

Attachment IV

Example worked out Canvas Model

PREFACE

Most of the concerts within the classical music genre are performed following a standard procedure that can be perceived as outdated and inaccessible. This model focuses on the difference between the definition of the word 'quality' for customer and performer. The chosen idea will be an agency. An agent can negotiate between musician and client and together find a solution for the different approaches.

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1. SUMMARY

The business model has the objective to make classical music more approachable for the audience and find a balance between definition differences of the word 'quality'.

The chosen model will be the Canvas Model.¹ This report will guide you through the model via the *9 building blocks* and will explain how this idea of an agency could hypothetically work as a business. See below the summary of the different blocks (in bold).

First a small analysis of the wishes of the **Customer Segments** and which ones aren't met yet with existing business models. A few reasons are rigid *etiquette rules* and the lacking of a comfortable *Customer Journey*. This model has three types of customer: the organiser of a personalised event, the purchaser of a standard package (f.e. for a wedding) and the concert organiser. The value propositions are the fact that *customization* is a possibility, this is rarely the case in existing models, and the *accessibility* grows because of a good website and *customer intimacy*. The most important **Channels** are *web sales* and *networking* at events where potential clients are. The customer relationships focus on the competitive strategy *Customer Intimacy* from Treacy and Wiersema to better fit the wishes of the customer and work on customer retention. The **Revenue Streams** will use the *brokerage model* and *dynamic pricing*. The company will start as *Lean-Startup*. If the company grows, it will also add the use of an *advertising model*. Het bedrijf start als *Lean-Startup* en groeit later hopelijk door tot een toevoeging van het *advertentiemodel*. The **Key Resources** are a website, a *customer* and *client database*, and a small amount of *initial capital*. The **Key Activities** will consist of *production activities*, *problem-solving* and *platform activities*. The most important **Key Partners** are the *musicians* and hopefully later companies to have *strategic alliances* and *sponsorships* with. **The Cost Structure** will consist of *startup capital* for the website and business cards, *fixed costs* for website maintenance and networking, and *variable costs* for the hiring of musicians following the Fair Practice Code.

¹ Osterwalder and Pigneur 2009.

2. INTRODUCTION

A problem in the classical music scene is that the market is saturated, demand is lower than offer. This demand is also shrinking because of the older demographic. Classical musicians need to innovate to fight this wave of more and more entertainment sources. This problem itself is too vague and big to build one concrete business model for. That's why this model focuses on a smaller, more tangible part of the problem. This makes it more realistic to operationalise the idea. A reason of resistance for innovation is the education of musicians. As a classical musician there is a certain range of music, and the way it's performed, that is considered of "high quality". The standard format also asks a lot of the audience. They have to be quiet and sit still. The musicians play long programs, applause is only allowed at specific (often not shown) spots, etc. The word 'quality' from the point of view of the classical musicians is quite linked to the etiquette rules that are taught to the older generation of customers. In the early music scene this goes a bit deeper even, because the etiquette rules come from the sources of generations that don't exist anymore. Musicologist Richard Taruskin mentions the already in the last century in his critical article *'The pastness of the presence and the presence of the past'*². He mentions that all these musicians try their hardest to recreate the smallest details from centuries ago, while they often leave the listener completely out of their musical creations. The word 'quality' in business terms has a completely different meaning, namely meeting the demands of the customer. These definitions of quality do not correspond.

An agent works as a middle man between musician and customer. This would be an ideal position to work on a solution for this problem, and with that create a bigger market for classical (and early) music.

This business model prioritizes the wishes of the customer, but still finds a way to link this with what quality means for musicians.

² Taruskin 1995.

3. CUSTOMER SEGMENTS

The **first type of customer** (B2C)³ is the music lover that already loves the classical genre or could potentially love it, but doesn't know where to search for it. The customer thinks the standard format of sitting still for a long time in a concert hall is not enjoyable and would like to experience the music in another way.

The reality is that there is less interest in concerts for classical music than pop music. Approximately 80% of music lovers go to pop concerts, and 20% to classical concerts.⁴ A big difference between those two is the strictness of etiquette rules.

In the introduction this has already been mentioned. According to multiple articles⁵, the basic rules are the following:

- Sit still (even if you have to cough, you hold it in)
- No phone use (so also no videos, pictures or social media)
- No food or drinks
- Only applaud at the end of a concert
- Use of technical jargon

All of these rules might scare potential customers away.

