on an annual basis, or via set fees for specific tasks, accountants can not only optimise a business in terms of the corresponding tax obligations, but also contribute in areas such as optimal business set-up, self-assessment, book-keeping, VAT returns, tour accounting and even auditing. If you are unsure about anything financial, a recommendation for a decent accountant can be worth its weight in gold.

THE BLURRING OF ROLE BOUNDARIES

Whilst each of the above roles is arguably a specialist position, sometimes out of necessity, but often-times out of choice, some or all of these roles end up getting combined. An experienced manager will be well versed in legalese, key contractual clauses and negotiation tactics for example, which might mean you rely less on a lawyer for day-to-day issues. Equally, it is also not uncommon these days for lawyers and accountants to make the move into management, combining their technical training with commercial skills and entrepreneurial nous to the benefit of their clients.

As ever in business, necessity remains the driver of invention, and if a problem needs solving, a solution can most often be found in consultation with the right team.

WHAT TO DO NOW:

1

UNDERSTAND THE ROLES, RESPONSIBILITIES AND VALUE OF THE MANAGER, LAWYER, BOOKING AGENT AND ACCOUNTANT, AND TO CONSIDER THEIR RESPECTIVE IMPORTANCE RELATIVE TO YOUR BUSINESS MODEL.

2

CONSIDER WHICH OF THESE ROLES YOU ARE UNDERTAKING OR WHO YOU HAVE IN THOSE ROLES IF YOU ARE THE MUSICIAN. MAKE SURE YOU HAVE CLEAR WRITTEN AGREEMENTS SETTING OUT WHO DOES WHAT AND HOW THAT IS PAID FOR FROM THE OUTSET. GET SPECIALIST LEGAL ADVICE FOR THIS.

10. LAUNCH COUNTDOWN

WHY TIMELINE?

A timeline is a simple document that outlines the key elements of a campaign, in sequential order. It allows you, and anyone else involved in the process, to see what it is you are intending to do, and when. It helps teams coordinate and it makes it possible to more readily highlight unrealistic deadlines, gaps in the process, oversights, sequencing issues, missed opportunities, possible synergies and areas for improvement. In addition, it becomes the 'core' document around which everything else relates, and to which every other 'moving part' (i.e. each person) in the team should refer.

HOW TO TIMELINE

Most campaigns will encompass a specific moment in time around which to build the principle focus of attention. Normally, you would start with that moment and work backwards to identify when deadlines need to be, and whether you have enough time to hit them. The first process in creating the timeline therefore lies in ascertaining what those key moments are likely to be rather than initially focussing on when they are going to be. Work out what you want to do – then work out when it is likely to be achievable.

The purpose of the document, likely to be separated into key areas of activity, is to outline exactly when a campaign begins, when core elements need to be created and delivered, the scheduling of promotional activities (offline and digital) and clearly highlighting key impact points. The aim is to focus on the most important elements of the campaign, in order to allow for a 'quick glance' understanding of ambitions, as well as the associated sequencing and responsibilities.

DIGITAL RELEASE

One of the perceptions of the digital age is that of being able to distribute information instantaneously. The reality of digital music distribution is that established processes have developed that require more time than you might at first imagine.

The processes and timing of the procedure will depend on the nature of your distribution set-up (whether with a label for example, or an independent third party aggregator). The services available to the artist will vary accordingly, but may include elements of promotional or marketing support, synchronisation leads, data analytics, asset creation and retail sell-in. Playlist pitching has very much come to the fore in recent times as streaming consumption has increased in terms of importance.

It is worth sometimes taking a step back and making sure you have a good plan in place before rushing to release a track or album, just because it is finished. Also, whilst everyone wants to get on playlists, don't forget that highly engaged fans who build a relationship with an artist are worth significantly more revenue over time, whether through sales of music, tickets or merchandise, than almost any number of passive listeners who hear some music on a playlist and may never even know the artist's name.

OFFICIAL CHARTS

Most major territories have longstanding and officially recognised chart systems to log sales, and provide a weekly update in the form of a chart. The basic process of releasing new material does not automatically make it known to the relevant chart entity and it is important to confirm that your label or distributor is doing this on your behalf if you feel your release may have a chance of featuring.

WHAT DO I NEED IN ORDER TO DISTRIBUTE DIGITALLY?

There are three key elements to delivering music to a distributor, which include;

The music itself – delivered to a pre-specified audio quality standard and format.

Accompanying artwork – for every release format that you upload, a piece of artwork must accompany it, again to a particular specification in terms of size and resolution.

Metadata – on the delivery of every finished master recording, the producer is responsible for also delivering the accompanying 'label copy', which details who owns the copyrights and each person to be credited with an involvement in the recording process. By doing this, each track can be identified, and every person correctly remunerated.

THE TIMESCALE OF DIGITAL DISTRIBUTION

It is possible to make tracks available within a matter of days, but aiming for the optimum scenario, it is wise to allow up to four weeks ahead of release for delivering all of the elements into the distribution system.

DIGITAL RELEASE INCOME

For every digital download it is fair to assume that approximately half of the value of every single track sale will make its way back to the owner (after mechanicals, VAT / sales taxes and the retailer's cut). For streaming, inevitably the income due back is far less for each individual transaction, and varies by platform and country; the amount paid through per stream is quantified to the third decimal place of a penny, which somewhat supports much of the early criticism around streaming, that it simply doesn't pay through sufficiently. The reality is that streaming can and does provide not just a promotional channel, but a vital source of income for many.

When starting out, these revenues can be tiny, but look to build them over time and they can really start to add up and deliver constant monthly income to your business.

It is clear that to make decent money from streaming requires large quantities of streams for the individual artist, or better still, the combined number of streams across a number of successful artists for the repertoire owner.

Whilst the average pay through per user is a much lower rate than that for downloads, the likes of Apple Music, Deezer and Spotify remain far more profitable for artists and their commercial partners per listen than the most populated streaming platform of all, namely YouTube.

WHAT TO DO NOW:

1

UNDERSTAND THE USE OF, AND BEGIN TO EMPLOY, THE TIME-LINING PROCESS TO MAP OUT CORE ELEMENTS OF THE CAMPAIGN IN SEQUENTIAL ORDER.

2

IDENTIFY AND CHOOSE A SUITABLE DIGITAL DISTRIBUTOR BASED UPON THEIR FINANCIAL MODEL AND POTENTIAL TO PROCURE PLAYLIST SUPPORT.

3

ENSURE THAT RELEASE ARTWORK, MUSIC AND METADATA ARE SUPPLIED IN THE CORRECT SPECIFICATION TO YOUR DISTRIBUTOR UP TO FOUR WEEKS IN ADVANCE OF RELEASE, IN ORDER TO ALLOW FOR RETAIL SELL IN.

4

APPRECIATE THAT DIGITAL EARNINGS ALONE MAY NOT BE ENOUGH TO SUPPORT AN INDIVIDUAL ARTIST – CERTAINLY IN THE EARLY STAGES – AND UNDERSTAND THAT A SUCCESSFUL ARTIST OFTEN RELIES ON A COMBINATION OF INCOME STREAMS WHEREAS A SUCCESSFUL LABEL OR PUBLISHER OFTEN RELIES ON THE INCOME THAT COMES FROM HAVING A BROAD CATALOGUE OF MUSIC.

11. PHYSICAL RELEASE

IS PHYSICAL PRODUCT STILL RELEVANT?

The contemporary reality for many major territories is that physical sales still account for a sizeable portion of the marketplace. Whilst sales are undoubtedly on the decline, many (typically older demographic) consumers have yet to adopt the subscription based streaming model, preferring the notion of owning something that they can touch and see, over a harder to grasp concept of cloud-based 'access to all.' Whilst it appears inevitable that sales may well continue to decline, as long as CDs and vinyl (and somewhat remarkably, even the return of the cassette tape) account for reasonable volumes in markets as diverse but prominent as the UK, USA, Germany and Japan, then clearly their relevance to the consumer will remain important.

IS PHYSICAL PRODUCT RIGHT FOR YOUR ARTIST?

Whilst it is difficult to paint broad brushstrokes as to the typical music fan by genre, it is clear that consumers of certain types of music appear more likely to purchase physical stock than others; dance artists, operating in a rapidly moving and technology embracing environment, might well overlook physicals for example, whilst a heavy metal band could well base their income model on the sale of physical product of one form or another.

It is therefore well worth researching similar artists or releases to give at least some indication of potential uptake. That said, much relies upon the type and quality of product, and the means via which it is communicated. Typically, a highly engaged audience is more likely to make a purchase, and even moreso if they are doing so direct from the artist. The uber fan seeks out the opportunity to actively engage and support, making them not just more likely to purchase, but to do so with higher spec and more expensive product.

CHOOSING A PHYSICAL DISTRIBUTION PARTNER

Some distributors simply do not cater for the physical market, and those that do are typically choosy as to which artists they take on; they have limited stock capacity after all, and need to allocate space and

inventory to items most likely to sell. Equally, some physical distributors will not consider a deal if digital rights cannot be factored into the proposition. Such a decision may well boil down to whether there is intent to service physical retail, or whether the artist is looking to conduct all of their physical sales via their own direct to consumer/merch space.

