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A Business Model for the 21st Century Orchestra

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A Business Model for the 21st Century Orchestra

Abstract

This paper explores potential business models for the 21st century orchestra. It is predicated on world wide concerns that orchestra audiences are ageing and declining, which is impacting on the economic viability of orchestral performance. By addressing the challenges of repertoire, entertainment competition, technology, and audience relationships, new models of artistic and economic sustainability are described. Through a set of critical attributes, a new business model is proposed.

Key words

Orchestra, sustainability, audiences, business models

Introduction

In the last few decades of the 1990s in Australia and globally, there has been a general decline in the traditional orchestra's audience. In addition, the escalating costs of attracting high profile soloists and conductors, and the economic reasons for governments' growing reluctance to continue funding the arts at a high level, have caused orchestras to look for new ways of sustainability. Around the world, the orchestral community is investigating ways of building new audiences, developing new repertoires and distribution methods, creating new networks in arts and business partnerships and, as a result, developing new commercial business models.

The typical arts business model starts with the music product and ends with the audience, that is, a program is developed based around availability of artists, audience preferences and the company's budget. It is then promoted to audiences in ways to achieve maximum ticket sales. However new models are needed, that acknowledge that the patron and the audience are connected, but in a far broader and interactive way. It is not a simple inversion where the audience is at the beginning of the process and influences the content of the composition, but rather an interaction with performers that produces a dynamic outcome constantly changing in each performance. This model has sustainability as the goal, that is, ongoing audience participation. If audiences can be sustained, then it may be possible to achieve commercialisation or a business model at the same time as a new musicological model.

Research for this paper shows common themes emerging from successful 21st century orchestral and performing arts models. These models include the Philadelphia Orchestra and *Arts in Motion* (USA), *Ensemble Intercontemporain* (France), *Chanticleer* (San Francisco), the *Metropolitan Opera* (New York), the *Queensland Orchestra* (Australia), the *Ten Tenors* (Australia), *Cirque du Soleil* (Canada) and aspects of various music and arts festivals. The shift from nonprofit to public/private partnerships and commercial models has emerged as the key to sustaining the classical music industry. At the same time artistic integrity must be maintained. This is economic and artistic sustainability. Many of the artistic concepts can be integrated with the commercial, and understanding the dependencies between the artistic and commercial factors will result in a more dynamic, relevant and successful business model for the contemporary orchestra.

The challenges

There are four challenges facing orchestras and music ensembles in the 21st century.

The first is the challenge of repertoire. Access to concerts by a professional orchestra was very limited for most people in the nineteenth century (Philip 2004). It was highly unusual to have the opportunity to hear a work more than a few times in one person's lifetime and the repertoire was not well known. This pattern changed with the burgeoning growth of classical recordings, especially during the second half of the twentieth century. In 2007 audiences are faced with the opposite problem, a well-known but overexposed repertoire, with many of the "great works" available in hundreds of versions. This

homogeneity of interpretation is stultifying the artform and limiting musical development. At the same time orchestral audiences are getting older and there has been a decline in attendance numbers (Kotler & Scheff 1997, Kolb 2001). The temptation therefore is to offer an ageing audience the product they want, and to increase attendance in a minor way from this same demographic segment. However relying on existing repertoire is not enough, and new repertoire of the past century, much of it impenetrable for most people, has not been enticing new audiences into concert halls. This has made the marketing by the orchestral organisations increasingly difficult. In contrast, the internationally successful Australian group, the *Ten Tenors*, has focussed on a long-standing western art music practice, the “tenor”, by investigating and testing ways of changing and reconfiguring the repertoire, whilst maintaining the essence of the tenor voice.

The second challenge is new competition. This orchestral audience dilemma has taken place at a time when competition from other large forms of musical entertainment has been fierce: the large movie screen, the stadium rock concert, or both combined, can often give an audience a high quality experience with musical substance. The didactic approach of the custodians of the orchestral tradition has resulted in a culture that is highly demanding of an audience. Incomprehensible scores, stark listening conditions and strict behaviour codes entice too few to make the experience economically viable. This, combined with new competition, means that producers must seek multiple and nuanced solutions that will surprise and enthuse live and mediated audiences.

