

NEW CHANNELS OF MUSIC DISTRIBUTION

TEST - Website Portal

ANSWER SHEET

Chapter 1

MUSIC INDUSTRY STUDY AND FACTS

1. Radio continues to be the number 1 source of music discovery in the United States, with 61% of respondents saying they find out about new music from AM/FM or satellite radio? **T/F (True)**

2. Word of mouth is also important, particularly for teens: 15% say they discover new music through family and friends. **T/F (False - 65%)**

3. Product endorsements and promotions/competitions that feature musical artists are one of the quickest ways to establish an artist's brand, and the study indicates that consumers support this. **T/F (True)**

4. Almost one-third (30%) of people globally look out for competitions or promotions that feature their favorite artists and bands (topped by China at 49%), while 43% agree that "If brand sponsorship is the only way an artist can make money, they think they should do it (even if they have to compromise)"

T/F (True)

5. In this electronic age, TV has surpassed all other media as our primary source of information and entertainment. **T/F (True)**

Chapter 2

MUSIC COPYRIGHT, PUBLISHING AND LICENSING

1. Any original works that have been created and is in tangible form is a form of copyright. **T/F (True)**

2. The role of a music publisher is to **exploit your works for licensing deals and opportunities, meaning the publisher is constantly soliciting your works to every possible channel.**

3. The three types of music publishers are: (1) "majors," (2) "mini-majors" and **(3) "independents" (or "indies")**

4. With an Administration Deal the publisher agrees to service the writer by collecting all sources of income and handling all aspects of administration on a commission basis. The range varies but usually goes between 5% and 25%, but varies from deal to deal. **T/F (False) 5% and 25%**

5. According to copyright law, the current royalty rate you are entitled to receive — called the “statutory mechanical rate” is currently **9.1 cents** if you wrote 100% of the song and the song is under five minutes long.
6. A performing rights organization’s (PRO) function is **collecting performing rights royalties on behalf of its members, composers and music publishers. The PRO then distributes these royalties to its members, minus the PROs administration costs.**
7. What are the (4) Performing Rights Organizations in the Unites States?

Answer - BMI, SESAC, ASCAP and SoundExchange.

Chapter 3

MANUFACTURING PROCESSES, SYSTEMS, PRODUCT PLATFORMS AND MUSIC PRODUCTION

1. Product platform is a term used for any medium or format used to host music; examples are: **CD, MP3, MP4, vinyl or DVD.**
2. While CD sales are falling worldwide, Japan still reports about 28% of physical sales and Germany 70% compared to 20% in some countries, like Sweden, where online streaming is dominant (IFPI, 2015). T/F **(False) Japan still reports about 78%**
3. Understanding the Entire Production Process. The production process typically breaks down into four phases: Pre-production, Production, Post-production and **Distribution.**

Chapter 4

TYPES OF DISTRIBUTORS AND INDIE DISTRIBUTION ASSOCIATIONS

1. Distribution has changed within the last few years, substantially, which is the reason for the term (major) independent distribution companies, encompassing those companies that have the capability to place product in most or all major music retail chain outlets and one-stops within a 24-hour period. T/F **(True)**
2. One-stops are **regional operations that obtain product from major labels and independent distributors. They are able to sell in smaller quantities to the mom and pop stores and specialty stores, while they are still capable of buying in large quantities from major and independent distributors.**
3. Rack Jobbers lease space from big box retailers? T/F **(True)**

4. In international business, (In-Direct Exporting) involves a foreign purchaser in the local market or using an export management firm. **T/F (False) In-Direct Exporting**
5. Name the (3) major label distributors: **UMG, BMG/Sony and WEA.**

Chapter 5

DISTRIBUTION PROCESSES

1. **T/F (False) Depending on the terms you agree to, Distribution Companies are obligated to pay you within either 30, 45, 60, 90 or 120 days from the date of the invoice.**
2. **T/F (True) Some standard elements apply to nearly all distribution agreements, such as the reserve or hold-back against returns. Some such hold-back clauses call for as high as 40% to 50% reserve to be maintained; some are as low as 10% or 20%. This serves as a protection for the distributor in the event that moderate to significant returns occur with your title.**
3. **T/F (False) Discounts as high as 60% are given to distributors for large volume buys.**
4. **T/F (False) Stores pay distributors on a monthly or quarterly basis; they return unsold merchandise, generally after 90 days.**
5. The price at which distributors buy from record labels is commonly 50% to 55% of the retail list price. **T/F (True)**

Chapter 6

DISTRIBUTION RESOURCES

1. **T/F (False) BDS technology requires no special encoding of the broadcast material or manipulation of signals. The computers actually "listen" to the stations electronically. Each BDS monitor stores thousands of unique electronic "fingerprints." A fingerprint is a pattern created by BDS computers for each song in the system.**
2. **T/F (True) Gracenote, in simple terms, is also music fingerprinting. If you have incorrect or missing track information in your music files, Gracenote will identify the tracks and add the correct tagging information, including title, artist, album, etc. The days of "Track 01" are over. When music fans pop a CD into their computer, Gracenote identifies the music and delivers artist, album and song information and cover art.**

