Title	Does Art(ist) create some value to live in Japan? : Living with art
Sub Title	アートへの共感を可視化・価値化可能か?
Author	ひとノま(hitonoma) 前野, 隆司(Maeno, Takashi) Lee, Hasup
Publisher	慶應義塾大学大学院システムデザイン・マネジメント研究科
Publication year	2011
Jtitle	Active learning project sequence report Vol.2011, (2011.) ,p.577- 631
JaLC DOI	
Abstract	For foreign countries, the communication of each collector's is popular among the art market, and some of them are doing for speculation. However, especially in Japan, the art works are only purchased by the people who are interested in art, art market is smaller than other country. Therefore, the artists1 who can live by their own income which are earned by selling art works are extremely small population. For our project, the target is developing artists rather than well-known artists. The objective is supporting those artist to be able to live with their art works incomes, and activation of the art market. The ideal is as the theme of the ALPS, "Symbiosis and Synergy", the society which is more sophisticated and possible for artist to live by their own art works, by symbiosis of people and artists, through effecting each other and filling those life style. Our plan is constructing the imagination space. We offer the place where could be possible for collectors, artist, and dealers to communicate by Avatar system. It is expected to increase the numbers of user contacts by omit the searching process. The features are, there is more Avatar on the screen more than general SNS, and it is possible to do mutual assessing, of possessing art works, and chat by Avatar which add an arrow above their heads and colors which define the types.2 And also it could be able to gathering the people who have same interesting, by built the building which are made a distinction by genres, "PICTURE", "SCLUPTURE", "MODERN ART". Of course it is possible to make a deal of art works within this service. In general artist are depended their art works display to dealer who has own gallery, then make a business, selling, dealing. In this case, the 40% of sales are for dealers, rest of 40% are for artist, rest of 20 % are for management, and this is our profit. And also, this is the feature that it's possible to return the art works when it was different from what they imagined. On the other dealing is that artist and collectors are making a deal directly. In this case, the fee of management is changed by their sales, and No claim, No returns is principle. The difference between this and other services are this service is focusing on the art, and the all inside of the service information is concluded in art. It is different from searching the art from unintentional information. And, it is possible to stimulate the art market through the acquisition of the potential customer, supporting of young artist by advertising of the Real World art event, connecting to the evaluation of works between the new friends.
Notes	Student final reports Group I
Genre	Research Paper
URL	https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=KO40002003-00002011-0577

Group I

Group I's Theme Proposed by Team hitonoma

ALPS Symbiosis and Synergy theme title: Living with Art
Proposer Organization s Name: team hitonoma
Contact Person s Name:Hajime Momo, Yukako Sakai Contact Person s email:momo@hitonoma.org, sakai@hitonoma.org

Does Art(ist) creat some value (=money) to live in Japan?
アートへの共感をアーティストへの価値に変えられるか？

Homogeneous societies
大衆・同質重視の社会

X
Symbiosis and Synergy

heterogeneous
異質・かぶく人

=

Sophisticated Society
理想
大衆とアーティストが互いを高め合い共生することで
ライフスタイルが充実し、アーティストも食える社会
洗練された国家へ
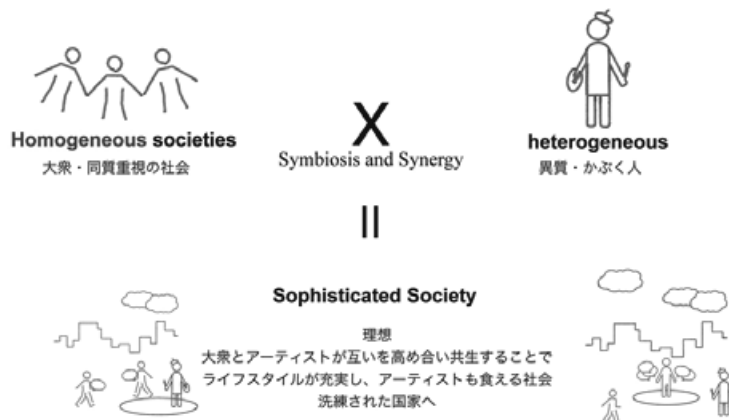
ALPS Final Report 2011

Group I

Project Title:
Does Art(ist) Create Some Value to Live in Japan?

