

# **Berklee Valencia Culminating Experience: Seek Business Plan**

*The Future Of Live Entertainment*

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Developed by Alexandra Morancy

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## II. Participation Form

I, Tyler Budd, Felix Mayr-Melnhof,  
John Moses, Kareem Clarke, and  
Daniel Omphroy acknowledge our participation on the  
 creation/formation of the business plan for "Seek" during the course **MB562:  
 Entrepreneurship and Innovation** at Berklee Valencia. The work completed  
 through this course acted as a ground floor to the final business plan  
 document, and many of these portions completed have been changed.

By signing this document, we recognize our contribution to this document and,  
 further, allow Alexandra Morancy to use this document, under her name, for  
 her thesis. By signing this document, we release the work we contributed to in  
 this document to Alexandra Morancy.

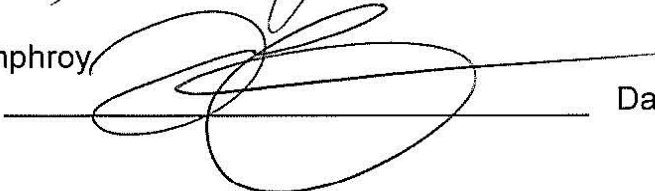
Further, marketing materials created during the period of the E&I course will  
 be the property to use for business/commercial purposes. Credit will be given  
 to all group members who contributed to these materials, and can be used for  
 any personal portfolios these members have.

Tyler Budd  
 Signature  Date 06/26/14

Felix Mayr-Melnhof  
 Signature  Date 06/27/14

John Moses  
 Signature  Date 06/24/14

Kareem Clarke  
 Signature  Date 06/26/14

Daniel Omphroy  
 Signature  Date 06/26/14

## III. Introduction

### Executive Summary

In the current state of the music business, live entertainment has become a major revenue stream for artists. Fans are spending more money than ever on attending concerts, as well as purchasing food, drinks, and merchandise at the shows. Further, these fans will not only remember their concert experience, but the experience that led up to the event. Until now, nobody has tried to create a service that attributes itself to the pre-concert experience.

That is the premise of Seek: to create a service in which a memorable concert experience begins with locating the show.

- Seek will produce a show in complete secrecy with an artist and a venue. A month prior to the show, the name of the artist and the date of the show will be teased to the public as a Seek show.
- On the day of the show Seek will blast clues about the location of the show on the Seek app.
- Consumers will have to follow the clues to find out the location, but once discovered, consumers will be prompted to plug the location into the app.
- If consumers guess correctly, they receive discounted entry, line jumpers, potential VIP passes, etc.
- If they don't guess correctly, they are prompted to try again after a few more clues!
- Consumers who don't try to find the location will be told an hour before the concert the location of the event, allowing everyone to attend!

Our customers, a group of live-seeking fans, will have the option (for the first time ever) to be incentivized for the pre-show experience that they were already having before Seek. Not only do we expect fans to use Seek: we expect it to become a trend in live-entertainment. It will compliment every pre-show event, from jamming in the car to the headliners music, to the burger run at the local joint, to the hype moment as you walk through the streets and traffic towards the venue doors.

Seek: when hunting for concerts goes mainstream.

## **Company Description**

Seek is a new service that allows consumers a creative – and interactive – way to find out about upcoming concerts. Based on the idea of “Where is Fluffy?” from Nick and Norah’s Infinite Playlist, and from the idea of guerrilla gigging, Seek will allow fans to hunt down their favorite artist’s concerts, and be rewarded for doing so.

This service will rely on the Seek contracting medium-medium high range artists and trustworthy venues to develop concerts through the service. Through Seek, artists will commit, plan and produce a concert with the service. However, the concert will be developed in secrecy (creating “Seekret” shows), ensuring that the idea and integrity of Seek is maintained. A month before the concert is set to launch, the name of the artist and the city of the performance will be teased. This ensures that consumers can plan ahead for a concert, to a certain extent.

Consumers will be prompted to sign up for the Seek application for iPhone, iPad and Android (the idea behind this being that only Seek consumers will receive exclusive details on secret shows). This application, when downloaded, will prompt the user to provide their location (or geo-tagging will be utilized to gain the persons location through the app) in order to give the user details on shows occurring in their area (initially, this service will only be provided in high density cities within the USA as a test run, starting with NYC). The application will feature a section dedicated to the description of how the app works and a section dedicated to featuring “clues” in the event of a secret show popping up in the area. However, the section with clues will remain empty UNTIL the day of the show.

The day of a Seekret show, the user will begin to receive information through the Seek application. The first clue will provide the band name, reinstate the city of the event, and announce the time of the event. What will differentiate Seek is that the location of the show will not be provided. Instead, throughout the day, users will be provided with clues as to the location of the event. 10 clues will be provided for each Seek event throughout the day, and clues will be delivered to consumers on a 80/20 scale (80% of clues will be given through the application, and 20% will be given at physical locations near the event location. The physical clues will be provided by local business Seek will partner with in exchange for increased business for the other party through the partnership and a small commission). The Seek Marketing team will curate these clues, and every individual will receive the same clues throughout the day.

There will be an option for the user to guess at the location of the concert through the Seek app, and for users who guess correctly before the concert begins, they will receive a discounted pre-show price for a ticket, as well as a line-jumper pass once they arrive at the show. However, the first 10 people to guess the location

will also receive backstage passes to meet the band after the concert in order to incentivize the desire to hunt down the location of the concert.

Two hours prior to the performance, anybody who has the Seek application will receive the location of the performance. This will allow people who didn't discover the location of the show correctly to have the information in order to get to the concert. The Seek Facebook/Twitter pages will also post the information about the show, allowing outside users who don't have the app to know a concert is occurring. These users will pay full price at the door to attend the concert, and tickets will only be available based on how many tickets were sold through the Seek app during the day. When all is said in done, the result is to have a successful show with fans coming away from it feeling that the experience Seek gave them made their concert experience much more enjoyable by creating a "feeling of exclusivity and intimacy" to those who used clues to find the location of the show themselves.

### **Highlights**

- Seek hires artist's/venues to produce a "Seekret" concert. This concert will be teased a month before the show date.
- The location will not be disclosed until the day of the event through the Seek application for smart phones and consumer participation.
- Clues will be given to consumers through the Seek application as to where the location is the day of the concert.
- 10 clues will be administered per Seek event.
- Clues are 80% application administered, 20% physical administering.
- Consumers plug in their location guess on the Seek application.
- Correct guesses for the location will give consumer's incentives (discounted door tickets, line-jumper passes, potential VIP passes).
- 2 hours before the concert, the location of the show will be blasted on the application and through social media so others can attend (they attend for full-priced tickets).
- This service creates a pre-show experience that will make them feel exclusivity and a sense of intimacy heightened by the effort they took in locating the show.

### **Goals and Objectives**

Ultimately, the goal for Seek is to become the leading innovator for a pre-show concert service. We want to be known for our engaging service, our fair competitive nature, and our ultimate end product (a show that consumers want to hunt down and look for). We want to put on the best shows, and give consumers the best experience leading up to that.

Our objectives will be to fill our venues to at least 80% per show, to garner at least 1 million downloads of our application, and to begin seeing a profit within the business by our third year.

### **Critical Success Factors for Seek**

The concept of Seek lies heavily on a grassroots, guerilla mentality, and there are many factors that need to be maintained in order for Seek to run smoothly and efficiently, while still maintaining an image.

1. The Secrecy of Venues – Seek will need venues to be able to remain quiet about a Seekret show if they decide to work with Seek. While Seek could work in non-conventional locations, such as repurposed spaces or parks, the cost to hire a production team for those purposes is avoidable by using a venue's production team. These venues will need to be contractually obligated to hold the Seek secret.
2. The Secrecy of Artists – Artists and their management/labels need to also remain quiet about shows, but to a lesser extent than the venues. They can tease that they will be participating in a Seek campaign, but by no means can they promote the venue location in any way.
3. Promotion – With the secrecy of artists being said, we need their promotion, as well as effective marketing campaigns, to drive consumers to use the application and participate in a Seek campaigns. The choice of artist will be integral to this, but also the platforms in which we advertise will also be important to our success.
4. Artist Choice – For Seek, artists will need to be big enough to attract attention to Seek shows, but small enough to maintain a guerilla attitude. In initial start-up, these artists can be known as relatively known in relation to their location and be a good fit for Seek (for example, as Seek starts in NYC, we would hire artists that are known in the NYC scene, but still small scale).
5. Curating of Clues – Clues created by Seek need to be a balance between detectable and discrete. We cannot give away obvious information, but need to be able to articulate information properly, and with cleverness, in order to keep peoples interest peaked and to allow them to discover the location of an event.

## Company Structure

Alexandra Morancy- President/CEO



Alexandra Morancy is the founder of Seek, and assumes the position of President/CEO of Seek. Growing up in Waterboro, Maine, Alex attended numerous concerts as a teenager and found her passion to work in the music industry. She attended Emerson College in Boston for a B.A. in Sound Design/Audio Post-Production, where she would learn how to record music in professional studios and learn the craft of sound design for film/television. When she wasn't busy taking courses at Emerson or working odd jobs outside of school, she was found in the on-air booth at both 88.9 WERS and ETIN (Emerson College's radio stations). Further, she was involved in the live mix department, street team department, and production department at 88.9 WERS.

After graduating from Emerson College in 2013, Alex would further her education by attending Berklee Valencia in Spain for her M.A. in Global Entertainment and Music Business. With an expected graduation date of July 2014, Alex has involved herself in her studies, with a heavy interest in courses involving live entertainment/production. She is also currently in charge of social media marketing for the first inaugural TedxBerkleeValencia event that's taking place June 2014.

Her background is in marketing, sound design, and radio communications. In her studies, she is focusing on Live Entertainment, which is where the idea for Seek originated. She also has a personal blog, Heavy Bass and Breakdowns, where she reviews albums, interviews artists, and reviews concerts.



## IV. Analysis

### Industry Analysis

#### *Industry Competitors*

Seek's competitors can be classified into three different categories: 'Do It Yourself' artists, services, and applications. This section will contain detailed descriptions of each competitor classifications and a brief analysis of specific competitors within those classifications.

#### 'Do it Yourself' Artist's (DIY)

DIY artists are the most direct competition towards Seek. These artists create live concert campaigns with the help of their professional teams, which is also referred to in some contexts as "guerrilla gigging." This mentality is typically associated with punk rock (or many other genres within rock), although this model is rapidly changing as more artists are trying new methods of performing live music. This can be illustrated through the following case studies:

Two of the first original guerrilla gigs that are documented were performed by Jefferson Airplane and The Beatles (in 1968 and 1969, respectively). Both of these impromptu shows were performed on rooftops (Jefferson Airplane's on a midtown rooftop in Manhattan while The Beatles performed on top of Apple Studios in London). These shows were brief, as both bands would be kicked off the spaces due to noise complaints.<sup>1</sup>

In 2007, *Nine Inch Nails* "Year Zero" album release, featured a multifaceted internet scavenger hunt that utilized, "cryptic phrases on T-shirts to Orwellian Web sites to MP3s found on USB drives in bathrooms at NIN (Nine Inch Nails) concerts."<sup>2</sup> This concept then relied on user participation to further the hunt by attending more gigs.

The last, and most recent, study is a series of 'Guerilla Gigs' performed by *Prince* in London this past February. The details of the intimate concerts were released last minute and began in small venues, such as soul singer *Lianne La Havas'* living room later expanding to larger concert venues.<sup>3</sup>

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<sup>1</sup> Tusman. *Really Free Culture*. 294-295.

<sup>2</sup> <http://www.reuters.com/article/2007/04/02/us-nineinchnails-idUSN0233620220070402>

<sup>3</sup> <http://www.theguardian.com/music/2014/feb/05/prince-plays-secret-london-gigs>

These tactics seem to have one common theme, providing a unique and immersive fan experience that incubates conversation fuelled by social media resulting in increased levels of anticipation and fan interaction.

#### Services:

Services provide users with a means to attend concerts (even though there are no known direct competitors to Seek, based on our type of service).

*Sofar Sounds* is a service that "curates secret, intimate gigs in living rooms around the world," and is our major service-based competitor. Typically, they spotlight emerging artists introducing them to "music influencers" and streaming the events to connect the artist to potential fans and new audiences. Recently, Sofar announced that they would be expanding their influence to now include a 'secret music festival' *Sofar+*, which will be held April 26th this year in London.<sup>4</sup> This would be seen as the closest competitor to Seek, as the secret show is the closest thing to what Seek offers, without a clue-based service to help users find the festival.

Another web-based service that allows viewers to watch videos of guerilla gigs online is *Guerrilla Gigs*. The site documents, provokes and promotes the art of guerrilla gigging, and provides a one-stop shop to view guerilla performances all over the world. While they currently do not offer any means of attending these concerts, they provide a free space for users to view performances instead of having to go out to find them themselves.<sup>5</sup>

#### Applications:

Applications are smartphone based services that give the user a means to attending live performances.

