

# Band Hatcher: Support and Development of Emerging Musicians

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## Abstract

This dissertation is formed of two parts; Part 1: Subject is an academic consideration of the issues surrounding the development of emerging musicians and their place in the music industry. This section also provides discussion, based on primary research, relating to the meaning of success through music. Literary review is embellished through case studies and interviews in order to provide conclusions which relate specifically to the proposed business venture, Band Hatcher which is the topic for Part 2: Enterprise. The Enterprise section of this dissertation is a business plan for Band Hatcher, a non-profit development service for emerging musicians. The social mission of this enterprise is to solve problems which currently hinder the success of new musical talent. This part of the dissertation will demonstrate the USP and values of the proposed business before applying them to the development of a business model based on market research and analysis. This model will be scrutinised through financial analysis and finally conclusions will be drawn as to the profitability and feasibility of Band Hatcher as a real-world business.

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# Part 1: Subject

*“A quick word for the under-rated: keep singing out, keep singing out.” Get Cape, Wear Cape, Fly.*



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## **Chapter 1: Introduction**

### **1.1. Introduction to Part 1: Subject**

This section is an academic dissertation which seeks to illustrate existing theories and discourse, set against the research aims of the overall report. This dissertation will analyse and assess relevant academic issues relating to the proposed operations of Band Hatcher. This will entail a review of extant literature pertaining to the music industry; specifically that which relates to the success of new musical talent. Subsequently, primary research will be utilised in order to explain, define and elaborate upon existing theory and current methodologies. This research will explore factors specifically relevant to the themes of this report; many of which are not explicitly documented in the academic record.

#### **1.1.1. Research Aims**

The aim of Band Hatcher is to develop musicians; consequently it is necessary to define the intentions and methods of development. Therefore, the overall aim of this report is to answer this question:

- How do musicians achieve success?

This will be broken down further into more specific research areas, based on these questions:

- What is the role of locality in music industry success?
- Currently, what key networks and support systems aid the success and development of musicians?



- How can success in the music industry be defined?

These research aims could be achieved to greater effect if the music industry were a stagnant entity. However, this is far from true and these research objectives must be considered in relation to the fluctuation and development of the industry.

- How is the music industry changing and how does this impact on the achievability of success?

### **1.1.2. Developing an Academic Framework**

The intention of this Part 1 is to inform Part 2 of this dissertation (Enterprise) through academic discussion. It will focus on relevant examples in terms of the locality and scale of investigations, as Band Hatcher will initially be a small scale venture based in Manchester. However, that is not to say that research into larger businesses, in other locales is not relevant but these must be viewed in relation to the overall academic and business concerns of this dissertation. It will be necessary to demonstrate the position of Band Hatcher, competitors and other ventures within the macro-environment of the global music industry.

This dissertation will consider a variety of musical genres and scenes, yet the main focus of Band Hatcher will generally be guitar-based music in Manchester. It is not the intention of Band Hatcher to be exclusionary; however it is impractical to consider all types of music and a variety of locations – at least during start-up. These remits have been set in line with the expertise of those involved and initial activities will be considered a starting point with room for expansion, rather than a finished product. Consideration of different musical scenes and



genres will be used in order to inform this academic report and answer research questions, but may not relate specifically to proposed business activities in Part 2: Enterprise.

The commonly used phrase “unsigned” carries a negative stigma; therefore this category of musician will be referred to as, “emerging” talent. Furthermore, in order to incorporate both bands and solo artists in Band Hatcher activity the blanket term “musician” will be frequently used.

There is a large array of school-based, peripatetic and municipal educational facilities concerned with the development of musicians. These provide an excellent range of services with a variety of worthwhile aims and objectives. Facilities such as these are well represented in the academic record and consideration of such practices and the associated government policy would be an entire stand-alone topic for academic research. These organisations will not be considered in accordance with the project brief of this report, as Band Hatcher will not be an educational facility.

## **1.2. Methodology**

### **1.2.1. Literature Review**

A literature review pertaining to the research questions outlined above will be provided in order to frame the academic background. The research questions for this report are deliberately few in number. It is intended that further lines of enquiry will be generated by the literature review process.



### **1.2.2. Primary Research**

The themes developed in the literature will form the basis for case study analysis and interviews with relevant musicians. This will demonstrate the relationship between academic discourse and primary research which is specifically relevant to Band Hatcher's market place and target customers. A full methodology for the primary research and discussion is provided in Chapter 4 of this dissertation.

### **1.3. Conclusions Summary Recommendations**

This chapter will summarise the contents of Part 1: Academic and form conclusions as a means of informing Part 2: Enterprise, especially the business model and product development sections.



## **Chapter 2: Literature Review: The Support and Development of Emerging Musicians**

### **2.1. Literature Review Introduction**

This draws on an earlier piece of academic assessed work for AMPP by the author, Redfern (2010) and includes some similar key themes and bibliographical references. However, the focus and structure has been greatly altered and expanded in order to address the specific research questions outlined above. Most notably, the importance of defining success as the resultant factor of development is considered in relation to the literature previously reviewed and greater consideration of the business environment has been provided in order to relate to Band Hatcher as a business activity.

This review will demonstrate the extant literature relating to success and development in the context of the music industry. The importance of locality, current business practices and key support structures will be of primary focus to this literature review. This will provide an academic framework which will inform discussion relating to definitions of success and the development of emerging musicians. Furthermore, areas which lack literary consideration, particularly in relation to the grass-roots music industry, will be presented with the intention of addressing these issues through further research and analysis.



## 2.2. People and Music

Music industry success is difficult to define, it can be viewed in relation to a variety of factors including; commercial, critical, exposure, and kudos, the later being particularly difficult to define. It is difficult to establish and maintain a stable financial income by making music. However, the process of attaining success as a musician is vastly more complicated than an exchange of goods for money. Music is a multi-faceted entity which;

“-constructs our sense of identity through the experience it offers of the body, time, and sociability, experiences which enable us to place ourselves in imaginative cultural narratives.” (Frith 1996, 275)

Music is not simply something which people listen to; it is a method of constructing who we are. This section will demonstrate the complicated nature of success in music; the impact of music on the individual - both performers and audiences - and the way in which it allows us to construct groups of people and even group identity. Evaluation of the deeply rooted sociological factors which underlie the production and experience of music will give credence to notions of success in the industry; there can be no success without people.

### 2.2.1. Agency, Individuals and Groups

In a chapter entitled ‘Music as a technology of self’ DeNora (2000, 46-74) presents music as a resource for the construction of identity.

“Music is a material that actors use to elaborate, to fill out and fill in, to themselves and to others, modes of aesthetic agency and, with it, subjective stances and identities. (2000, 73-4)”





Agency theory is utilised to classify music as a tool for constructing our individual sense of identity. It could be considered therefore that music is about people connecting with your musical output as a means of cultural expression.

Agency theory has also been applied to the role of those who produce these aesthetic embellishments of individuality; popular musicians. It is suggested by Jason Toynbee (2000) that they have to negotiate being ordinary, of the people, and marvellous in a strange “exemplary agency” (2000, x). Therefore, music is not only a means of determining who we are as people and defining ourselves from others, but it can also set us apart. Musicians can be defined as ‘other’, while at the same time attempting to construct their own identity as one similar to their audience. Thus, the way in which music can affect its creator impacts on the way they portray themselves; it is not merely an item which they are selling, but part of themselves. Subsequently, the audience use it as a method of establishing their identity. In short, music is not a simply a product which people write and others consume; it is much more important. Music is unequivocally connected with the way in which people see themselves and how they connect with others.

“Music, like other cultural forms, provides opportunities for people to make connections with each other, to enrich their inner lives, and even in some cases, to enhance a sense of community.” (Hesmondhalgh 2008, 341)

Therefore, the successful musician should seek to make a connection with their audience and this can be successfully achieved by breaking down their ‘exemplary agency’ through approachability.



The internet is a key tool for allowing musicians to connect with their fans, therefore being more ‘of the people’ without the impossible tasks of meeting them all in person. The online presence of a band or artist is one way in which they can achieve a sense of communion with their audience. In his excellent ebook, *20 Things You Must Know About Music Online*, Andrew Dubber demonstrates the importance of Web 2.0 by giving practical advice on how to, “forget being a destination,” and becoming, “an environment,” (Dubber 2007, 6 and 27-31). Furthermore, Dubber brings agency theory into a new realm and uses it to argue that the internet is not killing the recorded music industry, as consumers have, “agency and can negotiate these shifts in media” (Dubber 2007, 11). The role of the internet for legal and illegal downloads of music will be discussed further below (Chapter 3). However, it is worthy of inclusion here as a reminder that people, or customers, and their ability to act within an environment is highly relevant to the themes of this dissertation and the Band Hatcher business plan.

Not only are people involved in the production and consumption of music agents but they are also ‘recipients’ and structure themselves through relationships with music. Music is a tool for social construction, identity formation and demarcation. It is of utmost importance that musicians and those involved in selling music realise that music is not merely a product which can be placed on a shelf; or displayed on a stage; and purchased. Moreover, it is a means of social engagement. Success in terms of money is clearly important to the themes of this dissertation. However this can not exist without the involvement of people and they are more difficult to understand. Part 2 of this report is concerned with the development of a business model and financial plans, yet the most important factor of Band Hatcher (and any other enterprise) is the people with which it engages. This activity must offer a value



proposition (Osterwalder, 2004) to its customers and the best way to achieve that is through an active connection with them; by welcoming them into Band Hatcher's environment.

## **2.3. Place**

Having considered the significance of people to the music industry it is important that these encounters are framed within a sense of place. This section will introduce the role of place in musical development and the broader business environment. The idea of music scenes will be considered; although it is the people in scenes which really determine their success, evidence will be presented which demonstrates the importance of locality. The idea of fixed creative locations will be presented alongside analysis of local music scenes and their connection to the global music industry.

### **2.3.1. Networks**

The old adage, 'It's not what you know; it's who you know,' is very true of the music industry. Therefore, the importance of networking is paramount. Networking in business is often rather formal or at least predetermined. However, music industry networking follows a more organic and less formal track. Connell and Gibson refer to the "pub circuit" and the way in which learning is transferred within this context (2003, 70), the idea being that as bands play together around their local pubs and small venues an exchange of contacts and knowledge naturally occurs. Therefore, networks develop through the natural course of musicians meeting others through their music. However, the music industry is more than



“pub circuits” of hobbyist musicians, it is a global business. Discussion below will demonstrate the way in which places can enhance musical communities and scenes and relate to the wider world of music enterprise.

### 2.3.2. Scenes

The idea of connecting music to place has been well defined by the work of Connell and Gibson, 2003. They express the establishment of musical places through links to, “traditional and genuine aspects of local cultures” (2003, 19). Furthermore, they ascertain that “fixity” and “credibility accrue to the innovative” (2003, 43). Therefore, success can be enhanced through an attachment to specific areas. Also, these successful scenes can aid the development of musicians.

Connell and Gibson state that the “embeddedness of musical expressions” has been demonstrated by a tradition of ethnomusicology (2003, 90). One exponent of this tradition is Sara Cohen who uses case studies to illustrate anthropological elements of popular music study. A general note of caution might be well applied here in relation to the use of ethnographic study. DeNora’s 2000 work has been critiqued by Hesmondhalgh, which was; “- demonstrated using a set of interviews and ethnographic observations with subjects who appear to be overwhelmingly white, middle-class, educated women” (2008, 332). Therefore, while ethnomusicology can be an effective research tool in some instances more caution should be applied in others. In the case of Cohen (2005, 27) the case study involves a small scene of a few people who she states are mostly white, middle-aged and working class. Yet, if work intends to surmise general societal trends greater demographic caution should be employed.

Cohen (2005) evaluates scenes and musical connection to place through the example of Hank Walters and the Liverpool country scene. This is an example of an American musical genre in Liverpool. Yet, Cohen suggests, it is “authenticated not just by connecting it to its American origins, but also by



connecting it to rather parochial expressions of Liverpool identity” (2005, 31). Therefore, this scene is defined not only through geographical community but also genre-based community. Perfectly evidencing the links of musical association to individual and group identities based on place and the more intangible notion of a “scene” surrounding the genre. Cohen refers to this as a close-knit core of around 25 country bands and their followers (2005, 27) which worked in a similar way to the “soft networks” discussed below.

### **2.3.2.1. Motown v. Bostown**

In some instances scenes can be rather inorganically developed. This can achieve varying levels of success, as demonstrated by the similarly named, yet highly opposing in terms of success, Motown and Bostown scenes. The notion of innovation is ably demonstrated by the emergence of Motown in 1960’s Detroit. The main driving force behind which was Berry Gordy, “a producer and entrepreneur rather than a musician” (Connell and Gibson 2003, 97). Gordy was successful in filling a gap in the market, developing a highly respected and profitable local sound. However, such entrepreneurial ventures are not always as successful. The best example of this is MGM Records’ attempt at tapping the large student market in Boston. Their late 1960’s attempt to market the “Bosstown” scene as the “next big thing”, through heavy \$20 million investment in unheard of bands, was a complete failure (Connell and Gibson 2003, 99). Therefore, the creation of a scene should be approached with caution. The thriving success of Motown could not be recreated years later even with vast financial backing. Business academics would site the importance of “opportunity spotting.” Clearly, Gordy ably spotted an opportunity and developed a successful scene whereas MGM lacked the necessary business acumen. Therefore, place is not only relevant in terms of cultural connections, but also as a geographical factor relating to the market for music business.



### **2.3.2.2. Manchester Music Scene**

Initial indications for Manchester being a sustainable environment for Band Hatcher's activities are positive; see Part 2: Enterprise, Section 2. Creative industry infrastructures are most prominently clustered around London, however, Manchester and Liverpool contains a sufficient

“-clustering of music businesses which allows artists and entrepreneurs to have access to all elements of the music production chain and sub-sectors.”

Although they could benefit from being;

“-optimised to ensure that the region can perform on a national and international scale. Moreover, a maximisation of resources alongside retention of talent could provide the region with an opportunity to compete more effectively with London.”

(BOP 2006, 6)

The market for music in Manchester must be carefully tested in order to avoid risk and, hopefully, achieve the successful development of emerging musical talent. Furthermore, consideration of Band Hatcher's place within that market will be vital for the enterprise to be set-up and in order for it to operate efficiently. Markets are based in places and as this section will demonstrate these are very important to the success and development of new musical talent. At this point it is necessary that the concept of money as a means for sustainability is considered in relation to the potential markets which music can create.

### **2.3.3. Bringing Money to Places**

Music, as a creative industry, can contribute to local economies;



“During Glastonbury 2005, for example, festival goers spent over £5m with companies who were based within 25 miles of Worthy Farm [where the festival is held].” (BOP 2006, 3-4)

Therefore, it is no surprise that regeneration initiatives often include elements of the music industry, see Salford Case Study (Chapter 5, below).

It is unsurprising that the ability of the music industry to make money has led to the development of certain localities. Sometimes these places develop naturally and in other instances they have been cultivated, with varying levels of financial success. The literature provided below is concerned with the role of policy makers in the development of cultural quarters as a means of redevelopment and economy building.

### **2.3.3.1. Cultural Quarters**

Brown et. al.(2000) compares the development of Sheffield’s Cultural Industries Quarter (CIQ) and Manchester’s Northern Quarter (NQ). While the writers stop short of stating that the initial organic development of Manchester’s NQ was better than Sheffield’s CIQ, this is heavily inferred. The NQ evolved around 1987-8 following construction of what was then Europe’s largest shopping centre. “The availability of cheap rents, flexible letting, high vacancy and small properties all encouraged a migration of small cultural businesses” (Brown et. al. 2000, 442). It was only following the suggestion of a “creative quarter” from the local residents group that the City Council attempted to tap the potential commodities of this area, albeit poorly.



Conversely Sheffield's authorities attempted to develop a creative quarter from scratch, including the development of a municipal rehearsal room (Brown et. al. 2000). Moss (2002) has defined the problems associated with the CIQ as a lack of mixed economy which does not allow for an integrated approach to consumption and production.

As demonstrated above in relation to networking (Connell and Gibson 2003, 70), less formal, almost unintentional, development is often more successful. Brown et. al refer to this as a "networked city" which has a "soft infrastructure" based on the social context of the music scene (2005, 445). Other initiatives are more deliberate and predetermined, for example the development of cultural quarters. Often these are viewed suspiciously by the industry; this is exemplified by the comments of Anthony Wilson (Factory, Hacienda and In the City)

"It's like this building a municipal rehearsal room, you know fuck it! The argument being, if you can decide which ten bands out of the one thousand deserve the rehearsal room, don't be a Councillor be a fucking record company because you'd be a millionaire." (Quoted in Brown et. al. 2000, 447)

It is not possible for an individual; a group of people in a scene; a local council; or even a government to create the perfect space for developing successful creative industries. Certain places have proved more triumphant than others, but there is no magic formula. This dissertation has demonstrated the sociological implications of music on our individuality and how we interact with others. Furthermore, it has presented the way in which our interaction with music occurs within particular spaces.

"Music fills and structures space within us and around us, inside and outside. Hence, much like our concepts of place, music can appear to envelop us, but it can also appear to express our innermost feelings/beings." (Cohen 1997, 286)



Through the understanding of the relationship between people and places it is possible to negotiate the sale of music on a more global scale.

#### 2.3.4. Place and the Global Industry

Selling music to a wider, global market is similar to developing a successful music scene, based in one location, in that it can be a rather hit and miss affair. Success abroad is achieved by some bands, such as Skunk Anansie in Italy, while despite major label backing the Grateful Dead (and many others) could not achieve success away from home (Connell and Gibson 2003, 67). However, again, it is intangible sociological notions of the individual and their connection to the global music market which defines this relationship.

“It is here in these very localised networks that the first real interface between the flow of global musics, images, ideas, styles become consumed, absorbed, embedded, repackaged, rejected, reformed, reconstituted. It is here that the local music scenes are formed around a sense that they could do better, or as good, or at least do *something*. Local scenes, even the most basic, form a supportive, or inspirational context for this.” (Brown et. al. 2005, 446)

In short, local music scenes exist as a reaction to what is seen on a global scale. Moreover, as indicated by Frith (2004, 46) with global sales of “local artists on local labels” rising it appears that these reactions are eventually then sold to the global market. Consequently, it appears that neither the local music scenes nor the vast global industry can exist without the other. Therefore, a connection to place is not only necessary for the development and success of musicians in that city, area or scene; but also if they are to be successful in a broader market.

### 2.3.5. The Importance of Place

A connection to place is immensely important for the successful development of emerging musicians. Places allow people to form networks; these are generally based within scenes which often thrive on a cultural connection to a space or area. Places can make money from the music industry which is, inescapably, important and can allow the music and the place to feed off each other and develop. That is not to say that any place can aid the development of any musical form and failed examples have been presented above. However, the right place, combined with the right people and music, can achieve success as well as growth and development. In some instances this scenario even allows musical products to be sold into a wider, global market; subsequently adding value to the scene.

The literature reviewed thus far will inform Part 2 of this dissertation to a degree. However, it is necessary to elaborate on the relationships between people; places and the music industry with further primary research, relating more specifically to the research questions of this dissertation and the Band Hatcher business plan. In terms of the relationship between developing musicians in a local scene prior to more global exposure, the Coupe De Ville case study presented below (Chapter 5) will adequately amalgamate these factors.

## 2.5. Conclusions

This literature review is primarily concerned with the role of locality and networks in the music industry. The degree to which it tackles the notion of defining success for emerging musicians is limited. This is due to a lack of academic discussion regarding the meaning of



success to musicians. Furthermore, there is a lack of consideration of the stages of musical careers before some level of success is achieved; emerging musicians are somewhat ignored by academic literature. These issues will be addressed through primary research presented in Chapter 5 of this dissertation. However, prior to this consideration is given to the wider business environment through further relevant literature.



## **Chapter 3: The Changing Music Industry**

### **3.1. Introduction**

This section will present the most up to date academic literature available which pertains to the changing business environment of the music industry. This will include discussion and description relating to the live and recorded sectors of the music business environment. The inclusion of such details will allow for the discussion above to be viewed in relation to the changes which are currently occurring in this market place. This will heavily inform the market research section of Part 2: Enterprise through the provision of academic credence.

### **3.2. The Future of Music**

The success and development of musicians would be infinitely easier to define if the industry was stagnant, but this is far from the case. The music industry has always changed and evolved due to the impact of new technology. This section will demonstrate new business models which are currently being tested as a means of re-monetising the music industry. This will enable the assessment of the key trends which are likely to impact on music industry practitioners; particularly independent enterprises, including Band Hatcher.

#### **3.2.1. Live Music**

The live music industry is not immediately pertinent to the initial business operations of Band Hatcher. However, it is important to an understanding of the broader market place.



The industry for live music is currently thriving due to poor record sales based on the impact of the illegal downloading; therefore bands are making money from live performances.

“Today it is almost a matter of fact that sales of recorded music are a dying business and the new music economy is primarily based on revenues from licensing and concerts” (Wikstrom 2009, 1010)

It is because of a failing recorded music industry that live music is thriving. However record labels, both large and small, have not given up on the sale of music as a means of revenue.

### **3.2.2. Recorded Music**

In relation to the future of the recorded music industry the most recent literature is also the most useful. This section is primarily based on Wikstrom 2009 (page numbers will be given), unless otherwise stated. Wikstrom provides a detailed account of business models which aim for a new way of making money from recorded music and excellent commentary on the contentions between major music businesses and the developers of new sales platforms.

Although profits on recorded music are struggling consumption is at an all time high;

“-the total number of songs acquired by consumers legally or illegally via various peer-to-peer networks has dramatically increased. It is estimated that for every track legally downloaded online, twenty songs are being illegally downloaded.” (101)

Therefore, the desire of people to hear music is as large as ever. Music is still an entity which people use for sociological connections, as discussed above and it is still being consumed in great quantities. It is not that music has lost relevance or that people no longer want to listen

to it; they are just not willing to buy it anymore. The following ventures are concerned with turning ‘online pirates’ into legitimate users of online music services. However, large music corporations seem unwilling to change. A range of options for change will be presented in this section, perhaps one of these will be the future of the music industry. It may very well require an astute enterprise to adopt the right business model and find the most effective way of utilising it. There may not be a ‘game-changing’ model amongst these but the themes discussed are those which need to be resolved in order for this aspect of the music industry to rejuvenate itself. Moreover, not all interested parties are necessarily involved in music to find the new path for monetising the global music industry. Independent labels, for example, are potentially more interested in the success of individual ventures and their ability to be self-sustaining (see Fat Northerner Case Study, Chapter 5).

### **3.2.2.1. Single-song download**

The practise of allowing the customer to download single songs was originated by the major player of online music downloads, Apple. Although there are around 500 digital music services which share 15 per cent of the market share for recorded music sales Apple iTunes store dominates the market place. Initially Apple ran a strategy based on two principles: uniform pricing and system lock-in. Uniform prices meant that all tracks were priced the same, around 99 cents per song in the US. System lock-in refers to the use of Fairplay copy-protection technology (DRM) which only allowed songs downloaded on iTunes to be played on Apple portable devices. This was part of a wider business model which aimed to make consumers purchase Apple products, allowing them a competitive advantage over their rivals. These policies led to conflict with consumer organizations and record labels. Pressure



mounted for Apple as Universal Music Group refused to extend their long-term contract and opted for a short-term deal. Furthermore, another large retailer entered the market; Amazon offered single track downloads without any proprietary DRM and operated a tiered pricing system. In spring 2009 Apple bowed to pressure and have since offered their entire collection without DRM and initiated a new pricing structure. (101-3)

Single track downloads have changed the way in which people consume music. Some artists are unhappy with this believing that the albums they produce should be listened to as a package. Guy Garvey of Elbow entered the fray in 2008, attacking Apple personally;

“Ultimately, iTunes is a device for selling hardware, MP3-playing hardware, so they should give the artists the freedom to lock their records if they want and it’s something that I’m personally gonna see if I can make happen because it’s fucking important.” (Music Under Fire, 2008)

Single song downloads are a good example of the way in which the music industry is changing and major corporations are shaping the path that it is taking. The comments of Garvey demonstrate an unwillingness to embrace what these businesses are doing; it is also something which consumers are struggling to adapt too.

### **3.2.2.2. Memberships – limited download quota**

This type of recorded music sale process is conducted by the second largest online music retailer, eMusic. Their policy from the outset was not to use an proprietary DRM, however due to concerns over losing copyright they failed to gain contracts with any of the big four music companies. Therefore, eMusic decided to enter into more niche markets, such as jazz,



blues and classic rock. They focus on a slightly older target audience and work with a variety of smaller record labels. The model eMusic operate is similar to 'Book of the Month' and Record Clubs, allowing the user to download a predetermined number of tracks per month. This type of model makes the revenue stream much more consistent and predictable compared to single song downloads. Limited download quota models, such as eMusic also pay the rights holder differently putting half of the subscription payments in a pot and divvying it out according to the number of downloads, whereas Amazon and iTunes operate on fixed wholesale payments. (103-4)

### **3.2.2.3. Membership - all-you-can-eat**

Another type of membership model the all-you-can-eat process operates by giving unlimited access to large music catalogues. This model is utilised by the likes of MelOn, Omnifone, Musicstation, Rhapsody and Spotify. They only give the user temporary licenses to listen to the music, although some membership packages allow them to portable media playing devices.

Although these services have existed for a number of years they are relatively unsuccessful. This seems surprising as memberships are cheap (generally under \$15) and consumers generally enjoy unlimited content. However, the notion of 'owning' music has been around since the first recording technologies and it is difficult to replace this concept with the idea of 'renting' it. Payment to rights holders based on these models can be tricky, as often purchasers will download a number of tracks but only frequently listen to a handful of those. Therefore, it is suggested that a means of collecting detailed usage statistic from the





customer's hard drive could accurately determine how much each rights holder should be paid, but this might threaten the consumer's personal integrity. (104-5)

#### **2.2.2.4. Ad-based models**

Another potential method of competing with free P2P services is the use of ad-based business models. If undertaken correctly these could allow music to be consumed in a way which seems free to the user, therefore removing the need to use illegal software; this has been termed 'feels-like-free'. In this model money is made from the collection of advertising revenue. These platforms are very similar to commercial broadcast radio stations which existed in the old music economy. Some services are simply internet-based commercial radio which stream playlists of music with which the audience have no say over the content. However, other service providers, for example Padnora and Last.fm, have developed this model by allowing the audience to personalize playlists. A third mechanism uses sophisticated software to base playlists on the listening habits of a large number of users, based on aggregated data usage. Such detailed usage data allows service providers to charge a premium for targeted advertising based on such large usage data. (105-7)

These models are somewhat dichotic as they;

“-provide illustrative examples of music services which is not possible to categorize as either promoting sales or substituting sales. These services belong to both sets at the same time.” (107)

This demonstrates the complexity of negotiating the new music economy. Similar to audiences coming to terms with 'renting' music practitioners need to realise that certain



boundaries are beginning to blur and in order for the industry to successfully re-monetise the sale of music these changes need to occur.

Spotify is an absolute revolution for the new model of selling recorded music. This software combines single-song downloads and ad-based selling by allowing the listener to listen to whatever they want for free (with interruptions for targeted advertising).

“[T]his is no longer a promotional tool; it is music distribution technology”. (107)

This might appear to be the perfect solution, especially as premium membership to Spotify enables the user to skip adverts (therefore integrating the eat-all-you-want model) and access downloaded tracks offline. There is a problem, rights holders claim that they need far higher compensation for these services compared to those based on playlists. Apple iTunes early agreement set a bench mark of around 60% of profit per download would go to the right holder. Companies such as Spotify do not have the necessary revenue streams to meet such high licensing fees. A seemingly reasonable argument is that record labels should be glad to get a smaller amount of the share from advertising revenue as these platforms are moving people away from illegal downloads, for which they get nothing. This demonstrates the clash between big music businesses and the service providers which are attempting to change the game. Moreover, large music firms are stifling the development of new business models through an unwillingness to change. In the case of ad-based formats the major music companies are demanding payment for each stream of a song in addition to a large chunk of the advertising fees. Furthermore, they are using their powerful positions to insist this money is paid in large prepayments from which payments will be deducted. Therefore, the large corporations are carrying no risk whatsoever and it is unlikely that these service providers will ever reach profitability (108). This is a case of David versus Goliath, the major music



industry players have rights to so much music which people want to hear and they are using that advantage to stifle the development of new models.

### 3.2.2.5. Value-based pricing models

This model realises the ability of purchasers to act independently as;

“-the song which moves one person to tears may be perceived as totally uninspiring to another.” (109)

It works by allowing the customer to pay what they feel is the appropriate amount; otherwise know as the Tip Jar Model.

One small record label has attempted to operate on a Tip Jar basis. Magnitude Records was founded by John Buckman in 2003. They release singles on a variety of formats including single-song-downloads and encourage consumers to pay what they consider adequate. Although the label has been running for a number of years it is not very successful. This may be due to lack of promotion or;

“-that the music catalogue consists of unsigned and relatively unknown artists.” (109)

Not only is this a key point relating to value-based business models, but also a rare consideration of emerging musicians in academic literature.

These business models will not work as effectively for emerging musicians, the examples of Radiohead and Trent Reznor exemplify this point. Although they have marketed their music in an effective new way surely they relied upon their existing high profile status and these strategies simply would not work for a group of unknowns. The likes of Thom York and



Reznor already posses ‘exemplary agency’ and this allows them to achieve success through value-based pricing. Conversely, the struggling Magnitude Records demonstrates that this is not a business model which works for grass-roots musicians or labels.