The third challenge is technology, which has opened up new possibilities in all areas of art and entertainment. It is possible to deliver more spectacular events to more people and paradoxically to create products that can be customised to more individuals. In 2007 music can be broadcast to the world, yet pressed as small runs of CDs to suit a particular audience. It is anticipated that creative technological solutions to presentational modes will be fully embraced. This includes looking to other art-form successes, such as film, where enveloping the audience in an immersive environment has proved irresistible (Arthurs and Vella 2003). Further innovative uses of technology, such as the use of projected live, recorded, preprogrammed and interactive images around the space and fully spatialised 3D audio will impact on music performance. There is also room for more theatricalised experiences using technology, with better staging, lighting and stagecraft in both live and digital sound and image environments (Arthurs and Vella 2000).

The fourth challenge is the development of new business models. New solutions are needed to sustain the orchestra, artistically and economically, as anything other than a museum art. Research on cultural sustainability and productivity in the arts shows that sustainability is the point where the artistic effort is sufficiently supported by audiences such that the arts organisation or art form is sustained for the next generation (Radbourne 2003). Globalisation has provided a new opportunity to achieve sustainability. The potential audience for an orchestra has increased through the ability to distribute across the world. But it cannot be done using the old product development and product extension models. New business models will expose new ways of presentation, direction of repertoire, medium of distribution, social patterns and future audience needs, including

global trends (Harding and Robinson 1999). Innovation and technology will have a significant impact in this model. The stadium performance event and has become the benchmark for the new extended orchestral experience through music and technology. The original orchestral experience was built on innovation, new instrument design, large well-built buildings allowing for very large ensembles, musical volume and textures unheard before. The new experience is deep immersion of the audience in the performance through technological tools, supported by extensive market research, aggressive promotion, and competitive positioning with other musical and orchestra productions.

Research questions

The three critical questions in this research, therefore, focus on a sustainable model of the 21st century orchestra. These are:

- What commercial model will sustain orchestral presentation for the 21st century.
- Can technology successfully develop new immersive environments that envelop innovative musical outcomes rich in textures, social meaning and commercial potential.
- What are the issues for new musical IP streams (copyright) modelled through live and mediated presentational forms.

This paper discusses commercialisation and business models of orchestral production. It concludes by recognizing that while there are common attributes of companies operating commercially in the orchestral music industry, the various business models are dependent on sustaining audience engagement in their product, and an income stream independent of performance.

Financial modeling

Financial models are usually based on tangible assets, and on a forecast profit, large or small. In the arts, assets are more likely to be intangible, and a profit is minimal, particularly in the subsidized performing arts. Income for an arts production derives from ticket sales, merchandising, sponsorship, investment/loan/equity, donations and grants. Expenses cover artists and production staff, touring costs, marketing, agent/promoter fees, equipment and venue hire. If ticket sales or merchandising sales do not cover expenses, and the number of performances or occupancy rate or venue size cannot be increased, then the gap has to be met by sponsorship, donations, investment or grants. The nonprofit orchestral sector has relied on sponsorship, donations and grants. A commercial model is more likely to require start-up investment or loan or equity, with an expected return after a period of time when brand awareness and audience attractiveness and loyalty have been established. Often successful entrepreneurs build their business on inexpensive resources until they generate a sustainable cash flow. Entrepreneurs see financiers as suppliers where money is a measure of success, not the driving force of the enterprise.