DIRECT TO CONSUMER SALES

In regards to direct to consumer (abbreviated to D2C, literally meaning selling straight from artist to consumer without doing so via a third party retailer), self fulfilling is clearly a simpler proposition, allowing the artist or their team to take direct responsibility for all matters after taking receipt of manufactured goods. Whilst this facilitates the retention of ownership of both process and all income, it does come with the associated logistical issues; from space to keep potentially large quantities of stock, to packing and shipping each and every order, and then dealing with all subsequent customer queries. It also requires the investment of capital upfront in stock that may or may not sell – see the section on cash flow.

A fulfilment partner could handle all of the process of shipping from warehouse to customer, and any subsequent customer queries in exchange for a percentage of income accrued (typically around 10%) or sometimes as a flat monthly fee. There are also services that print / press to order or will not require payments for stock up front. These alternatives may pay a much reduced margin on each sale, but the beneficial impact on your cash flow might make that drop in margin worthwhile.

DISTRIBUTION INTO RETAIL

For those artists who will realistically be able to place their merch in high street shops, it is necessary to secure a distribution deal. In the UK, likely retail outlets broadly break down into supermarkets (mostly chart product only), major specialists (of which HMV is really the sole country-wide survivor) independent specialists such as the network of independent record stores, and online (the likes of Amazon). Not only will the distributor take on the logistics and customer liaison responsibilities, but

perhaps the true value lies in their retail relationships, their capacity to procure more favourable retail space or rates, and indeed simply to sell in more stock into physical retail in the first instance; after all, presence and profile in the physical environment will almost certainly lead to more sales.

RETAIL SELL-IN

The process of selling in to retail is invariably deal dependant; whilst a retailer simply won't take stock of a product they believe won't sell, even for those that they do, it will be necessary to strike a deal. Retailers will expect a discount, which works on the premise of increasing in proportion with the quantity of stock which they are prepared to take. In return, the distributor might barter for a better quality of racking (shelf space / position); after all whilst some purchases are pre-meditated, many remain impulse buys, reliant upon entering the consumer's consciousness. Therefore the distribution partner will require promotional bullet points and information just as much as the promo team. In a limited space environment it is necessary to fight hard for placement, making for a particular importance on the relaying of up to date and accurate promotional momentum to the sales team in order to justify the sales push.

RETAIL IN-STORES

Many retailers, and frequently independent stores, recognise the value of artist performance within their retail space as a driver of sales. So called 'in-stores' (in store performances) act as a potential 'call to arms' for customers to effectively attend a free live performance conducted within their local music retail space. The opportunity to see the artist perform in an intimate setting, as well as meet and greet and sign merchandise, can be a highly effective stimulator of sales at otherwise quiet times of the day. AIM publishes for its members a list of independent record stores around the UK who invite artists to perform in-stores, as well as their tech specs, requirements, and other information that would help incorporate this tool into a release schedule and marketing plan.

LIKELY DEAL TERMS

Procuring a distribution partner will certainly entail the signing of an associated deal, in order to outline the core elements of the relationship. Principle amongst these will be the term (the duration for which the agreement will last), the type of rights (whether physical only or inclusive of digital, with whether the repertoire owner needs to provide finished goods) and territories (outlining the geographical reach). In terms of the royalty split itself, the digital split would be expected to be lower for the distributor than the physical (acknowledging the reduced logistical effort of digital distribution), which may have a base starting place around 20% (due to the distributor, with the remainder going to the repertoire owner).

THE COSTS AND TIMESCALE OF PHYSICAL DISTRIBUTION

Selling physical product invariably starts with its manufacture, and there are many options available to the independent artist. An 'economies of scale' principle applies to the process of manufacture; the more produced, the lower the cost per unit. That cost is also determined by the relative complexity of the product type being manufactured.

In terms of timing, manufacturer turnaround for a standard CD ought to be around four weeks from receipt of all elements to delivery of finished stock into the warehouse, allowing for potential stock issues, and for priming the distributor for retail sell-in. For vinyl, the timings are much greater, often running to up to twelve weeks in instances where the repertoire owner requests a test pressing (effectively a sample listening copy to check for quality prior to mass manufacture).

OTHER PHYSICAL ITEMS

The above processes can also apply to the broad range of merchandise items that can be sold into retail or via D2C, in that the artist or repertoire owner will generally be required to provide the finished stock, and hence bear the cost of manufacture upfront. There are also merchandisers who work on a print-on-demand type basis, reacting to orders in real time, albeit with the inevitable downside that the unit cost is more expensive.

WHAT DO I NEED IN ORDER TO DISTRIBUTE PHYSICALLY?

Music – for audio CD most manufacturers now request that music is delivered in a DDP file format or alternatively as a Red Book CD-R with tracklisting. This is also the time to embed ISRCs into the manufacturing process if so desired; this is the international standard system for the identification of recorded music and allows for individual track numbers to be permanently encoded into a track to help ensure the correct remuneration of its creators. These can be issued by PPL or your label/distributor in the UK. For vinyl, files can generally be provided in WAV format, with a standard bit rate of 24 bit/44.1KHz.

Artwork – Any physical product will require the delivery of artwork for every element of the product, from front and back cover, booklet inserts and CD or vinyl label/on body print. Each will need to be designed and delivered onto pre-specified manufacturer grids in order to ensure that any margin for design, print or manufacture error is reduced.

Metadata – this is ostensibly comprised of the same information as for digital release, but with the addition of any physical product specific information, such as vinyl side splits, differing catalogue numbers etc.

PHYSICAL RELEASE INCOME

Commercial terms on physical sales in the UK are based not upon the retail price but on PPD (published price to dealer, or the price per unit paid by the retailer to the repertoire owner), which vary according to prescribed price points. These price points are used to make product available at what might be considered a full price, a reduced mid price, and then a budget price, which is sometimes employed to shift old stock. There are numerous additional intermediate price levels which vary according to strategic aims, product format or content etc. Pay through back to the repertoire owner therefore is based on a percentage of the PPD, which may typically be around half of the value of the retail price (albeit being subject to whatever pricing the retailer chooses to make available to the customer, clearly this is very much a rough approximation).

WHAT TO DO NOW:

1

DECIDE IF SELLING PHYSICAL PRODUCT IS RIGHT FOR YOU / YOUR ARTIST.

2

DECIDE WHETHER A RETAIL PRESENCE IS NECESSARY. IF NOT, SOURCE MANUFACTURING QUOTES AND EITHER SET-UP WITH A FULFILMENT PARTNER, OR PREPARE TO SELF-FULFIL.

3

FOR THOSE SEEKING A RETAIL PRESENCE, LOCATE AND CHOOSE A SUITABLE PHYSICAL DISTRIBUTION PARTNER, AND NEGOTIATE TERMS ACCORDINGLY.

4

ENSURE THAT ARTWORK, MUSIC AND METADATA ARE SUPPLIED IN THE CORRECT SPECIFICATION TO THE MANUFACTURER NO LESS THAN FOUR WEEKS IN ADVANCE OF RELEASE DATE FOR CD, AND UP TO TWELVE WEEKS IN ADVANCE FOR VINYL.

5

KEEP YOUR DISTRIBUTION SALES TEAM UP TO SPEED WITH THE PROMOTIONAL ACTIVITY IN ORDER TO AID THE SELL-IN PROCESS AT RETAIL.

12. MARKETING PRINCIPLES

If marketing is the process of generating maximum possible awareness via the most efficient timeframe and expenditure, then that marketing message is most effectively amplified via tastemakers and influencers. Not only does the buy-in of these tastemakers more rapidly facilitate the growth of a fanbase, but the reality of the music business is that a handful of key gatekeepers carry even greater influence. Their support is so significant that a negative reaction can severely obstruct the progress of an artist's career, or in more extreme circumstances, effectively finish it off. The industry relies on these few people in order to magnify the marketing message, and so to reach the mass market.

THE MARKETING PLAN

The marketing plan is mainly focussed on the means to get the buy-in of these tastemakers, and remains a key document in the campaign armoury.

The plan should outline the likely demographics of the target audience, artist USP (unique selling points), campaign sequencing, impact points, retail support, core messaging, as well as key content and assets. In doing that it also outlines which media, ideally right down to specific individuals, make up the targeting for magnifying the message to the target audience..

THE THREE PILLARS OF MUSIC MARKETING

A central element of the marketing plan is that of giving the campaign team tools to work with that help make the artist sufficiently distinctive amongst the backdrop of an incredibly crowded marketplace. With many thousands of tracks uploaded on any given day, the artistic message becomes a vital part in the fight for media and consumer attention, and is usually relayed via a combination of three separate, but inter-relating elements.

The music – the music should be at the core of the campaign – it should be both sufficiently distinctive and of outstanding quality, in order to justify the effort involved in bringing it to market.

The visuals – the imagery and video content associated with an artist are often the first and most important component in capturing a given target's attention. Ideally they should be at once sufficiently striking as to be instantly engaging, and also a logical visual reference to the music. This applies to an increasing array of elements, from press shots, artwork, music videos, social media content, live backdrops and much more.

