

Shifting Business Models in Creative Industries

Paul Rutten

Creating 010

Rotterdam University of Applied Sciences

*2nd Seminar on Business and Management-Related Question in the
Creative Industry*

Rotterdam School of Management (Erasmus University), May 31, 2016

Urgencies for (business model) innovation

Urgencies for business model innovation

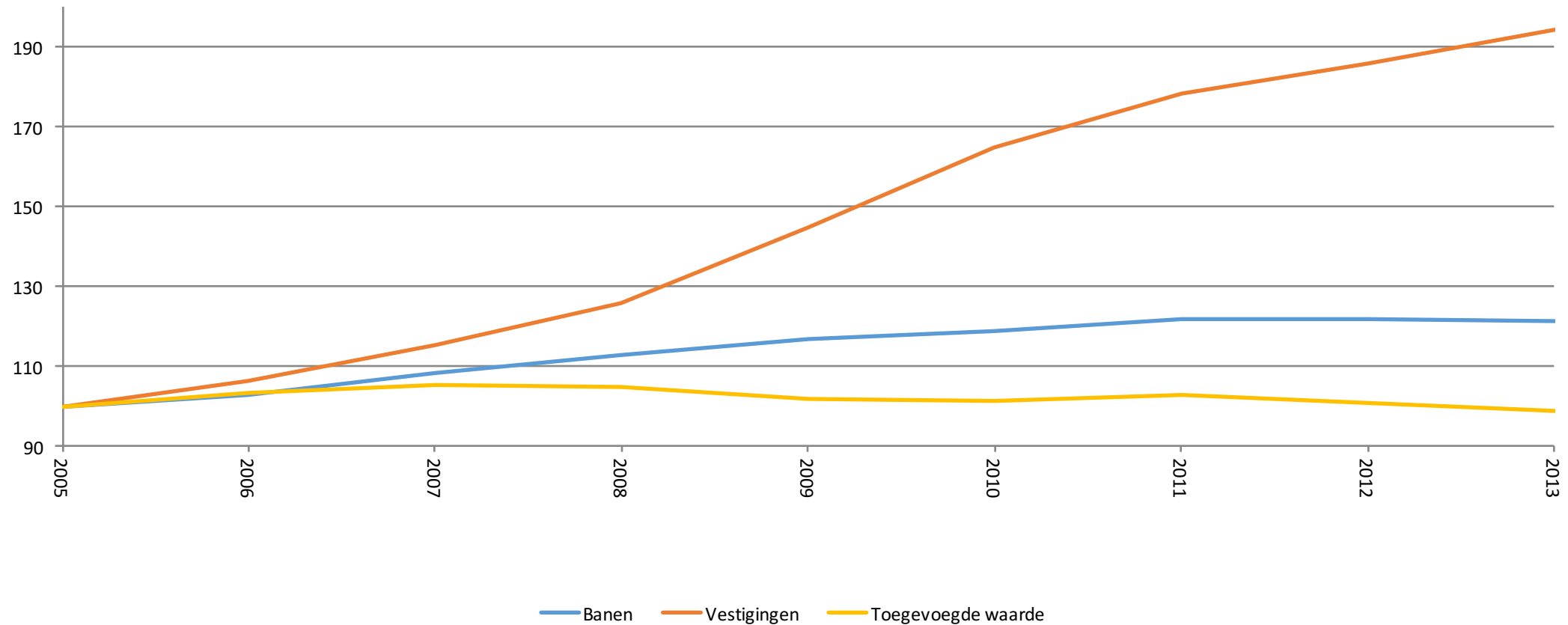
Labor market study by RvC and SER

- Creative industries have been hit by the economic crisis
- Creative services suffered from receding demand
 - Example: architects and building and construction
- Subsidies gave temporarily protection for arts and heritage
- Cut backs have in the meantime taken their toll in arts and heritage

- *Mariëtte Hamer (Council for Social and Economic Affairs): “The image appearing in this study, leads to concern about the position of people working in this sector.”*
- *Joop Daalmeijer (Cultural Council): “The financial position specifically of free lancers in the cultural sector is sorrowful.”*