Intangible assets may attract investors and provide revenue for productions. The value of the intellectual property and the creative capital should not be dismissed. Intangible assets are an identifiable non-monetary asset without physical substance. The Harvard Business School (2001) proposes that technology, customer data bases, the workforce, the market, the contracts, the organization and its statutory status can be deemed assets. If the asset is identifiable, useful, can be replicated, can be leveraged, can be used to exploit or attract capital and markets, then it can be included in the financial statement of the company (IAS Plus 2004). Intellectual property and copyright are both tangible and intangible assets, tangible when registered like a trademark or patent and saleable, or intangible when valued as an idea and the creative capital of the company. As technology and electronic distribution send music, visual images, sounds and ideas around the world, performing artists, creators and technical innovators risk lack of recognition for their work. In particular, as performances evolve with each presentation with different audiences, the ownership and intellectual property is confused.

Sustainable financial models should recognize the value of the intangible assets in attracting start-up investment.

Increasingly orchestras are partnering with business, not as sponsorship, but as a joint venture for profit. A new orchestra was created in partnership with *Red Bull* high energy drink. Together the companies developed *redbullartsechro*, a concerto for turntable with a DJ as the soloist (www.redbullartstehcro.com). The Finnish orchestra, *Lahti Symphony*, has been sustained for ten years by a partnership with business which includes shared leadership, resource acquisition, commissions and the involvement of the musicians in the corporate change management processes (Ropo and Sauer 2003). Significant financial benefits can be achieved in a more enlightened freelance definition of artist employment. For example, the *English Chamber Orchestra* (Chong & Trappey 2001) and Canada's *Tafelmusik* (Gainer 1999) successfully demonstrate this flexibility in selecting the best artists for their performances, rather than maintaining an orchestra of musicians year long. This entrepreneurial approach to orchestral management is critical for new business models.

Audiences

The proposed new business model places the audience first, not last in the supply or production chain. But research suggests it is not a linear model because many factors influence product development, and audience engagement.

Sustainability is both economic and artistic. Does developing a model where the audience is involved in influencing and selecting repertoire, responding to musicians in a live production, result in repeat attendance and loyalty, personal network promotion, new audiences, and philanthropy or investment? Or is sustainability the outcome of artistic innovation and development, through changes in repertoire, changes in technology and distribution which attracts audiences and investors.

Lewis and Bridger (2001) claim that the new consumer demands to be involved in the experience and because they have a greater variety of entertainment opportunities available, more focus must be placed on holding their attention. Audiences want an event, a celebration and often physical involvement in performances (Amussen 2005). One group using interactivity successfully is *Arts in Motion* in Philadelphia, a spin off

ensemble describing itself as classical fusion (www.artsinmotion.org). Orchestras and chamber groups are experimenting with integration of visual art, dance and film. The *Queensland Orchestra* included tango dancers with a Spanish repertoire in 2005. The *Sydney Dance Company*, in its mixed form production *Grand*, included the pianist in the dance choreography. The Lincoln Centre in New York has invested heavily in its New Visions series which promotes cross-over of art forms. The Barbican centre in London is doing the same with the Connect series. The fusion of different musical genres has gained importance, such as integrating styles and hip-hop rhythmic bases with traditional repertoire. Consumers are comfortable crossing between popular culture and high culture. The influence of electronic and computer generated music is pervasive, and with integration into the classical music repertoire has had the effect of bringing the performance experience closer to the audience. Technology and lighting are so sophisticated that they have the ability to change the mood of the music and the audience. *Arts in Motion* have taken visual music to a new level by creating a 3D score visualisation technique, capturing the real-time synchronization with live performance. In all areas of marketing there is growing awareness of the consumers' preference for being immersed in a thematic setting instead of being offered a finished product (Caru and Cova 2005). The focus is on experiential marketing with consumers looking for a total immersion experience that they can transform.

While the audience experience is personal and transformational, the modern orchestra or music performance will not be successful without strong branding and identity. Consumers need to identify with the message of the company, and the marketing activity needs to reflect this (Kotler and Scheff 1997). The company and the performance must do what they claim to do. 'Arts in Motion' gives the potential audience a clear idea that the performance will be different from a traditional production. Attending a performance or concert is a social occasion for most audience members. Their social space is not necessarily created by group bookings and attendance with friends, but by the individual's emotional and psychological expression and transformation through the collective musical experience. Participation, understanding and engagement fulfill an audience need for ownership and a 'sense of belonging' to the orchestra, and all that an orchestra represents socially and individually. Social networks must be leveraged when targeting arts audiences (Saatchi and Saatchi 2001). The general decline in the traditional subscriber base, and reduced loyalty from modern audiences, requires a focus on single ticket buyers, niche programming and relationship marketing.

