

Business model

Basic form(s): *leasing, product to service, cell phone*

We will rent high-priced products to other businesses (festival/event organisations). Rather than selling a product, we are selling a service -except for the wristbands-. Our service is available in different levels and at different prices.

Industry

Industry structure

New entrants- the market is not satiated, which might attract potential entrants. However, it does require a big investment to enter the market. Therefore the threat of new entrants is small and manageable.

Substitute products- the threat of substitute products is large. Currently, the market is dominated by substitute products (coins). If these products can be improved to rival our PSS, companies will be tempted to stick to what they know and don't have to re-invest in.

Power of suppliers- suppliers of NFC tags and Wi-Fi masts have power, suppliers of other necessities can be replaced by substitutes or competitors.

Power of buyers/leasers- once the PSS is being used on several festivals, festival visitors will become dependent on the extra functionalities we offer. Leasers will want our service, as developing it themselves is expensive and we are the only company leasing the system. As long as leasing the system is more attractive, we hold the power.

Firm conduct - we use *differentiation* to stand out from the crowd. We know there are other developments regarding digital payments at festivals, but we have decided we will go the extra mile. Our *USP's* are:

- We combine payment, entry, safety and marketing advantages into our product.
- We take care of everything
- We are much cheaper due to being a leasing business (as opposed to the festival developing it itself or buying the system)

Sustainable competitive advantage

Valuable- Yes. Our PSS has capabilities that are valued by customers and provide competitive advantage. See our USP's.

Rare- Yes. Our PSS has a combination of capabilities that no competitors possess.

Inimitability- Yes. It is not difficult to imitate our PSS, but it does require big investments.

Non-substitutability- No. Different components of our PSS can be substituted individually, creating a combination of capabilities similar to those we offer. Leasing our PSS is easier, but many functionalities can be acquired in other ways.

This predicts our business will have a temporary competitive advantage, and an average/above average performance.

Canvas (building blocks)

I. Customers

We are dealing with a *multi-sided platform* (creating value for both the festival organisation and its visitors), so we focus on two different segments. It is important to add that, although there are two sides to the platform, only the festival organisation can make the decision to lease our system. We have chosen only two to target, we might spread to other segments when our business has grown.

The first segment exists of the festival visitors. Most of them are teens or adolescents, between the ages of 16-21. They love music, partying and they are adventurous. Most of them are scholars or students, and don't have a large income. They all own a smartphone and are very proficient in its use. Many of them are active on social media, like Snapchat, Facebook and Instagram. For transactions in cash they'll first need to make a withdrawal, so they would rather pay by card.

The second segment exists of the festival directors. They will be aged between 35-45. They know a lot about their festival and about running a business. They are constantly looking for sponsors and ways to promote these sponsors at the festival. Making money is very important, investments are always thought through carefully.

It is key to develop a brand identity in the minds of these customers.

Source festival visitors: https://infogr.am/target_audience_of_music_festivals

II. Value propositions

For the festival visitors, we add value by allowing shared accounts. Visitors can get drinks for all of their friends, without having to spend all their own coins or asking everyone individually to contribute. Also, the app that comes with the payment system allows users to get alerts for their favourite artists, shows a map and gives insight into all spendings. The value is therefore created by customisation.

For the festival organisation, we add value by making payments easier and digital. It is also visible which wristbands are on the festival grounds and which are not, this is useful for safety plans. Coins can't be stolen and don't need to be guarded. Buying new coins is easy (it can be done on your smartphone), which results in more spendings. It will be especially tempting because we lease the system, and are therefore not as expensive as buying and developing the whole system. For the organisation, the value is created by convenience and performance.

III. Channels

Festival visitors can be reached through ads on social media. We can opt for standard Facebook ads, but creating an Instagram-account with fun content might be even more effective. Facebook guarantees reaching the audience, Instagram guarantees attention from the ones that you reach. Mouth-to-mouth advertisement will also be a big contribution, both online and offline. By addressing this group, they can demand our PSS from festival organisations.