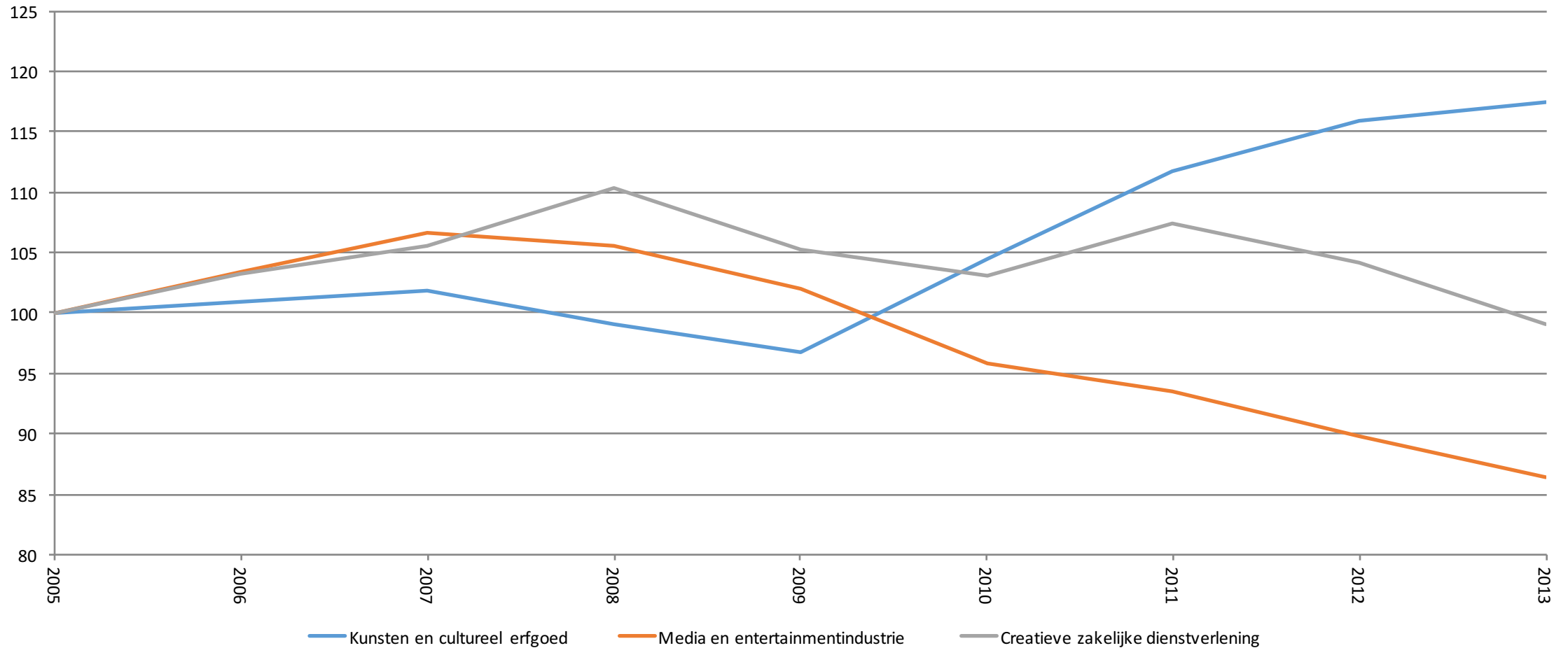
Urgencies for (business model) innovation

Development of companies, jobs and added value in Dutch creative industries (2005-2013) (2005=100)



Urgencies for (business model) innovation

Development of production value in Dutch creative industries (2005-2013)



Urgencies for (business model) innovation

Conclusions

- Sensitivity for market fluctuations
 - Recent crisis
 - Luxury good character
- Structural changes in creative industries
 - Companies and Labor (shrinking average company size)
 - Media industries in transition
 - Sliding productivity
- Changing cultural policies
 - Cut backs in arts and heritage

Business Model (Concept)

