



**WORLD WIDE  
DISTRIBUTION  
FOR YOUR LABEL**

**ABQ Music Explosion**

# The Legal Stuff

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# **WORLD WIDE DISTRIBUTION FOR YOUR LABEL! HERE'S HOW TO GET IT!**

**By**

**ABQ Music Explosion and VMG World Wide**



First, most people who start their own labels do so simply because they are musicians themselves and the doors to all other labels are either closed, are outright scam operations, or totally without the means to throw a record any farther than the nearest trash can.

**And that won't work.**

A music 'capitol' (Nashville, Hollywood ... ) address won't change that fact one iota! Ask anybody who has been there and came home with their fleecing intact and their budget gone.

Second, most people who start their own labels have no idea that Main Line Radio won't play 'indie' product, and Main Line Outlets won't stock 'indie' product, effectively making their investment totally worthless.

**And that won't work.**

It's a simple matter broadcasters and merchants absolutely cannot afford to! The competition for listeners and customers is fierce, and even the illusion/perception of anything shoddy/substandard must be avoided at all costs. Your product might not be shoddy/substandard, but it's in the same bucket with the rest who are!

Third, most people who start their own labels have absolutely no expertise in business, administrative or marketing the real world of record promotion or distribution, other than that deliberately perpetuated by all the fools who never did it themselves either.

**And that won't work.**

With the broadcast and record store doors closed to 'indies' at the outset, attempting to ship 'indie' records to everybody in sight hoping someone will want a bazillion copies by some 'magical' process is sheer ignorance at best, and business stupidity at worst.

Fourth, most people who start their own labels think getting distribution is a free and clear million dollars from the distributor.

**And that isn't going to happen.**

Distribution is a service. Just like utilities in your home or office, gas, water, electricity, garbage collection, et ceteras. You pay for it or you don't have it. Somebody paid a lot of money to be in the business of distribution, and they're going to get paid on that investment. That's why they made the investment to begin with.

Fifth, most people who start their own labels have no idea of the investment required by publishers who own the copyrights to the music involved.

**And that is not a freebie!**

The one and only full truth out of ASCAP, BMI and SESAC (and Foreign PROs) is the fact that publishing is a business and requires both expertise and investment. Exploiting copyrights is not a something for nothing endeavor.

Sixth, most people who start their own labels think they can manufacture their own records and the distributor will buy them up front.

**Don't hold your breath.**

Distributors don't need your product under any conditions. In fact, they're up to their eyebrows with product they can't sell as it is. Seven (7) out of eight (8) records released never sell a single commercial copy at all!

Seventh, most people who start their own labels think they can manufacture their own records and supply them to the distributors outlets on some sort of 'commission' cum 'consignment' basis.

**There's no way in hell.**

Somebody has to guarantee product (buy-back - as in money-back guarantee) return in cold hard cash, and distributors are not going to permit some ignoramus to ship a bunch of unsellable/unwanted product to their customers/outlets the distributor is going to have to eat!

Eighth, most people who start their own labels think they can do all the public relations on behalf of the distributors and everybody is going to make millions and be satisfied.

**No way in hell with that one, either.**

Distributors don't need to upset their outlets with somebody's irresponsible 'promises' behind their back. The reason is simple. It takes a lot of time and investment to build customer confidence, and that is what a distributor's outlets are: customers! In short, distributors can't afford to have anyone speaking for them that they don't control! And neither can any other business.

Ninth, most people who start their own labels think the product they have to offer is solid gold without any other consideration than the fact it exists.

**If they didn't, they should have recorded something else!**

But records are not bought. They are sold! Just like any other product. And that's where distribution becomes the all-important consideration. Without it, the record buying public is not going to have access to the product. Period.

Tenth, most people who start their own labels think there's millions of dollars to be earned from record sales and thousands of dollars to be earned from performances.

**The exact opposite is true.**

Records are audio business cards. Nothing more. It's just that those in recorded music can sometimes sell their business cards at a profit. No other business on earth can do that.

Now that we have most of the misperceptions out of the way, how is distribution secured?: and how much does it cost?

The first, "**How is distribution secured?**", is the easiest to answer.