Festival organisations can be reached by sending them mail and emails, attending fairs and networking, and mouth-to-mouth after we have done some festivals. For our first festivals, we can jointly market the festival and the novelty/experience of the service.

IV. Customer relationship

What type of relationship do the customer segments expect us to establish and maintain? Are they costly? Are they important to our business model?

Festival visitors will expect us to be careful with their information and very trustworthy. They will expect good service when something has gone wrong or doesn't work, for that we will need to offer *personal assistance*. As they are good with technology, *self-service* also plays a large part. This relationship does cost money, but is definitely worth it. If visitors are unhappy, festivals do not want to be associated with us either. Building a good relationship with festival visitors and maintaining it is essential for our business model.

Festival organisations will expect us to offer *dedicated personal assistance*, as we are partners. We have only a temporary competitive advantage, so we will benefit largely from long-time partnerships. *Co-creation* is also very valuable, as festival organisations notice points of improvement from their position.

V. Revenue streams

For what value are our customers willing to pay? How would they prefer to pay? (leasing?)

Festival visitors will be willing to pay for the extra information they get while using the app (in combination with the paycelet, that is). The app gives them extra information which will make the festival experience a bit better, but the visitor will not be willing to pay a whole lot more for this service than the original price of the festival ticket.

Festival organisations will be willing to pay for the better customer experience their customers will get when using our PSS. If their customers are happy and want to use our PSS, then this will benefit the festival. Since our PSS is quite an investment, festival organisations will most likely lease our service, to keep the costs as low as possible. This is also good for us since we can lease our service to multiple festivals, therewith creating a larger income and possibly more revenue.

VI. Key resources

What is the most important asset required to make our business model work? Identify important assets for every building block and determine the resource.

The Resources needed for this PSS are:

Physical; we need charging units, scanners, bracelets, entrance gates, everything that is necessary for a festival, those are all physical resources we need to buy or develop ourselves. Intellectual; we need to create brand recognition so other festivals know we exist and want to lease our PSS.

Human; we need security people to stand at the entrance of festivals. Those people need to know how our technology works and are important to us, since without them we can't give festival organisations the full package.

VII. Key activities

What is the most important activity for our business model to work? Identify important actions for every building block and determine the activity.

Our key activities are divided into 3 parts:

Production; we have to produce charging units, scanners, bracelets, entrance gates, etc. so people can go to the festival and use our PSS.

Problem solving; we have to educate security people to stand at the entrance of a festival and use our scanners, and to patrol around the festival to guarantee security of everyone present.

Platform/network; we have to set up wifi masts to guarantee customers that they can use our PSS without any network issues. Also, we have to maintain and constantly promote the app and the website.

VIII. Key partnerships

Who are key partners? Who are key suppliers? Which key resources and activities do partners provide?

Our most important partner is the festival organisation. They of course host the festival (acquisition of activities), something which is key for our PSS.

Wi-Fi masts will be hired by an external business, to limit transportation, investment and maintenance costs. This supplier is a very important partner and needs to be reliable and flexible. Our app will not work without internet, which is a large part of the value of our PSS.

Charging units, scanners and entrance gates will be produced by an external business as well. This supplier is key to start up our business, but otherwise only relevant during technical difficulties.

The wristbands will be internally produced. Suppliers of NFC tags have a large influence on our business, material and ink suppliers can easily be replaced by substitutes or competitors.

IX. Cost structure

What are the most important costs? Which resources and activities are expensive? Are we value-driven or cost-driven?

We are more on the cost-driven side of the continuum. We do value our customers and offer good service, but there is little personalisation of the service. We want to keep the costs for the customer as low as possible, but also the total cost should be low to make a maximum profit. The costs of the charging units will be quite high, since they are relatively big machines. They will probably last for many years so these costs can be spread. This also applies to the entrance gates and the scanners. The bracelets will be cheap, since they can't be re-used they will only last for one festival, they are variable costs, since they will be cheaper if a festival is bigger (bigger production). Fixed costs consist of the salary of people in our business and the salary of the security people.