*Bands In Town* is a Facebook and iPhone application that aggregates live concerts by way of geo-tagging based on a users location. The app presents a great value added position for acts with both the active and casual concertgoer segments by providing impulse buying opportunities and platform promotion.<sup>6</sup>

*Timbre*, like *Bands in Town*, is a live music discovery application based on geo-tagging. However, this application also allows for users to listen to samples of the artist's track. In addition, if the user is also a *Spotify* 'Premium User' they have the ability to listen to the full track as it is fully integrated with Timbre.<sup>7</sup>

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<sup>4</sup> <http://sofarsounds.com/#!/landing>

<sup>5</sup> <http://www.guerillagigs.com/index.php>

<sup>6</sup> <http://www.bandsintown.com/home>

<sup>7</sup> <http://www.timbreapp.com/about/>

*Gigbeat* is an Android application that allows you to search for concerts based on artist choice, location, or venue. The application provides a home screen, allowing you to store events you want to attend, and adds events to your calendar. If the user chooses to allow the application access to their music library, the application will show events of interest based on said music library. Through *Gigbeat*, you can also purchase tickets to concerts via *Songkick*.<sup>8</sup>

*Songkick* is a website and application based service that allows you to track your favorite artists and receive notifications about when that artist will be performing in your vicinity. By signing up for *Songkick*, you are also able to purchase tickets on their application, and will receive notifications at to when the concert tickets are dwindling.<sup>9</sup> In 2012, *Songkick* would create a complimentary service for the web named *Detour*, which allows users to pledge to have certain artists perform in their area. If the artist decided to play the show, the pledgees would be guaranteed tickets out of their pledge amount.<sup>10</sup>

*Thrillcall* is an application that provides up-to-date concert information for its users. Not only does it provide concert listings (which can be based out of big cities, if you prefer) and live music news/updates on future tours, but *Thrillcall* provides its users with last-minute ticket deals, exclusive tickets for sold out gigs, and even backstage passes. This gives users the opportunity to take part in a concert experience last minute, or plan for a bigger experience if they go for the backstage perks. You are able to purchase your tickets through the application (*Thrillcall* makes its ticket deals exclusively with the venues/promoters).<sup>11</sup>

Lastly, *Jamebase* is currently the premiere application service for live music information. The database holds tens of thousands of shows, including local gigs, nationwide tours, and music festivals. Similar to *Gigbeat*, you can also choose to allow the application to access your music library, customizing your database results based on the artists you love. *Gigbeat* also offers up photo libraries for concerts, a forum for open discussion, and contest information for upcoming performances.<sup>12</sup>

This application list indirectly competes with *Seek*, but is worth acknowledging due to their opportunities for users to hear about upcoming shows.

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<sup>8</sup> <http://gigbeat.fm/>

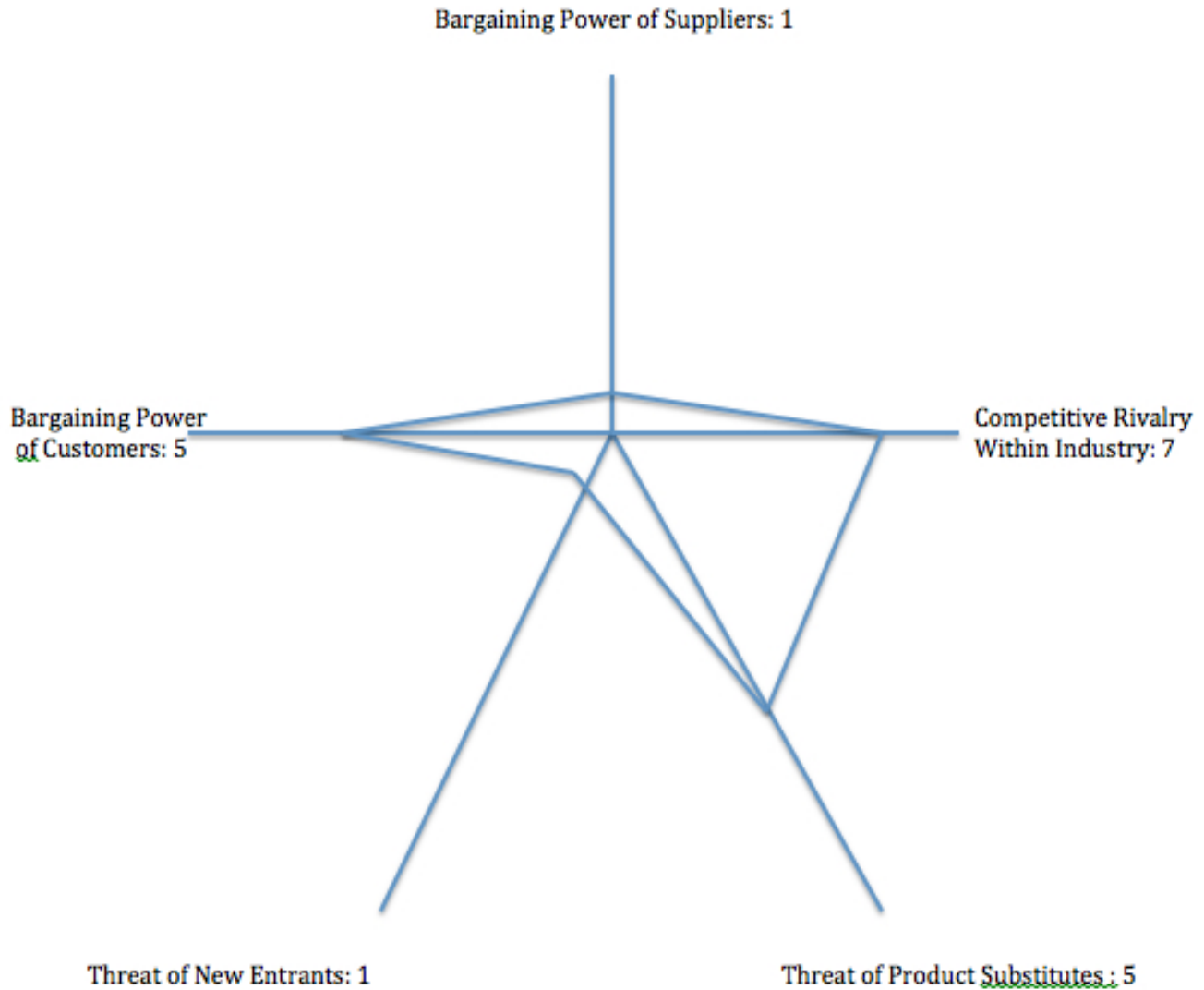
<sup>9</sup> <http://www.songkick.com/>

<sup>10</sup> <https://detour.songkick.com/>

<sup>11</sup> <http://thrillcall.com/>

<sup>12</sup> <http://www.jambase.com/>

## Porters 5 Forces Model



### Bargaining Power of Suppliers:

Due to the collaborative nature of Seek, external parties partnering in projects will be able to freely negotiate terms and details in order to help generate a campaign that best works with their specific live show. Each Seek campaign will be unique in its own right and will be built upon fair negotiations as a means of benefiting participating parties (Seek + collaborators). However, once Seek begins to create a presence on the market, the bargaining power of Suppliers may rise.

### Bargaining Power of Customers:

Users are able to negotiate through the Seek application indirectly by correctly guessing where the concert will take place. The sooner the user is able to determine the secret location of the concert, the more benefits he/she will have for the time of the show. The bargaining power of the customer hinges on their ability to follow the clues provided by the application.

#### Threat of New Entrants:

Creating apps requires resources. For this reason, entering the application market is relatively straightforward, and there are many services that exist that can develop applications for clients. The threat of new entrants willing to put in the time and development (or having the money to have someone develop and application) needed to create an application like Seek is high.

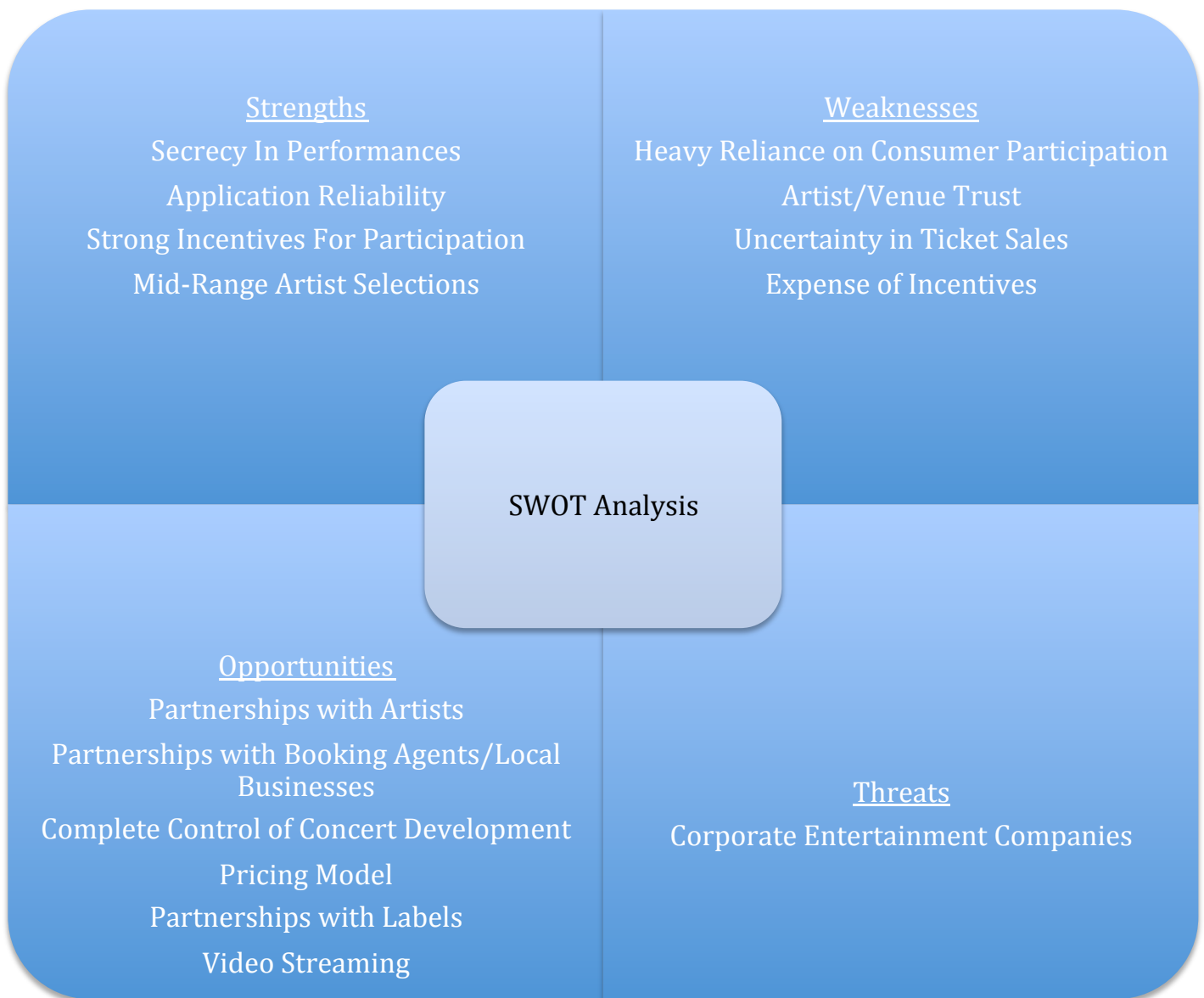
#### Threat of New Substitutes:

There are other applications that operate within live music, however none of them directly partner with promoters, venues, and bands to create promotional campaigns around concerts. Consumers could potentially use other applications and websites to discover shows, although they would be missing the “find it yourself” experience that defines the Seek brand. Additionally, artists could bypass Seek altogether and create their own secret promotional campaign. Essentially, while Seek will be the first one in the industry to create this specific service, it doesn’t stop other service providers from trying to offer something similar. Seek will work to copyright the idea for this service once production of the application takes place.

#### Competitive Rivalry in the Industry:

As previously mentioned, Seek operates within a popular realm within the entertainment industry yet manages to assume a unique position due to its experiential offerings. Consumers may utilize other services within the live entertainment market, however these services may not act as a substitute for Seek and its offerings. Rivalry, in this regard, is relatively low.

## SWOT Analysis



### Strengths:

- 1) Secrecy in Performances- Seek will be the first live entertainment service to create all events in complete secrecy. Seek, in a sense, takes the promoter aspect of producing a concert in it's own hands, getting rid of any middle man in order to maintain the integrity of the performance.
- 2) Application Reliability- Seek will not launch its application without complete beta testing in order to ensure complete reliability and in order to gain the trust of our users. The Seek service is pivotal on the quality of the

- application. The production schedule of the application can be found further down in the operational plan.
- 3) Strong Incentives- By offering discounted entry tickets, line jumpers, and VIP passes to users of Seek, it will make the use of the Seek service desirable beyond the experience of hunting down the shows, and gives the service a monetary value to consumers.
  - 4) Artist Selection- Seek will work with mid-range artists (more geared toward rock music, as is popular with guerilla gigs) where the “underground” hunting of shows will be more fitting. Users won’t be attracted to hunt down smaller artists, while the idea behind the underground feel won’t match with superstar types.

#### Weaknesses:

- 1) Consumer Participation- In order for Seek to work effectively, we need full participation of consumers on the application. If they aren’t inspired to use the app, and if the incentives don’t entice the user, then the service will be deemed useless. If this happens, Seek will have to look into further incentivizing their offerings.
- 2) Artist/Venue Trust- Seek needs to be able to trust the artist/band and the venue the concert is taking place in to be hushed on the matters of the concert. If the artist or venue discloses the plans for a concert, the illusion would be lost for Seek. Seek is trying to avoid this issue by blasting the name of the artist, date, and city of the concert a month before the performance (while consumers cannot prepare for the location of the show, they can prepare to be in that city on that date).
- 3) Uncertainty of Ticket Sales- If users don’t utilize the app, Seek will not be able to sell tickets for the show. Seek will also offer box office tickets, but the hope is to sell a majority of tickets online through the application.
- 4) Expense of Incentives- The cost of offering incentives to consumers would have to be sensitive to an overall break-even point for Seek and all other parties involved.

#### Opportunities:

- 1) Partnerships with Artists- If Seek partners with artists, consumers can look forward to these artists utilizing the service, and it opens up potential to attract more users of the application/service.
- 2) Partnerships with Booking Agents/Local Businesses- Seek will be looking to partner with booking agents and local businesses, which ensure both parties receive business from Seek. In exchange, Seek could benefit by targeting more artists and consumers.
- 3) Complete Control- Seek has complete control of the show, especially when it utilizes its privacy policy. This allows for a controlled environment when developing/announcing the concerts through the service, whereas

- competitors have potential outside influences affecting the product they are delivering.
- 4) Pricing Model- No other competitor of Seek is currently incentivizing their service use with discounted entry costs to their concerts. By utilizing this model, Seek heightens it's chances of consumer use.
  - 5) Partnerships with Labels- Bandsintown currently works/partners with labels as part of their service. This might help lead to financial support from labels, a larger pool of artists to work with, etc. Seek could benefit from the resources available when partnering with a label.
  - 6) Video Streaming- Competition, like Sofar Sessions, is utilizing concert streaming as part of its business model. Seek would like to explore live streaming its concerts as part of its branding model.

Threats:

- 1) Corporate Entertainment Companies- Major market shareholders, such as Livenation and AEG, are known for their acquisitions of successful entertainment startups. If they acquire any of our competitors, Seek would be faced with the challenge of breaking through the majors for visibility and recognition.