The message – the message is often the key contrast between artists. This can be a combination of many elements but is often based around the artist's own narrative. It too should be a logical extension of both the music, and any accompanying visuals, in expressing a coherent and simple narrative, so that both media and consumer can easily pick up on it.

OWNED CHANNELS VERSUS THIRD PARTY CHANNELS

'Owned channels' in this sense refer to the artist's own website as well as their social media channels and on the basis that they are controlled by the artist, who can be safe in the knowledge that it is they and their immediate team deciding exactly what should or should not be posted on them. This is very different from 'third party' owned channels (controlled by someone else e.g. media, retail etc), which the artist might hope to use to gain access to a following, but doing so requires the owner's buy-in and support. Owned channels are the one space whereby the artist should have 100% control over the messaging and content posted, and as a result they remain the most fundamental part of their promotional arsenal. This makes the artist's social channels, and above all else, the artist homepage/digital web presence, the definitive place through which to communicate with the outside world.

CONTENT PLANNING AND CONSUMER TARGETING

With social media allowing so much direct engagement with the consumer, the use of a suitable CTA (call to action – i.e. the action that you want fans and other users to take when they engage with that content) is arguably the most important element. If the marketing plan is conceived early enough in the process around a release, then it can be used as a means to communicate what sort of content needs to be created during the creative process, in order to facilitate the desired CTA.

DIGITAL TARGETING

A professional plan should also contain a plan for and some degree of detail for digital advertising targeting (and, perhaps, advertising on offline platforms too e.g. print, TV, radio), in order to find other routes to the target audience, communicate useful information as to similar or related artists, for context, and to support key moments throughout the campaign period.

Most digital platforms now contain relatively sophisticated ways to advertise to specifically segmented audiences (whether reaching existing fans or expanding the fanbase), e.g. geographical or lifestyle based segmentation.

IMPACT POINTS

Campaigns tend to be built around key impact points, or moments at which all activity is boosted for maximum impact. Identifying and communicating when these points occur is fundamental in the planning process, as they are the hooks on which the rest of the campaign is built, giving clear direction as to when certain activities are needed, whether led by media promotions, or marketing or advertising.

CONTENT, CONTENT AND MORE CONTENT

The reality for the contemporary musician is that when it comes to social media; love it or hate it, you'd better be on it. The impact of an 'always on' audience places an enormous strain on the artist to maintain a dialogue or presence, regardless of which point the campaign has reached. The answer is nearly always the creation of yet more quality content to share and often quickly.

WHAT TO DO NOW:

1

UNDERSTAND THE HIERARCHY OF TASTEMAKERS, AND THE PRINCIPLE OF PROCURING THE SUPPORT OF MEDIA AND CONSUMER LEADERS IN ORDER TO MAGNIFY THE MARKETING MESSAGE TO THE MOST NUMBER OF PEOPLE.

2

CREATE A MARKETING PLAN TO ACHIEVE THIS, DETAILING WHICH CONTENT WILL BE USED TO ATTRACT WHICH TASTEMAKERS, AND WHEN.

3

ENSURE THAT THE PLAN CLEARLY RELAYS INTERESTING AND DISTINCTIVE MUSICAL, VISUAL AND NARRATIVE THEMES, EACH OF WHICH SHOULD SEAMLESSLY RELATE TO THE OTHER.

4

INCLUDE IN YOUR MARKETING PLANS WHAT CONTENT IS REQUIRED AND PERHAPS PLANS FOR DIGITAL AD TARGETING TO HELP ENGAGE AND DELIVER CONTENT TO CONSUMERS.

5

RECOGNISE THE OPPORTUNITY OF ENGAGING WITH YOUR AUDIENCE ON SOCIAL MEDIA, AND THAT THE BEST WAY TO ENGAGE WITH THEM IS VIA A REGULAR FEED OF INTERESTING CONTENT.

13. A NEW MODEL OF OWNERSHIP: DATA

OWNERSHIP OF DATA AS WELL AS COPYRIGHT

The business of music is as based on copyrights. It is the exclusive rights to do things with the music that generates income. Whether that's the song, or the recording, it is preferable to be the outright owner of either, preferably both, for as long as possible.

The use of the music or, more technically, the exploitation of those copyrights as owners is just the beginning though; there is an additional layer of ownership, which is that of audience or customer data. Although marketing is very effective, it has more impact when combined with the capacity for the copyright owner to reach out directly to the artist's audience.

Unlike some other commercial sectors, in the music business the product (content) owner doesn't usually own or control the ways of getting the product to the market. This presents a dilemma; how effective can your marketing and promotion be if you don't truly understand the composition and behaviour of your audience?

Though social media has opened up the capacity for the artist to engage directly with the fan, the associated data is not owned by the artist, but by the platform on which it exists. The content owner then has distance and potential barriers between them and the audience, whilst also being at the mercy and controls of the social media platform. As a result, the emphasis has switched to the so-called D2C (direct to consumer) model, because by selling music direct to the fan (and in effect acting as both artist AND retailer), the content owner owns the fan data as well. For the first time, this allows for a direct artist-to-fan relationship that is both

controllable and fully transparent.

This also creates the ability to 're-market' - the principle that it is a lot more efficient to sell more music to those who you have already engaged than it is to attempt to reach new potential fans). By owning the data from any one purchase, it is therefore possible not only to see what a consumer purchased and when, but to then pro-actively re-engage with them. By merging this with the capacity to track buying habits in real time, it is possible to enhance and optimise the sales and marketing process at every further stage, making marketing more and more efficient and potentially saving you cost and effort.

DATA ANALYSIS

Alongside a growing understanding of the importance of data ownership is the recognition that there is an increased amount of data returning from the digital platforms which can be inspected. However, often the most useful learnings from data are hidden and need greater and more complex analysis to be revealed. It is also worth recognising that data often reveals 'when' and 'how', but only rarely 'why,' and this final question is arguably the most significant in the decision making mix.

The result is an ever greater emphasis placed upon highly skilled data analysts to recognise the significant in amongst the insignificant, and to interpret said data in increasingly meaningful ways and build platforms and tools to present the results. For advanced campaigns, a combination of insightful data analysis and meaningful market research tends to give the best results in terms of optimising the marketing processes.

WHAT TO DO NOW:

1

ACKNOWLEDGE THE BENEFIT OF OWNING CONSUMER DATA AND MAKE STEPS TOWARDS DOING SO, IF NOT ALREADY IN PLACE.

2

APPLY THE PROCESS OF RE-MARKETING IN ORDER TO MAXIMISE OWNED DATA AND INCREASE SALES.

3

LOOK FOR SOURCES AND SERVICES FOR DATA ANALYTICS SO THAT YOU CAN APPLY A COMBINATION OF DATA ANALYSIS AND MARKET RESEARCH TO FURTHER OPTIMISE UNDERSTANDING OF CONSUMER BEHAVIOUR.

14. PROMOTION

Promotion in the music industry amplifies the marketing message, usually through a series of well established relationships. Traditionally the practice of promotion has involved drilling down onto various types and areas of media, based around the ambition of getting tastemaker support, by working with individuals with relevant networks and expert knowledge in each of those types and areas of media.

THE IMPORTANCE OF RELATIONSHIPS

The field of promotion, perhaps more than any other in the music business, and even in this digital age, exists on the strength of relationships. Access to a PR's network of contacts is usually much of the reason they are hired. Invariably this comes at a cost, but the on-going need for curation in an increasingly over-populated market means that the higher up a tastemaker or influencer exists in the food chain, the more their attention is sought. This increases the likelihood of such tastemakers and influencers relying on a small group of trusted promotions contacts for their time, in order to filter the otherwise enormous volume of music they are confronted with on a daily basis.

KNOW YOUR TARGETS

One key theme resonates regardless of the campaign; namely the need for well-considered targeting of tastemakers and influencers. Doing so both ensures the highest possible uptake, but also avoids the unnecessary practice of 'carpet-bombing' people regardless of their stated preferences or fields of interest, which can earn you a bad reputation and in some cases make the very tastemakers you are trying to reach avoid other campaigns you run, even if those following campaigns are more appropriate for them.

RADIO

Radio, and in the UK, national radio, still often sits at the top of the promotional tree. Of all the promotional wins that can occur, it is a substantial national radio playlist that will reverberate most around the campaign team, though influencer podcasts and playlists are increasingly become as relevant and, in

some genres, have already overtaken radio.

We are fortunate in the UK in having the national BBC stations and the commercial radio network as means of offering country-wide radio exposure. Each station generally has a (mostly) democratically agreed playlisting policy, whereby key personnel are required to meet on a regular basis to decide which tracks should be added to the list and which should be removed as well as having quotas for 'new music', diversity policies and so on.

The station will predominantly base its broadcasting output upon the content of its playlists. Each major show on the major national networks tends to have a producer and DJ whose responsibility it is to contribute opinion to the playlisting process, or to select tracks for spot plays, depending on their individual remit.

The role of the radio plugger (a specialist promoter to radio) is to identify suitable radio targets, deliver the music to them and most importantly, to actually 'plug.' The plugging portion is the make-or-break element, whereby the plugger would be expected to use their experience and knowledge of radio policy and personnel, and 'work' their network of relationships, in order to sell in a given track and increase the chances of getting radio airplay and, where possible, playlist places.

