

Creative Business Model Toolkit



a creative momentum project

CONNECTING CREATIVITY ACROSS
EUROPE'S NORTHERN EDGE
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Northern Periphery and Arctic Programme
2014-2020



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Lapland University of Applied Sciences



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Principal Investigator: Dr. Patrick Collins
Post Doctoral Researcher: Dr. Aisling Murtagh
Research Assistant: Micheál Murphy
Advisor: Professor James Cunningham

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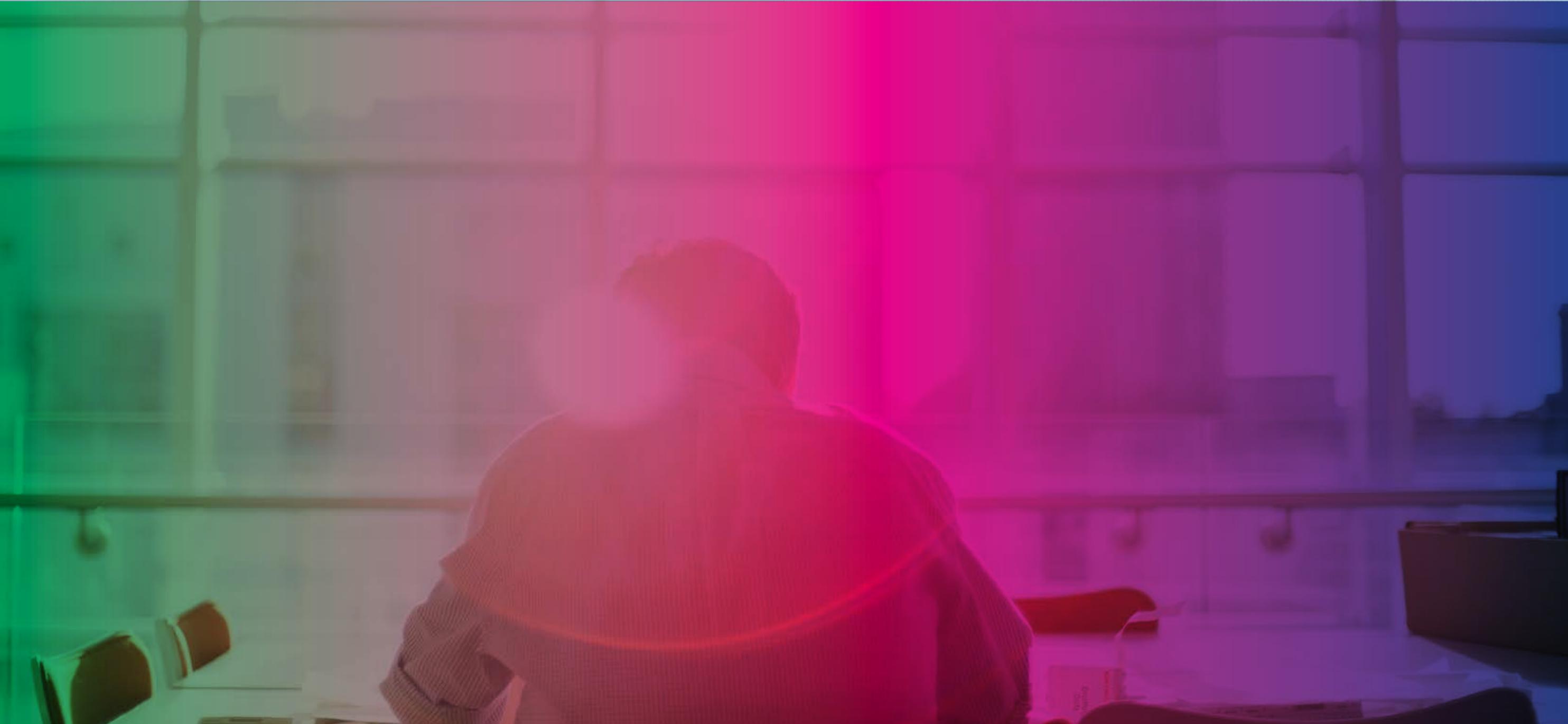
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ABOUT A CREATIVE MOMENTUM PROJECT

A three year (2015-2018), transnational project co-funded by the EU Interreg Northern Periphery and Arctic Programme, a creative momentum project focused on the development of the creative industries sector in regions across Europe's Northern Edge. This toolkit emerged from the 'Creative Skills, Innovation and Business Development' aspect of a creative momentum project. For information more visit: <https://mycreativeedge.eu/>

Disclaimer: This toolkit is prepared on behalf of a creative momentum project partnership. Every effort has been made to ensure the information contained in this report is correct. We cannot assume responsibility or have liability to third parties arising out of or in connection with this information being inaccurate, incomplete or misleading.

1. Introduction



1.1.

Toolkit aims & structure

This toolkit aims to develop understanding of the multi-faceted business model concept and its relevance to creative business. Business models can be defined differently. They are often aligned with how a business generates revenue or its organisational structure.¹ While these are central aspects, a business model is more than this. They can be better explained as how the different elements of a business fit together into a whole, or the story of how businesses work.² This toolkit provides information resources and tools for creative entrepreneurs to better understand how to develop and refine their business model to build a business that is more sustainable and competitive.

Business models should be tailor-made to specific business contexts, organisational and personal goals, therefore this toolkit will not provide definite answers. But it will provide a framework to help shape, refine or develop your business model. It aims to provide information to help creative entrepreneurs:

- Understand the separate elements central to business models, their place and role in creative businesses
- Think strategically about how all the elements of a business model fit together and assess if all parts are receiving enough attention
- Develop knowledge of business model features you may explore at future stages of development
- Understand when a creative business model should be revisited as your business grows and changes
- Explore how business models operate in creative industry sub-sectors to provide ideas for business model innovation in your own sub-sector

The toolkit is informed by interviews with creative entrepreneurs in *a creative momentum project* regions (West of Ireland, South East Northern Ireland, Mid Sweden, North East Iceland and Northern Finland). We also reviewed existing research and wider evidence on business models in creative industries.

1 Porter, 2001; Dümcke, 2015

2 Magretta, 2002

1.2

How to use this toolkit

This toolkit is targeted towards emerging creative talent thinking of setting up a business, as well as early stage creative entrepreneurs. However, more established creative entrepreneurs without a background in business or management should also find the information it contains useful.

THE TOOLKIT IS DIVIDED INTO TWO MAIN SECTIONS:

UNDERSTANDING:

Understanding business models explores what a business model is. We explore why it is important that creative businesses effectively develop the business model rationale that underpins their business. This section is not just about information, but also draws on real world examples of creative businesses to illustrate issues, as well as point you towards further resources.

SHAPING:

Shaping your business model includes a number of worksheets that focus on particular themes and tasks. We have developed glossaries focused on de-mystifying the vast array of terms used to describe revenue streams. This part also provides a framework to analyse your own business model.

If you are unfamiliar with business models, see Figure 2 on page 9 for how we recommend approaching this toolkit:



Throughout the toolkit we also highlight tools that can help you further explore particular issues that are beyond the scope of the toolkit, such as branding, exporting and crowdfunding.

FIGURE 1:

Toolkit Structure

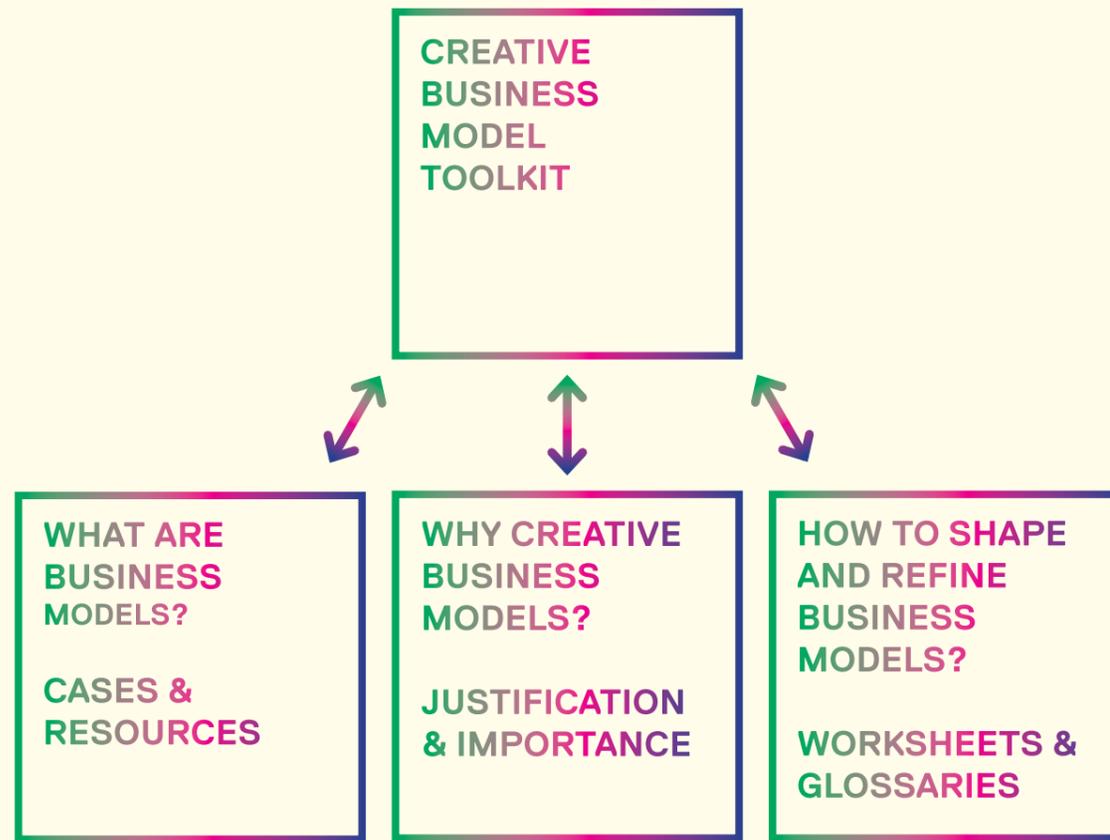
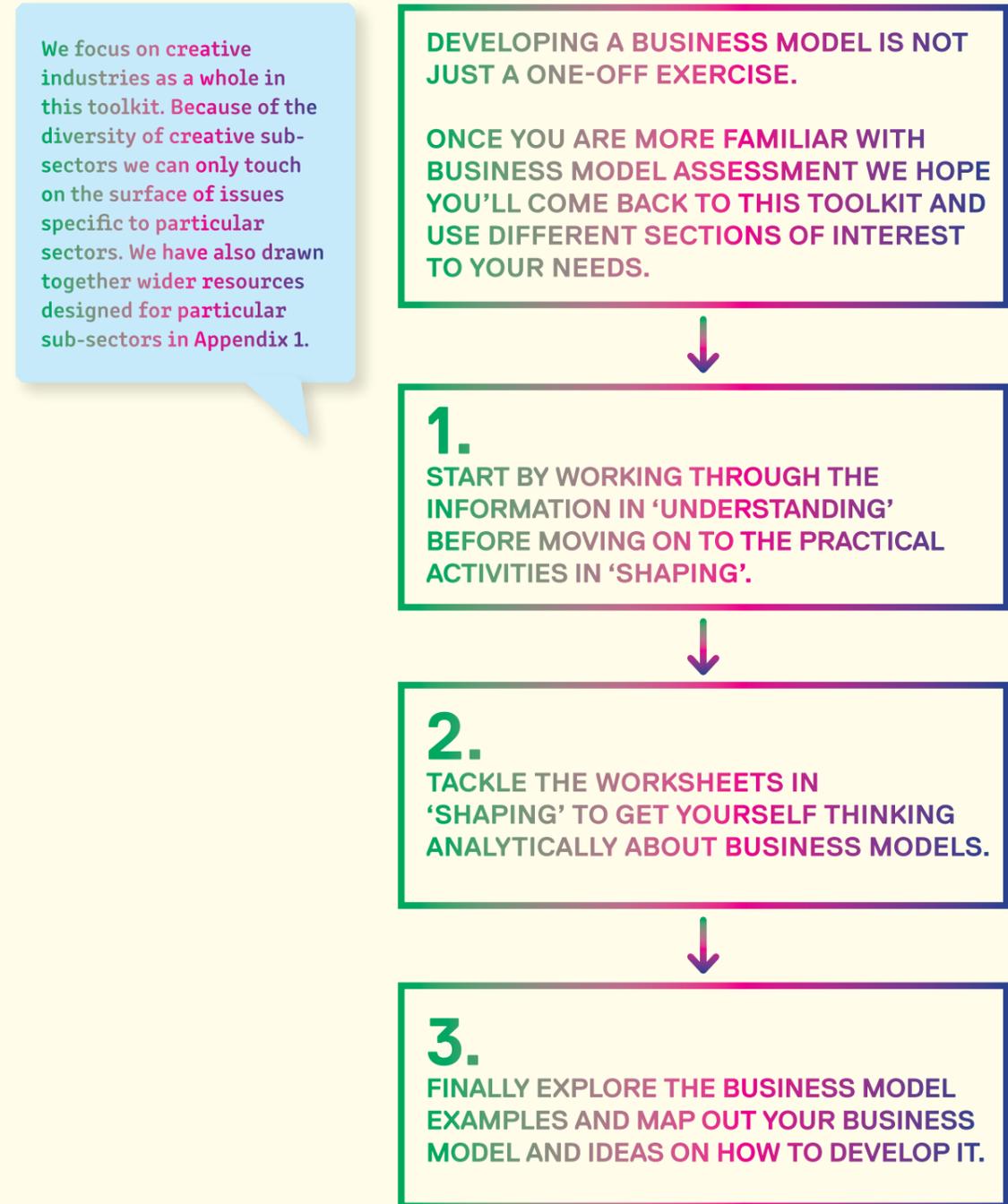
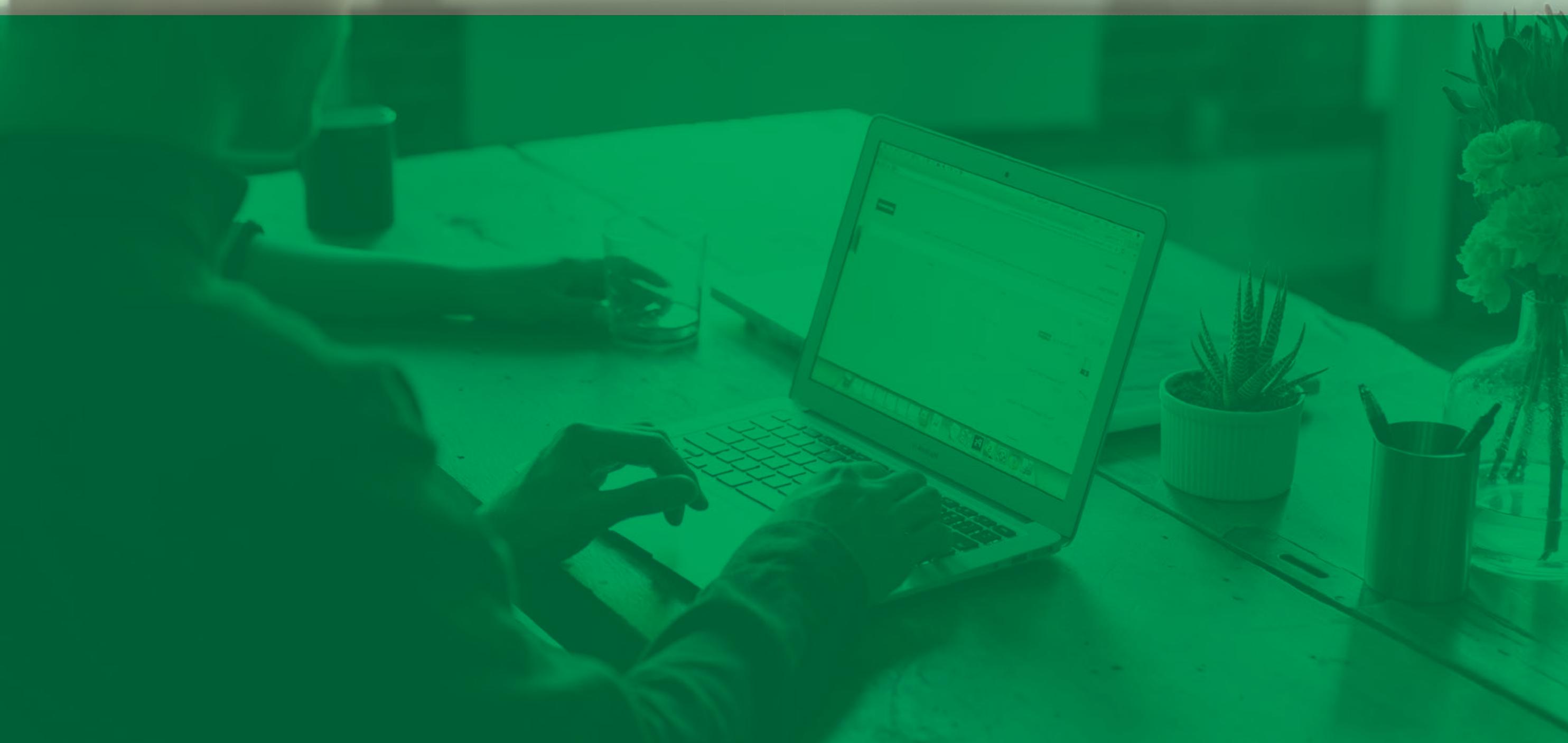