Vandor Motion Pictures, Phonorecords and Music Publishing Group, VMG for short, is one of the Super Six General Licensers who manufacture, license and distribute world wide. The other five and some of their labels are: Time-Warner (WEA, Warner Bros., Atlantic, Elektra, Asylum, Tommy Boy, Maverick and Vandor's manufacturer); SONY (CRG, Columbia, Epic, Screen Gems, MoTown); Bertlesmann (BMG, RCA, Arista, BNA, Ariola, Virgin); Universal (UMG, MCA, Decca, Mercury, Polygram, Polydor); and Walt Disney Company (WDC, Buena Vista, TouchStone). [UPDATE: EFA (Europe) is now defunct. BMG (Europe) and SONY (Japan) have 'merged' and now constitute one General Licenser although each still operates independently of the other.]

With enough money - or - with enough product sales (\$10,000,000.00 per annum is the minimum) - you can contract any of that final six and get a distribution deal.

We think VMG has the best price to deliver the same service.

Why? Because we do things a whole lot different, business wise, than the other five because we structured differently on day one and we can afford to.

VMG does not, and never will, own anybody's masters! Did you get that? The client retains total ownership of their Masters! Including film and videos.

VMG offers full cooperation with the label's Artist Promotion endeavors! We have in-house World Wide Concert Tour booking and administrative support (venues, travel arrangements, advertising, et ceteras).

And the second question, "How much does it cost?", depends on how much financial support your product needs. And that can vary from release to release.

Let's make that a bit more simple. Any product in a Main Line Field: Country, Adult Contemporary, Rock, Classical, R&B, Urban, Jazz, et ceteras, requires far more broadcast coverage (promotion) than the Secondary Line Fields: Bluegrass, Dixie Land, Gospel, et ceteras, and therefore requires a larger budget. A product with crossover potential can enlarge even these budgets, or the product is not being properly promoted or exploited for profit.

Now that we know nothing is welded in steel until we get down to the actual cases, what is the rule-of-the-thumb cost?

With respect to "in-advance-of-orders" copies stocked in outlets: a five-color CD label, with a four-color tray card insert (booklets and folders are extra), in a standard jewel box, shrinkwrapped and delivered to the dock (U.S.) is \$2.85 (USC) per copy - with a minimum run of 50,000 copies. And VMG advises NOT to make such investments until the public demand for the act justifies it.

CDs will contain VMG's exclusive distribution and licensing logo, without which your product neither gets on Main Line Radio nor on Main Line Store shelves. Without solid commercial radio airplay any record is totally worthless for anything but a demo. We'll cover that later.

CDs will contain VMG's exclusive anti-counterfeiting codes and measures, without which your product can be pirated (counterfeited). Did you know those copies you've already manufactured are all first-generation masters? Nothing can stop all pirating any more than cameras, guards, police and prisons stop all bank robberies, but it is a required deterrent and helps to find and prosecute the violators.

CDs will be the sole and exclusive property of the client, who is also responsible for any and all record promotion, Artist Development and Promotion, royalties and product return.

There are other details too complex to be given here. We're open to any and all questions.

Can VMG offer your label manufacturing, promotion, distribution and licensing?

**YES!**

Does VMG offer world wide promotion?

**YES!**

Record Promotion is an entirely different endeavor, with it's own set of rules, and with it's own costs and expenses. VMG is not interested in any 'local cum regional' releases whatsoever. If the product isn't suitable for International Coverage, it is simply not worth our time or investment. As stated above, the promotion of any given release is exclusive to that release and will be detailed after due consideration.

Will VMG accept you and/or your label as a client?

**MAYBE!**

The fact is, VMG turns down well over NINETY EIGHT PERCENT (98%) of all projects brought to us.

The NUMBER ONE (1) reason is actually two: Paranoia and Industry Ignorance. Both are tied for first place, even though neither is excusable.

The NUMBER TWO (2) reasons are listed above as First, through Tenth, and everything else falls somewhere beneath.

VMG is not the only General Licensor offering these services. And, none of the Super Six will 'bid' against any other General Licensor for your business! If you're 'talking' with some other General Licensor, VMG wishes you the best of luck. Just don't waste VMG's time until you're through 'talking' with whoever.

One closing word of advice, if you're 'talking' to anybody about multi-International or Global distribution WHO IS NOT one of the Super Six General Licensers (mentioned above), you're wasting your time and you're going to lose your money. Nobody else has the facilities or resources in-house to deliver on a multi-International or Global basis.

Thanks for reading.