## **Market Analysis**

### *Socio-Demographic Analysis*

While Seek will be available for use to all demographics, our team will focus our attention to attract a more direct group of consumers.

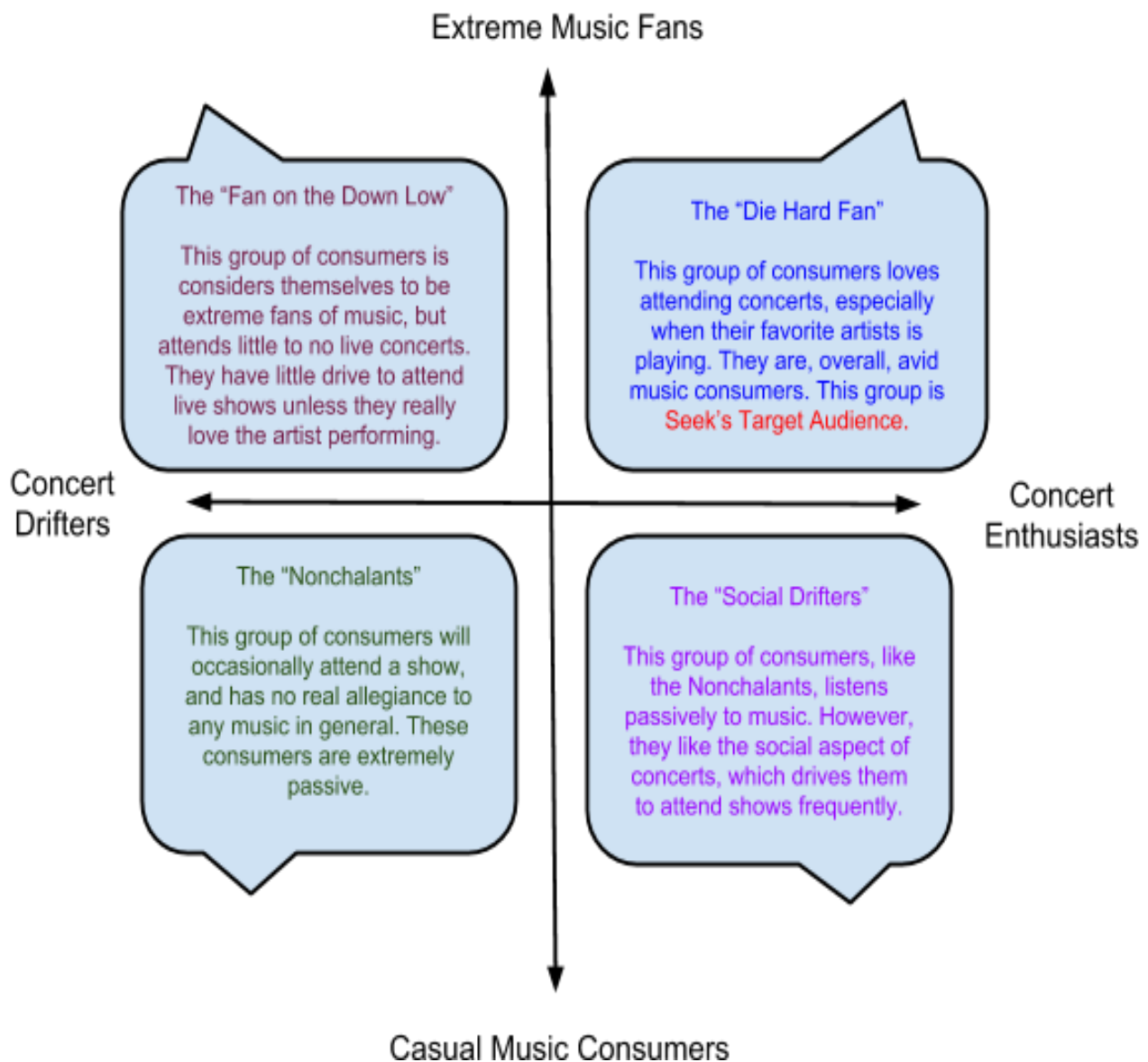
- 1) These consumers will be between the age group of 18-34, and will be both male and female.
- 2) They will be fans of mid-level range artists, preferably with an interest in rock genre music (Seek's initial artist's will more than likely come from within that category).
- 3) This group will find value in attending live events to see their favorite bands, and will spend good money to attend a concert. However, being of a younger demographic, they will appreciate any opportunity to cut corners and save cash when they can, especially when it means they can spend more money within the venue (food, drinks, merch, etc.).
- 4) They will be experience driven, spending a lot on food, drinks, and merchandise.
- 5) They will be tech savvy, constantly tuned into the newest applications and the newest devices. They will be very tuned into what is going on around them in order to remain present.
- 6) They will have an appreciation for not only the event, but the process of getting there (the drive to the show, the pit stops, the people they meet along the way, etc.).

There will also be a secondary group Seek will target. This group, known as Social Drifters, will partake in events as long as the general crowd is going. They might be neutral towards the band and the concert, but they are experience driven and desire social connection. For them, they love the idea of attending live concerts and experiencing new things, and should be considered as an audience for Seek, since the service is experience driven.

### *Market Segmentation*

The two criteria chosen to segment the market would be an analysis of a behavioral segmentation and lifestyle segmentation. Firstly, with the behavioral segmentation, Seek segmented music fans based on the "extreme music fans" and on the opposite end, the casual music consumer. For the lifestyle segmentation, we analyzed the spectrum of concert attendees, from the enthusiasts to the drifters. These two segments were chosen as a result of analyzing the customer segments for Seek, which rely heavily on how much of a fan a consumer is (if Seek presents an consumer with an artist they love, they will be driven to use the application) and how much the consumer indulges in live

entertainment (those who enjoy seeing live performances will be driven to use Seek).



The consumer segment Seek will focus its attention on is the "Die Hard Fan", or the consumer found within the upper right quadrant of the graph. This choice was made due to Seek's niche market for live entertainment. Extreme music fans will be drawn to Seek with our selection of artists creating shows through our service, while the concert enthusiasts will be drawn to our new, unique approach to live as a form of differentiation for their usual concert fix.

The secondary group Seek will hope to involuntarily reach will be the "Social Drifters." Because the Seek application is a service that highlights live

entertainment as a whole, these consumers may be compelled to use the service, even if they don't know the band. However, our efforts will not be directed toward them initially. Further down the line, it would be wise to try marketing to this group in order to gain more revenue and users.

## *Market Research*

### **Primary Research**

Upon deciding how to conduct research for Seek, the management team had decided to focus on obtaining quantitative and qualitative data from our poll candidates. We designed a survey/questionnaire through SurveyMonkey (which was then distributed online to people within the target audience) that focused on finding quantitative numbers (example: how often do you attend live performances?) and qualitative information (example: what was your best pre-concert experience?). The data we obtained from the data is as follows:

- 1) 51 people took the Seek survey, and all were within the age demographic of Seek consumers.**
- 2) When asked, "How often do you attend live musical performances?" *the majority of the group, 39.22%, said slightly often. 27.45% said moderately often, 13.73% said quite often, 11.76% said not often, and 7.84% said extremely often.*
- 3) When asked, "Does waiting on long lines for a concert affect your concert experience?" *the majority of the group, 68.63%, said not really, but I would rather not wait. 15.69% said yes, 7.84% said no, and 7.84% said they were indifferent.*
- 4) When asked, "Typically, how familiar are you with the artist(s) performing at the concerts you attend?" *the majority of the group, 52.94%, said they usually attend concerts for artists they know. 31.37% said they only attend concerts for artists they know well, and 15.69% said they go to a range of concerts, usually discovering new acts.*
- 5) When asked, "Would you be more likely to attend a concert if there were incentives (example: discounted ticket prices)?" *the majority of the group, 62.75%, said yes.*
- 6) When asked to describe their favorite pre-show activity, the majority of the group described their favorite activities to be getting dinner or getting a drink with their friends.
- 7) When asked to describe their favorite concert experience, most people mentioned intimate concerts, the idea of connecting to the band, and the enjoyment shared with friends. One person quoted, " *I don't know if there's one concert that sticks out in my brain. If the music is great and I'm having fun with my friends, that's what matters. Getting lost in the music and experience.*"<sup>13</sup>

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<sup>13</sup> "Seek Survey" SurveyMonkey.

Overall, with the results of our survey, we concluded that consumers are very experiential. They also recognize the value of the pre-show experience, and also seem to show interest in incentives offered for concerts. We found these results promising and an overall asset to the furthering of the business plan (See **Exhibit 1** for graphical representation of our findings).

### **Secondary Research**

Beyond the use of our own data obtained through our survey, the management team decided to consult the 2014 industry report for Concert & Event Promotion in the US, provided by IBISWorld.<sup>14</sup> Some of the key finds we focused on within this document are as follows:

- 1) **Attendance and consumer spending will trend upward, but so will competition.**
- 2) Revenue in this industry is at \$24.9 billion, and saw an annual growth of 1.4% between 2009-2014. It is expected to grow 2.9% between years 2014-2019 to \$28.7 billion.
- 3) Higher ticket prices are expected to drive higher concert attendance and increase spending on parking, merchandise and VIP packages.
- 4) Between 2014-2019, the number of industry establishments is estimated to grow at a rate of 1.2% annually to 53,632.
- 5) While ticket sales are still the major source of industry revenue, its important to maximize alternate sources like sponsorships, artist services and merchandise sales.
- 6) The major markets in live entertainment are men aged 21-45 (26.4%) and females aged 21-45 (24.3%). These groups spend the most money to attend events but are the most susceptible to marketing and sales within the venue.
- 7) The major business locations for live entertainment are California (12.3%), New York (11.2%) and Florida (6.6%).
- 8) There are over 50,000 promoters in the USA, and because of this the industry is extremely fragmented. Promoters have limited reach and few employees.
- 9) Livenation is the biggest entertainment company and currently takes up 16.2% of market share. Anschutz Company owns the second biggest market share with 4.6%.
- 10) Demand to attend concert correlates with consumer leisure time.
- 11) Industry barriers are decreasing as technology changes (internet, social media, applications).

What Seek can conclude from this data is that we are entering a very desirable industry, but that the competition within the industry will increase

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<sup>14</sup> "Concert and Event Promotion in the US," IBISWorld Industry Report.

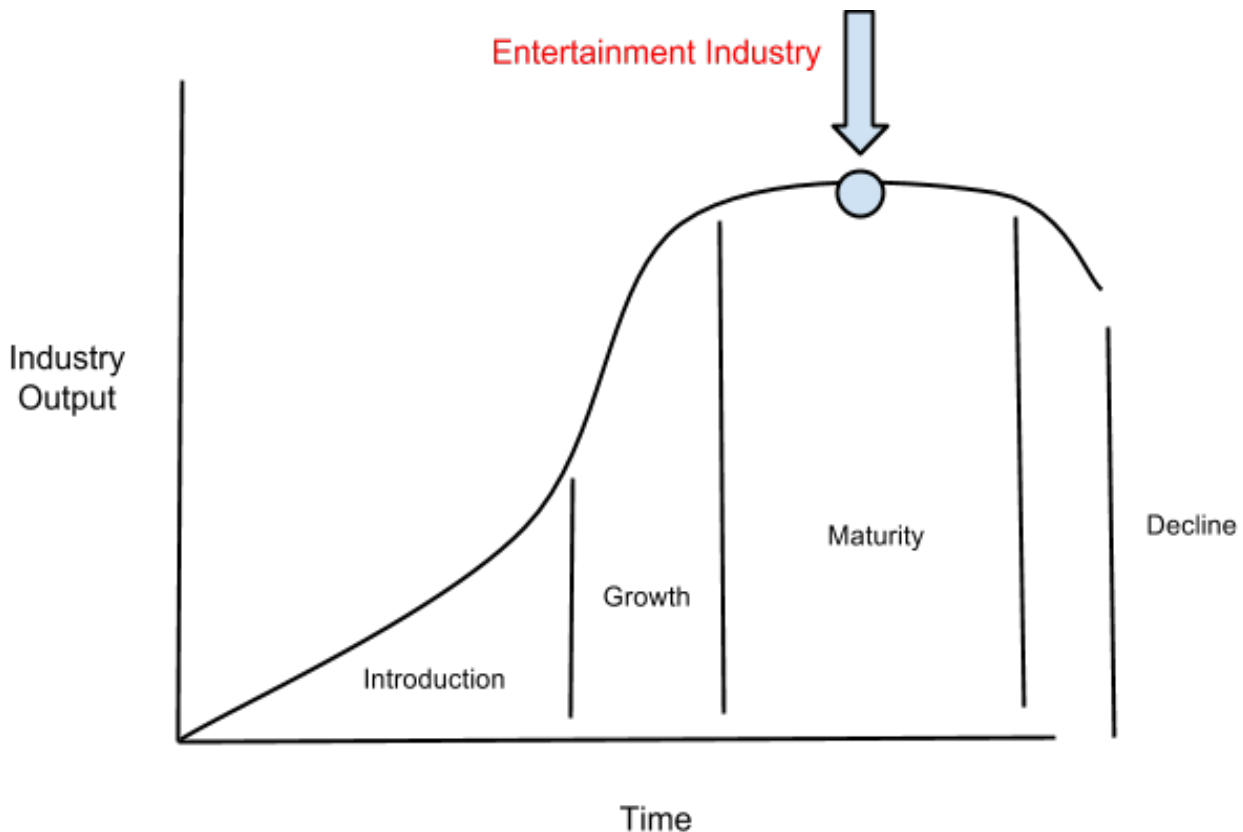
with the industry increase. We feel validated in our incentives when noting that more people are spending money on complementary packages when attending concerts (Seek will be offering them at a discounted price/free). We also feel validated in choosing New York City as our test market, as it is the second biggest market in the country. We will keep our eyes out for Livenation, and wish to remain independent and separate from the major companies in the sector.

Ultimately, while we should find it fairly easy to enter the market initially, so will other companies. We will keep all this information in mind as we move forward with our business development.