FIGURE 2:

Toolkit User Guide



UNDERSTANDING:



2. Why creative enterprises should think about their business model

CAPTURE GREATER POTENTIAL WITHIN CREATIVE INDUSTRIES

Knowledge, skills and creativity are central to the competitive advantage of creative businesses, but an appropriate business model can also add to this³. Business models are important to enterprise success and future sustainability. Better designed business models in creative industries should drive improved sustainability, innovation and performance⁴.

MOVE AWAY FROM A RELIANCE ON SINGLE TO MULTIPLE REVENUE STREAMS

We still have a lot more to learn about creative business models. But one consistent theme and emerging message is the need to move beyond over reliance on once-off project-based work. This type of work is a vitally important revenue stream for creative business, but a move towards business models that draw on multiple types of revenue streams may improve resilience and sustainability. It has been argued that reliance on project based work is not facilitative to innovation⁵. It is often delivered under pressure and unforeseen workload may arise. Nevertheless, project based work can be the right focus for early-stage companies. Creative sector start-ups can begin as project based businesses⁶.

HARNESS EMERGING OPPORTUNITIES AND RESPOND TO THE CHALLENGES OF DIGITAL TRANSFORMATION

Digital technological change has created the need to re-assess business models in creative and non-creative contexts. In an era of digital transformation creative enterprises should assess business models for a variety of reasons to ensure companies harness new opportunities, but also to be aware of, and deal with, new challenges digital change may bring. New opportunities include providing access to new revenue streams, such as online sales or adding a new feature to products. Digital technology also provides a range of low cost marketing opportunities, as well as new ways to engage with existing customers, such as through video or blogs.

HELP DEAL WITH A CREATIVE BUSINESS DILEMMA: CREATING AND CAPTURING VALUE

Creative enterprises may focus less on their business, and how it operates, in comparison to attention towards their creative practice. Characteristics of the creative industries contributing to this dilemma include a focus on producing 'art for art's sake' which does not align with conventional business wisdom of targeting lucrative markets. The popularity of creative content with consumers is also to a certain extent unpredictable. That said, it is also argued that creativity and business efficiency can have a reciprocal positive influence on each other⁷. Combining creativity and business can be challenging, but focusing on business models can help creative enterprises balance their artistic or cultural goals with economic sustainability. Thinking about customer segments and market need is central to business models which helps to directly link value creation and value capture.

7 Wariner and Runfola, 2014

3 Economist Intelligence Unit, 2010; Van Andel et al., 2012

4 Sapsed et al. 2013; Sapsed et al. 2015

5 ibid

6 Dümcke, 2015

NO ONE SIZE FITS ALL

All businesses have business models; they just might not have been consciously developed. A good business model is not necessarily one that is carefully sculpted. Business models that evolve organically can be effective. Evidence suggests businesses will benefit from analysing and strategically shaping their business model. For example research has found higher growth companies were more likely to have made adaptations to their business model⁸. While some creative businesses share more similarities than others, no single business model can be effectively applied across the creative sector. It is composed of a diverse range of sub-sectors, with businesses of different sizes, operating in different market structures⁹. Business models in creative industries must be tailor-made to suit individual business goals, stage of development and market contexts¹⁰.

8 Sapsed et al. 2013; Sapsed et al. 2015

9 Dümcke, 2015

10 Fuller et al., 2010

CREATIVE INDUSTRIES NEED TO BUILD CRITICAL MASS AND DIFFERENTIATE THEMSELVES WHERE POWERFUL INTERMEDIARIES DOMINATE

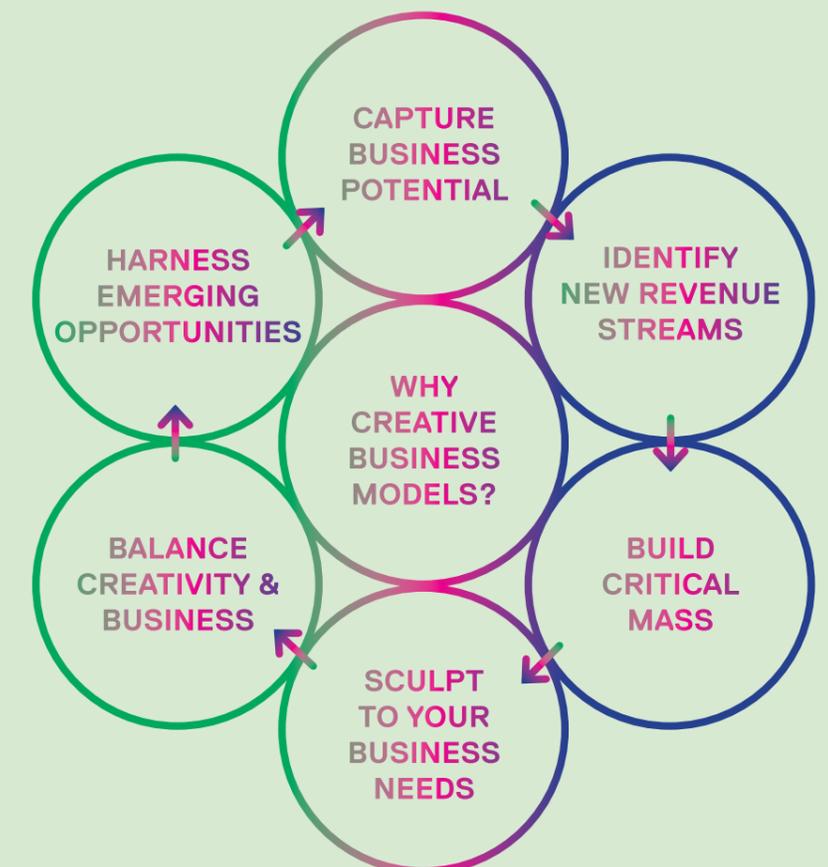
New business models are important so content creators can capture a greater proportion of revenue generated from their work. Business models focused on co-operation should help to increase scale and bargaining power¹¹. Owners of infrastructure can retain an unfair portion of revenues generated. Traditionally these could be record labels or production studios. Digital technology has created change, but overall this has not resulted in a reduction in power and number of intermediaries, the middlemen have just changed¹². To overcome this, it has been argued creative industries should focus on creating experiences around creative products and services. This means creators are packaging their products strategically and taking control over how they are perceived. This should help to individualise content and regain some control from these new large and dominant digital intermediaries¹³.

11 De Voldere et al., 2017

12 Searle, 2011

13 Bilton, 2017

Figure 3: Why creative business models?



3. Business models and their component parts

The term ‘business model’ is familiar to many, but when defined precisely, and applied carefully, the term is much more than a catchphrase. A more structured definition of a business model is useful to help break the concept down to a more workable structure. The handbook ‘Business Model Generation’¹⁴ is particularly useful for its comprehensiveness and practical applicability. In this handbook, business models are characterised around nine ‘building blocks’.

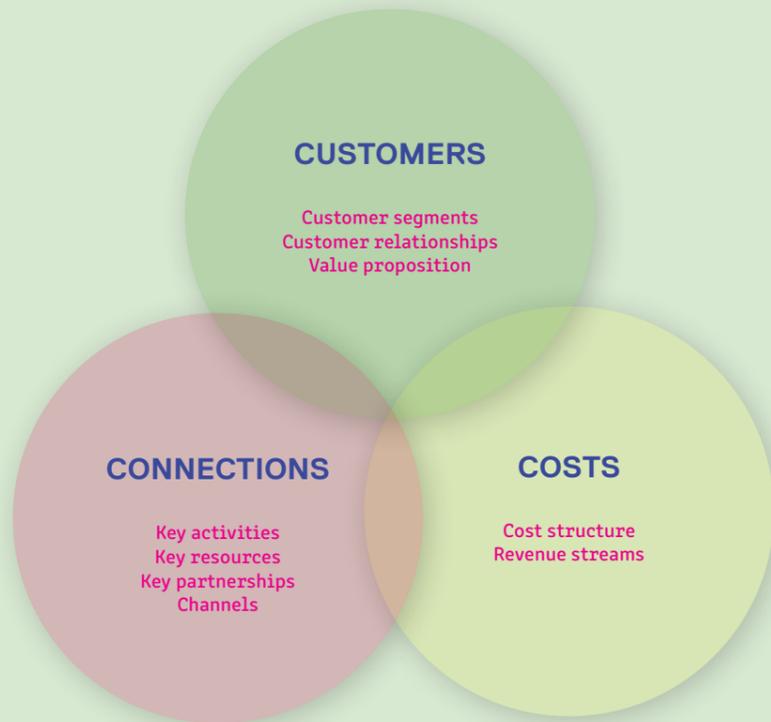
In the ‘Understanding’ section we look at how the Business Model Generation ‘Business Model Canvas’ can be used as a tool for assessing and shaping business models. Next in this section, each ‘building block’ is discussed in turn, but also informed by distinctive characteristics and issues relevant to creative sector businesses.

Also, when developing a creative business model we should not see each building block as separate. This section is structured around three themes we’ve categorised building blocks under (see Figure 4). Effectively generating revenue in a creative business is often not straightforward and can be based on a number of interlinked activities, such as:

- Having a distinct value proposition
- Working on building relationships with customers
- Having a number of channels through which you reach consumers

14 Osterwalder and Pigneur, 2009

Figure 4: Business Model Building Block Themes



TOOLS: ACCESSING EXPORT MARKETS

National and regional enterprise development agencies provide a vital first port of call for businesses moving into export markets. For example, practical advice on accessing international markets, such as around market research, assessing competition, finding partners and tax issues can be found in the Enterprise Ireland and Invest Northern Ireland Export Start Guide. Both provide a range of direct supports to businesses aiming to export. Building international networks are also an important part of success in export markets. Organisations such as the European Creative Business Network and platforms such as MyCreativeEdge.eu, Creative Tracks and Made-In can help to build an international profile and connections. See Appendix 1 for websites.

3.1 Customers

3.1.1 Customer segments

A business should aim to reach particular customer segments and meet the needs of these customers. This is who the business aims to create value for and capture value from. There are many types of customer segments and a business may focus on one or more segments, such as:

- Mass market: Large consumer group with similar needs
- Niche market: Segment with specific needs
- Segmented: Similar to niche market in that this segment has specific needs but with slight differences¹⁵

For creative businesses, identifying customer segments might not be so straightforward. Rather than commercial, market appeal, creative businesses can be driven by creative goals determined by the aesthetic choices of the creator. However for a successful creative business, customer segments still need consideration. Creative ambition and consumer demand must be considered in tandem for a sustainable creative business. This is an individual decision and creatives will approach this differently (for example, see Case 1: Adele Pound).