Theme:

Living with Art

Proposer Organization: Team hitonoma

Proposer Organization's Supporter: Hajime MOMO & Yukako SAKAI

Keio Mentor: Takashi MAENO & Hasup LEE

Members:

Naomi WAKAO

Reiya TOMOCHIKA

Akira YASUDA

Megumi ICHIKAWA

Daigo YOKOYAMA

Shinya IMOTO

Graduate School of System Design and Management
Keio University

Final Report For ALPS

Does Art(ist) create some value to live in Japan? （Team hitonoma）

Group I

Naomi WAKAO
Reiya TOMOCHIKA
Akira YASUDA
Megumi ICHIKAWA
Daigo YOKOYAMA
Shinya IMOTO

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1. Executive Summary

For foreign countries, the communication of each collector's is popular among the art market, and some of them are doing for speculation. However, especially in Japan, the art works are only purchased by the people who are interested in art, art market is smaller than other country. Therefore, the artists[1] who can live by their own income which are earned by selling art works are extremely small population. For our project, the target is developing artists rather than well-known artists. The objective is supporting those artist to be able to live with their art works incomes, and activation of the art market. The ideal is as the theme of the ALPS, "Symbiosis and Synergy", the society which is more sophisticated and possible for artist to live by their own art works, by symbiosis of people and artists, through effecting each other and filling those life style. Our plan is constructing the imagination space. We offer the place where could be possible for collectors, artist, and dealers to communicate by Avatar system. It is expected to increase the numbers of user contacts by omit the searching process. The features are, there is more Avatar on the screen more than general SNS, and it is possible to do mutual assessing, of possessing art works, and chat by Avatar which add an arrow above their heads and colors which define the types.[2] And also it could be able to gathering the people who have same interesting, by built the building which are made a distinction by genres, "PICTURE", "SCLUPTURE", "MODERN ART". Of course it is possible to make a deal of art works within this service. In general artist are depended their art works display to dealer who has own gallery, then make a business, selling, dealing. In this case, the 40% of sales are for dealers, rest of 40% are for artist, rest of 20 % are for management, and this is our profit. And also, this is the feature that it's possible to return the art works when it was different from what they imagined. On the other dealing is that artist and collectors are making a deal directly. In this case, the fee of management is changed by their sales, and No claim, No returns is principle. The difference between this and other services are this service is focusing on the art, and the all inside of the service information is concluded in art. It is different from searching the art from unintentional information. And, it is possible to stimulate the art market through the acquisition of the potential customer, supporting of young artist by advertising of the Real World art event, connecting to the evaluation of works between the new friends.

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[1] The artist is excepting the composer, player, singer as the musician, which point sculptor, ceramist, painter as the art workers.

[2] Dealer is yellow, Collector is blue, Artist is red.

2. Problem Statement

2.1. Project Requirement

"To activate the Art market"

It doesn't mention about the commercial strategy, for instant "What kind of picture have a good sale", or "Be drawn the good sales picture" but propose the strategy which could stimulate art market.

"To make an artist support himself"

The artist who we mentioned above is not the well-known artist but present-day, developing artist

2.2. Background

　In recent years, the Japanese artist whose are Takashi MURAKAMI, Yoshitomo NARA, Yayoi KUSAMA, is acclaimed around the world. Therefore the art is becoming more popular in Japan.

However, the market size of Japanese is about 100 billion Yen to 150 billion Yen. This amount is too small when compared with the world art market. USA monopolize 45.9% of art market share, the 26.9% for U.K, 6.4% for French, 4.9% for China, 2.9% for Germany, 2.8% for Italy, 1.1% for Netherland, 1.1% for Sweden, 0.8% for Spain, and others for 7.2%. Thus an economic power, Japanese art market is less than other countries, still now it's extremely small. Why Japanese art market doesn't expand?