Initiatives such as BBC Introducing (which allows artists the capacity to upload music direct for the consideration of their local BBC radio station, with the potential to move higher up the food chain to national level radio exposure), have democratised the process of procuring radio support away from simply relying only upon radio plugging.

REGIONAL RADIO

The UK radio network is also made up of a large quantity of smaller, regional radio stations delivering more localised output to a smaller geographical audience. A significant proportion of the regional radio stations are owned by a handful of companies, allowing them to create centralised content that is rolled out across the network at certain times of day. This also means that the process of plugging

regionally is not always done in a particularly localised fashion, but through getting support from the central company, which then rolls out across the rest of that company's network. It is therefore possible to gain near national levels of airplay through a handful of key regional radio players.

Regional radio support is not just about scale though, but can also be essential in terms of procuring early adopter or influencer support in the form of local specialist radio stations or shows rather than trying to get to the national influencers who are likely to receive more attention.

TV

TV performance openings for contemporary artists have dwindled in the last few decades as broadcasters have moved away from specialised music-only programming, leaving just a handful of good opportunities. Those that do exist tend to lean towards major international artists who are considered to be likely to deliver higher audience figures than those further down the pecking order. UK TV plugging therefore tends to focus on a small number of prime time performance slots (mostly within the format of televised awards ceremonies, variety shows, reality TV shows or presenter-led chat shows and occasional cameo spots on soaps), or a minimal number of music specialists.

Music video channels remain an important part of the mix for those artists delivering official music video content of sufficient quality though the number of mainly music-video channels is also shrinking in line with the growth of digital video platforms. Strangely the audience numbers have remained fairly consistent, after an initial drop-off following the global embracing of YouTube and other video-based platforms, with channels opening in new countries and with the expansion of digital TV. Such channels do tend to deliver well targeted audiences for specific music genres and certain shows also make provision to feature clips of video content as segueways into or out of advert breaks, which can also be an impactful way of finding new audience.

Feature interviews can also offer a valuable televised promotional outlet for artists, with opportunities

leaning towards topical broadcasts. As they tend to be narrative-led, such slots can be a particularly impactful way of communicating part of the artist's broader message, back story or their support of a cause particular to their interest. A good TV plugger or often a PR should have access to these types of opportunities.

PRINT AND ONLINE PRESS

The capacity to reach out to large amounts of readers is no longer the exclusive domain of a handful of longstanding print institutions. Many of these do still exist and have successfully added an online offering, but digital publications, both formal and informal, have created a transformation in printed word media and blurred the lines between professional journalism and amateur blogging, dramatically increasing the amount of content and places to find it, whilst at the same time reducing the audience of any one publication.

There are some clear promotional benefits to these developments, as the ability to cater to what were once considered niche markets (smaller pockets of interest that could never be fully serviced through traditional print media) are now much more reachable via digital means. The shared interests for such groupings often makes them a more targeted audience, resulting in a higher rate of conversion from reader to fan.

These targets are generally the domain of the music PR, who again will likely have spent a great deal of time and effort building relationships in order to maintain a direct line of communication with the most significant journalists.

WRITTEN ASSETS

The PR will compile individual press releases for each significant moment of a campaign, be it individual single track releases, albums, tours, major content release or announcements, etc. The press release is a specific overview, normally of no more than one page in length, detailing the most pertinent information for journalists to absorb in deciding if they will want to feature it. In part, it will often also contain a reference to the broader narrative as previously mentioned.

The campaign message should itself have been written into and communicated in much greater length and detail in the artist bio(graphy). The bio isn't necessarily a detailed history or timeline of the artist's life up until that point, but an opportunity to identify and communicate a particular in-depth campaign story. This is the main opportunity to communicate the message that has been discussed and identified in advance as being relevant not just to the artist, but also their main musical content at that moment.

CRISIS MANAGEMENT

The PR is also the person to turn to in the event of unexpectedly unpleasant messaging relating to the artist leaking out into media circles. Inevitably as situations develop or new information comes to light, so-called crisis management PR can be crucial in the effort at taking back an element of control as to the nature of the surrounding messaging. As the press-facing person around the artist, it is the PR who will field queries at such times, and who must attempt to steer the most positive outcome possible, in close coordination with the artist, their management, and others working on the campaign.

SOCIAL MEDIA INFLUENCERS & THE POWER OF RECOMMENDATION

As social media and digital channels expand and become more and more significant, the need for curation has also spread to them. However, there is a key difference in the nature of these influencers, whose voices tend to come less from the traditional fields of journalism, but instead from out of the public domain. By its nature, social media provides a platform for anyone with a voice to steer opinion, enabling some individuals to gain enormous followings in a short space of time. The net result is an environment populated with a large quantity of so-called social media influencers specialising in particular fields, whose audiences buy in to their tone of voice, branding and messaging. As a result, they carry enormous influence over younger demographics in particular, whose opinion is likely to be swayed by the power of recommendation over straight advertising.

Such influencers are as a result in high demand for their potential to support a given message and get it to their audience. Influencer marketing most effectively takes place when the coming together of the tastemaker with the product and/or service is entirely authentic and seamless; if that product is not consistent with the influencer's established brand values, then the lack of authenticity is likely to be immediately apparent, resulting in limited commercial gain, and a weakening of perception for brand and product alike.

PODCASTS

Podcasting (the delivery of a specific audio file via digital means as part of wider programme – for the uninitiated), has begun to become an increasingly important part of the promotional mix. Along with the growth of influencers and their movement from traditional media to social media, many have turned to podcasting as a means of communicating passions, opinions and entertainment. By their nature, podcasts tend to deliver loyal followers to highly specialised content, which can make targeting particularly impactful when authentically linked to a music campaign.

STREAMING PROMOTIONS

The major streaming platforms receive an enormous quantity of new music in any given week, and as a result they too need help in applying some sort of sorting process to the tracks they choose to support. Whilst several (Spotify included) have now opened up the capacity for artists and their teams to pitch directly utilising online forms, there is also the capacity to pitch directly through trusted distribution channels, or to the sizeable playlist community.

CLUB, SPECIALIST AND DJ PROMO

The field of club promotion remains a core part of the process of building local and regional support for, particularly dance, music across the country. As with other specialist PRs, club promoters have long standing relationships with great quantities of DJs and clubs across the UK, and largely control the means of relaying new material to them. Generally done in advance of release, tracks are dispersed

across the network (frequently across numerous different genre mixes so as to maximise potential uptake) for DJs to play, and to provide subsequent feedback. The better performing tracks feature

in the top sections of the associated club charts, indicating evidence of broader specialist interest and likely audience interest.

WHAT TO DO NOW:

1

USE EXISTING RELATIONSHIPS AND CREATE NEW ONES WITH KEY PROMOTIONAL TASTEMAKER TARGETS. DIRECT MEDIA RELATIONS ARE ALWAYS MORE LIKELY TO PROVE BENEFICIAL THAN OPERATING VIA A THIRD PARTY.

2

IDENTIFY KEY PROMOTIONAL TASTEMAKER TARGETS AND CONSIDER HIRING PROMOTIONS PERSONNEL IN THE PARTICULAR FIELDS OUTLINED IN THIS CHAPTER IN ORDER TO ENLIST SUPPORT FOR YOUR ARTIST.

15. LIVE PERFORMANCE

LIVE PERFORMANCE AS AN INCOME STREAM

Live performance, always a fundamental income source for artists and the wider music business, took on an increased importance during the digital downturn which followed the turn of the millennium. This can partially be put down to core music fans placing an increased value on experiences and the subsequent process of sharing those over the social media boom. With research indicating that peer group 'word of mouth' influence (most frequently through friends' social media posts) accounts for roughly one-third of consumer discovery of events, it would seem logical to assume that live performance attendance is also well placed to benefit from the so-called FOMO ('fear of missing out') factor that has seemingly had increasing influence on us all in recent years.

Some record labels have (and it is common practice among the major labels), as other income sources have reduced, included this income stream in recording agreements (as in so-called '360 deals'). The argument for including this is that the label is spending a lot of money and resource, particularly early in an artist's career, in raising the artist's profile and fronting tour costs and should therefore benefit from all live activity, which may well not have been an opportunity without the label's efforts. The opposite argument, particularly for more established artists, is that the label is not significantly contributing to the fees the artist can gain already for live shows and therefore shouldn't benefit.

Independent labels have a broad range of deals available, as previously discussed in this guide, but many have avoided including a share live income in their recording agreements, leaving this income stream to the artist to help with artist's cash flow and sometimes to avoid potential areas of conflict. Some independents have always included live, some don't agree with the practice and see it as a point of principle not to take a share in this income. Each is different, and it is good to inspect how you as a business feel about this aspect from the outset and re-assess as you go.

TOURING AN ALBUM

It is standard industry practice to ensure that any significant live performances are planned to correspond with a record release. The combination of both 'impact points' occurring concurrently makes for numerous promotional advantages; not least with combined promotional activity causing the artist's profile to be at its peak, the opportunities for the consumer to be aware of the artist and any content are maximised, regardless of whether that impact point is as a live event or the recording.