## Internal Analysis

### *Life Cycle Analysis*

Live Entertainment Industry:



Currently, the Live Entertainment industry sector has been following a very steady growth period for over 15 years. Overall, the entertainment industry has had an increase of 66% between 1998-2010,<sup>15</sup> and entertainment/media spending worldwide increases at an annual rate of 5.5%.<sup>16</sup> While the industry has hit maturity, there is no reason to worry about the current state of the live entertainment sector. Where consumers are purchasing less physical media, they are making up for it in purchasing live concert/performance tickets. This is demonstrated in the IBISWorld industry report that states that while the life cycle is in maturity, the growth of revenue within the sector is growing with the same pace as the economy (with a growth in IVA in line with GDP growth) and there is

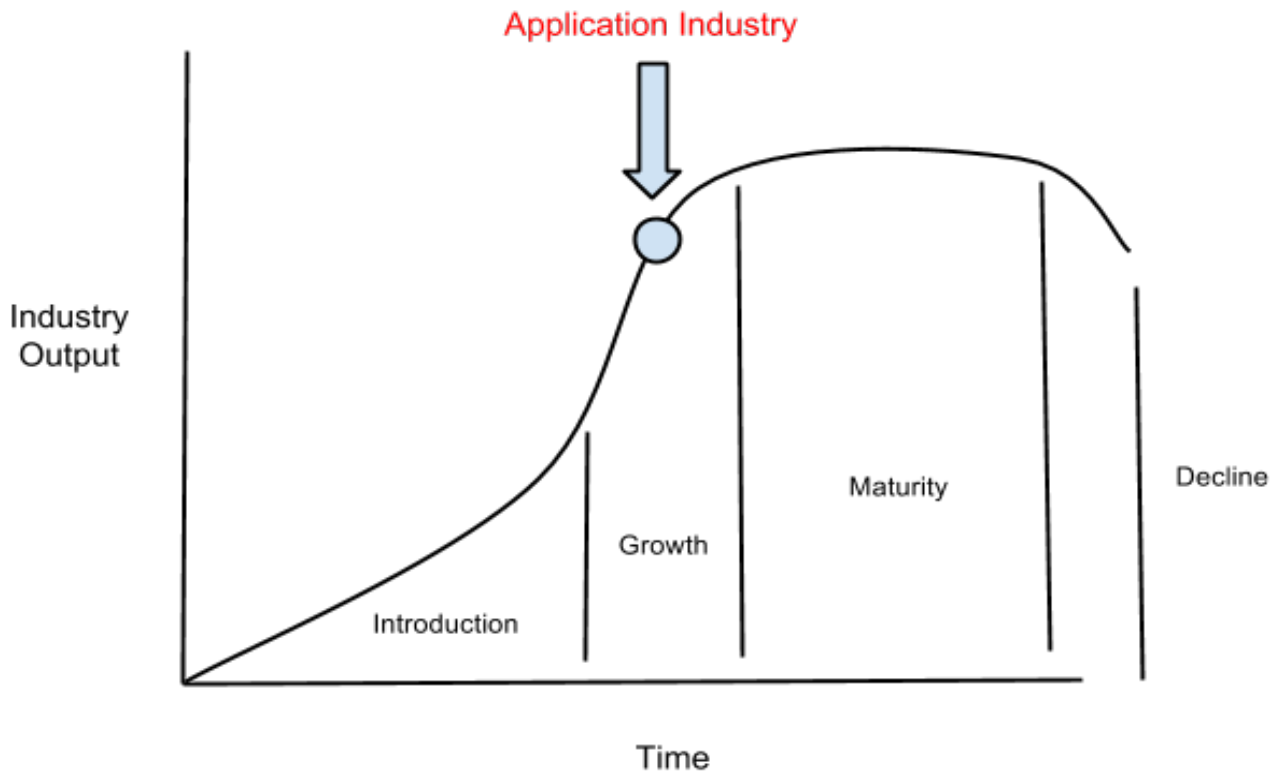
<sup>15</sup> <https://www.techdirt.com/articles/20120129/17272817580/sky-is-rising-entertainment-industry-is-large-growing-not-shrinking.shtml>

<sup>16</sup> <http://www.reportlinker.com/ci02088/Media.html>

a market acceptance for the industries products and services, with are established.<sup>17</sup>

This industry analysis only ensures that this aspect of the industry is a desirable one for Seek, whose focus is on producing live entertainment.

Application Industry:



Further, the application industry is also experiencing a growth in the market. As of 2013, downloads for iPhone applications reached \$48 billion and Android application downloads reached \$50 billion.<sup>18</sup> In addition, global revenue from application store was expected to rise 62% in 2013 to \$25 billion, and on average consumers spend 2 hours daily on their phone applications.<sup>19</sup> People are accessing more and more phone applications daily, making the market desirable to enter. Since a majority of Seek's B2C communications/functions will be happening through the Seek phone application, it is integral that the application industry is in a healthy state.

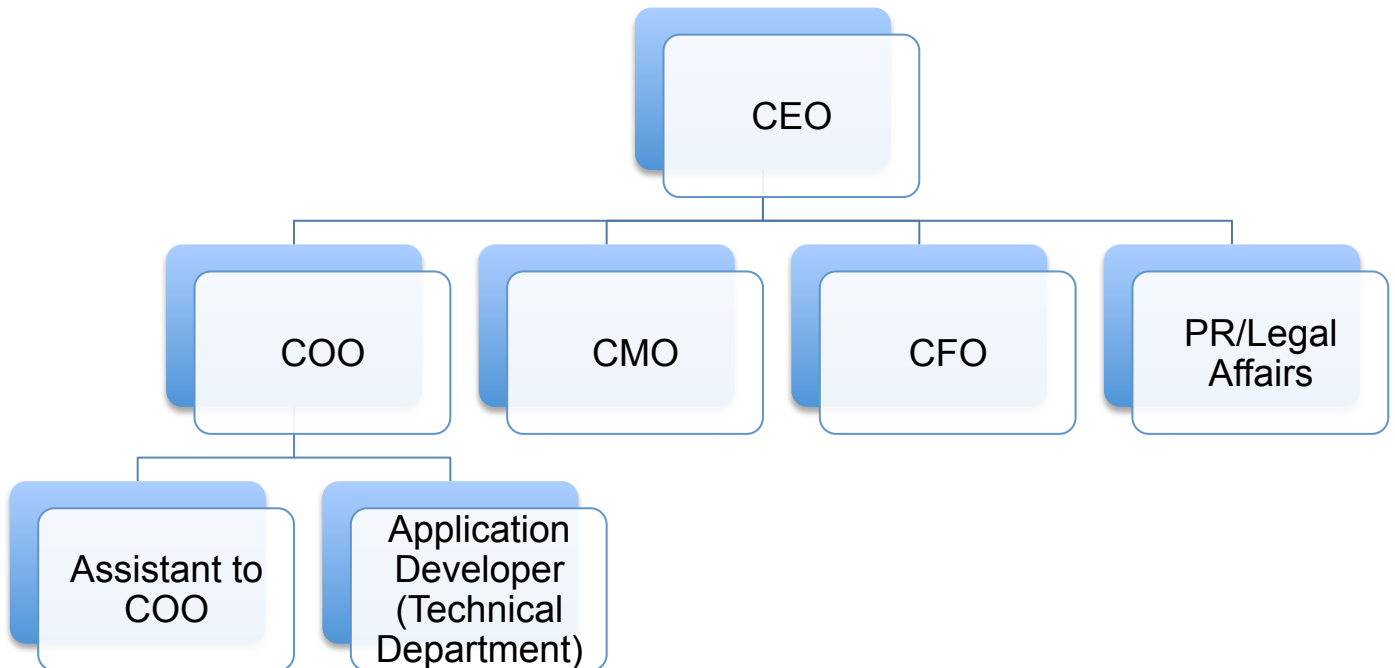
<sup>17</sup> "Concert and Event Promotion in the US," IBISWorld Industry Report. 11-12.

<sup>18</sup> <http://www.mobilestatistics.com/mobile-statistics>

<sup>19</sup> <http://online.wsj.com/news/articles/SB10001424127887323293704578334401534217878>

The Seek application should benefit from both industries it is entering, as they are both currently stable, making profit, and reliable to consumers.

### *Department Structure*



The department structure of Seek (which will be further analyzed in our operational plan of action)\* will initially be structured according to the diagram. The CEO will be in charge of all parties, and the only position that will have assistance will be the COO. Further, under supervision of the COO, there will be our application developer located in house. Otherwise, with Seek starting at a small scale, this structure will be acceptable initially, but will grow with the business as it gains momentum. At that point, Seek will look to hire more outside help, or even offer internships to students.

\* The descriptions of each associated manager are located in the operational plan.



## Value Chain

### Primary Activities:



For Seek, it is crucial to understand the importance of the primary activities within the service, since it will all be done in-house. The descriptions of each activity are as follows:

**Logistics** is the starting point for Seek on the Value Chain. Logistics deals with articulating/preparing all major concert details and confirming the artist and the venue (which includes seeking out artists/venues interested in our service). This is where financial aspects are drafted up, as well as privacy policies, riders, and contracts. Logistics will also be in charge of drafting up a preliminary plan of action per show, and making sure partnerships with outside businesses are made.

**Operations** includes all of the production aspects before the day of the concert. That includes working with all production techs and the venue before a performance, fulfilling stage plans and riders, and assisting in all artist needs.

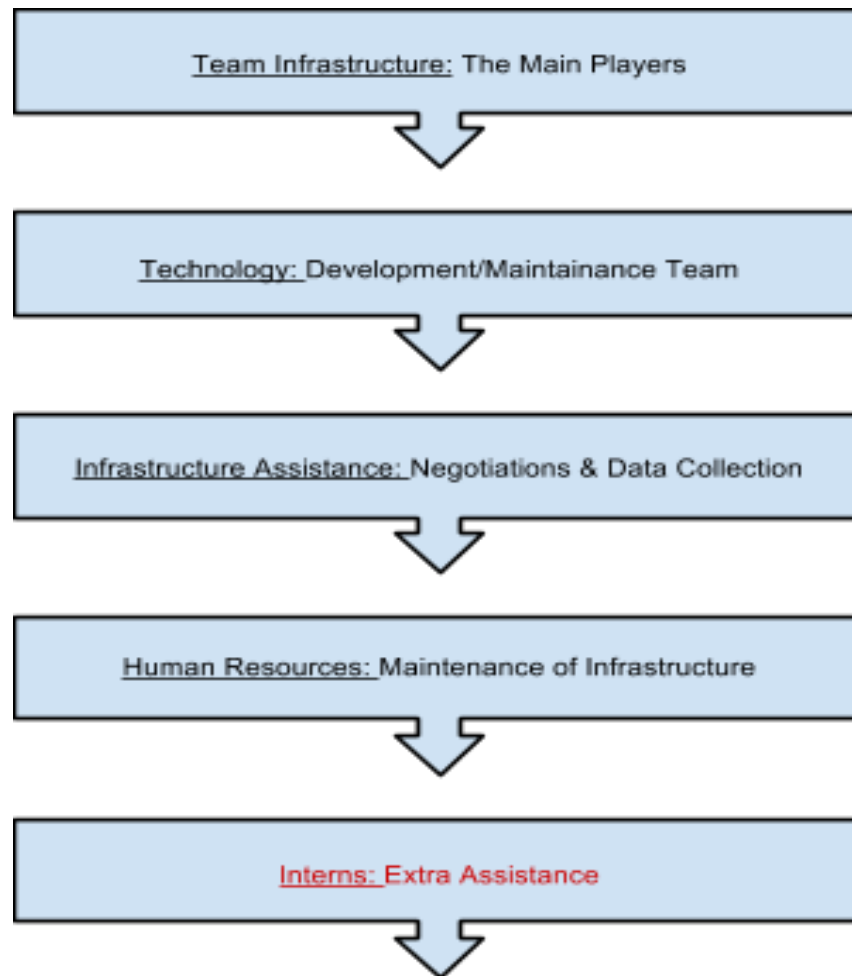
**Marketing** is the unique aspect of Seek that requires artistic curation. It begins a month before the concert happens when Seek blasts the name of the artist, date of the show, and city of the show to its users. Marketing is in charge of creating clues prior to the day of the concert and mapping out the delivery of clues the day of the show. During the show date, marketing is in charge of sending out the clues, monitoring ticket sales, and dealing with any customer inquiries.

The **Service** is the final outcome for Seek, which is the concert. This includes the concert performance, box office ticket sales, and assisting artists/production techs/ the venue workers with whatever is needed.

Finally, **Sales & Analysis** handles financial outcomes, profit/loss margins, and analyzes the success of each performance. Each concert will go through a period of analysis for SWOT and will create reports on how to improve on our service for management to view and act upon.

The three internal activities, that focus on production/marketing/concert will require the most manpower, and will require the most strength in order for Seek to be functional. Logistics and Sales/Analysis, while highly vital, will require the most time, and will need to be thoroughly completed.

Support Activities:



The support activities from Seek include all the infrastructural departments within the company.

The **Team Infrastructure** consists of all upper management roles within the company, which were mentioned in the company description. They are in charge of overseeing all activities related to their specific roles within the company.

The **Technology** department includes everyone within the Development/Maintenance team. This department is located directly underneath the main team infrastructure due to the importance of our application as part of the execution of this company.

**Infrastructure Assistance** follows the technological department and is in charge of paperwork, negotiations with artists/venues, and part of the analysis after each show. Initially, this will be the role of the COO's assistant.

**Human Resources** will be run initially by the Legal Management of Seek. They will be in charge of the maintenance/functionality of the internal structure of our company with an emphasis on employee satisfaction.

**Interns** are included in this list as to be acknowledged in the final aspect of the internal structure of the company. However, they are listed in red, indicating that until Seek is a viable service that needs the extra manpower, they are not integral to the initial state of Seek's internal structure. Their importance will come later when the company grows.