Next to that, there is a lot less attention for the 'Customer Journey', or in other words: making sure the customer has a full and pleasant experience. Customer empathy is more ingrained in the pop-branch. For example, a festival is much more rich in experience than sitting still for hours in a cold church or dark concert hall. The format is more focussed on having a mini-holiday with music, instead of just focusing on the music. A pop-festival like that is *Down the Rabbit Hole*. An initiative for a festival format in classical music is a relatively new format. The festival *Wonderfeel* is one of the first to take this initiative.

Through better communication with the customer, one can deliver a better service.

³ B2C = Business to Customer.

⁴ CBS 2018.

⁵ Berkhout 2018; Maestromusic n.d.

The **second type of customer** (B2C) is the classical music lover that would like to have a *standard package* for a wedding or funeral, for example a string quartet on a wedding or an Ave Maria on a funeral. Often customers, mostly in the case of a funeral, who organise these events are stressed and emotional. They want a quick solution of high quality. Most agencies at this moment have websites and are hard to be found online. Because of this, often customers need to reach out to their personal connections. Not every potential customer has a network like that. One exception is Lieven Cooman's company 'Fermate Live'. He organises live music for funerals. His website is very oriented on the customer and makes for a comfortable customer journey. His customer segments are quite niche though (older demographic and only funerals) and in the case of 'Fermate Live' there is always full customization. The model of this report focuses on having a full self-service online option where the customer assembles the content of the service themselves via the website.

The **third type of customer** (B2B)⁶ is a concert organiser or event planner who has a certain idea for a program but doesn't know how to find musicians to execute their idea.

The customer need that is met is an experience with classical music not affiliated with all the existing etiquette rules around it. Maybe potential customers don't know that they want this, but there is a possibility that classical music, even more so early music, can be interesting for everyone. The mission of this model is to make this a reality.

Early music might be easier to market because of the big link in musical structure with pop music. An example is the 'passacaglia', a bass line originating from early music and widely used in pop music. This bassline in both genres has a lamenting effect on the music. Examples of the 'passacaglia' in pop music are 'Hit the road Jack - Ray Charles', 'Feeling Good - Nina Simone', 'Hello - Lionel Richie'.

All types of customers are important to the business model. The personalized event is the most effective version and the best position to find a solution for the 'quality' problem. The purchasers of standard packages are most efficient and might work best as a model for revenue streams. The concert organisers are good for networking. If they like working with the company, they will return.

⁶ B2B = Business to business.

4. WAARDEPROPOSITIES

The customer needs that will be met through this business model will be: *novelty*, *customization* and *accessibility*. To make this more clear, an example per customer segment will be given below.

3.1. The personalized event

The customer is looking for a musical experience for an event they organise themselves. With some googling, they arrive at mostly websites of musicians or unorganized websites of agencies. None of those give the customer a good feeling and it's quite a large expense, so trust in the right quality is a 'must'. The service of this business model can help this customer by having a, first of all, findable, organized website. The customer finds a list of questions on this website which will help the company find out what the customer wants. After that a meeting will be planned with the customer to find out specific wishes. After that the customer will get a quote for the type of event in which is specified what they would need and how the price is decided. A quotation gives a professional feel and transparency to the customer. When the quotation is signed, the agent will use their network and organise the event. The value proposition *customization* is most important with this type of customer.

3.2. The concert organiser

An organiser of a concert series wants to incorporate a concert more focused on a younger audience demographic (16-25) and doesn't know how to organise it. Musicians with whom he normally works are used to the standard classical music format and don't give him enough other ideas. The concert organiser needs help. With the service of this business model, the organiser can find the website quick and easy, fill in the questions on the website and then the agent will call him to make an appointment. The agent will call the most suitable musicians in their network (f.e. Nipe alumni from the conservatory of the Hague) to form ideas for other formats. The agency has done desk research for different possibilities already. There is a possibility that a format used in stand-up comedy would be suitable for a 'modern' public. To make that work, there needs to be interaction with the audience, humor and most of all something in which the audience can recognize themselves. Next to that are the costs for the average comedy show limited because there are not many people needed. Another option that is being explored is the crossover concert. The successful orchestra *Holland Baroque* organized multiple crossovers in the last few years. This makes for a broader target audience and more

material for the audience to recognize themselves in. The value proposition *novelty* is most important here.