In addition there is also the possibility of co-ordinating the marketing and advertising messaging, right through from fundamentals such as consistency of branding and visuals to including tour dates on posters and adverts. From the PR perspective, live shows also offer the added value of being able to invite and host key tastemakers or influencers, in order to help spread the word ever further.

THE AGENT

Once the artist has reached a certain profile, it is the booking agent's (often shortened to just 'agent') role to procure live performance opportunities on behalf of the artists on the agent's roster. They most commonly work on an exclusive basis, earning a commission of between five and fifteen percent of gross live earnings.

In the early stages of any artist's career, they invariably attract low fees, and this can make procuring an agent somewhat difficult. The agent's commitment requires absolute belief in the artist's long term potential in order to justify the early efforts which will bring little income to them in the form of commission.

As with any industry role with a promotional element, they will be required to have an extensive network of reliable contacts in the relevant territories in which they book, at regional, national or international levels. A broad range of contacts will allow the greatest opportunity for securing the right kinds of performances, whether as headliner, support slots or the many festival propositions that are relevant to the individual artist.

This should never stop the artist and their immediate team from finding other opportunities through their own contacts as the activities of artist, team and agent will reinforce each other to raise the profile of the artist. It is not the agent's role, particularly in the early stages of an artist's career, to replace the artist and their team's own activities, but to add to them by bringing their own contacts into play.

SUPPORT SLOTS

Whilst most artists start their careers booking their own gigs, the reality is that their reach is difficult to spread beyond their own locality. An agent's first role then is often to help spread the artist's geographical reach and expand live fanbase. By getting support slots (playing second or third on the bill, in support of a headlining artist or as part of a bigger event), the risk of performing further afield to empty rooms is mitigated somewhat by relying on the draw of the main artist to attract a crowd and bring their own following.

Again, it is still crucial for the artist and their immediate team to continue to promote these gigs in order that the artist can show they have a loyal fanbase, be recommended by the promoter to others and to get repeat bookings.

HEADLINE SHOWS AND TYPES OF DEAL OFFER

For those seeking to grow an audience in their own right, or with a more established following outside of their immediate locality, the next opportunities are headline tours. Here the agent's role is to book and route a headline tour based not just on logistics (i.e. sensible geographical reach, in order to minimise travel time and reduce tour costs), venue suitability and population density, but also upon any customer location data available to them, which typically comes from whatever digital platforms the artist is already using.

There are various types of deal that the agent can strike for headline performances, each reflecting the negotiating position of either the promoter or artist, and their relative confidence in their capacity

to sell tickets. These are typically based upon so-called 'door deals,' meaning income collected on the night 'from the door' (in reality also from advance ticket sales). These are sometimes referred to as 'hard ticket sales,' and are used to calculate the percentage of gross (i.e. before costs) box office receipts to be split between the artist and the promoter, less the relevant expenses. Costs / expenses typically include things such as venue hire, security, insurance, sound engineer fee, advertising, etc. and are broken down in detail after the event's completion. The income is then split between artist and promoter in a variety of ways. 'Flat deals' guarantee the artist a set fee, regardless of ticket sales. A 'versus deal' will offer whichever is higher (for the artist) between a specified flat fee, and a percentage of ticket sales. A 'plus deal' will offer a guarantee plus a percentage of ticket sales. Alternatively, a straight percentage split is offered based on a percentage of ticket sales with no guarantee. All shows and promoters and scenarios will be different, but it is worth asking for the basis of the calculation if it is unclear.

FESTIVALS

An offer to be added to the bill at a particular festival can also be an important part of an artist's profile build, giving valuable credibility, not to mention exposure to perhaps large new audiences, and promotional opportunities that might not otherwise be available to them. Of even more importance to the artist, festivals are typically in a position to pay higher fees than the artist might otherwise attract as a headline proposition for their own shows, not to mention that the artist does not have to pay the associated costs of putting on the show. Festival offers are typically of the flat fee nature as, among other reasons, ticket sales can't be attributed to any single artist.

THE PROMOTER

The promoter is the individual or company whose principle role is to put on a live event, and most importantly, to bear the financial risk of doing so. This means that even if the event undersells and runs at a loss then the promoter still has to pay through on whatever costs they have already agreed to,

including the artist's fee. The promoter will pocket whatever is left after expenses and the artist fee, meaning that the risk is considered justifiable because the financial upside for successfully selling out large venue shows can be enormous.

Their promotional activities will typically take the form of mailouts to their existing customer databases, flyering and posterage both at the venue itself and elsewhere, the placement of press adverts in relevant publications and listings in gig programmes, as well as contributing towards the costs and activity of social media and advertising campaigns.

LIVE PROMOTION

As previously mentioned, gig promotion is not only the responsibility of the promoter, as in reality much of the promotional momentum for live shows is as likely to come from the artist themselves. In that sense, there are some fundamental principles that the artist should adhere to. This includes putting on a great show, prominent posts on social media profiles, targets ad campaigns and advance PR and promotion, which all fall within the direct responsibility of the artist themselves and the team around the artist.

THE TOUR MANAGER

The principle role of the tour manager is to ensure that any live event takes place as planned, and to take overall responsibility for the well-being of the artist and crew. In effect, they are also the eyes and ears of the manager 'on the ground' without the manager having to be in attendance of every event alongside the artist. They will have a key role to play in the pre-planning and pre-production elements of any tour activity, helping budget and book resources accordingly, and then to ensure that every logistical element likely to be encountered has been considered in advance, and is dealt with as speedily and cost effectively as possible.

TOUR SUPPORT

If the artist's live fees are not sufficient to cover the projected expenses of performance (allowing for

deductions such as agent and manager commission), then a signed artist will likely look to their record label to help cover the resultant shortfall. The principle here is that the rights owner is just as likely to want their artist to have a live performance profile, and will benefit from the activity also. Therefore as the party in the (hopefully) most cash-rich position, it should be the record company's responsibility to fund any shortfall, in the form of a so-called 'tour support' advance. Inevitably if approved, this is considered a recoupable cost to be offset against artist income and, as previously discussed, the label may feel it justifiable to take a share of all the artist's live income as a result.

MERCHANDISE

There are substantial opportunities for generating either income or promotional mileage from touring beyond just the core element of a good performance. Traditionally the most significant is merchandising, which works on the basic premise that those who are already interested in the artist (i.e. gig attendees) are highly likely to make a further purchase (i.e. at the merch stand). If the artist makes it clear whilst on-stage that they will also come front of house after the gig to sign merchandise and meet and greet fans, then the likely merchandise income takings will increase considerably. Many venues would expect to take a split (often around ten percent) of merchandising earnings in return for providing the facility, and this is often written into the performance agreement, and this does not always involve the promoter providing personnel to attend to the merch desk itself.

PUTTING ON LIVE EVENTS

As the concept of curation develops for those within the recorded music side of the industry, so the idea expands out into the world of live music. Putting on a live event relies mostly on a combination of the strength of the performing artists, and the corresponding lifestyle branding communicated to the potential target audience. The handling of both factors will have a substantial impact on the likely success of the event. Entrepreneurs have been quick to recognise the transferability of curatorial skills between live and recorded music, so the

opportunities to become involved in live events promotion have expanded.

In a crowded live market it is important to make an event distinctive and appealing. Whilst the musical choices made should send a very clear message to the as to the type of event and audience, the branding is communicated through a combination of elements, including everything from choice of

visual assets (including logo), the media partners used for promotion, venue or location, who is being encouraged to attend (or not), any non-musical activities, facilities or entertainment, food and drink options and where relevant, the type and range of accommodation. To some degree, an event narrative is also just as important as for artist campaigns, as it relays a sense of identity about the artist to which the consumer relate.

WHAT TO DO NOW:

1

UNDERSTAND THE ROLES, RESPONSIBILITIES AND VALUE OF THE BOOKING AGENT, PROMOTER AND TOUR MANAGEMENT ROLES.

2

BE ABLE TO DIFFERENTIATE BETWEEN, HEADLINE, SUPPORT SLOTS AND FESTIVALS, THE ASSOCIATED MONETARY AND PROMOTIONAL VALUE, AND THE DIFFERING TYPES OF DEAL THEY LIKELY ENTAIL.

3

TO USE THIS KNOWLEDGE TO PUT IN PLACE A SUITABLE LIVE STRATEGY TO DRIVE YOUR ARTIST'S CAREER FORWARD, AND TO ENSURE THAT THE PROMOTION OF LIVE EVENTS AND CORRESPONDING RECORD CAMPAIGN ARE OF MUTUAL BENEFIT.

4

UTILISE SUITABLE PROMOTIONAL MEANS TO SUPPORT YOUR / YOUR ARTIST'S EVENTS.

5

TO UNDERSTAND AND ENGAGE WITH ADDITIONAL FINANCIAL OR PROMOTIONAL OPPORTUNITIES AT LIVE EVENTS, FROM MERCHANDISE AND BEYOND.

6

TO CONSIDER WHETHER ANY EXISTING CURATIONAL EXPERTISE COULD BE APPLIED OR EXPANDED UPON WITHIN A LIVE EVENTS CONTEXT.