Findings from research in 2006 in Australia, with a newly developed orchestra *Deep Blue*, specifically testing audience response to the repertoire, the musicians, the visual images, and the ambience and audience environment, confirmed findings from other research in Canada. They showed the importance of comfort and flexibility in the concert experience positively influences new consumers. The Canadian chamber music group *Music Room*, successfully performed in intimate home surroundings with people sitting on the floor. "The intimacy of the *Music Room* helps to establish a more close connection between performer and audience"(Preece 2001, p. 135). There is a trend in audience behaviour which suggests that some audiences seek immersion in their own 'space'. A survey of classical music audiences in the USA showed that half the people who most

love classical music are not attending live concerts regularly, but sustain and enhance their interest through radio and recordings in their own home (Knight Foundation 2002). Classic FM radio in the UK had a 23% revenue increase in 2002, particularly in attracting younger audiences. This suggests that recording and distribution are strategically important to the long term vitality of the orchestral sector.

In determining the business model for the 21st century orchestra, particular factors about audiences have emerged. The audience is demanding, but discerning, and prepared to take risks if they can be involved. They want to participate and be free to express their engagement. They value creativity, innovation and the new technologies. But they want a new approach to repertoire and new musical and sensory experiences. They do not want to be removed from the production process (Radbourne and Arthurs 2006). Audience immersion results in audience loyalty and repeat attendance or purchase. If this engagement can also be replicated in business partnerships and resource collaborations, then the orchestra business model is more likely to be sustainable.

From this scan of research on orchestras, three main themes around audiences and partnerships emerge that form the basis of the 21st century orchestral model:

- immersive experience,
- fusion of styles and media, and
- expanding networks and relationships.

Under each of these themes, there are a number of common attributes.

Immersive Experience	Fusion of styles and media	Networks and Relationships
Audience involvement in the performance and interactivity	Polystylistic musical genres	Strong branding and new marketing philosophy
Audience quest for ownership and connection	Strong visual component	Reciprocity in business partnerships
Aesthetically focused and emotional connection	Taking advantage of technological innovation	Importance of recordings, radio play and internet
Importance of learning	Modes of performance including innovation, originality, variety and less formality	Entrepreneurial approach
Performers' engagement with the audience	Blend of different instruments and sounds	Reliance on audience, community and entertainment industry support

Lindblom & Radbourne 2006

Diverse business models

These themes, and the subset attributes, were used as criteria to select and examine a variety of orchestral and performing arts business models to find a sustainable business model that valued audience engagement, artistic innovation, new technologies, and distribution demands. These included:

- a) A small ensemble with innovative and technology enhanced repertoire touring and performing commercially but structured as an organizational unit within a large state orchestra. (*Arts in Motion*)
- b) A state orchestra with a diverse portfolio of products/programs for different audience segments in different venues with different repertoire where costs are spread across the portfolio. (*The Queensland Orchestra*)
- c) A small choral ensemble with high artistic recognition touring commercially to international and domestic markets. (*Chanticleer, The Ten Tenors*)
- d) A large commercial performing arts company with simultaneous international tours and franchised spin off companies. (*Cirque du Soleil*)
- e) High definition broadcasts (film and sound) of live opera to movie theatres around the world. (*The Metropolitan Opera*)
- f) A contemporary music ensemble, heavily subsidised to achieve national identity for excellence and innovation. (*Ensemble Intercontemporain*)
- g) A small ensemble performing new and existing repertoire using strings and amplified and digital instruments, multiscreen prerecorded visual images, movement and audience interaction, in a festival performance program. (*Deep Blue Orchestra*)