**‘NEW BUSINESS MODELS ARE A
GREATER SOURCE OF COMPETITIVE
ADVANTAGE THAN NEW PRODUCTS
AND SERVICES’**

THE ECONOMIST INTELLIGENCE UNIT

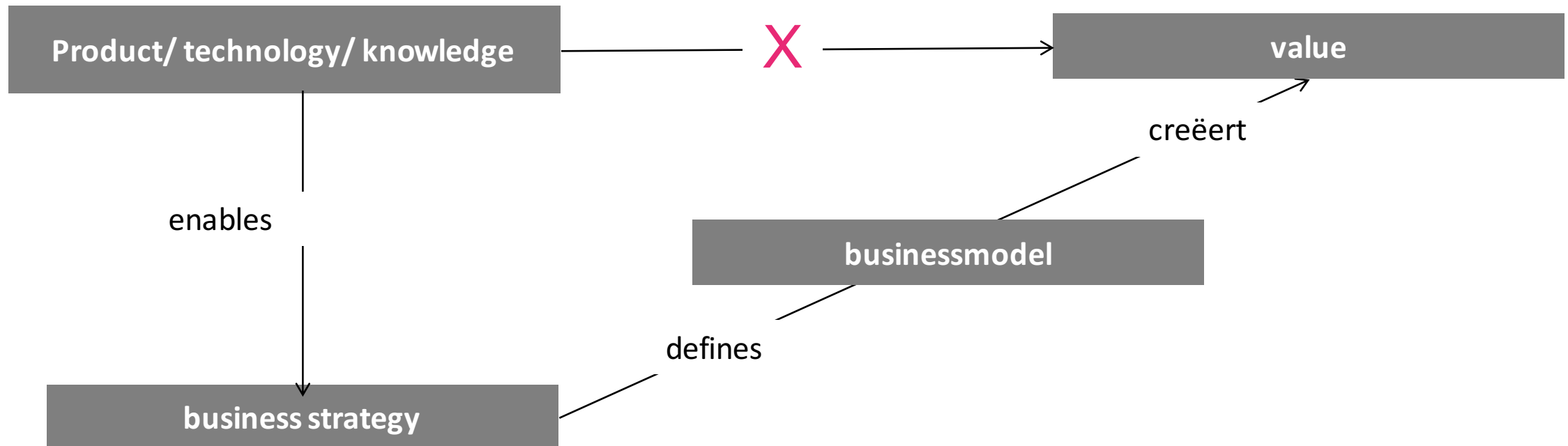
Businessmodel

*The core logic by which a firm
creates, delivers and captures
value*

Joan Margretta(2002)

Businessmodels create value

It is not the technology or the product that creates value, it's the business model



Source: *Walter van Andel, Antwerp Management School*



Case: All of Bach

Based on research commissioned by NBV in 2013 co-authored by Walter van Andel
(Antwerp School of Management)

Jos van Veldhoven: (Artistic director Netherland Bach Society)

Imagination and Aspiration

“Let’s postpone the festivities until we reach a 100 years, then we’ll have a grand celebration showcasing every work of Bach online. We record every piece that’s ever been created by the composer with our ensemble on video and make it available for the whole world to see. We’ll call it [All of Bach.](#)”



