



CLG DISTRIBUTION PROGRAMS—2009

CLG has developed various distribution plans via which artists, bands and labels at varying levels can grow at their own pace. Increased opportunities are available to those who can demonstrate their ability to “up their game” on a consistent basis. The music business is a brave, new world at this point in time and success is now within reach beyond the realms of the “Major Label Record Deal”. As the marketplace transforms itself in response to new market conditions and innovative technology, the perspective of those in the business of music (yes, it is a business) must learn to think outside the box. For those with proper motivation and resources, it’s possible to follow a path of independence free from the often oppressive rule of the Majors. Whether Major or Indie, though, the fact remains that viable methods of product delivery are essential. Industry stats show that, in 2007, 82% of music consumed in the U.S. was still in physical form (i.e. CDs). Concentrating solely on digital delivery methods at this point equates to leaving 82% of potential business on the table. As the marketplace evolves, all sales channels must be considered relevant.

To be blunt, the music business is a difficult business. Artists should be free to pursue their craft rather than assuming the responsibility of acting as a “one man show”. Thus, CLG has created opportunities for artists, bands and labels at all levels to bring their product to market. Regardless of the distribution plan that is appropriate for each unique situation, one thing remains true: you will seldom receive more in return than you are willing or able to extend. In other words, a direct correlation exists between the amount of financial support and “sweat equity” you’re willing to contribute to the promotion of a project and what you receive in return. The old adage “it takes money to make money” has never been more true than in the music industry. Just to be clear, a distributor is not responsible for creating demand. Rather, a distributor (aptly dubbed “the pack mule of the industry”) is responsible for capitalizing on demand created by the artist, band or label by funneling product to appropriate places at appropriate times. To use an analogy, distribution is the “straw that funnels the drink to the mouth”. Without the drink (a quality product) and appropriate suction (demand for the product), the thirst will remain unquenched (sales will be minimal or non-existent). The onus for creating demand at all distribution levels ultimately falls on the artist, band or label.

When considering distribution Levels 3 and above from CLG’s distribution options, it’s important to realize that, without an effective plan in place and a team of individuals to implement the plan, sales will not occur in a meaningful way. The most amazing album ever created will remain on shelves (or in the recesses of the iTunes site) if consumers are unaware of who the artist is and what the music sounds like. Thus, consumers need to hear the music, read about the artist and be confronted with the product when they step into a retail location or log on to a site. To achieve breakthrough success there’s simply no substitute for acquiring a team of professionals to market and promote your project effectively. Grassroots efforts are the road most traveled by up-and-comers but, beginning with Level 4, it is essential that the artist, band or label is able to create a “perfect storm” of brand recognition in the public eye through various means appropriate to the particular genre. A lack of artist/brand recognition correlates directly to a lack of product sales.



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- Level 1—“JesusWired.com” (similar to CD Baby but with additional opportunities not available through CD Baby geared specifically toward the Christian artist and consumer). A \$35 set-up fee is required for each album presented for distribution.
 - A. Perfect for new, local and/or regional artists/bands looking to establish a presence in the marketplace.
 - B. Physical and digital retail sales options available
 - i. Product available physically and digitally for immediate sale on JesusWired.com, as well as digitally in over 300 Christian retail locations across the country. Product can be sold on the spot in-store as MP3s or a burnable disc—complete with packaging.
 - ii. The digital portion of this plan is “opt in” (not contractually required if you prefer to use another company for your digital distribution). If chosen, product is available for sale digitally on major digital retail sites (including but not limited to iTunes, Napster, Rhapsody, eMusic, Best Buy, as well as Christian-oriented sites like GospelDepot.com, Holy CultureDownload.com, The Bus Shop, etc. when appropriate).
 - C. Access to CLG Distribution’s Networking Site where you can network with other CLG artists and labels, access information on how to build your career, find the best deals on manufacturing and many other essential tools you’ll need to take your ministry to the next level.

* This option is perfect for “weekend warrior” artists/bands that are just getting their feet wet and building a local and/or regional fan base. Product will be available for sale in key places where Christian consumers come to discover other quality Christian music. The opportunity to upgrade to Levels 2 or 3 are more suitable as an artist’s target area increases.



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- Level 2—“JesusWired.com Plus” (includes all the basic options in the previous plan *plus* expanded sales opportunities online). A \$75 set-up fee is required for each album presented for distribution.
 - A. Perfect for new, local and/or regional artists/bands looking to establish a presence in the marketplace who also realize the significance of consumer loyalty and brand recognition amongst consumers.
 - B. Physical and digital retail options available with expanded online sales opportunities for physical product.
 - i. Product available for sale physically and digitally on JesusWired.com, digitally in over 300 Christian retail locations around the country as well as many of the most well-known retail sites in the world—Amazon.com, Best Buy.com, BarnesAndNoble.com, ChristianBook.com, etc. Many shoppers have a favorite destination where they purchase music. This option affords the artist/band/label the opportunity to reach many more potential consumers while, at the same time, building a perception of success by having product available online through the most recognized retailers in the U.S. and beyond.
 - ii. Product is shipped to the national online retailers on an “on-demand” basis. If you can create demand, retailers will most often stock your product and have it readily available for sale.

* This option is ideal for entry level and/or Level 1 artists/bands seeking more than just a basic destination to send consumers for physical product. The latest industry figures reveal that 82% of music sales are still generated from the sale of physical product, so it’s important to provide as many options as possible to potential consumers regarding where they can purchase your product.



