

# Marketing analysis polyphonic hmi



**ASSIGN  
BUSTER**

The satisfaction gratification of this need is ever more urgent due to falling sales and increasing sic piracy (Peg. 5, UP). Can HAS be the answer to the

Industry needs? 2. Harnessing Overcoming Polyphonic HIM Barriers

Opportunities Polyphonic HIM has significant barriers to overcome. Upon failing to impress hardware providers, HIM is lacking capital and time. In an industry that is normally associated with art, they have not found a way to make science and music mesh.

However, they possess the potential to revolutionize the music Industry.

Polyphonic Whim's core competencies lie in its technical expertise in artificial intelligence and natural science applications (Peg. 2, UP). Even though it does not provide specific feedback on how to improve a song, Haste HAS scientific product has the ability to revolutionize the music Industry Phelps to ellmlnateellmlnatlng the uncertainties of relying on Instinct while incorporating humanistic music preferences in predicting future successes..

It will serve to reduce marketing inefficiencies, thereby allocating concentrated efforts and budgeted to refocus efforts and budgets towards hits that have a a highlighter likelihood of success of making the next big hit.

Below are further Issues of consideration, specific to HIM. What stand in its way is the minor issues detailed below. Minor Issues 1. Shoestring Marketing Budget HIM operates on a limited budget of \$1 50, 000 and this creates two Implications. First, HIM Is unable to reach out to the entire market and It Limits them to target only 1 segment at this Juncture..

Pricing is critical as well, given that it needs to ensure that it recovers its operating fixed costs. Secondly, HIM is in dire need of a of a cost efficient

marketing plan is unable to do advertising and has to strategically come up with a feasible selling process. What is Hiss's ideal marketing mix? . Dealing with Competition In addition to the budget constraints, HIM cannot simply consigliere are competitors I OFF compartmentalizing forces, which lies in the substitutes of HAS which are traditional call-out studies and individuals' gut instincts (preference surveys).

These conventional substitutes depended on human instincts and thus it makes consumers highly skeptical of the abrupt replacement with machines. Depending on the different uses of spectrophotometer, it is pertinent to note that levels of skepticism would differ across segments and in turn affect the adaptability of HAS. Thus, based on the target market, how should HIM needs to position itself using an optimal marketing strategy to minimize skepticism and ensure highest possible profits?. Strategic Options: Option 1 : Target Unsigned artists (AU).

The AU segment comprises of hundreds of thousands of hopefuls that dream of a shot at fame and who are willing to spend money to further their dreams. Value Drivers: For AAAS, nothing gets in the way of pursuing their dreams. In addition, they form a mostly technologically as'. N. Y crowd who are willing to adopt new technologies like HAS. The potential of this segment is age where 300-400 demos are sent to a record label per week.

Approximately 187, 200 demos (350 demos per week) are sent in per year to the dozen or so ARCS under Universal Music Group for the US market (Peg. , UP). Risk Drivers: The core needs of CIA is to get a contract from Arcs, but as ARCS might not align their tastes and preferences to the scoring criteria of HAS (Peg. 12, AS), a good report from HAS does not directly translate to the

CIA being signed by the ARC. USA have financial constraints which have prevented them from seeking available avenues like Internet Polls and Call-out surveys that costs above \$1000 (Peg. 0, PI). The shoestring budget does not allow for extensive advertising as it is costly for outreach to the massive number of USA (Peg. 1, UP). Lastly, the reports may be too complex for USA to understand, resulting in low adaptability. Option 2: Target Producers. This segment comprises 20-30 successful producers, few hundred producers with occasional hits and thousands of minor producers. Value Drivers: The use of HAS can help to diminish uncertainty to a certain extent, giving producers a better gauge of the potential of their songs. Risk Drivers: There are a few noteworthy risks. Outfits, there is a disconnection with the primary needs of the producers.

Producers need to create hit songs but HAS merely suggests whether the songs that have the potential to become hits, showing limited effectiveness in tweaking songs. Therefore, HAS can only be seen as a subordinate tool in meeting producers' needs. Secondly, there is a high level of skepticism as producers pride themselves as artists with skills that cannot be replaced by a machine. Lastly, they might feel threatened that the software will replace their job and hence refuse to adopt it.