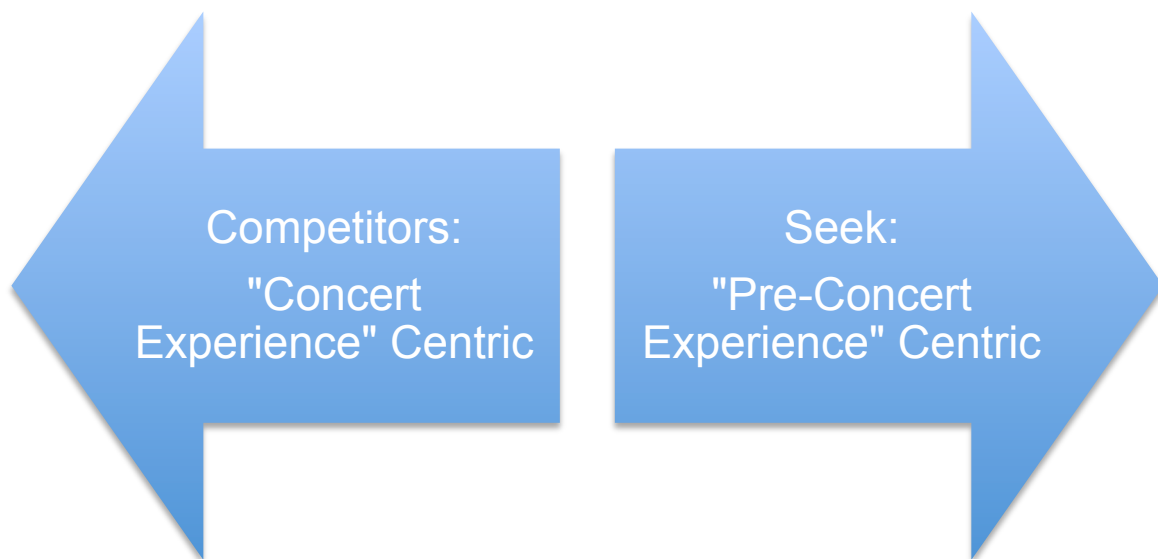
B2B and B2C Chart:



Above you will find the basic layout for the connection of B2B and B2C in relation to Seek in the Live Entertainment industry. Seek will play a major role between the venue, consumers, and the artist team, and will make its decisions based off

the overall health of each party. Seek will act as a concert promoter and will not need one in the value chain (Seek will be performing all the responsibilities of a concert promoter with our service). The record label, talent agent, and artist manager will all work together with Seek to ensure that the best events are planned and executed for their artists. It is at that point where Seek delivers that information to the venue for confirmation. In the end, Seek will also have a direct line to its consumers through the application and Seek's presence at the performance.

### *Innovation Analysis*



Seek is an innovative service because, as shown by our research of our competitors, no service has been created that makes an experience out of the pre-show activities consumers normally partake in prior to a concert. While our competitors – including individual artists, services, and applications – create a new experience of attending an event for the consumer, Seek takes the concept a step further. Seek will create an event for the consumer to attend, but calls upon consumer participation, creating a “pre-show” experience. This differs from many of our competitors, who simply offer concert information or ticket sales. While their ideas have shaped some of our ideas for Seek, Seek will be setting precedence in the live entertainment sector.

With the current economy focusing on “experiences” rather than products alone, this service brings a new idea into the market. It remains relevant technologically

by utilizing a phone application and social media, but is unique to the market. While the service invites consumers to participate in the search for the concert location, it challenges them to unconsciously create new experiences. It's the combination of all these things that sets Seek apart and differentiate it from the competition, who may have one or two of those factors as part of their services.

## V: Plan Of Action

### Operations Plan

#### *Production*

Our service is being produced partially in house (marketing, production, etc.), and partially through an application developer service for our phone application. While we are hiring an individual to be in charge of technology/maintenance, we are more attracted to the idea of using an app developer site to quicken the process.

All the costs of production can be found in our expenses sheet in our section for Financial Projections. Any service that isn't performed in house has been researched for reputability and functionality, and have met our standards in order to start-up Seek.

Customer Service will be dealt with, initially, by our CEO and later will be handled by our Legal Affairs manager. The marketing manager will be in charge of inquiries and issues related to the service on the day of a performance, and will also be qualified to assist in customer service inquiries if need be.

#### *Suppliers: Ticketing*

In order to keep cost down during our first year of business, Seek would like to be able to keep most of the production of the company in-house. However, there are some options for outside suppliers that would make the production of Seek shows easier.

For ticketing, we would look into **Crowd Surge** or **Ticketfly**, which would allow us easy, independent-based ticketing to consumers. Both companies allow for the marketing of concerts by event owners through their sites (meaning Seek has extensive control on how their tickets are sold), and the companies line up with the ideals of Seek; which focus heavily on the independent aspect rather than the major entertainment services. Both companies are also direct competitors to Ticketmaster. Tickets will be sold solely through the Seek application, so the compatibility of these suppliers with smart phone's is crucial.

#### *Location*

We want to be close to our customers and to the vibe of live music in the scene, so we decided to be placed in Brooklyn, New York were neighborhoods like

Williamsburg and Greenpoint have long rivaled Manhattan as the city's home of live music and the rent is also cheaper than downtown.

We chose not to invest in office space initially for the startup of Seek, but will chose to work out of home for the first few years. However, we will still invest in furniture/equipment for our personnel working within the home, which will range around \$4,000. Eventually, we would like to find a small office space in Brooklyn that could accommodate our main infrastructure and allow us to operate exclusively from that space.

Our location would ideally be located close to public transportation in order to get into downtown Manhattan or other surrounding areas, and parking should be available in the building for any travel outside of the area (this is implied if we are working out of home initially). Our initial office hours will be Monday-Friday 10AM-5PM, Saturday-Sunday 12PM-5PM. On a concert day, these hours will be extended to 9PM.

### *Personnel*

Seek will begin initially with five beginning personnel that will hold administrative positions, as well as an extra employee that will assist our COO during concert production. This will not only refine our organizational plan, it will also lay the groundwork for training future employees. These employees will be hired prior to the application development, and we are looking for skilled associates who have a passion for live entertainment. Each associate will have a starting pay of \$20,000/year, which will increase with the success of the business.

#### *Chief Executive Officer:*

The Chief Executive Officer will oversee the daily operations of Seek. The CEO will approve all partnerships, venues, artists and marketing plans as well as review financial documents and the most serious of public relations issues. The CEO will also be the ultimate visionary for the future success of Seek by initiating dialogue on new ideas that will feed our aspirations for growth. The CEO will also oversee any revisions to the operations plans and implement any new policies that have been agreed to by the executive board.

#### *Chief Financial Officer:*

The chief financial officers main responsibility is to ensure that Seek not only remains on budget but also generates revenue. The CFO will focus on profit/loss margins for each show, and will be prompted to thoroughly analyze the strengths and weaknesses of each show from Seek's standpoint. The financial department will be required to monitor day to day transactions and handle all financial aspects throughout the year including: balance sheets, income statements, cash flow statements, taxes documents and payroll. The CFO will also forecast future profit projections to further find ways to increase our revenue.

*Public Relations and Legal Affairs:*

Public Relations and Legal Affairs will be integral in the maintenance and functionality of the internal structure of the company. Public Relations will deal with any public issues with Seek arising from our customers, venues or partners. PR will be our best resource for reporting problems with our operational plans and a valuable source of suggestions for future improvements. PR will also communicate with media to ensure the integrity of our name is upheld. Legal affairs will ensure that Seek is registered legally in the State of New York and ensuring that all regulations are being met. Legal affairs will also work with our lawyers to be sure we well prepared for any legal issues that may arise.

*Chief Operating Officer:*

The Chief Operating Officer will be responsible for all aspects of the organization and supervision of our concerts and oversee the development of an articulate plan of action for the event. The COO will create the interactive teasers and reminders sent to our users during the month of the upcoming show. The COO will pre-plan the clues that will be distributed for each concert and work with our partners to create acceptable offers to our mutual clients. Essentially the COO will also play the role of a concert promoter by coordinating artist logistics and organizing the VIP passes and backstage meet and greets. Finally, along with the CEO, the COO will help with the supervision and implementation of a smooth running concert.

*COO's Assistant:*

The COO's Assitant will work to find the best venues, partners and artists to collaborate with Seek and will handle all paperwork and negotiations pertaining to this aspect of our operations. The Assistant will search for venues interested in a new means of concert promotion and for venues that are a good fit for the our services. The Assistant will also find local partners to work with to build and enhance the pre-concert experience for our consumers. This will create long lasting relationships with our partners by offering them exclusive access to our consumers, which, in theory, will generate a surplus of customers for them on the days of our concerts. Both our relationships with local venues and partners will also help to establish our presence in our host city. The Assistant will also act as an A&R agent for Seek by finding the best talent, both locally and nationally who are interested in the special experience that we create for their fans, as well as establishing partnerships with booking agents who would be able to assist Seek in finding talent.

*Chief Marketing Officer:*

The Chief Marketing Officer's main function is to market Seek and help create a steady stream of new users. The marketing team will determine the most cost effective means in which Seek will be advertised to consumers as well as



creating advertisements for individual artists who will be performing for one of our concerts. The CMO will also create our website and maintain our social media presence which will be the main source of information for our services, as well as facilitate the live streaming on the website. The marketing team will also establish any beneficial marketing partnerships and explore not just local but national advertisement strategies.

## *Legal Environment*

### *Requirements of Establishing Seek*

To set up our business we will have to apply for an **Employer Identification Number (EIN)**. This is an identification number used by the U.S. Internal Revenue Service, which businesses in general need. It is also known as a Federal Tax Identification Number and is used to identify a business entity. Applying for an EIN is a free service offered by the Internal Revenue Service.

State wise, it is also necessary to apply for the **Articles of Organization of our LLC**. This is a document outlining the initial statements required to form an LLC at the State level. It is a necessary document for setting up an LLC in New York. The fee for filing the Articles of Organization is \$200.<sup>20</sup>

### *Requirements to Open Seek*

Concerning the overall safety requirements, **Portable Fire Extinguishers** are an important part. FDNY regulations require a certain number, type, and placement of portable fire extinguishers in our office. The type of fire extinguisher depends on what is burning and therefore depends on our business. The requirements are detailed in Section 15-02 of Title 3 of the Rules of the City of New York.<sup>21</sup>

Businesses in New York City are required to **Recycle and to Dispose** of all types of waste through a licensed carting company. The Business Integrity Commission (BIC) establishes Maximum rates for collection are \$15.89 per cubic yard of loose refuse (volume), or \$10.42 per 100 pounds of refuse (weight).<sup>22</sup>

Before starting our business we must register with the Tax Department and obtain a **Certificate of Authority** and apply for a registration as a sales tax vendor. This gives us the right to collect sales tax on our taxable sales and to issue and accept most New York State sales tax exemption certificates.<sup>23</sup>

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<sup>20</sup> <http://www.dos.ny.gov/corps/llcguide.html>

<sup>21</sup> [http://www.nyc.gov/html/fdny/pdf/fire\\_prevention/pfe.pdf](http://www.nyc.gov/html/fdny/pdf/fire_prevention/pfe.pdf)

<sup>22</sup> <https://www1.nyc.gov/nycbusiness/description/find-a-licensed-private-carter-information/operation>

<sup>23</sup> <http://www.tax.ny.gov/bus/st/register.htm>

State wise New York wants employers to deliver **Employee Disability Coverage** to employees for an off-the-job injury or illness. For this we need to get a short-term disability, which is a type of insurance that pays a percentage of the employee's income for a certain amount of time if they cannot perform the duties of their job.<sup>24</sup>

Finally, state wise we will need to apply for **Unemployment Insurance**. This is a short-term income for qualified workers who become unemployed through no fault of their own and have sufficient work and wages in covered employment. The New York City Unemployment Insurance Law obliges employers to pay taxes to provide unemployment insurance benefits. For this one can simply apply online.<sup>25</sup>

#### *Requirements to Run Seek*

For Seek LC to be allowed to sell tickets over our mobile application we need to register for the **Original Ticket Distributor**. This will allow us producers to assign, distribute, and sell tickets for theatrical productions or other events such as concerts presented to the public in a place of entertainment.<sup>26</sup>

State wise Seek LC will also have to obtain a **Workers Compensation Insurance** policy with a private insurance carrier, with the New York State Insurance Fund. Another option is for us to be authorized by the Board to be self-insured, either individually or as part of a group. The insurance cost would have to be paid entirely by Seek LC, no amount can be charged to employees.<sup>27</sup>

#### *Laws and Regulations that impact Seek LC*

The city of New York requires businesses that have gross receipts greater than \$95,000 to file the 4% UBT return. "The **Unincorporated Business Tax (UBT)** is imposed on any individual or unincorporated entity, other than a partnership, that is carrying on or currently liquidating a trade, business, profession, or occupation within New York City."<sup>28</sup>

New York City is one of the few cities in the country that have their own income tax which rates range from 2.907% to 3.648%. This is officially called the **New**

<sup>24</sup> <http://www.wcb.ny.gov/content/main/DisabilityBenefits/Employer/introToLaw.jsp>

<sup>25</sup> <https://www.labor.ny.gov/unemploymentassistance.shtm>

<sup>26</sup> <https://www1.nyc.gov/nycbusiness/description/original-ticket-distributor-registration>

<sup>27</sup> <http://www.wcb.ny.gov/content/main/Employers/wclcompliance.jsp>

<sup>28</sup> <http://www.nyc.gov/html/dof/html/business/ubt.shtml>

**York City Payroll Tax.** The taxes are due by April 15 and must be paid along with the New York State income tax. Compliance to these regulations is crucial.

## Strategic and Marketing Plan

### *Mission Statement*

***“Seek’s mission is to be the first known live entertainment service that requires user interaction in order to identify the location of a concert. Our vision is to promote pre-concert experiences among users, provide them with a unique concert experience through our service, and offer them incentives to engage them with our product. Further, we believe in promoting consumer enjoyment and gratification, and our service’s management will be prepared to keep the consumers opinions in the forefront while developing our service.”***

### *Operational Strategy*

As a new business, establishing a strong brand identity within (and eventually beyond) our target market is paramount. Our goal of building professional clout and becoming an alpha pup within our industry will be the result of a *prospector* operational strategy. Organizations utilizing a *prospector* strategy will:

1. **Be the “first mover”:** We have recognized a hole within the live entertainment industry and thus will exploit and benefit a unique form of consumer interaction.
2. **Assume an aggressive operational strategy:** Developing and implementing myriad Seek campaigns in our first years of operation will result in our methods becoming widely recognized within our target market and commonplace within our industry.
3. **Constantly seek new opportunities:** Building a valuable and extensive professional network of business partnerships will allow our company to grow and will diversify our consumer base.
4. **Pursue product development:** Utilizing focus groups and surveys as a means of creating an effective and user-friendly application will be necessary in building a high quality product and service.