16. SYNC AND OTHER COMMERCIAL DEALS

THE DEFINITION OF SYNC

A 'sync' is the use of music to accompany (or synchronise with) moving image or visual production, so typically film, advert or television use, plus gaming, and sometimes even live events. A sync in practical terms refers to a one-off licence agreement to use a piece of music in conjunction with another media, in instances where a blanket collective license (e.g. from PPL and PRS) is not already in place.

WHY DO THIRD PARTIES NEED MUSIC?

The established terrestrial television networks in the UK (BBC and ITV for example) have 'blanket licences' (that is a licence available under the law from PPL and PRS that covers effectively all UK music) in place to use the music of those represented across their output, but the same is not true of others, such as Sky TV, or particularly North American television broadcast or film.

Syncs are desirable by the visual media industry primarily because of the emotional connection that music provides; music evokes a high emotional connection with people, with the potential to substantially enhance a feeling or message. For syncs, music is used to help convey a story that already exists in the pictures, adding impact and depth.

Music also carries an element of credibility to which brands and other media are often excited to be associated with.

THE VALUE OF SYNC

The financial value of any given sync deal varies enormously depending on any number of elements, from the type of media (film, TV programme, etc.), the duration and frequency of the music used, the artist's notoriety, production budget, and so on. The value is not purely financial though, for whilst syncs are a clear source of both recording and publishing income, they also exist as a highly valuable promotional opportunity; many syncs in the right film, for example, have kick-started or helped boost artist's careers at crucial moments.

As with any area of the business, procuring a sync

relies substantially on luck, not just in terms of having the right music for the particular opportunity, but doing so at the right time, and in a capacity that is licensable within an often short timescale.

MUSIC SUPERVISORS

The role of the music supervisor is to match music to a particular visual production and clear its usage. Ideally the supervisor is chosen not just because of their extensive network of contacts across the music business, but also because of an equally extensive knowledge of musical styles and genres, and current musical trends. They are generally already part of an existing production entity, or hired on a flat fee basis.

Supervisors are the contact point between visual industry and music industry, and hence play a vital role in the process of musical placement.

INCREASING YOUR CHANCES FOR GETTING A SYNC

Many record companies and publishing companies and increasingly distributors have their own sync and licensing departments who work hard to procure such opportunities. There are also specialist stand-alone sync agencies. Working in close co-ordination with labels and campaign teams for forthcoming releases, they form close relationships with music supervisors, agencies and brands.

There is a PR-able element to synchronisation, and with an associated network of supervisors and agencies that are too many to be practical for a copyright owner to generate and cultivate on their own. Therefore it will usually be preferable to employ a company to operate as a sync agency working on behalf of the repertoire owner.

SYNC-READY HOUSEKEEPING

The ease with which a track can be licensed can often be the difference between finalising a deal or not and the independent labels have made a USP out of clearing a sync quickly and painlessly. There are therefore some underlying good practices that copyright owners can put in place in order to

maximise the visibility and possibility for their music to be synced.

The ideal scenario is that all the copyrights for a track (for the recording AND for the song) are owned by one party, allowing the music supervisor to negotiate only with one copyright owner (or their representative), which means a more straightforward and rapid clearance process. When this is not possible (which is usually the case), it is at least preferable that all parties are open to sync deals in principle, and ready to respond in a short time frame.

All musical content of potential sync relevance should also have ready the most comprehensive and detailed metadata possible. As well as track title, artist name and a licensing contact, this should ideally include all performers and elements such as artwork, ISRC, a reference to the relevant musical genre as well as a description of key moods or themes to which the music might prove relevant, songwriter information, promotional and tastemaker uptake (this is always useful to relay to help convince that an artist/track is worthy of attention).

It is also advisable to have instrumental versions of all material ready to deliver on request for audio clashes, which are often required alongside the main sync use.

CAPITALISING UPON A SYNC

It is necessary also for the artist to take a pro-active approach to their promotion around sync activity. As the majority of newly-exposed listeners will not know the name of the artist or track they have heard, this starts with making the track easy to find for audiences, and easy to associate with the sync; the music should generally be available on DSPs at the time of broadcast or other availability of the sync (e.g. on release of the game).

It is also sensible to capture the actual sync visuals and share them on the artist's socials, which will allow the further spread out to other consumers who may have missed an initial broadcast or not be fans of a particular show or video game.

COPYRIGHT CLEARANCE

Music licensing and clearance is a famously messy affair as it can involve a number of people or companies, each with their own ambitions and perspectives as to what represents a good deal. At the very least, those wanting to use a track in a sync must seek licences for the rights in both the sound recording, and the song (composition). It is not possible to use a particular track without both rights being signed off. Typically, the sum offered to the publishing and recording entities will be of equal value, if only because offering one a higher provision than the other is almost certain to invite denial from the side being offered less.

SYNC DEAL TERMS

There are many points to consider when negotiating synchronisation terms, which will be equally relevant from both a sound recording and song/publishing rights owner perspective. These will include the actual product itself (so whether specific to a film, TV programme or video game for example), the context of the use (ideally relayed via a synopsis or scene overview), the duration of time for which the music will be featured, the media type (whether placed within the framework of perhaps a cinema, online or TV online advert, or mid movie or at the end credits for example), the term (how long the song can be exploited for in the context of the above), the relevant territories in which the sync will be made available (or indeed, any geographical restrictions) and of course the fee payable to each copyright owner.

GAMING

The use of music in the context of gaming has exploded in recent times, fuelled by technology. The increased quantities of time users spend gaming and the more engrossing nature of many games require a similarly immersive use of musical content. The timelines for creating video games are much longer than those of the music business; it is not uncommon for developers to be embedding music into a game between eighteen and twenty four months in advance of its release.

Fees for gaming can be structured somewhat differently to other syncs, either as a straight 'buy-out' (flat fee for lots of rights), on a royalty basis (per copy of the game sold, though increasingly online gaming is monetised through advertising more than selling copies of the game), or with lump sums payable on hitting given quantities of games bought.

ADVERTISING

Television adverts are probably the most frequent and most likely opportunity for sync income for copyright owners. For the artist and their team, part of the decision-making process regarding any advertising approach is whether an association with a particular brand or the relevant advertorial treatment is any way damaging to the artist's message, reputation or brand, and whether the broader connection between artist and sync has sufficient integrity. Adverts tend mainly to be overseen by advertising agencies with highly specific briefs as to the musical feel, lyrical relevance and budget for a given ad.

THIRD PARTY COMMERCIAL DEALS: WHY DO BRANDS NEED MUSIC?

Usually, a brand owner will use music as a way of reinforcing their brand's identity, turning to artists whose brand meet with their own brand values. Even more so than in film or television syncs, brands can use the excitement and 'showbiz' value of music to energise their product, using it for promotional mileage in a way that would otherwise be much harder to without the association.

For the artist, a brand association means an opportunity to connect the artist with a particular set of (hopefully shared) values, a chance to broaden the audience, but first and foremost a potential for sometimes significant income. For brand partnerships to be maximised then, they ideally need to be mutually beneficial, to add value and connect with both audiences.

COMMERCIAL DEAL TERMS

There are various points to consider in commercial deals, mostly based around notions of control, and to some extent, how to sever terms in event of the association turning sour. These will include details of the specific service that the artist is required to provide (in essence, what is being done, by who, when and where), the accompanying exclusivity (most brands will seek to restrict the artist's similar association with a competitor), the geographical reach of the deal, the extent to which either party has creative control (to prevent mis-use of association from either's perspective), the agreement duration, the terms and conditions in respect of severance (particularly any illegal activity, but arguably more likely, in the advent of any adverse publicity), and lastly the fee, including any specific points or activities that will trigger corresponding payment.

WHAT TO DO NOW:

1

CREATE RELEVANT SYNC RELATIONSHIPS WITH MUSIC SUPERVISORS, AGENCIES AND THIRD PARTY BRAND OWNERS, ALSO POSSIBLE AT AIM'S SYNC EVENTS AND OTHER NETWORKING EVENTS THROUGH THE YEAR.

2

ENSURE THAT FILING AND SYNC HOUSE-KEEPING IS DONE IN FULL IN ORDER TO MAXIMISE THE CAPACITY TO HARNESS SYNC OPPORTUNITY AT POTENTIALLY SHORT NOTICE.

3

CONSIDER EMPLOYING A THIRD PARTY SYNC AGENCY WITH THE AIM OF PRO-ACTIVELY GETTING MORE OR BETTER OPPORTUNITIES FOR YOU / YOUR ARTISTS.

4

IMPROVE YOUR KNOWLEDGE BY REFERRING TO THE AIM SYNC GUIDE AND OTHER RESOURCES AVAILABLE, ATTEND AIM'S 'SYNC 101' SESSION FOR THOSE STARTING OUT OR LOOKING TO START OUT IN APPROACHING SYNCs AND PERHAPS AIM'S ANNUAL SYNC CONFERENCE.

17. INTERNATIONAL EXPANSION

As digital platforms allow for the spread of content between countries without distinction, music operates in an increasingly borderless music environment, creating the potential for all artists to find new audiences outside of their domestic territory. This potential dramatically increases though, with the employment of local 'in market' expertise, to help make connections, opportunities and represent the artist at a local level.