The important step of assessing market competition can be overlooked when developing a business model¹⁶. This helps to structure a business model so you can differentiate yourself from competitors in a crowded marketplace (for example, see Case 2, Lottie Dolls). How you differentiate yourself is also linked to your value proposition. International markets are important to creative industries, particularly for peripheral creative sectors where local markets are small. Start-up, small and micro businesses may lack the networks and capacity to internationalise. Knowledge and support from those with prior export experience and expertise is an important resource to help overcome barriers to internationalisation (see Tools: Accessing Export Markets).

3.1.2 Customer relationships

It is important for businesses to decide what type of relationship they will have with their customer. Different types of customer relationship include: self-service (no direct relationship), personal service (individually dedicated or broader customer service), online communities (user forums), or co-creation (consumers involved in production process to varying degrees). This can be determined by what type of service the customer expects, its cost and how it fits with the enterprise’s wider business model¹⁷. Customer relationships may change depending on the stage of business development, such as early phases where a business starts to connect with its consumer or to launch a new product. In the creative industries context, it is argued the experiences and relationships surrounding a product, are becoming increasingly important. A creative sector business model may prioritise context (where and how) over content (what is consumed). This approach might involve consumers in the production process through co-creation. Alternatively the product may remain central, but focus is also on creating experiences surrounding it¹⁸. This might be through focusing on values and benefits associated with the product (see Case 3 and 4).

3.1.3 Value propositions

The specific products or services offered by a business that meet target customer needs encompass its value proposition. A value proposition can have objective (e.g. lower price or functionality) and/or a subjective (e.g. design or brand) value¹⁹.

Creative businesses operate in a crowded market and a distinct value proposition can be a good way to more effectively reach consumers. Creative enterprises could have greater success if they differentiate themselves strongly from competitors, in particular in consumer markets where a few large dominant players dominate²⁰. Based in the west of Ireland, Lottie Dolls does this effectively (see Case 2).

A value proposition must also reach consumers, meaning it is closely tied with the channels used to reach target markets. Maintaining a value proposition in consumer minds is an ongoing process, particularly if it has subjective value. It is argued there is no longer a simple two-way exchange of value between business and customer, but a network of value exchange²¹. In the creative industries this is true as consumers can for example sometimes be co-creators of products (as we saw in section 3.1.2 on customer relationships).

15 ibid

16 Porter, 2001; Magretta, 2002

17 Osterwalder and Pigneur, 2009

18 Bilton, 2017

19 Osterwalder and Pigneur, 2009

20 Van Andel et al., 2012

21 Fuller et al., 2010

CASE 1:

Combining Visual Art and Craft Practice - Adele Pound

Instinctively drawn to wildlife art, Adele is based on the Ards peninsula, about ten miles from Belfast. She is a keen birdwatcher and has been involved with a number of local groups through the years. Adele's work has been extensively exhibited, such as in Ireland and the UK. She has also taken up a number of residencies as part of her art practice. She proactively seeks out information on supports for artists and calls for exhibitions.

Craft is also a part of Adele's repertoire. She is a member of the [Craft and Design Collective](#) and sells her products through its retail arm 'Space Craft'. One of her key products are handmade, bird-shaped cards. This product draws on her core artistic inspiration, but to create a product that is more widely accessible to a diverse range of customer segments.

CASE 2:

Product Development - Lottie Dolls

Based in county Donegal in the west of Ireland, Lottie Dolls is producer of a series of child-like dolls. The enterprise founders identified a gap in the market for a more wholesome alternative to dolls currently on the market. Before launching its products, thorough market research with a diverse range of groups, such as parents and child psychologists, was carried out. The result was around 100 actionable points the enterprise could build into its products.

The most fundamental way Lottie Dolls are different to others is that the doll's dimensions are modelled on a nine year old child. Important issues, such as body image and gender stereotyping, as well as educational topics, such as increasing female interest in STEM (science, technology, engineering and maths) subjects, are incorporated as part of different dolls in the series. The business also partners with organisations around different areas, such as the European Space Agency developing content to support its '[Stargazer](#)' doll and female interest in astronomy. Other organisations and issues it has worked with include leadership and the US based group Girls' Leadership, palaeontology/archaeology and UK based TrowelBlazers, as well as self-defence and Action Breaks Silence, a charity also based in the UK.

Lottie Dolls combines online and retail distribution of its products. It is also developing cross-overs with other creative industry sectors. In 2016, it signed a three year publishing contract with Penguin to produce a number of Lottie Doll books¹.

¹ The Journal, 2016

3.2 Connections

3.2.1 Key activities

The core work of a business, and the actions needed to successfully complete it, are its key activities. These might include production (design, manufacture and delivery of products) or problem solving (new solutions, knowledge management)²². Three main types of activity have been identified as part of creative business models:

- [Developing content/products](#)
- [Delivering a service](#)
- [Delivering an experience](#)²³.

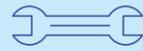
These activities can cross over and might be better understood as building blocks. Businesses may have one dominant block. For example, a musician may produce both content and live-based products. An artist or craftsperson could be described similarly, producing physical goods as well as providing workshops to consumers²⁴. Creative businesses focusing on more than one of these activities could capture more value from their key activities by developing products or services that are linked to key activities, but are less central to the core of the business or its values. New activities can catalyse from key activities. For example, Ilahu expanded its portfolio by developing a service based around its core product (see Case 3). Product or service offering could be expanded or adapted to tap into particular sectors or markets, such as education and tourism (see Case 5 and Case 6).

3.2.2 Key resources

Businesses often need a range of resources to bring their products to market. Depending on the business model different resources are relied on. Resources are categorised as physical (e.g. buildings, machines), intellectual (e.g. brands, patents, databases), financial (cash, credit lines) and human (skilled employees)²⁵. Key partners can also facilitate gaining resources. Sub-contracting work to partners where they are more skilled can provide access to human resources. Physical resources may be accessed from partners, such as rental or borrowing of equipment. Sharing resources appears particularly important in peripheral creative industries as enterprises tend to be small, have specific expertise and limited budgets for investment in resources. Also in the creative industries, human resources are particularly crucial. Overall, however creative enterprises rely on a diverse range of inter-reliant resources, adding to the complexity and challenges of effectively managing resources in a creative business. Resources can be intangible, such as cooperative networks within a creative community where trust is built through time. Networks are also important to link people with complimentary creative skillsets to generate for example new content or problem solving ideas. The production of new forms, such as content or designs, often involves the development of ideas with other people as a collaborative creative process.

Resources can also be linked to business values and the notion of the 'circular economy'. This promotes maximising resource use efficiency by keeping resources in circulation for as long as possible (see Tools: Resource Efficiency).

TOOLS: RESOURCE EFFICIENCY



For 'circular economy' information see resources from the [Ellen MacArthur Foundation](#) or good practices from the [European Circular Economy Stakeholder Platform](#). The REBus project has put together online tools to develop '[Resource Efficient Business Models](#)'. See Appendix 1 for websites.

22 ibid

23 Nielsén, 2008

24 Van Andel et al., 2012

25 Osterwalder and Pigneur, 2009

3.2.3 Key partnerships

Within any business network there are key partnerships that are core to the business. Partnerships often have specific motivations behind them. They can be linked with acquiring key resources through specific suppliers. Other types of partnerships may be focused on for example reducing competition by forming an alliance with a competitor, increasing efficiency by sub-contacting work or reducing costs by sharing resources²⁶.

Partnerships are important to creative sector businesses. For example, in the architecture sector, research shows that partnerships enable businesses to increase the range of services they provide and to become involved in new activities, such as larger, more complex and international projects²⁷. In relation to the music sector, and traditional business model disruption because of digital technology, research has found inter-industry partnerships have been a key part of how the industry has adapted²⁸.

Across sectors, partnerships are thought to be particularly important for creative enterprises of certain structure and size. For freelancers and micro business, building strong networks can be important with collaborative partnerships facilitating projects and the co-production of content²⁹. More broadly, cooperative methods of working and relationships between creative enterprises are growing increasingly important in the creative sector³⁰. Creative enterprises can be simultaneously both competitors and co-operators and it is important for businesses not to see each other as one or the other³¹. Competition and cooperation might seem contradictory, but taking them hand in hand appears to benefit the creative sector (see Case 7). The idea of 'co-opetition' can be a useful part of the outlook of creative businesses. This sees competitors collaborate with the aim that there are shared benefits in the process³².

3.2.4 Channels

Businesses reach and communicate with their customers through channels. Finding the right mix of channels is central to connecting with consumers. Distribution and sales channels are key to reaching customers, while branding is an important communication channel³³.

Building a brand and reputation can increase the bargaining power of a creative business and value capture potential³⁴. Creative industries can be more focused on creating content rather than capturing financial value from it. But creating quality content can also contribute to building a reputation within the creative community (see Case 8). This can then contribute to financial rewards such as prizes or success in gaining grants. Value capture from this process is however unpredictable and difficult to measure³⁵.

Using multiple distribution channels appears important across the creative industries. Evidence from our interviews with creative businesses supports this. For example, those producing products often combine e-commerce with traditional retail outlets. This is also managed differently, such as selling through Amazon meaning stock is held at its warehouses and then distributed, or managed in-house through an e-commerce website. Supplying retailers can be carried out through wholesalers or direct by the business itself. Companies dealing in smaller product volumes, or at start-up phase, tended to focus on direct distribution, both online and to retailers.

Using direct to consumer channels allows a business to retain a greater share of revenues generated from sales, rather than indirect channels where intermediaries operate in between producer and consumer³⁶. While direct to consumer channels may in theory be more effective, this is only true if businesses can successfully connect to enough consumers using direct channels. For example, the internet is crowded and individual online retailers are difficult to find. Cooperating with other creative enterprises to gain critical mass in crowded markets can help to overcome this issue. Collectively managed distribution channels may form one distribution outlet as part of an overall mix used to reach consumers (see Case 9).

26 Osterwalder and Pigneur, 2009

27 Bos-de Vos et al., 2014

28 Moyon and Lecocq, 2015

29 Crossick and Kaszynska, 2016

30 Filmy Aarhus et al. 2011; Dümcke 2015

31 Hearn et al., 2007

32 Oxford University Press, 2017

33 Osterwalder and Pigneur, 2009

34 Sapsed et al., 2015

35 Fuller et al., 2010

36 Osterwalder and Pigneur, 2009

CASE 3:

Creating Experience Around Products: Ilahu Boards

Based in Rovaniemi in Northern Finland, Ilahu Boards makes hand-finished, snow surfboards focusing on natural materials. The business brings together two complimentary creative skillsets – Jan Leutola a carpenter by trade with experience in fine furniture-making and Maxim Narbrough, a designer with a background in mechanical and ecological design. In addition, sharing an interest in boarding – skate, surf and snow – gave them a strong foundation upon which to build Ilahu. But designer-makers can sell more than just a product, they can also sell an experience, as well as extend this to a service. Ilahu's website features audio-visual content to nurture, inspire and challenge 'powsurfers'. It also focuses on co-creation, exploring and testing new ideas with its customers. Lapland also attracts visitors keen on this outdoor pursuit. For the first time in 2016 Ilahu ran a 'Shape and Surf tour' which combined finishing your own snowboard and then putting it to use in snow-covered Lappish mountains.



CASE 4:

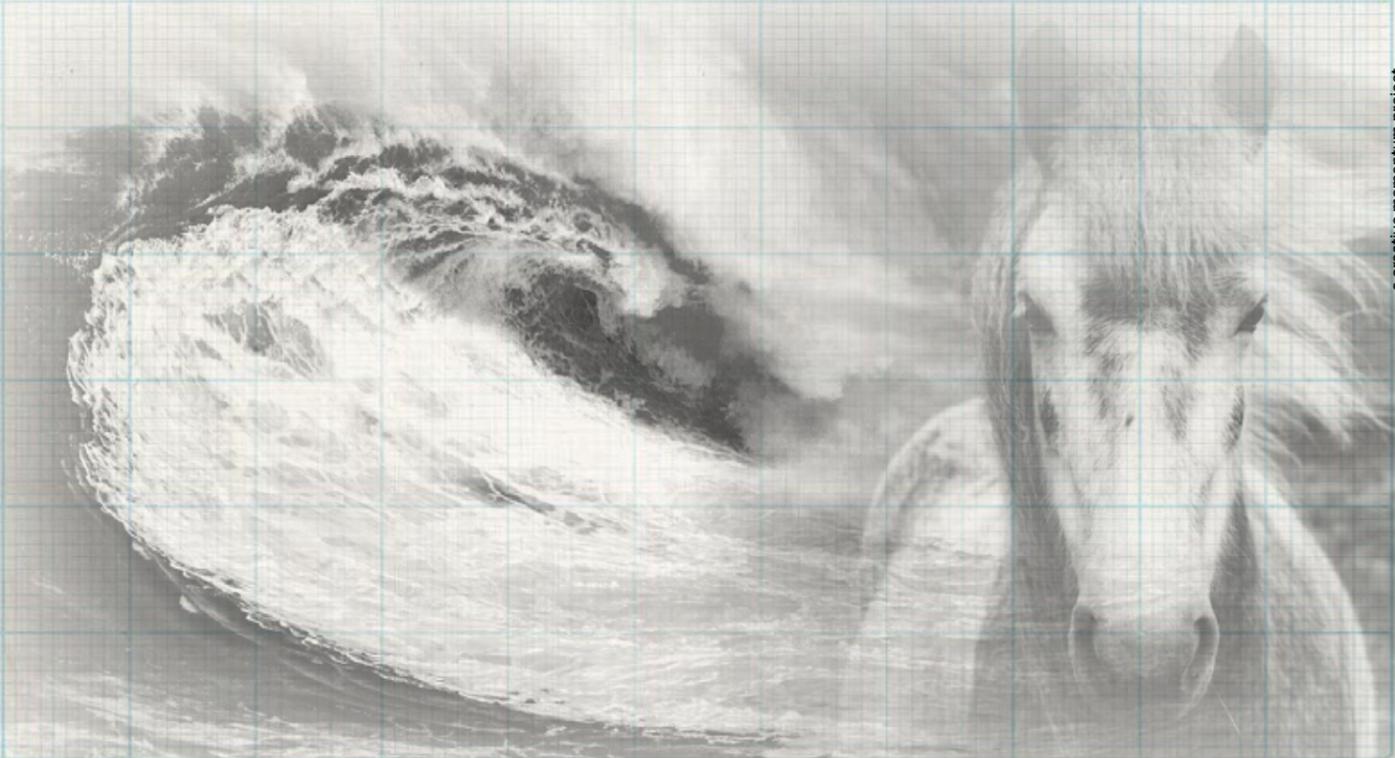
Product Focused: Experience Selling

Creative entrepreneurs can tie their products to their peripheral regional location by creating products with place attachment focusing on particular characteristics and values, such as heritage preservation and nature appreciation. For example:

Based in Sligo, Loved & Upcycled makes bags and wallets from recycled outdoor sports gear, such as wetsuits, but also a range of other items such as kites, sails and tents. Business ethos is driven by the principles of the circular economy, using ecological and upcycled materials. Inspiration is also closely tied to the Atlantic Ocean, its beauty and amenity value, particularly as a surfing destination.