2.3. To Lead the solution

　First of all, we took the questionnaire from our friends whose doesn't know the detail for art, about the image of art. Under mention is the result of majority opinion.

- Luxury, Expensive
- Difficult, to be needed the specialty
- High threshold, Sacred
- Don't know where can we buy the art even if want to buy it.

　Next, we took the interview for artists whose doesn't sell well about "What do you think about the present art market", "What kind of promotion activities do you implement? Under mention is the result of majority opinion.

- Have some anxious about future due to instability of art market.
- Hard to prospect the art market become due to opaqueness

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- Don't know how to make promotion, less of opportunities.
- Entrust to the gallery
- Using the social network media, Facebook, Twitter.

Then, we took the interview from art collector about the Japanese art market. Under mention is the result of majority opinion.

- Want to support the young artist, but hard to obtain the information about them.
- The presentation, exhibition's opportunities are few, except the few collectors
- The communication of each collectors is small

In the Western countries, there is some culture that they don't only watch the own collection but shows it to the others, to bring up their knowledge of art. However in Japanese, there are no cultures as western that are home party, open the gallery etc. The communications of each art enthusiast is hard to form, due to less of the opportunities that shows art works to the others.

We argued with our group based on these interviews. The result is information flow of the art market is bad, and this is the cause of the art market doesn't activate. And also, we feel necessities of making the community which could trade (selling and buying) the art works and information for the beginner of the artist. We did brainstorming, stakeholder analysis by using tools for instant Scenario-Graph, based on the project requirement, to be discussed which approach shall we chose.

Then, we considered to applying the Social media, focused on the weakness of information flows of art market. The reason is, the Social media made it possible to communicate both side (for example, Supplier, Demander), not like the old web information flows. And there is no project to activate the art market through using the Social media.

3. Analysis and Discussion of ALPS Methods

3.1.Brainstorming

By using brainstorming, we could get the key elements of our project. It was also useful to list the stakeholders. You can see our key elements that were got by brainstorming on fig3.1.1 below.

Fig.3.1.1.Brainstorming Mind map
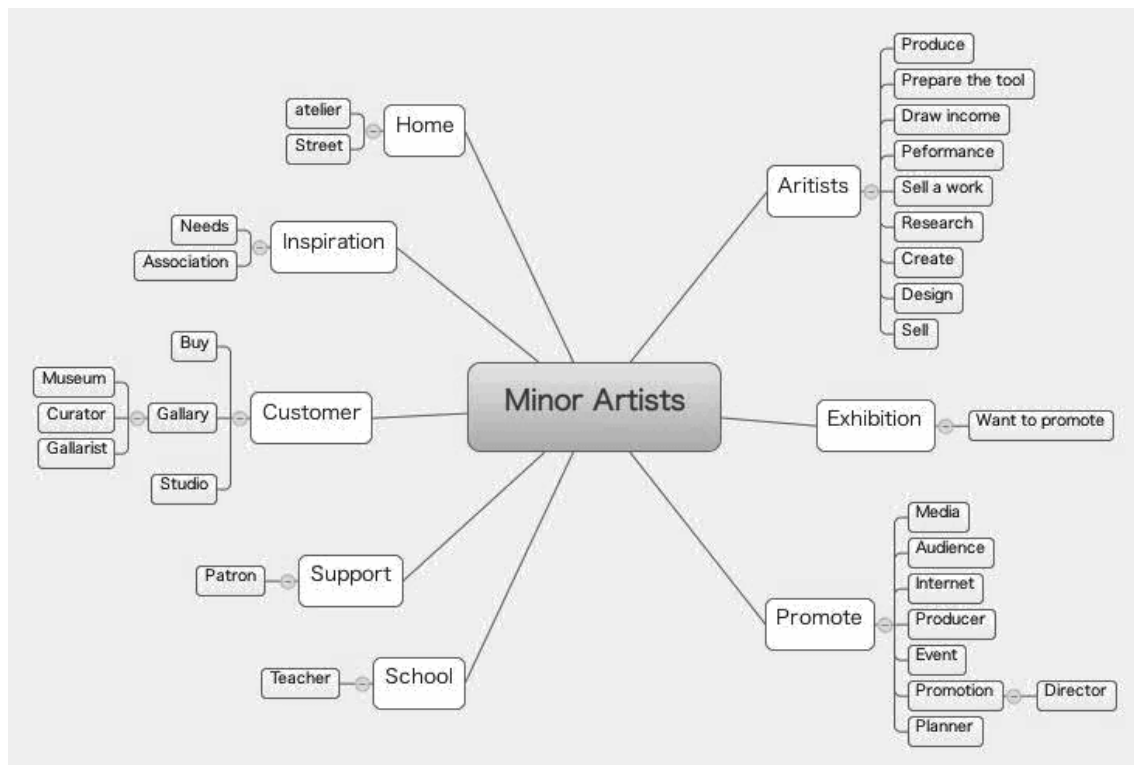
3.2.Scenario graph