### **3.2.2.6. Bundling**

The practise of grouping products or services together in bundles is a common marketing strategy, especially in industries such as cable television where customers subscribe to whole groups of channels even though they may only want a handful. Music is obviously connected to the devices used for storing and playing it. Therefore, portable music devices have utilised the bundling model by pre-loading their players with musical content. Currently the largest example of this was the collaboration between U2 and Apple. This saw the production of a limited edition U2 iPod which was preloaded with the band’s entire back catalogue. The band actively participated in the promotion of this product and received royalty payments from the tracks included. (112)

Mobile phones are also crucial to the future of bundling as a music business model. Nokia has launched ‘Comes with Music’ which allows the mobile phone user ‘unlimited’ access to their extensive music catalogue for a twelve month period. Although these songs are offered with a permanent license the value offered to customers is flawed as there is no means of transferring the music to another portable device. This practise must cost Nokia a large amount in payments to the rights holders for each mobile sold with this service and they probably make little profit from it. However, this is best viewed as a means of gaining a foothold in the music business as mobile phones are becoming a tool for the way in which



people consume all manner of media. This is supported by the parallel music service run by, Ovi which offers music, movies and other information in line with the single-song-download principle. (113)

### **3.2.2.7. Mobile Music**

There are currently 3.3 billion mobile telephone subscribers in the world and they are beginning to impact on the way we listen to music.

“It is very likely that within a few years from now, most mobile telephony operators...will have an eat-all-you-can music service as a part of their customer proposition.” (114-5)

This is a prime example of the changing was in which people are consuming music. Adoption of such services will have a large impact on the proposed future business potential of Band Hatcher.

### **3.2.2.8. Weed**

Gordin, 2005 offers a similar mapping of the digital future for music sales, but is slightly out of date. However, one concept presented had the potential to be an absolute ‘game-changer’. Weed Share was set to be;

“-a new music distribution model with a radically different perspective regarding internet file sharing.” (Gordin 2005, 105)

This system would allow the listener to preview a track up to three times for free and then be offered the option of buying it. So far, this is not vastly dissimilar to other single-song-download services, but Weed intended to alter the concept of record labels also. This would



be done by allowing de-centralising A&R though the process of forwarding music to other users. Weed would also allow the artist to set their own price for their track and take a 50% cut. There is a further remarkable twist to this concept;

“-if anyone ever buys Weed music through your own distribution and promotional efforts, *both you and the artist make money.*” (Gordin 2005, 106)

In a truly innovative venture Weed intended to pay users for promoting tracks by sharing them with others. This is how their proposed pricing structure would have worked: “50% goes to the artist, 35% goes to the people who actually shared the file and Weed takes 15%” (Gordin 2005, 106-7). The 35% for those who shared the file is split further; 20% for the person who passed it on, 10% for the person who shared the file with them and 5% for the person who shared it with that person (Gordin 2005, 107). This would create a new form of P2P network which not only pays the artist and the service provider, but also the music consumer.

This proposition seemed to offer a great deal of value to consumers yet was conceived over 5 years ago and has not changed the game. In fact the service has been shut down due to “compatibility problems with recently released media players” (Weed Share 2010); seemingly another casualty of the large companies inability to accept new concepts. Particularly, it could be argued, one which provided a cut of the financial pie for everyone but them. This type of music distribution service could have been invaluable to the proposed business activities of Band Hatcher as it would,

“-truly contribute to the success of independent artists with the community-based feeling of membership and its viral propensity to efficiently multiply.” (Gordin 2005, 107)



This model was aimed at a target market which is generally neglected in academic literature and, independent artists. It is also a market which is often unfairly treated by other music businesses, as will be examined in the next section of this dissertation, and it is unfortunate that this diamond in the rough could not find a successful path in the modern music economy.

### **3.2.3. Summing up the future**

Rights holders are unable to control their music in the new music economy (Wikstrom 2009, 115). However, as demonstrated above they are desperately seeking to maintain the upper hand and this is slowing down progress. Their attempts to keep power in their hands is not only stifling new models for the sale of recorded music but is also doing little to prevent music consumers from turning to, or remaining with, illegal means of accessing music. Through an unwillingness to change these major corporations are effectively digging the hole further.

The literature provided in this section provides a good account of the wider market in which Band Hatcher will operate. However, the literature is somewhat lacking in examples pertaining to independent music businesses. It is the intention of this dissertation to consider these themes with relation to smaller music businesses and determine their role in the future of the music industry (see Chapter 5).

### 3.3. Conclusion

The literature presented in this section demonstrates the current environment in which music businesses are operating. It also demonstrates the changing way in which music is being consumed. The academic literature presented is focused on the financial implications of changes to the music business. Subsequently, more importance is placed on the impact changes will have on large players, as these are the people who make a real mark on the wide scale economy. However, in order to address the proposed research questions of this dissertation further consideration must be given to smaller music businesses as these are will have a greater impact on the support, development and success of emerging musicians.



## Chapter 4: Methodology

### 4.1. Introduction

This methodology demonstrates the techniques used to gather the primary research for the Research and Discussion section of this dissertation, chapter 5. Case studies and semi-structured interviews have been carried out in order to form qualitative data based on the research questions of this dissertation.

### 4.2. Qualitative Data

The primary research analysed in chapter 5 is based on a qualitative data. This type of examination was chosen over quantitative forms, such as surveys, as it will provide a better initial incite into this complicated and under-researched area. As demonstrated by the literature review above, academic discussion does not focus specifically enough on emerging musicians in order to adequately address the research questions of this dissertation. Therefore, the case studies provided will demonstrate the current support systems which aid the development of emerging musicians. The interview analysis will demonstrate the opinions of musicians based on the themes of key locations and networks. Furthermore, definitions of success will be elicited in relation to the changing nature of the music industry and the problems associated with monetising recorded music.

Quantitative research demonstrating issues such as the number of emerging musicians in Manchester; the amount of gigs they perform; and the cost of being in a band would be



incredibly useful market research for Band Hatcher. However, successfully addressing these questions would require a massive undertaking, the remits of which are beyond the scope of this dissertation. Furthermore, as demonstrated, there is a gap in qualitative research associated with the early careers of new musicians, thus the provision of such enquiry is highly valid. Also, Band Hatcher is merely a concept at this stage and recommendations will be made for further quantitative research at such a time that the company is closer to beginning trading.

### **4.3 Case Studies**

The case studies provided are concerned with the existing support networks for emerging musicians. They offer a more up-to-date account of the services which assist emerging musicians in Manchester and the surrounding area than anything available in academic literature.

#### **4.3.1. Un-convention**

The Un-convention case study provided is based on first hand experience with the organisation, working as a Project Coordinator, specifically for the Macclesfield event. This study includes first hand information regarding the aims and intentions of the organisation which has been collected from members of the Un-convention board, contributors and attendees.

### **4.3.2. Fat Northerner**

Similarly the Fat Northerner case study has been researched through the author's work with the label and overseeing of the Coupe De Ville single release. Appendix 1 was commissioned by the label and written by Alex Griffiths (2010) following an interview with the band. Appendixes 2 and 3 are the work of the author.

### **4.3.3. Other Case Studies**

The other case studies provided are based on the author's continuing involvement in the Manchester Music Scene and contacts developed, often through work with Un-convention and fat Northerner. The descriptions given are supplemented by secondary evidence where necessary.

## **4.4. Semi-Structured Interviews**

An interview was written following the completion of the first three chapters of this dissertation, therefore allowing it to focus on the main themes drawn out by the literary review. This includes aspects of the research questions which were discussed; locality, support systems and the changing nature of the music industry; and the issue of defining success which was less adequately answered in the earlier chapters of this dissertation. The interviews were of a semi-structured nature in order to draw on the expertise of the interviewees and allow them to provide insight which may have been overlooked by a more formal interview style. Therefore, the interviews were free flowing discussions in which the



subjects were able to draw on any topics, analogies or opinions which they believed to be relevant.

#### **4.4.1. Interviewee: Brian Travers**

Brian Travers was born in 1959 in Birmingham and is one of the founding members, saxophonist and lyricist with UB40. UB40 are a British reggae band, formed in 1978, which is still actively recording and touring. Travers is still involved in the music industry and has appeared as a panellist on discussion groups for organisations such as Un-convention and Love Music Hate Racism.

#### **4.4.2. Interviewee: Gary Lee**

Gary Lee was born in 1981 and grew up in Harpurhey, Manchester. Lee has a degree in American Studies and works as a Cellar Man and Bars Supervisor for a Manchester gig venue. He has played in bands for 12 years and his latest band Asteroids!, formed from his earlier band, Generalissimos, after one member moved away.

## Chapter 5: Research and Discussion

### 5.1. Case Study Analysis

As Band Hatcher will be an independent music business focus will switch to other independent organisations, this will necessitate a switch from academic literature, which will be achieved through the presentation of case studies. Following this, the views of emerging musicians will be presented in order to determine the meaning of success.

#### 5.1.1. Un-convention

Un-convention is a forum for independent music businesses to discuss changes and developments in the music industry, allowing them to assess their role in the future of music. Furthermore it is an excellent vehicle for networking, collaboration and creative development.

“From DIY labels, and self releasing bands, to promoters and agents, entrepreneurs and innovators, Un-Convention is looking to the future of music, and how it will develop and flourish in the technological age.” (Un-convention Hub, 2010 a)

There have been 11 Un-conventions so far, the first being held October 2008 in Salford, as an alternative to In The City for grass-roots and independent organisations. In The City is an “annual music industry shindig” which has been running since 1992 in Manchester (In The City, 2010). Both events offer music industry debates during the day and an array of live music in the evening. However, the difference between them is exemplified by their cost “early bird” tickets for In The City 2010 currently cost £150 and will rise to around £350 (last year’s price) (In The City 2010), whereas Un-convention 2010 tickets cost £40. This



demonstrates the difference in target audience and accessibility for these events. Un-convention is an arena for debate and networking which could greatly aid the development of small music enterprises such as Band Hatcher, yet In The City is an annual event aimed at the more exclusive, larger companies.

The unique selling point of Un-convention is its focus on the grass roots music industry and this has seen the model being successfully implemented across the UK and around the world. Un-convention events have also taken place in: Belfast, Brighton, Swansea, Oxford, Mumbai, Groningen, Medellin and Brisbane. This international movement is an excellent forum for the development of small music businesses in a global market.

#### **5.1.1.1. Macclesfield Un-convention Factory**

Un-convention recently held a new type of event in Macclesfield, called Un-convention Factory. As well as the usual mix of music industry debates and workshops an entire album was recorded over the course of the day.

“8 bands, 100 invited creatives and music industry professionals and 300 participants embarked on an experiment – to create, record and release a new record in one day, while exploring the current challenges, ideas and debates within the music industry.”

(Un-convention Hub, 2010 b)

The aim of this event was to demystify the process of creating and distributing music whilst simultaneously demonstrating and discussing the current issues surrounding the future of the recorded music industry.



Un-convention factory exemplified the “Do It Together” attitude of these events, 100 participants were selected through an application process and given the opportunity to get involved with the project. Participants were able to make screen-printed t-shirts, attempt to design the album cover and be involved in the production of art installations. There were panel discussions with top music industry practitioners such as Don Letts, John Rob, John McClure and Brian Travers; these panel discussions included topics such as “Death of the Rock n Roll Star” and “The Aesthetics of Music”. In a separate Workshop area the more intimate surroundings allowed for greater participation in group discussions surrounding issues such as “New Music Strategies” and music journalism.

The importance of networking in the music industry is discussed above and Un-convention Factory was an excellent opportunity for those involved to network. This event was an opportunity for new musical entrepreneurs to benefit from the expertise of knowledgeable panellists and participate in a collaborative project. The experienced panellists and workshop leaders at Un-convention are involved because they believe in the collaborative ethos of the organisation and this mix of expertise and new energy led to a fantastic creative atmosphere. There was a buzz of excitement and synergy at Un-convention Factory and while the outcome appeared to be a CD album, people left with much more; new contacts, ideas, understanding and the knowledge that there is an organisation which supports the development of emerging music businesses and musicians.



### **5.1.1.2. Un-conventional Success**

Un-convention is an organisation which supports the development and success of new musical talent. This is primarily achieved through events which support and develop people and businesses that, in turn, provide services to musicians in the early stages of their career. Effectively, Un-convention is a support network for the independent industries which support musicians. Band Hatcher will benefit from collaborating with, and participating in, future Un-convention events as they provide excellent networking opportunities, access to current industry experts and are always pushing forward new ideas based on the barriers presented by technological change.

### **5.1.2. Fat Northerner**

Fat Northerner Records is an organisation which benefits from a close working relationship with Un-convention, especially as it is run by two of the original board members. Fat Northerner predates Un-convention and it was partially the frustration that industry events such as In The City overlooked the role of independents which led to its creation.

#### **5.1.2.1. Coupe De Ville**

Coupe De Ville are a guitar-based hip hop band from Manchester ([www.myspace.com/coupedevilleuk](http://www.myspace.com/coupedevilleuk)). They are the most recent band to work with Fat Northerner and will release their first single, Back to the Future, through the label on October 4<sup>th</sup> 2010. Coupe De Ville are the epitome of the type of band which Band Hatcher would like to work with, as they are incredibly pro-active in the process of promoting their band. This has led to an excellent working relationship with the label and a mutual respect between the two parties;





“What they stand for resonates with us and from the start we got on like a house on fire.” (Heniker (AKA Lowry) – see Griffith, 2010 (Appendix 1)

Appendix 1 is a press release which was commissioned for the release of *Back to the Future*.

The band’s proactive nature is best demonstrated by the fact that they gained philanthropic funding from an external source, Hustle Productions. Hustle are paying for the single release with support in kind offered by Fat Northerner, as demonstrated in Appendix 2. These calculations demonstrate that, even though support from Fat Northerner is “in kind” and will not be charged, if the single sells as expected the project will make a considerable loss. This appears counterproductive for a group who have financial backing and treat their band as a sustainable business which they expect to develop over the coming years. However, this is an excellent demonstration of success being measured in terms other than financial. Thus far the academic literature discussed in this dissertation has only presented success in terms of monetising the music industry, including people, places and business models which have achieved varying levels of financial success. The Coupe De Ville case study presented raises questions regarding other means of success in the music industry which will be explored in this section of the academic dissertation and applied to the business development presented in Part 2: Enterprise. Success for the release of *Back to the Future* will be measured in terms of the amount of regional exposure which is achieved through the promotional campaign. The overall intention is to build the profile of the band steadily, beginning at regional level, followed by gaining national recognition before launching an album in 2011 (see Appendix 3).



#### **5.1.2.2. Fat Northerner Success**

The work of Fat Northerner with Coupe De Ville demonstrates a primary example of the way in which musicians are supported and developed towards success. This is a less tangible notion of success than those presented in the literature review (above) yet in the current market climate such non-financial examples are becoming more apparent.

#### **5.1.3. Salford**

Un-Convention and Fat Northerner are based in Salford and have close ties with the area. A lot of financial support for Un-Convention is provided by Salford City Council and as a result they have chosen to always remain in the “Other City”. Their ties are such that after recently losing their office space any Manchester City Centre offices were discounted, even if they were in close proximity to Salford. Existing links to the area aside, Salford has become an excellent arena for creative businesses and a £4m regeneration programme is underway a big part of which is the retention of current creative industries and capture of new ones through the MediaCityUK development (Central Salford, 2010).

The connection between place and success is discussed in Chapter 2 above in relation to Manchester’s Northern Quarter. However, it appears that over the coming years the developments in Salford will provide a new creative hub which can ably compete with the Northern Quarter, especially as rent in that area continues to increase.

#### **5.1.3.1. Salford Music Co-op**

The work of the Salford Music Co-operative is another example of Salford as a place for the development of new musical talent. This collaborative is in its infancy and intends to develop;

“-around passionate people who wish to be involved in turning the Salford Music Scene in to an exciting place to be.” (Salford Music Co-operative, 2010).

Evidently the Co-operative understands the benefit of a “scene”, as discussed above. Moreover, as many of their meetings and events are held in Salford’s Public Houses, they are also akin to the “pub circuits”. These events include monthly meetings to discuss relevant issues and network with bands and other industry players and live music showcases, most notably a fringe event for the Sounds from the Other City Festival (Sounds from the Other City, 2010).

The importance of people and places to the development of musicians has been discussed in detail earlier in this dissertation, yet little evidence was presented for the benefit of these systems for emerging musicians. The Salford Music Co-operative is an excellent example of the way in which a scene can be developed which supports the development of new bands and artists. Moreover, it is the emerging musicians themselves who are making this collaboration work.

#### **5.1.4. Manchester**

The demonstrations above of Salford as a hub for the support and development of emerging musicians are not a suggestion that Manchester is no longer a contender in this area. The



following examples are Manchester-based organisations which support and develop the success of emerging musicians.

#### **5.1.4.1. Manchester Scene Wipe**

Manchester Scene Wipe ([www.manchesterscenewipe.co.uk](http://www.manchesterscenewipe.co.uk)) is an online video channel influenced by popular French website La Blogoteque, where musicians – both from the city and touring to it – are taken to quirky locations in Manchester to record a song (Creative Tourist, 2010). Locations to date include The Manchester Museum and The Manchester Wheel.

This initiative was set up with very limited funds on an overdraft and is another example where making money is the intention, as Sam Alder co-founder of Scenewipe states:

“But essentially, it’s a great way to film our favourite bands and give Manchester acts exposure too. It’s never really been about making money, it’s about promoting the Manchester music scene.” (Creative Tourist, 2010)

However, the website has become very popular and is now attracting nationally recognised touring bands, such as Bombay Bicycle Club and The Futureheads. The networking opportunities provided by meeting these bands, with their management and crew, must be invaluable. Furthermore, the same people who run Scenewipe have another company who offer illustration and moving image, Plastic Zoo (<http://www.plasticzoo.co.uk/>). This mirrors the proposed operation of Band Hatcher and a money-making trading arm, Red Fern Promotions, full details of which are given in Part 2: Enterprise. The ability to capture an



audience and share valuable networks between these two organisations will work in much the same way as Scenewipe provides work for Plastic Zoo.

Manchester Scenewipe would also be a good key partner for the promotion of Band Hatcher's musicians, as they are an existing "Opinion Leader", these are the people who tell new music fans what to listen to (Dubber 2007, 17). This will aid the advancement of bands and gain recognition for Band Hatcher as a brand which is seeking to become an opinion leader in its own right.

#### **5.1.4.2. Manchester Band's Union**

The Manchester Band's Union is being run through a Facebook group and is based on the simple dictum;

"Cheaper entry to local band gigs = Full house, happier bands, boozers not closing down." (Manchester Band's Union, 2010)

This organisation intends to provide live events for emerging artists as an alternative to pay-to-play gigs. Manchester Band's Union shares the same belief as Band Hatcher that there must be a better way for emerging bands to display their talents to a wider audience. They are a rather recent group and their ability to make an impact on the Manchester music industry has yet to be seen. However, this is evidence that other people involved in the emerging music scene have been driven to action by the systems which are currently in operation.

### **5.1.4.3. Movement**

Movement is currently a concept being developed by music PR professional, Kate Butler (2010 pers. comm., February). The aim of this organisation is to provide a new form of Musicians Union based on the principles of treating music more as a business and fully embracing the potential of web 2.0 in this process (Butler, 2010). This demonstrates that people within the industry are attempting to develop zeitgeist solutions to the fluctuation of the music industry. Furthermore, this endeavour will benefit emerging musicians.

## **5.2. Musicians**

This section elaborates on the themes of this dissertation by placing them in the context of the emerging musicians. The interviewees, Brian Travers (UB40) and Gary Lee (Asteroids! and formerly, Generalissimos) are currently at very different stages of life and musical success, yet the mixture of experience and relative inexperience provides useful comparisons. Furthermore, the changing nature of the music industry will be explored, based on what it was in Travers early career and how it is for today's emerging musicians, such as Lee.

### **5.2.1. Place**

#### **5.2.1.1. Places for Development**

Brian Travers states that place was very important in the early days of UB40. Travers and the rest of the band grew up in a multi-cultural, working class, inner-city area of Birmingham, Balsall Heath and he cites two major benefits of being raised amongst a mix of ethnicities; good food and good music. Therefore, the music of UB40 developed through a collection of



people from different backgrounds being brought together in one particular place. Another place which Travers praises for shaping his musical career is Moseley Arts School which he believes specialised in;

“-taking these rough kids [from] the city and turning them into toffs...daring them to imagine.”

The entry criteria for the school was based on the students aptitude for art and Travers believes the introduction to this arts which they received in this school were paramount the bands self-believe which was largely responsible for the success they achieved in their early stages (see 5.2.2.4. below).

#### **5.2.1.2. Manchester**

Lee, who has played in Manchester-based bands for the last 12 years, views the importance of place somewhat differently; he describes the Manchester music scene as a “double edged sword”. This is because of the stigma attached to Manchester music that the “next big thing” always has to be based on, or compared to, a classic Manchester band such as The Smiths, Joy Division or The Stone Roses. Lee blames this partially on a need to pigeon-hole music, which he understands to an extent, but disagrees with the Manchester-centric tendency to retrofit emerging artists into these boxes. Furthermore, some emerging artists attempt to place themselves in these moulds by playing “three-chord-Oaso-rock” at unsigned band nights around the city. This problem is not necessarily shared, in Lee’s opinion, by other cities with strong musical heritage and he states the examples of London, because of its size, and Liverpool, because the Beatles belong to another generation. However, Lee does also present some positive aspects of being in an emerging band in Manchester;

“If you weren’t in a city it would be very difficult to make it in a band.”

Moreover, he feels that the music orientated history of Manchester provides a greater infrastructure for up and coming bands and a place where you can go to watch live music any night of the week. It appears, therefore, that for the emerging musician the musical heritage of the city presents a dichotomy of negative musical stereotypes set against plentiful resources and gigs.

## 5.2.2. People

### 5.2.2.1. The Emerging Musician

The most important person in the development of emerging talent is the musician themselves. Throughout the interview Travers frequently refers to the “filters” which exist in the music industry and upon recounting his early days playing from Tune a Day books he realises that the first filter is the commitment of the individual. The example he presents is the “kid who wants to be like Clapton,” but gives up when he does not attain such excellence straight away. Comparisons are made with those who seek to gain instant success through reality television, such as the X Factor. In summary a large part of what makes a musician successful is their talent and levels of commitment.

The commitment of Coupe De Ville has been demonstrated in the case study above and they are a band which treats their music-making as a fledgling business. As Coupe De Ville continue along the path to success in the music industry they are constantly looking for ways to repay the investment which they have received – in order to gain more in the future. They have achieved this through promoting their own gigs and renting out their studio space to for





others bands to record. This entrepreneurial view is mirrored by Travers' opinion on the early career of UB40; he states that they achieved success by treating the band as a business. However, as demonstrated below the circumstances of people involved in music do not always allow them the financial or personal ability to demonstrate such commitment or entrepreneurialism. This is where Band Hatcher will be able to act as a support system for musicians who have the talent and desire to succeed in music, yet lack the finances to pay for professional services.

#### **5.2.2.2. Personal Circumstances**

Travers states that UB40 were a highly committed band which rehearsed from 9-5 daily and lateness was met with harsh words from the rest of the group. However, there are certain costs which must be met in order for musicians to rehearse. Travers recalls a band member receiving criminal compensation money after a fight which paid for amps, but the eponymous benefit form is at the heart of the circumstances which aided UB40 financially;

“Music in Great Britain wouldn't be the same without the dole.”

This money allowed the band to continue doing what they loved and without having to work they had enough to commit to their music on a daily basis.

Circumstances for Lee are rather different as he and his band-mates work full time and manage to practise around three evenings a week. However, he does state that the reason none of them are “high end earners” is because they wish to focus on their music rather than career paths. Lee's current band, Asteroids! rent a rehearsal space in Ancoats, Manchester. This costs each member £30 a month and they have to share on a rota basis with another local



band in order to keep the cost this low. The owner of the rehearsal rooms is praised by Lee for allowing them to pay half rate until they found another band and he was even active in this search. This is a good example of empathy and collaboration between members of the Manchester music scene. Furthermore, it has benefited the personal circumstances of the band and allowed them to afford the necessary rehearsal space to develop.

### **5.2.2.3. Saints and Sinners**

Discussion with Lee is littered with the role of people in the development of emerging musicians and anecdotes relating to those who have hindered their development. The understanding man at their rehearsal rooms is placed on the same pedestal as a selection of local promoters including Cloud Sounds and Fiction Non-Fiction. Cloud Sounds ([www.cloudsounds.co.uk](http://www.cloudsounds.co.uk)) promote free monthly live gig nights at Fuel Café in Withington, Manchester. Lee states that these events are excellent for the emerging musician as they are run by people who really enjoy new music and have a passion for promoting it to a wider audience. Furthermore, the live events are supported by a weekly podcast of new music from around the country. Fiction Non-Fiction ([www.myspace.com/fictionnonfiction](http://www.myspace.com/fictionnonfiction)) are run on a similar principle and Lee states that the reason these gigs are so good for emerging musicians is because they do not expect the band to sell tickets, do their own promotion or pay anything in order to play. However, the fact that Fiction Non-Fiction provide a bottle of wine and sandwiches is an added bonus. Another organisation which Lee praises for their promotion of new music is local radio station AllFm ([www.allfm.org](http://www.allfm.org)). This radio station is volunteer led and provides an excellent output for the music of emerging musicians.

There also appear to be a large number of what Lee refers to as, “shysters,” involved in the Manchester music scene. Anecdotal examples of this revolve around an organisation called Vman ([www.vmanevents.co.uk](http://www.vmanevents.co.uk)) and Lee is quick to acknowledge that they are not the only business implementing the offending model, but simply the one which he has dealt with. The business model used is generally referred to as “pay-to-play”, as it entails the bands being given their own tickets to sell and handing over the majority of money made prior to performing, taking a small cut for themselves. A levy is generally placed on the amount of tickets which must be sold, thus resulting in an amount which the bands have to pay to the promoter before they are allowed to take the stage. Lee recollects that the tickets were sold for around £6 and the band would receive £1 for each ticket sold, often this figure increases once the minimum ticket sales are achieved, which is generally between 30 – 50. Through their experiences with Vman Lee’s former band decided never to play such nights again, a rule which has been carried forward into his new band Asteroids! (featuring 3 members of Generalissimos). Their first experience with V Man Events saw them turn up at the venue, having spent any money they made from ticket sales on a taxi to transport themselves and their equipment, to be told that they have been double booked. Following a heated exchange the band were transported to a different venue where they played to “about 5 people.” Lee states that, “they should have learned their lesson,” but they played at one other gig for V Man and were shocked to see their name appear as “Generalizafom.” At both events the band were perturbed by the fact that none of the organisers watched any of the bands. In summary of V Man Events and similar organisations Lee feels;

“These guys can’t even write names correctly, let alone promote bands.”

#### 5.2.2.4. The Music Fan

As articulated by Lee above there is a wealth of live music occurring every night in Manchester. Therefore, it is easy for an emerging musician to get lost amongst a backdrop of mediocrity. Travers, states that music is led by taste and this truism, combined with the sheer overload on offer, is the hardest part of Band Hatcher's mission; finding quality music and placing it in front of an audience. Therefore, quite simply the music must be good. Dubber states that the golden rule in selling music is "hear/like/buy" (2007, 5) and no matter how many sophisticated marketing techniques are employed this is the order that music consumption must occur. People will only buy music they like and people in this target market will only like music which is of a high standard.

#### 5.2.3. The Future of the Industry

Travers and Lee "emerged" in music at times where the industry is irrevocably different. As Travers is still involved in the industry, over 40 years later he has witnessed these changes first hand. Although Travers is not opposed to the illegal download of music he does state that UB40s latest album was downloaded 750,000 times from peer to peer sites, whereas a mere 50, 000 copies were sold. This demonstrates the vast scale of the impact of technology on the future of success in the music industry. Furthermore, a recent Twitter message reads: "-got to make hay while the sun shines," (@BTUB40, 2010) referring to a need to tour while this area of the music industry is currently the best revenue stream for a successful band.

Travers believes that in the "old model" of the music industry there was more room for failure Labels did not expect bands to achieve success with their first album and deals were



never for one solitary release. It was generally expected that a band would not “break” until their second or third long player offering. The “new model” does not work in the same way, it expects that bands will be successful from the start or else they are cast aside. Travers supposes that this disposable industry is largely due to what he calls, “post label euphoria.” This describes the notion that people no longer need a label to release their music, due to the impact of the internet. He feels that this has led to “a lot of traffic” and because there is no “gatekeeper” anymore, “you just get one shot”. Travers does not claim that there is no need for labels in the modern music industry; rather that it has changed the way in which people perceive and consume music; the whole process has become far more fickle.

