STREAMING OF THEATRE AND ARTS FOR OLD AGE ENTERTAINMENT

D4.2 MARKET ANALYSIS REPORT

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Revision and history chart

Version	Date	Editors	Comment
0.1	1/06/2017	Paweł Nowakowski	1st version
0.2	30/08/2017	Paweł Nowakowski	updated according to comments and indications presented in the Mid-Term Review report

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0. Note on post-MTR update

This deliverable was updated to reflect comments and indications found in the Mid-Term Review report.
The table below details the updates:

MTR Comment	Addressed in
"Provide more specific data, addressing the market size for the STAGE platform"	✓ Section 5.3, pp. 28–29, 33–34.
"Support with valid arguments the type of end users targeted for the project and their needs for this platform"	✓ Section 5.3, pp. 30–31.
"Consider how the competition has evolved/increased in the last few years regarding our concept of accessing cultural events online"	✓ Updated analysis of potential competitors is included in D4.3 Draft business plan / business model, section 2.2., 2.3., pp. 9 – 15.
"Moreover, it must provide an answer both to: 1) the reason why it was decided to provide live events (did users explicitly ask for it?) and 2) how this relates to CI's difficulty to provide live events"	✓ Point 1) – section 5.3, pp. 31–32. ✓ Point 2) – D4.3. Draft business plan/ business model, Section 3.1, pp. 20–21; Section 3.2.1, pp. 21–22.

1. Executive summary

This deliverable 4.2 Market analysis is dedicated to market research for the STAGE project. As the project is complex, market research must involve a number of issues to cover interesting areas that are or might be crucial for gaining a good market orientation and prepare the STAGE service, i.e. the ICT platform offering high-cultural events via live web streaming to older adults.

First chapter gives a short introduction to the project and to the document, and addresses some issues. Objectives of the report are enumerated, described and justified in the second chapter. Methodological aspects, too, are addressed in this chapter.

The subject of the third chapter are key stakeholders, i.e. cultural institutions and – recognized as possible other key stakeholders – music managers/labels and the like. Key types of cultural stakeholders as well as value chains of cultural institutions are also identified in this chapter.

Chapter five "Market potential" aims at identifying the condition of the creative and cultural industries. Determinants of demand, current condition of the market, a role ICT in cultural consumption, and opportunities and barriers are analysed. Moreover a significant part is dedicated to the STAGE target market which is analysed using both desk research and field studies[1].

The aim of the chapter six is to outline competing solutions available on the market in general and with particular emphasis on the Cyprus, Hungary and Italy, i.e. the countries in which languages the STAGE platform will be initially available.

Conclusions are presented at the end of the document.

Also, a list of figures is provided at the beginning and the references are listed at the end of the document. A market questionnaire template is attached as an annex to the report, too.

[1] However, the questionnaires and analyses based on them will be conducted later, and the document will be respectively updated.

2. Introduction

The general goal of this document is to outline a market situation in the context of the STAGE ICT platform.

Streaming of Theatre and Arts for old Age Entertainment (STAGE) is a European research project within the Active and Assisted Living Research and Development Programme, funded under 2015 Call Challenge "Living actively and independently at home. Support more older adults to live longer in their homes with the contribution of ICT based solutions". The Project started in March 2016 and will end in August 2018. The STAGE Partners are:

Participant organization name	Participant short name	Organization type	Country
National Research Council, Construction Technologies Institute (Coordinator)	CNR ITC	Research Organisation	Italy
CEDEO di Chiariglione Leonardo EC	CEDEO	SME	Italy
Accademia Nazionale Cultura Sportiva	ANCS	End User	Italy
SIVECO Romania SA	SIVECO	Large Company	Romania
Georama LLC	GEO	SME	Cyprus
ASM Market Research and Analysis Centre Ltd.	ASM	SME	Poland
Pannon Business Network Association	PBN	End User	Hungary
KARMA Interactive Ltd[2].	KARMA	SME	Hungary
Materia	MAT	End User	Cyprus

Table 1. List of project partners

This Market analysis report is to a significant extent associated with other project activities. However, some of them have been delayed due to justified reasons. Particularly, a first STAGE platform prototype's release has been delayed which implies that also pilot trials with end users, i.e. older adults, will be conducted later than primarily assumed in the project work plan.

Because of this delay the questionnaires surveys with end users have not been conducted yet. There are two reasons for this. First, the project consortium have agreed that it would be rather pointless to ask respondents for answering the questions strictly related to a market service that they have not seen yet. Second, the idea was to conduct the interviews with connection to pilot trials to avoid time- and cost-consuming efforts related to arranging another meetings with potential end users in three project member countries. It was also concluded that it could be a bit annoying and pushy in opinion of older people. Hence, the decision has been made also with taking into account PR aspects that should be considered especially when addressing target groups like older adults who are perceived as one of the most difficult target group to address.

[2] KARMA is going to replace Informatix.

What is more, it was decided that this document will be significantly updated when questionnaire surveys with end users are conducted and analysed by the task leader with help of other partners involved in preparing this deliverable. The market questionnaires will be compared with the surveys conducted by the consortium in connection with user requirements analysis in Work Package 1.

Thus, it needs to be noticed that this version is a working document and do not cover all aspects and does not contain comprehensive data, analyses and conclusions.

3. Objectives and methodology

The aim of this chapter is to define objectives of this deliverable "D4.2 Market analysis report" and describe the methodological approach that will be used to achieve the goals that have been set in order to gather market information related to a commercialization of the STAGE platform in the future, after the project end. Direct objectives will be defined in detail and referred to further business activities connected to the development of business models.

The objectives that have been described in the Description of Work (DoW) will be adapted and elaborated. Also methodology needs to be specified in some more details, since the DoW only states that analysis will be methodologically divided into two research procedures:

- desk research (stakeholders analysis and market potential analysis);
- questionnaire surveys with end users, that is, older adults being potential customers of the STAGE platform.

As it has been already mentioned, questionnaire surveys will be conducted in the near future and then the deliverable will be updated.

3.1. Objectives

In general, market analysis aims mainly to explore the market, to find out what is the current market situation in terms of existing products and/or services as well as in terms of market potential. The market analysis is crucial when it comes to preparing an appropriate offer for target groups of customers. An appropriate offer should be in line with objective – although in most cases dynamic – situation on the market and with subjective needs and preferences of potential users, that is, possible customers.

Specific objectives of this deliverable are:

- to outline user's profile; to understand needs and preferences of end users of the STAGE; to find out correlation between different factors potentially influencing users' interest in the STAGE platform;
- to define key stakeholders and their value chains; to understand their decision making process;
- to outline a market potential, to define supply and demand conditions;
- to explore an existing market of similar services to the STAGE platform;
- to consider barriers and opportunities.

These objectives have been set in order to gather the most relevant information for supporting commercialization of the project's innovating solution, i.e. an ICT platform offering live (and archived) cultural events to older people via web streaming.

Realization of those objectives will increase the STAGE consortium's knowledge about three crucial groups:

- potential users;

- key partners;
- competitors.

Last but not least, this knowledge and the whole analysis will be also used to elaborate particular parts of the STAGE business model which will be based on The Business Model Canvas approach. “Market analysis report” will enable to answer, among others, the questions about:

- Key Partners;
- Key Activities;
- Revenue Streams;
- Channels;
- Customer Relationship;
- Customer Segments.

So far the two main possibilities concerning the STAGE business model have been considered by the consortium:

1. STAGE provides a hosting platform for cultural organizations that want to make their content available as a web service to older users (in short: hosting platform);

2. STAGE mainly acts as an aggregator of content from cultural institutions that is provided to older users (in short: aggregator of contents).

The implicit hypothesis of the consortium was formulated at the beginning of the project. It was assumed that the best solution in regard to the STAGE business model would be the second one.

Moreover, there are also two options concerning an ownership structure of the platform:

1. The STAGE platform operates as a for-profit undertaking that is owned by a group of particular STAGE consortium members;
2. The STAGE platform operates as a for-profit undertaking that is owned by an external subject.

At the beginning of the project the first option has been preferred by the consortium. It is assumed that the information gathered in the “Market analysis report”, along with other studies, will allow to clarify the perspective on the STAGE business model.

3.2. Methodology

To achieve objectives of the document the following source of information will be used:

- secondary: information available in the Internet, i.e. reports, databases, analyses, articles, direct information on websites;
- primary: information from potential customers (older people).

Secondary information will be gathered through desk research that will be conducted using the Internet resources available in English and supplementary in national languages of end-users countries: Cyprus, Hungary and Italy. Desk research will enable to explore supply and demand conditions, the market of similar services to the STAGE platform as well as to outline main characteristics of potential stakeholders.

Among specific methods and techniques that will be used to during desk research are:

- VCA (value chain analysis);
- RMA (rapid market assessment) – this interdisciplinary methodological approach will allow to better understand market systems in short time and with low costs.

When it comes to primary sources of information, conducting own field studies in a form of questionnaire surveys with end users was recognized as necessary, since the service that the STAGE project is going to offer is innovative and therefore requires in-depth knowledge on the customer segment which is quite unique. Since ICT services usually are not addressed to older people because of their lower IT skills, the STAGE platform has been developed in a co-design way, which also covers a deepen analysis of potential costumers' needs and preferences when it comes to a market dimension and of the platform and to options that it will offer. Hence, it is impossible to gather all necessary information and to grasp correlation between interesting factors using only a desk research method, therefore opinions and preferences based on a demonstration of the STAGE platform prototype must be gathered.

A market questionnaire is formed by 26 questions divided into five sections, each referring to a specific topic:

- Section 1 addresses interest in the STAGE platform;
- Section 2 concerns residence information;
- Section 3 is related to personal information;
- Section 4 is specific to gather information on participation in culture and recreational activities;
- Section 5 concerns preferences concerning the STAGE platform.

A template of a questionnaire is added to this document as an annex.

Research will encompass the following scope of analysis:

- subject: older adults, cultural institutions, market competitors;
- object: a profile of a potential customer; a structure of an existing market, value chains, a market potential;
- geographical area: the EU, in particular countries in which the STAGE platform will be available in national languages.

4. Key stakeholders

The aim of this chapter is to gather market knowledge about the key stakeholders from the STAGE project's perspective, that is, cultural institutions offering access to high-cultural events which can be potentially interesting for older adults. What is more, the key stakeholders of STAGE are those of the aforementioned institutions which are (at least potentially) able to live stream their events. Moreover, value chains of stakeholders operating in creative and cultural industries are defined. Also, possible other stakeholders are defined and describes as well as key actors.

4.1. Sorts of cultural institutions relevant for STAGE

Cultural institutions are a part of cultural industries. According to the definition of UNESCO:

> ***[C]ultural industries refer to industries which combine the creation, production and commercialisation of creative contents which are intangible and cultural in nature. The contents are typically protected by copyright and can take the form of a good or a service[3].***

Types of cultural stakeholders, which are relevant from the STAGE's point of view, can be divided into:

- exhibition entertainment providers;
- live entertainment providers.

Thereupon, taking into account that the STAGE platform aims at offering high culture and not just any kind of entertainment, exhibition entertainment can be divided into sub-industries, such as:

- museums;
- art halls;
- art clubs;
- art galleries;
- vanity galleries.

Whereas among live entertainment providers representing higher culture we can identify:

- concert organizers;
- theatres;
- operas;
- performance arts organizers;
- festival organizers.