By using scenario graph, we could categorize the key elements that were got by brainstorming into 5 statements (Main function, Who, What, Where and When). It was helpful to choose the key scenario of our project.

The scenario we chose on scenario graph is "the artists promote themselves on the Internet". You can find the more details on fig3.2.1 below.

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Scenario graph

main function	PR
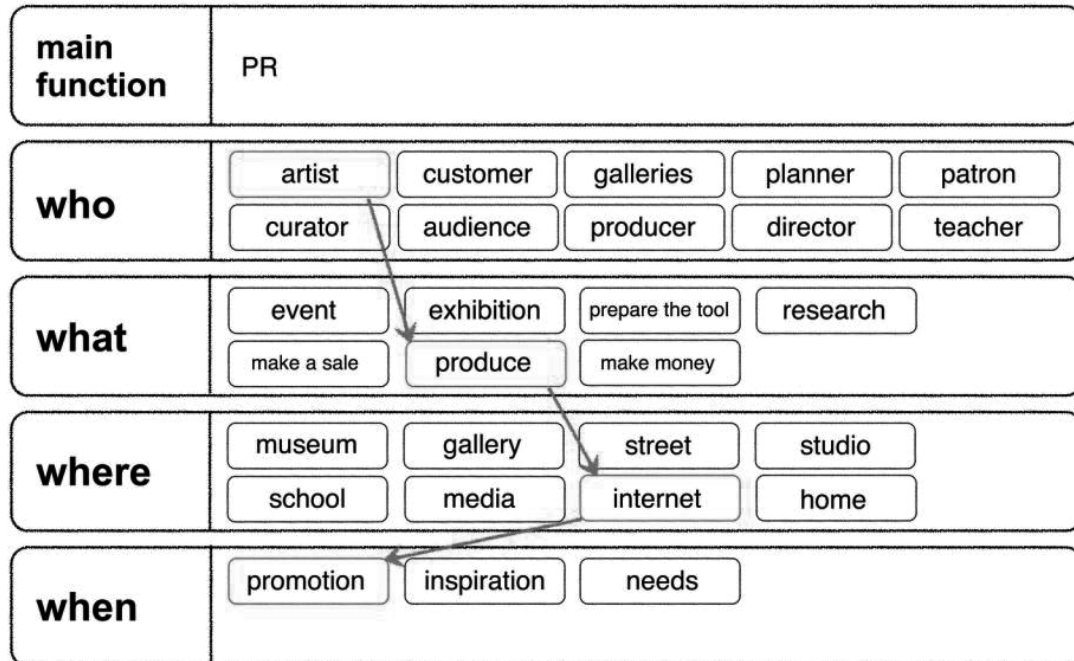
Fig.3.2.1.Scenario graph

3.3.Customer Value Chain Analysis

By using Customer Value Chain Analysis (CVCA), we could visualize the stakeholders of key scenario and each stakes we got by Scenario Graph. Doing it was also helpful for finding the key customers and validating effectively by the interview after that.