3.3. The standard packages

A young woman of 30 years old just lost her father and is organizing the funeral. She knows that her father loved classical music and would love to have live music at the funeral. But she doesn't know anything about it and on Google, she doesn't find many options that satisfy her needs. This is frustrating since it is a very emotional time and a lot of other things have to be arranged.

The standard packages of this business model would be perfect in this situation. The customer doesn't want to look far and immediately sees the word 'Funeral package' on the website. This can be delivered quickly and is exactly what she wants. Still the agent makes an appointment with her to check if this package is exactly what she needs or if maybe some alterations are advisable. Having personal contact also gives off a warmer vibe to the customer, which she needs in these emotional times. Because this customer doesn't have a developed taste in classical music, the agent will show audio samples fitting to the situation to make the decision easier for the customer. No other agencies have audio samples available as well. Other agencies seem to focus more on either the musician on one hand, or the concert organiser on the other. By doing that, this important customer segment is neglected. Next to that, the websites of other agencies are mostly unoriginal and 'home made' through internet services like for example *Wix*, without thoroughly thinking about accessibility and clarity. The value proposition *accessibility* is most important with this customer segment.

5. CHANNELS

“The building block ‘Channels’ describes how a company communicates with their Customer segments and reaches them to deliver them a Value proposition.”⁷

The channel used to reach the different customer segments is *web sales*. Next to that there will be *networking* at events where potential customers are. These will be directed to the website through business cards.

The path through the **channel phases**:

1. Awareness

First of all it is important to be found. A value proposition marked as important before, is *accessibility*. This can be reached by building a high quality and clear website. Next to that it has to be findable via Google. Google ads can be bought that make it possible for the website to rank higher in search results. The price of these ads are based on the amount of clicks. There will be networking at music events where potential customers are. Here there will be verbal advertisement for the agency and the agency will hand out business cards so the customer can reach the website.

2. Evaluation

To help the customers judge the value propositions, there will be a personal and short evaluation after the services for customer segment one (3.1) and two (3.2). These services vary greatly per order. A short unstructured interview could work better than a standardised questionnaire because of that. The service for customer segment three (3.3) will on the other hand be evaluated through a standardised questionnaire, because the format of the service is the same every order. Next to that the agency will work with an NPS-score. This gives an overview about whether the customer would recommend this service to others.

⁷ Osterwalder and Pigneur 2009, p. 26.

3. Purchase

The purchase starts with clicking on the relevant service on the website.

Standard package (3.3):

- The customer selects the fitting situation, choice between: wedding, funeral, children's party.
- The customer chooses the length of the program.
- The customer chooses the amount of musicians.
- The customer hears audio samples of possible music pieces.
- The customer assembles the program.
- The customer gets the opportunity to add remarks or special wishes.
- The agent makes an appointment (video call) to discuss the order and adjust if needed.
- The customer pays a down payment of 50% before the event, and pays the rest after the event. Payment is possible via the website with credit card, iDeal or Paypal.

Personalized event and concert organiser (3.1 and 3.2):

- The customer will be guided through a list of questions to find out what is the wished format for the performance. Possible questions are: "Could you describe the atmosphere of the event you would like to organise?" "How many guests do you expect on your event?" "What is your budget?"
- On the basis of the given answers the agent speaks with suitable musicians from the database to generate ideas, and makes an appointment with the potential customer to make a personalised plan for the event.
- The customer receives the plan and a quotation.
- The customer agrees.
- The customer pays a down payment of 50% before the event, and pays the rest afterwards. The payment will happen via invoice.

4. Delivery

The musicians chosen for the event, receive the repertoire and personalized plan (in case of customer segments 3.1 and 3.2). They sign a contract and with that carry responsibility. The agent checks in with them multiple times during the process and is always reachable for questions or concerns. The agent doesn't attend the event themselves unless it's a large event (more than 500 visitors).

5. After sales

After the service is completed there follows a small evaluation talk, with both the musicians and the customers. With problems or dissatisfaction, the agent tries to discover the cause. This is good to know to find ways to prevent it from happening in the next event. If the agency is obviously responsible, the price will be lessened according to the situation.