Based in Akureyri in North East Iceland, Hugrún produces a range of textile and decorative products with designs inspired by Icelandic tradition and heritage. One important inspiration is the Icelandic 'Laufabrauð' or Leafbread, a thin artistically carved bread unique to Iceland. The Icelandic horse also features as part of Hugrún's designs and is a popular product range. An interest in Icelandic tradition and history is at the core of the design ethos behind the business.

Also based in North East Iceland, Vorhus Living produces a wide range of original design items and homeware products. Aiming to produce beautiful, environmentally friendly items, designs are inspired by Icelandic nature and wildlife. The business name is also linked to this theme which loosely translates as 'The House of Spring'. Rather than being led by fashion, designs are developed from inspiration emerging from the beauty and dynamics of nature, such as the popular range 'garden party'.



CASE 5:

Activities in the Education Sector

Creative entrepreneurs produce creative products or services. But they also often share their knowledge and skills which becomes another revenue stream for their business. Creative professionals can view this revenue stream differently. Some see it as an important part of their creative practice, while others move away from teaching to concentrate on this. Nevertheless, education is an important sector creative enterprises can develop connections with. This might be in the short or longer term as part of a creative business model. Our research in peripheral creative regions sees this play out in a variety of ways.

Professionals can teach different age groups directly related to their field of training. For example, [Anna Fossane](#), co-founder of [No Gadget Design](#) also teaches Industrial Design at Mid Sweden University. Particular creative professions appear to focus on teaching children and youth, such as music and dance.

Education needs and opportunities for creative professionals can also emerge because of broader social and technological changes. For example the increased need for digital media skills has generated an opportunity for [DNK Media](#) to teach the craft of smartphone video-making. To support refugee integration, [The Nordic Centre](#) runs ceramics workshops where multi-cultural groups express and explore their cultural stories through working with clay.

CASE 6:

Activities in the Tourism Sector

The creative sector can interact with tourism markets in a number of ways. It can promote places through their representation, for example in photography or video, helping to attract tourists. For example in North-East Iceland:

- Photographer [Daniel Starrason](#) has worked with Promote Iceland, the Icelandic marketing agency.
- Filmmaker [Fluga Hugmyndahus](#) has worked with a local whale watching business to develop video marketing materials.

Tourists are a niche market sector that creative entrepreneurs can target with particular product or service ranges. Running workshops targeting tourists is a flexible way to test tourist markets, trialing workshops or experience packages before deciding if they are a feasible, regular option. For example:

- [Ilahu Boards](#) has developed and successfully tested a snow surfboard workshop and activity experience in Lapland around its core product.
- [The Nordic Centre](#) provides campsite facilities during the local Urkult festival and also ran pottery workshops during the festival for a period. Uptake was not sustainable, but linking with other local visitors is now being explored, such as the significant volumes of tourists arriving to the [Nämforsen](#) new Bronze-age rock carvings.

Creative entrepreneurs in sectors such as craft and design can benefit from the tourist visitor as a market for their products or by developing specific product lines targeting tourists. For example:

- Icelandic producer of textile and decorative products [Hugrún](#), while staying loyal to designing products inspired by Icelandic tradition and heritage, has developed particular product ranges targeted at tourists, such as designs inspired by the Puffin and the Icelandic horse.

The tourist market can also be segmented around different demands, such as international compared to domestic weekend tourists. For example:

- [The Made in Medelpad](#) collective stocks products in its retail outlet to tap into seasonal markets, such as the demand from international tourists for souvenirs during summer months, compared to national weekend tourists who are more interested in local design products such as winter knitwear.

CASE 7:

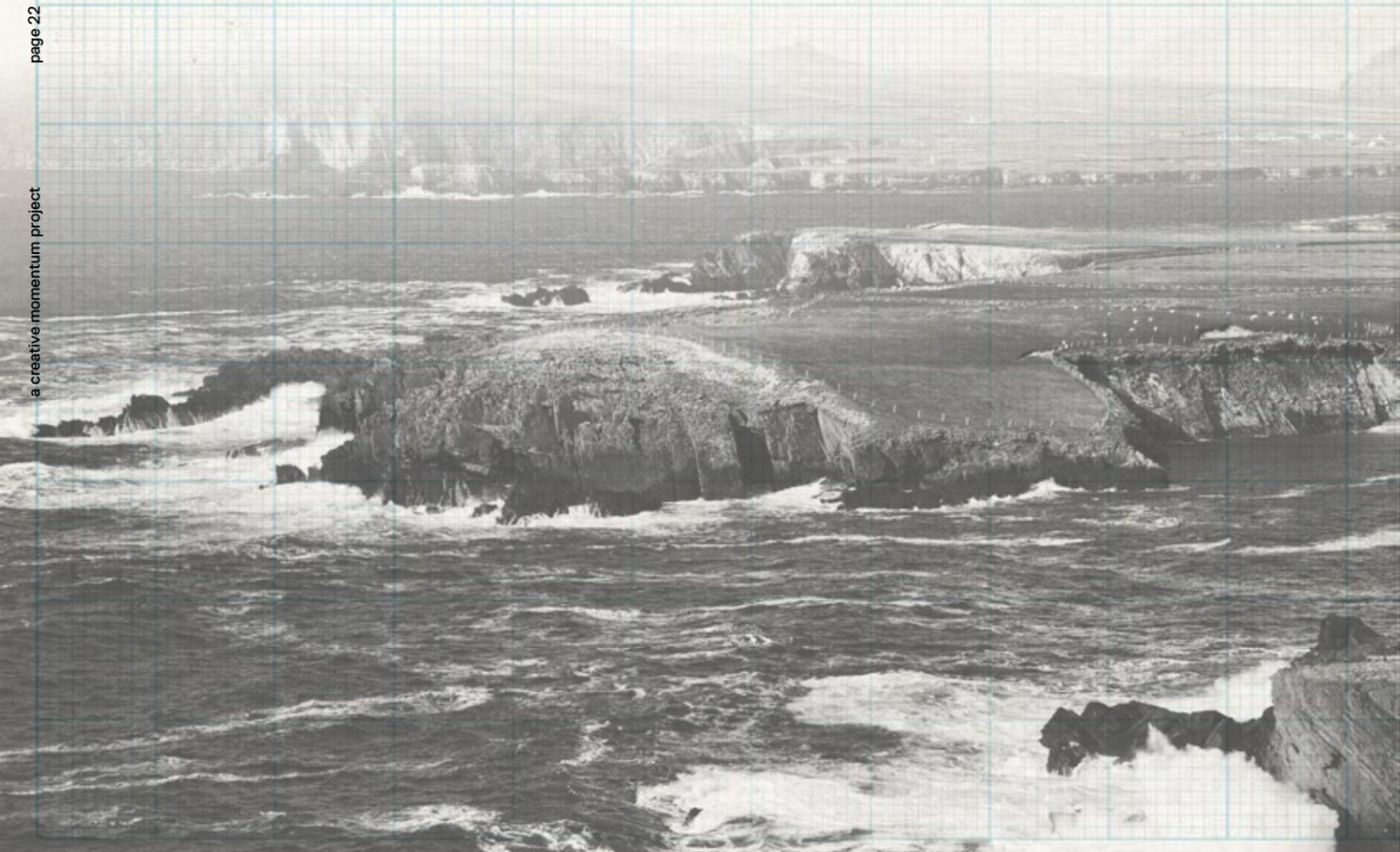
Co-production & Co-competition

Cooperation between creative professionals is important to business development. Companies with complementary skillsets may work together on specific projects. In the peripheral creative sector where the creative community tends to be small and dispersed this appears particularly important. For example:

- Mid Sweden based performing artist Elin Kristoffersson and founder of [Korona Dans](#) has co-produced a performance with local theatre company Theatre Soja.
- Collaborations have been important to bring projects to life for North East Iceland based visual artist [Yst](#), such as 'Súpan' a project with other female artists reflecting on identity.

A cooperative rather than a competitive ethos facilitates knowledge sharing and work on projects that might not be possible alone. Businesses and entrepreneurs may also cooperate more broadly with positive impacts. For example:

- Shared values on particular issues: In Northern Finland a number of enterprises, such as Ilahu are part of the 'Protect Our Winters' or POW climate change campaign group. Flatlight Creative House helped to develop a campaign for POW and one of its staff acts as a POW ambassador.
- Common professional concerns: Entrepreneurs may come together to raise awareness of particular creative industry issues on the political agenda. For example in North East Iceland artists are part of the national campaign 'We Pay Visual Artists' which advocates artists are paid fairly for exhibitions.
- Day to day needs: Social enterprise [Boom Studios](#) provides affordable workspaces and studios to creative professionals. It not only provides a place to work, but also be part of a creative community. Without this facility, most would otherwise work alone, such as in home offices and studios, disconnected from their peers.



CASE 8:

Reputation: A Valuable Asset Built Through Time

Reputation plays an important role across different creative sectors. It helps to build a stable client base. Two businesses in Mid Sweden help to illustrate this. [Tinkit Web Studio](#) focuses on serving client needs well, which also develops a good profile for the business. Word of mouth acts as advertising as existing clients make recommendations to potential clients. Providing a good service also translates to return clients helping build a stable client base for the business. Ceramic artist Helen Blästa runs [The Nordic Centre & Nämforsen Keramik](#). A number of revenue streams, such as educational workshops targeting different groups, are important but annual commissions from local groups are important return clients.

Over time, the achievements of creative professionals and organisations build up to form a strong reputation. This helps increase confidence in the organisation from potential/existing clients, funders and collaboration partners. For example, the South East Northern Ireland based arts organisations Sticky Fingers provides strong evidence of this. Sticky Fingers emerged from a children's art project in the 1990s aiming to support children impacted by the conflict associated with the Northern Ireland Troubles. Sticky Fingers became one of the first children's art programmes in Northern Ireland in 2002. In its early years it focused on pre-school children, which was a new focus for arts in Northern Ireland. It now has a diverse range of activities, such as running its arts centre and café, as well as education programmes and theatre performances. One project it is well known for is the Giant's Lair at Slieve Gullion Forest Park. Inspired by local legends and folklore, this children's art trail and living storybook is a popular cultural attraction that has sparked international interest. The success of the Giant's Lair has led to Sticky Fingers working on other similar projects and sharing its experience internationally. It plans to develop an international touring exhibition based on the Giant's Lair and has already published an accompanying book of fairy tales.

CASE 9:

A Creative Collective: Made in Medelpad

A collective of craft and design entrepreneurs, Made in Medelpad operates a retail outlet and exhibition space in Sundsvall, Mid Sweden. Medelpad is a region in the southern area of Västernorrland county. Originally started as a Christmas pop-up shop, the success of this short-term initiative led to it becoming more permanent. While not planned, starting this way allowed members to explore how being part of a retail collective suited their business.

Made in Medelpad doesn't employ staff, it is run by members on a voluntary basis. The number of members fluctuates but ideally is around eight people. The collective has found this is the ideal size to manage the organisation. Each member gives their time to staff the retail outlet, but also takes on other specific roles that suit their interests and expertise, such as merchandising and marketing.

The retail outlet stocks products from non-members, but only goods made in the Medelpad region are sold. Commission earned on non-member products sold is important to generate income for the collective to cover general retail overheads, such as rent and insurance. Any extra income earned by the collective above this is re-invested in the development of the Made in Medelpad collective. An exhibition space that hosts temporary exhibitions from local craft and design makers is also part of the Made in Medelpad retail space. Members often have other distribution channels outside Made in Medelpad, such as their own e-commerce sites, local markets and other collective initiatives such as [Art Local](#).

CASE 10:

A Local Music Intermediary: Tremolo Songs

West of Ireland based independent music publisher Tremolo Songs identified room in the Irish music industry for a locally rooted, smaller scale publishing business. Tremolo Songs was established in 2015 and adds an online music publishing platform to existing music supervision and licensing provided by Planet of Sound. Tremolo aims to link its catalogue of artists into the global music market. It works on behalf of their roster of artists/songwriters to find innovative opportunities and promote their songs to music supervisors worldwide. One focus is on placement in a range of traditional and digital content such as film, TV, games and ads, as well as negotiate agreements and license fees. Beyond synchronisation opportunities, it also explores possibilities around bespoke projects and collaborations.

CASE 11:

Crowdfunding in Context

Crowdfunding can be an effective way to raise finance for creative projects. It also has broader advantages, but some considerations to keep in mind too when assessing its role and relevance.