On fig4.3.1, you will find the stakeholders and the stakes we got by visualizing in CVCA. We put three, Fan, Customer and Viewer, as the key customers.

- Fan: The people who get the information about the minor artists, support them and buy their products.
- Customer: The people who get the information about the minor artists and buy their products.
- Viewer: The people who get the information about the minor artists.
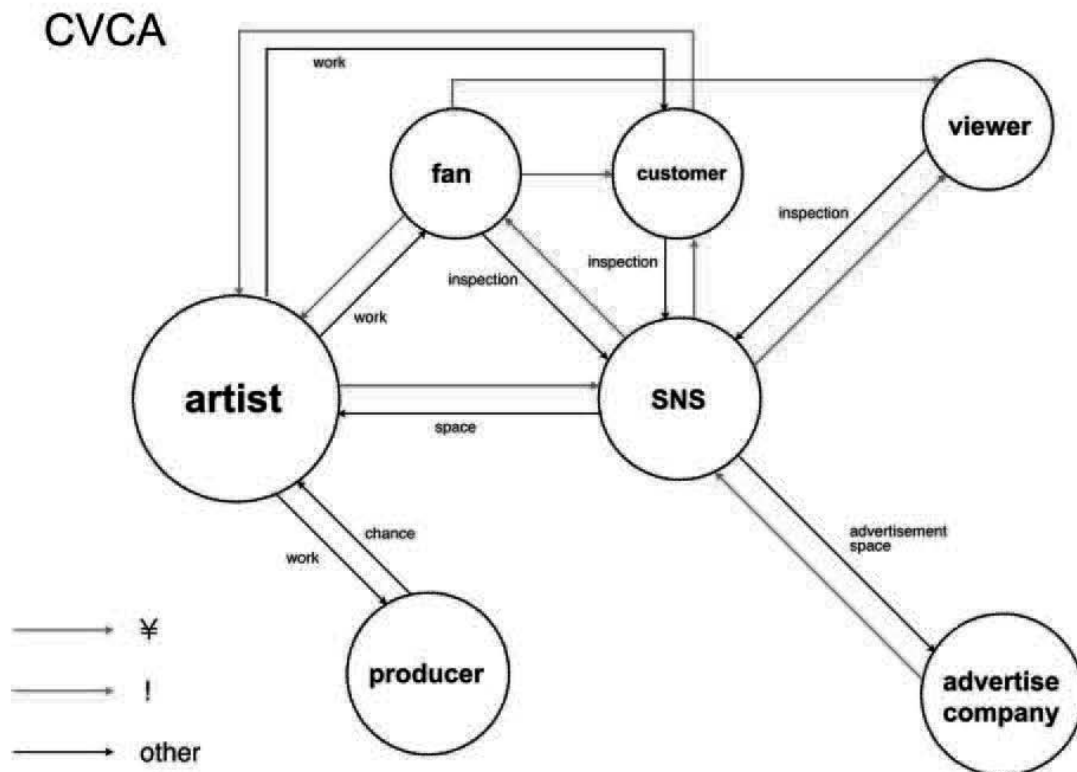
CVCA

Fig.3.3.1.Customer Value Chain Analysis

3.4.Wants Chain Analysis

By using Want Chain Analysis (WCA), we could visualize the requirements of the stakeholders that we have got by CVCA.

Visualizing their requirements by WCA brings out the functions that will be required to the solution we will propose from now on.

You can check their requirements on fig3.4.1 below.

When we make WCA, we cared about the differences for the requirements of Fan, Customer and Viewer. They are summarized as follows.

- Fan: Want everyone to know the information about the artists.

             Want to get the information of the artists.

- Customer: Want to get the information of the artists.

- Viewer: Want to get the information of the artists.

