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Business and revenue-sharing models

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1. Introduction

This document models and outlines a series of Business models (Based on the audience segment & risk profile) for the products of Europeana Food and Drink undertaken by Work Package 3 of the Europeana Food and Drink project.

The primary aim of this work package is to support the development of 9 commercial applications based on the project content base and to develop a body of evidence to support advocacy of the creative and commercial potential of digital cultural content.

This specific deliverable will look at scenarios for commercial business models for the specific application, which have been derived from other Europeana focused project and the learning that has been conducted by the project between months 1-6.

2. Possible business models for revenue sharing

This section outlines the potential business models for revenue generation and sharing across the multiple products of this project.

2.1. Background

In the learning phase (Months 1 to 6) we have identified four potential models, which range from completely free to purely commercial:

- Free (zero upfront cost to user, ROI non-financial)
- Subsidy (upfront cost covered through public investment)
- 'Freemium' (zero upfront cost to user, secondary revenue)
- Commercial (upfront cost to user, direct revenue return)

Please find detailed description below.

2.2. Free model

The free model is based on the idea that the ROI (return of investment), which is at the base of a decision to develop a product or campaign is non-monetary, meaning that the product will be consciously developed at a loss - in return for other types of 'revenue'.

This model is typical for cultural organisations and content - whose main charter is to develop audiences.

In this case, products falling under this category will hope to result in higher audience engagement, whose ROI is in the first instance presence and attendance - rather than direct revenue.

The cultural institutions may have a secondary monetary revenue as a result of increased presence - but this cannot be accounted for as direct ROI.

2.2.1. Use cases

The products in Europeana Food & Drink that fall or may fall onto this category are:

- Exhibition and virtual exhibition
- Semantic demonstrator
- Technical demonstrator
- e-learning platform/content

2.3. Subsidy

This is a variation of the free model and the same rules and use cases apply. In this case the cost of development and distribution is subsidised through public funding.

2.4. Freemium

From Wikipedia:

"Freemium is a pricing strategy by which a product or service (typically a digital offering such as software, media, games or web services) is provided free of charge, but money (premium) is charged for proprietary features, functionality, or virtual goods."

In this case, the product will be available for free and offer extra features that users can pay for - if desired. Although this is typical of a software product (e.g. a video game where players pay to unlock new levels or features), the model can also be applied to non-software products - such as an exhibition - which is free to access, but has premium features such as a printed catalogue, multi-media guides etc.

2.4.1. Use cases

The products in Europeana Food & Drink that fall or may fall onto this category are:

- Mobile App
- Social Game
- Exhibition and virtual exhibition
- e-learning platform/content

2.5. Commercial

In the commercial framework the product carries an upfront price, which is paid for but its consumer. The price may or may not cover the whole cost of product development, as this model may also involve non-monetary ROI - as for Free models.

2.5.1. Use cases

The products in Europeana Food & Drink that fall or may fall onto this category are:

- Exhibition
- Book and e-Book
- Commercial Picture Library
- Mobile App

3. Next stages

In the coming months, we will review and refine the correct business model for each of the project product - applying the correct one to each of them.