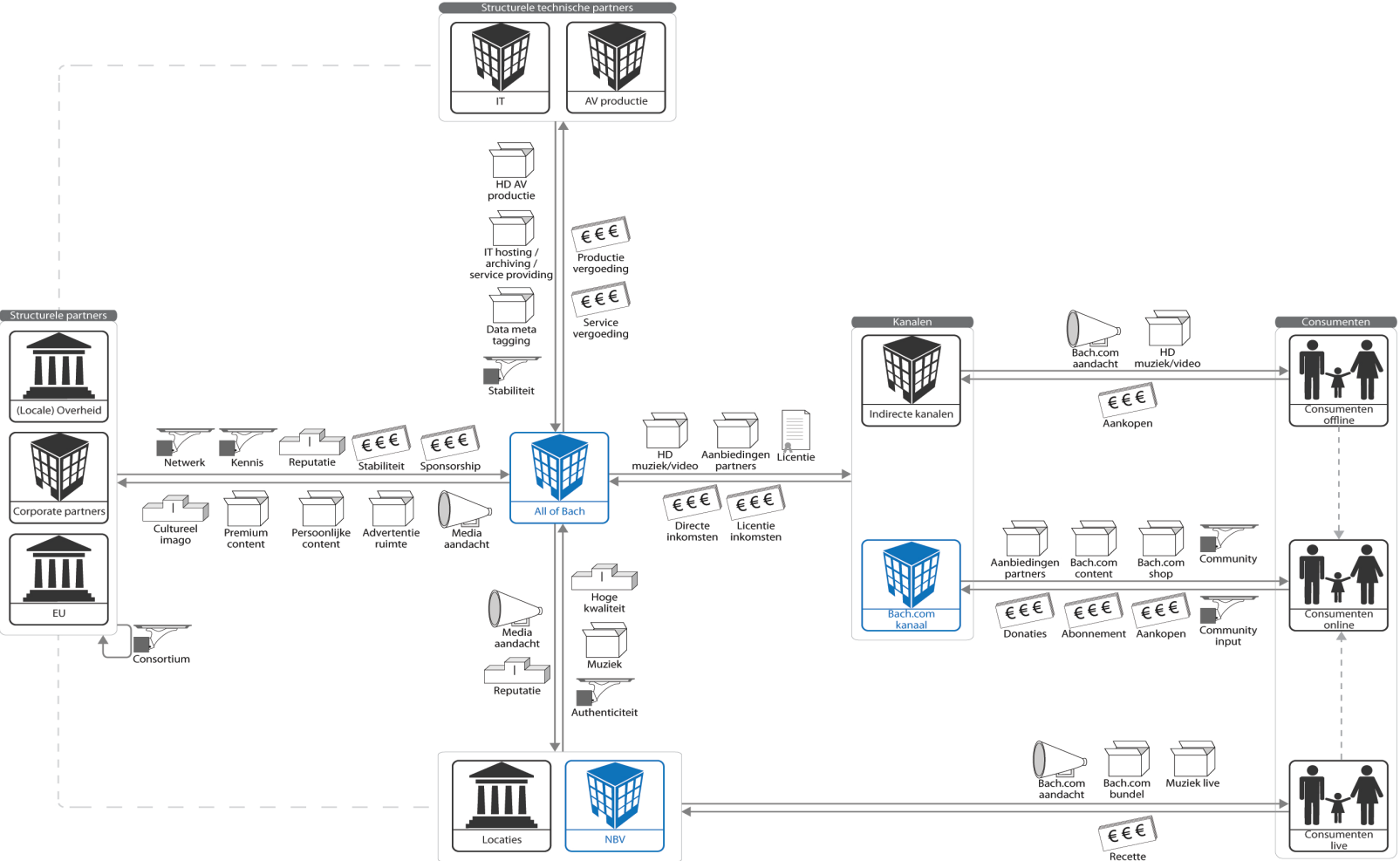
All of Bach

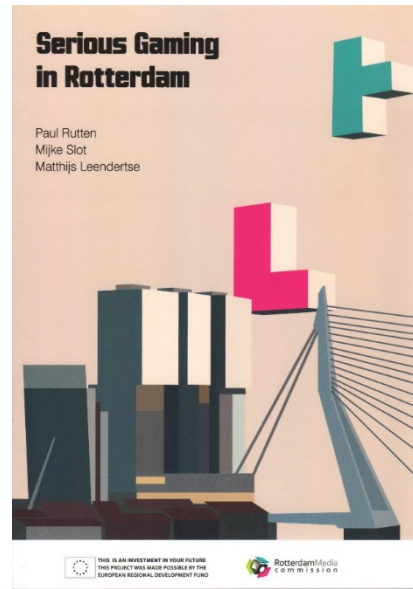
Background and value proposition

- **Global, digital platform, complete global reference to Bach online since 2014**
 - Coherence, consistent quality, completeness of all relevant content
 - 20% of Bach's work is performed regularly
- **Disclose complete musical heritage of J.S. Bach (1080 BWV numbers)**
 - Provide cultural context in which works are performed
- **Strategic motives**
 - Reduce NBV's dependence on concert halls, organisers, R-TV and music industry
 - Explore new channels to reach existing and new audiences
 - Frontrunner and innovator in the domain of classical and baroque music
 - Different strategy compared to for instance Digital Concert Hall (Berliner Philhamonic)
- **Strategic decisions**
 - Freely accessible, no charges
 - Financing based on sponsorships, donations and subsidies
 - Value exchange based on cultural value, quality and tradition
 - Channel strategies: live and online
 - Leverage brand value and position of Netherlands Bach Society

Business Model

All of Bach





Case: Applied Gaming

Based on research commissioned by Rotterdam Media Commission in 2013 – co-authors: Mijke Slot (Erasmus University) and Matthijs Leendertse (ELM Concepts)