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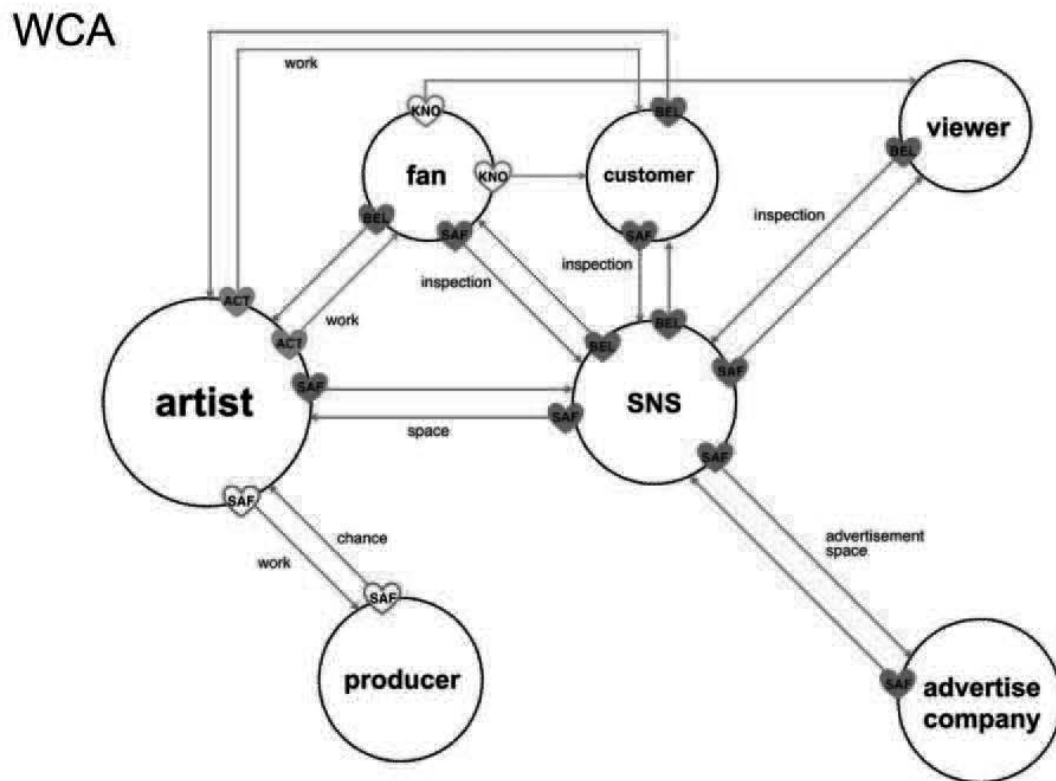
Fig.3.4.1.Wants Chain Analysis

3.5. To By Using

　To By Using helped us to show our solution clearly. To is what the kind of problem we can solve by providing our solution. By is what we can expect as the effects by doing it. Using is what the product we need for doing it. You can get more details below.

To By Using

To: Raising the collector's motivation.
By: Increase the number of the communication with the collector's
Using: Social media

3.6. Object Process Modeling

　Object Process Modeling (OPM) was useful for making the expansion plan of the function of the solution we propose. And also we could use it for architecture design of solution and verification of solution. We think it might help to list all the function.
You can see the details of function development by OPM on fig3.6.1 below.

