

Difficulties in an internet music promotion company

[Business](#), [Company](#)



JEJA Entertainment is a great way to offer livemusicentertainment to music lovers and fans in Australia and to the rest of the world. JEJA is based in Australia but since the Internet cannot be confined to a certain geographical area, the products and services of JEJA Entertainment will have to be offered to music fans all over the world. Although the Internet is a fascinating and emerging means of distributing media content, there are still startup costs that must be considered. Most of the time, internet entrepreneurs explore their business model while pursuing another line of work.

This enables them to have a fallback should the Internet business fail. On the other hand, this could also be inimical to the continuous growth of the business. Internet entrepreneurs face a number of challenges in establishing their business. For one, the issue of capital is an important one. The Internet may be seen as a low-cost option for distribution, yet there are a number of operating costs that must be taken into account—the domain name and web servers, the IT personnel who will create and maintain the webpages of the site, the marketing personnel and the production team among others.

This will involve thousands of dollars if it were to become truly successful. While internet marketing via email can be a good starting point, there should also be offline promotion so that more people can be made aware of the company and the kinds of products and services that it offers (Perrini, 2006). Startup Capital and Funding Creative and novel ideas that have been largely untested do have a big potential for success in the world, especially so if the medium chosen such as the Internet has so much room for growth. Yet,

because of this very same thing, a number of internet media business startups fail!

Internet entrepreneurs need startup capital and money that could help them sustain the operations of their internet business up to such time that they can stand on their own and start earning profits. Insufficient funding would mean that the business will not grow as quickly as it is perceived to be and it will not also become as profitable as the business plan states. One of the biggest problems that internet entrepreneurs face is where to get startup money that will help them setup equipment and other needed materials and network for the business.

No matter how good an idea may be, without startup capital, it will remain as a good idea and will never be launched to the whole world. Sources of Startup Capital For JEJA Entertainment, there are a number of sources of startup capital that they can draw from. Before identifying the sources of startup capital, however, the entrepreneurs should lay down → the projected expenses in starting up the business. This should include all expenses such as equipment, the establishment of web pages and the maintenance costs, the servers, the domain name, the initial promotional expenses among others.

This could lead them to a realistic view of the expenses that they will face. When these expenses shall have been laid out, then the actual amount of funding needed for several months (or years) can then be projected up to such time that the business can become profitable. Personal funds and Loan from Family and Friends The easiest source of startup capital, perhaps, could

be the personal funds of the entrepreneurs who will engage in the business. Most of the time, entrepreneurs use their own savings they have gained from years of working as employees.

There are also entrepreneurs who inherited a sizable sum of money that they then divert the money for the business that they have conceptualized by themselves or with other friends that they have. In cases where the personal funds of the entrepreneurs are not enough to cover the startup expenses, they ask the help of their family and friends in funding their business. Internet business may be less costly than an offline business that offers “physical” products and services.

The problem with the funding from friends and family money, however, is that this might give the family and friends some expectation that they also have important stakes in the business more than just the money that they lent in starting the business. This can lead to strained relationships and problems in the business due to the unclear expectations from friends and family members. If JEJA Entertainment will rely on this kind of startup funding, then the expectations from both parties should be clear so as to avoid any conflict in the areas of operations of the business.

Funding from Banks and Lending Organizations Another riskier source of startup capital is funding from banks and lending organizations. To get loans from banks and other lending organizations, there is a need for collateral in the form of land, car or other valuable collateral. Depending on the soundness of the business plan, banks may fund the startup so that it can take off and become profitable in the long term. Convincing banks to release

funds, however, is a big challenge as they want to minimize the risks they face in lending so they can maximize their profits. Venture Capital

One of the important sources of funds that have come to light in recent years is venture capital from what has been fondly called as “ angel investors. ” These angel investors provide much needed capital for entrepreneurs in the twenty-first century. Venture capital, actually, can contribute to the long-term success of an internet business startup. Angel investors can help budding internet businesses to survive the first few years of competition and difficulties in the market. Most startup companies usually tap venture capital investors not during startup but during the next few years of their operations.

If an internet business does not attract venture capital, it is bound to fail within three years according to a study made by Gompers and Lerner (2002). Long-term Profitability, Branding and Reputation Building Even if startup capital were found for JEJA company, there are still a number of factors that it should surmount if it were to be profitable and sustainable in the long run. Long term profitability can be ensured through a variety of strategies and a careful management of resources. Fresh capital is also needed if JEJA were to be truly successful.

Brand building is another important matter that JEJA will have to engage in. A successful branding strategy could also build the reputation of the company. Over the long run, this can help the company package itself as a good option for venture capitalists and to its clients all over the world. JEJA needs to be aggressive in its branding strategies because it faces an uphill climb with

various competitions online. Even if the online concert option is a good selling point, the company has to create its audience and make it irresistible.

The company will have to invest on marketing investments online and offline so as to make people aware of what the business offers. Carefully placed ads on high traffic websites and offline advertisements can yield returns. In addition to this, media exposure and reputation borrowing through sponsorship of concerts by major artists, singers and actors and actresses that visit Australia. Even major events in Australia can be covered by the company so as to gain greater reach, credibility and the preferences of consumers.

The longevity of these branding strategies cannot be ensured in the long run (Kotha, Rajgopal & Rindova, 2001). Because of this, JEJA Company has to stay abreast with emerging trends in the entertainment industry and in the Internet. These things make the branding strategies more difficult as the marketing personnel of the company will have to keep track of two divergent although related fields—the entertainment industry as well as the reception of fans and media content consumers as well as the behavior of internet surfers and consumers.

Long-Term Growth and Strategic Management Securing startup capital is but one of the first steps that JEJA Company will have to secure. As the operations of the company continue and it gains brand recognition in Australia and all over the world, it will have to establish a long term plan that deals with the need of fresh capital, effective management of resources and

the establishment of a reliable and recognizable Australian brand. The entertainment industry is highly volatile and continuously changing.

If the branding strategies of JEJA were effective, it can readily engage venture capitalists for the provision of fresh capital to finance expansion of operations, offering additional services and products, engaging more geographical areas, and establishing partnerships with a larger number of production companies and studios. The presence of venture capital is a great means of ensuring the long-term growth and profitability of internet businesses (Davila, Foster 7 Gupta, 2003).

As such, it has to proactively seek out venture capitalists who believe in the business model of JEJA. This can be done through networking, effective publicity and brand building and making sure that the business delivers the projected income and growth. Conclusion Internet businesses such as Amazon. com, Yahoo, Barnes and Nobles and IVillage among others have, at one point, started out with limited experience and financing. Yet, with effective raising of startup capital, effective branding and strategic management, they managed to grow their businesses (Carpenter, 2000).

Although financing is different from the realm of management and branding strategies, it is still a very crucial part of the operations of the business of JEJA. Surely, there will be new trends and challenges that will arise in the area of internet media business. Yet, with the influx of capital from “angel investors” and other sources, effective branding and strategic management, JEJA management can rise up to become a significant internet business in Australia and all over the world.