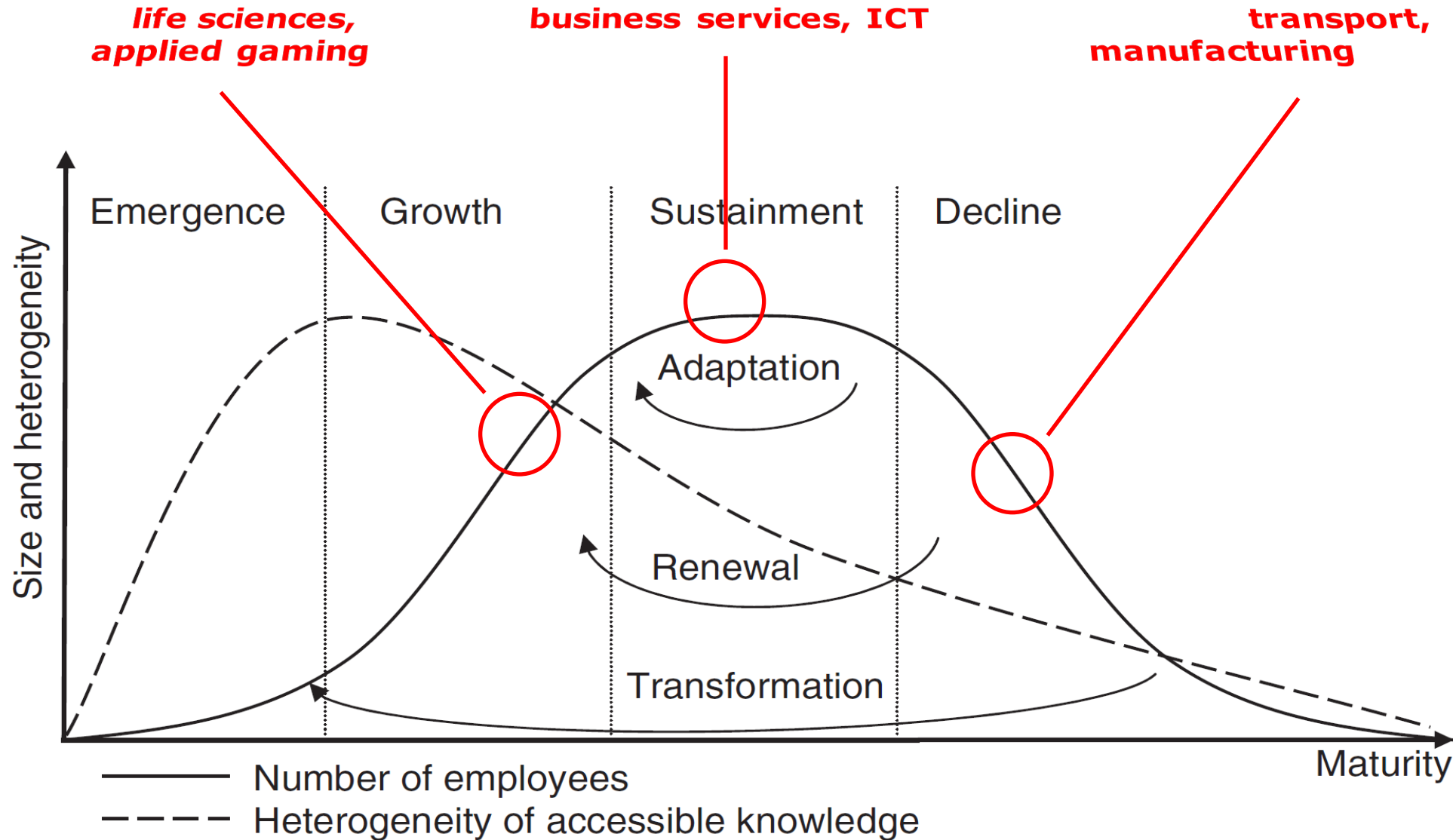
Business Model Issues

Serious Gaming (in Rotterdam)

- Commissioned by Rotterdam Media Commission
- Research on value and potential of Serious Gaming for Rotterdam
- Rotterdam has a concentration in applied gaming development
- Combination of development expertise with domain knowledge
- Companies (as for instance Ranj) operate globally
- Repeat business but hardly scale economics
- Model based on design practice (work for hire)
- Value created \leftrightarrow value captured
- No sustainable model for a healthy growth strategy
- Urgency to switch to publishing model
- Leverage potential

Leverage potential new sectors (source: van Oort cs.)