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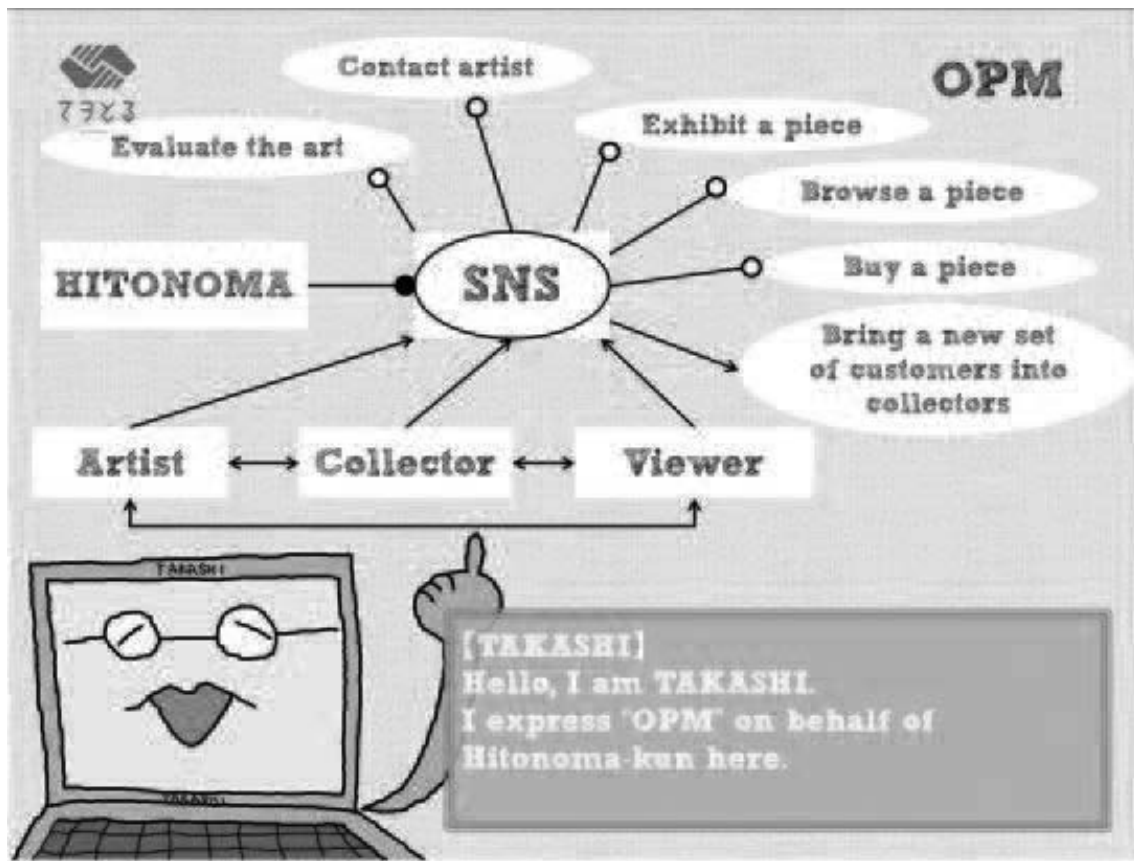
Fig.3.6.1. Object Process Modeling

3.7. Quality Function Deployment

We chose seven elements as we have to worth, Picture, Frame, Site Tree Map, Page, Format, Words and Search Box. Every element is needed for our plan (Finga.com), but we have to lay stress on Picture and Frame by using QFD.

In this meaning, Picture is about image quality of the art works on the web site. The artists might upload their artworks on our web site (Finga.com), and the customers might check them only on it. It is so important for both to show or watch their artworks beautifully. On our web site, of course the customers cannot watch by their own eyes in real world, so the element of Picture is most important one that others.

Next, about Frame, we have to care about making our web site as only one that never seen before for people. It should be new one. So we include some new features (buying and selling space, showing space of the users' collecting art works, and so on). Therefore Frame is also important one next to Picture.

On the other hand, to use our web site comfortably for every user, we have to consider the easiness to use it. It is two elements, Site Tree Map and Page. The people will not use our web site if it is hard to show pictures or communicate with someone even it

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looks attractive web site. So we have to also care about it.

Therefore by QFD, it declared that our web site should be showing art works beautifully and easy to use for every people.