The adequately labelled “post label euphoria,” is based on popular accounts of artist who have achieved success, supposedly, on their own (with the assistance of the internet). Dubber, 2007 discounts these stories;

“Sandi Thom, the Arctic Monkeys and Lily Allen are not super famous, rich and successful just because of MySpace, and nor because they miraculously drew a crowd of thousands to their homegrown webcast. PR, traditional media, record labels and money were all involved.” (5)

Dubber also urges that we “don’t believe the hype” and states that technological determinism has not, in fact, done away with the traditional gatekeepers of musical production and sales. Therefore, he offers the following advice:

“-better to distrust the stories about online success and calamity, and simply view technologies as a range of tools that you can adopt, and a series of changes to the business environment to which you can adapt.” (Dubber 2007, 13)

This information is vitally important the success of Band Hatcher. There is still a market for record labels in the modern music economy. Furthermore, these should be attempting to change and adapt to technological advances; therefore the business model developed for Band Hatcher (Part 2: Enterprise, Chapter 4) must be fluid and adaptable, based on a strong understanding of the market place in which it is operating (Part 2: Enterprise, Chapter 2).

Dubber suggests that technologies can be implemented as tools for online music through the use of web 2.0 technology;

“-forget being a destination – become an environment” (2007, 6)

This assertion is supported by Travers who believes that mobile applications and new forms of delivery system will be the new means of delivering music to people. This would include multimedia portrayal of the entire music making process from inception, through recording and right up to the deliverance of the product. This would truly entail being an environment and he states, “the new model has to involve the public more.”

## **5.2.4. Success**

### **5.2.4.1. Selling Your Own Success**

The example of selling ones’ own success is not a practice unique to the new music industry model. This trick was implemented to great effect by the fledgling UB40 and the band headlined their first gig because they claimed to be a big acts. Furthermore, even though gigs in Birmingham were in great supply they opted to not play for several weeks at a time and make the false claim that they were out of town touring. Therefore, a large factor in the



achievements of UB40 in their early career was their ability to sell themselves as more successful than they were.

#### **5.2.4.2. Success for Emerging Musicians**

In order for Band Hatcher to develop emerging musicians it is necessary to define what success would mean to this target market. Lee provides a very reasoned view of what he would like to achieve from music; ideally playing in his band would be his job. That does not mean that he desires fame and fortune as he states that he would do it for what he currently earns. The issue here is not a desire to make a fortune from music, but simply having enough to continue doing what he and his band enjoy.

This notion of financial stability, rather than making millions -which Lee admits the band often jokingly refer to - is also paramount to the notion of critical success being more important than commercial success. Lee sums up his views on this through analogy, “I would prefer to be Field Music than U2;” Field Music are a well respected band which has not achieved a large degree of commercial success whereas U2 are one of the biggest bands in the world, yet Lee evidently does not hold their work in such high regard. Similarly, he refers to the production values of the latest Kings of Leon albums in comparison to their earlier offerings and describes their change as a clear example of a band attempting to take a more commercial career path – and one which has worked in this instance. This is followed by the statement that Lee would rather remain in his current job and make the music which he enjoys rather than “towing the record label line.” Furthermore, Lee’s incredibly ambitious ultimate goal in music would be to create a new genre. This level of fierce commitment and a



desire for success, based on passion and a love of music, is what should define Band Hatcher's target market.

### 5.2.5. Conclusions

These two musicians have grown up playing music in two very different periods. The industry in which Lee would like to succeed is vastly different to the one in which UB40 reached the top of the charts. Furthermore, the industry is in a real state of flux and as Travers deftly surmises; "the big label thing is probably fucked." Lee offers what he sees as the simple solution to the problems facing emerging musicians;

"-what a company would need to do if they want to help bands, is get people who haven't heard the bands [to listen]."

Therefore, there is a market for a new means of promoting emerging musicians, yet some key factors, often based on locality and personal circumstances, will need to be resolved in accordance with adapting to the new business models of music. Money is undoubtedly a key factor in the development and success of musicians. However, this does not necessarily relate to earning a fortune or living a life of luxury, rather viability and necessity;

"-you'll take the Travel Lodge over the Hilton." (Lee, 2010)

Emerging Musicians are aware that the music industry is changing and all they want is a fair chance to showcase their music; Band Hatcher will provide this opportunity.



### 5.3. Research and Discussion Conclusions

The primary research presented in this section furthers the dissertation from the literature review provided. The main themes of the academic literature provided have been elaborated upon through the use of case studies and interviews which are specifically focused on the development and success of emerging musicians. The case studies provide incite into the support networks which are available to new musical talent in Salford and Manchester. The interviews demonstrate the opinions of musicians relating to success in and around the constantly changing music industry. Furthermore, this discussion connects the main themes of this dissertation to the proposed Band Hatcher business venture, particularly in relation to market research and target customer profiling.

## Chapter 6: Conclusions and Summary Recommendations

### 6.1. Recommendations

Based on the issues raised in this academic dissertation the following recommendations are made in order to inform Part 2: Enterprise.

- A solid mission and vision statement must be developed to reflect the qualities which this enterprise will strive for.
- The brand must be based on honesty and all business operations must stick rigidly to the social mission of Band Hatcher.
- Consideration must be given to the external factors which influence the music industry as a whole.
- Band Hatcher must listen to emerging musicians in order to achieve what they need to succeed.
- Band Hatcher should maintain the ethics and feel of a small scene or pub circuit but with the entrepreneurial know-how to propel musicians into the realms of financial stability and success in the global music industry.

### 6.2. Conclusion

This dissertation has provided literary and primary research into the support, development and success of emerging musicians and placed this discussion in the framework of the current music industry business environment. The illustration of these factors has also been utilised

to make initial assertions relating to the proposed business activity of Band Hatcher and will influence the market research and commercialisation of this venture.

The literature reviewed in Chapter 2 is primarily focused on the relevance of people, networks and places to the development of musicians. The role of these factors can not be underestimated in terms of importance to emerging musicians and related support organisations. However, as demonstrated, emerging musicians are rather overlooked in academic literature. Therefore, it falls to the quantitative research of this dissertation to provide the discourse based on this point of view.

An understanding of the future of the music industry is vital to the development of a successful music business. Thus, consideration of new business models for the sale of recorded music is highly useful for the market research of Part 2: Enterprise. Furthermore, framing the future of the industry relates to the support and development of musicians as it demonstrates the means by which their music may be listened to and sold.

The main failing of the academic literature presented, in relation to the research questions of this dissertation, is a tendency to inextricably link the notion of success in the music industry to the finances of big business. However, the research presented in Chapter 5 demonstrates a range of smaller organisations which view success as something entirely different. The small businesses, collaborations and groups presented as case studies are more interested in enjoying music and furthering the careers of others. Moreover, the notion of making money is often regarded as a mere inconvenience. This view is shared by emerging musicians who would prefer critical acclaim to financial success. However, it is evident that emerging



musicians can not achieve this success on their own. They need the right people around them and they need to be in the right places, therefore proving the relevance of the academic discussion provided. Music is incredibly important to people and in order to succeed in this industry musicians need a supportive network which understands this importance. The organisations which truly assist the development of emerging musicians appreciate this relevance and demonstrate it through their passion. This is how Band Hatcher will operate; as a development service for up and coming bands and artists which understands their need for support and development and arduously acts upon it. The aim of this will be to achieve success for Band Hatcher customers and for these people success can be defined quite simply; being able to make music which new people will listen to.



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## Appendices

### Appendix 1: Coupe De Ville Press Release (Griffiths, 2010)

**FAT NORTHERNER RECORDS**

**PRESS RELEASE**

**COUPE DE VILLE: BACK TO THE FUTURE 4th OCTOBER 2010**

"We're taking it back to the days of old, stepping to the stage in full control / Trying to change the scene, trying to make it grow / Keeping it fresh in case you don't know / Back To The Future"

Coupe De Ville



They may have come up together with a shared taste for graffiti, Hip Hop and Skateboarding but there is nothing narrow about the outlook of this mellow bunch who nonetheless pack a lyrical punch.

As vocalist Daddy Science puts it: "We don't dismiss anything when it comes to the music - put our tastes together and it's like hitting shuffle on an iPod containing every genre ever created"

You want examples? Guitarist Gibbo's first purchase was 'Straight Outta Compton' while bass player Weet cites dub and Curtis Mayfield. He also references Gil Scott Heron's 'The Revolution Will Not Be Televised' on track-in-progress 'Calling'.

"All that gets chucked in the pot and because our tracks are stylistically so different to each other there's no need to collaborate for us to cross over, either," points out Lowry, who himself has a thing for strings and old blues records.

You can make out the Rage as well as the Chuck D in Coupe De Ville soon enough, yet Lowry is quick to distinguish between his own preference for "social commentary" over the single-issue politics exemplified by lots of established artists.

"Lyrically I'm inspired more by Dylan and Leonard Cohen - and I also think there is a lot of truth in the Edwin Starr lyric 'Too many protest singers' Not enough protest songs!"

"My lyrics are important, I've had a colourful past and I come from a working environment that saw me visiting prisons on a daily basis and that means I've got my eyes wide open. I'd just rather point out universal truths closer to home than highlight, say child labour in one particular country over another, that's all." And what of the eponymous Cadillac - where does that fit an agenda that rejects bling and bitches while tipping the hat to the best hip-hop has to offer?

Stark and simple: a friend of the band died in tragic circumstances and 'Coupe' was the nickname to which he answered. And if there's any vanity about this core of five it's restricted to the civic pride behind

Lowry's ambition to re-enact the Public Enemy video for 'Fight The Power'... back home on the streets of Manchester. So whatever school they represent it's no school for poseurs, and the speed with which Daddy Science will mock Lowry's occasional liking for quoting himself speaks volumes about the tightness of this team.

All the take is an even split between Lowry, Science, Gibbo, Weet and turntable maestro Wiseman, so such banter comes from the heart and not from the resentment so common in bands with a pecking order. Talk of projecting Animal from The Muppets behind them onstage should they ever need to substitute software for a live drummer turns to the momentum built by support slots with Audio Bullies, Reverend Soundsystem, Furious 5 and The Fall ahead of debut single 'Back To The Future' and the student house party gigs synched to its release.

Unapologetically chuffed with a record deal which suits their work ethic, props are also offered up to Hustle Productions, who have been instrumental in helping them on their way. "We want it to always come this naturally and whatever success comes it will be all the more satisfying for having done it with people who believe in us from our own town," insists Daddy Science. Lowry expands on the relationship with Fat Northerner Records: "What they stand for resonates with us and from the start we got on like a house on fire."

No, that's no reference to further domestic disaster, but after losing precious rehearsal space and being robbed to the tune of £15k worth of equipment, flourishing in adversity was a trick mastered by CDV a while ago.

No, these boys are all about solutions and the best is yet to come.

**NOTE TO EDITORS**  
For additional information please visit:  
[www.fatnortherner.com](http://www.fatnortherner.com) or email [stefan@fatnortherner.com](mailto:stefan@fatnortherner.com).

<b>Release date</b>	4th October 2010	<b>UK distribution</b>	Cargo Distribution <a href="mailto:craig@cargorecords.co.uk">craig@cargorecords.co.uk</a> 02077315125
<b>Format</b>	12 inch vinyl / Digital	<b>National PR</b>	Alex Butcher <a href="mailto:alex@fatnortherner.com">alex@fatnortherner.com</a> 07554 119 393
<b>Cat. No.</b>	FNRCDV001		
<b>Booking &amp; label</b>	Ruth Daniel <a href="mailto:ruth@fatnortherner.com">ruth@fatnortherner.com</a> 07793 215 618		
<b>Regional Press</b>	Rob Kerford (Sonic PR) <a href="mailto:rob@sonicpr.co.uk">rob@sonicpr.co.uk</a> 07882 882 314		

Visit [www.myspace.com/coupedevilleuk](http://www.myspace.com/coupedevilleuk) for more info on release.  
Visit [www.fatnortherner.com](http://www.fatnortherner.com) for more info on this and other releases.

 Fat Northerner Records, Langley Lane Farm, Langley Lane, Middleton, Manchester, M24 5LJ





## Appendix 2: Coupe De Ville Budget

### Coupe De Ville Budget

Expenditure item	Cost
Design of single sleeve and printed material	£200
Professionally written biography	£60
Regional press campaign	£700
Production of vinyl	£1,100
Making available on iTunes	£100
Billboard Cost	£600
Flashmob	£100
Graffiti Costs	£150
House Parties	£150
<b>Total</b>	<b>£3,160</b>

<b>London project(s)</b>	<b>£1,260</b>
<b>Total</b>	<b>£4,420</b>

Support in kind - Fat Northerner*	Cost
Fat Northerner management of release	£1,000
Mastering and mixing	£800
Fat Northerner digital campaign	£500
<b>Total</b>	<b>£2,300</b>

Income item	Income
Sale of vinyl (expected minimum sales, 300)	£900
Digital sales (expected minimum sales)	£200
<b>Total</b>	<b>£1,100</b>

<b>Total Profit</b>	<b>-£3,320</b>
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## Appendix 3: Coupe De Ville Release Plan

### **Coupe De Ville Release Plan**

Coupe De Ville have been building a solid repertoire of material over the past 12 months while playing key local shows and building their fan base. With a bank of quality material, we feel the band is ready to move to the next step and consolidate their regional presence, building their fan base and media profile within the NW region.

#### **Aims:**

- Release a single in late September 2010; Aim: build band locally with gigs and media coverage.

#### **Strategy:**

- **Design of single sleeve and printed material (£200).**

Mark Brown is a freelance graphic designer and illustrator based in Manchester. Mark has been in the business for over ten years, creating striking and effective work for a diverse range of companies, from large multi-nationals to local arts groups and live music venues.

- **Professionally written biography to promote the single and band (£100)**

Writer Mark Brown will write a biog for the band for all PR/Media companies to utilise in their campaigns.

- **Engage PR person to maximise press coverage regionally (£700).**

<http://sonicpr.co.uk/>

Sonic PR specialises in regional music press for the UK.

Solidly staffed by experienced press officers with an unbeatable database, we cover all aspects of regional press from newspapers and magazines to student press, online and fanzines.

Each campaign is individually tailored to the needs of the client, delivering what they want and their artists deserve. We can work with any budget, music genre and campaign. From full-on UK-wide campaigns for platinum selling, global artists to building a new band's fanbase from scratch.

The key for us is making the journalist's job as painless as possible. We ensure they have everything they need well in advance of their deadlines and that we are on hand at all times to arrange interviews, previews and reviews. We also have all press releases, photos and artwork easily downloadable from our website.

We provide regular updates for our clients, scans and PDFs are sent over daily, and we can deliver a full comprehensive report at the end of each week.

- **Digital promotion with (?) – £400 for a (2) month tailored campaign**
- **Radio campaign – Existing Networks (Cost £0)**



~ 65 ~

- **Production of 500 12" vinyl for distribution to independent record shops and for sale at shows.**

Cost: 500, £1032.00. 1000, £1332.00

- **Distribute via Cargo Distribution, London.**

Cargo Records is a distributor of independent records labels selling to UK retailers and distributors around the world. Originally set up in the UK in 1992 it has since garnered a reputation for many groundbreaking acts and labels. Acts such as Blink 182, the White Stripes, Devendra Banhart were all introduced to the UK market by Cargo before being catapulted into mainstream media by major label backing.

Now a major figure in the UK and European independent distribution scene Cargo continues to be a source for cutting edge music and is the home to many UK/US labels providing a large catalogue for the discerning music listener. With the ever increasing amount of product available it has become apparent that it is unrealistic to expect any retailer to carry our complete catalogue. To make this catalogue readily available to the public Cargorecords.co.uk has been set up specifically as a service for the general public to buy music direct from us.

- **Make available online for purchase (iTunes) etc (£100)**
- **Make available on Fat Northerner label website**
- **Production of printed material to promote the single (£150)**

This will include, posters, flyers, lighters etc.

- **Purchase of billboard advertising space (£1200)**
- **Printing of billboard designs (£150)**

#### **Online and promotional campaign by Fat Northerner**

Fat Northerner Records will design an online strategy locally for the band, to raise their presence on the web.

- Band to support release with a series of gigs in the NW. Fat Northerner are looking into booking agents, support shows and good gigs for the band; these will include a series of house parties.
- Band to commit to online promotional activities including Facebook and Twitter campaigns, plus interviews.
- Graffiti artists will be sourced to embellish the billboard promotional campaign **(£50 to cover expenses)**.
- Video to be produced by label/band to start online viral campaign. Band to consider the creative ideas.
- Original flashmob idea to be produced and executed surrounding the themes of the single release **(£50 to cover expenses)**.



- Band to have a single launch party at Un-Convention music event in Salford.
- Single will be followed up by second single in December/ early 2011.

### **Income**

1000 vinyl will be produced, we are happy to provide 100% of profit to you. We expect the vinyl to sell for £3 per unit, equating to £3k in total expected profit on the sale of all units.

On digital sales we are happy to provide 50% of income to you.

Contractually, the band will own the rights to the tracks; we will release them on a non-exclusive license. We will use our standard contract and send to you and the band for approval. To clarify, all rights will remain with the band; we will not own the tracks.

### **Future releases**

We would hope to work with the band on a second single and album. We are looking to build the band slowly, starting locally, setting things up for an album campaign in early 2011.

# Part 2: Enterprise

*“I write a song for economics, the numbers never add up.” Hope of the States.*

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## **Chapter 1: Project Concept and USP**

### **1.1. Definition**

Band Hatcher is a social enterprise which will provide development services to unsigned musicians in Manchester and the North West. This will be based on the exchange of resources, skills and access to facilities. Band Hatcher will find emerging musical talent and support them through the processes of recording, distribution, and live performances; combined from the outset with a strong promotional campaign. A strong brand will be developed in order to aid the development of Band Hatcher musicians through association with a well networked and industry respected organisation.

This dissertation is primarily concerned with the development of Band Hatcher. However, necessary revenue streams will be provided through a trading arm company, Red Fern Promotions. While details of Red Fern Promotions will be provided in relation to the operation of Band Hatcher it will not be considered in as much detail, as this could be the subject of an entire separate dissertation.

### **1.2. Social Enterprise**

Band Hatcher will operate as a social enterprise, which is defined as;

“A business or service with primarily social objectives whose surpluses are principally reinvested for that purpose in the community, rather than being driven by the need to maximise profit for shareholders and owners”. (Social Enterprise Coalition, 2010)

The term refers to a variety of different business models including non-profit organisations as well as associations, co-operatives, mutual organisations and foundations (Haugh, 2005). Band Hatcher will operate as a non-profit venture with associated trading arm activities, both of which will inform and benefit the other.



## 1.4. The Problem

There is not currently any organisation in Manchester which provides a decent platform for emerging musicians to establish wider notoriety and support them towards greater success.

This project stems from personal frustration with the ‘unsigned’ music scene in Manchester. The Author has experienced these problems first hand, having played around the unsigned circuit. The vast majority of outlets for unsigned musicians set out to make profit, often disregarding the development of those participating. Unsigned music promoters are generally more concerned with the easy money which can be made from live unsigned band nights. Their focus is putting on bands in high quantities with a complete disregard for quality. Such business ventures are destroying the unsigned music scene as they often provide a very poor quality of musical product. Furthermore, they do little for the growth of the artists involved as they sell their own tickets and do not get a wider audience. Inevitably this leads to disillusioned and somewhat trapped musical talent. Therefore, this dissertation aims to solve these problems by offering a new, unique model for the support and development of unsigned bands and musicians.

## 1.5. USP

These two key elements demonstrate the Unique Selling Point of Band Hatcher.

- It will be a *free* service available to new musical talent
- It will focus on the *integrity* and *future development* of its client.

Band Hatcher will provide a free service for the development of its users with a strong focus on integrity and future success for its clients as they are delivered to a wider audience by an industry-respected brand. This will benefit the lives of individual musicians by providing them with support and access to sufficient music industry exposure. Furthermore, it will benefit the music-loving community by providing a much higher standard of unsigned music.





## **1.6. Mission and Vision Statement**

### **1.6.1. Mission Statement**

To create a successful system for the development and support of emerging musicians based on the facilitation and exchange of skills and facilities.

### **1.6.2 Vision Statement**

An unsigned music industry where what you do is more important than who you know and the cream is able to rise to the top.

A live unsigned music industry based on quality and integrity; not solely on profit.



## Chapter 2: Market Issues

### 2.1. The Music Industry

The UK music industry is worth around £5bn a year. Exports of products and services to the global market were worth £1.3bn in 2008. (Keynote, 2010)

The industry can be split into four main categories:

- recordings (and their distribution channels)
- live performance
- music in the media
- amateur participation. (Keynote, 2010)

This dissertation will focus on live and recorded music as these are the two segments in which Band Hatcher and Red Fern Promotions will operate. These segments are closely linked, but do not share the same patterns of growth and decline. Currently the market for live music is booming because;

“-it is almost a matter of fact that sales of recorded music are a dying business and the new music economy is primarily based on revenues from licensing and concerts.”  
(Wikstrom, 101)

Therefore, musicians are looking to make money from the live music sector while recorded music sales are struggling. It is important that the inter-relationship between these two sectors is widely researched in order to develop business models which will work in each of area and support the overall social mission and financial viability of this project.

### 2.2. The Leisure Industry and Live Music

Live music is part of the broader leisure industry which, in 2009, was worth approaching £70 billion, a 9% increase from 2004 but 1.5% lower than in 2008. (Mintel, 2009 a)



This industry is expected to be hit heavily by the economic downturn (Mintel 2010, see also Appendix 1).

“The majority of leisure sectors are forecast to shrink between 2008-09, by up to 10% in value terms – although most declines will be in the 1-4% region.” (Mintel, 2009 b)

Although leisure is viewed as one of the most ‘discretionary’ areas of consumer expenditure it will not be negatively affected to the extent of other areas such as luxury home ware and premium food and drinks.

Some areas of the leisure market are expected to achieve a small degree of growth:

- Public leisure centres - benefitting from consumers ‘downgrading’ from private health clubs.
- Football - due to long-term sponsorship deals and fan resilience.
- Cinemas – as these present affordable escapism
- The Lottery – as an inexpensive way of chasing the big win.

Other areas are expected to be hit very hard by the current economic climate:

- Bingo (-8%) – already suffering from legislative issues such as the smoking ban.
- Theme Parks (-4%) – aimed at the hard hit family market and connected to associated costs (food and drinks etc.)
- Night Clubs (-4%) – these have lost their USP and high entry fees and drink prices will not help.

### **2.2.1. Live Entertainment**

Live music can be segmented into a subsidiary market of the leisure industry, live entertainment in general. This was performing well ahead of the economic collapse;

“-the Office of National Statistics Spending Survey puts yearly expenditure on live entertainment at £2.03 billion in 2005-06.” (Mintel 2007 a)

The thrill of a live performance is something which can not be replaced; over half of those surveyed by Mintel agreed that you “can’t beat the atmosphere of a live performance” (2007 a). This is the major value proposition of live performances, including live music concerts.

### 2.3. Live Music

Prior to the credit crunch live music was expected to experience growth, this is demonstrated by Figure 1 (Mintel 2008).

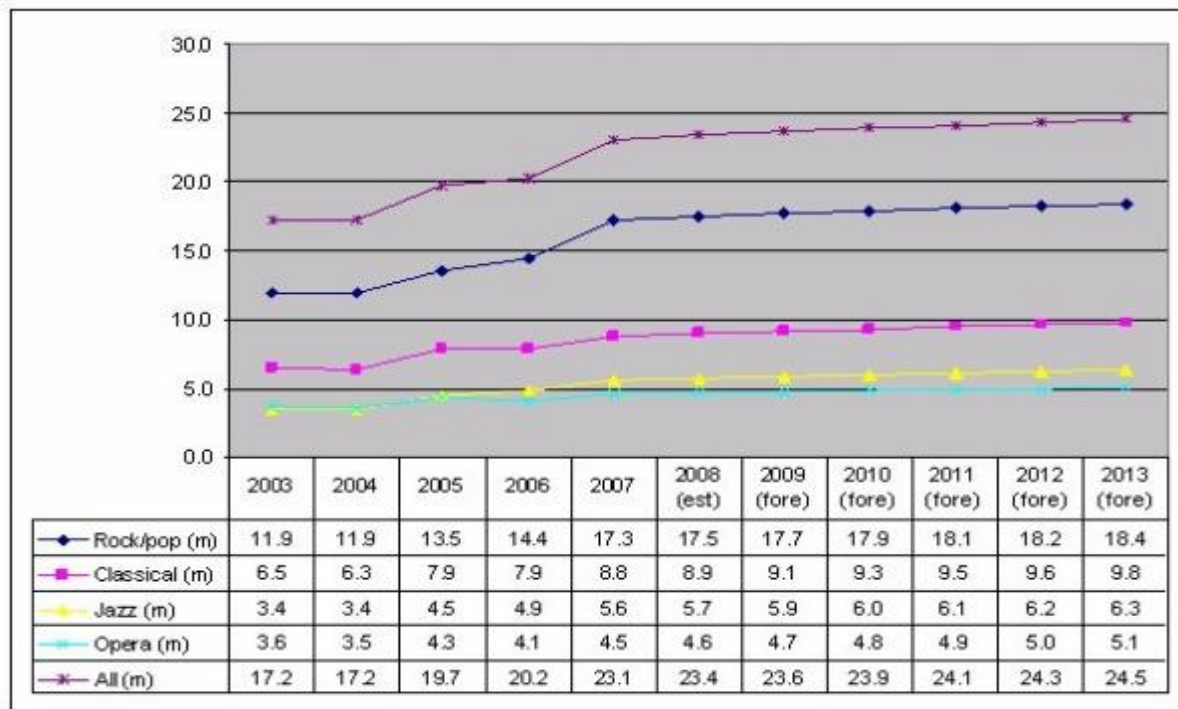


Figure 1 Mintel graph from 2008 demonstrating the predicted growth of live music

Re-forecasting based on the new economic climate envisages a decline, although it is relatively marginal compared to other consumer areas, Figure 2 demonstrates the predicted decline in live music concert attendance up to 2013. Figure 3 reveals that pop/rock concert attendees will decrease even less and are even expected to begin growing by 2012. (Mintel 2009 b, see also Appendices 2 & 3)

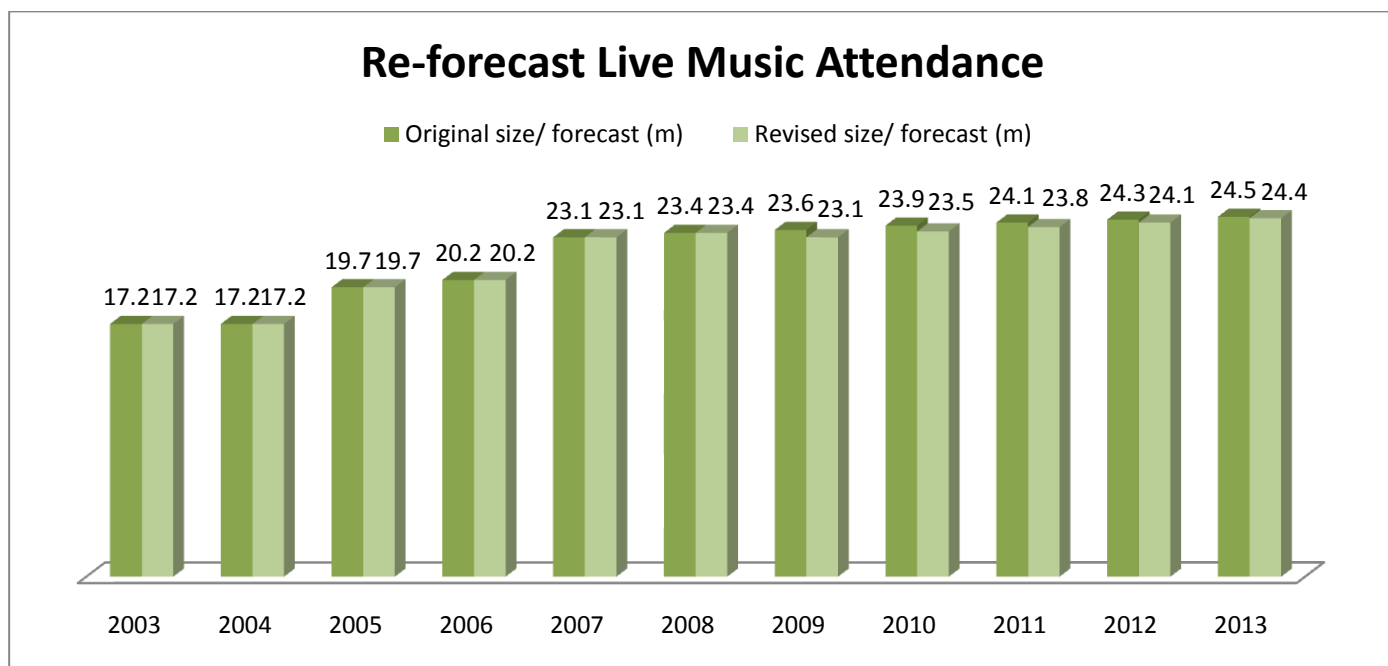


Figure 2 Re-forecast of live music attendance

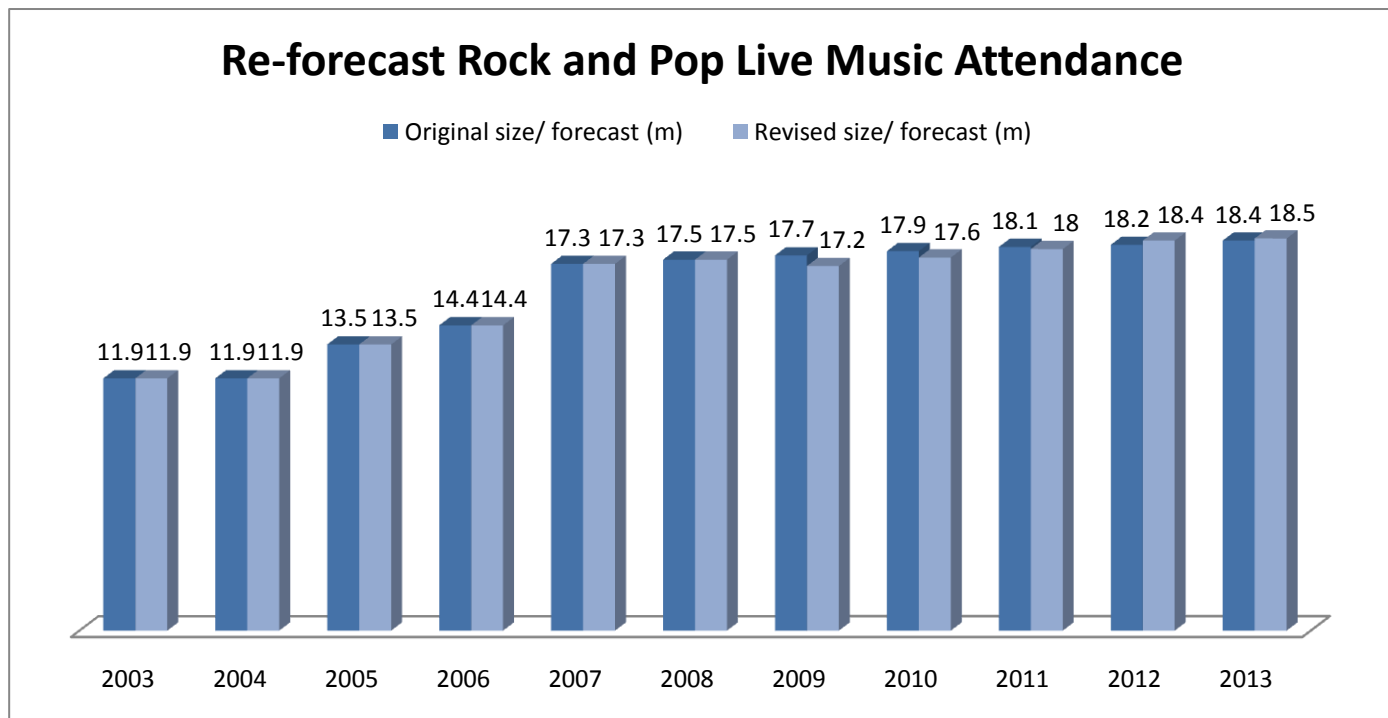


Figure 3 Re-forecast of rock/pop live music attendance



### **2.3.1. Live Music Key Trends**

The following key trends are based on Mintel, 2008:

#### **2.3.1.1. Supply-led Demand**

- “60 million visits are made annually to concerts. This indicates that ticket sales for concerts are potentially worth an estimated £1.9 billion per year across all genres.
- Much of the upward trend in audiences is being fuelled on the supply-side.”