Risk Drivers: The core needs of AU s to get a contract from Arcs, but as ARCS might not align their tastes and preferences to the scoring criteria of HAS (Peg. 12, AS), a good report from HAS does not directly translate to the CIA being signed by the ARC. Thus, HAS is unable to meet the needs of this segment. Next, CIA have financial constraints which had prevented them from seeking available avenues like Internet Polls and Call-out surveys that

costs above \$1000 (Peg. 10, PI). Thus, this is a highly price sensitive segment. In addition, Polyphonic does not have the full registry of CIA.

The shoestring budget does not low for extensive advertising as it is costly for outreach to the massive number of in low adaptability. Option 3: Target Record Companies(ARC). This segment comprises of five major ARCS with combined share of 84% in the U. S. Market, each being home to at least a dozen labels. In addition, there are also tens of thousands of other small and mid-sized ARCS (Peg. 6, PI). Value Drivers: The core needs for of ARCS is to reduce fixed costs that mainly stem from marketing initiatives(Peg. 6, UP). Hence, the core competency of HAS can directly address the by helping them filter hits and needs of

Arcs, which is to predict hit songs with high accuracy for better allocation of baccalaureate budget to support likely hits and generate higher expected revenues. In addition, ARCS areas more a price insensitive, segment predisposed with higher budget and resources. A partial ACCORD analysis shows that this segment has high adaptability: HAS with an accuracy of 80% would be perceived to be more superior to traditional research methods of fairly low accuracy of 10% (Peg. 10, UP&3). HAS is highly compatible as it suits the labels' current behavior of sending songs for in-depth analysis in the form of reports.

And since ARCS have familiarity with interpreting reports, complexity is low. The massive use of HAS in the music industry will definitely allow HAS to get noticed and tributes will spread by word-of-mouth, ensuring high communicability. Risk Drivers: However, Record labels under the same

record company have significant collective buyer power to congregated and pressurize Polyphonic to reduce prices for their reports. In addition, major ARCS are hierarchical and operate with red tape, so the process of implementing HAS would be cumbersome. Recommendation: Option 3 is recommended.

As the music industry faces a decline in album sales, the ARCS are forced to practice caution in launching albums. Consumers have become more discerning with their product expenditure. Every album launch requires a gamble on the part of the ARC – marketing expenditure of \$300, 000 and upwards do not guarantee success in recouping the costs and profitability. An axiom of the industry is that less than 15% of released music titles generate profit, meaning the bulk of marketing investment are moot. Therefore, HAS brings about intervention to support the inner workings of Arcs.

HAS sifts out the albums that do not make the cut from the manufacturing line, which avoids wastage of marketing budget. On the other hand, HAS could direct the ARCS to focus their endeavors on potential hit albums by allocating the bulk of budget to support likely hits. As such, HAS helps the ARCS to streamline marketing initiatives, and extract higher values from marketing investments. The ARCS can then reap higher margins from a reduction of fixed marketing costs. With predictive accuracy of about 80%, ARCS will perceive HAS as instrumental in turning their performance around.

Justification of Recommendation Positioning Statement: Balance between Science and Art Within the business of research technologies in the pop

