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MusicJuice Case Study

There are many opportunities and challenges involved with internet start ups that brick-and-mortar stores don’t have. One major opportunity that internet startups have are a usually much lower time to market. While the case study doesn’t make a note of how long it took to get to market, it does say that the time between finding the developer and launching as being only 11 months, much less than brick and mortar stores. Another advantage of internet startups are the potential revenues and profits off of a single installment. By installment I mean one company. If you are to open a brick-and-mortar store you can feasibly do one, two, maybe three million dollars a year but it would be fairly uncommon to do ten, twenty, or thirty million dollars off of one location. If you want to expand a brick-and-mortar store you have to find a new lease, etc which causes a delay. Once you have an internet idea you can expand this by getting more servers, more advertising, and more employees while potentially staying at one location. For example, at my work, we did just over ten million dollars last year by only having three locations and with minimal staff and being open 24/7. The disadvantage of being an internet startup if the fact that you don’ t have a physical place where you can meet your customers, build trust, so you have to do this all online. While this disadvantage can be gotten past with enough work and luck, it still is something that every startup has to get past. If you are a clothing store, you sell your product and the trust is there by seeing the customer face-to-face. A major advantage of internet startups is the fact that you can, if you so chose, to monetize every single visitor that comes to your website through ads. You don’t have to worry so much if you don’t convert every customer, whereas at a clothes store if you don’t get the customer to purchase anything you get absolutely nothing, at least immediately.

MusicJuice.net had many opportunities and challenges that faced them throughout their start-up. While they are out of business now, they had the opportunity to potentially could get recognized as helping an artist get the funds to start, which that artist may down the road get picked up by a major record label and refer people back to MusicJuice.net. The disadvantage they had is that the music industry is in a confused and quickly changing state now, between people stealing music, more independent labels are being bought out by major labels, and the fact that many artist can get started for very little money in their basement. Their customer segment was very small with 240,000 musicians and with a market only doing $2B per year. They also had the challenge of starting during one of the worst economic times that this world has seen in the last 50 years. Their idea, if started during the economic boom of 2001-2007 they would have had a much higher chance of being successful. If started even a decade earlier during the dot com bubble there would have been a chance that they could of raised millions and had the momentum due to massive advertising to gain the investors for musicians and musicians themselves.

Lui and Wong could of addressed the problems that the market research brought up by, as the case study states, by getting the visitors more engaged with the website. A great way to get customers to interact with the website is, as they brought up, by blogs. They could of also launched a forum that visitors could post on that would get visitors to continually come back. Even if the visitors never invested in artists, they would of made some money by AdWords. They seemed to be on the right track, each month they were getting nearly all of their money back that they spent on AdSense through revenue. While this doesn’t pay their salaries, hosting costs, it still potentially could of grown and eventually pay their salaries and hosting costs.