Therefore, Red Fern Promotions will be operating in a supply led industry and will aim to capture a share of what is a large market in the UK.

#### **2.3.1.2. Ageing Demographic**

- “The population is ageing. It means a reduction in the number of 15-19s, and in the short/medium term a smaller prospective audience of ‘taste formers’.
- At the other end of the age spectrum, there is a growing audience of over-50s because today’s fifty-somethings were in the frontline of the major pop revolutions of the 1960s/70s. “

The target audience for Band Hatcher and Red Fern promotions is generally above the 15-19 year old bracket but the over 50s market is probably not in line with the product which will be offered by the promotion arm.

#### **2.3.1.3. Localisation**

- “The music scene is becoming much more localised, and is pushing its geographical reach further into the provinces.”

This relates strengthened notions made in the accompanying academic thesis about the identity of areas such as Salford.

#### **2.3.1.4. Demand for Festivals**

- “There has also been a dramatic increase in the availability of festival-styled events. Online site [www.efestivals.co.uk](http://www.efestivals.co.uk) features about 530 festivals for 2008, compared to only 12 events in 2000.”

This is an area which will be considered once a successful live events company has been established; it would be a natural next step for the gig promotion to lead to festival events.



#### **2.3.1.5. Ticket Selling**

- “Online ticketing platforms are now the dominant channels for distribution. About 60% of tickets are acquired this way, with about 30% being purchased via phone booking.
- The issue of the re-seller market continues to vex the live music industry. Trade estimates are that £200 million is generated in the UK by website re-sales.”

The internet and web 2.0 will be utilised for the purposes of Band Hatcher and Red Fern Promotions in line with this current trend which is still rising. Ticket agents which take action to prevent unfair ticket re-sale will be used, as this fits with the ethical nature and social mission of Band Hatcher.

#### **2.3.1.6. Associated Spending**

- “Ancillary spend activity at concerts is high. Over one-half of concert goers usually buy drinks, one quarter usually purchase food and one fifth always like to buy souvenirs.”

It is possible to convince some venue to offer free hire for live music events based on the fact that they will receive revenue through ancillary spending such as food and drinks. This can be used to the benefit of Red Fern Promotions in order to keep costs low for certain events.

#### **2.3.1.7. The Big Players**

- “LiveNation is the world’s largest promoter of live music, and in the UK it has acquired a large portfolio of live venues as well as festival interests.
- Academy Group controls the UK’s best-known live venue brand with 18 ‘Academy’ locations in major UK cities and towns.
- On the ticketing front, See has grown to challenge the supremacy of Ticketmaster. Having been built under the Really Useful Group, since January 2008 it has been under the ownership of Dutch company Stage Ticketing International.
- Pop/rock fans are able to enjoy an almost limitless number of events. For instance, in June 2008, See listed 1,270 events across the UK.”



The large scale companies have control of certain areas of the live music industry. It will be necessary for Red Fern Promotions to find a niche area of the market and present an excellent brand in order to compete in this market place.

## **2.4. Recorded Music**

The recorded music industry is struggling.

“Content owners have also been hit by the increasing problem of illegal downloading, which has had the effect of devaluing the value of music for an entire generation of youth.” (Mintel 2009 c)

A number of potential new business models have been explained in the academic part which accompanies this dissertation (Chapter 3). These include:

- Single-song download
- All-you-can-eat
- Ad-based models
- Value-based pricing models
- Bundling
- Mobile Music
- Weed

Discussion also demonstrated the contention between the major music industry players and the new service providers. Even though it was suggested in 2007 that;

“-the explosive growth of the legal download market could, if properly managed, go some way towards boosting the profitability of the market.” (Mintel)

However, this advent has not occurred and the industry is still struggling to re-monetise this segment of the industry.

### **2.4.1. Recorded Music Key Trends**

A 2010 Mintel Report on consumer attitudes to pricing in media and music reports the following key issues and trends:



#### **2.4.1.1. Downloads v. CDs**

- “The ‘tangibility’ of CDs is preferred to downloads by 30% of under-35s but by over half of over-45s.”

This demonstrates a growing trend for digital downloads which will benefit the activity of Band Hatcher.

#### **2.4.1.2. Eat-all-you-can**

- “Almost a fifth of all music listeners would rather put up with free, ad-interrupted streaming services than pay for ad-free online streaming. However almost a quarter of 16-24s agree that a monthly subscription with unlimited downloads/streaming is good value for money compared to 14% of music listeners overall.”

Eat-all-you-can services such as these will be a potential market for Band Hatcher. However, as demonstrated in the academic section of this dissertation the major music companies hold all the power in this area of online music sales.

#### **2.4.1.3. Single Song Sales**

- “Pre-recorded music spend has fallen by an estimated third over the past five years and the volume of total UK album sales has fallen by more than a fifth.
- However, singles sales rose by a third in 2009 to reach record levels of over 150 million, and digital album sales also grew by 56% in 2009, now accounting for one in eight album sales overall.”

Singles are the dominant product in the market which is beneficial to Band Hatcher as this is what will be released through the label.

#### **2.4.1.4. Illegal Downloading**

- “The BPI estimates that online copyright piracy cost the UK music industry an estimated £200 million in 2009. Two fifths (42%) of 16-34s surveyed by Mintel listen to ‘mostly free’ music. Half of 16-24s ‘see no problem with free downloading using file-sharing tools such as Torrents’, however, this drops sharply amongst over-25s.
- Whilst digital sales may be up, for the music industry the great challenge and opportunity is to monetise the huge reservoir of illegal downloading. New legislation



may help to deter piracy, but the greatest potential lies with an array of emerging business models, including à la carte downloading/subscriptions, ad-funded and ad-free paid streaming to a growing multiplicity of devices.”

This current climate of the recorded music industry undoubtedly makes it a difficult area in which to accrue revenue. However, this understanding of the broader business environment has aided the development of the Band Hatcher business model. The recorded music is in turmoil, but the live music industry is showing steady growth. Therefore, this venture will operate across both sectors in order to achieve its social mission which lies in the recorded music industry and develop revenues streams through the more profitable live music scene.

## **2.5. Defining Band Hatcher's Markets**

Emerging musicians who wish to succeed in the industry have two main objectives to get their recorded music heard and to play live shows. Band Hatcher will assist with the promotion and sale, of recorded music and Red Fern Promotions will operate in the live music events market. Therefore, Band Hatcher will have two target markets, primarily;

- Emerging musicians.

As well as;

- Fans of new, emerging music.

### **2.5.1. Defining the Customers**

This section will utilise images which demonstrate the worlds of Band Hatcher's target market, therefore demonstrating areas of life which are important to potential customers and enhancing the development of customer personas. References for the images use can be found in the Reference section at the end of this dissertation.

### 2.5.1.1. The Emerging Musician



Figure 4

Small gig venues (Figures 5 & 6) are incredibly important for new bands as this is where they get to practise playing live to an audience. Often the smaller the better as you need fewer people watching to make it look busy.



Figure 5



Figure 6



### Figure 7

The set list (Figures 7-9), detailing which songs will be played at a gig is generally a last minute consideration, scrawled on whatever piece of paper can be found, although some are more organised (Picture 6).



**Figure 8**



### Figure 9



**Figure 10**



### Figure 11

Instruments (Figures 10-12) are obviously important to musicians, but each band member will hold a real affinity their own. Emerging musicians will often not have enough money for the exact makes or models they would particularly like. Therefore, the idea of their “Dream guitar/ bass/ kit/ set-up” will be a frequent thought and a conversation which all bands have.



Figure 12





Figure 13

Drinking and socialising is often an integral part of being in a band. The brands demonstrated in Figures 13 and 14 are regularly served at music venues and they target their marketing at musicians and music fans. Cans are more prominent in the world of the emerging musician as they can be taken to rehearsals and are often provided at gigs.

Recreational drug use is also common in this target market (Figure 15).



Figure 15



Figure 14

In addition to the images above, those provided below (2.5.1.2.) also apply to emerging musicians as the vast majority are also new music fans.

### 2.5.1.2. The New Music Fan

It is important to clarify that this section relates specifically to fans of new music, not just music in general. These people may enjoy the feeling of following bands from the start; or gigs being in smaller venues; or simply have a desire for a higher turn over of music in their life. What ever their reason for listening to emerging artists it will affect the way they consume music and the “opinion makers” which they follow. This section demonstrates the images which pervade the world of the new music fan; the people which Band Hatcher and Red Fern Promotions will market their musicians to.

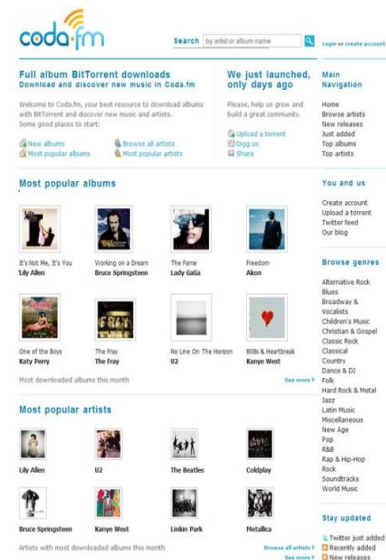


Figure 16

The new music fan might illegally download music occasionally (Figure 16) although this might only be to get free mp3 copies of records they own on vinyl or CD. They will certainly be familiar with downloading music from certain legal services (Figure 17). They will also be familiar with eat-all-you-want services as these are a good way of trying music before buying it (Figure 18).



Figure 17



Figure 18



Figure 19

It will be beneficial to Band Hatcher if they also purchase music in physical formats. This might include CDs (Figure 20), but the main aim will be to attract vinyl collectors (Figure 19).



Figure 20

Although this is listened to more than seen, BBC 6 Music is incredibly important to the new fan (Figures 21 & 22).



Figure 21



Figure 22

They will also be familiar with many of their presenters; respect their opinion on music and follow their careers (Figures 23-25).



Figure 23



Figure 24



Figure 25

**PY<sup>T</sup>**

The new music fans targeted by Band Hatcher will not look to national publications such as The

Figure 26

NME to find new bands; instead they will read local fanzines such as Pull Yourself Together (Figure 26) and Chimp Magazine (Figure 27).

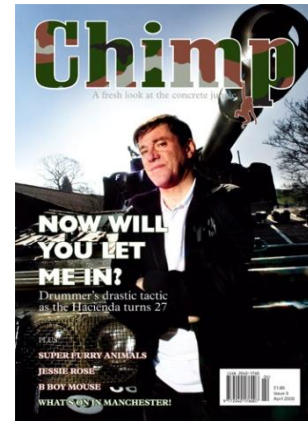


Figure 27



Figure 28



Figure 29



Figure 30

These figures (28-32) are representative of the type of bars and eateries which new music fans will patronise. They are generally independent shops, based in the creative hubs of their cities, such as The Northern Quarter, Manchester.



Figure 31



Figure 32





Figure 33



Figure 34



Figure 35



Figure 36

They will also attend other cultural events when they occur in creative areas they frequent (Figure 37).



Figure 37

### **2.5.2. Customer Personas**

The following customer personas have been developed in order to aid understanding of the potential target markets for Band Hatcher activities. These are based on the understanding of the proposed target segments developed in the Defining Customers section, above.

#### **2.5.2.1. The unsigned musician**

The typical person in this customer segment would be a man between the age of 19 and 28. He works long hours in an unsatisfying job which he does not enjoy and bemoans frequently. He is a talented musician who spends the vast majority of what little free time he gets rehearsing with his band mates. This leaves little time for organising and self-promoting gigs. He and the others have grown tired of ‘pay-to-play’ and similar gig frameworks and realises the need for wider audience appeal if the band is to go further. Instead they play, generally for free, at small venues for contacts they have steadily accrued over time; letting their friends (who have seen them quite frequently) know about it but not forcing the issue. He would be happiest as the member of a well respected band with a dedicated fan base; yet does not crave celebrity. His last thought at night is of set lists for up-coming gigs.

#### **2.5.2.2. The new music fan**

The typical person in this customer segment is a woman in her mid-twenties. She likes to be the first to discover things and loves introducing them to her wide circle of friends. She spends quite a lot of nights in, regularly checking her social networking pages on the internet while listening to underground pod casts. This cycle is broken on a fairly frequent basis to indulge in her favourite pastime, live music. She stopped reading the NME a couple of years ago. Now she utilises the internet, The Guardian and BBC 6 Music for finding new bands. She particularly loves music from her own city. She likes having friends in bands and the music industry and can often get her name on the guest lists of smaller venues. Her last thought at night is of rumoured festival line-ups for the summer.



## **2.6. Competitors**

The competition can be broken in to two distinct categories, those which will compete with Band Hatcher and those which will compete with the live music promotion trading arm. There are no local companies who offer the same services as Band Hatcher, however there are some which utilise music as a tool for social change and would be competing for similar funding opportunities. There is a large market for live music events which make money from unsigned musicians.

The descriptions of organisations below have been created using the relevant website addresses, as provided.

### **2.6.1. Music for Social Change Competitors**

Table 1 provides details of organisations which compete for public funding in similar areas as Band Hatcher. They all utilize music as a tool for social change, engagement and education.

**Table 1 – Public funding competitors**

Organisation	Address / Website / Contacts	Description
Community Arts North West	<p>Community Arts North West First Floor Green Fish Resource Centre 46-50 Oldham Street Manchester M4 1LE</p> <p><a href="http://www.can.uk.com">www.can.uk.com</a></p> <p>0161 234 2975 <a href="mailto:Info@can.uk.com">Info@can.uk.com</a></p>	<p>Northern Quarter, Manchester City Centre arts development organisation working in partnership with voluntary sector communities, agencies and artists to encourage, develop, create, produce and promote cultural programmes of work. As an artist-led organisation, our main priority is to create access to cultural production for people that are excluded or on the fringe of mainstream cultural resources. CAN is essentially an organisation which is about action - working with people to turn ideas into reality.</p>
Contact Theatre	<p>Contact Theatre Oxford Road Manchester M15 6JA</p> <p><a href="http://www.contact-theatre.org">www.contact-theatre.org</a></p> <p>0161 274 0623 <a href="mailto:gemmagermains@contact-theatre.org">gemmagermains@contact-theatre.org</a></p>	<p>Contact is a young people's theatre, where you can grow, learn and make decisions as a young artist, audience member, organiser or leader. They focus on young adults (ages 13-30). The majority of our audiences come from this age group, though we welcome audiences and artists of all ages. Participation is at the heart of their work, and they run a huge range of activities where young people and artists can join in, learn and develop. These activities range from outreach projects with a wide range of communities, to drop in sessions, to intensive artistic development programmes such as our Young Actors and Young Writers groups. Creative workshops include: film-making, photography, MCing and DJing, performance and spoken word.</p>
Green Room Arts	<p>Greenroom 54-56 Whitworth Street West Manchester M1 5WW</p> <p><a href="http://www.greenroomarts.org/">http://www.greenroomarts.org/</a></p>	<p>Greenroom is Manchester's centre for new extraordinary performance. They support artists by providing resources and a safe space for the creation of new, experimental and contemporary performance. They present new work created at greenroom, and other new performance (including national</p>

	0161 615 0500 info@greenroomarts.org	and international work), to audiences in appropriate contexts. They also carry out small participation projects with the wider community, including children and young people, many who face disadvantage or exclusion.
Manchester Youth Arts	Manchester Youth Arts Network C/o Cultural Strategy Team Manchester City Council P. O. Box 532 Town Hall Manchester M60 2LA  www.manchesteryoutharts.org.uk  info@manchesteryoutharts.org.uk	Manchester Youth Arts Network aims to increase access to the arts for young people, aged 11-25, across Manchester. This network aims to support young people, and those who work with young people, in gaining the knowledge to access what is available across the arts and also the means to develop new ideas or projects.
Gorse Hill Studios	Gorse Hill Studios Cavendish Road Stretford Manchester M32 0PS  www.gorsehillstudios.com  0161 912 5251	Gorse Hill Studios is a highly popular youth music and arts facility. The centre is managed by Trafford Youth Service TMBC. Gorse Hill Studios provides high quality workshops, activities and opportunities in music making, dance, drama, film, digital arts and photography. We also organize youth events, showcases, plays, gigs, dramas, festivals throughout the year. We design and deliver a variety of exciting projects in music and the arts for individuals, groups as well as organizations, schools and colleges.

Although Band Hatcher will compete with these organisations for funding there is also the possibility that these organisations could become important key partners. Band Hatcher provides a suitably different USP to these other Manchester-based organisations as it aims to promote the recorded music of emerging musicians, which none of these enterprises currently offer. However, Band Hatch will aim to work with organisations such as GMMAZ in order to add an extra dimension to many of the services they provide. This would entail developing strong relationships with these competing organisations, hopefully leading to the opportunity for Band Hatcher to provide additional services to their existing work. Therefore, Band Hatcher will gain revenue streams allocated from funding received by these organisations in

exchange for promoting the recorded music of their participants. Thus, turning competitors in to business associates and adding value to Band Hatcher.

### 2.6.2. Live Music Competition

The main exponents of unsigned music events in Manchester are detailed in Table 2. These will provide competition to Red Fern Promotions which will be a trading arm operation attached to Band Hatcher.

**Table 2 Competition for Red Fern Promotions**

Organisation	Website	Description
V Man Events	<a href="http://www.vmanevents.co.uk">www.vmanevents.co.uk</a>	<p>Full time promoters, setup in 2003, based in South Manchester. They currently promote approximately 25 gigs a month, mainly in Manchester.</p> <p>V Man Operate on a pay to play basis and use strict 21 day exclusivity contracts (see Appendix 5 for an example).</p>
Academy Unsigned	<a href="http://www.manchesteracademy.net">www.manchesteracademy.net</a>	<p>Academy offer unsigned artists the opportunity to play at an impressive venue brand. “Are you in an unsigned or emerging band and would like to play at Academy 3, following in the footsteps of Oasis, Radiohead, Coldplay and The Darkness? If so, read on.</p> <p>In association with The Unsigned Guide, mcr:music announce a new series of regular unsigned events at Manchester Academy 3, Oxford Road. If you play on an Academy Unsigned bill, you will get:</p> <ul style="list-style-type: none"> <li>* Monitor Engineer</li> <li>* FOH Engineer</li> <li>* Lighting Engineer</li> <li>* Backstage dressing room</li> <li>* Official Academy tickets”</li> </ul> <p>Bands are expected to “undertake the promotion of your gig just like a promoter has to. Sell no tickets and gigs fail badly. These gigs must be economically viable and that</p>

		requires bands to put the effort in where ticket sales are concerned and you may be required to pre-sell your tickets. However, hard work pays dividends and this is true where the Academy Unsigned gigs are concerned. If you attract an audience of 100 people you will be guaranteed to earn £250 on the night from your gig.”
Surface Unsigned	<a href="http://www.surfaceunsigned.co.uk">www.surfaceunsigned.co.uk</a>	<p>A national competition based on the pay to play basis with multiple heats and regional knock-out stages across the country.</p> <p>In 2011 events will be held in cities throughout the U.K. and Europe. For bands that reach the final stages of the Festival, both Surface Unsigned and our sponsors will award with Industry Showcases, Recording and Production Deals, Professional Photo Shoots, Cash, Endorsements and much more. The prizes in store for 2011 are in excess of 100,000 Euros.</p>

These competitors make money from Band Hatcher’s target market, emerging musicians. They do this by getting them to promote their own gigs in return for the experience and a small cut of the profits. There is no denying that this is an effective a lucrative business model as it produces a large amount of revenue, V Man run a gig almost every night and often have bands on in more than one venue (V Man, 2010). These organisations are highly profitable, yet they do not promote emerging musicians to a wider audience. Musicians around Manchester are unhappy with the way these organisations operate, as demonstrated by Chris Heniker and Gary Lee in the academic section of this dissertation (2010). It can be argues that the value proposition that these companies offer are a necessary evil for musicians who are new to the scene. However, for the band and their audience;

“-long-term relationships will not develop, and ultimately no-one becomes a fan of those event brands.” (Jarvis, 2009)

Music event companies such as these do not adhere to the mission and vision of Band Hatcher. Jarvis also suggests that promoters who wish to achieve credibility and longevity

must stick to their beliefs, even when others, such as those listed in Table 2, are making more money (/breaking even). Through sticking to the social mission and vision of Band Hatcher, Red Fern Promotions will offer real value to emerging musicians. Therefore, it will not be competing directly with these companies who market ‘Unsigned Nights’, instead it will compete with more credible promoters in the city (see Table 3). These organisations are well respected and have developed through promoting quality emerging musicians; this has allowed them to become what Dubber (2007) would refer to as “opinion makers”.

**Table 3 Credible Manchester Promoters**

Organisation	Website	Description
Now Wave	<a href="http://www.nowwave.com">www.nowwave.com</a>	Manchester based promoters, which often promote in the Deaf Institute venue.
Red Deer Club	<a href="http://www.reddeerclub.co.uk">www.reddeerclub.co.uk</a>	Manchester-based record label which also curates live music events.
Hey! Manchester	<a href="http://www.heymanchester.com">www.heymanchester.com</a>	<p>“Hey! Manchester promotes gigs by folk, Americana, experimental bands from around the world in Manchester, England.”</p> <p>“We put on bands we love, not just anyone, and we hope that you’ll love them too. If you’re a fan of some of the bands we’ve already put on, chances are you’ll enjoy our nights – so join our mailing list, above, to stay up to date.”</p>
Pineapple Folk	<a href="http://www.pineapplefolk.com">www.pineapplefolk.com</a>	Event promoters for the niche folk market.

Red Fern Promotions will compete with these promoters as they will be trying to attract similar customer personas. However, there is also the possibility to work with these organisations and turn them from competitors to key partners, for example Now Wave and Pineapple folk promote events in collaboration (Eventful, 2010).

### 2.6.3 Direct Competition

There are two companies which would be direct competition for Band Hatcher as they provide very similar services aimed at the same target market, but they are based in different areas. These are demonstrated in Table 4.



Table 4 Direct competition in other locations

Organisation	Website	Description
Generator	<a href="http://www.generator.org.uk/">http://www.generator.org.uk/</a>	<p>Based in the North West.</p> <p>“Generator is recognised as the leading popular music development agency in the UK providing the framework of support where current and emerging talent, existing and new music business and other organisations can easily and regularly access information, skills-building programmes, advice and guidance that allow them to develop long term commercial success.”</p>
Rebel Soul	<a href="http://www.myspace.com/rebelsouluk">www.myspace.com/rebelsouluk</a>	<p>Based in Liverpool.</p> <p>“Rebel Soul is a brand new social enterprise with the primary objective of encouraging, nurturing and championing unsigned bands and artists. It is these musicians who are the lifeblood of the music industry and it is their creativity and endeavors that generate the pleasure and emotion enjoyed by so many. Therefore, we are against the pay-to-play system and the venues and promoters who encourage it. It is exploitative and only serves to stifle creativity and innovation.” (Creative Tourist, 2010)</p> <p>They run a record label and live music night.</p>

### 2.6.3.1. Generator

Generator received a large amount of public funding from the Arts Council and PRS Foundation for New Music. Band Hatcher will present a business plan to both of these bodies in order to secure some funding in this area for the North West.

Generator offers a wide range of services to unsigned musicians including:

- seminars with industry practitioners;
- live music showcases;
- up to date industry news;
- an online directory for related musical services and companies.

Band Hatcher will eventually offer these services to emerging bands in the North West. However, it would be unnecessary for band Hatcher to use time, resources and money developing a North West directory as Generator's covers the UK and is very comprehensive. Therefore, musicians will be directed to this section of the Generator website. Generator also offers support, advice and funding opportunities to small music businesses in their catchment area. Band Hatcher will not offer these services as Un-convention is an existing strong network which allows for the procurement of such potential benefits, as demonstrated in the academic dissertation (Chapter 5).

Although Generator is a fantastic organisation it has a somewhat confusing web presence and, as an organisation with such a variety of services, it would benefit from developing multiple websites and linking them to an umbrella site. Figure 38 shows the confusing array of links on the Generator website. This research illustrates the way in which Band Hatcher's web presence must be more thoroughly thought through especially as it develops a wider array of services for musicians in the North West.

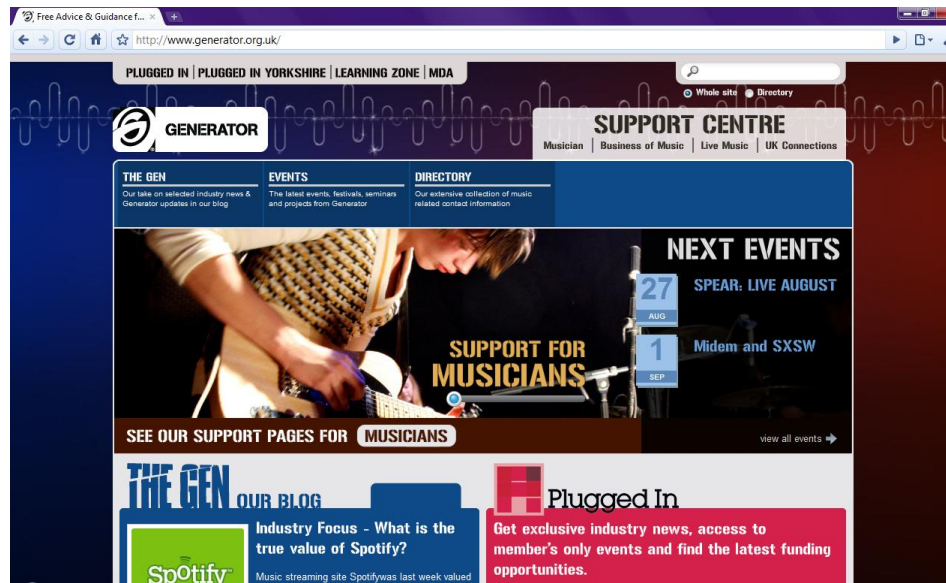


Figure 38 Generator's website

### 2.6.3.2. Rebel Soul

Rebel Soul is a small scale social enterprise which offers record label and live promotion services to emerging musicians in the Liverpool area. There is little web presence of further information on this organisation as it is currently in start-up. As Rebel Soul offers such a similar product to Band Hatcher, on a similar scale and in the North West it is the most direct competition which Band Hatcher will face. However, as it is based in a different city, it will hopefully be possible to develop a working relationship with Rebel Soul and form collaborative projects. One example of this would be “Band Swaps”, whereby Rebel Soul bands would be offered gigs at Red Fern Promotions events in return for Band Hatcher bands playing at Rebel Soul nights. Therefore, bands from each organisation will be given the opportunity of non-pay-to-play gigs in another city, thus expanding their audience further afield.