3. The organization that tracks sales of music and music video products throughout the U.S. and Canada is called _____.

- a) Sound Exchange
- b) Harry Fox
- c) BMI
- d) Nielsen Soundscan**

4. MediaBase monitors and tracks radio airplay in the US only? T/F **(False) US & Canada**

5. ISRC is an identifying code for physical and digital music? T/F **(False) Only digital music**

Chapter 7

ALTERNATIVE SELLING AND TOTAL EXPOSURE

1. **Answer - Cutout companies buy or lease old masters, then re-release titles or fallen artists who still have loyal fans ready to consume dated favorites at bargain prices.**

2. T/F **(False) Brand equity is the value of how consumers think or feel about your product compared to its competition over a period of time. You're not only trying to build brand equity of your artists and music but also your label or associated music group. Brand loyalty is the degree to which a consumer purchases a certain product/brand without even considering alternatives.**

3. Music branding companies connect top brands with the ideal artists and music. Their core services include **artist selection, strategic partnerships, branded content, tour or festival sponsorships, special events, artist endorsements, ad campaigns and branded content creation for digital and cross-platform marketing campaigns.**

Chapter 8

INTERNET MARKETING

1. **Inbound Marketing is an affordable strategy that utilizes all the new technology platforms—social media, digital content, online PR—as a strategic way to market your brand.**

2. **Outbound Marketing is a much more costly strategy which utilizes traditional methods of advertising such as print, billboards, TV and radio. It can reach a broad audience even if the consumer is not looking for these products or services.**

Chapter 9

RADIO

1. According to CMJ (Top 200 Charts) about 75% is urban contemporary music?
T/F (False) Alternative Music
2. **DMDS (Radio Promotion Platform)** is the new way to send your promotional content (music, video, ads) in full broadcast quality to managed lists of broadcasters, press, music directors, program directors and industry VIPs worldwide.
3. FMQB is read by over 10,000 industry professionals and reaches over 3.5 million hits per month with over 300,000 visitor sessions through its website. **T/F (True)**
4. **T/F (False) While there are close to 5,000 US colleges and universities, there are only around 700 college radio stations that report to CMJ.**
5. Bridge Ratings estimates based on current trends that Internet radio will have 185 million listeners by 2020, 250 million will still be listening to terrestrial radio, and HD radio will have less than 10 million. **T/F (True)**

Chapter 10

PROMOTIONAL CAMPAIGNS AND PLANNING

1. EPKs stands for **(Electronic Press Kit)**, used to promote your music to touring and booking agents.
2. **T/F (True) Advertising can be cooperative, with the label and the store sharing costs, or institutional—for example, a print page or media buy that mentions a store or particular retailer. Co-op advertising may be paid up-front, all or in part by the retailer or the distributor, then reimbursed by the label from a co-op budget determined by the retailer's volume of purchases from the distributor.**

Chapter 11

COMPANY STRUCTURE

1. Members can draw up their own contract, allowing for flexibility in management and responsibilities for a General Partnership and LLC. **T/F (True)**
2. **T/F (False)** Sole Proprietorship does not provide personal liability protection for its owner.
3. **Employer Identification Number (EIN) is also known as a Federal Tax Identification Number.**

4. D-U-N-S Number is a unique nine-digit identification sequence that provides unique identifiers of single business entities while linking corporate family structures together. **T/F (True)**
5. A Paydex score of _____ or higher is considered healthy for a company.
Answer - (80)

Chapter 12

RECORD LABEL ORGANIZATION

1. The sales and distribution department is the “foundation” of every department of the label in that it is critical in producing overall sales for the company by having a solid sales and distribution platform in place. **T/F (True)**
2. The (President) works on a company’s long-term strategies and strategic partnerships; provides leadership to position the company at the forefront of the industry. **T/F (False - CEO)**
3. Culture is defined as the environment of a particular organization. **T/F (True)**
4. The (Sales & Distribution Department) utilize teams of publicists to coordinate print advertisements and artists’ public appearances. **T/F (False - Marketing Department)**
5. **The Artist and Repertoire (A&R)** division of a record label company is responsible for scouting and artist development.

Chapter 13

INTERNATIONAL MARKETS

1. **T/F (False) According to a polled survey of 30,000 online respondents in 60 countries, more than half of global consumers are willing to buy products online.**
2. The Japanese spend more money on music per person than anyone else in the world—almost three times more than Americans. **T/F (True)**
3. Japan is also still obsessed with buying physical CDs; in fact, of all music sales in the country, 38% are CDs, whereas in other countries. **T/F (False) 78%**