Campaigns can provide an opportunity to connect with audiences for creative content before it is produced. For example, Icelandic musician [Lára Sóley Jóhannsdóttir](#) successfully raised funds through the [Karolina Fund](#) crowdfunding platform to help support the development of an album with Hjalti Jónsson. This provided funds to support production of the album and once complete those who made pledges received copies. Raising funds through crowdfunding provided Lára Sóley the opportunity to connect with fans around current work in progress and upcoming releases.

Finnish digital media companies [Mutant Koala](#) and [Flatlight Creative House](#) have used crowdfunding to help fund film projects. Mutant Koala notes the importance of having back-up funding sources should a campaign not be successful. Outcomes of crowdfunding campaigns can be unpredictable and funds raised can be small, or less than expected. For example Lára Sóley raised €3,000 through the Karolina Fund. Flatlight Creative House aimed to raise €50,000, but reached €30,000 which was adequate for its film project. One significant pledge was key in making this campaign successful.

Depending on the project, crowdfunding may just make up part of a funding mix. Successfully raising funds also requires a time commitment to promote a project. It may not be an ideal option for creative enterprises still establishing a presence for themselves. Those with an established fan base, strong online profile or wider reputation can tap into this. In relation to its crowdfunding campaign, Flatlight Creative House note that while it raised less than aimed, they could tap into existing digital media content releasing short videos to gain traction for their campaign. While requiring significant effort, campaigns can help to promote content before its full release to market.



Intermediaries between producer and consumer in the creative industries include for example: book publishers, record labels, television broadcasters and film studios. New intermediaries have also become important such as those providing online platforms for content such as Apple and Amazon. Intermediaries controlled and run collectively by creative entrepreneurs provide an important space where creatives have a role in more parts of the supply chain (e.g. manufacturing, retail, distribution), useful to help build critical mass and achieve fairer revenue distribution (see Case 9). New intermediaries focused around particular sectors and services are emerging. For example the International Music and Media Centre, through customised services and activities, promotes performing arts through audio-visual media. Its international business network connects performing arts and audio-visual creative sectors. Locally based, smaller scale intermediaries can help to connect local creatives to markets they may have difficulty accessing or have not identified themselves (see Case 10).

Digital technologies have caused more fundamental change in some creative sub-sectors (e.g. games, TV and music sectors) meaning companies must respond to changes in their industry to stay effective. While some challenges and opportunities can be sector specific, changes in digital technology have potential implications across creative sub-sectors.

For example:

- Digital technology has created new digital sales channels and changes to production processes. Customer relationships can be enhanced by facilitating new ways of reaching pre-existing customers and offering limited editions or a personalised, bespoke service³⁷.
- Digital technology can provide a channel for co-creation. For example game developers with a strong online community can distribute initial designs to gamers to test and provide feedback on.
- There is also potential in some areas to extend product range through developing digital applications. Here we might consider applications in music, TV and film, such as streaming and downloads. But innovations and opportunities are emerging in a number of sectors, such as fashion and craft. For example, *Unmade*, is a fashion technology business providing software and tools for the fashion industry to move to an on demand supply chain model. Products are not manufactured until sold, meaning customers can adapt products to suit their needs (within a defined set of modifications set by fashion brands).
- Digital technology offers potential new avenues for the craft sector such as affording customers the opportunity to design or customise their own products, or to combine traditional craft skills with new technologies, such as laser cutting and 3D printing³⁸.

Also important in creative industries are information intermediaries, such as advertising, independent awards and the media (such as bloggers, radio DJs and journalists)³⁹. Rather than being involved in the transfer of physical goods or services, these intermediaries are important to circulate information. This facilitates the generation of symbolic and cultural value, important to generating economic value within the creative sector.

3.3 Costs

3.3.1 Cost structure

Every business has costs involved in its operation. Cost structure is linked to other parts of a business model, most notably key resources, activities and partnerships. Two broad areas of cost structure can be distinguished. The first where businesses are fundamentally cost driven aiming to minimise costs. The second is where a business is value driven; lowest costs do not drive decisions but focus is on creating a product or service with specific qualities. Companies may combine aspects of being both cost and value driven⁴⁰.

Research has found that creative businesses can be more focused on creating value and client relationships rather than cost structure and income/profit⁴¹. For example, artists and cultural organisations can create value that is not easily recognised in economic terms, and can be reluctant to focus on capturing value as it may conflict with their creative practice⁴². Effectively managed, these elements do not have to conflict but can complement each other. Focusing on the different business model building blocks, in particular value proposition, can help to bring competing demands into balance.

37 Li, 2015

38 Bunnell and Marshall 2012; Brown, 2014

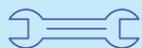
39 Dümcke, 2015; Khaire, 2017

40 Osterwalder and Pigneur, 2009

41 Dümcke, 2015

42 Fuller et al., 2010

TOOLS: BRANDING



Information on branding in creative industries can be found online from organisations such as [Creative Skillset in the UK](#) (see [Brand Storytelling and Personal Branding](#)) and the [Cultural Enterprise Office in Scotland](#) (see [Brand](#) and [Branding](#)). For craft and design businesses, some online resources from [The Design Council](#) and [The Design Trust](#) could help you learn more about building an effective brand. For more detailed information, published in 2017, Chris Bilton's book 'The Disappearing Product: Markets and Marketing in the Creative Industries' focuses specifically on branding and marketing in part 2. Local organisations supporting enterprise development could also be useful to advise on branding, or link businesses to available supports or courses. See Appendix 1 for websites.

3.3.2 Revenue streams

Depending on the creative sub-sector, revenue streams can differ greatly. A business can rely on one vital or many smaller revenue streams. Multiple revenue streams are often utilised in creative businesses⁴³. If possible, it appears good practice to diversity income streams. For example, the need for the arts and wider cultural sector to diversify its revenue streams has been raised, combining public grants with other revenue sources such as ticket sales, fundraising and sponsorship⁴⁴.

A variety of revenue streams are available to creative businesses. Newer revenue streams such as crowdfunding can have relevance to a range of creative industry sectors, however with strengths and limitations (see Case 11: Crowdfunding in context). Using a diverse range of revenue streams in your business does not mean they all have to be used at once. At certain times, when your business has specific goals, certain sources of revenue might be more applicable.

TOOLS: CROWDFUNDING



Find information on crowdfunding platforms in Europe through [Crowdfunding4culture.eu](#) that host campaigns for cultural and creative projects, including case studies and an interactive map. Also see [Nesta's work](#) assessing the challenges, opportunities and potential within crowdfunding. See Appendix 1 for websites.

3.4 Summary



Figure 5: Creative Business Models: Some Distinctive Characteristics

43 Dümcke, 2015

44 ENCTAC, 2014

SHAPING:



4. Business modelling tools

The most effective business models are tailored to business goals making them an individual construct. Our worksheets, glossaries and case studies aim to help you to take the information from this toolkit and use it to refine your business model.

4.1 Worksheets

4.1.1 When to revisit your business model?

We live in a fast changing world, with competitive and dynamic markets. Commentators note that business models should be revisited regularly⁴⁵. But how do we know when it is necessary? Adapting a business model does not have to mean complete reinvention and can be something that occurs in stages⁴⁶. Developing a business model has been likened to writing a new story – often not completely new, but a re-telling of an existing tale⁴⁷. Changing your business model is not without risk and adaptations should be thoroughly considered. Our worksheet lists some questions to help you decipher if your business model needs some attention.

⁴⁵ Magretta, 2002; Economist Intelligence Unit, 2010

⁴⁶ Moyon and Lecocq, 2015

⁴⁷ Magretta, 2002

Worksheet 1:

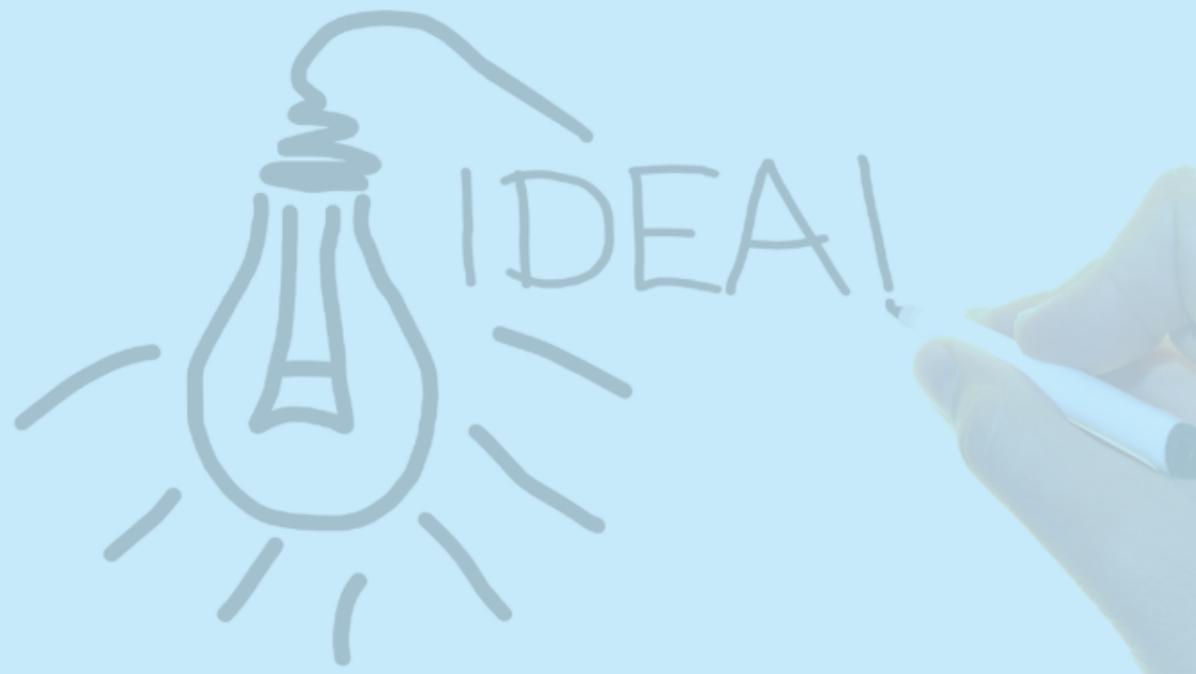
ASK YOURSELF: DO YOU NEED TO RE-ASSESS YOUR BUSINESS MODEL?

QUESTION	RATIONALE/EXAMPLES	YOUR IDEAS?
Have you spent time analysing your business model?	Ask yourself questions around the nine business model building blocks such as: Are you targeting the right consumer segments? Is your value proposition clear, could it be more differentiated? Could you employ additional revenue streams? Use our template (see section 4.3.4) to start to map out the structure of your business model.	
Have you failed to successfully gain grant funding or investment from a financial institution or investor?	Perhaps your business model fails key business model tests. As outlined in the <i>Harvard Business Review</i> an ineffective business model fails: "either the narrative test (the story doesn't make sense) or the numbers test (the P&L doesn't add up)" ⁱ .	
Have major changes occurred in the structure of your creative industry sector or other wider changes (e.g. technological, legislation or political changes) that impact your sector?	Entry of new technologies can disrupt industries and lead companies to explore and apply new knowledge as part of their business model ⁱⁱ .	
Have you recently entered a new phase of your businesses development (e.g. introduced new products or services, invested in additional resources, adopted a new revenue stream)?	A study of games companies shows they continue to adapt business models as they develop. For example, Dynamo Games started out focusing on producing games commissioned by publishers, but moved to also develop its own content and self-publish, which changed the business model. Changes mean it is connected directly with game players, rather than just publishers of games. This impacts its key activities, partners, customer relationships and revenue streams ⁱⁱⁱ .	

i Magretta, 2002
ii Øiestad and Bugge, 2013
iii Searle, 2011

4.1.2 Greater value capture: Expand your activities and develop new revenue streams

Research on business models does not always advocate reinventing them but fulfilling the potential of an existing business model. To stimulate ideas around how an existing business model might be enhanced by fully harnessing its value capture potential, we detail a series of questions to ask yourself. This should help assess if your business holds resources and assets that could be activated to expand your portfolio of activities and exploit further revenue streams.



Worksheet 2:

ASK YOURSELF: CAN YOU MAKE MORE OF YOUR EXISTING BUSINESS MODEL BY CAPTURING MORE VALUE FROM IT?