While operating under a prospector strategy will be costly, smart financial management and price skimming will allow us to recapture our costs and make the most of our initial activities. Establishing Seek within the live music industry through an aggressive strategy will create professional growth and allow for the company to assume a defender, analyzer, or reactor model as the brand matures.

### *Marketing Strategy*

One key component of the Seek business model is our ability to incorporate consumers in the event organization process. Each campaign, or “Seekret” show, will be different; there will be different business partners involved in each “scavenger hunt” just as there will be varying forms of user interaction in each campaign. While the variable nature of the Seek model creates difficulties in defining specific actions for future campaigns, it also acts as a defining element of our company’s ethos and activity. Concertgoers and users of the application will anticipate the unexpected regardless of how many times they have participated in the Seek process.

### **Promotions**

The application itself will be marketed through online music websites and magazines (Billboard.com, Fader, XLR8R, Rolling Stone). 97% of 18-29 year and 93% of 30-49 year-olds access the Internet, allowing for access of our target market (18-34 year old concert-goers).<sup>29</sup> **Marketing for the application will begin one week before its initial launch and for one week each month following the launch.** Advertising space may be traded for free press passes/tickets to cut marketing expenses. Additionally, demonstrating the application at trade shows and conferences will increase brand awareness throughout the professional community.

Our application will work as a marketing tool in itself, allowing for users to enable notifications for upcoming Seek campaigns in their area. Repeat customers will be targeted based on their interests and eventually their location as Seek expands into other major markets. The cost of marketing through the application and through other advertising will cost approximately \$8,000/year.

We want to create an image of new-age live entertainment necessity, meaning that people will want to preface their show with our service. We want to implement in peoples heads that the old way of viewing a concert is boring, and lacks a pre-show buildup. This service will provide that, and will drive consumers to use it based on its novelty.

### ***Partnerships***

Part of Seek’s initial marketing plan is establishing partnerships with different companies in order to create incoming financial backing, gain relationships within the industry, and to create cost-effective solutions for Seek’s expenses that accumulate yearly. There are two types of partnerships Seek will hope to create:

- 1. Booking Agents:** Seek will look for opportunities to partner with booking agents in order to provide options for touring artists to utilize Seek’s

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<sup>29</sup> <http://www.pewinternet.org/data-trend/internet-use/latest-stats/>

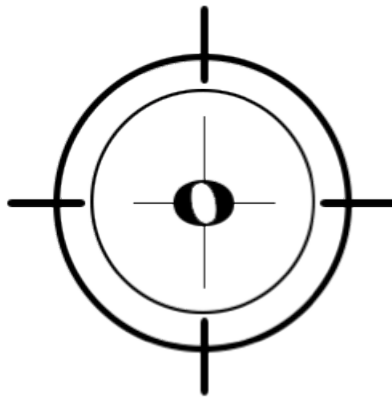
service. Seek will provide a small portion of profits to the partnering agent in exchange for the agent's business. For example, if a band is planning on passing through New York during a certain time of the year, the booking agent could recommend Seek to the artist as an alternative to the standard concert. By doing this, Seek has a wider reach with the artists than if we were approaching artists on our own.

- 2. Local Businesses:** Seek would like to reach out to the local community (this would be the New York city area with our test market) to gain business partnerships. These partnerships would allow Seek to provide physical clues through the application, and these physical clues would be provided at the partnered businesses. For example, through a partnership at a local bar, Seek could provide a clue for a concert at that bar. Seek would partner with businesses, ask those businesses to provide incentives (a free drink, a free appetizer, free/discounted products, etc.), and in exchange would boost business for these partners. There would also be a monetary value to this partnership, which would be decided upon once a partnership is established.

## *Branding*

The brand, Seek, will establish itself as a new-age concert discovery service. The premise comes from the history behind house shows/underground concerts that weren't blatantly marketed (guerilla gigs). These types of concerts required that the attendee cared enough about the concert itself, and required that the attendee would take the time to locate the show on their own. Seek takes that idea and makes it into a challenge, offering users clues to where the shows are and incentivizing the search. This service takes the rebellious idea of guerilla gigs and takes it mainstream, creating a hip new way of attending concerts, feeling like you earned the experience you garner.

Seek will have to have a look that makes it attractive to its consumers, and a look that looks presentable and fresh on smart phones. The first logo that has been created for Seek is as follows:



The logo is a simple black and white target with a whole musical note directly in the middle, which is a play on the music-based concert service Seek provides. It is a target icon based on the idea of Seek being on finding your end target concert location. This is a preliminary logo for the company.

Further, the actual application, when being used, will look like the model in the example screen shots from our Seek promotional video (See **Exhibit 2** for sample screen shots depicting the application look/design).

The clues on the application are made to look urgent, but maintain a clean look. The color schemes are white and orange: white will be the text and the orange will highlight an alert, or be a point of reference. Once established, Seek may look into the use of advertising underneath their clues on the application. In this case, the format would change slightly, while still maintaining the necessary information delivered for each clue.

### *Live Streaming*

Seek would be interested in offering a live streaming service, through the Seek website, that would allow attendees who couldn't attend the concert to watch the show from home. This would be offered sometime after the first year of business, and the pricing model would be somewhere between \$10-\$15 per month to stream Seek concerts online (theoretically, we would be producing around 2 shows per month at this point). We would do this after Seek has been established in order to maintain image and branding of Seek (whereas live streaming is a great source of revenue for entertainment services, the focus on Seek is the actual experience of attending a Seek show, utilizing clues). We

would hire a service out-of-house to facilitate the live streaming production, while the CMO would oversee the display and function of the streaming online during performance dates.

### *Pricing*

The Seek application will be offered as a freemium model to its users. In time, we would look to develop a model in which consumers have the option to pay for an upgrade on their Seek application (somewhere between \$1.99 and \$4.99). This upgraded option will take the technology in which many of our competitors are already using, in which our application will take the information from the users music library and use that data to emphasize shows being put on that are from the users favorite artists. This option will also give Seek insights on Seek consumer's favorite bands in order to schedule concerts with those artists. However, this model, again, will not exist initially and has not been accounted for in our financial documents.

Aside from that, our major revenue sources will be ticket prices. We average our tickets to be sold at approximately \$50 without the discount given to Seek users who guess the location. Those users will get a \$10 discount off the original ticket price. Unless special circumstances change this, this will be the set price for all Seek concerts. We will also gain revenue from potential partnerships, sponsorships, and advertising.

### *Location*

Our test location of Brooklyn, NY has been chosen from a marketing standpoint due to its physicality to live concert venues and the population within Brooklyn (and New York City, which we would be inevitably producing shows in) These factors are important because, inevitably, live entertainment can not be created from a distance, and you need a good pool of people to be able to attend these concerts. In 2013, the population in Brooklyn stood at 2,592,149 people<sup>30</sup>, and New York City accounted for 8,336,697.<sup>31</sup> We considered this a major factor when choosing to reside in this area and use it as a test market. It is also worth noting that New York City is also a major United States tourist destination, and more people are visiting the city regularly than are even being accounted for. These are all potential Seek consumers in our minds.

We also feel that the location is consistent with the image we are trying to portray through Seek. New York has had one of the biggest underground music scenes in history, especially with punk rock in the East Village circa 1980's. The city (including its boroughs) is known for their live entertainment, but also for the

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<sup>30</sup> <http://quickfacts.census.gov/qfd/states/36/36047.html>

<sup>31</sup> <http://quickfacts.census.gov/qfd/states/36/3651000.html>



underground concerts that happen there to this day. We want to give people an underground feel with Seek while making it commercial, so this choice seemed fitting for our company in that sense.

While this proximity to a vast population is important, it also means that Seek will be located relatively close to some of its competitors, including small promoters in the city. While this is a downside, there would be no way to test this service in a smaller city/town where our chances for success are greatly lowered. We will also be in closer proximity to many local businesses and booking agents in the city, so the positives weigh out the negatives in this scenario.

The pricing of our concerts also fits the location of our service. In a smaller town, you would be hard pressed to ask for people to drop \$50 for a concert experience. In a city where the cost of living is much higher, people will be more willing to spend more money on a show. This is why locating to Brooklyn is ideal for Seek.

### *Ticketing*

When using the Seek application, consumers who guess the location of the show will be prompted to purchase tickets through the application. Initially, we would look to explore cheap, free means of selling tickets through our application. Eventually, we will create an account through Ticketfly or Crowd Surge in order to sell tickets and provide Iphone confirmation tickets to users. We do not wish to partner with Livenation at any point, which means the use of a service like Ticketmaster would be out of question.

## **Timeline (Year One)**

The Gantt Diagram for Seek (See **Exhibit Three** for Seek's Gantt Diagram) shows the process of events that would take place the first year of operations at Seek, starting July 31, 2014 and ending at July 31, 2015.

The diagram shows the timeframe in which legalities are managed (beginning on August 1<sup>st</sup>, 2014), which include the creation of the LLC, the obtaining of our trademark, and registering our domain (including the creation of Seek sites/social media). On September 1<sup>st</sup>, 2014 is when the creation of the application takes place (this includes Beta testing the application). During the application development, beginning on the 1<sup>st</sup> of September as well, is when Seek will begin to start securing partnerships through local businesses and booking agents, as to establish ourselves before any real concert production is handled. On October 1<sup>st</sup>, 2014, Seek will begin advertising for our application (this includes print advertising, online advertising, and the attendance of trade shows).

The first concert will begin production by November 17<sup>th</sup>, 2014. On that date, we will have already confirmed the artist for that date, and will secure a venue two weeks afterwards on December 1<sup>st</sup>, 2014. It will be, once the venue is confirmed, pre-production of the show takes place, up until the day of the show on January 1<sup>st</sup>, 2015. Beginning on January 16<sup>th</sup>, 2014 we analyze the data and results of the first show and use it to dictate our next events.

Future concerts were acknowledged, but not planned in detail (the first concert's success will dictate many of our plans moving forward, so the future concerts are left vague to dictate that). We would love to hold two spring shows between February 2<sup>nd</sup>, 2015 and April 30<sup>th</sup>, 2015, and three summer shows beginning on May 1<sup>st</sup>, 2015 till August 31<sup>st</sup>, 2015.

## Financial Projections

Seek LC (Year 1)	Balance Sheet	
<b>Assets</b>		
<b>Current assets:</b>	2014	2015
Cash	\$403,229.00	\$291,063.00
<b>Total current assets</b>	<b>\$403,229.00</b>	<b>\$291,063.00</b>
<b>Long-term assets:</b>		
Supplies and computers	\$4,000.00	\$4,000.00
<b>Total fixed assets</b>	<b>4,000.00</b>	<b>4,000.00</b>
<b>Intangible Assets:</b>		
LLC Registration	\$200.00	\$200.00
Trademark Registration	\$325.00	\$325.00
Seek Mobile Application	\$24,500.00	\$24,500.00
<b>Total Intangible Assets</b>	<b>\$25,025.00</b>	<b>\$25,025.00</b>
<b>Total assets</b>	<b>\$432,254.00</b>	<b>\$320,108.00</b>
<b>Liabilities and owner's equity</b>		
<b>Current liabilities:</b>	2014	2015
Note payable	\$0.00	\$150,000.00
<b>Total current liabilities</b>	<b>\$0.00</b>	<b>\$150,000.00</b>
<b>Long-term liabilities:</b>		
Note Payble	\$250,000.00	\$0.00
<b>Total long-term liabilities</b>	<b>\$250,000.00</b>	<b>\$0.00</b>
<b>Owner's equity:</b>	2014	2015
Stockholders Equity	\$250,000.00	\$182,254.00
Retained Earnings	-\$67,746.00	-\$12,146.00
<b>Total owner's equity</b>	<b>\$182,254.00</b>	<b>\$170,108.00</b>
<b>Total liabilities and owner's equity</b>	<b>\$432,254.00</b>	<b>\$320,108.00</b>
<b>Balance</b>	<b>\$0.00</b>	<b>\$0.00</b>

		<b>Income Statement</b>	
		<i>For Year 1</i>	<i>For Year 2</i>
		<b>Jun-14</b>	<b>Jun-15</b>
<b>Revenue</b>			
Sales		\$200,000.00	\$400,000.00
		\$0.00	\$0.00
	<b>Gross Profit</b>	<b>\$200,000.00</b>	<b>\$400,000.00</b>
<b>Expenses</b>			
Wages Expense		\$140,000.00	\$140,000.00
Artist Expense		\$50,000.00	\$100,000.00
Venue Expense		\$50,000.00	\$100,000.00
Domain Registration Expense		\$600.00	
Web Hosting Expense		\$120.00	\$120.00
CPC Digital Advertising Expense		\$7,026.00	\$7,026.00
Office Lease Expense		\$0.00	\$30,000.00
Application Maintenance Expense		\$4,000.00	\$4,000.00
Travel Expense		\$1,000.00	\$1,000.00
Venue Insurance Expense		\$5,000.00	\$10,000.00
Hospitality Expense		\$5,000.00	\$10,000.00
Hotel Expense		\$5,000.00	\$10,000.00
Dividends		\$0.00	\$0.00
	<b>Total Operating Expenses</b>	<b>\$267,746.00</b>	<b>\$412,146.00</b>
	<b>Income From Operations</b>	<b>-\$67,746.00</b>	<b>-\$12,146.00</b>
		<b>-\$67,746.00</b>	<b>-\$12,146.00</b>
	<b>Net Income</b>	<b>-\$67,746.00</b>	<b>-\$12,146.00</b>

### Balance Sheet & Income Statement

In order to analyze the financial health of Seek in it's initial years, we developed a projected balance sheet and income statement for the first two years of our operation. In total we will need \$500,000 in order to get all aspects of our business started. We are looking for at least \$250,000 of that amount to come from crowdfunding, angel investment in exchange for ownership of business (3-5%), or similar kinds of investment. We look to have the remainder of the money needed to come through bank loans.