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- Level 3—"Brick & Mortar Basic" (includes all the basic options in the previous plans *plus* expanded sales opportunities through physical retailers across the U.S.). A one-time set-up fee of \$150 is required.
 - A. This program is geared toward hard-working regional artists or bands that perform live regularly and/or have other significant activity in markets outside their immediate locale (radio airplay, live performances, etc.).
 - B. At this level, digital distribution through CLG is required. Each release is marketed to various sites in an attempt to secure prominent exposure (i.e., featured exposure on front page, free track of the day/week, featured placement in genre pages, new release section, etc.).
 - C. Includes expanded sales opportunities for physical product.
 - i. Product is solicited to targeted retailers in key regional metro areas where the artist/band has significant activity, although the product remains available to retailers throughout the country to meet any potential demand.
 - ii. Product is shipped on an "on-demand" basis. If you can create demand, retailers will most often stock your product and have it readily available for sale.
 - D. A detailed marketing plan and touring schedule must be submitted.
 - E. Minimal independent operational funding required (a minimum of \$5K is suggested). These monies are necessary for the artist/band/label to support fundamental aspects of the project including CD manufacturing, advertising, touring expenses, etc. Think of this as a "label budget".
 - F. For each release, a modest advertising budget is necessary. These monies are funneled through CLG and used to place an ad in a physical distribution mailer sent to over 2,000 Christian Retailers across the country. The ad alerts retailers to the availability of your product. The minimum investment is \$375 which buys a half-page color ad. The artist/band/label is responsible for supplying the artwork. Other options are also available.
 - G. Upon review by CLG, the artist/band/label may qualify to upgrade to Level 4—"Brick & Mortar Expanded".

* This option is a great choice for artists/bands/labels that are growing and have a solid local and regional fan base. Product is targeted to artist's "key markets" and other potential markets where the genre they represent flourishes. The financial risk and pressure to create demand is minimal. Therefore, the freedom to grow at your own pace is a cornerstone of this option.



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- Level 4—”Brick & Mortar Expanded” (includes all the basic options in the previous plans *plus* expanded sales opportunities through physical retailers across the U.S. including major chains). A one-time set-up fee of \$300 is required.
 - A. This program is geared toward regional to emerging national level artists, bands or labels that have the ability to market and promote product nationally to a broad consumer base through radio promotion, live performance, publicity and/or other marketing methods. Marketing plans will vary by genre, and CLG will be able to help direct each artist/band/label according to their own unique profile.
 - B. Includes expanded sales opportunities for physical product.
 - i. Product is solicited to national chains and independent retailers through various methods.
 - ii. Product is prioritized when dealing with key retailers.
 - C. A detailed marketing plan, any potential radio tracking reports and a touring schedule must be submitted.
 - D. Moderate independent operational funding required (\$5K to \$20K is suggested). These monies are necessary for the artist/band/label to support fundamental aspects of the project including CD manufacturing, radio promotions, advertising, touring expenses, etc. For this plan to be successful, each artist or band must have an active performance schedule. Once again, these requirements will vary by genre, so CLG will be able to address any questions you may have. Labels may be subject to slightly different requirements depending on the nature of each product (i.e., new release vs. catalog item).
 - E. For each release, a moderate retail advertising budget is necessary (a minimum of \$5K is suggested). Some of these monies are funneled through CLG and used to place an ad in a physical distribution mailer sent to over 2,000 Christian Retailers across the country. The ad alerts retailers to the availability of your product. The minimum investment is \$375 which buys a half-page color ad. The artist/band/label is responsible for supplying the artwork. Other options are available. In addition, a minimum of \$2,500 is required to invest in retail co-op marketing programs (also known as retail positioning programs) for each new release. This does not apply to previously released catalog product. With prior approval, the ad budget is used to place ads in consumer and industry-oriented awareness vehicles as detailed above.
 - F. Proven Soundscan activity with prior or current release.
 - G. Upon review, CLG may offer manufacturing and/or marketing advance monies in support of a project.
 - H. Upon review by CLG, the artist/band may qualify to upgrade to Level 5—”Pressing & Distribution Deal”.

* This option allows growing ministries the platform to take their burgeoning careers to the next level. At this level, a greater degree of funding by the artist/band/label is essential. In order to be effective, a solid tangible budget and marketing plan must be in place to implement radio promotion, publicity and other key marketing elements.



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- Level 5—“Pressing & Distribution Deal” (includes all the basic options in the previous plans *plus* the costs involved in manufacturing and co-op advertising are fronted on behalf of the artist, band or label.
 - A. This program is geared toward national level artists, bands or labels that have the ability to market and promote their product nationally to a broad consumer base through radio promotion, live performance, publicity and/or other marketing methods. Marketing plans and budgets will vary by genre, and CLG will be able to help direct each artist/band/label according to their own unique profile.
 - B. A detailed marketing plan, any potential radio tracking reports and a touring schedule must be submitted. Each artist/band must have an active performance schedule and/or be solely engaged in a music ministry/career.
 - C. Substantial independent operational funding required (a minimum of \$30K is suggested). These monies are necessary for the artist/band/label to support ongoing, fundamental aspects of the project including radio promotions, publicity, advertising, video promotions, viral marketing, touring expenses, etc. Substantial and broad-based consumer awareness is the goal.
 - D. For each release, a minimum of \$15K must be allocated toward advertising and retail co-op marketing programs. Monies are fronted by CLG and recouped before any future payments are made to the artist/band/label. Ultimately, the artist/band/label is liable for the money. Thus, these expenses should be factored into an overall budget.
 - E. Proven Soundscan activity with prior or current release.

* This option is essentially the same as Indie Level 4—“Brick & Mortar Expanded” except that the manufacturing and marketing dollars are inherently part of the deal. In many ways, this borders on the type of opportunities available to label artists. CLG will only consider this type of deal if the artist/label has a solid plan in place revealing the potential to sell 25K units or more.