Examples

Arts in Motion is a spin-off company from the Philadelphia Chamber Orchestra, established in 2002 when orchestral audiences were declining. It is described as a nonprofit which has reinvented classical music (www.artsinmotion.org). The average age of its audience ranges between 25 and 35 for different concerts. “Nobody is asleep. Nobody shushes you if you react to the music. AIM events are not a museum experience. The music is fresh, the audience alive, and the energy infectious” (p.1). *Arts in Motion* presents multimedia classical music events in partnership with the Chamber Orchestra of Philadelphia, other orchestras, in club venues, and in schools as well as producing video and animation feature film. The focus is on youth unemployment, integrating classical canons and fugues into their hip hop beats. It is also the point of entry for culturally aware non attenders. Its branding and popularity are such that *Arts in Motion* is financially independent of the parent company.

The **business model** is based on audience awareness, innovative multimedia genres and musical styles, operational independence, and production partnerships.

The *Queensland Orchestra* is a state funded orchestra of 89 players formed in 2001 from the merger of two orchestras. Prior to that time all state orchestras in Australia were administered by the Australian Broadcasting Commission. Following this transition phase, the *Queensland Orchestra* operates, from 2007, as an independent company. Its vision is “to touch the hearts and minds of Queenslanders through an ongoing commitment to artistic excellence” (Annual Report 2005). The objectives of the *Queensland Orchestra* are artistic excellence and vibrancy; responsive programming; regional and community access; partnerships with cultural, corporate and community organizations; financial viability and commercial management practices; and to attract great people. In 2005 the annual revenue was \$11 million of which 21% came from box office, and approximately 70% came from state and federal government funding. The Maestro concert series brought in the most revenue from subscriptions. Total attendances amounted to approximately 69,000 in a city of a 1.6 million people. Commercial revenue was earned from sale of CDs and venue hire. The greatest expenditure was on employees. A review of all orchestras by the federal government in 2005, identified that these orchestras would find it “difficult to contain future cost increases without risk to of damage to artistic quality, to the attraction and retention of talented musicians, and ultimately to audience appeal and box office income” (Strong Report 2005). The review recommended that the *Queensland Orchestra* be reduced to 74 players to facilitate savings and ensure financial viability. The management argued against this saying that it will focus on improving income from box office and sponsorship. Audience research in 2006 showed strong audience satisfaction with the company, particularly as a response to the varied concert series directed at different audience segments. The company has managed to return a small surplus each year since 2004. It regularly partners with promoters, festivals and arts venues, to share costs and build brand awareness. Its programs range from classical, popular, schools, Sunday music, touring and special events.

The **business model** focuses on sound management and business partnerships, developing audience relationships, diversity in programming, and wide exposure its community.

Chanticleer is a twelve man a-cappella choral ensemble based in the Bay area of San Francisco performing a diverse and innovative repertoire, reaching audiences worldwide through live concerts, electronic media, and education. The company was founded in 1978 with nine volunteer members, and the choir has been employed full-time since 1991. It is a unique company in a niche market with objectives to entertain and to educate. It has hosted educational and community outreach programs since 1986, targeting school students and but also including amateur adults. This supports the artistic vision of the company as well as its strategic marketing plan, in developing a strong local brand and a sustained product life cycle. *Chanticleer* is now supported by more than eighty annual concerts in the United States. The company started touring internationally in 1984, with a performance at the Josquin Symposium in Belgium. In 2006 they performed in festivals in Japan, France, Austria, Germany, Switzerland. The nature of the niche product and small ensemble make selection of international markets relatively simple. Touring destinations are those with an interest in this type of music, hence

Europe and Japan. The company has a full time tour manager on staff and, while it responds to international festival invitations, it now has direct contacts in the countries visited, providing logistics and direct mail support. The motivation for touring is to ensure full employment for the ensemble and to fulfil the company's mission for outreach and educating a wide audience. In addition to performances, the company records its programs, releasing their twenty ninth CD, *Sound and Spirit* in 2005. *Chanticleer* relies heavily on individual contributions with forty percent of the contributed funds from hundreds of individual donations ranging from \$50 to \$100,000. Multi-level corporate sponsorship packages are invited for annual contributions ranging from \$500 to \$15,000. The *Chanticleer Endowment Foundation* was established in 1996 to manage their philanthropic funds, and *The Joseph H. Jennings Fund for Music* was established in 2004 to 'underwrite the costs of commissioning new choral works'.

