

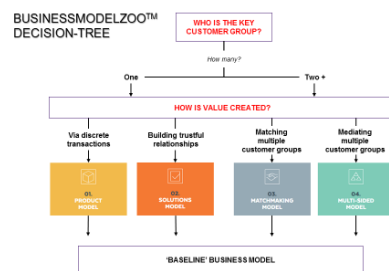
## Trends in the Creative Digital Economy: Findings from the CREATE Research Programme

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ABSTRACT – Building Better Business Models and Relevance for CREATE

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For those involved in the creative industries, the business model is a highly relevant concept that explains the mechanisms by which value is created in the minds of the consumer of creative content, how that value is delivered and how it is monetized for the benefit of the supplier. The Building Better Business Models project, undertaken in conjunction with partners that include Wharton Business School, London School of Economics, Glasgow CREATE, and EM Grenoble, identifies 4 core business model types: the Product business model, the Solutions business model, the Match-Making business model and the Multisided Business Model. These business model types are explained in the BusinessModelZoo™ that can be found at [www.businessmodelzoo.com](http://www.businessmodelzoo.com), and can be seen in the BM decision tree below. Competition occurs not just between actors using the same business model, it also occurs between actors offering different models.



The dynamics of competition between business models has been critical for the creative industries. In the context of the music industry, traditionally the largest part of the industry was occupied by firms operating the product business model – that is firms that produced music first on discs and then on CDs. After the digital revolution, the arrival of downloading “pirate” internet websites destroyed the ability of traditional music companies to capture value effectively using the traditional product business model. And the situation was made worse by the emergence of match-makers that drove users to lower cost providers, and the emergence of multisided platforms such as Youtube that provided music for free – monetized through advertising revenues. The rise of the live performance (a solutions based business model) was an important response by many involved in creative content, because this was a method of gaining revenues that was more difficult to disrupt. In the last 5 years, new arrivals (such as Spotify) have harnessed technology to expand the use of the solutions business model space – by introducing sophisticated music streaming as a way to attract customers. Perceived by consumers to be superior to simple downloads – sophisticated streaming is a solutions business model because it allows value added features to be offered on a personalized basis. Sophisticated streaming services appear to be very important for the industry because it supports the payment of traditional copyright fees to owners of creative content – and a way to keep piracy at bay. A suite of papers that explain the principles of the business model approach can be found on <http://www.cass.city.ac.uk/faculty-and-research/centres/centive>