AREA OF VALUE CAPTURE	EXAMPLES	YOUR IDEAS?
Personalisation: Could you offer personalised products to add value to an existing product or service?	This might include bespoke services with tailored add-ons for customer needs, such as a book publisher offering personalised books featuring children's images as characters, made possible by digital photo upload and printing ⁱ .	
Exclusivity: Could you offer exclusive services to loyal customers?	This practice could give consumers the opportunity to pre-order or access exclusive pre-release previews. Digital technology has facilitated how exclusivity has been applied in the music industry. For example bands offer different packages to fans, some with more exclusive, higher price options such as limited edition signed vinyl albums, photos and books ⁱⁱ .	
Experiences: Can your products or skills also become part of a service?	Handmade snowboard producer Ilahu Boards (see Case 3) has developed a snowboard shaping and snowboarding experience. The Nordic Centre (see Case 5) runs workshops drawing on its founder's skills in ceramics. Other examples could include studio tours and wider skills training.	
Ethos: Can you work in partnership with other organisations or businesses to create positive brand association?	A trend towards sustainable production and consumption is identified in craft markets. For example, in the UK ' Raw Craft ' makers embed sustainability in their practice. Other makers display sustainability in their material sourcing using for example certified Fair Trade materials such as gold. Another trend is a preference for local production. In the UK the Make Works organisation supports connecting local makers and production facilities ⁱⁱⁱ .	
Variety: Are there activities you can develop linked to your core offering/value proposition?	Being successful as part of the digitally disrupted music industry now involves much more than making and selling records, but often other activities such as merchandising, events, sponsorship and partnerships with other companies ^{iv} .	
Diversity: Are there other viable sales channels you could add to your distribution mix?	Youth music charity NYMAZ diversified its distribution channels using digital technology to reach audiences such as through live streamed music lessons, interactive concerts and live performances with backstage access. Miracle Theatre Company has experimented with digital distribution such as live streaming and produced recorded versions of performances ^v .	
Repairs or Upgrades: Can you capture return customers by offering repair or upgrade of products?	Higher price fashion products where repair is more viable than replacement ^{vi} .	
Rental: Do you have equipment or products that could be hired or licensed for use?	Such as baby clothes or occasion wear or record companies licensing music for use in computer games ^{vii} .	
Digital: Can your creative business use digital technology to increase sales or audience reach?	Digital add-on to expand product range (e.g. online user customisation); digital distribution (e.g. streamed live performances); digital media communication channels; website data analysis to understand customer sales/engagement patterns ^{viii} .	
Internationalisation: Is there a particular part of your business that could be international?	Service focused creative industries may choose particular aspects of their business to internationalise. For example, architectural firms working internationally have been found to carry out a specific service in these markets, such as design or consultancy ^{ix} .	
New sectors: Can you build on your current activities to expand into a new business sector?	Doll product designer Lottie Dolls (see Case 2) began working with Penguin to produce a number of Lottie Doll books in 2016. Working outside the creative sector may be exploited during peak seasons (e.g. tourism and experiences, retail and pop-up shops).	

i Li, 2015
 ii ibid
 iii Brown, 2014
 iv Moyon and LecocqInt, 2015
 v Nesta, 2015
 vi Buttle et al., 2013
 vii ibid, Searle, 2011
 viii Bunnell and Marshall, 2012; Nesta, 2015; NTM, Nesta and Arts Council England, 2017
 ix Bos-de Vos et al., 2014

4.1.3 Collaboration and partnerships

Here we list some questions to ask yourself to help assess if your business could benefit from working closer with current partners or developing new partnerships.

Worksheet 3:

ASK YOURSELF: DO YOU NEED TO WORK CLOSER WITH CURRENT PARTNERS OR DEVELOP NEW PARTNERSHIPS?

QUESTION	RATIONALE/EXAMPLES	YOUR IDEAS?
Are there resources you lack impeding work on particular types of projects that collaborating more closely with partners could make up for?	Based on a study of the architecture sector partnering with architectural firms facilitated better service delivery and work on larger, more complex projects'. Partnering in theatre can expand audience reach, such as facilitating performing arts organisations move into digital distribution ⁱ .	
Could you better exploit the innovative potential within your business?	'Outside in' innovation relies on skills outside an organisation or business. External creative entrepreneurs may identify opportunities and hold resources that facilitates their exploitation ⁱⁱ . Partnerships with creative sectors outside your own could facilitate greater 'outside the box' thinking ⁱⁱⁱ .	
Could working with partners help you achieve greater bargaining power and reduce costs?	For example, arts organisations may achieve reduced costs through joint procurement of specific services ^{iv} .	
Could you exchange services with partners in your network to reduce costs?	Fashion product designer Loved & Upcycled has a strong collaborative ethos, supported by the local creative entrepreneur community in the north-west of Ireland. When possible, founder Veronika Kisela exchanges her skillset for services from other creative professionals, such as photography, graphic design and branding.	
Are you building a network of partners where your reputation and trust is building over time?	Long lasting and effective partnerships are built on reliability and trust. For example, for service focused creative sectors, this can help create a stable base of return clients, increasing business sustainability. For example, web design and development business Tinkit based in Mid Sweden is customer service focused which has helped establish a strong return client list both in Sweden and internationally.	
Could you diversify your revenue streams and add new sources of income to your business?	Research on the music industry notes how diverse partnerships across a variety of sectors such as manufacturing and communications can open up new revenue sources ^v .	

i Bos de Vos et al., 2014
ii Nesta, 2015
iii ibid
iv Moyon and Lecocq, 2014
v Royce, 2011
vi Moyon and Lecocq, 2014



4.2 Revenue stream glossaries

These glossaries provide an overview of a range of revenue streams of relevance to the creative sector. Glossary 1 details types of revenue streams and their key characteristics. Glossary 2 summarises the sub-sectors they can be relevant to. This will help you understand different types of revenue streams and their potential place amongst the revenue streams that form part of your business model. Because of the range, diversity and complexity of revenue streams, we have dedicated a significant amount of space to them. We also felt they deserve significant attention because while revenue streams are just one part of a business model, they are a foundational building block upon which all else rests.

4.2.1 Revenue streams by type >>



Glossary 1:

TYPES OF REVENUE STREAMSⁱ

REVENUE TYPE ⁱⁱ	CHARACTERISTICS	EXAMPLES/SECTORS
'TRADITIONAL'		
Physical asset sale	A widely used revenue stream where a physical product is sold. Physical products are declining in some creative sectors (e.g. film, TV, music, games) with growing importance of digital.	Publishing, music, fashion, craft, film, TV, games, visual art
Second hand physical asset sale	Pre-owned products bought from and sold to customers.	Games, fashion
Loans/Rental	Fee charged for access to a service for a fixed period.	High end fashion occasion wear
PROJECT – ORIENTED		
Project	Contracted to deliver a project with specific outcomes.	Computer games, animation, TV, app development
Work for hire	Work with a client for set period and client owns intellectual property. More traditionally, work for hire is common in performing arts sectors.	Marketing, digital technology, digital agency, design services, music, dance.
Retainer	Regular work with the same client for an extended period which offers a stable income. Often client pays a set amount monthly, known as 'flat retainer'. But this can vary depending on the nature of the work and time demands which may result in a different payment schedule with larger payments when workload is higher. Companies can prefer this model and attempt to move work for hire clients to this model.	Marketing, digital technology, digital agency, service/support for digital technologies, digital marketing
Commissions	Work with a client for set period. When you own the intellectual property there is potentially additional value capture from this.	Digital technology, digital agency, architecture, interior design, design services
Collaborative/co-production	Production structures involving for example a number of organisations or complementary skillsets.	Many creative sectors for example theatre, museums, arts, craft, film
RESULTS-BASED PAYMENTS		
Performance related payments	Payment based on results, such as client increases sales. May be used in combination with other models such as retainer or project work.	Digital marketing
Royalties	Commissioner pays agreed royalty on sales of end product.	Games
DIGITALLY BASED		
Free content or 'freemium'	Online business model where access is provided free to online services but additional services can be purchased. High number of users needed, customer relationship is to large extent automated.	Music and VOIP platforms.
Platforms	Platform for user generated or supplier content	Digital content (games, TV, film, music)
Paid search	Payment based on search related advertising income	Digital agencies, digital technologies, design services
TIME/USE DEPENDENT FEES		
Usage fee	Once off fee charged for use of particular service.	Pay per view film rental
Subscription fee	Fee charged for ongoing access to a service.	Music and games subscription services
Licensing	Fee charged for use of protected intellectual property. In relation to music this could involve licensing music for games or wider cultural content such as film, TV and ads.	Software, TV formats, music
Ticket sales	Traditional ticket sales for performances, exhibitions and events. Additional digital distribution may be explored which links back to others types of fees such as licensing content for screening in cinemas or streaming, as well as usage fee to stream a recorded performance.	Performing arts, museums, festivals
PROMOTION BASED		
Advertising	Fees charged for promotion of another businesses' product, service or brand. Provides revenue stream for online content creators or platforms who provide free access to users, but advertisers also display content to your consumer audience. More suited to mass consumed content.	Digital content platforms or apps (e.g. TV, music, games).
Sponsorship	External sponsor pays for display of their content, such as products, branding, logos and ads.	Product placement in film or TV shows, logos on websites/promotional material.
OTHER		
Self-publishing	Content producers publish their own work to remove steps in the supply chain in attempt to capture more value from sales. However competition can be fierce and revenue challenging to generate.	Games, music, literature
Fundraising	Particularly important for cultural organisations. Digitisation provides new avenues such a crowdfunding or fundraising apps	Festivals, arts
Grants	Most relevant to cultural organisations who may rely on regular funding from arts support agencies. Other creative industries, such as cultural content producers (e.g. film, writers, artists) may find revenue sources in particular support schemes, however this revenue stream will often only support specific projects and to a limited extent.	TV & radio based on Irish cultural content (BAI Sound and Vision Scheme); Regularly funded througharts organisations (Arts Council Ireland ; Arts Council Northern Ireland)

ⁱ This glossary is developed from evidence from a range of sources: Osterwalder and Pigneur, 2009; Filmbj Aarhus et al. 2011; Searle, 2011; Uzelac, 2011; Amsellem 2013; Buttle et al., 2013; Royce, 2013; Sapsed et al., 2013; Brown, 2014; Lyubareva et al., 2014; Marsland and Krump, 2014; Li, 2015; Sapsed et al. 2015; Collins and Cunningham, 2017; Sand, 2017.

ⁱⁱ This is not an exhaustive list.

Glossary 2:

CREATIVE SUB-SECTOR REVENUE STREAM POSSIBILITIES

SECTOR	EXAMPLES OF REVENUE STREAM OPTIONS ⁱ
Design, architecture and photography	Projects, retainer, collaborative projects, work for hire, commissions, physical asset sale
Craft and visual arts	Projects, physical asset sales, commissions, collaborations
Performing arts	Projects, ticket sales (live performance, digital distribution e.g. streaming, recording download), collaborations, commissions
Publishing	Projects, physical asset sales, digital platforms (e-book download), self-publishing, crowdfunding, licensing (e.g. merchandise, games, films)
Games	Projects, physical asset sales, digital platforms (streaming, download), crowdfunding, freemium, self-publishing, work for hire/commissions, licensing (e.g. merchandise, films), royalties
TV and animation	Physical asset sales, digital platforms (streaming, download), crowdfunding, licensing (e.g. merchandise, games), co-production, projects, self-publishing, work for hire/commissions
Film	Physical asset sales, digital platforms (streaming, download), crowdfunding, merchandise, co-production, projects, self-publishing, work for hire
Music	Physical asset sales, work for hire (live performance), licensing for commercial use (e.g. TV, games), fees from digital platforms (streaming, download), crowdfunding, licensing (e.g. merchandise, games, self-publishing), projects, commissions
Fashion	Projects, physical asset sales, commissions, collaborations
Software	Projects, retainer, collaborative projects, work for hire, subscription
Marketing & Advertising	Projects, retainer, work for hire, performance-related payments

ⁱ This is not an exhaustive list

4.3 Business model examples

Research has identified a need for greater dynamism and innovation in creative industry business models⁴⁸. In this section, we outline a number of generic case studies that illustrate traditional and more innovative features of business models. More traditional elements of business models are still vitally important, but to more fully capture the potential within contemporary markets, innovative elements are also key to staying competitive.

TOOL: Business Model Canvas
 Download the 'Business Model Canvas' and watch a two minute video to learn how to use it. See: <https://strategyzer.com/canvas/business-model-canvas>

Our generic business models are structured using the 'Business Model Canvas' developed in the Business Model Generation handbook and informed by Thaeisis analysis of disruptive business models⁴⁹ (see TOOL: Business Model Canvas). We've also included a blank canvas for your own business modelling.

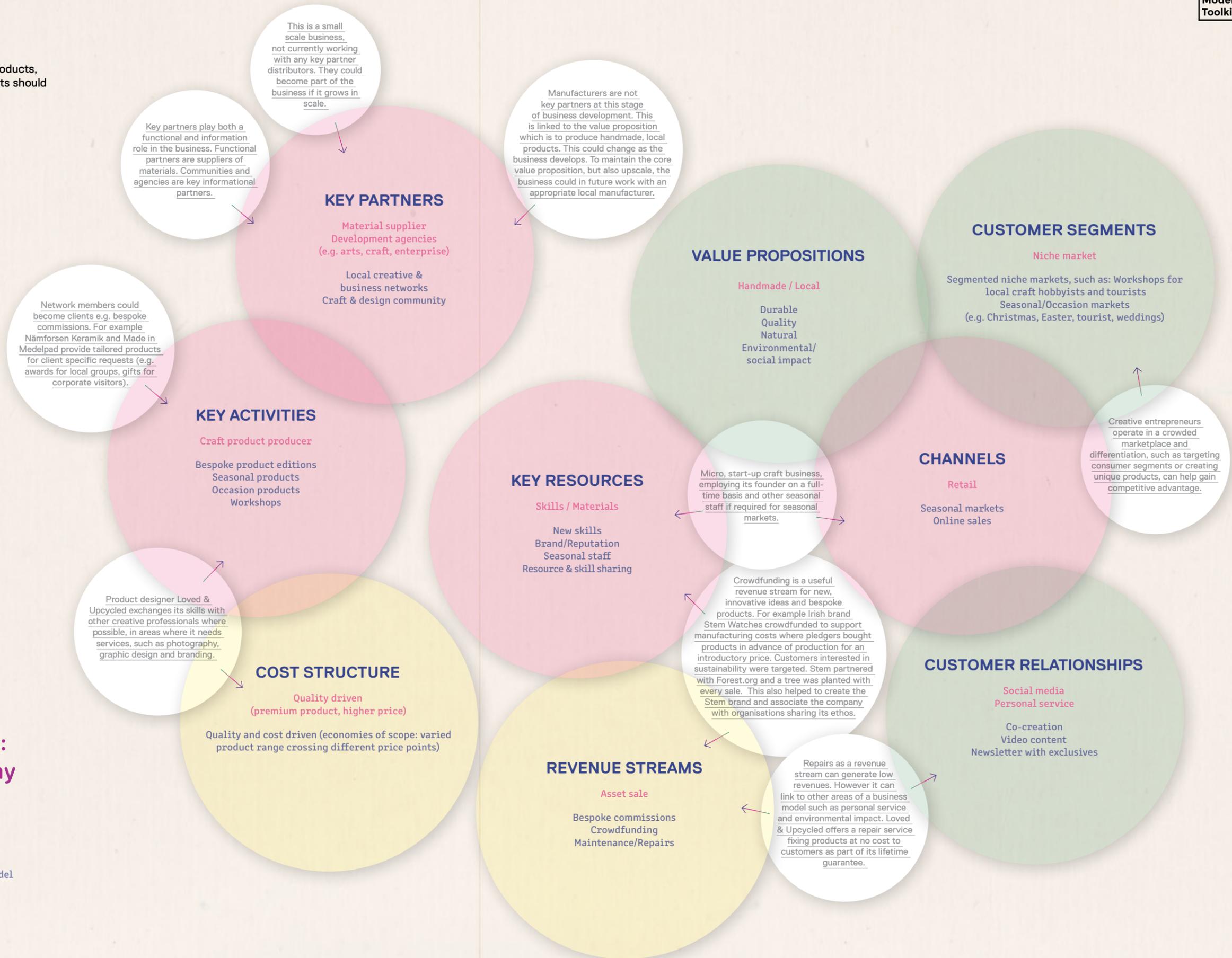
The examples should not be seen as an ideal business model. There is no set format for developing strong business models because they are time and context dependent. Rather the examples are intended to illustrate how a business model might be structured in practice to enable creative businesses to analyse their own business model. They also help to illustrate how particular building blocks change depending on stage of development, while also helping to show relationships between building blocks. We have chosen not to focus on real companies, but generic business models to allow for more flexibility in how the generic models are constructed.