6. CUSTOMER RELATIONSHIPS

The customer relationships are *personal*. This is often important in service oriented companies. There is always personal contact with the agent responsible for catering to the needs of the customer. The customer relationship is mostly focused on *customer acquisition*. To fight the problem of decreasing audiences in classical music, there will need to be new audiences. Hopefully a personal customer relationship will help the *customer journey* turn into a wonderful experience. This is why this model chooses the competitive business strategy 'Customer Intimacy' from Treacy and Wiersema.⁸ And thus creates such a good image that it binds customers to them. It is also important that the company is always available and that reviews are visible for everyone. This creates a possibility for the existence of a 'community', which is very important in the age of internet.⁹

The categories of customer relationships in this model are:

- *Personal help*
Human interaction is important
- *Cocreation (with the customer)*
Because the agent discusses the wishes of the customer and incorporates those

⁸ Alblas and Thuis 2016.

⁹ Van der Reep 2014.

wishes, there is creation of value together with the customer.

A few cocreation best practices can be implemented in this business model:

- The *Open Innovation* concept from Unilever.¹⁰ The company asks customers to send their ideas for solutions of problems. The agency can add a forum on the website where there is a space for a discussion and suggestions.
- The *Hackathon* concept from the Deutsche Bank.¹¹ The company held a hackathon by just women to let them think about a solutions for possible career issues in case they want to have children. The agency can also organise a day with classical musicians, where they are divided in groups to think about possible solutions.

Cocreation is also an important strategy in the word of software suppliers. It's normal to have a customer be part of the development process.¹² This works well and that's also a reason the agency wants to involve the customer in the development process as much as possible.

7. REVENUE STREAMS

The most important revenue stream comes from the brokerage model. The agent works as a middle man between the customer and the musicians. The agent matches the two with a fitting musical program and takes a commission of 15% of the price. Programs have different sizes and lengths so the 15% will vary too. This is why there is also *Dynamic Pricing*. The commission will always be 15%.

For example: There are six orders in a month. The price for musicians (according to the Fair Practice Code) of all events together is €9.000. This price is 85% of the total that the customer needs to pay. The total price (excl. VAT) will be €10.588,24, and the commission will be €1.588,24.

Since there will be a lot of negotiating it is very important that the agent masters this skill. Prices for music are always under pressure. Eventually the customer has a lot of power, since they can always retract their order and say no to the quotation if they think it unacceptable. So it is an art to give the customer insight in how the price is built and show them it is a fair price for a good service.

¹⁰ www.unilever.com

¹¹ www.finleap.com

¹² Dekker 2018.

The business model starts as a *lean-startup* and hopefully will grow into an *advertising model*. In the beginning the network is small and the name has no importance yet. The only real investment is the website and networking activities. The website should be beautiful, clear and findable. This costs money. After a while the network will have grown and the name of the company will have more importance. This might motivate other companies to work with the agency to advertise their products on for example larger events. This makes for more potential customers, cause the revenue of the advertisement will make for a lower price paid by the customer.

8. KEY RESOURCES

Key resources are the things, the capital or human resources necessary to facilitate all above mentioned building blocks.¹³

The key resources in this model are:

- Website
- Customer database
- Musician database
- Seed money (small)

The website is necessary to reach customers and thus to generate revenue. Musicians are necessary to provide in the wishes of the customer. Seed money is necessary to build the website, to network and to register the company at the chamber of commerce.

¹³ Osterwalder and Pigneur 2009, p. 34.

9. KEY ACTIVITIES

The building block Key Activities describes the most important activities to make the model work.¹⁴

This model consists of the following Key Activities:

Production-activities:

- Designing the service through co creation with the customer.
- Letting the musicians perform the service.

Problem solving activities:

- Through the questionnaires and evaluations, the difference between the definitions of quality can be brought closer together.

Platform activities:

- Networking/platform promotion: building databases, acquiring musicians. This also contains visiting events where potential clients or musicians are.
- Placing ads to raise the amount of clicks to the website plus analysing if and how these ads work.
- Website maintenance

10. KEY PARTNERS

The most important key partners are the *musicians*. They are hired by the agency to deliver the musical service to the customer. Later in an advertising model, *strategisch alliances* with other companies are a promising option, with f.e. sponsoring through product placement.

¹⁴ Osterwalder and Pigneur 2009, p.36.