[3] As quoten in K. Dervojeda, F. Nagtegaal, M. Lengton & Peyoush Datta, PwC Netherlands, *Creative industries. Analysis of industry-specific framework conditions relevant for the development of world-class clusters*, 2013 [a report on commission of the EC], p. 20.

It is important to point out that some of the aforementioned culture providers are relatively easier to reach, while identifying the other ones can be more difficult. The former are institutions/companies that operate in a given sub-sector and regularly organize a variety of events on their premises. They are, among others, museums, art galleries, theatres and operas.

On the other hand, it can be difficult to make contacts and to start cooperation with entities engaged in organizing some events. A good example are concerts, for they are often dealt with on an ad hoc basis and by entities that are not engaged in organizing them regularly. Moreover, an organization of a concert requires a cooperation between an artist (and/or his or her manager) and an organizer, and usually there is also no central decision maker that can be addressed by a company providing similar services to the STAGE platform. It can also be the case when it comes to festivals (although not all) or performance arts organized by different persons and institutions.

Cooperation with cultural institution is crucial for the final success of the STAGE platform, therefore contacts with them were established at the early stage of the project. The reaction of the cultural institutions was very positive and the established contacts are very promising. Detailed reports on this can be found in different project deliverables.

4.2. Possible other key stakeholders

In the situation described above, it might be a good idea to get in touch with companies engaged in filming concerts and other live performances. As already mentioned, sometimes such a cooperation might be necessary for STAGE.

As an example, we can mention:

- Slinky productions LTD;
- PRG.

Slinky productions

Slinky productions LTD is an English company located in Birmingham. It provides video services for different segments of customers, mainly representing a corporate sector. Slinky productions produces: corporate videos, website videos, television commercials, product and promo videos, customer testimonials and case study videos, motion graphics and animation videos, conference and **live events filming**, **concert and live performance filming**, training videos, viral and social media videos, technical and engineering special videos, charity, third sector and NGO videos.

Naturally, STAGE could be potentially interested in those services that are bolded: live events filming, and concert and live performance filming.

Slinky productions provides:

Multi-camera filming of live events such as; presentations, conferences, exhibitions, award shows, concerts, gala balls, stage performances, theatre shows and festivals is right up our street! [4]

Figure 1. A screenshot of Slinky's Concert Filming / Live Show Filming Showreel

source: http://www.slinkyproductions.co.uk/concert-live-performance-filming/

They have an experience in creating videos from music concerts and festivals (including large open-air festivals), not only in terms of popular culture, but also higher culture – classical quartet being an example. What is more, they provide web streaming.

As can be seen in the quotation above, they film also theatre shows which is a useful information. Although so far technical issues related to making videos have not been recognized as barriers by cultural institutions from Cyprus, Hungary and Italy that have been contacted by the STAGE consortium, it might be the case that cooperating with similar companies might be profitable in the long run.

Moreover, when the STAGE platform appears successful, it can be a good idea to use such solutions anyway, since a multi-camera filming and highly professional audiovisual productions assure incomparably better quality and enjoyment.

Since the STAGE platform will start as a small company, it is also important to know that these types of services can be delivered even to very small entities.

[4] http://www.slinkyproductions.co.uk/conference-live-events-filming/.

Naturally, it is hard to estimate the costs of the services in question, since they need to be estimated individually, however it can be expected that such companies can be eager to cooperate with STAGE based of revenue sharing agreement.

PRG

Another such a company is PRG. Its departments are located in numerous cities in the USA and other countries, including such European countries as Austria, Belgium, France, Germany, the Netherlands, Spain and the United Kingdom.

PRG's mission statement is:

> ***To deliver world-class production solutions for live entertainment and events[5].***

Their services cover a number of activities related to corporate events, **live music**, television, **theatre**, public sports and major events, film, and architectural lighting. Thus, considering STAGE's potential needs, PRG offers quite similar services to Slinky productions. However they are more focused on the entertainment industry and live transmission.

When it comes to live music, PRG provides live concert tours, festivals and different events, with Image Magnification (IMAG), and using its own live video production tool – PRG Nocturne.

But main PGR's specialization is theatre. The company and many of the employees have roots in the theatre and claim to be among the most experienced teams in the whole industry. As already mentioned it is an option – although rather future – for the STAGE platform.

Analogously to the previous option, costs need to be estimated individually.

Besides the aforementioned companies, there are also other ones delivering similar services, inter alia: Seas and Echo Video.

4.3. Value chains and key actors

4.3.1. Value chains

Cultural industry is a specific kind of industry. While other industries, no matter what kind, are always treated primarily as business, cultural industry is perceived first and foremost as cultural, and only secondarily as business. In fact, most of cultural institutions are owned and/or subsided by the state

[5] https://www.prg.com/about-prg/company.

which means they do not depend to such a big extent (or at all) on the economic calculation as private enterprises.

This situation has particular implications. It matters for business models and value chains of cultural institutions, since often their main task is not to make benefits, but to popularize culture among citizens, which is perceived as a public value and thus supported by the government[6]. According to some radical opinions, there should be also a right to culture as a human right[7]. Consequently, as something is recognized as a right, it must be enjoyable – regardless of costs assigned to it.

However: “It is important that the ‘not just another business’ justification for the special nature of the cultural industries doesn’t turn into just not a business at all”[8].

The culture industry (or cultural industries) is often recognized as a part of the creative industries which are compared to prototypical service industries such as telecommunications, health, education and financial services. Based on this it is claimed that:

> ***[T]he creative industries involve higher value-added inputs at the digital content and other applications upstream end of the value chain. This is where the claims for their place in the knowledge-based economy come in, where issues of copyright and IP ownership and exploitation are key[9].***

Thus, digital content becomes crucial for the whole creative industry. It is a positive signal for STAGE, since on one hand STAGE brings novelty and is an innovative solution, and on the other hand it is in line with a general tendency characterizing the modern creative industry.

According to experts, there is a need for creative industry sectors to start to collaborate with other industries operating in a field of content-rich services. The most important examples of them are education and learning, publishing, design, communications devices, and e-commerce. It is a big challenge, because cultural industry (as a part of the creative industry) and the above mentioned sectors are not used to collaboration and usually prefer to act separately[10].

[6] However, totally private model, although less popular in some Western European countries today, is also possible and can be very successful. The most famous example of a successful private entrepreneurial approach to higher culture is the activity of William Shakespeare. Nowadays, a good example of running successful private cultural institutions in Europe are Polish private theatres.

[7] Cf. *“The Right to Culture – European Perspectives” – Conference Summary*, http://nck.pl/media/2013-11-26/the_right_to_culture__conference_summary.pdf.

[8] Stuart D. Cunningham, ‘From cultural to creative industries: Theory, industry and policy implications. Media International Australia Incorporating Culture and Policy’, *Quarterly Journal of Media Research and Resource* 2002, 102 (1) [available on: http://eprints.qut.edu.au/588/1/cunningham_from.pdf; references to pages according to this online version], p. 8.

[9] Loc cit.

[10] Loc cit.

It is worth to mention here that it is very important information for the STAGE project, meaning that intensified marketing activities should be oriented not only to the older people, but also to cultural institutions. As already mentioned, cultural institution have reacted positively in response to the STAGE project's proposal of cooperation, however it needs to be noted that the AAL research project and an enterprise (by which the STAGE platform will be run) are two different things. In other words, so far STAGE has contacted those institution outside any market context. It means that a future collaborative strategy should take into account some possible difficulties and try to anticipate them properly.

Economic theory distinguishes the following typical phases in a value chain:

- content creation;
- content development;
- content packaging;
- marketing;
- distribution to consumers.

Usually, a production chain in cultural industry begins with a creative idea of some creator or artist which is then merged with other activities and resources finally resulting in a creation of a cultural good or service. A value is added in alternating stages and finally the good or services is presented to consumers. A description of a cultural institutions' value chain allows to determine "the relationship between the 'pure' or traditional arts and the commercial or industrialised arts and culture by seeing them as 'stages' of the process in the production of economic and cultural value"[11].

The creative industry value chain is presented in the Figure 2. below. We can distinguish five stages in this value chain:

1) beginnings;
2) production;
3) circulation / distribution;
4) delivery mechanisms;
5) audience reception.

This value chain is presented in a form of a circle. it is in line with a suggestion that the cultural industry should focus on feedback which is then recognized in the whole chain[12].

[11] A. Joffe, *Understanding Creative Industries: their definitions, models, measurements and drivers*, https://arterialkenya1.files.wordpress.com/2010/06/understanding-creative-industries.pdf [lack of pagination].

[12] *International Encyclopedia of Information and Library Science*, ed. J. Feather and P. Sturges, 2nd ed., London, U.K.: Routledge (Taylor & Francis Group) 2003, p. 114.

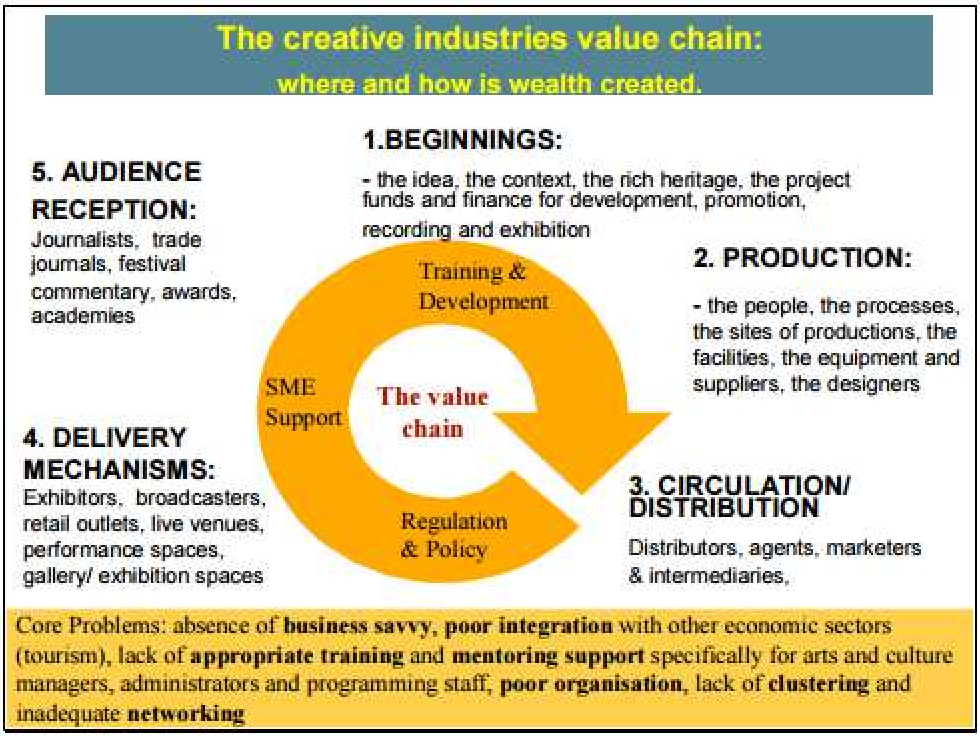

Figure 2. Value chain analysis used in Gauteng 's Cultural Industry Development Framework, SA 2005

Source: as cited in A. Joffe, *Understanding Creative Industries…*

On one hand, this value chain is not complicated – there are just a few clearly distinguishable and alternating stages. What is more, they are intuitively graspable. However, important problems are identified at some stages. Actually, most of them have been already mentioned in this chapter. They most problematic issues are: lack of business orientation; poor business skills of cultural managers and other staff; insufficient cooperation with other sectors and enterprises; lack of networking and clustering.

