

DIVINE DISTRIBUTION

The record business is a different beast these days, but access to quality physical and digital distribution is still so often the deciding factor between a hit and a miss. In this special report, key voices in the sector explore how they have risen to the challenge of Covid-19 to remain a vital piece of the campaign puzzle...

— BY JAMES HANLEY —

Even in the digital age, a strong physical performance is all but essential when it comes to securing a chart-topping LP in the UK. The overwhelming majority of 2021's 20-plus chart-toppers to date have reached the apex powered by physical units in that all-important Week One.

The sector's continued rude health (through a pandemic, no less) is due in no small part to the army of adept distribution services working tirelessly behind the scenes – supplying products to record stores, supermarkets and online retailers, in addition to delivering music directly to fans' doors.

"Quality distribution can make or break an album," Proper Music Group MD Drew Hill tells *Music Week*. Hill is more qualified than most to give comment as Proper's distribution arm, Proper Music Distribution, distributes for more than 1,000 independent labels and service companies, representing 10% of the UK's physical recorded music market. Clients include Absolute Label Services, ADA, AWAL, Believe, Cherry Red, Concord, Epitaph, Hospital, Ingrooves, Kartel and The Orchard (fulfillment).

"As distribution plays out in the background, it is an often overlooked yet vital component of the music ecosystem," says Hill. "It also supports record stores and keeps music on the High Street, leading to impulse purchases and an in-person discovery experience."

Ben Marlow, head of royalties at leading accountancy firm CC Young & Co, says it is a question of scale.



"The digital distribution sector actually benefited from the pandemic in many ways"

Andrew Sparkler
Downtown Music Holdings

"A smaller rights holder cannot manage a separate deal with every digital store, so distribution is essential for them to reach not just their existing fans, but be discoverable to new fans," he says.

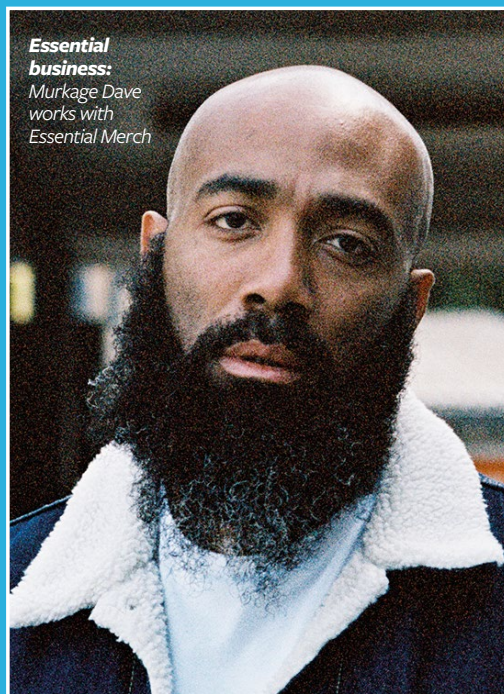
Marley Dennis, MD of vinyl manufacturer Hoxton Vinyl and its distribution arm Essential Merch, which works with clients such as Frankie Stew & Harvey Gunn, Reuben James, Hillside Global and Murkage Dave, suggests the role of distributors is ultimately to close the gap between the artist and fan.

"In modern music, a good distributor should be leveraging data and tech to help their clients get products to fans faster and cheaper," he says. "Quality distribution can increase an artist campaign's visibility significantly. It can bring in new customers, and be the difference between a successful release and one that doesn't live up to its potential."

"Artists and labels have more tools to help them market to fans such as social media, but this is only part of the puzzle. To compete successfully, a label or an artist is smart to partner with a good distributor that brings experience, strategy and contacts with key suppliers and retailers."

Andrew Sparkler, EVP, global business development for industry heavyweight Downtown Music Holdings, explains why the digital space is similarly thriving.

"Distribution services are critical in the modern music business as they offer creators the opportunity to quickly and easily release their music across all of the digital music platforms," he says. "There are hundreds of digital services around the world and an artist needs a trusted distributor to ensure the proper administration and royalty collection of their music."