⁴⁸ Van Andel et al. 2012

⁴⁹ Osterwalder and Pigneur, 2009; Thaeisis, 2013

4.3.1 Goods-based generic business model

Creative industry sub-sectors producing physical products, such as fashion design, product design and visual arts should identify most with this business model⁵⁰.



Sample Business Model 1: Craft and Design Company

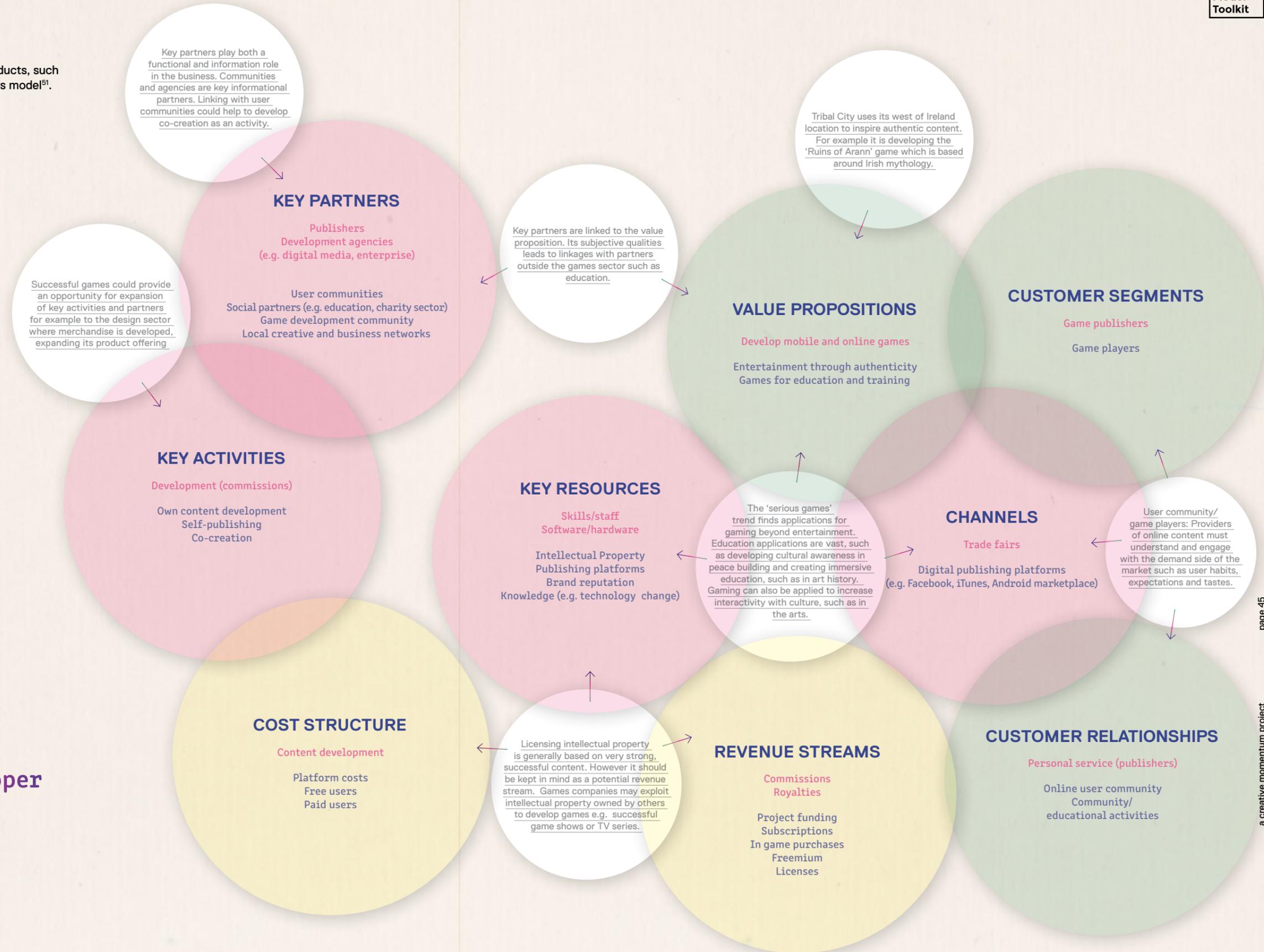
KEY:
 Elements of traditional business model
 Elements of a more diversified, innovative business model

THEMES:
 ● costs
 ● connections
 ● customers

⁵⁰ Sample business model 1 is developed from the experiences of creative professionals interviewed, as well as wider available resources and supporting evidence from Van Andel et al., 2012 and Buttle, 2013.

4.3.2 Digital content-based generic business model

Creative industry sub-sectors producing content based products, such as music, TV and film should identify most with this business model⁵¹.



Sample Business Model 2: Games Publisher and Developer

KEY:

Elements of traditional business model

Elements of a more diversified, innovative business model

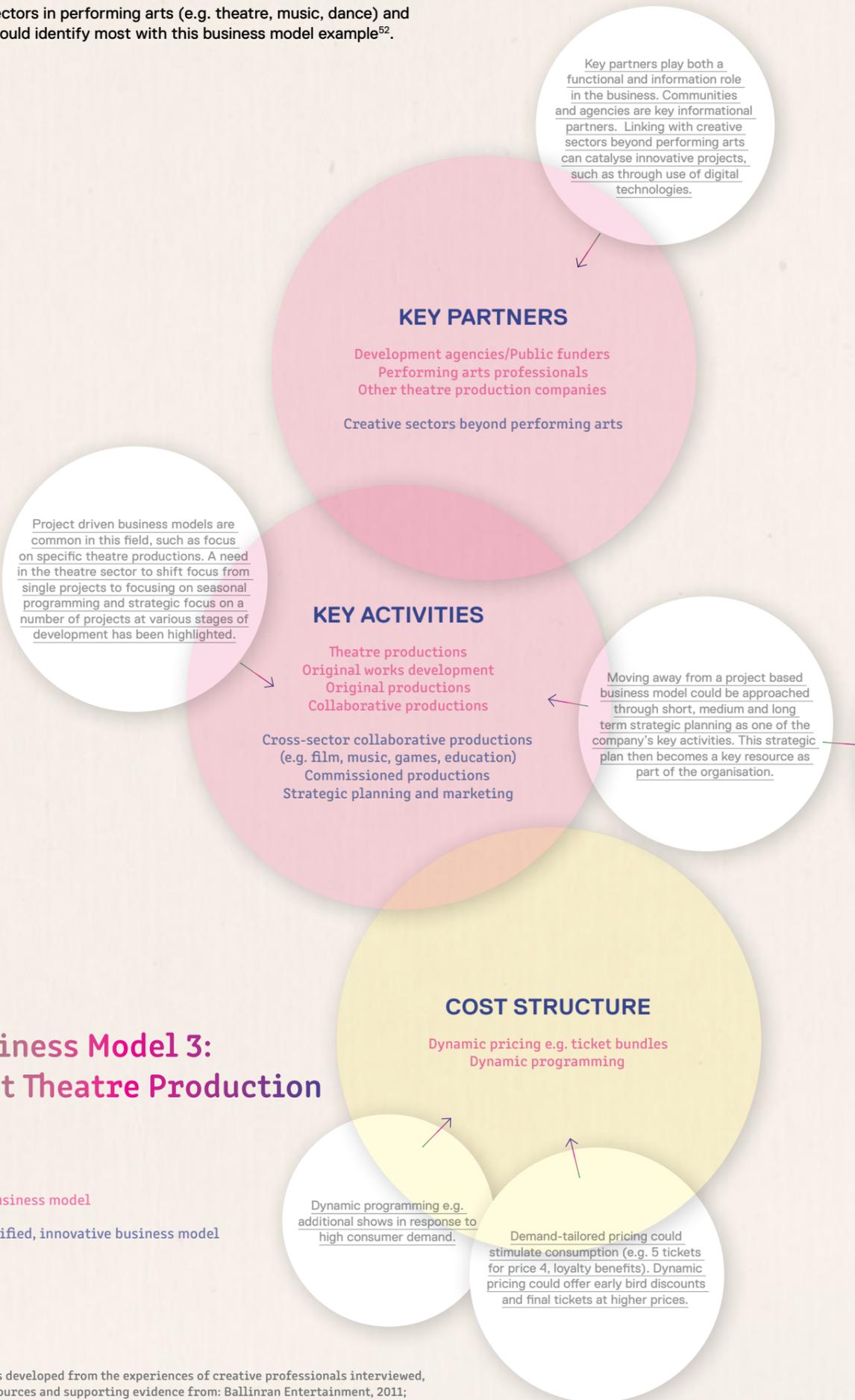
THEMES:

- costs
- connections
- customers

⁵¹ Sample business model 2 is developed from the experiences of creative professionals interviewed, as well as wider available resources and supporting evidence from: Searle, 2011, Uzelac, 2011 and Aulet, 2013.

4.3.3 Arts generic business model

Creative industry sub-sectors in performing arts (e.g. theatre, music, dance) and cultural organisations should identify most with this business model example⁵².

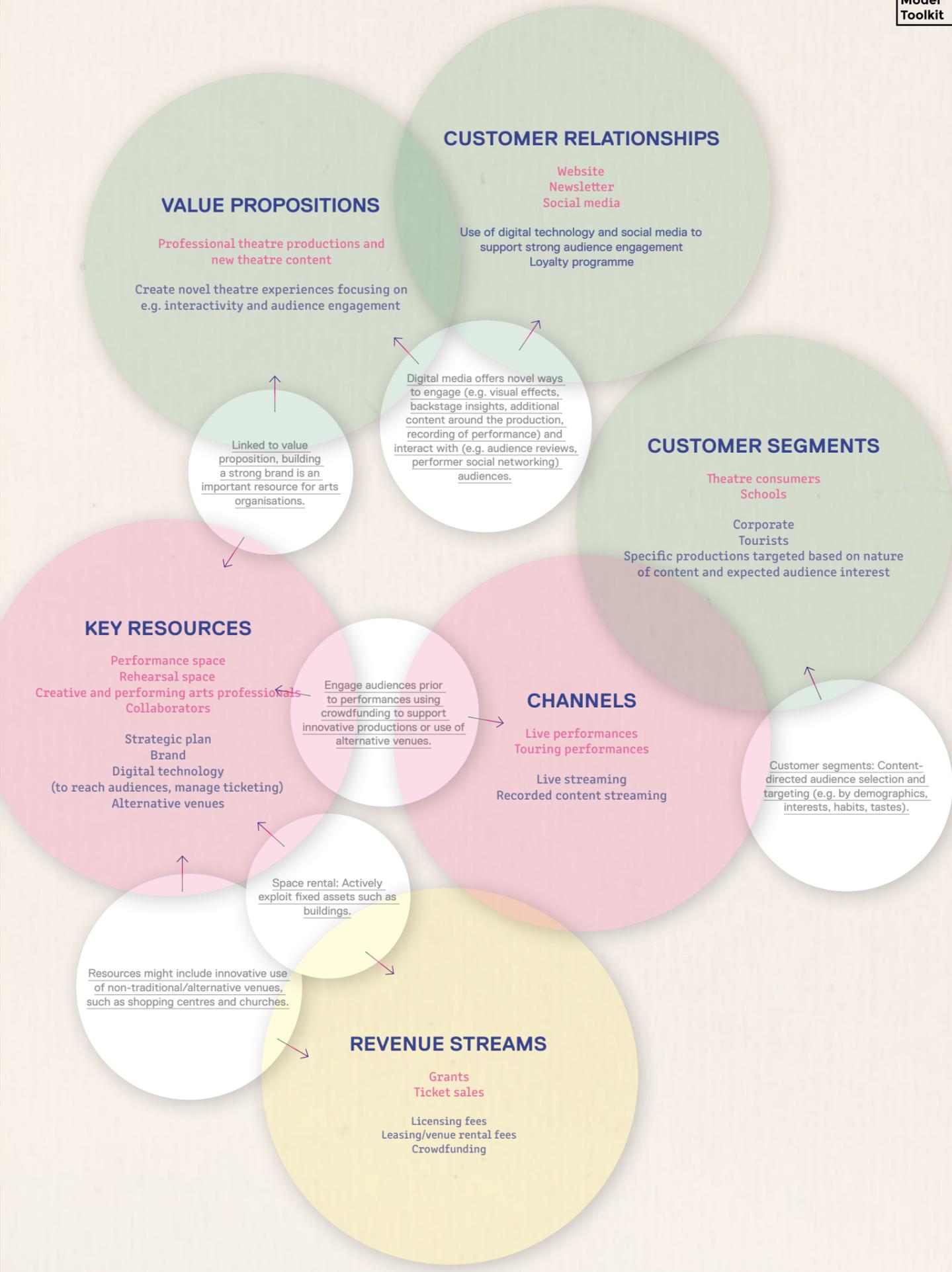


Sample Business Model 3: Independent Theatre Production

KEY:
Elements of traditional business model
Elements of a more diversified, innovative business model