Another important problem of the creative industry is also a so called disconnect, meaning that digitalizing a cultural good (a product) results in the situation, where consumers use the product, but creators/artists do not receive corresponding revenues[13].

According to the Work Foundation, the creative economy is based on the core creative fields which are related to expressive values that are protected in a form of copyrights. “The ‘creative core’ can be conceptualised as the production of ‘pure creative expressive value’”[14]. The relation between core creative fields, cultural industry, creative industries and activities, and the rest of the economy are presented in the Figure 3.

[13] A. Joffe, *Understanding Creative Industries.*

[14] *Staying ahead: the economic performance of the UK’s creative industries*, The Work Foundation 2007, p. 19.

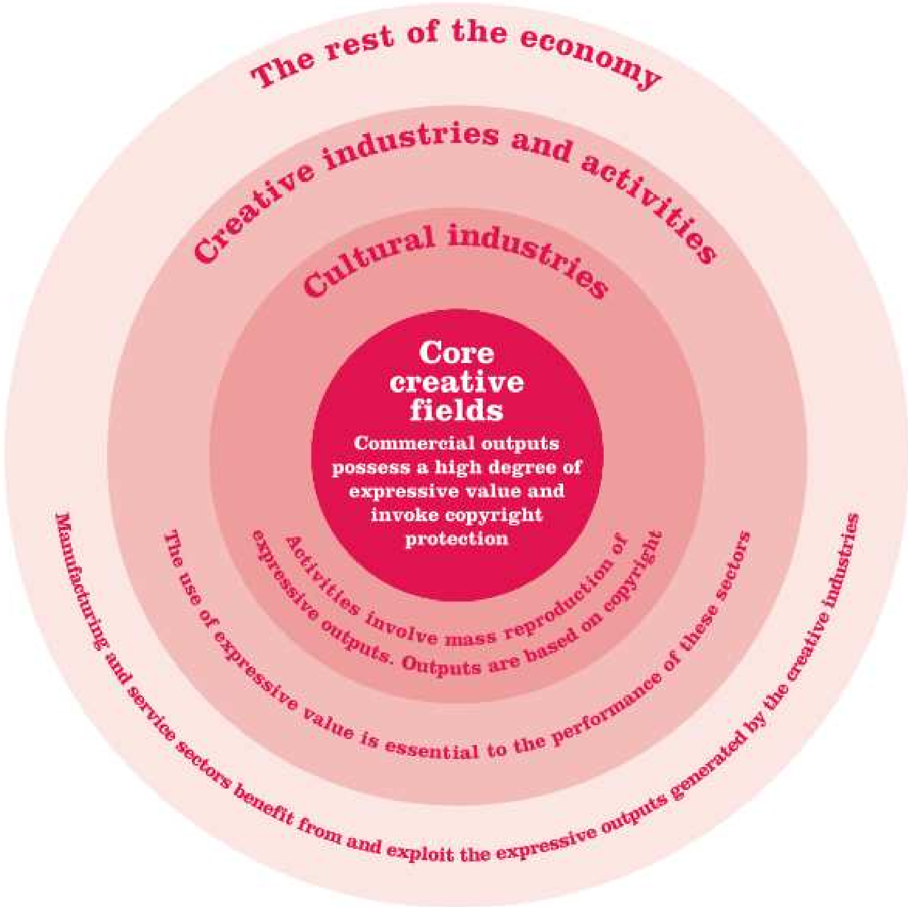

Figure 3. The creative industries. A stylised typology

source: *Staying ahead…*, p. 4.

To understand a value chain in the arts it is crucial to take into account that a symbolic information (the essence of the art) is communicated by an artist (an encoder) to an audience (a decoder), as shown in Figure 4.

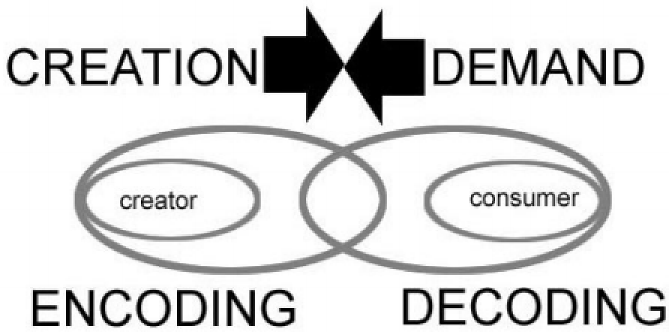

Figure 4. Encoding and decoding transaction in the arts

source: R. Brecknock, *Creative Capital: creative industries in the "creative city"*, http://esvc000225.wic048u.server-web.com/news/articles/Creative_Capital_Brecknock_2003.pdf, 30/01/2004.

This kind of a specific relation makes a creator a key player in the whole value chain. A specific feature of the cultural industry, and the arts in particular, is that it allows personal expression and interpretation, thus creating some kind of a specific relation between an encoder-creator and a decoder-consumer.

A full performing arts value chain is presented in the Figure 5.

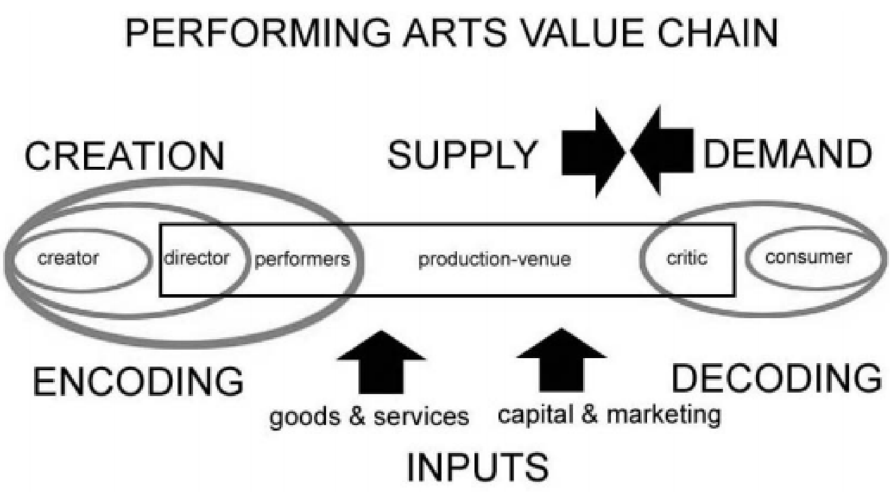

Figure 5. Performing arts value chain

source: R. Brecknock, *Creative Capital*.

It encompasses also a director, performers, a production-venue and a critic. Critics are very important nexus of the value chain, since their opinions determine a demand.

Nevertheless, it needs to be noted that a traditional value chain in cultural industry has been evolving into a value chain exploiting new technologies, and particularly web streaming.

4.3.2. Key actors

Key actors of the creative value chain are[15]:

1) publishers and content creators;
2) publishers and distributors;
3) new players in the area of online distribution;
4) retail;
5) providers of intermediate inputs and tools;
6) communities of customers.

[15] As quoted in K. Dervojeda, F. Nagtegaal, M. Lengton & Peyoush Datta, PwC Netherlands, *Creative industries*, p. 21 [slightly revised].

When it comes to particular brands/companies, the most important international leaders operating in the cultural sectors that STAGE is interested in are:

a) **in music sector:**
    - Universal;
    - Deezer;
    - Spotify;

b) **in performing arts:**
    - Donauinselfest Music Festival;
    - Sziget Music Festival;
    - Avignon Festival;
    - Edinburgh International Festival;
    - La Scala, Opéra de Paris;

c) **in visual arts:**
    - Christie's;
    - Dorotheum;
    - Van Ham[16].

[16] EY, *Creating growth. Measuring cultural and creative markets in the EU*, 2014, p. 10.

5. Market Potential

In this chapter a market potential for ICT cultural platform broadcasting live cultural events via web streaming and tailored to older users will be described. First, determinants of customer demand will be defined and described. Next, cultural market's current condition will be presented. After that, STAGE's target market will be identified and examined using in particular results from surveys conducted with potential end users[17]. Furthermore, exploiting ICT in culture consumption will be shortly discussed. Finally, opportunities and barriers will be defined.

5.1. Determinants of consumer demand

To some extent and in some sense a demand for cultural goods/the arts is self-creating. According to the new consumer theory, increasing one's present consumption of the arts/cultural goods results in increasing one's future consumption of such goods. It is known as a theory of rational addiction (or the cultivation of taste). Importantly, it emphasizes an endogenic (inner) character of consumers' tastes for the arts[18].

Consumer demand for cultural goods, such as theater, opera and music concerts, i.e. the cultural goods of primary interest of STAGE, is shaped by a group of factors. Basically, they are:

- price for a service;
- price of substitute entertainments;
- consumer income ;
- quality characteristics of a given performance[19].

Such cultural offers are to a significant extent diversified, and some events are attended widely by customers, while other are less popular. David Throsby, who is an expert in the field, states that qualitative characteristics of particular events tend to be decisive when choosing by potential consumers what event to attend. What matters is who is appearing, what has been the opinion of critics and what work is going to be performed. Those factors are even more important than a ticket price[20].

Moreover, main costs related to attending a cultural event are often considered as non-financial. Since consuming cultural goods is an activity performed in a leisure time and is quite time-consuming (considering also getting ready, transport etc.), it is often the cost of leisure time that determines the demand for cultural services, and not a ticket price[21]. In case of older people, though, price is among

[17] As pointed out at the beginning of the document, analyses from field studies will be added and the document will be updated, as the questionnaires are conducted by project partners.
[18] D. Throsby, 'The Production and Consumption of the Arts: A View of Cultural Economics', *Journal of Economic Literature*, vol. 32, No. 1 (March 1994), p. 3.
[19] Ibidem, p. 7.
[20] Loc. cit.
[21] Ibidem, pp. 7, 9.

main barriers in accessing cultural events. Anyway, older adults face also other barriers/costs that might be even more decisive, like motion disabilities and lack of appropriate infrastructure[22].

In contrast to popular culture events, high-cultural performances, like opera or classical music, where substitutes are not available or not easy to find, customers tend to accept higher prices because of the significance of qualitative characteristics mentioned above[23].

Nevertheless, a positive correlation between the income of consumers and attendance at the high-cultural events exists. It is also connected with education, since well-educated people tend to consume more arts. On the other hand, education is among factors influencing income, too.

Importantly, some people treat a performing art as a luxury good that marks social status. This can be observed, for example, during “first night” shows, where some people attend not mainly in order to enjoy the culture, but first and foremost to enjoy conspicuous consumption, to meet the upper class etc.

5.2. Cultural market condition

The art and culture is considered as an important sector of the economy, however presenting detailed numbers is a difficult task, since it is not clear where the exact boundaries of cultural industries should be set.

An additional difficulty is caused by fact that cultural industries are usually discussed along with creative industries. They are recognized collectively as CCIs (cultural and creative industries) – or sometimes merely as creative industries – and usually described and analyzed jointly in the statistics, reports and research papers.

Cultural and creative industries have a very strong (third) position in the European Union’s industries, generating in 2012 EUR 535.9 billion which was 4,2% of the EU GDP. Visual arts dominated the whole CCI and performing arts were more successful than music and film. Detailed figures can be seen in the Figure 6.

[22] The Audience Agency, *An Incredible Journey: A Review of Manchester’s Valuing Older People Cultural Offer*, 2013.

[23] D. Throsby, ‘The Production and Consumption…, pp. 7-8.