Example: cluster life cycles and cross overs



Finally...

Some conclusions

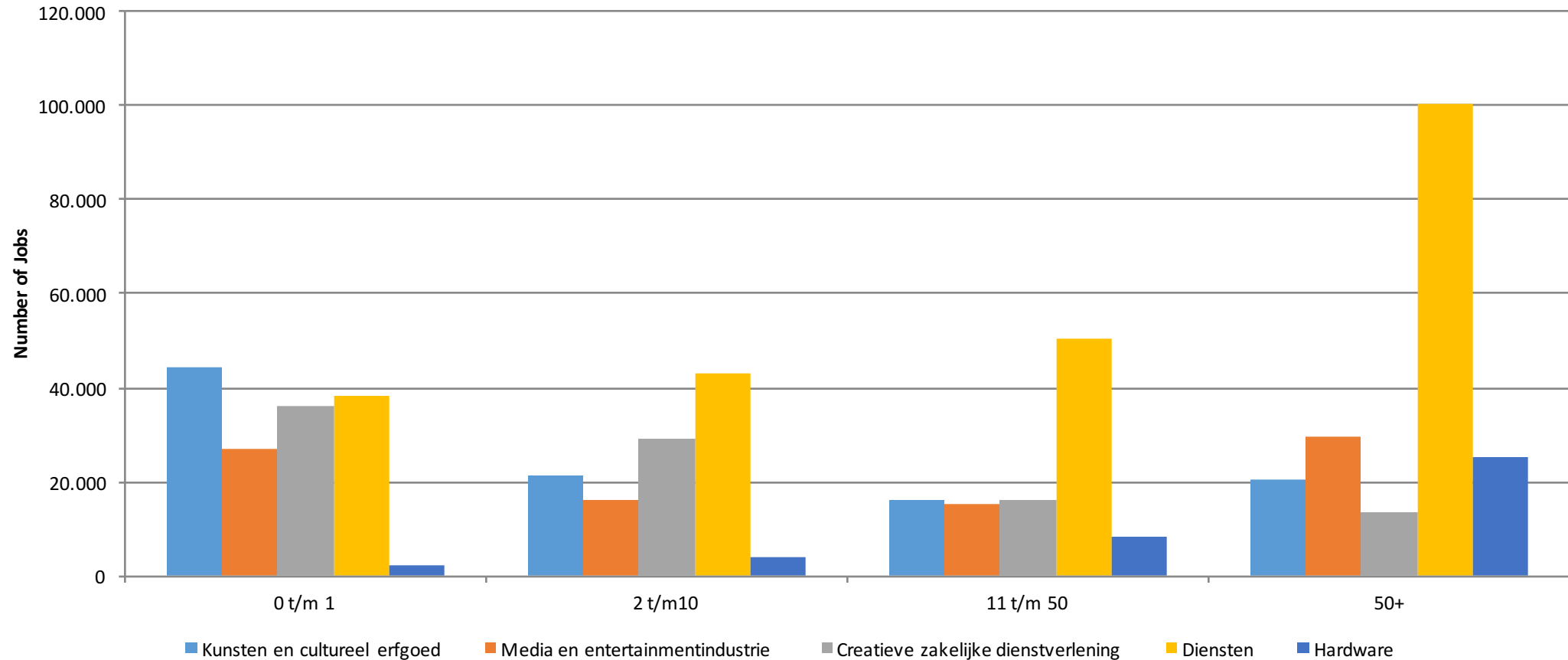
- Business model innovation essential for sustainable future
- Remains a big issue for creative industries
- Media industries challenged by structural changes
- Predominant model in creative services hinders scalability
- Arts and heritage depend on increasingly volatile policy context
- Research: more empirical work – cases, theory and modelling
- Mistake of Dutch Ministry to axe the CLICKNL CI Next Network
- Thanks for your attention

Contact: p.w.m.rutten@hr.nl

Publications: <http://independent.academia.edu/PaulRutten>

Appendix

Distribution of jobs among subsectors of creative industries en ICT in the Netherlands (2013)



Average company size: creative industries, ICT and total economy