WHEN AND WHERE TO GO OVERSEAS

The decision as to when to make any sustained overseas efforts is a complex one. Often the decision is a chicken and egg situation; an existing overseas label or other partner may want to see some evidence of market interest in their territory ahead of committing their time and effort, but likewise that interest is most likely to be the element you are seeking from the overseas partner.

The keys to determining overseas activity are research, opportunity and passion.

Research – At first a copyright owner should be certain of the existence of a relevant audience. An analysis into the success of similar artists ought to provide some insight, certainly if combined with any naturally occurring overseas fanbase as evidenced on the artist's own social media channels.

Opportunity – It is not uncommon for opportunities to present themselves to an artist in particular overseas markets in which they have little evidence of support or fanbase. This might be in the form of a tour support offer for a successful international artist, a creative relationship with an overseas artist online, a sync or festival offer or the artist or a band member being able to speak a particular language.

Passion – It is perfectly possible for a local partner, whether through their own discovery, a recommendation or direct approach, to express enthusiasm for an artist, so that their interest alone is sufficient to generate momentum. In this situation, there may be no existing evidence of local uptake, or obvious opportunity to capitalise upon, but simply a degree of excitement that justifies putting in the effort.

THE ROUTE TO MARKET

Whilst any digital distribution arrangement allows for an artist to cross borders, there are a number of alternative routes to market that can add additional interest and reach.

ROLLOUT VIA LABEL SUBSIDIARY OR NETWORKS

Many UK-based independent labels and distributors have a network of subsidiary companies or partner labels and distributors in the major recorded music markets – particularly so in the US and Germany. These networks allow the domestic rights owner the capacity to preserve copyright ownership and the benefits of the independent approach, while maintaining a high degree of centralized control over the campaign process.

ASSIGNING RIGHTS TO AN OVERSEAS LABEL

In instances where worldwide rights are self-owned, or where a recording agreement is limited to the UK or single territory only, it is common practice to seek out some sort of overseas recording agreement.

It can be lucrative to sign deals on a territory-by-territory basis, but this is time consuming and requires considerable knowledge of each territory. There are also advantages to assigning rights to one label (likely a major record label but not always), or fewer labels that work in groups of territory (often on a share language or legal system basis), where efforts are more co-ordinated and straightforward to organise.

LICENSING

Limited licensing tends to occur when an artist has a more proven track record (or substantial industry buzz) in their own country, and are in a position of strength when it comes to entering a license, rather than assigning all recording rights outright. While a license allows the copyright owner to give the right to release a record in a given market to a local label, the ultimate ownership of the copyright is retained or will be returned after a period of time.

THE PAYGO (PAY AS YOU GO) LABEL

An increasingly viable option for those with proven pedigree, enough funding and a solid team around them, can be to hire people direct to represent you on a local or regional level. The copyright owner bears the costs and they or their team must have the know-how for hiring an experienced local team on the ground in key markets, whilst retaining complete control over the process and direct communication with everyone involved. With this model, you are likely to keep a higher share of the available revenues, but you will need to have the cash available to hire people and the expertise to run the team effectively and remotely, as you could be in a different part of the world.

JOINT VENTURES

Joint venture partnerships tend to be an option for well-established artists or labels with a proven pedigree who are seeking a greater degree of control in overseas markets, yet without incurring the expense or having to have the knowledge for hiring some form of in-market set-up themselves.

Partnering with an existing company in a given territory can allow for greater control of the process and a potentially higher degree of financial reward than a straight licensing option. The compromise comes in the form of both parties contributing towards costs, though dividing the resultant income on an equally split 'net of receipts' basis.

EXPORT

The practice of selling domestically-manufactured product overseas is known as exporting, which can be a viable option for repertoire owners looking to 'dip their toe' into a given overseas market. Doing so requires a local distribution agreement, and allows the owner to claim all net income (after costs of distributing) due from sales. This is a complicated option and beyond the realm of this guide.

LOCATING OVERSEAS PARTNERS

Aside from reaching out to the likes of AIM, there is no shortcut to identifying the right international team, no matter what capacity the relationship takes. As with any association in the music business, it is impossible to undervalue the significance of networking and keeping the resulting relationships live and healthy.

UNDERSTANDING THE LOCAL LANDSCAPE

One of the key advantages of having an overseas team in place is that of gaining in-depth knowledge and direct access to the local media and retail landscape. The make-up and relative importance of key partners varies enormously at both a regional and individual territory to territory level, making such information fundamental to any campaign. Direct media relations are all important when it comes to procuring the most desired promotional opportunities; doing so from afar, in the absence of longer-term relationships and the cultural and technical knowledge these bring, is fraught with room for misunderstanding.

THE VALUE OF BEING 'IN MARKET'

Even allowing for intelligent planning, modern technology and generic asset creation, there is simply no substitute for having an artist present 'in market' in any given territory. It is a fundamental reality that a campaign team, the artist themselves and even local media become substantially more engaged the instant the artist spends time in a particular territory. Moreover, more prominent media will demand the presence of the artist in person, hence time 'in market' will almost certainly help procure more and better quality coverage.

BESPOKE CONTENT

Some key potential supporters (whether media or retail) will be of such value to the campaign that they justify the creation of their own exclusive content. Also, some countries have traditional models that required exclusive content in order to build and

maintain audiences. The nature of that content will vary from the relatively straightforward and delivered upfront (a written Q&A or streaming playlist for example), to that which can only be created whilst the artist is present in the marketplace, such as an exclusive performance or interview.

GENERIC CONTENT

The value of having the artist 'in market' presents the immediate problem that they simply cannot be in more than one place at a time. Conversely, it is

still an over-arching aim of every campaign to feed as many media outlets (and their consumers) as possible in order to generate coverage. However, it is possible to service an ever-increasing quantity of media despite limited artist access by servicing media with EPKs, or electronic press kits. These files contain a broad spectrum of digitally delivered materials that can be seamlessly adapted for local use, giving the media outlet the appearance of having direct access to the artist.

WHAT TO DO NOW:

1

DECIDE WHEN IS THE RIGHT TIME TO BECOME ACTIVE IN OVERSEAS MARKETS, WITH WHICH PARTNERS AND IN WHAT FORM SUCH ACTIVITY SHOULD TAKE PLACE.

2

START TO BUILD NETWORKS, ATTEND CONFERENCES AND NETWORKING EVENTS WHERE POTENTIAL INTERNATIONAL SERVICES AND PARTNERS TEND TO GO. AIM RUNS A NUMBER OF CONFERENCES, SUCH AS AIM CONNECTED, AND AIM HOUSE @ THE GREAT ESCAPE, BOTH OF WHICH ATTRACT THESE PEOPLE. AIM MEMBERSHIP ALSO OFFERS DISCOUNTS TO MANY UK AND OVERSEAS CONFERENCES AND EVENTS.

3

ONCE COMMITTED, ALLOCATE SUFFICIENT TIME IN MARKET, RESOURCE AND CONTENT CREATION EFFORT IN ORDER TO MAXIMISE IMPACT IN KEY TERRITORIES.

18. THE FUTURE

WHAT DO YOU NEED TO KNOW?

Predicting the future of any business is a difficult thing to do. Yet in order to survive, we must be aware of the need to adapt. It stands to reason that those who adjust best not only allow themselves to maintain their business, but also to steal a competitive advantage.

The current environment provides clues as to the likely directions that the music business might take, the vast majority being driven by technological developments, and the associated cultures which arise as a result. It is also worth realising that the music business seems to function in cycles; often re-inventing itself, but equally often referring back to earlier patterns and trends, allowing us to recognise that the past can give us valuable clues as to the direction of the future.

CONVERGING DIGITAL MEDIA

Digital media seldom operate entirely in isolation, and whilst music synchronisation has long allowed the placement of musical audio as an accompaniment to visual media, the potential of interactive media is far greater than just the occasional hit film soundtrack. The focus is moving from focussing on the listener's attention to the ability to accompany other activities, with gaming leading the way in this area.

For those of us consumed by music, it is important to know that the total value of the global music business is utterly dwarfed by that of the gaming industry. The reality is that gaming has long since taken over from music as the go to sub-culture for youth, and whilst this could be seen to lessen music, music is still an essential part of the mix.

In fact, music retains a value that makes it a highly desirable addition to gaming, and the more interactive, the better. In recognition of the soundtracking element to gaming, and the nature of the users who will frequently play for several hours at a time, streaming platforms now have specifically curated gaming playlists. This gives enormous potential for discovery of new music; as more gaming consumers prefer to heighten their user

experience with the addition of music, so there are ever increasing opportunities to target otherwise difficult-to-reach audiences.

DATA ANALYSIS

The collection and subsequent use and understanding of data remains an ever-expanding area of focus for virtually all modern businesses, music and otherwise, as digital environments allow us to attempt to understand those we engage with more than ever. The key is in the dissemination of the information into useful learnings that can then be applied for commercial benefit. Data analysis therefore becomes the differentiator between those who are truly harnessing their data, and those who are not.