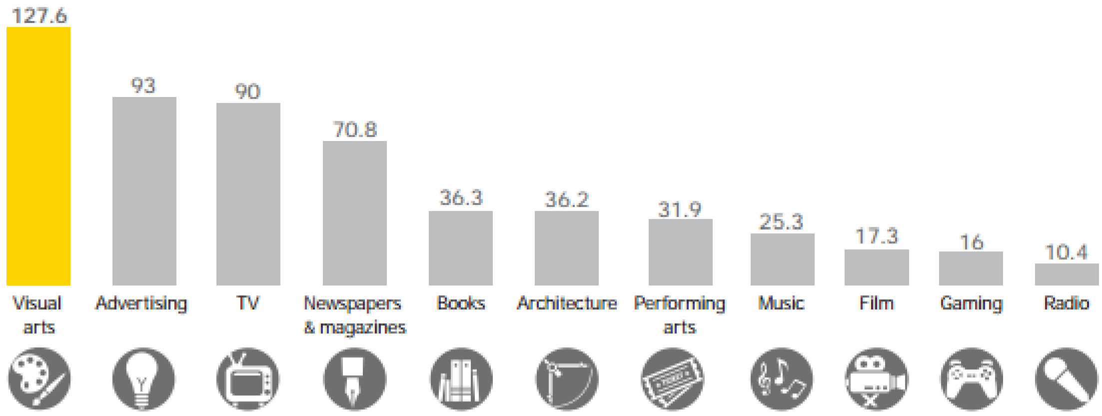

Figure 6. Turnover in CCIs in 2012

source: as quoted in EY, *Creating growth…*, p. 10.

On the other hand, performing arts, visual arts and music significantly dominated the whole industry in terms of employment[24].

675 000 cultural enterprises operated in the EU in 2013 (not including entities like libraries and museums, largely subsidized by the authorities). It represented 6,.4% of companies in the EU service sector (not including trade and financial and insurance sectors). A number of people working in cultural industry was 2.2 million and the turnover was ca. EUR 300 billion, representing 5.3% of turnovers in the whole service sector. Turnovers do not correspond strictly to the market share which is probably associated with an average seize of cultural enterprises. While five people are employed on average in a service sector as a whole, cultural companies employ on average only three persons. Considering turnover per one employed person,, it was ca. EUR 140 000 in cultural sector and ca. EUR 105 000 in the whole service sector[25]. Figure 7. presents the situation in particular EU economies.

[24] EY, *Creating growth…*, p. 10.
[25] Eurostat, *Culture statistics. 2016 Edition*, Luxembourg: Publications Office of the European Union, 2016, pp. 76 – 77.

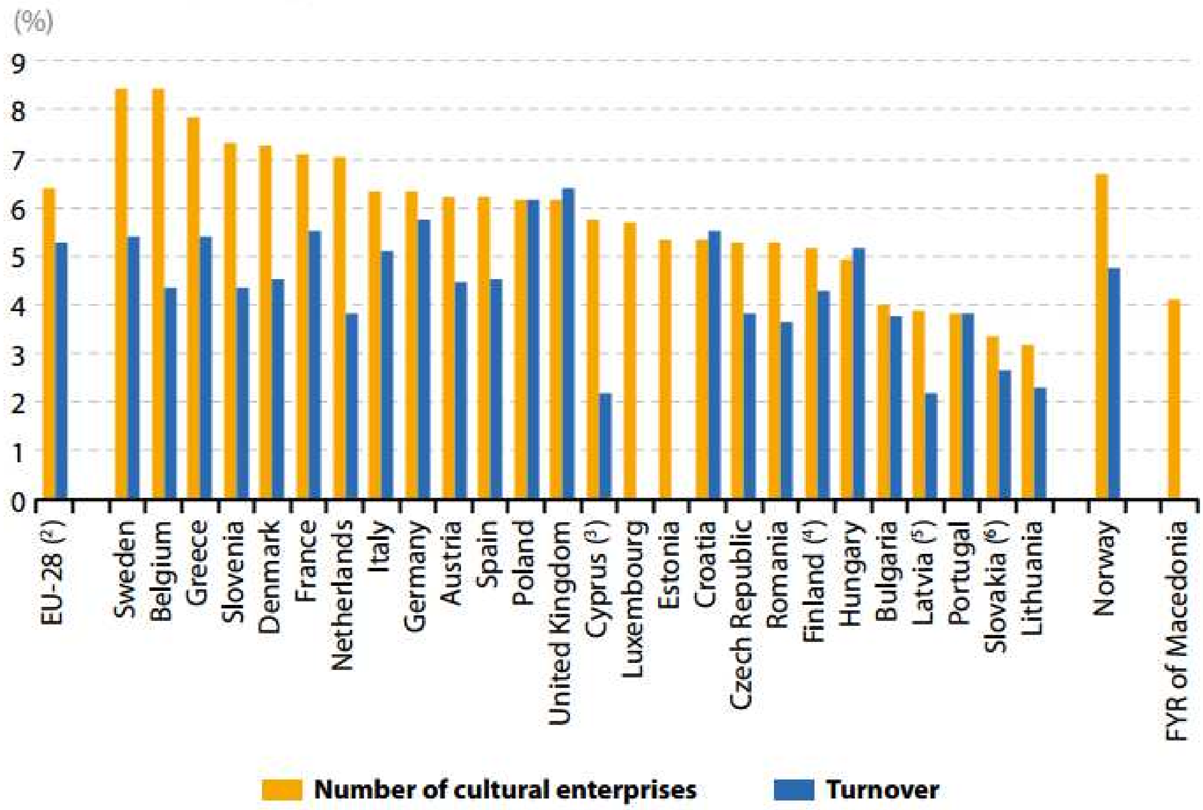

Figure 7. Number of cultural enterprises and generated turnover, as a percentage of total services, 2013 (1)

Note: 'Total services' refers to total services of the business economy, except trade and financial and insurance activities (NACE Rev. 2 divisions H, I, J, L, M and N). (1) No data available for Ireland, Malta and Switzerland. (2) EU-28 estimates calculated for the purpose of this publication. (3) Publishing of books and computer games not included. (4) 'Turnover' figures cover 99% of all cultural enterprises: publishing of computer games, and programming and broadcasting activities are not included. (5) Turnover figures cover 99% of all cultural enterprises: news agency activities not included. (6) Publishing of computer games not included.

source: Eurostat, *Culture statistics. 2016 Edition*, Luxembourg: Publications Office of the European Union, 2016, p. 77.

The most interesting thing is that we can see a general relation between two factors presented in the figure. In general, we can assume that the higher the rate turnover/number of cultural enterprises, the more successful cultural enterprises as a whole in a given country and relatively to other services in a given country.

Concerning the countries that will be initially addressed by the STAGE platform, the best situation can be observed in the UK (STAGE will be available in English) where the rate in question is positive. Moreover – as Eurostat concludes – "[w]ith 9.2% of all EU cultural enterprises in 2013, the United Kingdom accounted for 22.7% of the turnover of EU cultural businesses" and "was also the Member

State in which the turnover of cultural businesses was highest as a proportion of total services: 6.4%, which is more than a percentage point higher than the EU average (5.3%)”[26].

There are only three countries with a positive turnover/number of cultural enterprises rate. Out of them, as much as two are addressed by the STAGE – the UK, as it has been mentioned, and Hungary which is a very good information for STAGE. On the other hand, Cyprus has in fact relatively lots of cultural enterprises, but the “rate of successfulness” (i.e. turnover/number of cultural enterprises) is very low. However, not all subsectors were included in the Eurostat research cited. Italy’s performance is also positive – it has a relatively high percentage of cultural enterprises, however, as a whole, the “rate of successfulness” is negative.

On the other hand, Italy and France are the only European countries where a number of cultural enterprises is higher than 100 000[27].

Generally speaking, the turnover of cultural businesses in most European countries is still negatively influenced by the global economic crisis of 2008. Companies have not recovered from the depression yet and the situation is still worse than in 2008. Exceptions are cultural sectors in Germany, Austria, Sweden and the United Kingdom, but even there the growth rates have not reached the previous levels yet. On the other hand, in some countries, France being a good example, the situation is unstable, meaning that positive annual growth trend reversed again in the next years[28]. Among the subsectors, in which the situation is the worst, there are libraries and – what is of particular importance for STAGE – museums.

The situation can be also seen in the Figure 8.

[26] Ibidem, p. 78.
[27] Ibidem, p.77
[28] Ibidem, p. 78. See also ibidem, p. 81.

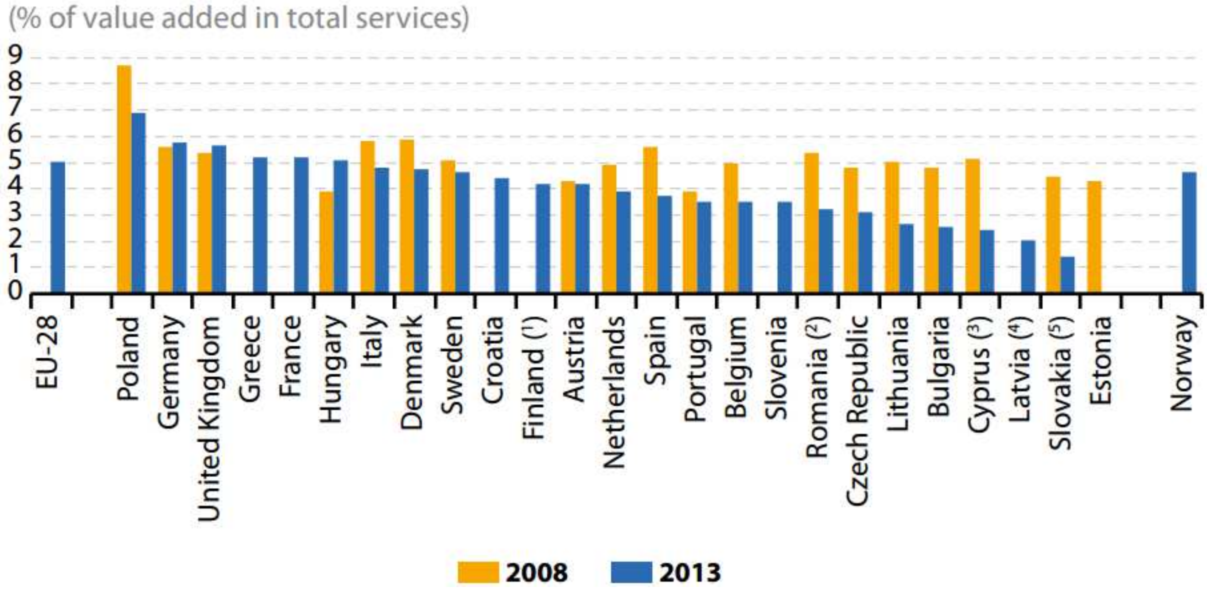

Figure 8. Value added in cultural sectors, 2008 and 2013

Note: 'Total services' refers to total services of the business economy, except trade and financial and insurance activities (NACE Rev. 2 divisions H, I, J, L, M and N). (1) Break in series. The figures cover 99 % of all cultural enterprises: publishing of computer games, and programming and broadcasting activities not included. (2) The figures cover 99 % of all cultural enterprises: publishing of computer games not included. (3) Publishing of books and computer games not included. (4) The figures cover 99 % of all cultural enterprises: news agency activities not included. (5) Publishing of computer games not included.

source: Eurostat, *Culture statistics. 2016 Edition*, Luxembourg: Publications Office of the European Union, 2016, p. 84.