music industry available to Arcs, Hit Song Science deviates from subjective preference sampling of limited individuals by juxtaposing the test song and mathematical attributes of past hits validated by masses. HAS is thus the new-edge scientific humanistic tool that engages “ a million cultured ears” to increase the likelihood of producing hits and reduce marketing expenditure. Generate unbiased and technical assessments of songs, regardless of the reputation of the artiste. Financial Attractiveness Option 2: Producers option 3: ARC Target Volume 0, 000 songs 6, 500 songs 1 1 , OHO songs Marketing Cost \$1. 51 Unsigned artist \$98. 41 Producer \$2, 500/ label (target top 5 first) Break Even price (SEEP) \$95/ song \$130/ song \$89. 11 song above PVC) \$30, 000 \$19, 500 \$33, 000 Assumptions for all segments: Annual Fixed Cost=\$500, OHO, Marketing budget= per song = \$30, 10 songs/artist, Figures are for North America. Assumptions for CIA: 100, 000 unsigned artists (Peg. 5, UP), Penetration Rate (PR)= 1% Assumptions for Producers: 25 top producers(20 artists each) (Peg. UP), 500 one hit producers(10 artists each)1, OHO aspiring producers (1 artist each) PR= 1% Assumptions for ARC: 12 labels per record company (Peg. 5, UP), 5 major Arcs, 10, 000 small Arcs, 2, 500 unique albums and 3, 000 unique singles, PR= 50% Unit Contribution Analyzing the financial of each segment, it corroborates that targeting major ARCS (Option 3) is the optimal choice. The \$1 50, 000 marketing budget is sufficient due to the least outreach that needs to be marketed to (12 labels or 5 Arcs). It Justifies the higher arbitrary market penetration rate set at 50%. Comparing with Option 2 and 3, marketing budget will be overstretched due to the much larger base of interested arties. Egg: only \$1. 5 marketing dollars can be spent per unsigned artist which is probably close to production

cost of a leaflet for promotion. Even though Option 1 and 2 have higher gross song volumes, the higher market penetration in Option 3 ensures the highest effective volume of songs that HAS technology captures (11, 000 songs).

Option 3 is also the most financially viable because it delivers the lowest Break-Even Price (\$89/song) and highest Total Unit Contribution (\$33, 000).

, assuming that each song is priced 10% above Variable Cost of \$30 for all 3

options. Value Sharing between ARCS and Humiliated by HAS for Record

Companies To Justify the premium pricing of HAS(see later), we first

considered Hiss's value add for to the two main sources: (1) Marketing Cost

Savings and (2) Increase in Expected Revenues. Marketing Cost Savings

Before HAS After HAS Success rate of marketing to get hits Singles to “

market” 2 1, 500 300 Marketing and Promotion cost/singles 400, 000 Total

marketing cost Marketing cost savings Assumptions: (1) Peg. 0 UP, Assume

conservative 50% success rate instead of 80%. (2) Peg. 9 UP, Assume HAS

capture only 50% of 3000 new singles. 3) Peg. 8 UP, Assume \$300, 000

marketing cost and \$100, 000 promotion fees (1): Usage of HAS dramatically

reduces Marketing Expenses of newly released singles. Traditionally, there

are about 3000 singles released per year, of which HAS technology captures

half due to the 50% market penetration rate. Given that the HAS software

increases success rate of marketing hits from 10% to 50%, we only have to

promote 300 singles (instead of 1, 500) to get 150 hits.

Assuming each single is marketed and promoted at \$400, 000 per single

(Peg. 8 UP), this results in 80% decrease in marketing expenditure from MOM

to \$MOM, generating potential cost savings of \$MOM. (2): Assuming hit

success rate remains at 10%, there will also be an increase of expected



revenues of \$MOM. With the implementation of HAS technology, there is now 80% there is 40% probabilistically predictability (50% instead of 10% based on A) that 1 out of 10 albums/singles marketed will become hits, generating increased probability-weighted expected revenues of \$776. MM for albums and \$65. MM for singles.

Increase in Expected Revenues Hit Success Rate (Fixed) Success rate of marketing to get hits Number of hit albums 125 881 Number of non-hit albums , 375 Probability weighted revenues from non-hit albums (Table A) Increase in expected revenues from albums Number of non-hit singles 150 Probability weighted revenues from hit singles (Table A) Weighted expected revenues from hit singles 11, 500, 000 1, 350 Probability weighted revenues from non-hit singles (Table A) Weighted expected revenues from non-hit singles 4, 950, 000 Total Increase in Expected Revenues Assumptions: Hit albums = Hit Success unique albums-? 125 (Non-hit albums-2500-125) Hit singles = Hit success \* \*3000 unique singles-? 1 50 (Non-hit singles= 3000-1 50) Probability weighted revenues from it-singles/albums= Success rate of marketing /3)\*Low Estimate+(1 /3)\*Med Est +(1 /3)\*High Est] \*Hit singles/liberalness's in expected revenues from singles Sensitivity Analysis to Determine Optimal Procrastinating hit success rate remains at 10%, there will also be an increase of expected revenues of \$MOM. With the implementation of HAS technology, there is now 80% probability (instead of 10% based on A&R) that 1 out of 10 albums/singles marketed will become hits, generating increased probability-weighted expected revenues of \$776. MM for albums and \$65. MM for singles. Sensitizes SVGA Market Penetration Rate % 75% 100% Success Rate of Marketing to get hits 0. 0 1 51 25% 337,

