



INDUSTRY ADVICE ADVICE CENTRAL

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distribution SET IT OUT THERE

The role of a distributor is to get the music (CDs, records, cassettes) to the retail outlets. Distributors work closely with record labels in promotion and marketing. Distributor accounts work on invoice billing schedules of between 60 to 120 days.

Retail Outlets normally receive incentives (freebies!) as well as promotional copies for in-house giveaways.

Co-op Advertising is usually arranged, where the advertising expenses are shared between the Retail outlet & Record label, proving to be an effective tool for Labels to promote sales.

The Record Label's aim is to gain the attention of distributors. They create what are called "Distributor One Sheets" (fact sheets) detailing promotion & marketing plans and also listing price information. They also supply distributors with POPs (point of purchase) material (including flyers, posters, etc..) for in-store displays.

The Distributor One Sheet should be 1 sheet (8 1/2" x 11") including

- label's logo & contact information - plus Artist name/logo
- catalogue number & UPC code - and list price/format
- release date for radio and for retailers (if different)
- artist information & background (for promo campaigns, etc..)



Ensure all promotional products have artwork "punched" to ensure they're not returned to the distributor as cleans (regular selling products) as this material is for the retailers to use as giveaways.

Labels sell their CDs to distributors for approximately 50% of the list price of the release. Distributors don't necessarily pay for their invoice when due. Most of the product may still be in the "warehouse" - and whatever is in the stores may be unsold material.

The distributor is responsible for paying for the product on the shelves - whether sold or not - less a reserve of 15-20% for the label's product (which may be returned to the distributor by the stores)



All music distributed should be professionally recorded, with the preferred format being a CD.

Record Labels should have their own Catalogue Numbers on each release (3 letter abbreviation followed by numbers). The barcode on the back of the CD is the: Universal Product Code. This Code is required as most retail sales are now tracked through the Soundscan technology (monitoring retail sales).



Distributors need to know about the Label's Release, including Artist promotional ideas, their following, guest musicians, genre, airplay, campaigns, touring, financial resources, next releases, etc..

Any defective/overstocked product carried by a Retailer can be returned to the Distributor. Every label must accept this policy. If a Label's Title is deleted from their catalogue, the Label must notify the Distributor - which may then take up to one year for the Retailer to return any deleted products. Larger chains can withhold up to 20% of their payables to distributors as a reserve against returns.

New Single releases are usually on the shelf for a period of 8-12 weeks then removed and returned.

When shipping goods (being shrink wrapped), each order must enclose it's own Packing Slip from a Label to a Distributor. The details must include the order description, order shipped, quantity of cartons in the shipment and the Distributor's purchase order number.

Invoices are to be posted separate to the shipment (with one invoice per shipment). Invoices must include the Invoice Number, Invoice Date, shipment description and date, quantity of units (including Title and Format), as well as the Distributors Purchase Order Number and the Amount Due.

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