Essential business:
Murkage Dave works with Essential Merch



King James:
Essential Merch client Reuben James

At Downtown Music Holdings, we have distribution services that also address the specific needs of our clients, whether they're a label, an established artist or someone just starting out."

Downtown distributes for the likes of El Alpha, Rebecca Black, Cheat Codes, Santa Fe Klan, Epitaph, Ninja Tune and mTheory. The company has also made a number of strategic acquisitions to help expand its services, including CD Baby and FUGA, along with music analytics company Simbals and digital marketing specialist Found.ee.

"We are always looking to build our business through these kinds of acquisitions: tech-first, service based solutions that broaden an artist's toolbox," notes Sparkler.

Dominique Rottet, founder and CEO of Cannes-headquartered Reprtoire, a software-as-a-service solution compatible with music companies such as Believe and The Orchard, stresses that when it comes to distribution, it is important to be aware of what works and what doesn't.

"The process has to be supported by a solid promotion strategy to stand out in an ocean of content on digital platforms," he insists. "Data analytics and feedback are a way to know exactly what works, where and for who – this is not to be overlooked. The distribution process can sometimes be tedious and take up a lot of time for a team working on many projects. Our users can release directly from their workspace in Reprtoire, making it easier and a time saver."

Brighton-based Republic Of Music works with a host of independent labels such as City Slang, Moshi Moshi, Sacred Bones, Lucky Number, !K7, Captured Tracks, Brace Yourself Records, Chess Club and Numero. A "one-stop shop" offering worldwide physical and digital distribution alongside in-house manufacturing, publishing, management and sync pitching, it has partnered with self-releasing artists including Teenage Fanclub, Sleeper, Levellers, Ailbhe Reddy, Nia Wyn and The Charlatans.

"Distribution services are still incredibly important as many bands still rely on physical sales for the bulk of their revenue around an album to help fund the promo teams and tours they need to do around each release," asserts company MD Mark McQuillan. "Without a good distributor, artists aren't getting the attention and pitching that they need. Anyone can get a track on Apple and Spotify, but building numbers requires real strategy only a good distributor can offer."

McQuillan surmises that Republic Of Music's boutique approach is its secret weapon.

"Because we work a lot fewer releases per week and work more closely with our artists and labels, everything gets fully pitched even if you're a brand new act with zero profile,

which is massive for any artist," he says. "We can get fully involved across the whole campaign and there is complete synergy, unlike some of the newer digital tech companies where physical distribution seems to be somewhat of an afterthought."

The first quarter of 2021 brought mixed results for physical formats. Compact discs endured a 29.9% year-on-year sales slump to 2.8 million, compounded by Sainsbury's announcing last month that it was to stop selling CDs. On the other hand, the vinyl revival continued to go from strength to strength, growing by a remarkable 16.1% in the

same period to hit 1.08m. However, turnaround times are presenting real cause for concern.

"I expect vinyl will continue to grow, but the industry needs more capacity at manufacturers to ease the supply chain issues," warns Hill.

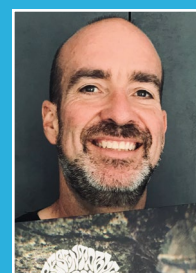
"The pandemic and sheer demand for the vinyl format has meant it is currently taking up to six months to get vinyl manufactured or repressed," laments McQuillan. "This means labels and distributors are having to make decisions on pressing quantities before you have even launched an album campaign. This can lead to manufacturing too few copies and then having to wait months for a repress, or too many tying up much needed cash flow for artists and labels. But by having our own in-house manufacturing division, we are able to guarantee capacity at the vinyl plants and we can prioritise our labels' releases."

Essential Merch's Dennis observes: "The biggest challenge facing the industry is the manufacturing bottleneck on vinyl record pressing and the extra paperwork and costs in shipping products internationally



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Sleep on it:
Republic Of Music clients Sleeper



"Quality distribution can make or break an album"

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CC Young & Co



"Digital streams of revenue for music are going to grow and diversify"

Dominique Rottet

Reprtoir

since Brexit and Covid. Fortunately, we handle our own manufacturing via Hoxton Vinyl, so our clients are still getting records pressed in eight to 10 weeks, as opposed to the 16 or 18 weeks that most pressing plants in Europe are quoting. As a distributor, if you have no product, you have nothing to sell, which is bad for the artist and the fan."