The **business model** is built on audience education, international touring, cultivating loyalty and philanthropy, and on investment in a unique ensemble music product.

The *Ten Tenors* is an Australian group of ten tenor voices that mix genres, and demonstrate innovative compositions and performance modes. The group, formed in 2001, tour domestically and internationally. They make strong audience contact through the attractiveness of their performance and the personal relationship they establish with each audience member. Recording brings in ongoing revenue, but performances must be in venues with over 1500 seats to make a profit. The group has been marketed aggressively to overcome competition, particularly from copy productions.

Their **business model** is built on a product of superior quality, maintaining a loyal audience, low overheads, and capturing a global market.

Cirque du Soleil mixes spectacular circus with music and song. It started as street theatre in the early 1980s featuring a group of Canadian friends - stiltwalkers, acrobats and other street entertainers. In 1984, when the provincial government wanted festivals to celebrate the 450th anniversary of Jacques Cartier's voyage to Northern America, the friends applied for and received a grant of \$1.5 million from Quebec City to create *Cirque du Soleil* (*Cirque du Soleil* 2000). More than 1000 of *Cirque du Soleil*'s employees are based in Montreal, where the company is headquartered (Peterson 2002). The company presents a focus on corporate citizenship and global social responsibility. "The rationale and values behind Cirque's social action are grounded in this history where youth, risk, dreams and marginality come together for a better world" (www.cirquedusoleil.com). One percent of annual revenue is allotted to outreach programs targeting youth in difficulty. Corporate sponsorship is a major revenue source, but also a measure of the social mission. The new five year plan, developed in 2002, described the company's strategy as continuing to be different from that of Disney, MGM, and other entertainment rivals. *Cirque du Soleil* styles itself as a pure content provider, whose main business is harnessing the creativity of performers, producers, and other artists. Its target audience is adults, not children, with tickets selling for around \$100 per person. The company believes each individual show can be kept going for up to 15 years before it has to be retired.

There are permanent facilities in Las Vegas and at Walt Disney World in Florida, along with offices in Europe and Asia. The 2007 program includes productions by four companies in Dubai, Atlanta, London, Auckland, Barcelona, Houston, Canberra, Melbourne, Colombo, Saint Denis, Gijon, Adelaide, Perth, and Montreal and Toronto in Canada. All over the world performances are sold out to audiences marvelling at the skills and sophistication of the artists and ideas. The company tours with educational resources for the young artists, and its own health team. Local labour is used for ushering, cleaning and refreshments. The domestic impact of this international touring is continued project or capital funding from the Quebec and Montreal governments who benefit from the international profile, despite tension from other nonprofit arts companies in that province and city.

Cirque du Soleil is a **global franchised company**, operating as a business corporation, investing in massive promotion, technical infrastructure, and building lasting impressions with audiences.

The *Metropolitan Opera* in New York is now sending its productions straight out to the movies. In 2006, the opening night of *Madama Butterfly* was enjoyed by thousands on giant screens in Times Square and Lincoln Centre Plaza. Ten cameras provided fascinating close ups, and included interviews and back stage activity. Since then high definition broadcasts of other operas have been beamed into movie theatres around the globe. The aim is to revolutionise the way we see and hear opera. "It's about treating great operas as if they've been written yesterday, not 300 years ago" (Horsley 2006). In addition to the film versions, the operas can be heard on a radio pay service, streamed from the web, and through on demand audio, and soon, as a digital download. This has not dumbed down the opera, but through a commitment to the perfect opera, has resulted in a doubling of commissions, new productions and revivals. Initial returns are promising, with many performances sold out in advance. The Director, Peter Gelb, says that "the more explosive the response we receive from the broadcasts, the more interesting it is for people to experience opera in the best possible way: in the theatre" (Horsley 2006).