## 2.7. Risks

### 2.7.1. Macro-Environment

The research above demonstrating Band Hatcher's market place is vital to the successful development of this organisation, yet to place that market into a wider context further

consideration of external forces is necessary. In order to establish the potential risks involved in running Band Hatcher it is necessary to consider the macro-environment in which it exists.

#### **2.7.1.1. PESTEL**

This PESTEL analysis is based on the table found in Appendix 4. This analysis demonstrates a mixture of positive factors, which will benefit the development of Band Hatcher and Red Fern Promotions and negative ones which will provide challenges to the companies' roadmaps.

##### **2.7.1.1.1. Political**

The current political climate will impact negatively on Band Hatcher. This is due to two main factors; Government spending cuts and the recent Digital Economy Bill. Cuts in Government spending are beginning to impact negatively on the amount of funding available to arts organisations and this is only likely to get worse in the future. Therefore, it will be more difficult for Band Hatcher to find public money to support its operations. As demonstrated in this dissertation the live music industry is in turmoil and the Digital Economy Bill will not make matters any better for small and independent music businesses. Instead this Act protects the money making opportunities of the major industry players by attempting to prevent internet piracy. It would be better for new businesses such as Band Hatcher if the Government were willing to embrace new models of music consumption and support them through legislation.

##### **2.7.1.1.2. Economic**

The current economic climate is still uncertain and although the country is technically out of recession some experts are predicting a "double dip" in the economic turn- down. However, as demonstrated earlier in this dissertation the live music industry has performed well throughout the recession and this is positive for the future of Band Hatcher.

##### **2.7.1.1.3. Socio-cultural**

Current social trends in the consumption of music provide both negative and positive implications for Band Hatcher. The illegal downloading of music will not benefit Band Hatcher as people will be expected to pay for the music it releases, yet the knock on effect of a supply-led increase in live music attendance will benefit Red Fern Promotions. The success



of reality television talent shows is positive for Band Hatcher as they have led to a backlash from music fans. Events such as “Rage Factor” demonstrate a wide target market for Band Hatcher which is fed up with manufactured music dominating the charts.

#### ***2.7.1.1.4. Technology***

It is the advance of technology which has disrupted the music industry to such a large extent and this is a problem which Band Hatcher will have to negotiate. However, web 2.0 communications offer a vital marketing platform for Band Hatcher, for free.

#### ***2.7.1.1.5. Environmental***

The environment is a USP for some larger music events, such as Glastonbury. However, the increasingly prominent social trend for lowering carbon footprints is not an area in which Band Hatcher will be able to compete to any large extent. Therefore, this will be considered as a negative factor, yet one which is not of vital proportions to the value proposition of the company.

#### ***2.7.1.1.6. Legal***

Illegal downloads are currently positive to Red Fern Promotions. Furthermore, there is hope that a long-term legal solution to the downloading of music will provide a successful business model for music retailers.

### **2.7.2. Micro-Environment**

#### ***2.7.2.1. Porter’s Five Forces***

Appendix 6 illustrates Porter’s Five Forces. This is a method which assesses the impact seller bargaining power; buyer bargaining power; the treat of new entrants; and the threat of substitute products on the competitive rivalry of a business (Porter, 1998).

##### ***2.7.2.1.1. Supplier bargaining power***

Band Hatcher will operate as a social enterprise, therefore the not-for-profit nature of the business will mean that suppliers will be somewhat obliged to offer cheap products in return for association with a well respected, ethical brand. Furthermore, many services will be provided for free by people looking to develop their experience in the industry.



#### **2.7.2.1.2. Buyer bargaining power**

The buyer for Band Hatcher products will be the secondary target market, new music fans. A fair price for products will be offered and these people will buy it based on their desire to support new musical talent. Therefore, Band Hatcher is not attempting to compete with the big music industry players; instead it is attempting to take a small share of a particular customer segment. Buyers in this small market segment do not have as much bargaining power as those who purchase more mainstream music which is available from a large number of highly competitive service providers.

#### **2.7.2.1.3. Threat of new entrants**

The threat of new entrants is relatively low as this is not a business which will make a very large return. However, it is entering what is already a very competitive market for government funding.

#### **2.7.2.1.4. Threat of substitutes**

Similarly there is little evidence that substitute organisations would enter the market place. This possibility can not be entirely discounted and it will be considered as part of the SWOT analysis (below).

#### **2.7.2.1.5. Competitive Rivalry**

Band Hatcher is well positioned in the music industry market as it offers a strong value proposition to its primary target market, emerging musicians. However, it is unlikely that it will achieve large revenue streams by selling to its secondary target market, the new music fan, as it will only compete in a small segment of the market. Yet, this does mean that the threat of substitutes or new entrants is reduced, therefore strengthening the competitive rivalry of Band Hatcher, albeit with a small share of the market.

#### **2.7.2.2. SWOT**

Table 5 is a SWOT analysis which illustrates the internal context of a company through *strengths* and *weaknesses* against its external context through *opportunities* and *threats*. This information will allow for the critical development of a business model based on sparking strategic insight and distilling fragmentary facts and figures into coherent backdrops for strategic planning (Mintzberg, 1994).

Table 5 SWOT Analysis

SWOT ANALYSIS	
<b>Strengths</b> Strong value proposition Strong USP Free service	<b>Weaknesses</b> Lack of funding revenue Inability to deal with uncertain market
<b>Opportunities</b> Be a part of the solution Capture a niche market	<b>Threats</b> Continuing public sector cuts Business model could be copied

#### 2.7.2.2.1. Strengths

Band Hatcher offers a very enticing and unique value proposition to emerging musicians as Gary lee (a musicians and interviewee for Part 1: Subject) states;

“-what a company would need to do to help bands is get people who have heard the bands [to listen].” (Lee, 2010)

Furthermore, it will be a free service and will inevitably attract the desired target market in high numbers.

#### 2.7.2.2.2. Weaknesses

The business model presented below (Chapter 4) will demonstrate that Band Hatcher will not rely on public funding from the outset. However, it will be necessary to secure funding streams in order to advance the company and offer the full value proposition and act as a proper record label. As demonstrated in the market research the recorded music industry is in a period of flux and currently Band Hatcher is not able to make money from it any better than other independent music businesses.

#### 2.7.2.2.3. Opportunities

Although the current market place is not ideal for Band Hatcher there is an opportunity to help find the solution. Band Hatcher could be at the cutting edge of developing a business



model which adequately monetises online music sales in a new way. This will rely on a fluid business model and a keen ability to spot opportunities as they arise.

The strength of Band Hatcher's value proposition will allow it to capture a niche market to which other products and services can be marketed. This will initially be demonstrated by the activity of Red Fern Promotions which will use Band Hatcher as a "talent pool" for the promotion of live music. This practice can be extended to other areas, for example if a band shows real commercial potential Band Hatcher could set up a new trading arm and manage them, taking a cut of profits.

#### **2.7.2.2.4. Threats**

A long term continuation of Government funding cuts to arts organisations would be a large threat to the development of Band Hatcher.

The success of Band Hatcher could lead to others copying the business model. The only way to safeguard against this threat is to remain vigilant and continually monitor the external market environment and always provide the best possible service to Band Hatcher's customers.





## Chapter 3: Service Development

### 3.1. Introduction

This section will provide a roadmap of the initial development of Band Hatcher operations. The plan will provide information relating to the key features of the venture, the associated intellectual property and commercialisation implications. Intellectual property is inventions, concepts, creations and other products of intellectual capital that can be protected by patents, trademarks and copyright (Financial Times Lexicon, 2010). These are among the most importance assets a business can possess as they set it apart from competitors; can be sold or licensed; offer customers something new; and form an essential part of marketing and branding exercises (Business Link, 2010).

These developments will be split into two major areas: start-up and post-funding, as the venture will initially run on very tight budget and operations will be expanded following the receipt of money from external funding sources.

The development of Band Hatcher will be mapped against the development of Red Fern Promotions, a live music promotion company which will be a trading arm of the enterprise. Initially, this organisation will provide revenue from a portion of its profits in order to sustain Band Hatcher during set-up. Following the achievement of external funding Red Fern Promotions will continue to support Band Hatcher and follow the same social mission, but revenue generated will become private income.

### 3.2. Start-up

During start-up Band Hatcher will help emerging musicians by promoting and selling their music to a wider audience through online channels. Following the provision of revenue from funding bodies these activities will be expanded and other services will be offered such as the development of marketing strategies for specific single releases.



Red Fern Promotions will help emerging musicians by providing them with quality gigs which will be professionally promoted by the organisation. There will be no expectation for the band to sell their own tickets, pay for the right to play or be tied in to any unfair contractual agreements. Therefore, offering unique value to the primary target market, emerging musicians and also promoting high quality new music to a wider fan base, the secondary market of Band Hatcher and Red Fern Promotions.

### **3.2.1. Registering the Companies**

Band Hatcher and Red Fern Promotions will need to be registered as two separate companies. All limited companies in England, Wales, Northern Ireland and Scotland are registered at Companies House, an Agency of the Department for Business, Innovation and Skills (BIS) (Companies House, 2010 a). This process, known as incorporating, will allow the businesses to run as limited companies, rather than acting as a sole trader, therefore minimising personal financial risks and reducing the amount of tax payable (Small Business Entrepreneurs, 2010).

The incorporation of each company will cost £20, meaning a total cost of £40 (Companies House, 2010 b)

### **3.2.2. Trademarked Logo Design**

Professional logo design will be commissioned during the set-up stage of Band Hatcher. This will be based on draft logos which have been developed, see Figures 39 & 40.



~ 37 ~



Figure 39 Band Hatcher logo black and white



Figure 40 Band Hatcher logo colour

The draft designs are based on the idea of an egg in the shape of a guitar plectrum which is cracking. This is a strong visual representation of the social mission of Band Hatcher. The final professional design will be provided by Mark Brown Studios ([www.markbrownstudios.co.uk](http://www.markbrownstudios.co.uk)). Mark Brown has provided graphic design for many high profile music industry clients including Band on the Wall, Fat Northerner Records and Un-Convention. Also, his work has been commissioned by other top brands such as Adidas,



Contact Theatre and The Lowry. This logo design will cost £200 and will be of instantly marketable quality.

The Logo will be protected as the intellectual property of Band Hatcher; this will be achieved by registering it as a trademark of the organisation. A trademark is;

“-distinctive for the goods and services you provide. In other words it can be recognised as a sign that differentiates your goods or service as different from someone else's.” (Intellectual Property Office, 2010)

The draft designs demonstrate these qualities and are not similar to any other logo designs. Furthermore, they do not fall into any of the categories which would make them ‘not registerable’. These are;

- “describe your goods or services or any characteristics of them, for example, marks which show the quality, quantity, purpose, value or geographical origin of your goods or services;
- have become customary in your line of trade;
- are not distinctive;
- are three dimensional shapes, if the shape is typical of the goods you are interested in (or part of them), has a function or adds value to the goods;
- are specially protected emblems;
- are offensive;
- are against the law, for example, promoting illegal drugs; or;
- are deceptive. There should be nothing in the mark which would lead the public to think that your goods and services have a quality which they do not.” (Intellectual Property Office, 2010a)

Trademarks are registered through the Intellectual Property Office, the official government body responsible for intellectual property. This will cost £170 (as there is a £30 on-line discount). The trade mark will need to be registered again every 10 years. (Intellectual Property Office, 2010a).

### 3.2.3. The Brand

Being a brand is much more than having a logo. It is necessary that Band Hatcher is a strong brand so that it is easily recognisable to customers. This will benefit the ambition of the company to become an “opinion maker” which talks to the new music fan target market, as specified above, and offers them the work of quality musicians and bands.

The following branding exercise is based on a workshop held by Brand Orienteering ([www.brandorienteering.com](http://www.brandorienteering.com)), specialist in the consideration and development of quality brands. The course encourages the user to consider their business as a country (Band Land) and follow a number of exercises which develop the personality of the brand.

#### 3.2.3.1. Band Land’s Characteristics

The first exercise on the “Journey Planner” was to develop the characteristics of your country. The following examples of well-known companies were given (Table 6). Following this (Table 7) is the completed table for Band Hatcher’s brand personality.

Table 6 Examples of company characteristics

Characteristics	Company	Examples
Beliefs	Camper	Walk don’t run
Language	Ben & Jerry’s	Gobs of chocolate chip cookie dough
Customs	Innocent	11 crushed blackberries and 43 crushed blue berries
What characterises their citizens	MAC	Cosmetics. Dressed like make up artists
Border control	The White Stripes	Vinyl Release*
Things they have that no one else has	VW	Flower Vase**
Iconography	Lush	Hand Written product labels

\*this only allowed certain fans access to their music, therefore acting as border control.

\*\*this was designed into a car; no one else has done this.



Table 7 Band Hatcher characteristics

BAND LAND CHARACTERISTICS		
Characteristic	What are they?	Examples
Beliefs	Bands should get support	The provision of development services
Language	Band[Insert word]	BandLove, BandTogether, BandLinks etc.
Customs	Treating bands with integrity	Offering promotion, time and support
What characterises BH citizens?	See customer profiles (above)	
Border Control	Vinyl	Physical releases on vinyl
Things no-one else has	Free	See USP (above)
Iconography	Eggs	See draft logos (above)

### 3.2.3.2. Brand Personality

Another exercise was based on the circling of various words, which led to an assessment of the Brands personality. Table 8 demonstrates the available words in each category and which ones were selected (in bold).

Table 8 Band Hatcher brand personality

BRAND PERSONALITY	
<b>Trusted</b>	<b>Conscientious, ethical,</b> unassuming, conventional, cautious, safe, emphatic, <b>sincere, genuine,</b> warm, <b>dependable, honest.</b>
<b>Exciting</b>	Free spirit, easygoing, lively, playful, optimistic, <b>fresh,</b> inventive, curious, stimulating, imaginative, explorer, unpredictable, confronting, challenging, rebellious, <b>idealistic,</b> outspoken, restless, trendy, vivacious, popular, fashionable, breezy, <b>social</b>
<b>Leading</b>	Intellectual, independent thinker, enquiring, analytical, <b>considered,</b> deep, authoritative, powerful, assertive, ambitious, self assured, decisive
<b>Sophisticated</b>	Sophisticated, smooth, seductive, polished, sexy, feminine
<b>Rugged</b>	Rugged, <b>active,</b> tough, durable, blunt, masculine

This demonstrates that Band Hatcher should be presented as a trusted and exciting brand, which is very slightly leading and rugged. Band Hatcher does not need to be presented as a sophisticated or premium brand.

### 3.2.4. Website

A website will be set up for Band Hatcher in order to establish a web presence and information platform for customers. An up and coming Web Designer, Sam Newman has offered to make a website for Band Hatcher free of charge as he believes in the mission of the company and is keen to develop his own CV. Newman currently works as a Web Designer for Late Rooms ([www.laterooms.com](http://www.laterooms.com)) in Salford. Figures 41-43 are examples of record label websites.

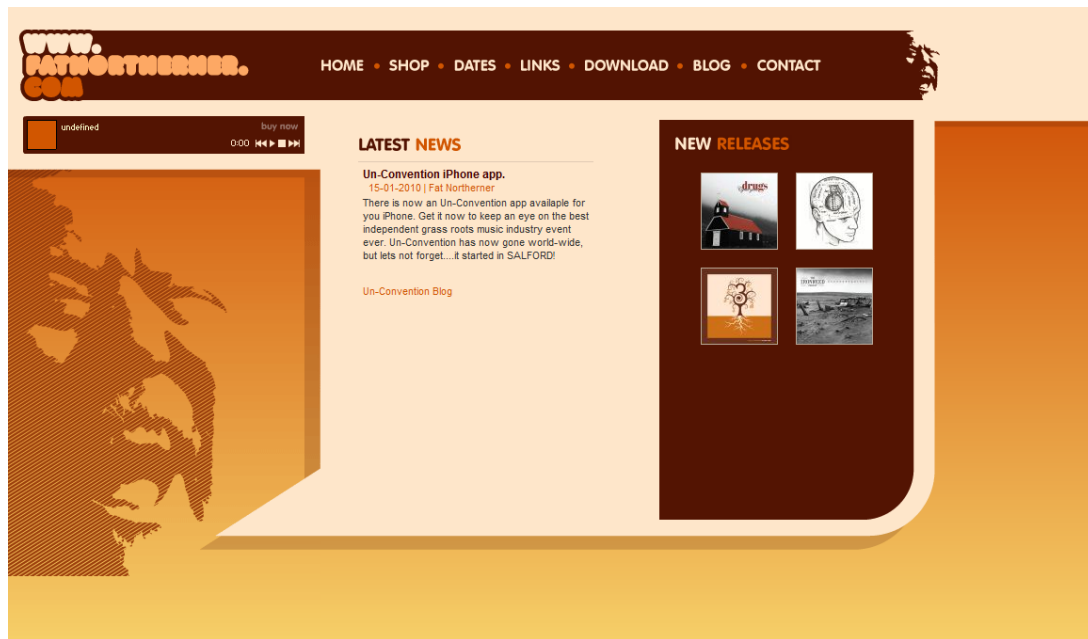


Figure 41 Fat Northerner Records (www.fatnortherner.com)

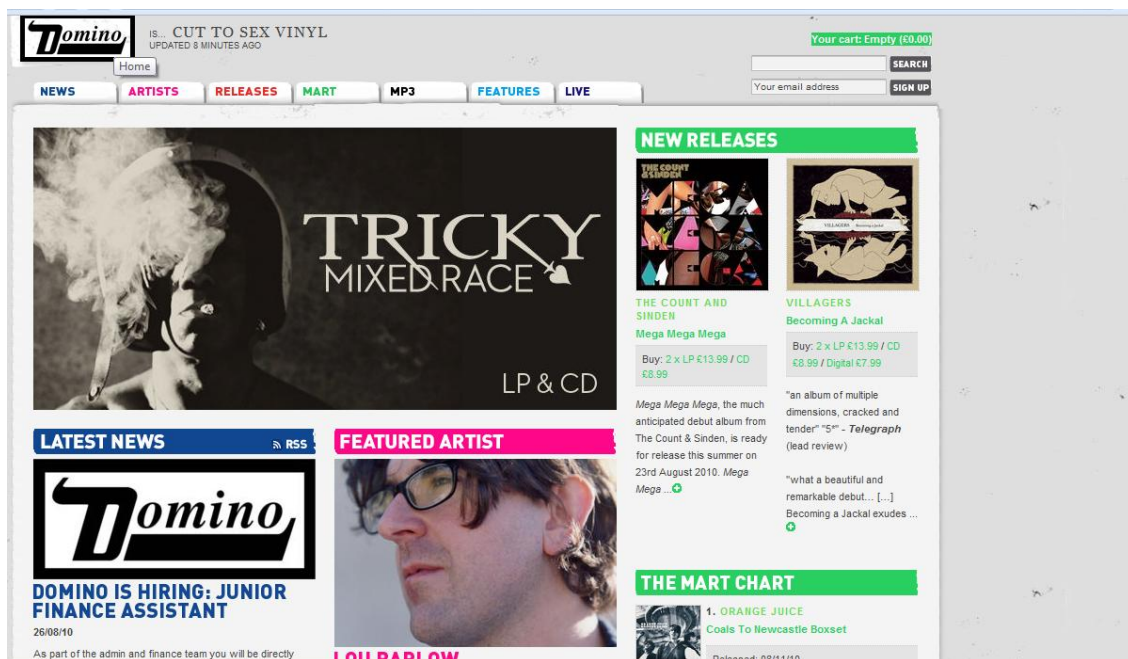


Figure 42 Domino Records (www.dominorecordsco.com)



## switchflicker

[Home](#) [Shop](#) [About](#) [Brenda](#) [Contact](#) [Pronk](#)

### Brenda's Alternative Pride Weekend

Categories: Club Brenda



Saturday 28 and Sunday 29 August. A weekend of alternative films, poetry, performance and art over two floors at the brand new KRAAK venue and gallery. Saturday 28 And who better to preside over this ramshackle bacchanal than Mr David Hoyle, who will be presenting the second instalment of 'KEEP IT IN THE FAMILY'. As his special guest, David has chosen his old sparring partner, the unforgettable Gerry Potter Poet, once Chloe Poems, always a true legend. Bethany

AUG 21, 2010 0

### BIRTHDAY BRENDA 'KEEPS IT IN THE FAMILY'!

Categories: Club Brenda



On the glorious occasion of her 11th birthday, Brenda will be dragging her tail feathers across the dancefloor of The Star and Garter, the dark little disco den where it all began back in the summer of '99. And who better to preside over this ramshackle bacchanal than Mr David Hoyle, who will be presenting the very first instalment of 'KEEP IT IN THE FAMILY' - a series of six shows in which David and a special guest commentator explore 'notions of Truth, Honesty, Justice and The Authentique!'

JUL 13, 2010 0

### Tailored In Manchester: UMBRO

Categories: Watch

JUL 12, 2010 0

#### Artists

Past Artists

Real Dolls

Club Brenda

Brenda Berlin

Brenda Book

Downloads & Mixtapes

Featured

Press

Pronk!

Record Launches & Shows

Releases

Watch

#### Subscribe

E-mail:

name\*:

Twitter

#### Connect



#### Latest Releases



#### Featured & Popular Articles

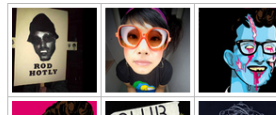


Figure 43 Switch Flicker Records ([www.switchflicker.com](http://www.switchflicker.com))



Band Hatcher's website will be similar to those illustrated above. It will present a strong brand to the customer, some of which will be achieved through consistent design and use of the Band Hatcher logo. Furthermore, the use of "Band Hatcher language", as depicted in the branding section (above) will be utilised. The main sections of the site will be:

- **BandHatcher:** This will be the "About" section for Band Hatcher with strong focus on its non-profit nature.
- **BandNews:** Blog style news feed (similar to the one used by Switchflicker, Figure 43).
- **BandFinder:** A list of Band Hatcher bands with links to their personal profile, which will contain audio clips, images, videos, social networking links and/or widgets and external links as provided and maintained by the band.
- **BandBuyer:** A link to the Band Hatcher online shop where music will be available for download.
- **Get in touch:** This will give details of where to send demos and how to get in touch with Band Hatcher. This section will be more obvious than on other record label websites as Band Hatcher will be more approachable in line with its social mission.
- **External Links:** The most prominent will be to Red Fern Promotions website which will give details of how to get in touch for a gig.
- **Web 2.0 widgets:** These will be integrated into the site (see 3.2.4.1. for more details).

#### **3.2.4.1. Web 2.0**

The website will integrate web 2.0 technology in order to become an "environment not just a place" (Dubber 2007, 6), allowing Band Hatcher to communicate more effectively with its customer base. The following social networking sites will be embedded into the site in widget form, showing the most up to date Band Hatcher news, discussion and output.

#### **3.2.4.1. Website IP**

The website will be protected through the intellectual property associated with domain name registration.



“A domain name is a name by which a company or organization is known on the Internet. It usually incorporates the company name, or other identifier.”  
(Intellectual Property Office, 2010b)

This will protect Band Hatcher’s web presence. The domain [www.bandhatcher.co.uk](http://www.bandhatcher.co.uk) has been registered with Namesco ([www.names.co.uk](http://www.names.co.uk)) for a period of two years and is due for renewal on 3rd February 2012.

### **3.3. Post-funding**

#### **3.3.1. Office Space**

Following the receipt of sufficient funding money Band Hatcher will expand its operations and it will be necessary to secure an office space. This will be done through Innospace, based in the Manchester Metropolitan University; Appendix 7 shows their pricing structure for renting an office space and hiring equipment.

#### **3.3.2. Physical Releases**

The main outgoing for Band Hatcher following the receipt of funding will be the cost of producing and releasing singles. The following elements will be necessary to successfully release a single on vinyl and gain regional exposure:

- Recording facilities and producer
- Press release
- Cover design
- Vinyl manufacture
- PR services
- Radio play
- Distribution
- Advertising
- Publicity
- Gigs



Although some areas will be paid for and undertaken by professionals other areas will be carried out by people looking to gain experience in that area. A budget will be assigned to each release and Band Hatcher will discuss with the band the best areas to spend money on and where an exchange of skills and services will be achievable. This will require a strong music industry network of practicing professionals and new entrants in the industry. This will teach bands the benefit of creating a network and as they will be expected to source people to work on release projects prior to any money being spent.

## Chapter 4: Commercialisation

### 4.1. Business Model Development

A thorough business model is vital to any successful business as it is;

“-the rationale of how an organization creates, delivers, and captures value.”

(Osterwalder, 2004)

The business model for band Hatcher will be developed in accordance with techniques developed by Osterwalder. This relies on the use of a ‘canvas’ in order to map the necessary components for an entrepreneurial venture. Furthermore, it demonstrates the way in which these elements interact. Osterwalder describes the development of business models as a creative process and advocates the use of sticky labels and wall charts for the construction and redesign of canvases (2009). This process has been undertaken during the creation of Band Hatcher’s model (Appendix 8). The creation of a workable model for Band Hatcher operations has been a fluid process. This section will provide representations of the changes which have occurred throughout the creation of a business model, as wider research has been undertaken and industry knowledge accrued.

#### 4.1.1. The Canvas

Figure 44 is Osterwalder’s canvas which demonstrates the key areas which will be considered in order to develop a working business model for Band Hatcher. An early attempt at completing this canvas can be found in Appendix 9, however this was based on insufficient research and was impracticable. The following sections demonstrate the process through which a viable business model has been created for Band Hatcher.

### The Business Model Canvas

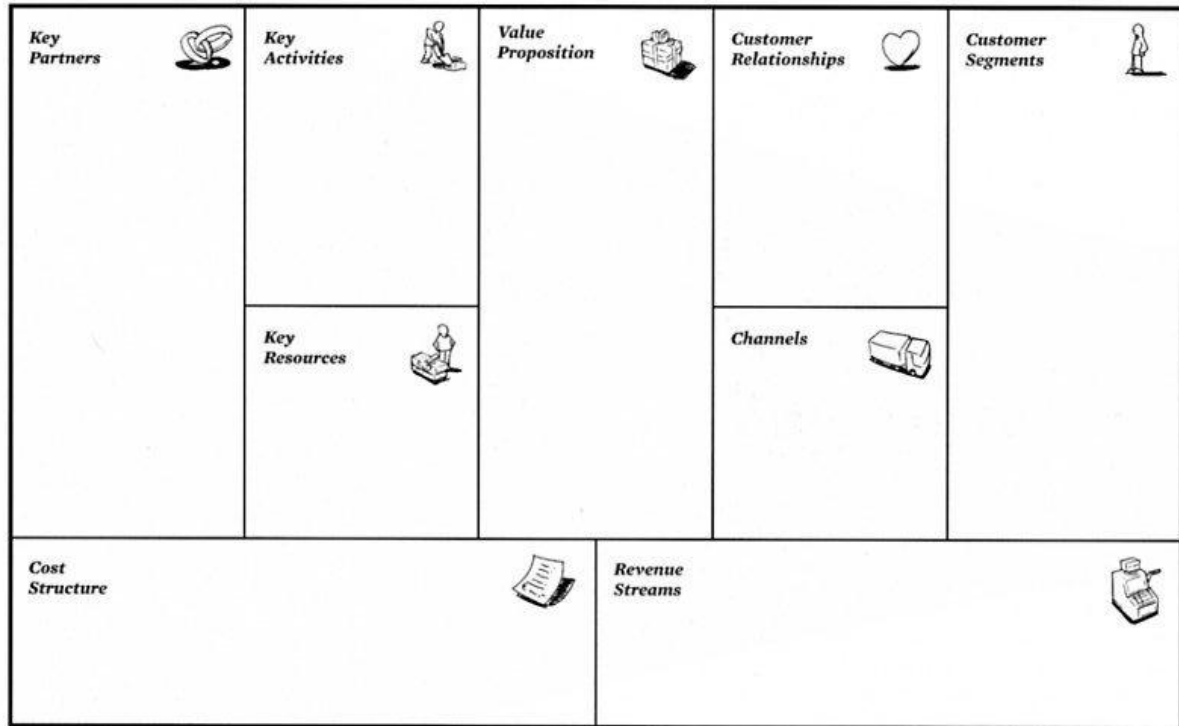


Figure 44 A blank version of Osterwalder's canvas

#### 4.1.2. Development

Figure 45 represents the second attempt to develop a profitable business strategy for Band Hatcher. This was produced during a period of association with another fledgling organisation which could possibly have acted as a key partner. Biko Records was set up by The University of Manchester Student's Union as a charity record label. The social mission of Biko's appeared to link well with the aims of Band Hatcher;

“Biko Records is a student-run, student-led charity record label. From each release, 75% of the profit will go to the artist and 25% the charity group Student Action.”  
(Biko Records, 2010)

This new model was developed based on a partnership with Biko where they would distribute music on behalf of Band Hatcher. The model is an expansion of the Osterwalder canvas demonstrated above and it develops the idea of profit being made from live performance fees and used to fund promotional activities for future clients.

#### 4.1.3. Critically Assessing the Model

At this stage the business model was presented to a music industry expert in order to gain some feedback. Ruth Daniel is co-Founder and Director of Un-Convention ([www.unconventionhub.org](http://www.unconventionhub.org)) and Fat Northerner Records ([www.fatnortherner.com](http://www.fatnortherner.com)). This section is based on a meeting held with Daniel (Daniel, 2010) in which she provided a range of critical feedback on the business model at this stage of development (see also Appendix 10, a personal reflection on the meeting).