5.3. Target market

The objective of this sub chapter is to characterize a primary target group of the STAGE platform, i.e. older people. A secondary target group are cultural stakeholders which were addressed in detail in chapter four. A potential tertiary target group are intermediary agencies selling tickets and software developers. This case will be addressed and elaborated in business models deliverables. Also, it should be noted that an analysis of their value chains, market potentials, etc., is not crucial for the market analysis which is needed for the STAGE platform's release.

The STAGE's target market is defined by the very idea and description of a service that the project aims to deliver to the market. In other words, target market is defined along with the service itself. It is a strong advantage of the developed solution, since there is no difficulty in matching a service to a particular group of customers. It is clear, then, that the STAGE platform will aim at older people that are potentially interested in cultural exhibitions and performances. As DoW specifies, a primary target group are individual users over 65 years old, however the platform will be oriented also towards seniors below 65+, seniors 55+, as well as institutional users, such as care homes and associations. Close relatives of the elderly people are, too, taken into account. The STAGE will also allow purchasing gif cards for seniors.

What is more, since an interest in culture, and particularly in high culture can be recognized as not so common, it is worth to notice that engaging in cultural events, in particular theatre plays, and using new technology (like ICT) is a very promising way to maintain cognitive skills, to develop digital literacy and to lead more participatory life (societal involvement is covered by, among others, a dedicated social network). It is reasonable to expect that creating possibilities to achieve those goals will be one of the incentives to use the STAGE platform.

Primarily, the STAGE platform will be offerred to societies in three countries involved in the project, namely Cyprus, Hungary and Italy, and will be also available in English to assure the European dimension. As the service develops, the availability of cultural offers from other countries and in their national languages will be increased. This issue will be elaborated in business models.

In 2015 older persons (above 65 years old) accounted for 18.9% of the EU population. It was as much as 2.3 percentage points more than in 2005 and 0.4 percentage point more than in 2014. The highest share of people aged 65 or older in the total population was in Italy (21.7%). When it comes to other countries, where STAGE will be initially available in national languages, in Cyprus older persons accounted for 14.6% of the population (an increase of 2.5 percentage point compared with 2005) and in Hungary their share was 17.9% (2.3 percentage points more than in 2005)[29].

Data for STAGE member countries are provided below.

Italy

According to the status at January 2017, the whole population in Italy is 60.5 million. People in the age group 55-64 are 7.9 million which accounts for 13% of the whole population. In turn, people 65+ are over 13.5 million (22.3% of the whole population), among them those 80+ are 4.1 million (6,8%), those 90+ are 727.000 and a number of 17.000 people are 100+. For every 100 young people (<15 years old) there are more than 160 people 65+. 40% of people in the age group 65-74 are in good health conditions.

During the decade 2005-2015, time for leisure among the age group 65-74 increased for visiting museum and exhibitions from the initial 15.1% of 2005 to the final 22.6% of 2015, as well as for going to cinema and theatre during the last 12 months (respectively from 16% to 22.4% and from 12.4% to 17%).

Approximated data on older population living in mixed facilities with residential and sanitary services are the following:

- 65-74 years old – 35.500 (11.600 self-sufficient);
- 75-79 years old – 39.000 (11.500 self-sufficient);
- 80-84 years old – 63.900 (17.100 self-sufficient);

[29] Eurostat data available on: http://ec.europa.eu/eurostat/statistics-explained/index.php/Population_structure_and_ageing.

- 85+ years old – 151.300 (31.000 self-sufficient);
- Total 65+ years old – 290.000 (71.300 self-sufficient)[30].

Hungary

According to the status at January 2015, the total population of Hungary was 9.9 million. People aged 65 or older accounted for 17.9% of the whole population which was around 1.8 million[31].

Cyprus

According to the National Census of 2015, there were 128.100 elderly people (>65 years old) living in Cyprus (accounting for 15% of the total population). This percentage of old adults increased over 3% during the last decade (2005-2015). In 2005, elder individuals living in Cyprus accounted for approximately 12% of the total population[32].

Greece

Since STAGE addresses the Greek speaking part of Cyprus, also the Greek market will be addressed by the Platform. According to the National Census of 2011, which is the most recent, people above 60 years old accounted for 25.2% of the total population. Among them, 1.3% are illiterate. Again, data is limited concerning technology use for this age group[33].

To conclude, there is more and more older people in Europe which means that a population of potential customers of the STAGE Platform still increases.

Moreover, there is a number of promising signals from suryeys. According to Eurobarometer study conducted in 2013, 20% of retired persons pointed out a high cost as a barrier for visiting a theatre, and 15% answered that they do not go to theatre because of limited choice or poor quality of events in the place where they live[34].

STAGE's response is contained in its value proposition. The Value Proposition Canvas for STAGE is presented in the Figure 9.

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[30] http://dati-anziani.istat.it/.

[31] https://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_wdsd004b.html

[32] Διογένης Αλεξανδράκης, Η χρήση των υπολογιστών και του διαδικτύου από ηλικιωμένα άτομα και η πρόθεσή τους για συμμετοχή σε προγράμματα εκπαίδευσης στις ΤΠΕ, Έρκυνα, Επιθεώρηση Εκπαιδευτικών– Επιστημονικών Θεμάτων, Τεύχος 12ο, 64-77, 2017 [PDF available at: http://erkyna.gr/e_docs/periodiko/dimosieyseis/pliroforiki/t12-05.pdf; accessed: 20.07.2017]

[33] Ibidem.

[34] *Special Eurobarometer 399: Cultural access and participation*, 2013, ch. 1.

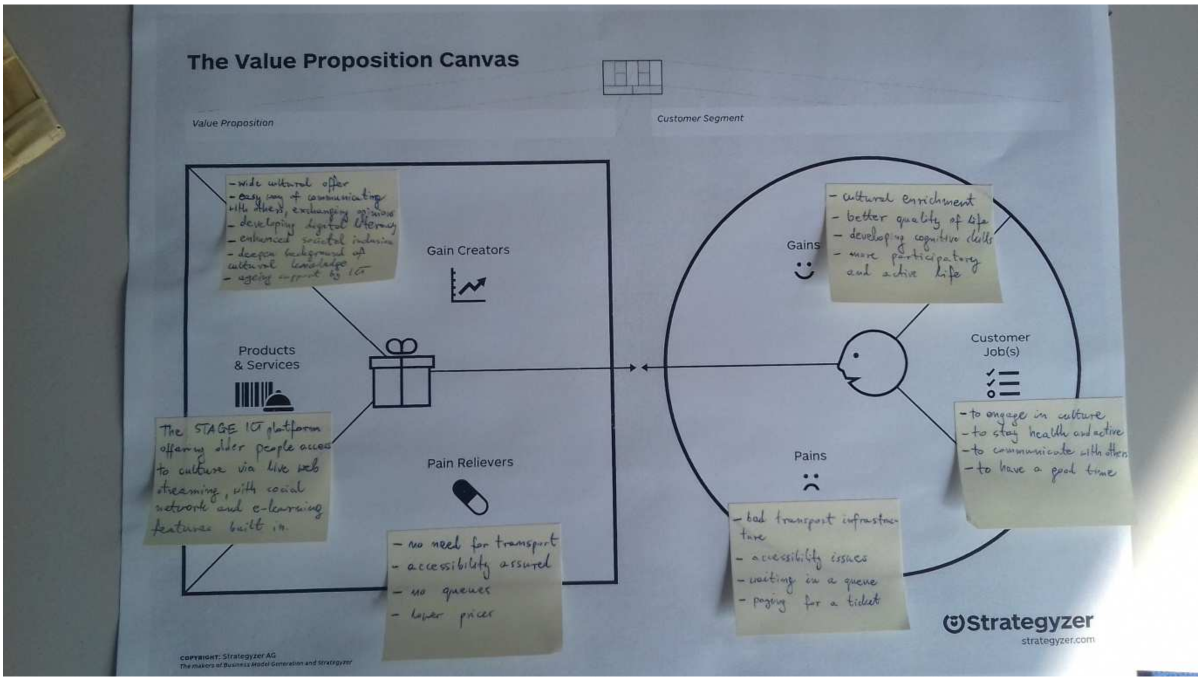

Figure 9. STAGE's Value Proposition Canvas

The circle on the right represents Customer Segment:

- Customer Job(s): to engage in cultural activities; to stay health and active, to communicate with others, to have a good time;
- Pains: bad transport infrastructure, accessibility issues, waiting in a queue, paying for a ticket;
- Gains: cultural enrichment, better quality of life, developing cognitive skills, more participatory and active life

The square on the left represents Value Proposition:

- Products and Services: ICT platform offering older people an access to culture via live web streaming, with social network and e-learning features built in;
- Pain Relievers: no need for transport, accessibility assured, no queues, lower prices;
- Gain Creators: wide cultural offer, hard to available otherwise; easy way of making contacts and exchange opinions, developing digital literacy, enhanced societal inclusion, deepen background of cultural knowledge, ageing support by ICT; reducing a risk of MCI.

The STAGE Platform is an online platform offering older people access to cultural events, live and recorded, with social and e-learning features built in.
What makes the platform unique; what creates added value for older people? A couple of arguments can be made:

- The platform has been developed having in mind the concepts of accessibility, co-design and "universal design". As a result, STAGE is **inclusive** and it allows older people to enjoy cultural events even though many of them suffer from limitations such as health and mobility problems, transport and accessibility difficulties, and lack of IT skills.
- STAGE helps increasing the **quality of life** of elderly people in terms of entertainment and social participation; they will be also offered chat rooms per event, and viewers will be able to share their

thoughts about the performance they are watching.

- Through the STAGE Platform cultural institutions will offer **tailored content**. They will provide only events that are in line with the tastes of the target audience, and therefore they will avoid to offer offensive or inappropriate content.
- Working with cultural institutions of individual countries, the STAGE Platform will give access not only to famous plays or performances such as Shakespeare's o Dickens's, but also to events and performers that have a local importance**,** in a specific territory, thus enabling end users a **fuller participation in their local communities,** in terms of being up-to-date with their culture and participate in their society and its development.
- The STAGE Platform will offer access to **live events**. It will enable a viewer to be a part of live event and to share emotions with an audience gathered in a venue in a real time.

To sum up, these are the added values brought by the STAGE platform to end users of the service, against potential competitors: 1) ease of use; 2) tailored content; 3) improvement of quality of life through: access to quality content (including live content); in a dedicated environment; directly from home, with their usual devices; active participation in a community.

To conclude, the STAGE value proposition responds well to 2015 AAL Programme Call Challenge: "Living actively and independently at home. Support more older adults to live longer in their homes with the contribution of ICT based solutions".

In addition, let us consider in more detail the reason why the STAGE Platform has an ambition to provide not only recorded and scheduled events, but also live events.

There are three main reasons:

- Offering older people, who suffer from different limitations, an online access to live cultural events is recognized by project partners as an added value for end users, since it enables them to **experience almost real participation** in an event. It is considered as valuable, since:
  - it is something fresh and new (and hence potentially attractive), as compared to a recorded transmission of an old event;
  - due to watching the performances at real time, end users can share emotions with an audience gathered in a venue and in this way experience new quality of cultural offer;
  - providing an online access to live cultural events in accessible and dedicated way can allow older people, who suffer from different limitations and cannot attend an event physically, to feel more respected as human beings; by giving them possibility for almost real participation in a live cultural event online, we indicate that we are interested in allowing them to live as meaningful life as possible, instead of offering them substitutes such as recorded old events.
- Offering live streaming will make the Platform even more original and distinguishable on the market. Naturally, it is very important, especially at the initial phase of commercialization, since it can help to achieve critical mass conditioning profitability of the Platform. Due to this new feature, the Platform will possibly attract more potential users and opinion leaders such

as bloggers, web services for older people and social media users. As a consequence, it is expected to result in reaching a bigger audience.