The **business model** is based on audience research, new audiences for opera, innovative use of technology, partnerships with movie houses, and economies of scale in increased productions but one performance.

Ensemble Intercontemporain is a French contemporary music ensemble with an international reputation for excellence in this repertoire. The musicians with *Ensemble Intercontemporain* are identified as soloists though they play ensemble and individual works. The same musicians have comprised the ensemble for the last five years. The director, Herve Boutry, reports that the repertoire is constantly evolving. Programming is more focussed than thirty years ago, with a larger range of aesthetics and stronger interest in new forms. The professionalism of promoters has improved, thus influencing changing repertoire. There is a stronger interest in thematic programming, and promoters are more informed and involved in intensive marketing. Thematic programming has had a positive affect on audiences. For example, *Ensemble Intercontemporain* has performed with other art forms such as exhibitions, cinema, electro and jazz, and in other countries. This has

resulted in new audiences and created a cross over audience. Playing locations and performance mode have not really changed, but there are changed nuances in locations. Audiences in France relate to particular venues and programming is usually planned for the type of audience at each particular venue. Audiences in Paris represent a significant over 60 age group, as well as young musicians and contemporary music lovers of all ages. Repertoire is strongly influenced by audience preferences. They are engaged and enthusiastic, demanding particular performers and composers. *Ensemble Intercontemporain* receives funding from government (national, regional and municipal) of 60 % of its revenue. Forty percent of revenue comes from box office and there is minimal sponsorship. The government rationale for continuing funding for the company is to resource innovation and the whole production process, including operational funding in one large grant (€350,000 for core activity and €1.2 million for creative development). The director reports that more funding would enable the company to build the outreach programs.

The **business model** of the *Ensemble Intercontemporain* depends on many factors. The costs of performance are very high even with subsidy. While the ensemble is a prestigious orchestra and has to maintain this profile, it must be able to play in smaller places, where its loyal audiences are. Promoters encourage the musicians to relate to the audience. Programming is innovative and responsive. The government encourages innovation, yet the French tax payers want accountability for their investment. Sustainability is seen as balancing the image of *Ensemble Intercontemporain* with the economics of performing (Boutry 2005).

The *Deep Blue Orchestra* was developed for a funded research project to test audience response to innovative repertoire, use of technology and visual images, and interaction with audiences. The orchestra comprised fifteen string players and electronic musicians playing an eclectic selection of works chosen for their dramatic possibilities, their capacity to communicate, their practicality for staging and their suitability for the target demographic of 18 to 35 year olds. The aim was to have the emotional narrative of the music represented through the whole event. The orchestra gave six performances, the first as a workshop to trial the ideas, and the remainder during the 2006 Brisbane Festival in Australia. There was no conductor, the musicians knew the pieces and did not use music on stands, and the audience were seated at tables or stood in the space between two performance areas. Focus group findings showed that the audience enjoyed the interaction between the performers and themselves, positively describing the experience of no barriers, the live enthusiasm, the feeling of 'engagement' and stretching the boundaries of their relationship with music. For them, the performance mirrored the changes and challenges of life in the early 21st century. They talked about the animation of the musicians generating energy, and the appeal of the physical staging. The audience survey revealed that music is a personal experience provoking an emotional response, yet participated in with friends, and that the venue, ambience, and audience behaviour were strong contributors to the experience. The musicians reported that they enjoyed the freedom, innovation, diversity, audience interactivity of this orchestral performance model. They wanted to be able to share intellectually, emotionally and physically with

the audience, as the response factor was needed for their best performance. Such was the success of the venture that it is now being adapted for commercial touring.

The **business model** will involve start-up funding, shared risk with a promoter and touring venues, a small electronically enhanced ensemble of musicians, projected visual images and moving performers, and promotion that informs and teases potential audiences.