It is apparent that the model presented at this meeting is flawed. Figure 45 also contains annotations which depict key problematic areas. The following areas of concern were raised and discussed:

- Promotion should occur thorough all possible media sources throughout.
- There is no formal income-based setup with participants; it relies too heavily on a live promotions trading arm.
- The process prior to any revenue streams is too lengthy.
- It is a “very big” idea (the inference being that it is too big).
- Perceived as a website-based concept, rather than a human network as intended.
- Web presence is essential.
- Bands (or their labels) actually pay for support slots as they provide excellent exposure.

These issues are rectified by the developments demonstrated by Figure 46.

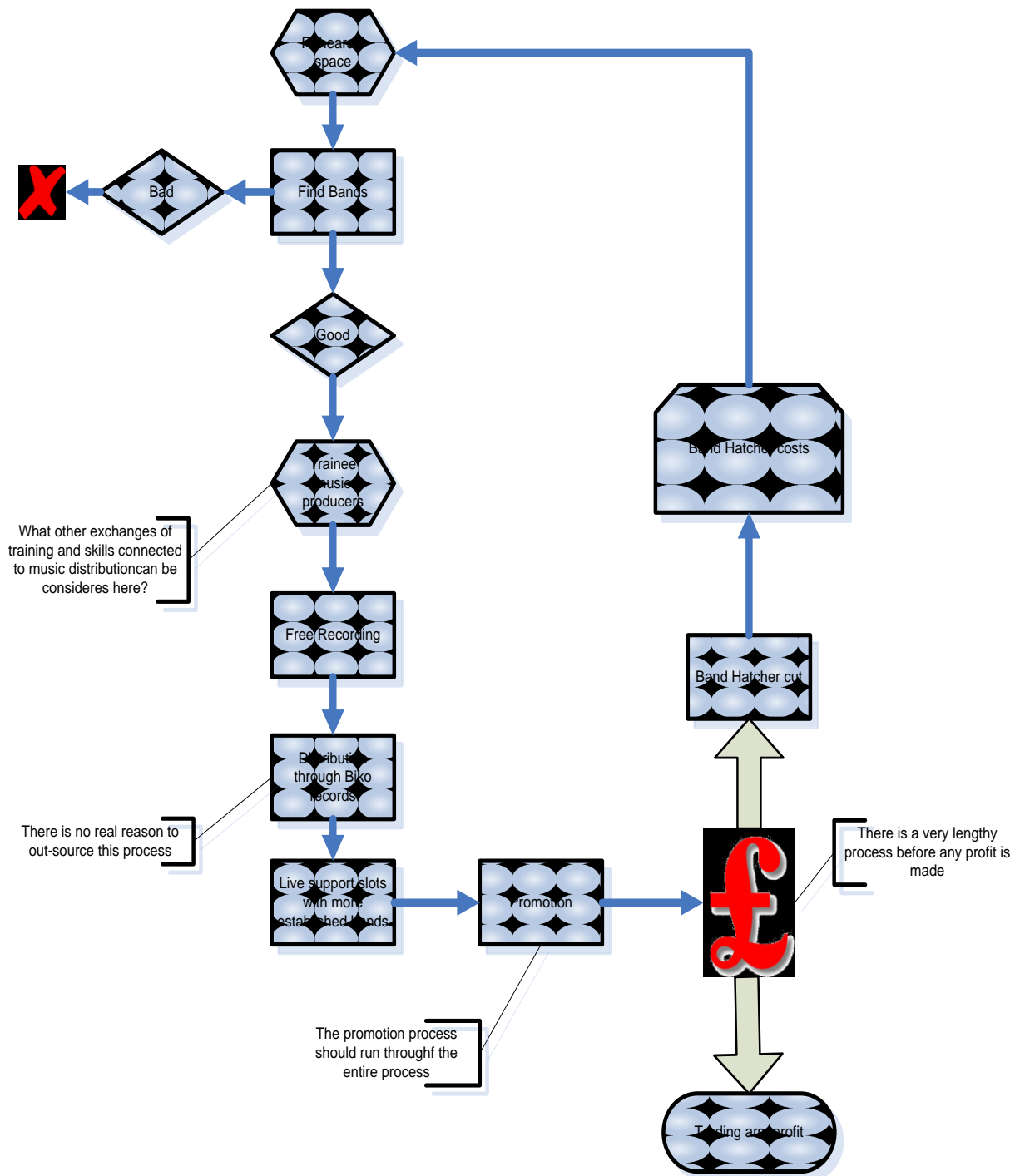


Figure 45 An early depiction of Band Hatcher's business model



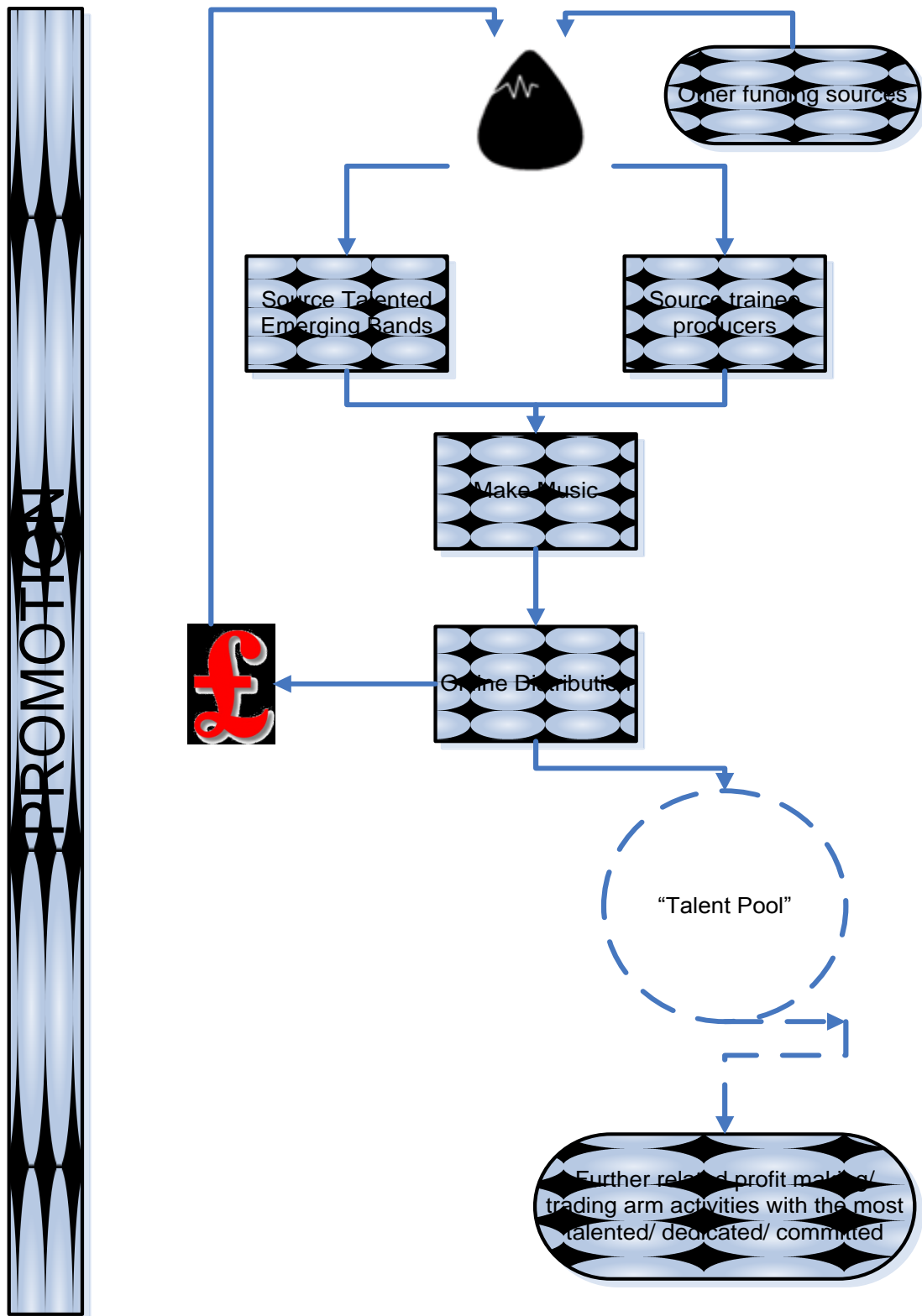


Figure 46 Revised version of Band Hatcher's business model

The developments demonstrated in Figure 45 makes the business model much simpler and the route to a revenue stream is far swifter. This process is based on Band Hatcher being more of a ‘starting point’ which allows bands to be monitored prior to possible expansion into other areas such as live performance or management possibilities. These areas would be separate trading arm activities, therefore making the project more financially viable in terms of providing the necessary personal finance to maintain the social enterprise operations. The following revelations also added to the changes presented:

- Fat Northerner only takes on bands which have done a lot of the work themselves, through self-promotion etc.
- Bands should have a narrative, something which sets them apart.
- It is now the case that bands are not simply taken on through demos or even live performances.
- Instead up and coming bands generally create a buzz around themselves and this can result in several record labels fighting to sign them. (Daniel, 2010)

Therefore, the changes made to the business model allow for a consideration period in which the uniqueness and commitment- or in other words, commercial viability- of bands can be monitored. Once, bands and musicians have made it to this point they will be supported by the Band Hatcher network where possible, but a lot of the hard work will have to be self-motivated. Also, external interest will be a good indication of possible future success.

#### **4.1.4. Final Business Model**

Figure 47 is the final business model for Band Hatcher; aspects which will not be introduced until funding has been attained are marked in a different colour. Further information for each section is given below.

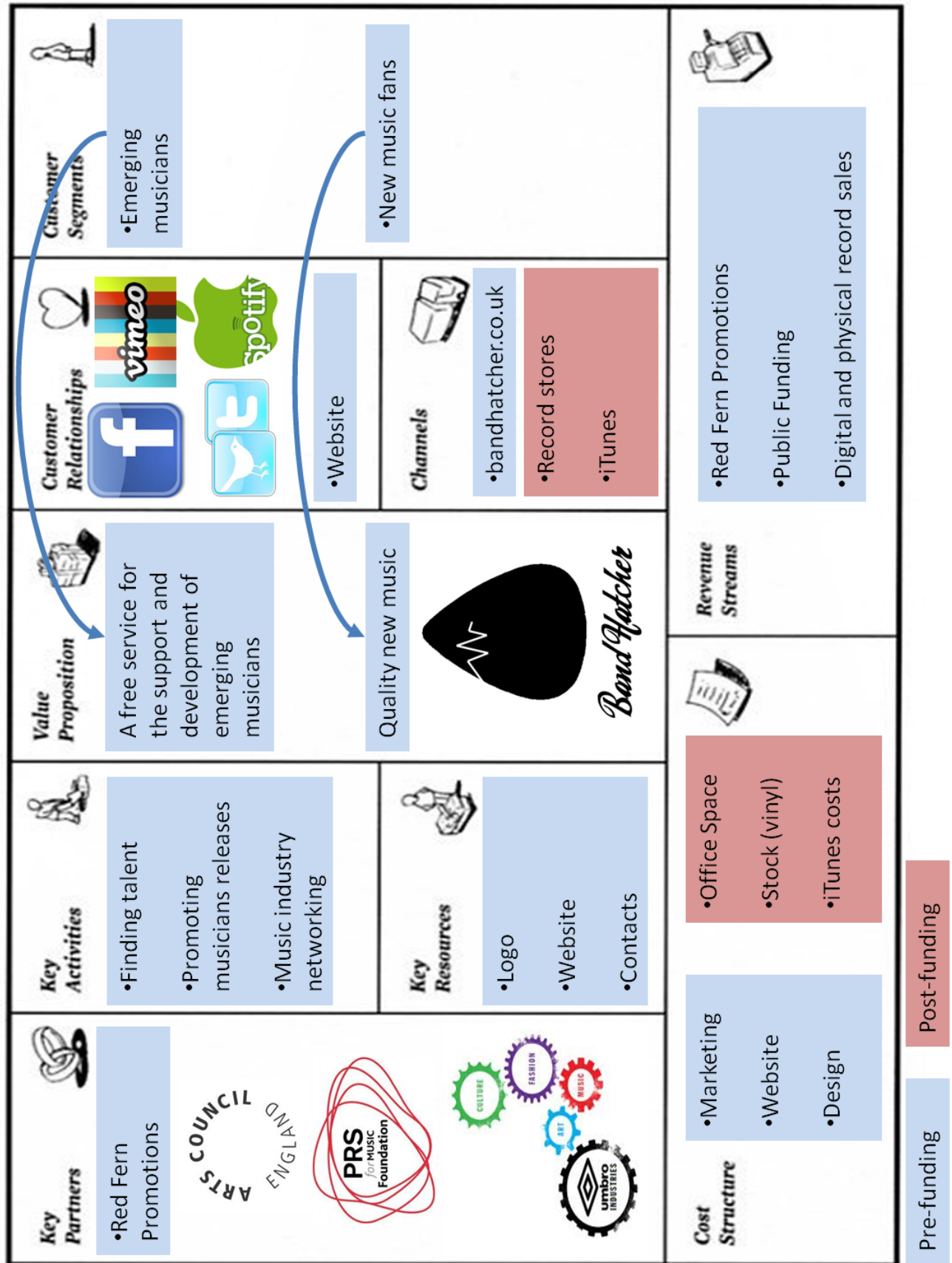


Figure 7 Final business model for Band Hatcher



#### 4.1.4.1. Value Proposition and customer segment

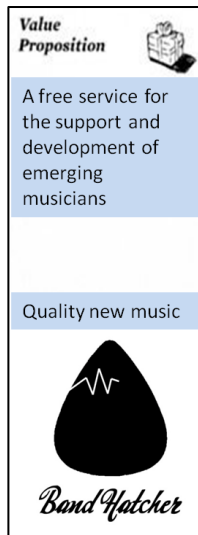


Figure 48

Band Hatcher offers a different value proposition to each of its target markets. Emerging musicians are offered a free service for their support and development and new music fans are offered quality new music.

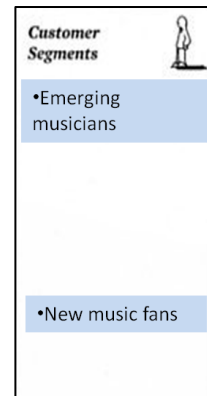


Figure 49

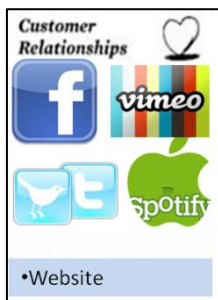


Figure 50

#### 4.1.4.2. Customer Relationship

Customers will be made to feel part of the Band Hatcher environment. This will be achieved through the use of Web 2.0 communication and social networking sites which will be embedded in the Band Hatcher website.

#### 4.1.4.3. Channels

Initially Band Hatcher will only sell tracks online through its own website. Following the receipt of funding bands will begin to be selected to have physical singles release; these will be sold as vinyl in record stores and through online retailers such as iTunes.



Figure 51

#### 4.1.4.4. Revenue Streams

Revenue streams for Band Hatcher will initially stem from the Red Fern Promotions trading arm. Upon successfully applying for funding this will provide revenue streams with which Band Hatcher will fund further releases and eventually revenue from Red Fern Promotions will become personal finances.

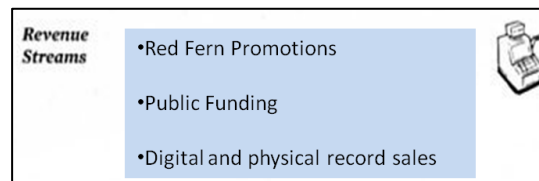


Figure 52

#### 4.1.4.5. Channels

Revenue for digital releases will initially be made via the Band Hatcher website, then also through iTunes. Physical releases will be distributed through local record stores.



Figure 53

#### 4.1.4.6. Cost Structure

Costs will be split into less expensive means of operating prior to receiving funding and more expensive once funding has been achieved. These more expensive physical releases should generate larger revenues. At this stage operations will take up more time and require an office space.

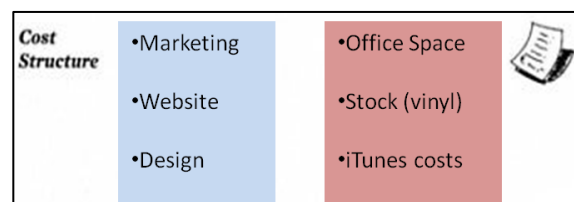


Figure 54



Figure 55

#### 4.1.4.7. Key Resources

These are the main resources which Band Hatcher will need to achieve its value proposition.

#### 4.1.4.8. Key Activities

These are the main activities which Band Hatcher will undertake on behalf of emerging musicians.



Figure 56



Figure 57

#### 4.1.4.9. Key Partners

The main key partner of Band Hatcher will be Red Fern Promotions which will provide live events for Band Hatcher artists to participate in and a vital revenue stream for the continuing work of the social enterprise. The other key partners are the main funding bodies which Band Hatcher will apply to:

- The Arts Council
- PRS Music Foundation
- Umbro Industries.

## 4.2. Development Strategy

### 4.2.1. Development strategy Year 1

Figure 58 demonstrates the main development strategies and key milestones for Band Hatcher in year 1 of operation.

ID	Task Name	Start	Finish	Duration	2010	2011											
					Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	Register Company	03/01/2011	03/01/2011	0w	◆												
2	Pay in £1,000 personal finance	03/01/2011	03/01/2011	0w	◆												
3	Begin pre-funding operations	03/01/2011	17/06/2011	24w													
4	Funding from Red Fern Promotions	03/01/2011	17/06/2011	24w													
5	First digital release	01/02/2011	01/02/2011	0w		◆											
6	Receive Funding	17/06/2011	17/06/2011	0w								◆					
7	Begin post-funding operations	17/06/2011	30/12/2011	28.2w													
8	First vinyl release	01/07/2011	01/07/2011	0w								◆					

Figure 58 Year 1 activity and milestones

### 4.2.2. Development Strategy Year 2

Figure 59 shows the proposed milestones in year 2 of trading, 2012.

ID	Task Name	Start	Finish	Duration	2012											
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	Remove £1,000 personal finances	02/01/2012	02/01/2012	0w	◆											
2	Post-funding operations	15/12/2011	31/12/2012	54.6w												
3	Receive funding	02/07/2012	02/07/2012	0w								◆				

Figure 59 Year 2 activity and milestones

### 4.2.3. Development Strategy Year 3

Figure 60 demonstrated the proposed milestones in year 3 of trading, 2013.

ID	Task Name	Start	Finish	Duration	2013											
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	Post-funding operations	17/12/2012	31/12/2013	54.4w												
2	Receive funding	01/03/2013	01/03/2013	0w		◆										
3	Receive funding	02/09/2013	02/09/2013	0w									◆			

Figure 60 Year 3 activity and milestones



## **Chapter 5: Financial Analysis**

### **5.1. Financial Introduction**

This section will demonstrate the proposed financial activity of Band Hatcher over a 3 year period, beginning January 1<sup>st</sup> 2011. These calculations are based on a reasonable estimation of the expected income and outgoings of Band Hatcher. Where applicable financial projections linked to Red Fern Promotions will be included, yet these will only be used in relation to their impact on Band Hatcher and full financial calculations for this venture are not provided. Full financial calculations are provided in Appendix 11.

VAT is calculated at 20% throughout in line with the proposed rise (BBC, 2010)

### **5.2. Preparatory Calculations**

These preparatory calculations (Appendix 11, A) demonstrate the primary incomings and outgoings associated with band Hatcher throughout the three year period. These figures will be utilised in further stages of the financial analysis.

#### **5.2.1. Variable Costs**

Section A1 is the variable costs associated with Band Hatcher's digital promotion service. This service will assist with some of the costs of producing a quality recorded single and distributing it over the internet. Band Hatcher will then take a 50% cut of the royalties made from online sales in order to recoup costs. Following the receipt of public funding Band Hatcher will continue to release tracks in digital formats but will also select top quality acts to release physically on vinyl, with a separate budget for the marketing of each of these singles, these costs are provided in A2. These costs are listed excluding VAT, where applicable.

##### **5.2.1.1. Digital Release Production Costs**

This is the average predicted cost for the production of each track. This is based on the recording process for tracks which will be released digitally. As Band Hatcher will be operating a policy of skills exchange it will utilise trainees with sound production knowledge. These associates will record tracks where necessary of master recordings which have already been made by some bands. A budget of £50-£100 will be provided for the production of each





track and it is down to the networks of Band Hatcher and the band to find people to provide sufficient services within this budget. Therefore the average production cost will be £75. Band Hatcher will not pay for full recording and mastering as this would prove too expensive and make the free service unsustainable.

#### **5.2.1.2. Digital Release Online distribution**

Online distribution will be provided by Zimbalam ([www.zimbalam.com](http://www.zimbalam.com)) who will put a single (1 or 2 tracks) on an array of online music download sites, including iTunes, Amazon, Napster and Nokia Music Store, for £20. Following this one-off payment this service pays 100% of the royalties given from each site. Therefore, further calculations for online retail can be based on these percentages.

#### **5.2.1.3. Download Provider Costs**

iTunes collects a massive 35% cut on all singles which are downloaded from their site (Down Hill Battle, 2010). This rate will be used as a standard benchmark for all service providers, as it is the most popular. With singles selling through online retailers at between 50p-99p each an average of 75p will be utilised throughout these calculations. Therefore, the variable cost of the service provider's cut is on average 26p.

#### **5.2.1.4. Physical Release Production Costs**

The same budget of £75 will be allocated to assist in the production of the track(s).

#### **5.2.1.5. Physical Release Online Distribution**

Physical singles will also be distributed through the internet and occur the same costs as indicated above.

#### **5.2.1.6. Physical Release PR**

PR services, such as Sonic PR ([www.sonicpr.co.uk](http://www.sonicpr.co.uk)) will be used for each physical single release. This can be done for a cost of around £400 (inc. VAT) for 4 weeks of gaining regional press prior to the release date; therefore the price excluding VAT of £333.33 appears in table A2.



#### **5.2.1.7. Vinyl Manufacture**

Key Production ([www.keyproduction.co.uk](http://www.keyproduction.co.uk)) will manufacture 300 7" vinyl with a colour label in a white paper bag for £450 (exc. VAT) or the same amount with full colour spineless sleeves for £625 (exc. VAT). Both of these pricing options will be used depending on the expected sales and quality of creative design work attached to the specific release.

#### **5.2.1.8. Cargo Distribution**

Cargo Distribution ([www.cargorecords.co.uk](http://www.cargorecords.co.uk)) distribute single to record shops for independent record labels and charge a 25% cut. As singles will be sold at £6 the cost of using cargo to distribute the singles will be £1.50 per unit.

#### **5.2.1.9 Free Skills and Provisions**

The variable costs demonstrated may appear to lack certain areas necessary for the successful promotion of recorded music. However, this is because Band Hatcher will utilise a developing network of key music industry trainees and volunteers which will provide many of these services. The following services will be sourced for free from the skills exchange network which will be developed by Band Hatcher and through the individuals bands own network:

- The commission of press releases
- Art work design
- Radio and podcast plugging

#### **5.2.2. Fixed Costs**

The fixed costs associated with Band Hatcher will come into contention following the receipt of funding. The associated fixed costs are given in Appendix 11, A3 and all items are given on a per annum basis. Fixed cost items which include VAT have had this formula applied to them in order to provide the cost excluding VAT:

$$\text{Cost excluding VAT} = \text{Cost given} - (\text{cost given}/120) \times 100$$



#### **5.2.2.1. Office Rental**

The prices given are taken directly from the Innospace price sheet (see Appendix 7). The rental of office space will cost £495 in year 1 and £995 thereafter. VAT is not applicable to certain services including rental costs (Business Link, 2010b).

#### **5.2.2.2. Office Equipment**

The rental of a phone line will cost £60 per annum. It is calculated that printing and photocopying will cost £260 per annum; this is based on the estimation of 100 sheets per week.

#### **5.2.2.3 Guest Speakers**

Band Hatcher will provide 4 free talks/ discussion groups a year for the benefit of emerging musicians in Manchester, given by experienced music industry professionals. Venues will be sourced for free, for example the Upstairs room at Rain Bar ([www.rain-bar.co.uk](http://www.rain-bar.co.uk)) which holds Creative Industry Networking Group (CING) ([www.meetup.com/C-I-N-G](http://www.meetup.com/C-I-N-G)) events for free on the basis of good bar takings. However, a cost of £200 per event (inc. VAT) will be allocated for the food, drink and accommodation of guest speakers for each event and a further £50 per event (inc. VAT) for the provision of equipment such as projectors, flip charts etc. These events will greatly enhance the potential funding opportunities for Band Hatcher, thus providing increased revenue streams.

#### **5.2.2.4. Marketing**

The yearly fixed costs associated with marketing Band Hatcher will be:

- £1000 (inc. VAT) for printed materials (flyers and posters)
- £600 (inc. VAT) for poster and flyer distribution
- £400 (inc. VAT) for regional PR (twice a year)

Poster and flyer distribution costs are based on £50 to perform one lot of “flyering” and a “poster run” a month and will be provided by Bag Thing ([www.bagthing.co.uk](http://www.bagthing.co.uk)) who perform targeted “flyering” and poster distribution across Manchester. The aforementioned Sonic PR will be utilised for gaining press related to Band Hatcher. PR will be used at set up and concurrently twice a year, generally based around the free discussion events, using the name of the key speaker to gain press for Band Hatcher.



#### **5.2.2.5. Website**

A nominal cost of £5 (exc. VAT) will be incurred every 2 years for the re-registry of the website domain name.

#### **5.2.3. Depreciation of Assets**

The depreciation of a company laptop is given in A4. The straight line method of depreciation has been utilised as this best suits items with a determinable “lifetime”. The Samsung R530 laptop will cost £319.14 (exc. VAT) (<http://www.laptopshop.co.uk/>) and have a 3 year lifetime.

### **5.3 Predicted Sales**

The predicted sales have been calculated based on estimations of the average units each single will sell. Also, period where general slumps in trade are expected have been included in the calculations and will be discussed in relation to each section below.

#### **5.3.1. Predicted Digital Sales**

The predicted digital sales through Band Hatcher are demonstrated in Figure 61.

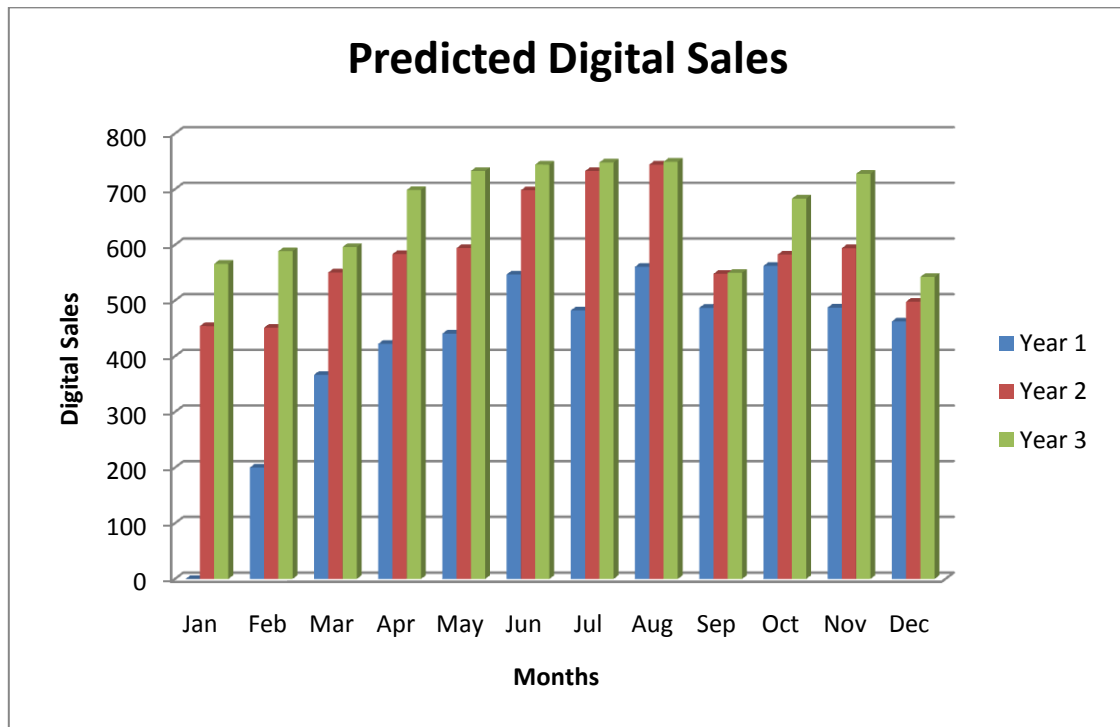


Figure 61 Proposed digital sales years 1-3

These figures can be viewed in full in Appendix 11 Section B 1-3. It is expected that all singles will sell on average 100 copies in their first month. The following month it has been assumed that a third of all singles put on sale in the previous month will be sold in addition to 100 copies of each new single, for example;

$$\text{April Sales} = (\text{March Sales}/3) + (\text{April Singles} * 100)$$

These figures are rather speculative, but achievable. Another trend which has been employed are a general rise in the amount of singles put on sale each year, this will occur as Band Hatcher begins to develop its networks and output capabilities. Seasonal changes to output have been demonstrated in order to show predicted rises in activity during the summer holidays of educational facilities and a slight downturn over the busy Christmas period. This is because a large number of people involved with Band Hatcher, both bands and trainees will be involved in some form of education and have more time to produce music over the summer. Similarly, the Christmas period will negate trade because of people returning to their family homes and it is generally more difficult to achieve as much over this time due to public holidays.