931 , 250 31 The sensitivity table proves that implementing HAS technology improves success rate of marketing, which in turn increases the SVGA for the Arcs. However, we observe that SVGA is limited by the market penetration rate, depending on how best HIM utilizes its marketing budget to capture the largest possible portion of the market, reinforcing the importance of Promotion and Distribution strategies. Its marketing mix. SVGA was then utilized to derive the price ceiling, price floor and target price of HAS technology on a per song basis. Based on target price of \$60, 105 per song or \$600, 105 per album, HIM is able to achieve a profit margin of 99. 85%.

Price Ceiling Price Floor Target Price Assumptions 100% Penetration Rate  
 80% Success Rate 1% Penetration Rate 11% Success Rate 50% Penetration  
 Rate 50% Success Rate Share of GAVE Price/songs \$181, 730 \$6, 873 \$60,  
 105 Net Value Add to Arcs (\$2. 68 bill) \$1. 32 bill \$661 mil Profit Margin of  
 HIM(PM) 99. 97% 56. 58% 99. 85% Assumptions: (1) SVGA divided by target  
 volume(market penetration \* total volume of songs) (2) Net Value Add=  
 Gross Value Add- Cost of Reports; Cost of Reports = Price re song \* Market  
 Penetration Rate \* Volume of Songs (3) Assume that HIM will share value  
 created with record companies equally The sensitivity table proves that  
 implementing HAS technology improves success rate of marketing, which in  
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basis. Based on target price of \$60, 105 per song or \$600, 105 per album, HIM is able to achieve a profit margin of 99.85%. To analyze the mutual benefit of implementing HAS, we analyzed Hiss's deducting all the relevant costs (Peg. 8 UP). With the implementation of HAS technology target price and assuming that Universal claims 32% the \$661 M net value created (See Pricing of HAS), this results in 8% increase in profit margin. PM.

Suggested Marketing Mix for HAS Short Term: HIM should first target one major ARC to the top Major ARCS and hope to achieve industry awareness and accreditation of the technology and capture the dealing with at least one major Record Company. Patenting the HAS technology and giving competitive exclusive rights to one ARC will diminish buyer power that major ARCS hold when they congregate. See the suggested Pricing is standardized at \$60,000 per song. The Product is homogeneous and utilized on master recordings of established artists. Pertaining Promotion and Place, HIM would seek the management of ARCS' management via professional connections of HIM board members.

Advertising leaflets are published to inform about the product. Salesmen and technical tablespoonfuls would execute On-site Demonstrations to entice and enlighten interested Arcs. Follow-ups are conducted to update ARCS on changing market trends and consumer preferences. For further market awareness, "HAS guaranteed" stickers will be placed on record label albums to enhance visibility of product. Mid-term and Beyond: Ham would now target small/medium sized Arcs, Producers and Unsigned Artists. The aim is to increase sales volume in other segments using the Market and Product

Development strategy. Pricing is discriminated between Producers and Unsigned Artists.

The Product is licensed as a software to major Arcs, while reports re personalized and simplified for USA and aspiring producers. Promotion and Place initiatives are done via personal selling and one-to-one consultation with ARCS with the incentive of volume discounts. HIM can also offer trials of one unreleased song and four recently released songs to validate predictive and post-detective accuracy. A chart release of Top 100 songs screened through by HAS technology and online retailers' reviews increases product visibility. HIM will pursue the development of mobile APS and DID online websites for unsigned artists and producers to encourage easier consumer adoption.