

### Artists' Recording Contracts

1. Discuss the different types of deals record companies and artists might make. What are the advantages and disadvantages of each one?

In previous years deals between record companies and artists were straightforward, a company would instruct the A&R personnel to produce the record and that was it. However, this may still be of practice today. As the industry grew, more structured formulas of dealing with artists were created and as a result generated several types of deals: 1. In-house- The label signs the artist and has a producer handle the project. The advantage of this deal is that the artist gets royalties; staff producer gets a salary, and a royalty is overridden because the producer has received a salary. The disadvantage is that the label covers the cost of producing the record but may or may not pay advances to the artists. 2. Artists under contract with the label- The record company assigned a production budget to pay the independent producer a production fee as an advance on royalties. The advantage is that the artist is already signed to the current so the negotiation of signing a deal and distribution percentage will not have to take place which can take away time for creating a record. The disadvantage is that the artist may not have a say in who they get to work with independently. 3. The independent producer- The indie and the artist strike a deal, create a master, and try to sell the record to a major label. The advantage is that the label pays the parties royalties based on units sold. The disadvantage is that going this route may not always turn out successful and both parties may not acquire a deal. 4. A master lease deal- The artist or production company covers the cost of recording and leases the master to the label for exchange for a royalty. The advantage is the company does not obtain ownership, but only distribution rights with various limitations. The disadvantage is that the label may or may not pay an advance in the form of reimbursement of recording cost. 5. Artist forms a production company- This is set in place when an artist creates a production company to deliver a master to a label. The advantage is the producer might be on the production company's payroll or is freelance personnel just for the project. The disadvantage is that the artist may not have the experience in creating a production company, as you may know production and distribution of a record may require over 200 persons to be involved at the same time. However, the artist may not be tied to a major label and would not have access to a large group for this to be successful.

2. Is a 360 deal better for the label or the artist? Why?

A 360 deal can be structured as a traditional recording contract but gives the label an option to convert to a 360 arrangement based on certain criteria such as gross sales. On the other hand, a 360 deal is better for the artist because these deals incorporate the labels to spend a significant amount in development and marketing on the artists behalf. According to chapter 11, "Record Labels". The marketing role is very distinct and functions separately and is divided into several areas of specialization. However, examples of these are product management, radio promotion, video promotion, publicity, advertising, and creative services. If an artist can afford these services that quality marketing provides then that is good, but why should the artist have to spend possibly

\$500,000 on one record, when the label can ensure that this is covered, which is why 360 deals benefits the artist and not the label.