The average number of singles sold by each band has not been raised over time as the majority of bands involved will be new to the process and generally in the infancy of their musical careers. This will counteract any real degree of extra sales stemming from the rise of Band Hatcher's credibility.

### 5.3.2. Predicted Physical Sales

The release of physical singles will begin following the achievement of funding. The figures provided in this financial analysis are based on a regular stream of funding beginning after 6 months of operation. Once Band Hatcher is receiving this level of revenue from funding sources it will aim to release:

- 2 physical singles in the remainder of year 1;
- 4 physical singles in year 2;
- 6 physical singles in year 3.

This is demonstrated in B4 and demonstrates a gradual progression in the number of vinyl releases which Band Hatcher will produce in conjunction with the continuing digital release and promotion of singles. The digital release of vinyl singles is already calculated in the digital release figures B1-3. These are calculated by adding one single to the expected output for the month, while considering a one or two other digital singles will be omitted that month in order to maintain the necessary extra focus on the more expensive vinyl singles.

It is predicted that the four releases will not sell their full 300 copies, thereafter it is believed that all copies of the vinyl will be sold excluding 10 which will be given away to people who have worked for free on that release.

### 5.4. Profit and Loss

The prices for P&L statements exclude VAT;

“This...should not include VAT (if you are VAT registered) otherwise you are paying Tax on a Tax.” (Fast Link Solutions, 2010)



### 5.4.1. P&L 2011

Appendix 11, C1 is the Profit and Loss accounts for Band Hatcher for the year ending 31<sup>st</sup> December 2011.

#### 5.4.1.1. Total Sales

(Total sales price of digital) x (amount of digital tracks sold) = total digital sales

$$0.63 \times 5019 = \text{£}3136.88$$

(Total sales price of vinyl) x (amount of singles sold) = total physical sales

$$\text{£}5 \times 500 = \text{£}2,500.00$$

(Total digital sales) + (total physical sales) = Total Sales

$$\text{£}3136.88 + 2,500.00 = \text{£}5,636.88$$

#### 5.4.1.2. Total cost of Sales

The total cost of digital sales is based on 35 tracks being placed on the internet. The costs incurred are:

- Production costs:  $35 \times \text{£}75 = \text{£}2,625$
- Online distribution through Zumbala:  $35 \times \text{£}16.67 = \text{£}583.45$
- Service provider (i.e. iTunes) cut:  $35 \times \text{£}0.22 = 1,104.18$

The total cost of physical sales is based on 2 releases. The costs incurred are:

- Vinyl manufacture:  $2 \times \text{£}450 = \text{£}900$
- PR services:  $2 \times \text{£}333.33 = \text{£}666.66$
- Cargo distribution:  $500 \times \text{£}1.25 = \text{£}625$

The following information explained these figures further:

- Both single releases in year 1 will be packaged in white bags with labels, costing £450 (exc. VAT) for 300 pieces.
- The cargo distribution figure is based on the expected sale of 250 of the 300 pieces of vinyl produced for each release.



- The production cost and online distribution of the physical releases have already been factored into the costs provided for online distribution. Therefore, they are not applied to the cost of sales for physical releases.

#### **5.4.1.3. Profit or Loss**

Band Hatcher will make a Net Loss of **£4,224.92** in 2011.

#### **5.4.2. P&L 2012**

A Profit and Loss has been developed based on the predicted sales for 2012 (Appendix 11, C2). This will not be discussed in full detail as it was only calculated in order to determine whether any Corporation Tax should be paid in year 2, it does not as a loss is shown again.

- Inflation (at 4%) has been applied to certain products in the profit and loss; these have been taken from cash flow calculations and are discussed in full detail below.

In 2012 Band Hatcher will make a loss of **£4,474.27**.

#### **5.4.3. Assumptions**

The following assumptions have been applied to the Profit and Loss accounts:

- Payment has been received for all vinyl sold by the end of the year.
- That the estimated sales are reasonable and can be expected to this level when operations begin.
- All necessary information has been provided and that there is nothing else which might impact on this Profit and Loss Statement.

### **5.4. Breakeven**

The Breakeven Analysis is provided in Appendix 11, section D.

#### **5.4.1. Vinyl Breakeven**

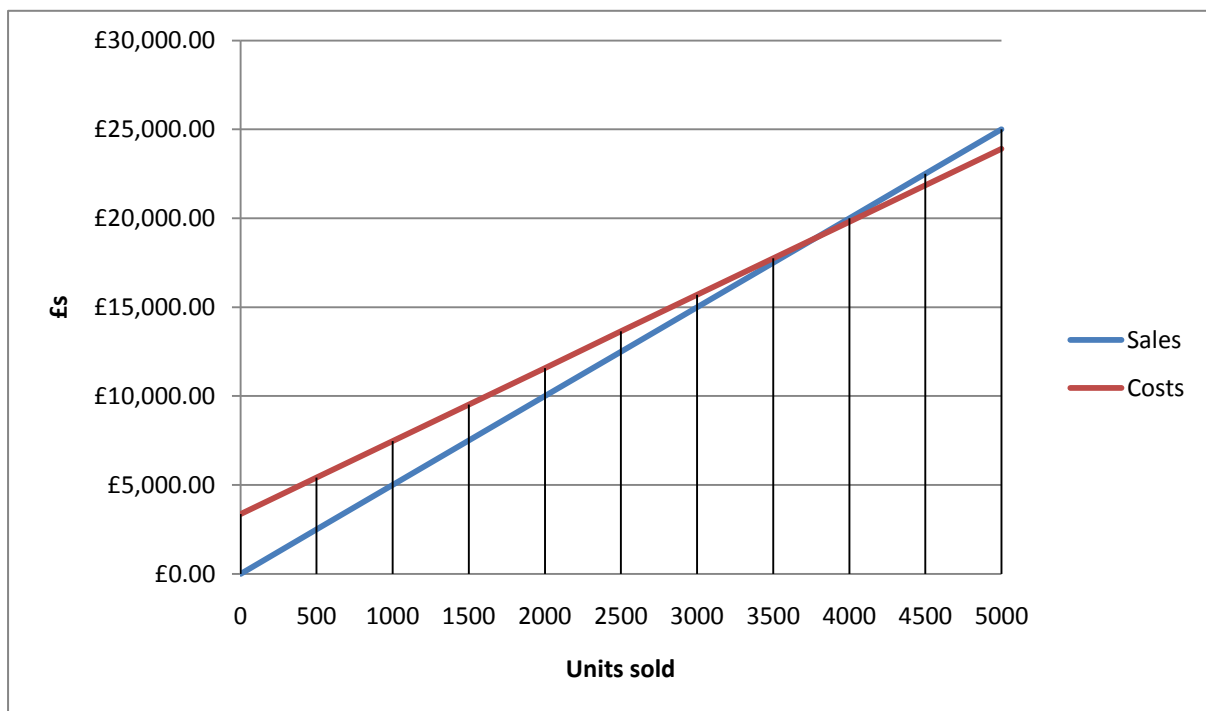
Vinyl will break even at 3781 units, based on fixed costs for one year; this is demonstrated by Table 9.



**Table 9 Breakeven point**

Number of units	Variable cost	Fixed costs	Total Costs	Sales
3781	£15,543.69	£3,359.58	£18,903.27	£18,905.00

The variable cost of producing, marketing and selling one unit of vinyl is £4.10 (see D2) and the sales cost, excluding VAT, is £5. The full table of calculations is available in D3. Figure 62 is a graphical representation of the breakeven point.



**Figure 62 Breakeven graph**

This level of vinyl sales would not be achieved for several years, let alone in year 1. Although Band Hatcher is a social enterprise it is not good that it will take so long to make money from one of its products. Ideally it would be able to demonstrate an ability to make reasonable revenue in order to attract funding.

### 5.4.2. Digital

Even more alarming is that the cost of producing and selling a digital track is £0.81, see D4. This out ways the sale price of £0.63 (exc. VAT), therefore this product will never break



even. These calculations have been based on the average sale of 150 tracks for each single released; it is not feasible to expect that more will be sold based on the current market climate, as discussed above.

### **5.4.3. Breakeven Conclusions**

The Breakeven Analysis provided does not demonstrate a healthy business proposition based on the sale of products. However, the cash flow will demonstrate that with the provision of funding the company is sustainable on a non-profit basis. Furthermore, the intention of releasing singles for Band Hatcher musicians is not to make profit, but to gain exposure and experience for emerging talent.

## **5.5. Cash Flow**

Cash flow for Band Hatcher year ending 31<sup>st</sup> December 2011 can be seen in section E4, the cash flow for 2012 is in section F3 and the cash flow for 2013 is in section G3.

### **5.5.1. Preparatory Calculations**

#### **5.5.1.1. VAT**

The cost of VAT has been calculated for all of the fixed costs and these have been broken down into the amount which will be paid based on how often the payments are made throughout the year. These figures are utilised in the production of the cash flows.

#### **5.5.1.2. Predicted Sales**

Sales figures for physical sales have been given as though all copied which are expected to be sold will have been purchased and paid for within a month of going on sale. This is a somewhat simplistic means of adding these sales to the Cash Flow, however, the majority are expected to sell within this period and it is not possible to calculate the exact buying habits of customers purchasing each single. Therefore, the means by which physical sales have been predicted is adequate yet must be viewed with a degree of leniency in terms of cash flow accuracy.



### **5.5.2 Cash Flow – 2011**

The information given below is for the 2011 cash flow (Appendix 11, E) some of the commentary is also applicable to the 2012 and 2013 cash flows and any specific differences or changes will be discussed in their separate sections below.

#### **5.5.2.1 Cash In**

Cash in comprises of three main elements: sales, Red Fern Promotions profits and funding. Profits from the associated trading arm, Red Fern Promotions will only be paid into Band Hatcher until funding is received, then this money will become the personal finances of the author. Appendix 11, section I, is a breakdown of the ticket sales and costs for this period of Red Fern Promotions activity, demonstrating how these profits will be achieved and will develop over time. As the provision of funding has been predicted in June this is when the last payment of cash in from Red Fern Promotions will be made.

It is predicted that £3,000 of funding can be achieved in June 2011; £4,000 in 2012 and two lots of £3,000 in 2013, as the company grows. This is highly achievable as the company will already be operating and proposes a strong social mission to funding bodies such as the Arts Council, Umbro Industries and The PRS Foundation. However, it is too difficult to predict the means by which funding will be gained and paid and this presents a reasonable example for the purposes of cash flow prediction. The cash flows will be reworked at such a time that funding has been achieved based on how much money will be received and when this will happen. This would involve an increase or decrease in productivity as necessary in order to maintain a healthy flow of cash through the company.

#### **5.5.2.2. Registering the Company**

The £50 charge for registering the company, as discussed in the Commercialisation section above, will occur in January 2011.

#### **5.5.2.3. Rent**

Rent does not appear on the cash flow until July 2011, as office space will only be used after the receipt of funding. As rent is £495 for the first year and will be paid monthly it will remain at £41.25 until July 2012.



#### 5.5.2.4. Vinyl Manufacture

All vinyl produced with paper bag covers; therefore the price of £540 including VAT applies. It has been predicted that all vinyl produced in 2011 will sell 250 of the 300 made and all calculations have been made accordingly.

#### 5.5.2.5. VAT

All prices given in the payments section are including VAT where applicable. The VAT calculations are provided in the cash flow chart and allocated as a monthly total; these totals do not impact on the monthly “total cash out.” These monthly totals are added together and paid quarterly as demonstrated by the “VAT quarterly returns,” which do alter the “total cash out” for the corresponding month. This is the same in the cash flows for every year. VAT payments have been calculated, on the basis that they are paid in that month, for the following items:

- Printing/photocopying
- Guest speakers food and accommodation
- Guest speaker equipment
- Flyer and poster distribution
- Band Hatcher PR
- Online distribution
- Service provider 35% cut
- Vinyl manufacture
- Release PR
- Cargo 25% cut

The first two VAT returns of 2011 are negative numbers; therefore this can be reclaimed by the company and has been calculated into the total cash out for those months, making them smaller.



#### **5.5.2.6. Opening Balance**

The opening balance begins at £1,000 as this will be paid in from personal finances in order to allow the company to begin operating. This money will be taken out of the company in year 2, if practicable.

#### **5.5.3. Cash Flow – 2012**

##### **5.5.3.1. Inflation**

The following costs have been increased by 4% (see F1) in line with predicted inflation:

- Printing/photocopying
- Guest speakers food and accommodation
- Guest speaker equipment
- Flyer and poster distribution
- Band Hatcher PR
- Online distribution
- Service provider 35% cut
- Vinyl manufacture
- Release PR
- Cargo 25% cut

Certain items are not likely to incur any increase due to inflation and, therefore, remain the same:

- Office and phone rental
- Track production budget (set by Band Hatcher)
- Domain Registration

As a cautionary approach sales prices have not been increased by the rate of inflation. This is because as a fledgling company Band Hatcher should initially maintain a constant price. Furthermore, Band Hatcher wants to provide good value for its target market and the cash flows look healthy enough to negate such an increase. This is, however, an issue which will



be monitored once the company begins to operate and would be implemented if necessary for the continuation of a smooth cash flow.

#### **5.5.3.2. Return Personal Investment**

The £1,000 put into the business will be taken out in January of 2012.

#### **5.5.3.3. Rent**

As rent increased to £995 after the first year in Innospace the monthly rent payment will increase to £82.92 as of July 2012.

#### **5.5.3.4. Vinyl Manufacture**

The first two physical releases of 2012 will be in paper bag cases and expected to sell 250 copies. Following this the maximum 290 copies are expected to sell (10 being retained to be given as gifts) and these will be packaged in full colour spineless cardboard sleeves. Therefore, the sales revenue and cost of production will increase.

#### **5.5.3.5. Corporation tax**

As demonstrated in the profit and loss accounts Band Hatcher will not show a profit for 2011, therefore no Corporation tax is payable. However, a £0 has been indicated in September as this is when Corporation Tax payments will be made, as this is 9 months after the company begins trading.

### **5.5.4. Cash Flow – 2013**

#### **5.5.4.1. Inflation**

The 2012 costs have been raised by a further 4% in order to cover inflation.

#### **5.5.4.2. Guest Speakers**

The increased spend on vinyl releases in 2013 have been spread out around the guest speaker events. This allows for a more balanced set of accounts as having a guest speaker event and releasing a single in the same month would be a strain on the cash flow.

#### **5.5.4.2. Corporation Tax**

As demonstrated by C2 a loss is made in 2012 therefore, again, no corporation tax will be paid in 2013.



## 5.6. Balance Sheet

This section relates to the balance sheet in Appendix 11, section H. This is based on the finances for the end of the first year of operation; year ending 31<sup>st</sup> December 2011.

### 5.6.1. Fixed assets

The only fixed asset in the business is the laptop computer. The net book price for the laptop on 31<sup>st</sup> December 2011 is £212.76 due to depreciation, as demonstrated in the preparatory calculations (Appendix 11, A).

### 5.6.2. Current assets

- Cash in the bank on 31<sup>st</sup> December 2011 is £2,328.
- It is also assumed that the company will have around 100 pieces of unsold vinyl, with a value of £150.

### 5.6.3. Total Assets

Total Fixed Assets + Total Current Assets = **£2,690.76**

### 5.6.4. Current liabilities

- £50 will be owed as invoices for poster and flyer delivery will be paid a month in arrears.

### 5.6.5. Financed By

- A sum of £1,000 will be paid into the business from personal finances at start-up.

### 5.6.6. Balancing

This Balance Sheet is balanced because:

Total Fixed Assets + Total Current Assets = **£2690.76**

And

Total Current Liabilities + Total Financing = **£2690.76**

Therefore the figures balance: **(Total Fixed Assets + Total Current Assets) – (Total Current Liabilities + Total Financing) = 0**



## **5.7. Risk Analysis**

The poor nature of predicted sales as demonstrated by the Breakeven Analysis above demonstrates that this is a business which will be dependant on the receipt of funding. Funding is the critical success factor for Band Hatcher to work as a business. The funding revenue provided in the predicted cash flows demonstrates that the band balance will not be negative, even though some months will make losses. Therefore, Band Hatcher is a business which hinges of the receipt of public money and, as demonstrated in the market analysis, the current climate is not perceptive to this. The sensitivity analysis considers the way in which the company would respond to the following issues.

### **5.7.1 Sensitivity Analysis**

#### **5.7.1.1. No Funding**

If Band Hatcher can not successfully attain funding following the first 6 months of operations, when it will be funded by Red Fern Promotions, it will cease trading. This will be a preventative act in order to prevent sliding into personal debt.

#### **5.7.1.2. Sufficient Funding**

The financial analysis provided is based on sufficient funding revenue being generated. Therefore, operations will continue as stated.

#### **5.7.1.3. Regular Funding**

If Band Hatcher were to become a regularly funded organisation and receive more revenue than predicted in the financial analysis it will begin to expand its operations. This financial stability would allow Band Hatcher to work with more bands and potentially diversify into areas such as management.

## **5.8. Financial Justification**

Band Hatcher will not be taken further as a business at this current point in time. The market research and financial analysis provided in this dissertation demonstrate that the business model will not prosper in the current economic climate.



### **5.8.1 Economic Climate**

The impact of recession and the threat of a “double dip” will be problematic for all new companies. Furthermore, the recorded music industry is in turmoil, as demonstrated in Part 1: Academic and the market research of this section. Therefore, it would be unwise to roll out a company which aims to operate in this area.

### **5.8.2. Business Model**

The business model presented would be better suited to the music industry a few years ago, but currently changes in the sector are occurring too rapidly for Band Hatcher to make a reasonable impact. The financial analysis provided demonstrates that the sales aspects of the model are weak. This is especially evident in the breakeven analysis, above. The business model will be reconsidered over the coming years and it is still the author’s intention to make an impact on the emerging music industry in some capacity.

### **5.8.3. Networks**

The music industry runs on the basis of networks and currently Band Hatcher does not possess a strong enough network to succeed in the turbulent climate of the modern music industry. Exposure to the music industry presented in Part 1: Academic has demonstrated the vast importance of networks. As stronger networks are developed during professional contact with the music industry the future of Band Hatcher will be reconsidered.

### **5.8.4. Market testing**

If Band Hatcher is able to begin trading at some point in the future further market testing will be undertaken in order to develop on the limitations of this dissertation. Qualitative research will be utilised in order to further assess the potential target markets for the proposed services of Band Hatcher.



## Chapter 6: Conclusion

### 6.1. Conclusion

This dissertation has proved that emerging musicians are faced with many problems as they attempt to make an impact on the music industry. The USP and social mission of Band Hatcher provides a solution to these problems and offers a very strong value proposition to emerging musicians. Unfortunately financial analysis, based on predictions formed from market research, demonstrates a degree of weakness in the proposed business model. This does not mean that the business model is flawed, merely that it may struggle to succeed in the current macro-environment. It is the intention of Band Hatcher to develop key networks within the music industry and continue to monitor the market place in the hope that this company can, one day, help emerging musicians to develop and achieve success.



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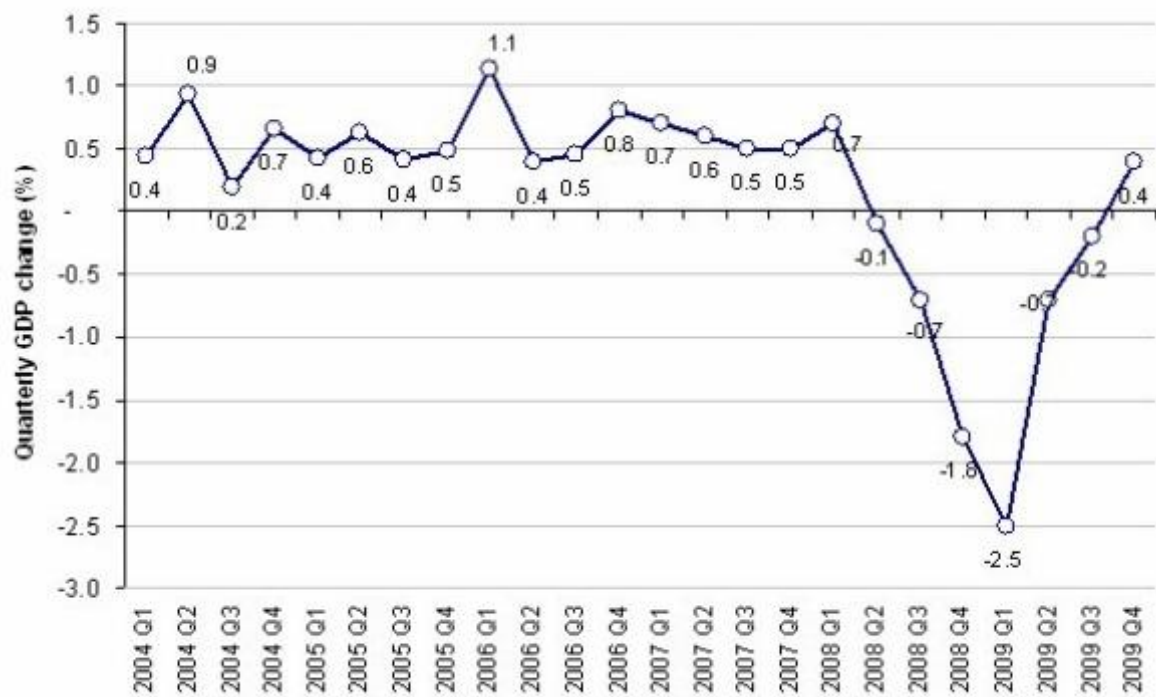
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## Appendices

### Appendix 1: Graphical representation of the economic turndown



### Appendix 2: Re-forecast decline in live music

Year	Original size/ forecast (m)	Revised size/ forecast (m)	Variance
2003	17.2	17.2	n/a
2004	17.2	17.2	n/a
2005	19.7	19.7	n/a
2006	20.2	20.2	n/a
2007	23.1	23.1	n/a
2008	23.4	23.4	n/a
2009	23.6	23.1	-0.5
2010	23.9	23.5	-0.4
2011	24.1	23.8	-0.3
2012	24.3	24.1	-0.2
2013	24.5	24.4	-0.1

### Appendix 3: Re-forecast for rock and pop music

Year	Original size/ forecast (m)	Revised size/ forecast (m)	Variance
2003	11.9	11.9	n/a
2004	11.9	11.9	n/a
2005	13.5	13.5	n/a
2006	14.4	14.4	n/a
2007	17.3	17.3	n/a
2008	17.5	17.5	n/a
2009	17.7	17.2	-0.5
2010	17.9	17.6	-0.3
2011	18.1	18.0	-0.1
2012	18.2	18.4	+0.1
2013	18.4	18.5	+0.2



## Appendix 4: PESTEL Analysis of Band Hatcher

Factors	Description	Impact on Band Hatcher/ Red Fern Promotions	Positive/ negative	Reference
Political	<ul style="list-style-type: none"> <li>• Government cuts to the arts</li> <li>• </li> <li>• </li> <li>• Digital Economy Bill</li> </ul>	<ul style="list-style-type: none"> <li>• There will be less money for arts organisations, making it more competitive and difficult to secure funding for Band Hatcher.</li> <li>• This could be positive if enacted in such a way which made people want to pay for music. However, it looks like it will only help the big music companies and has been met by criticism from many independent industry players and musicians. It appears that it will slow down the application of new technologies to the music industry.</li> </ul>	<ul style="list-style-type: none"> <li>• Negative</li> <li>• </li> <li>• </li> <li>• </li> <li>• Negative</li> </ul>	<p>Bye, 2010</p> <p>(Arthur, 2010)</p>
Economic	<ul style="list-style-type: none"> <li>• Economic down-turn</li> </ul>	<ul style="list-style-type: none"> <li>• The live music industry has coped well with the recession.</li> </ul>	<ul style="list-style-type: none"> <li>• Positive</li> </ul>	This dissertation, 2.3.
Socio-cultural	<ul style="list-style-type: none"> <li>• Legal and illegal music downloads</li> </ul>	<ul style="list-style-type: none"> <li>• This has led to a boost in the live music sector as artists now make more money from gigs than as recording artists, but a decline in the recorded music industry.</li> </ul>	<ul style="list-style-type: none"> <li>• Positive and negative</li> <li>• </li> </ul>	This dissertation, 2.3. and 2.4.

	<ul style="list-style-type: none"> <li>• Reality ‘talent’ shows.</li> <li>•</li> <li>•</li> <li>• Reaction against reality ‘talent’ shows.</li> </ul>	<ul style="list-style-type: none"> <li>• Positive for the live music industry in general. There is also a degree of reaction against such musical filters (see below).</li> <li>• The recent Facebook protest to make Rage Against the Machine Xmas Number 1 ahead of the X-Factor was successful and demonstrates a consumer sector who are unhappy with the way the music industry is being sold to them.</li> </ul>	<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>• Positive</li> <li>•</li> <li>• Positive</li> </ul>	
Technology	<ul style="list-style-type: none"> <li>• Web 2.0</li> <li>•</li> <li>•</li> <li>• Music download technology</li> </ul>	<ul style="list-style-type: none"> <li>• Sites such as Twitter, Myspace and Facebook can be utilised to great effect as free marketing tools.</li> <li>• It is technological advances which have changed the music industry to the extent it is in turmoil. The availability of downloadable music has altered the way in which music is consumed and the only people benefiting are the four major music companies who hold the money and the power.</li> </ul>	<ul style="list-style-type: none"> <li>• Positive</li> <li>•</li> <li>•</li> <li>• Negative</li> </ul>	



Environmental	<ul style="list-style-type: none"> <li>Festivals, such as Glastonbury and bands, such as Radiohead with 'green' concerns.</li> </ul>	<ul style="list-style-type: none"> <li>This is not an area which Band Hatcher can compete with the competition.</li> </ul>	<ul style="list-style-type: none"> <li>Negative</li> </ul>	Glastonbury, 2009 Stentiford, 2007
Legal	<ul style="list-style-type: none"> <li>Illegal music downloads</li> </ul>	<ul style="list-style-type: none"> <li>Now-more bands touring in order to make money.</li> <li>Future- potential harsher crack-downs could lead to a recurring stronger recorded music industry.</li> </ul>	<ul style="list-style-type: none"> <li>Positive</li> <li></li> <li>Positive</li> </ul>	



## Appendix 5: V Man Contract with Unsigned Bands

**\* \* \* Please forward this onto the whole band \* \* \***

My name is Chris and I will be representing VmanEvents on the organisation of this gig. For any information regarding times, equipment, and details about the organisation of this gig please contact me on EMAIL, PHONE NUMBERS.

To be booked for other gigs please contact Andy on 07723391202,  
bookings@vmanevents.co.uk.

Please read the “RULES SHARED WITH AFFILIATE PROMOTERS “ above and reply to confirm availability and agreement of the terms and conditions for:

**DATE:**

**VENUE: DRY BAR** , Oldham St, Manchester. Load in on Spear St round the back.

**ENTRY:** Entry £5 with or without flyer

**PAYMENT:** Bands receive £30 if they attract the required 20 people, and then £3 for every person after that.

**However, we can't afford to pay you unless you attract 20 fans, and we really need you to attract 20 fans to be considered for re-booking and for bigger and better gigs in the future.**

**Please note :** this is one of the best payment deals you will receive in Manchester. If you attract 20 people you get paid £30; 30 people £60; 40 people £90, 50 people £120 and so on....

We are not here to rip your band off, however, no-one benefits from an empty room, which is why we ask you all to try and attract as many of your regular fans as possible.

What we really enjoy is working with bands over a period of time and progressing them from small unsigned showcases, to higher profile gigs at Academy venues; supports with decent touring acts; and generally better quality gigs.



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However, new bands playing for us must understand that we have been working with many bands for a long time and you will be required to do well for us on 1 or 2 smaller shows to be considered for the bigger shows.

We have worked with acts such as these and all of these gigs have had local bands on the bill aswell: Arctic Monkeys, Reuben, The Kooks, Pitchshifter, Bromheads Jacket, Boy Kill Boy, 65daysofstatic, 80s Matchbox B-Line Disaster, Maximo Park, Babyshambles, Dead 60's + many more.

This is our biggest Manchester show at the moment, for your interest:

Oct 17th, Manchester Ritz. BOY KILL BOY . £12.50adv, 1300 capacity

### **ITINERY:**

The approximate running times are as follows, these cannot be changed:

Doors 7.30

The Full Girth Explosion - 8.30 Sound check - 6.30

Hawthornes - 9.15 - Sound check - 6

Dark Matter Society - 10 - Sound check - 5.30

Delta Row - 10.45 - Sound check - 5

Dark Matter Society - load in 4.30pm - please confirm that you can provide the skeleton drum kit and bass amp. Please can you bring a drum mat, to ensure the kit doesnt slide around.

**SOUNDCHECKS :** We try to ensure things run to time, but in the event that things are running late, we cannot guarantee all bands a full soundcheck.