11. COST STRUCTURE

Start-up costs:

Website building: €500,- to €1000,-

Printing business cards: €50

Visiting events for networking: €500

Fixed costs:

Website maintenance and new business cards: €100 per year

Network events: €100 per year

Ads with clicks on Google: €1000 per jaar

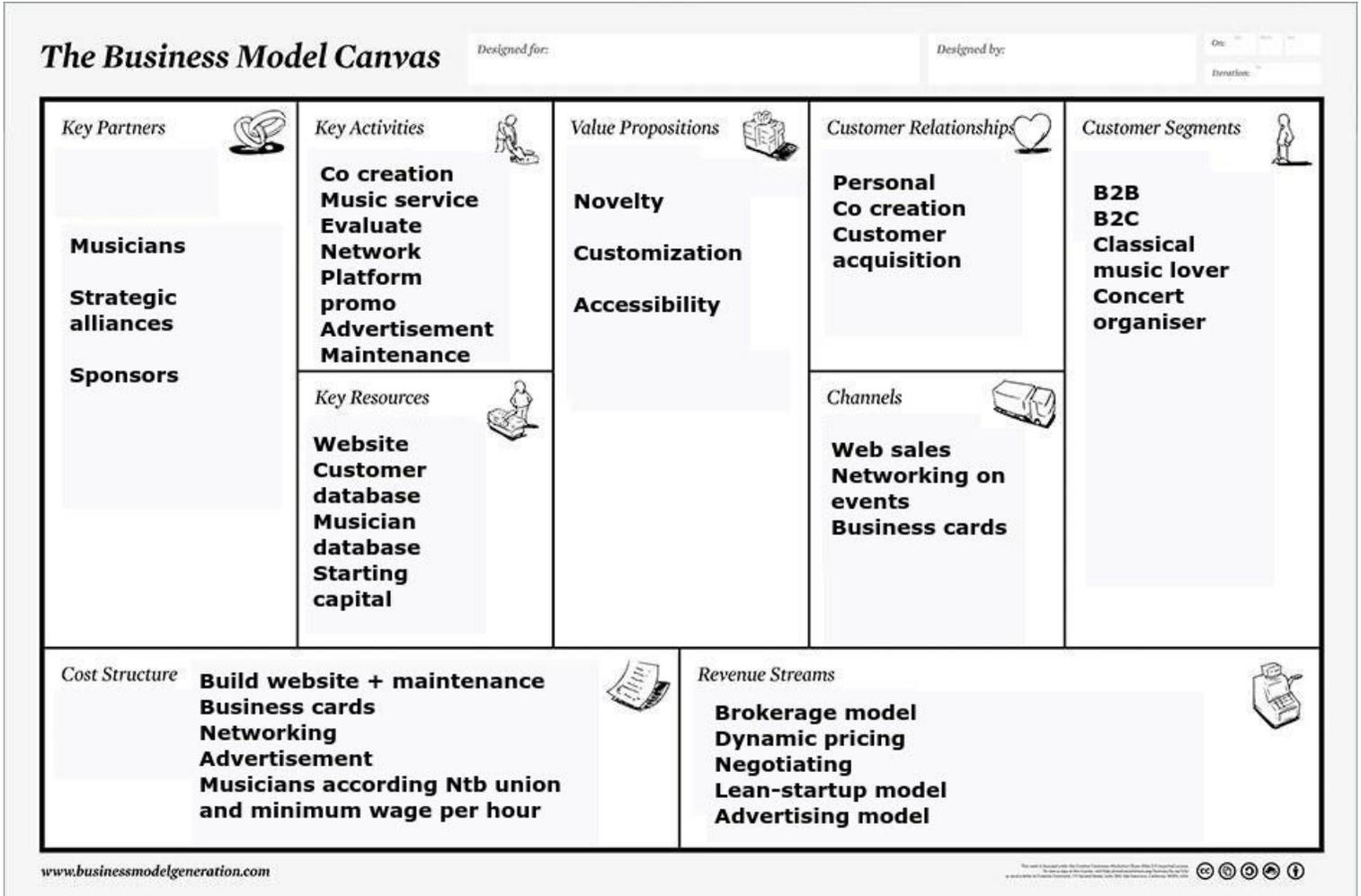
Variable costs:

Musicians per service: a minimum of €265 per musician (set by Ntb, the union for musicians). This price gets higher when the preparation time is longer. Per plan, the working hours will be calculated. This amount will be multiplied by the minimum wage for a musician per hour €10,60. The result will be rounded up to the first €50 or €100 higher.

For example:

Marloes the violinist spends 32 hours on the project. $30 \times €10,60 = €339,20 \rightarrow$ rounded up to €350,-

12. FILLED IN CANVAS MODEL



13. SOURCES

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