- Offering live streaming will enable to prepare one of unique selling propositions to be used in the marketing strategy. Here the question can arise, if there is a demand for live streaming of cultural events. The answer would be that STAGE is an innovative project and as such does not just answer demand, but has an ambition to create new solutions that will create demand. It is obvious that people had not asked for most of goods offered today before they were offered them. It is the core idea of innovators to offer a service/product that people do not demand, since they do not know it yet (e.g. demand for electricity had not existed before electricity was invented and offered to customers – there was only demand for a good quality of life which electricity addressed perfectly)[35].

Analysing the Figure 10., the market potential for the STAGE plarform is quite promising, since in 2014, 62% of people above 65 years old used the Internet to reading online news. It is an optimistic conclusion that age does not influence the use of the Internet in that purpose to a significant extent. A situation is a bit worse – but still satisfactory as a starting point – when it comes to using the Internet for playing/downloading games, images, films or music. In 2014 30% of older people used the Internet in that purpose[36].

[35] This view is associated with works of a famous French economist, Jean-Baptiste Say (1767–1832), and so called Say's law. Cf. https://en.wikipedia.org/wiki/Say%27s_law.

[36] Eurostat, *Culture statistics*..., p. 140.

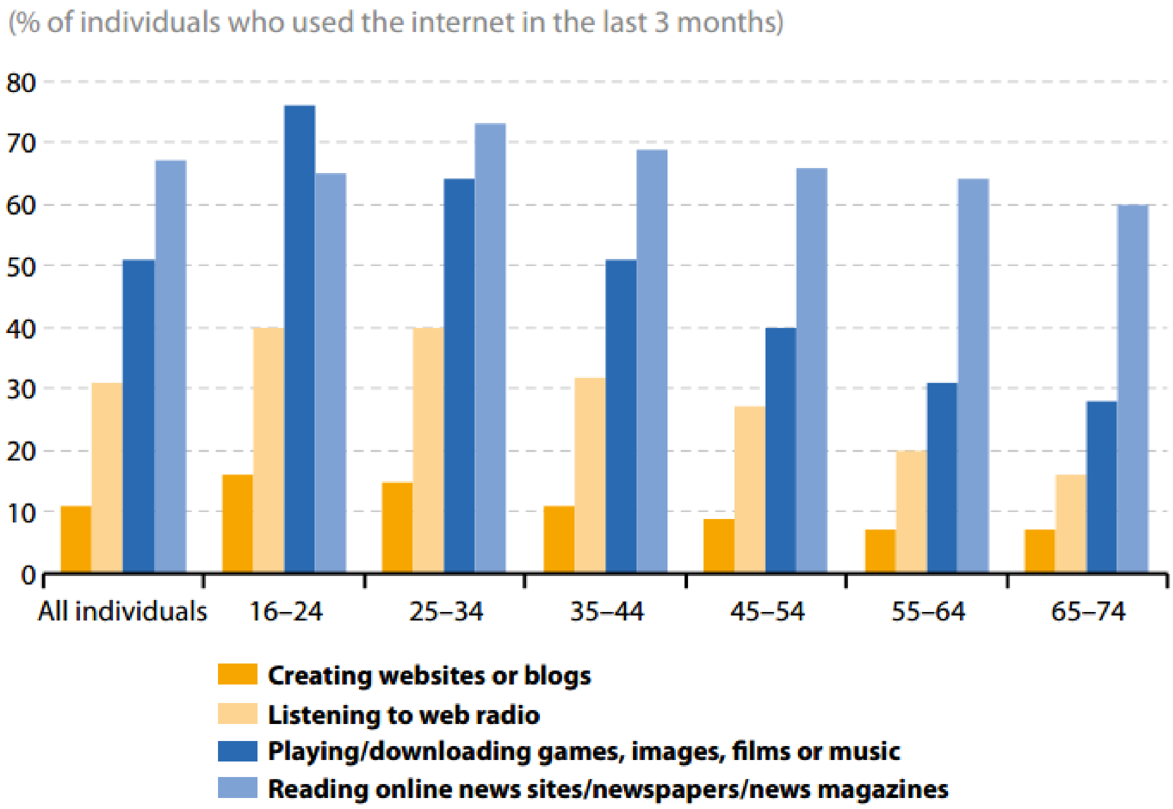

Figure 10. Use of internet for cultural purposes, by age, EU-28, 2014

source: Eurostat, *Culture statistics. 2016 Edition*, Luxembourg: Publications Office of the European Union, 2016, p. 140.

Concerning particular countries that will be initially addressed by the STAGE platform, 27% of Cypriot population between 55 and 74 years old used the Internet for playing/downloading games, images, films or music; 26% in Hungary and 31% in Italy. The lowest percentage was reported in Slovakia – 13%, while the highest – in Belgium (48%)[37].

More detailed analysis of the situation in STAGE project member countries is provided below.

Italy

During the decade 2005-2015, there was a remarkable increase of people using PC and surf through Internet in the age group 65-74. The increases were respectively from 5,50% to 24,4% and from 3,9% to 25,6%.

Older women in this group are less confident and face more difficulties in the PC use, in fact 34,3% of males and 15,8% of females use it and these figures drop down further to respectively 10,9% and 3,6% among 74+.

[37] Ibidem, p. 141.

The overall figure of “strong internet users” showed in 2015 an everyday access by 39,6% of those 55-59, 27.5% of those 60-64, 12.9% of those 65-74 and 2.9% of 75+[38].

Hungary

According to data available for 2015, older people in Hungary have little familiarity with modern technology. For example, rate of older adults, who use Internet for accessing a bank account, is only 7%, as compared to the EU average 22% (the highest rate is represented by Denmark – 71%). Similarly, the rate of Hungarian seniors, who do shopping via internet, accounts for 6 %, as compared to the EU average 23% (the highest rate is in Luxemburg with 55 %)[39].

Cyprus

Data is scarce concerning technology use among old adults in Cyprus. According to a recent research conducted by the Cypriot Statistical Authority (2016), among the people who use the internet everyday, only 11.5% are aged between 55-74 years. In addition, among people who have internet access using a smart phone, only 8.1% are elderly (55-74). More people aged 55-74 years use a laptop to gain internet access (12.4% of the total population). Regarding the type of services used, 11.4% of people who use email services are aged between 55-74 years. The reported percentages for Skype or social network use are similar to the aforementioned ones. It should be noted, that, in every case, the percentage of men using the internet and internet services is slightly higher than that of women[40].

Greece

However, a recent research (2016) conducted by the Greek Statistical Authority showed that 81.9% of the elderly have never used the internet. Among people who do use email services, 2.2% are elderly (65-74) and among people who use the internet for informative purposes 3,3% are elderly. Similarly, a research by Alexandrakis (2017) showed that Greek elderly have little familiarity with technology. More specifically, researchers found that more than have of their participants had never used a computer or the internet (56.13% and 58.17%, respectively)[41].

5.4. ICT in cultural consumption

It has been reported that ICT becomes more and more popular as an instrument of cultural consumption. Cultural institution are aware of this fact and try to adjust their offer – products and

[38] http://dati-anziani.istat.it/

[39] https://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_wdsd004b.html

[40] Διογένης Αλεξανδράκης, Η χρήση των υπολογιστών και του διαδικτύου από ηλικιωμένα άτομα και η πρόθεσή τους για συμμετοχή σε προγράμματα εκπαίδευσης στις ΤΠΕ, Έρκυνα, Επιθεώρηση Εκπαιδευτικών–Επιστημονικών Θεμάτων, Τεύχος 12ο, 64-77, 2017 [PDF available at: http://erkyna.gr/e_docs/periodiko/dimosieyseis/pliroforiki/t12-05.pdf; accessed: 20.07.2017]

[41] Ibidem.

services – to this new circumstances[42]. Among sectors that have been mostly influenced by this tendency are music and film sectors[43].

This phenomenon is in line with an increased access to the Internet in European households. In 2015 83% of European households had access to the Internet. The STAGE partner countries are not an exception which can be seen in the Figure 11.

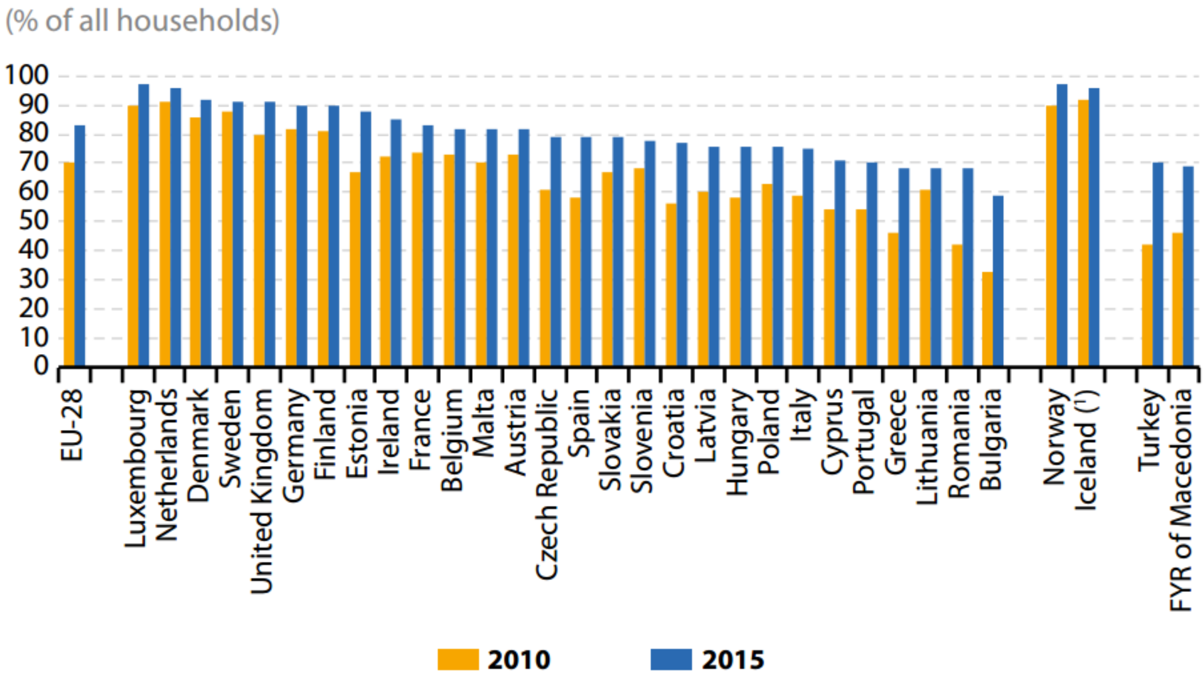

Figure 11. Households with access to the internet, 2010 and 2015

(¹) 2015 data not available, 2014 used.

source: Eurostat, *Culture statistics. 2016 Edition*, Luxembourg: Publications Office of the European Union, 2016, p. 139.

It is a very promising situation in the context of commercialization of the STAGE platform and it is reasonable to expect that even more people will gain a stable access to the Internet within next few years.

Also, a use of the Internet for purchasing cultural goods and services, by age group and sex in the EU is rather promising. In 2015 18% of people aged 55-74 used the Internet for buying tickets for events (however, sports tickets are also included here), comparing to 24% of the whole population (16-74). In

[42] Eurostat, *Culture statistics…*, p. 138.