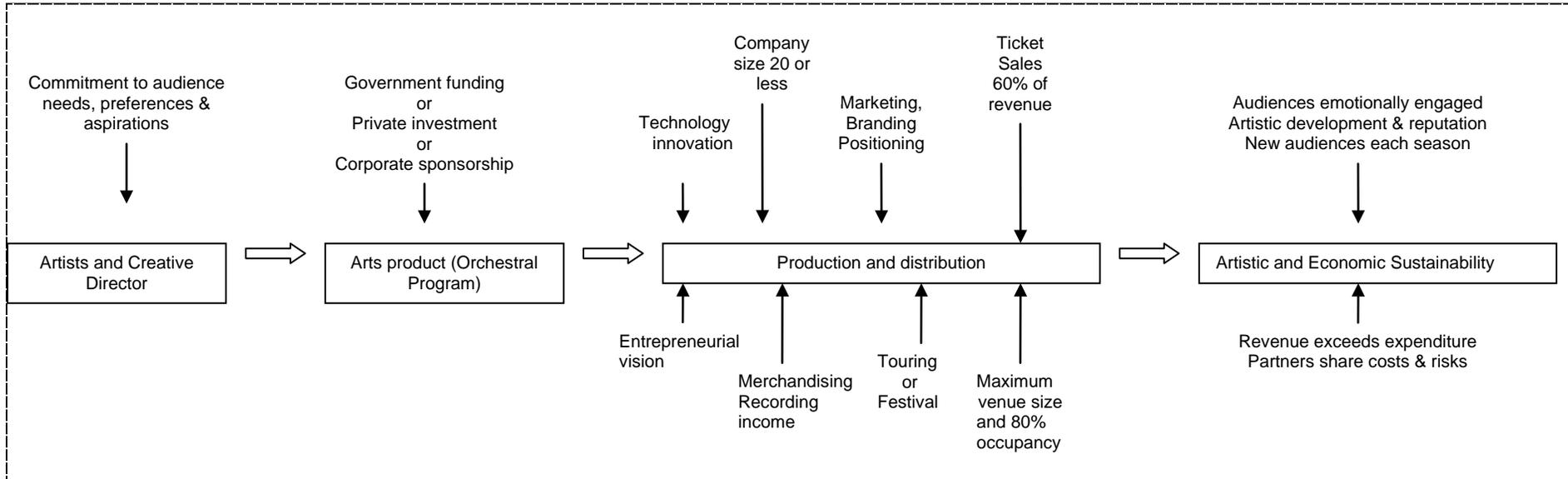
Conclusion

All these examples demonstrate to varying degrees the application of the attributes of an immersive experience for the audience, innovation in musical styles through technology and visual images, and entrepreneurship in marketing and partnerships. However, the business models of these companies are more explicit in the following ways:

- the power of artistic innovation on audience relationships and company reputation,
- the need for start-up investment and/or ongoing corporate or philanthropic support,
- the particular marketing strategies that achieve branding and loyalty,
- the ways in which technology can be used to immerse the audience,
- the selection of a partnership that achieves cost sharing, investment, loan or equity,
- the impact of venue size, occupancy rates, market share, company size on costs and income, and
- the benefits of accessing a global market through touring or electronic distribution.

The following figure shows the chain of creation, production and distribution for an orchestral program. It is a checklist of criteria to achieve a sustainable business model, either as a prototype for a new orchestra or music ensemble, or as a catalyst for change in an inherently conservative organisation. For example, if the artists and director are not committed to audience engagement, the business will not be sustained. If there is no start-up funding or investment the business will not succeed beyond the first year. The production and distribution stage requires a minimum of 60% revenue from ticket sales, another revenue stream from commercial activity, and will more likely return a profit if the branding is right, if the venue size and occupancy levels are right, and if international touring is planned from year three. The model is built on the research in this paper.

21st CENTURY ORCHESTRA BUSINESS MODEL



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