### *Crowdfunding*

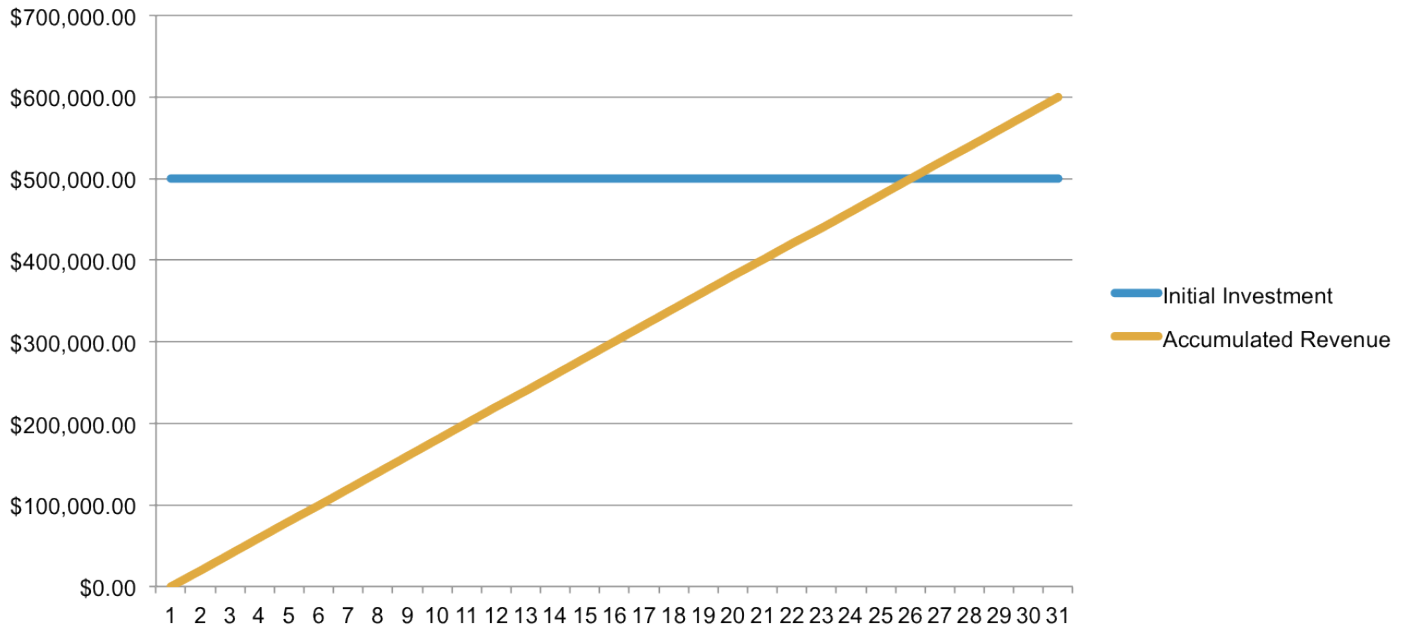
Starting up, Seek would love to consider the opportunity to crowdfund the resources needed to start the business. Because Seek isn't keen on offering shareholder positions (based on company moral and ideals), Crowdfunding our money would allow for us to gain monetary support from consumers, and rather than an ROI to establish and a portion of the company, we would offer funders to incentives off of their concerts. This could include an extra 20% off their Seek tickets, guaranteed VIP passes, and Seek swag that we would develop for our funders. This model is called Donation-Based Crowdfunding, and would be the model Seek would utilize if it chooses Crowdfunding as an option.

For our company, we would look into using sites such as Kickstarter, Indiegogo, or RocketHub to fund Seek. There are also secondary sites, such as appbackr, who would be geared to the funding of the Seek application for smart phones. If we decide to change our minds on offering investors to contribute to Seek, we would like to use a site like Crowdfunder to allow consumers to invest in Seek.<sup>32</sup> Investors would receive an ROI through ownership of the company, which would vary depending on how many investors contribute (investments under \$1,000 would receive 0.05% share, whereas investors of over \$10,000 would receive between 2-3% share. Amount given and the number of investors will dictate these percentages).

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<sup>32</sup> <http://www.forbes.com/sites/chancebarnett/2013/05/08/top-10-crowdfunding-sites-for-fundraising/>

### Projected Profit



We look to have 10 shows our first year, 20 shows our second, and 30-40 shows during our third year. Based on the size the venues we are looking at (300-800 person venues) and average ticket prices (\$40-\$50), we estimate that we will make around \$20,000 a show in gross profit. We can break even in our 3<sup>rd</sup> year after our 32<sup>nd</sup> show based on these numbers (before interest).

	Year 1	Year 2
<b>Debt Ratio</b>	.55	.42
<b>Debt to Equity Ratio</b>	1.24	.71

Above a table depicting some of the ratios we have found regarding our financial projections. In our first year, we have upfront costs that we don't have in the second year (including the application cost). These ratios will get even better once we fully pay back our loan and investors (on our balance sheet, we have accounted for paying back \$100,000 of the \$250,000 loan).

## Cash Flow Statement

Seek Cash Flow Statement						
Month	August	August	August	August	August	August
Year	2015	2016	2017	2018	2019	2020
<b>RECEIPTS</b>						
Sales	\$ 200,000.00	\$ 400,000.00	\$ 800,000.00	\$ 800,000.00	\$ 800,000.00	\$ 800,000.00
<b>TOTAL RECEIPTS</b>	<b>\$ 200,000.00</b>	<b>\$ 400,000.00</b>	<b>\$ 800,000.00</b>	<b>\$ 800,000.00</b>	<b>\$ 800,000.00</b>	<b>\$ 800,000.00</b>
<b>PAYMENTS</b>						
Accounting and legal fees	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
Advertising and promotion	\$ 7,146.00	\$ 7,146.00	\$ 7,146.00	\$ 7,146.00	\$ 7,146.00	\$ 7,146.00
Business loan payments	\$ -	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -
Supplies	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
Domain Registration	\$ 600.00	\$ -	\$ -	\$ -	\$ -	\$ -
Artist	\$ 50,000.00	\$ 100,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Venue	\$ 50,000.00	\$ 100,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Travel	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Rent of business premises	\$ -	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Repairs and maintenance	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
Venue Insurance	\$ 5,000.00	\$ 10,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Taxes	\$ 15,000.00	\$ 10,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Hospitality	\$ 5,000.00	\$ 10,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Hotel	\$ 5,000.00	\$ 10,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Wages and salaries	\$ 140,000.00	\$ 140,000.00	\$ 140,000.00	\$ 140,000.00	\$ 140,000.00	\$ 140,000.00
Other Expenses						
<b>TOTAL PAYMENTS</b>	<b>\$ 286,946.00</b>	<b>\$ 672,346.00</b>	<b>\$ 662,346.00</b>	<b>\$ 662,346.00</b>	<b>\$ 662,346.00</b>	<b>\$ 662,346.00</b>
<b>NET CASH FOR THE PERIOD</b>	<b>\$ (86,946.00)</b>	<b>\$ (272,346.00)</b>	<b>\$ 137,654.00</b>	<b>\$ 137,654.00</b>	<b>\$ 137,654.00</b>	<b>\$ 137,654.00</b>
<b>Opening Bank Balance</b>	<b>\$ 500,000.00</b>	<b>\$ 413,054.00</b>	<b>\$ 140,708.00</b>	<b>\$ 278,362.00</b>	<b>\$ 416,016.00</b>	<b>\$ 553,670.00</b>
<b>ENDING CASH</b>	<b>\$ 413,054.00</b>	<b>\$ 140,708.00</b>	<b>\$ 278,362.00</b>	<b>\$ 416,016.00</b>	<b>\$ 553,670.00</b>	<b>\$ 691,324.00</b>

In the cash flow statement above, the statement shows an idealist situation if we make the full profits we expect to draw every year from Seek. Even if Seek made half the profits projected above during each year, the company would begin to see stability within the third year (once bank loans have been paid off in the second year). This is realistic due to the low cost of equipment, technology, etc. The biggest cost every year comes from employee wages at \$20,000/year, and the cost for both an artist and the venue.

## Expenses Sheet

### Cost Analysis of Seek During Year One

#### Logistics:

##### Fixed Cost:

Salary Expense	\$20,000/year per associate
LLC Registration NY Expense	\$200
Trademark Registration Expense	\$325

##### Variable Cost:

Artist Expense	\$5,000-\$10,000/show (initial)
Venue Expense	\$5,000-\$10,000/show (initial)
Corporate Tax Expense	\$0.08+

#### Marketing:

##### Fixed Cost:

Domain Registration Expense	\$600-700 flat fee
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##### Variable Cost:

Web Hosting Expense	\$60-120
CPC Digital Advertising Expense	\$7,026 (average)

#### Operations:

##### Fixed Cost:

Application Development Expense	\$24,500 (estimated)
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##### Variable Cost:

Application Maintenance Expense	\$3,675-\$4,900
Supplies/Furniture Expense	\$4,000

#### Service:

##### Variable Cost:

Travel Expense	\$1000
Venue Insurance Expense	\$250-\$800/show (estimated)
Hospitality Expense	\$100-\$1000/show
Hotel Expense	\$100-\$1000/show

#### Sales & Analysis:

##### Fixed Cost:

Application Analysis Expense	\$0-\$155.88
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<b>Initial Overall Cost</b>	<b>\$285,886.08-\$392,926.96</b> *.30 (30%)
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<b>*Estimated Overall Cost</b>	<b>\$371,651.90-\$510,805.05</b>
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**\*Estimation based on viewing one show for the whole year (with a minimum of ten shows).**

### Detailed Report

Based on our team's research of each aspect of the value chain, the above expenses have been calculated for Seek's first year of business (the final cost listed above accounts for the cost of everything in the document, plus a 30% increase in the amount to cover unforeseen expenses). The results for our expenses are as follows:

#### *Logistics*



This is the beginning stage in our value chain for Seek, which focuses on the securing of artists, venues, and everything that will be planned for the production of the concert. Ideally, Seek would be interested in partnering with booking agencies within the biggest cities (NY, LA, etc.), but initially, until partnerships with booking agencies happen, the focus would be on contractually getting artists to work with Seek. For fixed costs, starting salaries for associates would be \$20,000 a year (this initial figure would increase as the success of the business increases yearly).

The board members of Seek concluded that the location of the main Seek office would be in Brooklyn, New York (outside of Manhattan). With this information, we were able to determine the cost of registering an LLC in NY, which came to \$200 flat fee.<sup>33</sup> Then, for this initial logistics process, Seek would have to register the “Seek LC” trademark which, through the US Patent and Trademark Office, would cost a flat fee of \$325 every ten years.<sup>34</sup>

Variable costs for the logistics stage begin with the expense to contract an artist and a venue for a Seek event. For start, we decided to choose a range between \$5,000-\$10,000 per artist/venue, and as Seek’s revenue comes in (or if partnerships with booking agents occurs), the amount offered to an artist and a venue will increase. Further, it would be wise for us to look at older bands that have a large following at this price point. The pricing strategy for an artist or a venue will really rely on situational factors. Lastly, corporate tax in the state of NY is calculated based on how much the company is making yearly. It was determined by our group that the least amount the company has to pay (which would mean zero profit for the company) would average around \$0.08, but would increase with the success of Seek.<sup>35</sup>

### *Marketing*

Marketing costs for Seek focus on the creation of a website, along with the cost of digital advertising on supported websites. Further, all marketing costs for graphic design, videography, and web design will all be done in house by our marketing team (those costs will fall under the salary received by the marketing team). Because of this, our only fixed cost for marketing would be for the registration of the web domain, which averages in between \$600-\$700 flat fee (this figure was provided by godaddy.com, after confirming that seeklc.com was available for use).

The variable costs in marketing include web hosting, which would average between \$5-\$10 dollars monthly, equaling around \$60-\$120 a year in hosting.<sup>36</sup>

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<sup>33</sup> <http://www.dos.ny.gov/corps/llcguide.html>

<sup>34</sup> <http://www.uspto.gov/inventors/trademarks.jsp>

<sup>35</sup> <http://www.companiesinc.com/llc/newyork.asp>

<sup>36</sup> <http://www.thesitewizard.com/gettingstarted/cost-setting-up-website.shtml>

CPC digital advertising expense will include an average of CPC costs per website that is relevant for Seek to advertise on. These sites include: Facebook (\$0.45/CPC)<sup>37</sup>, Youtube (\$0.20)<sup>38</sup>, Google (\$2)<sup>39</sup>, and the mobile advertising network (\$0.45)<sup>40</sup>. Looking at these figures, we found that the total average CPC for a digital advertising was estimated at \$0.77. With an estimated average clicks-per-day within our first year of business averaging at 25 clicks, our total estimated CPC in year one would average around \$7,026.

### *Operations*

The operations aspect of the value chain focuses on the development of our mobile application, as well as the creation/development of clues within the app, which will all take place in our office in Brooklyn, NY. Our first fixed cost is based on our application development expense, which was averaged at \$24,500 based on the requirements needed for the application (Universal iOS app, custom interface, Social Login, In-app payments for concert tickets, User Profiles, Integrated with Seek's website, Custom icon) and based on time required to manufacture the application.<sup>41</sup>

Our variable costs lie in the maintenance of our application. The industry norm for software maintenance is about 15 to 20 percent of the original development costs. In our case this would be around \$3,675-\$4,900.<sup>42</sup> We also accounted for cost of supplies/furniture for the office space in Brooklyn, in which we allotted \$4,000 for the year (this could change if the budget needs to be cut or raised).

### *Service*

When analyzing service costs for Seek, we found that the costs aren't fixed at all, but actually variable. While Seek is essentially a promoter-type service, it will require that bands/artists bring a majority of their production necessities with them to the show, and that Seek will not be providing them with these resources. However, some costs we felt we would cover through Seek include travel expenses for employees (\$1,000/year estimated), hospitality and hotel expenses (\$100-\$1,000/show for each). Seek will also cover the venue insurance cost, which averages \$0.50-\$1 per person within the venue. Since our ideal venues for

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<sup>37</sup> <http://techcrunch.com/2013/01/04/early-studies-show-facebook-mobile-app-install-ads-perform-well-for-devs-indicating-big-revenue-potential/>

<sup>38</sup> <http://www.ppbh.com/how-much-do-ads-on-youtube-cost/>

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<sup>40</sup> <http://mobithinking.com/mobile-ad-network-guide/premiumblind>

<sup>41</sup> <http://howmuchtomakeanapp.com>

<sup>42</sup> <http://howmuchtomakeanapp.com>

Seek concerts will fill capacities between 500-800 people, our venue insurance cost should average between \$250-\$800/show.<sup>43</sup>

### *Sales & Analysis*

The sales and analysis phase of Seek's value chain, which focuses on the analysis of a Seek concert's overall performance and the success of the Seek application, will require manpower from associates in order to analyze information, but will also require the use of application analysis software. Through research, our company has decided to use App Figures, which is an application analytics site. There is a free model of App Figures, which Seek will begin its use with. However, in case of an upgrade to the premium model, the amount for the premium model was accounted for in our document (premium offers more analytical services of our application).<sup>44</sup>

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<sup>43</sup> Waddell, Barnet, Berry, *This Business Of Concert Promotion And Touring*. 178.