[43] D. Tepper, *Trends and skills in the European audiovisual and live performance sectors*, Brussels 2016 [developed within the project "Creative Skills Europe, the European Skills Council for employment and training in the Audiovisual and Live Performance sectors"], p. 71.

turn, 9% of the former group purchased films and music via the Internet, as compared to 16% in the whole population[44].

The digital environment has been exploited to provide live performance to reach new target groups and propose new services[45].

A very interested data has been gathered on the economic impacts of cultural and creative content on sales of smart connected devices. It was estimated that purchasing tablets is extremely influenced by incentives related to cultural activities. The influence is not so significant with regards to motivations to purchasing smartphones and PCs. It is probably associated with the fact that those devices (notably smartphones) have been still considered as instruments to perform mainly other kinds of activities. Anyway, here, too, an estimated impact of cultural and creative content should be recognized as a very important.

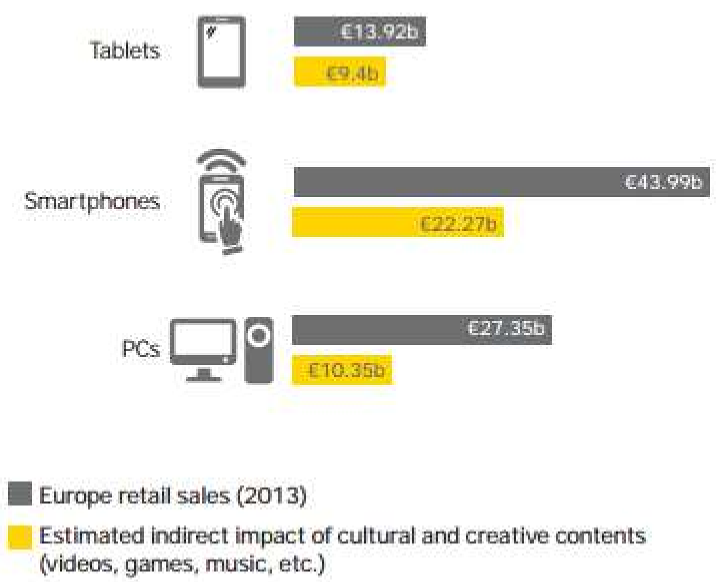

Figure 12. What are the economic impacts of cultural and creative

source: as quoted in EY, *Creating growth…*, p. 10.

Naturally, from the STAGE's perspective the most important application of an ICT approach in culture is broadcasting cultural content via streaming. This technique is strongly preferred by consumes, because of two main reasons:

- a specific hardware for maintaining content is not required and computing devices are not "visible";

[44] Eurostat, *Culture statistics…*, p. 151.
[45] D. Tepper, *Trends and skills…*, p. 72.

- accessing legal content delivered through streaming is preferred to illegal downloading[46].

Among benefits of streaming and online access the following can be indicated:

- better access to information and content;
- wider access to European diversity – particularly to cultural content and scientific resources; it is possible to deliver content to users in different places;
- "virtual mobility" instead of physical transport – increased energy efficiency;
- the Internet as an independent and efficient distribution channel – new economic and business models[47].

5.5. Opportunities and barriers for STAGE

Among the main opportunities the following one can be listed:

- cultural goods fit into a theory of rational addiction – meaning that increasing present consumption of the arts/cultural goods results in increasing future consumption of such goods by a given person;
- market invasion of ICT in culture – as a group of researchers state:

> ***With the rapid development of information and communication technology, a blend of new industrial convergence of IT and cultural content – digital culture industry has been came into being and rapidly developed[48].***

- cumulative character of the utility from consuming cultural goods – as David Throsby states:

> ***In contrast to ordinary goods, the current consumption of cultural goods can be seen as adding to rather than subtracting from the process of capital accumulation over time, with obvious implications for growth theory and its predictions for optimal growth rates[49].***

- lower cost of consuming a cultural good;
- almost unexploited consumer base;
- broaden and accessible offer;
- lack of distance;
- partaking in a **live** cultural event which allow to feel like a real participant of cultural events in real time;
- the platform tailored to the needs and preferences of the target group;

[46] M. Maciejewski, N. Fisher, Y. Roginska, *Streaming and online access to content and services. Study for the IMCO Committee*, 2014, p. 5.
[47] Ibidem, pp. 5-6.
[48] Qi Ma, Yang-fend Yang, Jing Gao, Lu Ren, Wen-yu Zhang, *Digital Cultural Industry Value Chain Structure and Analysis of Its Influencing Factors*, [in:] Proceedings of 2012 3rd International Asia Conference on Industrial Engineering and Management Innovation (IEMI2012), ed. Runliang Dou, Springer 2013, p. 421.
[49] D. Throsby, 'The Production and Consumption…, p. 3.

- maintaining cognitive skills by older people;
- easy-to-use interface;
- availability in national languages;
- not very good condition of cultural industry – this is, paradoxically, an opportunity, since the situation is motivating for undertaking new challenges by cultural sector.

On the other hand, a couple of barriers can be listed:

- lack of necessary equipment allowing to broadcast cultural events via streaming;
- lack of necessary equipment allowing to consume cultural events via streaming;
- insufficient interest in cultural events;
- a possibility of stigmatizing older people by delivering them a service which tries to cope with the objective problems they experience;
- clear distinguishing from other services;
- preparing appropriate marketing and distribution channels;
- reaching the critical mass of both cultural content providers and customers.

Opportunities outweigh barriers and, importantly, the very awareness of the barriers and their proper identification is crucial. Lack of barriers identified usually mean that the problem was not addressed properly. Moreover, some of the barriers mentioned above have been approached within the project's duration and it appeared that their overcoming is not very difficult – as a danger of stigmatization.

6. Competitors

The aim of this chapter is to deliver research on the possible competitive solutions to the STAGE ICT platform. First, a general situation concerning web streaming in cultural industries will be addressed. Subsequently, situation in Cyprus, Hungary and Italy will be described. Since Italian market offers the most advanced solutions, it will be described in more detail.

6.1. General situation

Cultural industries have been engaged in a web streaming recently, but this process is very rapid and – as we can say – already successful. Hence, web streaming as such is not a novelty on the market. However, we need to distinguish between web streaming and live web streaming.

The former is more popular. For example, Digital Theatre, a British company cooperating with many national cultural entities, such as theatres and operas, offers web streaming, but rather not live web streaming. Similarly, BroadwayHD that offers musicals and stage plays.

On the other hand, the Opera Platform, which is financially supported by the EU, cooperates with 15 partner theatres and offers both kind of web streaming. It is restricted to opera performances and rather not tailored to older people, however a design of the website seems to meet some basic requirements of older users. Performances are subtitled in six languages and open for six months on demand. Also, some background information related to showcases are assured. Another interesting initiative is National Theatre Live which broadcast live productions from British theatres. However, it needs to be noted that the amount of showcases available on such platforms is very limited. A borader variety of cultural entertainemnt is offered by Naxos Video Library, however ive streaming is rather limited to concerts, not including other elements of the offered content, like classic music performances, opera and ballet.

Figure 13. National Theatre Live – a screenshot

In turn, STAGE is strictly aimed at older people which involves a variety of special functionalities assuring an easy-to-use character of the platform, and also a tailored offer as well as dedicated social network and e-learning features. Importantly, STAGE's offer will contain a special boundle of cultural content: theatre plays, music concerts, opera perfromances, museum exhibitions. It will create a selected, tailored, varied and integrated high-cultural offer which will bring novelty to the market.

6.2. Cypriot market

In Cyprus there are no companies or brands that offer similar services to STAGE platform. A few companies choose to upload their events on their own site but most of these do not target older people. For instance, there is a site that provides information about the international museum day where they upload the event they carry out once a year, or some universities show their graduation day online.

Other than that, some theater plays that are recorder and are shown on TV may also be available on a few sites for free, but the upload on these sites is illegal and do not target older people. Therefore there is no competition for STAGE platform services in Cyprus.

6.3. Hungarian market

On the Hungarian market there used to be a service quite similar to STAGE. It was available through a website netszinhaz.com. The website is not working at this moment, hence it can be assumed that the service was withdrawn from the market. Naturally, the reason is unknown, but it could have been unsuccessful market undertaking.

The service was described the most crediting and famous Hungarian web portal that published an article about it in 2010. The article says that todays internet bandwith reached that high level, that is good enought to stream classical events by the new technology and provide it to thousands of people live.

The main profile of the site was meant to be the live streaming, but they also planned to create a storehouse for recorded events.

Their expectation was to make their streams available even in full HD and with Dolby Surround 5.1 sounding. They used three cameras for streaming from three different angles. They wanted to provide substitutions in multiple languages and a really unique feature, which is a face tracking software, with which the viewer could select an actor/actress and could watch the selected person's face in a bigger screen right above the event streaming video at the top.

They were contracted with three bigger theatres and they sold the 'tickets' for the events way cheaper than it would cost live in person.

Of course, some of the smaller local cultural organizations records some events from their repertoire, but none of them worth to be mentioned compared to our plans.

6.4. Italian market

Eduflix Italia

The main player and possible competitor for STAGE in this field seems to be Eduflix Italia. Eduflix is a streaming platform (similar to Netflix in concept) which appeared on the Italian web market in September 2016, while major additions to its catalog of events have been available since January 2017.

It seems to focus on providing streaming of mostly documentaries on a wide variety of cultural topics, such as classic, modern and contemporary art, modern architecture, literature, history, philosophy, psychology etc.

To access its contents the user is required to create an account, which is free for the first week (7 days). Then the account is automatically converted into a paid monthly subscription with a single fee of 7.9 € per month. The user can revoke the subscription at any time with no additional costs or legal consequences.

In addition to the main streaming component, it has a dedicated blog with featured articles on cultural topics. To each video is also attached a textual description of its contents.

The platform is available for any device connected to the Internet. It addresses the general public of 18+ adults (so it's not specific for older adults, or at least it doesn't seem to be). Contents are updated on a weekly basis.

Data on their success in terms of registered users are either not available or difficult to find. According to their Facebook page they have 13,448 likes (but we don't know how this relates to views and subscriptions – https://www.facebook.com/pg/eduflixitalia/likes/?ref=page_internal).

However, the company that owns and develops Eduflix, i.e. Digital E s.r.l., based in Turin, started testing this kind of service in 2009 with a YouTube account, which reached more than 2 million views and had thousands of subscribers. Then in 2013 they developed and published on the market an app called DigitalePlay, available for Apple iPad (https://itunes.apple.com/it/app/id594431239). This app allowed users to view recorded videos of documentaries on a range of cultural topics. The app itself was free, but the content was paid, with a fixed price of 8.99 € for each video.

According to available data, 86.4% of users who downloaded this app (DigitalePlay) were aged between 18 and 44. We weren't able to establish how many users downloaded the app.

The Opera Platform

Although this isn't available in Italian, we think it's worth mentioning since it publishes online Italian operas as well. The Opera Platform is a European project co-founded by the Creative Europe Programme of the EU which began in 2015.

The website provides recorded opera performances from a large number of European Opera Houses. The videos can be streamed are arranged in "showcases"; each showcase opera subtitled in 6 languages and available to enjoy for free for a period of 6 months on demand.

Streaming of music and concerts

More than 40% of the Italian music market bases on digital access to pay services, and the streaming services figures increased in 2015 63% more than 2014. In fact, the specific market segment of live music is growing as a consequence of streaming music and its subscription fees. For this reason, while recorded music is gradually declining, concerts are becoming the core of the musical market and linked streaming services, thus generating large investments and profits for the artists.