VIRTUAL AND AUGMENTED REALITY

The notion of using technology to create virtual environments, or to add to real world experience is as exciting as it is potentially limitless. Clearly we are on the cusp of a dramatic expansion into such arenas, and we might reasonably consider that music will play its part in that process. The key surely lies in understanding that the technology must substantially add to the experience in order to create a situation whereby the user can do something virtually that they simply cannot otherwise do in the real world environment.

This area has great potential to harness, for example, music-lovers who are unable, physically or otherwise, to attend gigs and there are many more potential opportunities from enhanced storytelling to super-immersive experiences.

ARTIFICIAL INTELLIGENCE

For most of the history of the music business, the industry has curated its business through genre-based sorting. However a combination of smartphone technology and streaming consumption is changing this towards either mood or activity based models. We are as likely to discover an artist or song via a revision, chill, concentration or workout playlist. Whilst we still require an element of curation to direct our focus, what we are doing and where

we are doing it now dictates what we want to listen to. Every single listening experience is logged, and used to create a highly detailed and individual 'fingerprint' of user preferences, likes and dislikes. The result is a unique musical DNA for every single user of any given digital platform.

To be clear, this is not a human-curated experience that we are subject to, but one made by AI (artificial intelligence, being defined as the usage of computer systems performing the kinds of tasks usually associated with human beings, and for our purposes particularly related to decision-making and perception). Track choices fed into a streaming platform's algorithm-based playlists are built on the collection of vast amounts of data that recognise and match the preferences of similar users, and then reflect those tastes back in the form of alternative track suggestions.

Further use of AI is inevitable, as experience is acquired and systems become ever more complex. The future then, is not just about the collection and analysis of data, but how it is harnessed in conjunction with the application of ever more finessed AI systems.

EMERGING MARKETS

The recorded music business has been dominated by certain territories for many decades, from the US, via Japan, Germany and the UK downwards. These markets had effective legal and technological systems that allowed them to grow and flourish. Equally, potentially enormous markets such as China, Russia and India, with far greater population sizes, didn't have these systems and as a result represented opportunities for piracy far more than their legitimate commercial counterparts. One of the effects of this was the dominance of western music and culture in the broader global picture; global superstars were invariably American, and occasionally British.

Though the reasons vary from country to country (but generally being a combination of technological, ideological, governmental and commercial developments), the historical borders to musical expansion are being broken down, which introduces

the tantalising proposition of music from so-called non-traditional markets having a greatly improved platform to break through globally. When considering that the population of India alone is greater than that of North America and Europe combined, the potential impact of such a development becomes obvious.

FULL STACK MEDIA COMPANIES

As music income becomes ever more spread across different sources, and as workers within the business adopt ever more entrepreneurial approaches, so companies become less single-focussed in their mentality. The result is what is commonly known within the business as 'full stack'. The principle is that, rather than departments or subsidiaries operating independently of one another, by combining across the breadth of the business (at its most extreme, right the way from content creation, through distribution and into promotion or even retail) it becomes feasible to control or have input into each stage of the process, and hence to benefit from those processes in multiple ways.

WHAT TO DO NOW:

1

DON'T FEAR PROGRESS AND INNOVATION. CHANGE IS INEVITABLE. LEARN TO RECOGNISE, AND HARNESS IT.

2

DON'T JUMP ONTO EVERY NEW APP OR PIECE OF SOFTWARE THAT LANDS ON YOUR DESK. MORE FAIL THAN SURVIVE, MAKING YOUR CAPACITY TO SELECT THROUGH INFORMED DECISION ALL IMPORTANT.

3

STAY UP TO DATE OF DEVELOPMENTS AND CURRENT INDUSTRY AFFAIRS. THIS IS YOUR DUE DILIGENCE ON THE FUTURE. AIM RUNS QUARTERLY MUSIC-MEETS-TECH MIXERS AND COVERS TECHNOLOGY SUBJECTS AT ITS CONFERENCE PROGRAMME AND TRAINING SESSIONS THROUGH THE YEAR.

4

MAKE TIME TO PROJECT FORWARD. CONSIDER WHAT WILL YOUR BUSINESS LOOK LIKE IN TWO, FIVE AND TEN YEARS TIME. HOW WILL INNOVATION HELP AND HINDER THAT, AND HOW MUCH WILL YOU NEED TO BE PREPARED TO ALTER YOUR APPROACH AND OR/ BUSINESS MODEL?

5

GO AND MAKE A TREMENDOUS SUCCESS OF YOUR BUSINESS...

20. WELLBEING IN THE MUSIC INDUSTRY

In the modern business world, it would be failure not to address the well-being of those who make their career in music, whether musicians or people working to support their careers.

There is now greatly increased cultural awareness that mental health is a real and widespread occurrence. There are now thankfully many establishments, charities and organisations offering support and advice, but what better way to sign off than to turn to the input of longstanding British charity Help Musicians UK, who have kindly relayed the below message for this publication:

For nearly 100 years Help Musicians UK has been providing help, support and opportunities to empower musicians at all stages of their lives. It is an independent charity whose wide spectrum of work includes; an integrated programme combining Health & Welfare services with Creative development funding, ground breaking research, a mental health helpline for the entire music industry and a hearing health scheme which aims to prevent hearing problems that would otherwise bring musicians' careers to an untimely end. You can find out more here: helpmusicians.org.uk

If a musician is in a crisis (e.g. an unexpected event, illness or accident that means that he/she cannot work, or work as much as before), subject to eligibility criteria, Help Musicians UK offer:

- financial support (including paying for therapy or medical treatment as well as making payments towards household bills and other living costs to help cope with not working),

- medical help via the British Association of Performing Arts Medicine (including an assessment, specialist health advice, and if further treatment is required, information about appropriate health care practitioners taking into account your needs as a musician),

- a visiting service to understand need,

- signposting to other sources of support, such as Step Change, Business Debt Line or medical specialists.

You can contact them on **020 7239 9103**.

HMUK also runs a mental health helpline called Music Minds Matter. This is a dedicated service for anyone in the music industry with trained advisors, who understand the complexity of working in music and are there to listen, support and help at any time, day or night. They offer emotional support, advice and information, signposting to other specialist services, debt and legal advice as well as access to Help Musicians UK grants. It's free and confidential and available across the UK. You can contact Music Minds Matter on **0808 802 8008** or email **MMM@helpmusicians.org.uk**

There are also other organisations that can be of help and AIM can help signpost them to you. You should never suffer alone and it is best to seek help as early as possible.

Finally, we all know the power of friends and networks of peers who can help support us and pass on useful experience and information. Again AIM encourages these through its networking and other related activities.

WHAT TO DO NOW:

1

IF YOU, OR ANYONE YOU KNOW IS VULNERABLE OR IN NEED OF EMOTIONAL OR PSYCHOLOGICAL SUPPORT, THEN KNOW THAT HELP IS AT HAND, AND PLEASE DO REACH OUT AS APPROPRIATE.

FURTHER INFORMATION

SOME INFORMATION SOURCES:

AIM's Website – aim.org.uk

AIM's Online Resources – there is some publicly available information and a wealth of exclusive content for AIM members: guides, tipsheets, explainers, articles and video content from AIM's conferences and training events.

AIMEvents – conferences, training events, networking, socials, and the annual the AIM Independent Music Awards. Further opportunities and substantial discounts available to AIM members.

'Friends of AIM' Directory – an ever-growing number of companies who offer services to people who are releasing music, from PR and plugging, legal, accounting, data services, venues, DSPs and more...

UK Government's small business support services – gov.uk/business-support-helpline

Queen Mary University's 'Law for the Arts' Service – free legal advice for the creative industries – lac.qmul.ac.uk/advice/arts/

Musicians' Union – advice, guidance and legal support for musicians – musiciansunion.org.uk/

Help Musicians UK – Music Minds Matter – Mental health helpline – 0808 802 8008 or email: MMMe@helpmusicians.org.uk

There are a number of other groups, organisations and trade bodies in the music ecosystem which focus on specific activities, genres and areas of business and may also be good sources of information and support. Some of the principle ones can be found listed on the website for UK Music, which was set up to provide a collective voice across recorded, published and live arms of the British music industry in lobbying government and policy-makers and promoting the shared interests of the UK music sector. Go to ukmusic.org for more information.

RECOMMENDED FOLLOW-UP READING:

All You Need to Know About the Music Business (UK Edition) – Don Passman

Slackers Guide to the Music Industry – Phil Taggart

Getting to Yes – Roger Fisher, William Ury, Bruce Patton

Music – the Business: The Essential Guide to the Law and the Deals – Ann Harrison

Secrets of Negotiating a Record Contract – Moses Avalon

Music Licensing – Bob Kohn (note, US centric)

Dissecting the Digital Dollar – CMU Insights

DIY Access Guide – Attitude is Everything

Traction – How Any Startup Can Achieve Explosive Customer Growth – Gabriel Weinberg

Touring & Mental Health Manual – Tamsin Embleton

AND... FOR FUN:

Kill Your Friends – John Niven

Black Vinyl White Powder – Simon Napier-Bell

Big Life – Jazz Summers

Another Planet: A Teenager In Suburbia – Tracey Thorn

Close to the Edge: In Search of the Global Hip Hop

Generation – Sujatha Fernandes



ASSOCIATION OF INDEPENDENT MUSIC