To stand still is to fall behind, of course, with every firm having to adapt its USP at some point. Proper is a case in point, expanding its distribution efforts and close to quintupling its capacity when relocating to its current home in Dartford in 2017.

"We've evolved Proper from a distributor to a full-services company, allowing clients to pick and choose as much or as little of our offerings as suits," notes Hill. "We also started acting as a European hub for companies like Believe, coordinating and shipping to the continent as required, and expanded this with AWAL to cover warehousing of stock, inventory management and coordination of deliveries to AWAL's physical distribution partners outside North America."

As McQuillan puts it, there is now so much more to being a good distribution partner than simply getting records into record shops.

"We can be instrumental in campaign strategies from choosing physical formats and setting up retail exclusives, to setting and running digital track roll outs timelines, editorial pitching and building streaming numbers in the run up to release," he says. "That's as well as helping to run social media strategy and digital marketing, so we are almost like part of the label itself."

Elsewhere, Reprtoir has developed software to deal with more granular issues relating to metadata and royalty accounting.

"All in all, distribution processes are filled with potential errors and can be time consuming," claims Rottet. "We're looking to optimise and work out a helpful solution for music professionals' peace of mind when working on their distribution."

Marlow explains that CC Young & Co has had to rethink how it conducts royalty audits to consider the margins and ratios being achieved by distributors, which change from day to day.

"The biggest challenge to all in this area is the handling of big data," he says. "Each step in the chain adds another layer of data aggregation and interpretation, and removes us from the original transactions. Distributors take on a huge amount of data normalisation, but no two systems are the same, making the job of understanding royalty streams extremely complex. The challenge now for distribution is a collective drive towards better and more uniform data processing – to put these royalties in the hands of the artist faster in a way which can be fully understood and analysed. The pandemic has shone a light on how royalty streams are diminished from fan to artist; distributors need to drive efficient and accurate collection, whilst keeping their charges, or amounts 'lost' to a minimum."

By shifting its focus to online – allied to timely initiatives like Record Store Day and LoveRecordStores – the physical market was able to weather the worst of the Covid-19 storm.

"Shops closing during the pandemic has obviously been incredibly stressful for the indie sector, many whose owners we class as friends, so that has been hard to watch," reflects McQuillan. "But incredibly, many of these stores have not only survived but also flourished and built their online businesses incredibly fast and that bodes really well for their futures as they

What Kate did next: Proper client Kate Rusby



can reach so many more customers now than just in their local communities."

"The pandemic has brought many challenges which have changed the way we work, but also more opportunities – mainly via the increased number of labels looking for our support on manufacturing and D2C," muses Dennis. "As record shops closed their doors and everyone was forced to stay at home, the demand for vinyl went to an all-time high."

Downtown's Sparkler can see another upside to the situation from an artistic perspective.

"The digital distribution sector was fortunate in that it actually benefited from the pandemic in many ways," he says. "Creators were stuck at home and poured a lot of their energy into writing and recording new music."

Earlier this year, Downtown made the strategic decision to divest its 145,000 owned copyrights and focus exclusively on music services.

"We believe our model will increase in popularity among top-tier artists," says Sparkler. "We provide a funding source to record the album along with excellent marketing and label services, and creators don't forego

ownership of their art. It's an exciting time in the music industry as there's an astounding amount of innovation, not just from a technology perspective, but with new business models and approaches."

Reprtoir's Rottet is determined that his company will be able to stay ahead of the game every step of the way.

"Digital streams of revenue for music are going to grow and diversify even more, making distribution more and more challenging for music professionals to deal with," he says. "But at some point, for teams at record labels and music publishers, it will all come down to centralising assets and actions, and this is exactly what we're working on."

Ending on a happy note, Republic Of Music's McQuillan feels confident enough of one thing at least.

"Physical will stay strong for a number of years yet," he declares. "Fans want a tangible physical thing – and long may that continue."

Early Bird: Jade Bird works with Proper



PHOTO: Colin Lane