The number of events is thus increasing 8% more than 2014, but the real boom lies on profits, especially coming from pop music.

Around the overall industry-makers (big players and 11.000 SMEs), about 400.000 people work, demonstrating a strong relationship between artists and audience and a relevant contribution from social media in building stronger networks of live events. A live and passionate public which is growing more attentive and demanding thanks to the greater ease of access to streaming services. At the same time this does not interfere with traditional event participation nor limit access type (individual, social, shared).

However, the global market vision did not reach yet a steady balance in terms of business models and market rules. If we have a glance at international market and digital platform, we can see that, apart from the 3 or 4 large players sharing the largest market ratio, there are some 400 small business entities which mostly offer free music with no competitive remuneration for artists and producers.

This generally results in profits mostly generated among pay subscribers than consumers of music fueled by commercials.

As to the Italian context, there is not yet a 'modernized' market system among the involved actors and stakeholders, including copyrights holders, agents and final consumers. Current rules should bring to a re-definition and a fairer revenue's distribution.

The years to come appear crucial in Italy to follow the emerging trend of other countries, which are supplementing the loss of the traditional market with the revenues of the digital one. A key market player for the sector is Netflix, especially in terms of new acquisition of digital content for sale rather than for the specific product target (more oriented to the TV serials).

Italian data in a nutshell report – in the music sector market – that the physical product is still prevailing with a market share of 54%, but at the same time musical streaming is increasing 30% in profits from subscriptions, which are 51% of the whole digital segment. The video streaming is growing of 4% while revenues from the ad-supported audio increase of 30%.

The big difference between revenues from video streaming and audio streaming arises the question of the value gap with platform as Youtube, which from one side produces billions of shared videos for music listening among 89% of Italian people, but on the other side generates ridiculous profits to the copyrights holders, due to a serious EU legislative lack.

As soon as this lack could be filled, profits coming from video sharing in Spotify, Deezer or Youtube can potentially double.

7. Conclusions

A market analysis for the purpose of the STAGE project covers a number of significant aspects that need to be taken into account and continuously monitored by the consortium in order to release as attractive service as possible.

The analysis indicates that the cultural market has been rapidly changing and adjusting to new situation which is caused mainly by technological development and new societal habits connected to increased usage of ICT in European societies.

An economic crisis of 2008 has influenced the market and the recovery has not occurred yet, but there are positive signals. Moreover, cultural institutions should seek for new business models which is very promising. Determinants of demand for culture are also promising from the STAGE's perspective. In general, opportunities for the STAGE platform strongly outweigh barriers.

Competition for the STAGE platform is limited – in particular when it comes to national markets – mainly because of the fact that the STAGE platform will be based on live streaming and not just streaming archived cultural content, and that STAGE aims at particular target group which implies both dedicated design and offer. Hungarian and Cypriot markets do not offer similar solutions. In Italy competition is rather not very relevant.

In this market outline, actions of the STAGE project could be addressed to fill some existing gaps and give a response to specific market demands as follows:

- to create a parallel market niche through a channel of internationally extensive package of streaming products/performances (theatres, concerts, cultural events) taken from the traditional events' locations;
- to increase the range of events' extension and streaming access from remote locations;
- to highlight the 'older users' market target as expanding in the vision of a proactive, self-confident old age in terms of choice and implementation of own leisure time;
- to give events' makers and providers (and/or their agents) the opportunity of additional revenues by selling 'virtual seats' for events' access from home;
- to create newly tailored cultural content for a larger worldwide audience and thus new forms of access to cultural knowledge (also in other sectors, e.g. education, training, civic participation, online assemblies, etc.).

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ANNEX – market questionnaire template

STAGE - Streaming of Theatre and Arts
for older aGe Entertainment
AAL Call 2015 project no. AAL-2015-1-014

1. QUESTIONNAIRE FOR PRIMARY END USERS (SENIORS OF …………… COMMUNITY SETTING)

INTRODUCTION

This questionnaire is addressed to seniors involved in the STAGE project.
STAGE is a research project approved and funded by the AAL European Programme under Call 2015 “LIVING ACTIVELY AND INDEPENDENTLY AT HOME”, which focused on supporting more older adults to live longer in their homes with the contribution of ICT based solutions.
The main objective of this project is to develop and deploy an ICT platform to deliver streaming of cultural content (theatre plays, concerts, museum exhibitions, opera, etc.) to older users in a facilitated way.
The main result of STAGE will be a co-designed and easy-to-use ICT solution running on tablets and other common digital devices (e.g. smartphones, Smart TVs, PCs, etc.) that will allow older people to access a selection of cultural events provided by a European network.
Three end user groups from three different European partner countries (Italy, Hungary and Cyprus) have been selected.

The goal of the questionnaire is to identify the social and cultural extraction, interests, attitudes and preferences of the involved users in relation to cultural activities and events, so as to build an exhaustive user profile.

Data gathered in this questionnaire will be used to guide the design and development of the platform and to optimize the delivery of content based on user’s interests. Further questionnaires on technical and usage requirements will be submitted to users during the experimentation phase.

STRUCTURE OF THE QUESTIONNAIRE

This questionnaire is formed by 26 questions divided into five sections, each referring to a specific topic. A preliminary “zero” section is included for identification data and should be compiled by the end user organisation coordinating the survey.

Section 1 addresses interest in the STAGE platform;

Section 2 concerns residence information;
Section 3 is related to personal information;
Section 4 is specific to gather information on participation in culture and recreational activities
Section 5 concerns preferences concerning the STAGE platform

PRIVACY STATEMENT

We assure you that all the data gathered by this survey will remain confidential and will only be used for achieving the project goals in an anonymous statistical way (for general conclusions).
Anonymized data may also be used for academic and dissemination publication of project results.

0. IDENTIFICATION DATA

0.1 END USER ASSOCIATION: ……………………………………………………………………….

0.2 USER NAME:……………………………………………………………………………………….

0.3 USER CODE: …………………………………………..

For the USER CODE please use following scheme:

- For Hungary: H01, H02, H03 for each respondent etc.
- For Cyprus: C01, C02, C03 for each respondent etc.
- For Italy: I01, I02, I03 for each respondent etc.

1. INTEREST

Would you be interested in using applications for computers, tablets, smartphones and other devices specifically addressed to older adults which would allow you to watch several types of cultural events – live and archived?

☐ YES ☐ NO

(If your answer is YES, go to the next questions)

2. RESIDENCE INFORMATION

2.1 City: ………………………………………………………………………………………………..

2.2 Zip code: …………………………………………………………………………………………..

2.3 Country: ……………………………………………………………………………………………..

3. PERSONAL INFORMATION

3.1 Age ………………………….

3.2 Sex ☐ F ☐ M

3.3 Education:

☐ Primary school

☐ High school

☐ Trade/technical/vocational training

☐ Bachelor's or Master's degree

☐ Professional or Doctorate degree

☐ Other (please specify which?)……………..…………………

3.4 Employment Status:

Are you currently:

☐ Employed for wages or self-employed

☐ Unemployed

☐ Retired

☐ Unable to work

3.4.1 If unemployed or retired, what was your job?

……

……

3.5 Monthly income (together with potential support from relatives, etc.):

{PARTNERS, please complete the options according to reasonable rates for your countries}

☐ up to …

☐ up to …

☐ up to ….

4. PARTICIPATION IN CULTURE AND RECREATIONAL ACTIVITIES

Interest/participation level in cultural activities/events:
Please tick the appropriate boxes

Activities	Likes and participates actively to many events	Active interest but cannot participate because:				Occasional interest	Not at all
		Cannot afford	Reduced mobility	Family problems (health, assistance, etc.)	Others		
4.1 Theatre plays							
4.2 Concerts							
4.3 Opera							
4.4 Museum exhibitions							
4.5 Others (specify) 1.							
2.							

5. PREFERENCES CONCERNING THE STAGE PLATFORM

5.1. What kind of cultural events and content are you interested to watch on the STAGE platform?
Please tick the appropriate boxes for each activity

Kind of events	Very interested	Interested	Not much interested	Not interested
5.1.1 Theatre plays				
5.1.2 Museum events/exhibitions				
5.1.3 Musical events/concerts				
5.1.4 Opera				
5.1.5 Educational/informational cultural content				
5.1.6 Others (specify)				

5.2. What are the most important aspects that could influence your interest in the STAGE service?

Please mark them with a scale starting from 1 where 1 means most important feature and higher numbers - less important.

☐ 5.2.1 Easy to use

☐ 5.2.2 Price

☐ 5.2.3 Broad offer of cultural events

5.2.4 Others (which ones?)

- ☐ 5.2.4.1……………………………………………………………………………………………

- ☐ 5.2.4.2……………………………………………………………………………………………

- ☐ 5.2.4.3……………………………………………………………………………………………

5.3. What price for watching a good quality and popular single live cultural event through the STAGE platform would you pay?

☐ up to 10 EUR

☐ 10 – 12 EUR

☐ more than 12 EUR

5.4. Would you pay yourself or with assistance of your relatives/friends?

☐ myself

☐ with support of others

5.5. What payment option is the most suitable in your situation?

☐ bank transfer

☐ credit card

☐ advanced payment system

☐ other (please specify)

5.6. Would you like the STAGE to provide technical support for users?

☐ yes

☐ no

☐ I do not know

5.7. Would you like the STAGE to provide financial (in terms of technical issues) support for users?

☐ yes

☐ no

☐ I do not know

5.8. If you answered "yes" to the question 5.6. and/or 5.7., please answer: What ways of support would be the most suitable for you?
Please mark them with a scale starting from 1 where 1 means most important feature and higher numbers - less important.

☐ telephone

☐ e-mail

☐ live chat with an assistant on the platform

5.9. Have you ever been offered a similar service like STAGE?

☐ yes

☐ no

☐ I do not remember

5.10. If yes, were you interested in using it? Please specify why.

☐ yes, I were interested,
because……………………………………………………………………………………….
………
………
………
……………………….

☐ no, I were not interested,
because……………………………………………………………………………………..
………………………………………………………………………………………..……………………………
……………………………………………..………………………………………………………………………
……………..………………………………………………………………………………..…………………….
……………………….

5.11. What would be the biggest values for you from using STAGE offer?
Please mark them with a scale starting from 1 where 1 means most important feature and higher numbers - less important.

☐ access to cultural content that is usually not offered by TV and Internet

☐ being up-to-date with culture and music

☐ more engagement in valuable cultural content

☐ entertainment

☐ being more independent from others

☐ overcoming barriers (please underline what kind of barriers: health, economic, distance)

☐ chance to make friends on the platform using STAGE social network (where you could discuss cultural events with other older adults)

☐ others – please specify which ones

……………………………………………………………………………………………………….

5.12 How would you like to be informed about cultural events – streamed live or archived?

Please mark only the ones which are preferred by you and provide for them a scale starting from 1 where 1 means most preferable communication channel and higher numbers - less preferable.

☐ in TV
Please specify the TV channel/s: ……………..

☐ in newspaper/magazine
Please specify the title/s: ……………..

☐ on the STAGE platform website

☐ on the website of cultural institution providing the event

☐ via SMS to my mobile phone

☐ via email

other channels – please specify which ones?

☐………………………………

☐………………………………

5.13. Do you have any doubts, remarks or additional preferences concerning the STAGE platform? Let us know what they are?

……

……

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……………………………………………………………………………

THANK YOU!