**SET LENGTH: 30 mins.** If you go over this, the PA will be switched off.



**EQUIPMENT:** We normally like one band (normally the last band) to supply a skeleton drum kit and bass amp for the evening. All bands should bring snare, cymbals, drum pedals, drum stands, guitar amps. Also a backup bass amp would be useful. We do not normally organise guitar cabs, however, we can assist on this if requested.

**TECHNICAL SPECIFICATIONS:** If you have any specific technical requirements please email these to me and we will forward them onto the sound engineer.

For this show we will be supplying: professional PA system, fully qualified sound engineers, crew, lights, venue staff, adequate security.

**GIG FLYER:** We suggest making your own simple flyer for this show. It means you can add whatever info you want about your bands website, your other gigs, single releases etc etc and you can use your own logo and design to suit your bands style.

You can download a template flyer for the show off our website, [www.vmanevents.co.uk](http://www.vmanevents.co.uk), under the flyers section.

If we do design our own individual flyer for this show we will email it to you in due course.

Fans do not necessarily need to have a flyer as we ask them on the door which band they are there to see.

**\* \* Please make sure all band members have some flyers \* \* \***

**AGE RESTRICTIONS:** Jabez Clegg and Dry Bar are both over 18's. Academy is ALL AGES. And Retro Bar will tolerate under 18's.

The **PROMOTION** we do:

We advertise in:

- Alive magazine (10,000 copies monthly around the Northwest)



- High Voltage magazine
- Every month we print 10,000 colour card ladder flyers, 200 ladder colour A3 posters, do a flyposter campaign of 200 B0 poster around Manchester
- We also do individual event posters for larger events
- Our shows and tours are promoted using national messageboards, which helps to create a buzz about bands and gigs.
- Regular mailouts to our 2000 person email list, consisting of 600 bands.
- We ensure that all major gigs in Manchester are flyered.
- We send out listings to all national and regional publications, and also work on national and regional press ourselves
- We are affiliated with Manchestermusic.co.uk, which receives 1 million hits a month. ALL of our touring gigs receive FULL previews, and reviews.

### **Some info on us**

Venues in Manchester we use, and can get you on in the future are: Manchester Academies 1 - 3; Jabez Clegg; Retro Bar; Dry Bar; Roadhouse.

We have booked full national tours for Arctic Monkeys, Selfish Cunt, and 65daysofstatic, Mistys Big Adventure, Harrisons, so have strong contacts with venues, promoters and agents all around the country.

We have worked with bands such as Babyshambles, Arctic Monkeys, Maximo Park, Pete Doherty, Pitchshifter, SikTh, Reuben, Kaiser Chiefs, The Others, Selfish C\*nt, 65daysofstatic, 80s Matchbox B-Line Disaster, Adequate 7, Kerrang! Tour, The Ga Ga's, Johnny Panic, Gutworm, Deicide, White Rose Movement, Viking Skull, Mistys Big Adventure, Shout Out Louds, 4ft Fingers, Littl'ans + many many more.

Terms and conditions:

**-you dont book other Manchester gigs 21 days either side of this date.** Most



promoters in Manchester operate what is widely known as the 21 Day Rule. This means that you should not play at any venue in the Greater Manchester area within 21 days either side of your show. Sticking to this rule keeps your shows fresh for your fanbase and makes each show seem more like an event, overplaying obviously has the reverse effect.

**-you attract 20 fans minimum.** Bands that impress on their performance and effort they've put into promotion will be used for future supports with touring bands, gigs at Manchester Academy 3, gigs in other cities, and possibly The Generator Tour around the Northwest. We have a strong policy to STICK BY bands that work with us over time. We will GLADLY pass on contacts with national and local press, and gladly provide any advice if you need it.

-please keep an eye on your own equipment. Any equipment lost or damaged will not be our responsibility.

-you yourselves support all the bands on the event, and you try and get your fans down for as much of the event as possible. Tell them all to get there at the start and to stick around ! We want to create a scene where people support events with good music - unsigned or signed, and not just go simply to see their "boyfriend's brother's band".

Cheers, you're all good people and musicians and VmanEvents are looking forward to working with you !

[www.vmanevents.co.uk](http://www.vmanevents.co.uk)

[www.myspace.com/vmaneventsbands](http://www.myspace.com/vmaneventsbands)

Reference: V Man Events, 2010



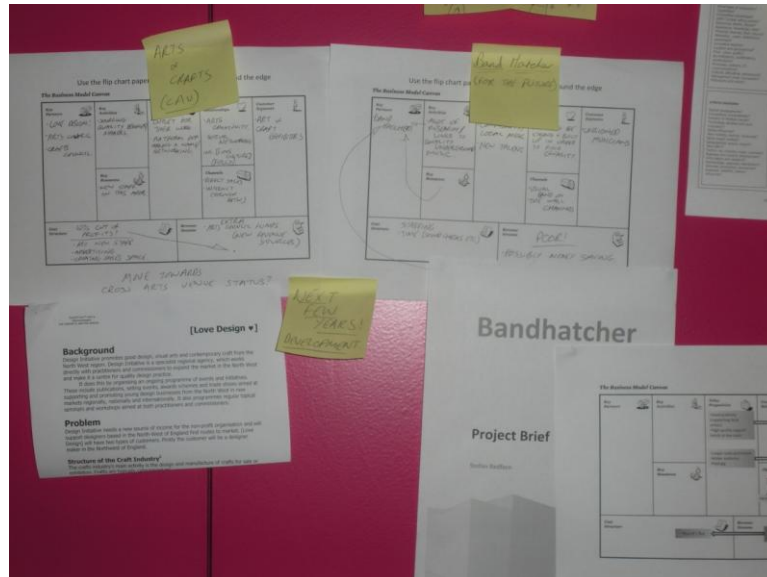
## Appendix 6: Porter's Five Forces



## Appendix 7: Innospace Price List

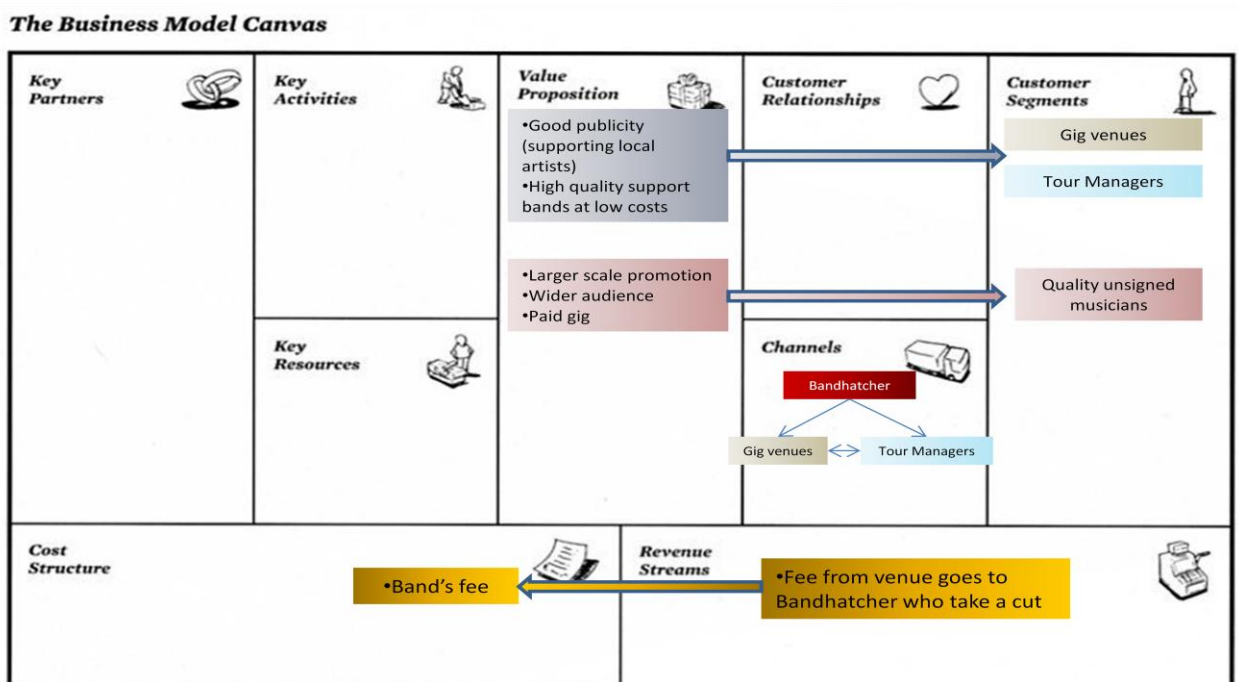
Item	Cost
Tenancy and Hot Desking	Year 1 - £495
	Year 2 - £995
	Year 3 - £995
	MMU Undergraduate - £175
	Virtual Tenancy - £225
	Staff - Fob Access (per staff member) - £50 fee + £10 deposit Staff – IT connectivity - £6pcm (1 staff member connects for free)
Rent-a-desk	£90 +VAT per month
Cupboard Hire	£150 per annum
Filing Cabinet Hire	£75 per annum
Phone Line	£60 per annum (plus call costs)
Large Space hire	£100 per half day event
Colour Printing / Photocopying	5p per sheet
Meeting Rooms	Free
Black & White Printing	Free
Access to Wi-fi	Free for tenants, £6pcm for staff
Faxing (sending / receiving)	Free
Locker (if available)	Free

## Appendix 8: Osterwalder's Canvas Development



## Appendix 9: An Initial Attempt at the Business Model

This model relies on the ability to secure paid gigs for emerging bands as support acts for touring bands. Band Hatcher would take a percentage of this fee, therefore providing a revenue stream which would fund further operations.





## Appendix 10: Personal Reflection of Meeting with Ruth Daniel

17/02/2010- Meeting with Ruth Daniel

I knew this was likely to be a huge opportunity for the development of Band Hatcher. I was quite nervous sitting down and talking to an industry expert about my ideas (I think this showed). Ruth was very helpful, but picked some holes in the model I laid out, she was apologetic about this but I understood her concerns and was not offended or precious. Also, she said what I wanted to do was good; she sees where I am coming from; but it is “very big”. Taking this onboard I think the model is still a bit confused (it should not be as difficult to explain as it was) and possibly too broad. I proposed support for the following areas: Rehearsal rooms -> Recording -> Distribution->Live showcase. I mentioned promotion in connection only to live showcasing and Ruth suggested it should flow throughout the process (as it does for Fat Northerner).

Ruth thought the concept was website based, I do not know why, but this needs to be considered and rectified as I develop my project brief.

I have been thinking of Band Hatcher in terms of the university project too much lately and need to rethink it as a practical service in real world terms, not a model drawn on a piece of paper.

Unconvention Factory (May 8th, Macclesfield) sounds like a perfect opportunity for case study work and networking with relevant practitioners. Also, it is sort of the model I want to create- done in a day!

Work experience has been arranged for me at Fat Northerner, specifically working with the launch of their newest signing Coup De Ville (who I am listening to on myspace and they sound great).

I don't think I gave a great account of Band Hatcher or myself at the meeting, but I have gained an excellent work experience place and hopefully started a working relationship which will allow me access to the type of people and services Band Hatcher desperately needs. Also, there is plenty of time to demonstrate my ability to work hard (for Fat Northerner and Unconvention) and to iron out the flaws in Band Hatcher's model and develop the product.



# Appendix 11: Financial Analysis

## Appendix 11

### A: Preparatory Calculations

#### A1: Variable costs for Digital Release exc. VAT (where applicable)

Production costs	£75.00
Online distribution (per track)	£16.67
Service Provider Cut	£0.22

#### A2: Variable Costs for Physical Release exc. VAT (where applicable)

PR	£333.33
Vinyl manufacture (white bag)	£450.00
Vinyl manufacture (sleeve)	£625.00
Cargo Distribution (25%)	£1.25

#### A3: Fixed Costs

Fixed Costs	Cost per annum	VAT applicable Y/N	Price exc. VAT
Office space Rent (year 1)	£495	N	
Office space rent (Year 2 &3)	£995.00	N	
Phone line rental	£60	N	
Printing/ photocopying	£260.00	Y	£216.67
Guest speakers food/ accomodation	£800.00	Y	£666.67
Guest speakers equipment	£200.00	Y	£166.67
Printed materials	£1,000.00	Y	£833.33
Flyer/poster distribution	£600.00	Y	£500.00
PR	£800.00	Y	£666.67
Domain registration	£2.50	Y	£2.08

#### A4: Depreciation of Assets

##### Samsung R530 Laptop

Lifetime	36 months
Purchase price	£319.14
Purchased	Jan-11
Monthly depreciation	£8.87

Financial Year	Months Owned in Year	Depreciation in year	Net book value
2011	12	£106.38	£212.76
2012	12	£106.38	£106.38
2013	12	£106.38	£0.00



Appendix 11									
B: Predicted Sales									
B1: Digital Sales Year 1			B2: Digital Sales Year 2			B3: Digital Sales Year 3			
Month	New Singles	Sales (all singles)	Month	New Singles	Sales (all singles)	Month	New Singles	Sales (all singles)	
Jan	0	0	Jan	3	454	Jan	4	566	
Feb	2	200	Feb	3	451	Feb	4	589	
Mar	3	367	Mar	4	550	Mar	4	596	
Apr	3	422	Apr	4	583	Apr	5	699	
May	3	441	May	4	594	May	5	733	
Jun	4	547	Jun	5	698	Jun	5	744	
Jul	3	482	Jul	5	733	Jul	5	748	
Aug	4	561	Aug	5	744	Aug	5	749	
Sep	3	487	Sep	3	548	Sep	3	550	
Oct	4	562	Oct	4	583	Oct	5	683	
Nov	3	487	Nov	4	594	Nov	5	728	
Dec	3	462	Dec	3	498	Dec	3	543	
<b>Totals</b>	<b>35</b>	<b>5019</b>	<b>Totals</b>	<b>47</b>	<b>7032</b>	<b>Totals</b>	<b>53</b>	<b>7928</b>	
B4: Physical Sales									
Year	Vinyl Releases	Sales	Remaining vinyl						
1	2	500	100						
2	4	1000	200						
3	6	1500	300						

Appendix 11			
C1: Profit and Loss for Year Ending 31st December 2011			
Depreciation			
Samsung R530 Laptop	£212.76		
<b>Total depreciation</b>		<b>£212.76</b>	
Operating Activities			
Sales			
Price per digital sale (exc. VAT)	£0.63		
Digital sales	5019		
Total Digital Sales	£3,136.88		
Price per vinyl single (exc. VAT)	£5.00		
Vinyl Sales	500		
Total Physical Sales	£2,500.00		
<b>Total Sales</b>		<b>£5,636.88</b>	
Cost of Sales			
Digital Releases (year 1)	35		
Production Costs	£2,625.00		
Online distribution (exc. VAT)	£583.45		
Service Provider Cut (exc. VAT)	£1,104.18		
Total Digital Costs	£4,312.63		
Physical Releases (year 1)	2		
Vinyl manufacture (exc. VAT)	£900.00		
PR (exc. VAT)	£666.66		
Cargo Cut (exc. VAT)	£625.00		
Total Physical Costs	£2,191.66		
<b>Total Costs</b>		<b>£6,504.29</b>	
<b>Gross Profit</b>		<b>-£867.42</b>	
Fixed Costs			
Office space Rent (year 1)	£247.50		
Phone line rental	£60.00		
Printing/ photocopying	£216.67		
Guest speakers food/ accomodation	£666.67		
Guest speakers equipment	£166.67		
Printed materials	£833.33		
Flyer/poster distribution	£500.00		
PR	£666.67		
<b>Total Fixed Costs</b>		<b>£3,357.50</b>	
<b>Total Net Profit</b>		<b>-£4,224.92</b>	

## C2: Profit and Loss for Year Ending 31st December 2012

<b>Depreciation</b>		
Samsung R530 Laptop	£106.38	
<b>Total depreciation</b>		<b>£106.38</b>
<b>Operating Activities</b>		
<b>Sales</b>		
Price per digital sale (exc. VAT)	£0.63	
Digital sales	7032	
<b>Total Digital Sales</b>	<b>£4,395.00</b>	
Price per vinyl single (exc. VAT)	£5.00	
Vinyl Sales	1080	
<b>Total Physical Sales</b>	<b>£5,400.00</b>	
<b>Total Sales</b>		<b>£9,795.00</b>
<b>Cost of Sales</b>		
Digital Releases (year 2)	47	
Production Costs	£3,525.00	
Online distribution (exc. VAT)	£814.51	
Service Provider Cut (exc. VAT)	£1,617.36	
<b>Total Digital Costs</b>	<b>£5,956.87</b>	
Physical Releases (year 2)	4	
Vinyl manufacture (exc. VAT)	£2,236.00	
PR (exc. VAT)	£693.32	
Cargo Cut (exc. VAT)	£1,404.00	
<b>Total Physical Costs</b>	<b>£4,333.32</b>	
<b>Total Costs</b>		<b>£10,290.19</b>
<b>Gross Profit</b>		<b>-£495.19</b>
<b>Fixed Costs</b>		
Office space Rent	£745.00	
Phone line rental	£60.00	
Printing/ photocopying	£225.33	
Guest speakers food/ accomodation	£693.33	
Guest speakers eqiptment	£173.33	
Printed materials	£866.67	
Flyer/poster distribution	£520.00	
PR	£693.33	
Domain registration	£2.08	
<b>Total Fixed Costs</b>		<b>£3,979.08</b>
<b>Total Net Profit</b>		<b>-£4,474.27</b>





## Appendix 11:

### D: Breakeven Analysis

#### D1: Fixed Costs (exc. VAT)

Office space Rent (year 1)	£247.50
Phone line rental	£60.00
Printing/ photocopying	£216.67
Guest speakers food/ accomodation	£666.67
Guest speakers equiptment	£166.67
Printed materials	£833.33
Flyer/poster distribution	£500.00
PR	£666.67
Domain registration	£2.08
<b>Total Fixed Costs</b>	<b>£3,359.58</b>

#### D2: Variable cost of vinyl

	Cost per vinyl
Manufacture	1.5
PR	1.1111
Distribution	1.25
Production	0.25
<b>Total</b>	<b>4.1111</b>

#### D3: Vinyl Breakeven

Number of Units	Variable Costs	Fixed Costs	Total Costs	Sales
0		£3,359.58	£3,359.58	£0.00
500	£2,055.50	£3,359.58	£5,415.08	£2,500.00
1000	£4,111.00	£3,359.58	£7,470.58	£5,000.00
1500	£6,166.50	£3,359.58	£9,526.08	£7,500.00
2000	£8,222.00	£3,359.58	£11,581.58	£10,000.00
2500	£10,277.50	£3,359.58	£13,637.08	£12,500.00
3000	£12,333.00	£3,359.58	£15,692.58	£15,000.00
3500	£14,388.50	£3,359.58	£17,748.08	£17,500.00
3700	£15,210.70	£3,359.58	£18,570.28	£18,500.00
3781	£15,543.69	£3,359.58	£18,903.27	£18,905.00
4000	£16,444.00	£3,359.58	£19,803.58	£20,000.00
4500	£18,499.50	£3,359.58	£21,859.08	£22,500.00
5000	£20,555.00	£3,359.58	£23,914.58	£25,000.00

#### D4: Variable cost of digital

	Cost per digital
Production	£0.50
Distribution	£0.11
Service provider cut	£0.22
<b>Total Cost</b>	<b>£0.83</b>



## Appendix 11

### E: Cash Flow 2011

#### E1: Preparatory VAT Calculations

	Inc. VAT (where applicable)	Exc. VAT (20%)	VAT Amount	Paid Monthly	Paid Quarterly	Paid Twice
<b>Fixed Costs</b>						
Office space rent (year 1)	£495	N/A	N/A			
Office space rent (Year 2 & 3)	£995.00	N/A	N/A			
Phone line rental	£60	N/A	N/A			
Printing/ photocopying	£260.00	£216.67	£43.33	£3.61		
Guest speakers food/ accomodation	£800.00	£666.67	£133.33		£33.33	
Guest speakers equiptment	£200.00	£166.67	£33.33		£8.33	
Printed materials	£1,000.00	£833.33	£166.67	£13.89		
Flyer/poster distribution	£600.00	£500.00	£100.00	£8.33		
PR	£800.00	£666.67	£133.33			£66.67
Domain registration	£2.50	£2.08	£0.42			
Online Distribution (per release)	£20.00	£16.67	£3.33			
Service provider 35% charge (per track)	£0.26	£0.22	£0.04			
Cargo distribution charge (per vinyl)	£1.50	£1.25	£0.25			

#### E2: Predicted Digital Sales

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2011	0	200	367	422	441	547		482	561	487	562	487	462
2012	454	451	550	583	594	698	733	744	548	583	594	498	
2013	566	589	596	699	733	744	748	749	550	683	728	543	

#### E3: Predicted Physical Sales

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2011</b>								250				250
<b>2012</b>			250		250			290		290		
<b>2013</b>		290		290	290			290	290			290



E4: Predicted Cash Flow For Band Hatcher Year Ending 31st December 2011												
Receipts	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Sales exc. VAT	£0.00	£126.00	£231.00	£266.00	£277.67	£344.56	£1,553.85	£353.28	£306.76	£354.25	£1,557.08	£291.36
Sales inc. VAT	£0.00	£150.00	£275.00	£316.67	£330.56	£410.19	£1,861.73	£420.58	£365.19	£421.73	£1,865.58	£346.86
VAT Collected	£0.00	£24.00	£44.00	£50.67	£52.89	£65.63	£307.88	£67.29	£58.43	£67.48	£308.49	£55.50
Red Fern Promotions Profits	£300.00	£350.00	£400.00	£450.00	£500.00	£500.00						
Funding						£3,000.00						
<b>Total Cash In</b>	<b>£300.00</b>	<b>£500.00</b>	<b>£675.00</b>	<b>£766.67</b>	<b>£830.56</b>	<b>£3,910.19</b>	<b>£1,861.73</b>	<b>£420.58</b>	<b>£365.19</b>	<b>£421.73</b>	<b>£1,865.58</b>	<b>£346.86</b>
Items on which VAT is not paid												
Payments	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Registering the company	£50											
Rent							£41.25	£41.25	£41.25	£41.25	£41.25	£41.25
Phone line rental							£60.00					
Printing/ photocopying	£21.67	£21.67	£21.67	£21.67	£21.67	£21.67	£21.67	£21.67	£21.67	£21.67	£21.67	£21.67
Guest speakers food/ accomodation			£200.00			£200.00			£200.00			£200.00
Guest speakers equipment			£50.00			£50.00			£50.00			£50.00
Printed materials	£83.33	£83.33	£83.33	£83.33	£83.33	£83.33	£83.33	£83.33	£83.33	£83.33	£83.33	£83.33
Flyer/poster distribution	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00	£50.00
Band Hatcher PR	£400.00					£400.00						
Track production	£0.00	£150.00	£225.00	£225.00	£225.00	£300.00	£225.00	£300.00	£225.00	£300.00	£225.00	£225.00
Online distribution	£0.00	£40.00	£60.00	£60.00	£60.00	£80.00	£60.00	£80.00	£60.00	£80.00	£60.00	£60.00
Service provider 35% Charge	£0.00	£52.00	£95.33	£109.78	£114.59	£142.20	£125.40	£145.80	£126.60	£146.20	£126.73	£120.24
Vinyl manufacture							£540.00				£540.00	
PR							£400.00				£400.00	
Cargo 25% Charge							£375.00				£375.00	
VAT collected	£0.00	£24.00	£44.00	£50.67	£52.89	£65.63	£307.88	£67.29	£58.43	£67.48	£308.49	£55.50
Subtract VAT paid	£159.17	£41.17	£93.39	£54.13	£54.93	£171.20	£275.90	£63.47	£98.60	£63.53	£276.12	£97.54
Monthly VAT return allocation	-£159.17	-£17.17	-£49.39	-£3.46	-£2.04	-£105.57	£31.98	£3.83	-£40.17	£3.94	£32.37	-£42.04
Quarterly VAT Return				-£225.72			-£111.08			-£4.37		
<b>Total Cash Out</b>	<b>£605.00</b>	<b>£397.00</b>	<b>£785.33</b>	<b>£324.06</b>	<b>£554.59</b>	<b>£1,327.20</b>	<b>£1,870.57</b>	<b>£722.05</b>	<b>£857.85</b>	<b>£718.08</b>	<b>£1,922.98</b>	<b>£851.49</b>
Opening Balance	£1,000	£695	£798	£688	£1,130	£1,406	£3,989	£3,980	£3,679	£3,186	£2,890	£2,832
Net Cash Flow	-£305	£103	-£110	£443	£276	£2,583	-£9	-£301	-£493	-£296	-£57	-£505
<b>Closing Balance</b>	<b>£695</b>	<b>£798</b>	<b>£688</b>	<b>£1,130</b>	<b>£1,406</b>	<b>£3,989</b>	<b>£3,980</b>	<b>£3,679</b>	<b>£3,186</b>	<b>£2,890</b>	<b>£2,832</b>	<b>£2,327</b>

## Appendix 11:

### F: Cash Flow 2012

#### F1: Preparatory VAT Calculations

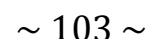
Fixed Costs	Inc. VAT (where applicable)	Altered by 4% (inflation) Y/N	Exc. VAT (20%)	VAT Amount	Paid Monthly	Paid Quarterly	Paid Twice
Office space rent (year 1)	£495	N	N/A	N/A			
Office space rent (Year 2 &3)	£995.00	N	N/A	N/A			
Phone line rental	£60	N	N/A	N/A			
Printing/ photocopying	£270.40	Y	£225.33	£45.07	£3.76		
Guest speakers food/ accomodation	£832.00	Y	£693.33	£138.67		£34.67	
Guest speakers equipment	£208.00	Y	£173.33	£34.67		£8.67	
Printed materials	£1,040.00	Y	£866.67	£173.33	£14.44		
Flyer/poster distribution	£624.00	Y	£520.00	£104.00	£8.67		
PR	£832.00	Y	£693.33	£138.67			£69.33
Domain registration	£2.50	N	£2.08	£0.42			
Online Distribution (per release)	£20.80	Y	£17.33	£3.47			
Service provider 35% charge (per track)	£0.27	Y	£0.23	£0.05			
Cargo distribution charge (per vinyl)	£1.56	Y	£1.30	£0.26			

#### F2: Predicted Digital Sales

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	0	200	367	422	441	547	482	561	487	562	487	462
2012	454	451	550	583	594	698	733	744	548	583	594	498
2013	566	589	596	699	733	744	748	749	550	683	728	543

#### F3: Predicted Physical Sales

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011							250				250	
2012			250		250		290			290		
2013		290		290	290		290	290			290	

[illegible]



## Appendix 11:

### G: Cash Flow 2013

#### G1: Preparatory VAT Calculations

Fixed Costs	Inc. VAT (where applicable)	Altered by		VAT Amount	Paid Monthly	Paid Quarterly	Paid Twice
		4% (inflation) Y/N	Exc. VAT (20%)				
Office space rent (year 1)	£495	N	N/A	N/A			
Office space rent (Year 2 &3)	£995.00	N	N/A	N/A			
Phone line rental	£60	N	N/A	N/A			
Printing/ photocopying	£281.22	Y	£234.35	£46.87	£3.91		
Guest speakers food/ accomodation	£865.28	Y	£721.07	£144.21		£36.05	
Guest speakers equipment	£216.32	Y	£180.27	£36.05		£9.01	
Printed materials	£1,081.60	Y	£901.33	£180.27	£15.02		
Flyer/poster distribution	£648.96	Y	£540.80	£108.16	£9.01		
PR	£865.28	Y	£721.07	£144.21			£72.11
Domain registration	£2.50	N	£2.08	£0.42			
Online Distribution (per release)	£21.63	Y	£18.03	£3.61			
Service provider 35% charge (per track)	£0.28	Y	£0.23	£0.05			
Cargo distribution charge (per vinyl)	£1.62	Y	£1.35	£0.27			

#### G2: Predicted Digital Sales

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011	0	200	367	422	441	547	482	561	487	562	462	462
2012	454	451	550	583	594	698	733	744	548	583	498	498
2013	566	589	596	699	733	744	748	749	550	683	543	543

#### G3: Predicted Physical Sales

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011							250				250	
2012			250		250		290			290		
2013		290		290	290		290	290				290

[illegible]

Appendix 11					
H: Balance Sheet for Band Hatcher - 31st December 2011					
Fixed Assets					
Laptop	£212.76				
<b>Total Fixed Assets</b>		<b>£212.76</b>			
Working Capital					
Cash	£2,328.00				
Vinyl (100 pieces)	£150.00				
<b>Total Current Assets</b>		<b>£2,478.00</b>			
<b>TOTAL ASSETS</b>				<b>£2,690.76</b>	
Current Liabilities					
Poster Distribution (December)	£50				
<b>Total Current Liabilities</b>		<b>£50.00</b>			
Financed By					
Shared Capital	£1,000.00				
Retained Profit	£1,640.76				
<b>Total Financing</b>		<b>£2,640.76</b>			
<b>TOTAL CURRENT LIABILITIES + TOTAL FINANCING</b>				<b>£2,690.76</b>	





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Appendix 11:				
I: Red Fern Promotions gigs per month				
	Tickets sold	Gross Profit	Costs	Net Profit
Jan	100	400	100	300
Feb	125	500	150	350
Mar	150	600	200	400
Apr	175	700	250	450
May	200	800	300	500
Jun	200	800	300	500