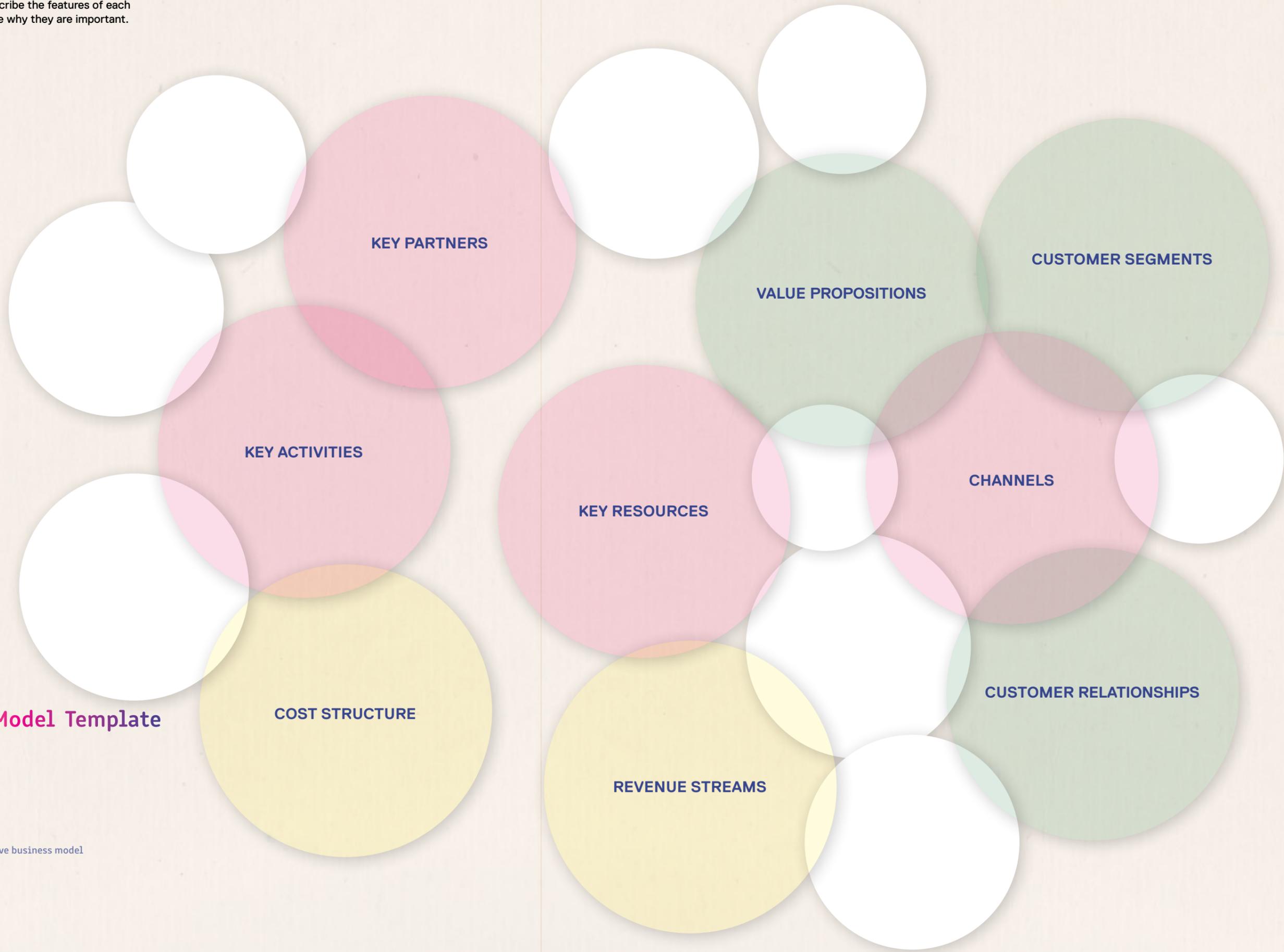
THEMES:
costs
connections
customers

⁵² Sample business model 3 is developed from the experiences of creative professionals interviewed, as well as wider available resources and supporting evidence from: Ballinran Entertainment, 2011; Royce, 2011; Marsland and Krump, 2014 and Nesta, 2015.



4.3.4 Business model template

Use this blank template to analyse your own business model and reflect on possible innovative elements that could diversify your business model.⁵³ Use the table to describe the features of each building block and the boxes to analyse why they are important.



Sample Business Model Template

KEY:
Elements of traditional business model
Elements of a more diversified, innovative business model

THEMES:
● costs
● connections
● customers

⁵³ Template based on the 'Business Model Canvas'. Download original version here: <https://strategyzer.com/canvas/business-model-canvas>

Appendix 1: Further resources

Sector specific resources and reports

Audio-visual

Filmby Aarhus, Alexandra Institute and High Tech Accelerator Innovation Centre, 2011. [Report on business models, value chains and business development services in the audio-visual/creative industries: case of the Łódź and Małopolska provinces and West Denmark.](#) First Motion Project.

Searle, N. 2011. [Changing Business Models in Creative Industries: The cases of Television, Computer Games and Music.](#) UK Intellectual Property Office.

Craft

Brown, J. 2014. [Making it Local: What does this mean in the context of contemporary craft.](#) UK Crafts Council.

Bunnell, K., and Marshall, J., 2012. [Developments in post-industrial manufacturing systems and the implications for craft and sustainability.](#) Ajuntament de Barcelona/Institut de Cultura.

Cultural organisations

Rodriguez, J. 2016. [To sell or not to sell? An introduction to business model \(innovation\) for arts and cultural organisations.](#) IETM Toolkit.

Schiama G, Bogen, P., Lerro, A., 2016. [Creative Business Models: Insights into the Business Models of Cultural Centres in Trans Europe Halles.](#) Trans Europe Halles.

Fashion

Buttle, M., Deeti Vyas, D. and Spinks, C 2013. [Evaluating the Financial Viability and Resource Implications for new Business Models in the Clothing Sector.](#) WRAP.

Visual and Performing arts

Global Entertainment and Berkeley College of Music, 2013. [New Business Models in the Music Industry.](#)

Marsland, J., and Krump, G. 2014. [The Changing Theatre Landscape: New models in use by theatre artists, groups and organisations.](#) Ontario: Canadian Public Arts Funders.

Nesta, 2015. [Making Digital Work: Business Models.](#)

Richardsdóttir, Á. And Bang-Henningsen, L. 2017. It Starts with a Conversation: [A guide for artists who wish to work collaboratively.](#) Ice Hot Nordic Dance Platform.

Royce, S. 2011. [Business Models in the Visual Arts: An Investigation of Organisational Business Models for the Turning Point Network and Arts Council England.](#) Arts Council England & Turning Point Network.

Tools

Accessing Export Markets

Enterprise Ireland and Invest Northern Ireland Export Start Guide: <https://www.enterprise-ireland.com/en/Publications/Reports-Published-Strategies/Export-Start-Guide.pdf>

Invest Northern Ireland's Develop an export strategy: <https://www.investni.com/support-for-business/develop-an-export-strategy.html>

Enterprise Ireland's Export Assistance: <https://www.enterprise-ireland.com/en/Export-Assistance/Get-Export-Ready/>

European Creative Business Network: <http://ecbnetwork.eu/>

MyCreativeEdge: <https://mycreativeedge.eu/>

Creative Tracks: <http://www.creativetracks.org/>

Made-In: <http://www.madein-theweb.com/>

Resource Efficiency

Ellen MacArthur Foundation: <https://www.ellenmacarthurfoundation.org/circular-economy>

European Circular Economy Stakeholder Platform: <https://circulareconomy.europa.eu/platform/en/good-practices>

REBus Resource Efficient Business Models: <http://www.rebus.eu.com/resources/>

Branding

Creative Skillset, Brand Storytelling: http://creativeskillset.org/who_we_help/creative_professionals/free_online_courses/storytelling

Creative Skillset, Personal Branding: http://creativeskillset.org/who_we_help/creative_professionals/freelance_toolkit/personal_branding

Cultural Enterprise Office, Branding: <http://www.culturalenterpriseoffice.co.uk/our-services/resources/brand/>

The Design Council, Power Branding: <https://www.designcouncil.org.uk/news-opinion/power-branding>

The Design Trust, Creating a Brand Strategy: <http://www.thedesigntrust.co.uk/a-graphic-designers-guide-to-creating-a-brand-strategy-for-your-craft-or-design-business>

Crowdfunding

Crowdfunding4culture: <https://www.crowdfunding4culture.eu/>

Nesta, crowdfunding: <https://www.nesta.org.uk/project/crowdfunding>

Case study business websites

Adele Pound: <http://www.adelepound.co.uk/>

Boom Studios: <http://www.boomstudios.org.uk/>

Daniel Starrason: <http://www.danielstarrason.com/>

DNK Media: <http://www.dnkmedia.ie/>

Flatlight Creative House: <http://www.flatlight.fi/>

Fluga Hugmyndahus: <http://flugahugmyndahus.wixsite.com/flugahugmyndahus>

Hugrún: <http://islensk.is>

Ilahu Boards: <https://ilahboards.com/>

Korona Dans: <http://www.koronadans.se/>

Lára Sóley Jóhannsdóttir: <https://www.facebook.com/lara.johannsdottir>

Lottie Dolls: <https://ie.lottie.com/>

Loved & Upcycled: <https://www.loved-upcycled.com/>

Made in Medelpad: <http://madeinmedelpad.se/>

Mutant Koala: <http://mutantkoala.com/>

No Gadget Design: <http://nogadget.com/>

Sticky Fingers: <https://www.stickyfingersarts.co.uk/>

The Nordic Centre/Nåmforsen Keramik: <https://namforsenkeramik.blog/>

Tinkit: <https://www.tinkit.se/>

Tremolo Songs: <http://www.tremolosongs.com/>

Tribal City: <http://www.tribalcity.com/>

Vorhus Living: <https://vorhus.com/>

Yst: <http://yst.is/>



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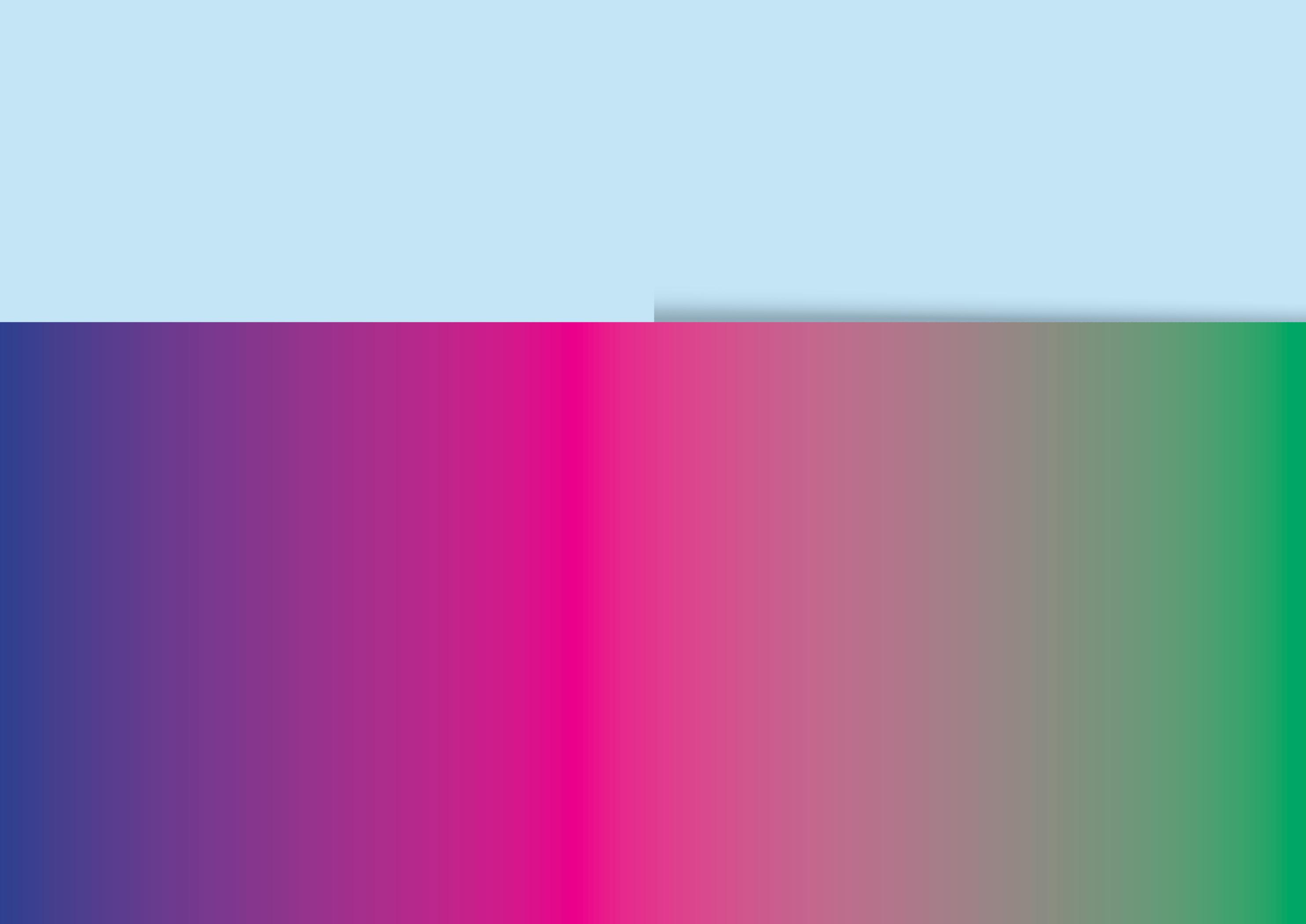
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