<sup>44</sup> <http://appfigures.com/>

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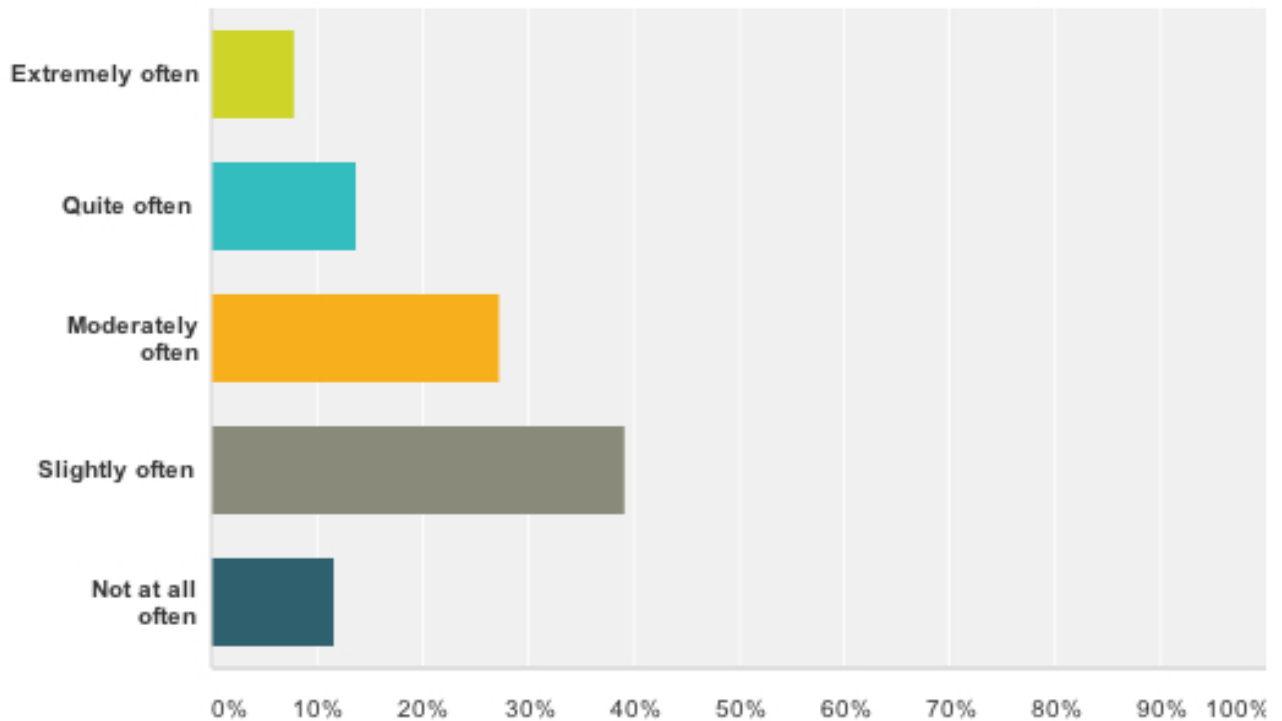
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## VII. Appendices

### Exhibit One: Graph Representation from Seek Survey

#### How often do you attend live musical performances?

Answered: 51 Skipped: 0

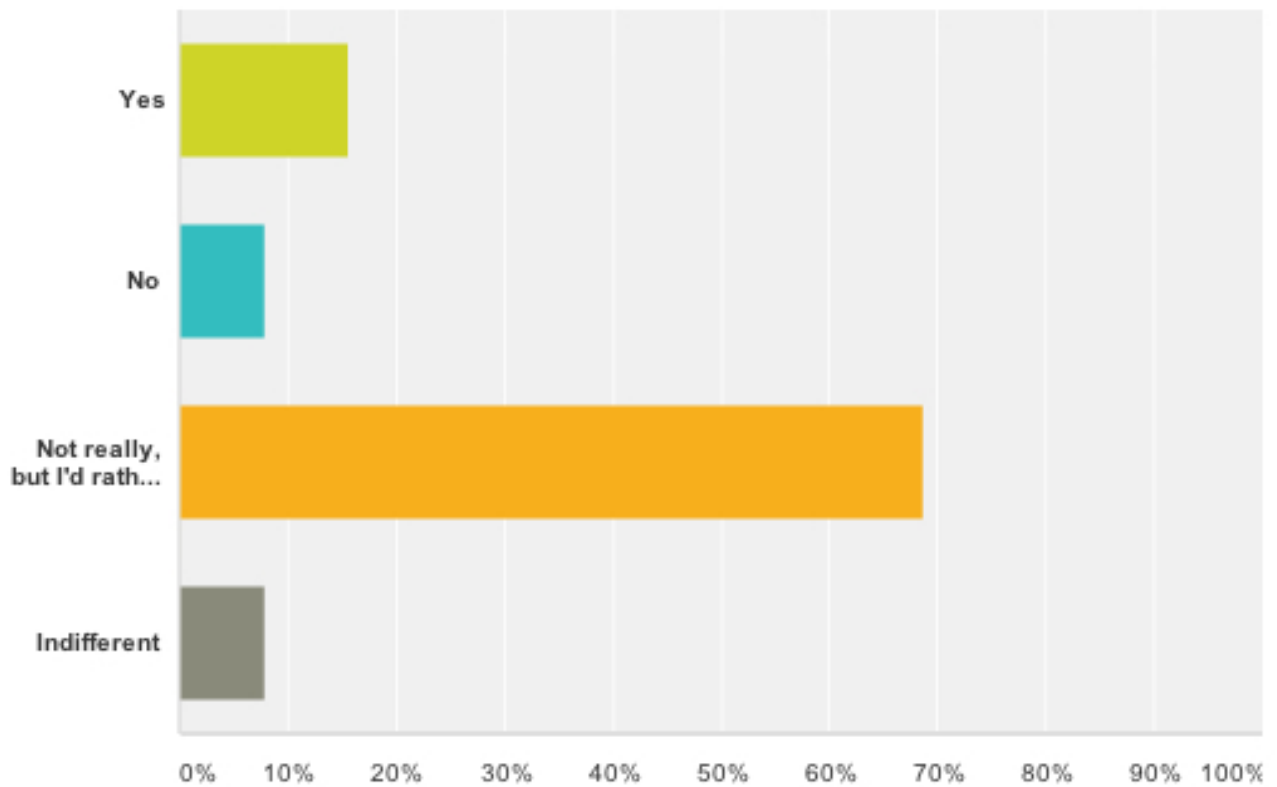


Answer Choices	Responses
Extremely often	7.84% 4
Quite often	13.73% 7
Moderately often	27.45% 14
Slightly often	39.22% 20
Not at all often	11.76% 6
Total	51



## Does waiting on long lines for a concert affect your concert experience?

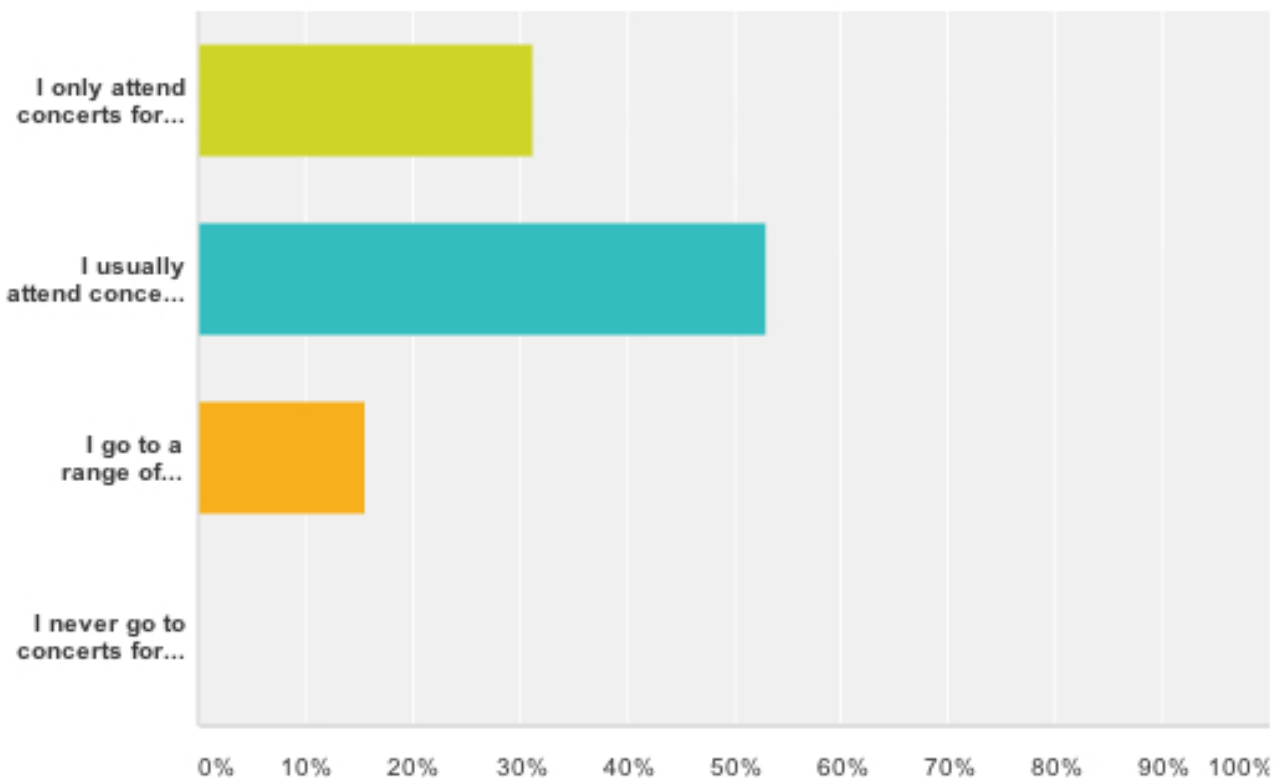
Answered: 51 Skipped: 0



Answer Choices	Responses
Yes	15.69% 8
No	7.84% 4
Not really, but I'd rather not wait	68.63% 35
Indifferent	7.84% 4
Total	51

## Typically, how familiar are you with the artist(s) performing at concerts you attend?

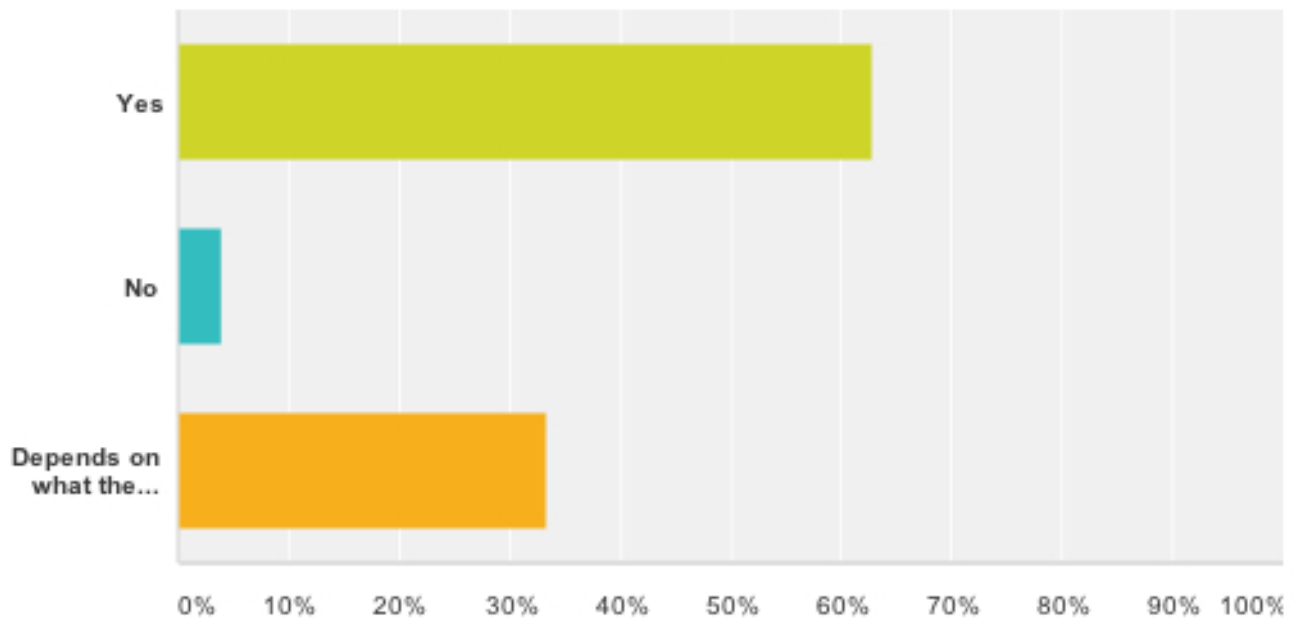
Answered: 51 Skipped: 0



Answer Choices	Responses	
I only attend concerts for artists I know well	31.37%	16
I usually attend concerts for artists I know	52.94%	27
I go to a range of concerts, usually discovering new acts	15.69%	8
I never go to concerts for artists I know well	0.00%	0
Total		51

## Would you be more likely to attend a concert if there were incentives (example: discounted ticket prices)?

Answered: 51 Skipped: 0



Answer Choices	Responses
Yes	62.75% 32
No	3.92% 2
Depends on what the incentives are	33.33% 17
Total	51

**Exhibit 2: Seek's Promotional Video Screen Shots**





**Exhibit Three: Gantt Diagram Showing Seek Timeline (One Year)**