**QFD Cost - Worth Diagram
(based on "Total Part Cost" as divisor)**
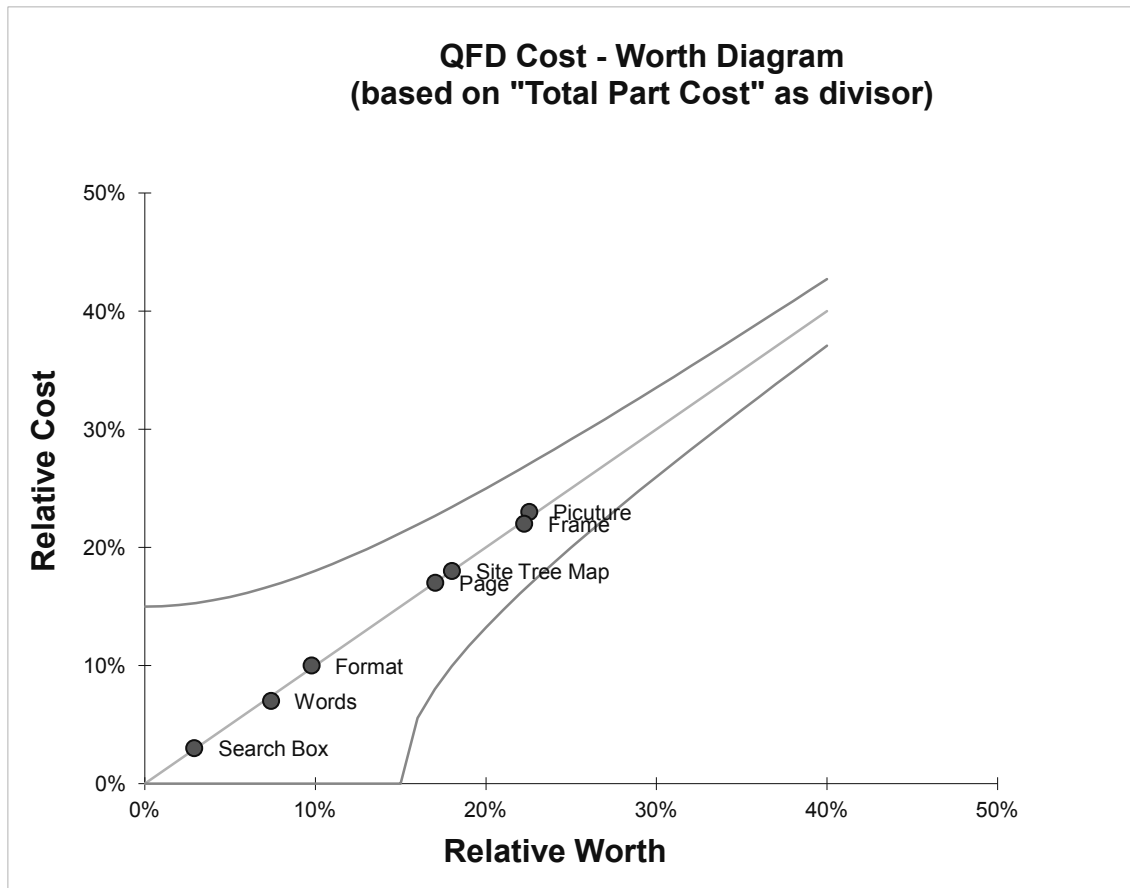
Fig.3.7.1. QFD Cost-Worth Diagram

3.8.Prototyping

By making our prototype, we could imagine the solution easily. Our image to the solution was just only showing the function development graphically and listing the functions.

And we also think that the prototype helped us to explain the solution to our proposer and validate the interview.

We made the fake web site (picture) of SNS (ver.1) that we will propose later, and the image structure (ver.2). Please take a look for the more details on fig3.8.1 and fig3.8.2 below.

As the differences between ver.1 and ver.2,

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- Ver.1: It does not reflect some feedbacks we got by the presentation, the proposer and the interview at the workshop because it has made when ALPS Workshop#2 was over.

  It looks like mixi or Facebook, but we have to include active communication of the users as the solution.

- Ver.2: It reflects some feedbacks we got by the presentation, the proposer, and the interview at the workshop because it has made when ALPS Workshop#4 was over. As one example, you can imagine Ameba pigg.

  On 4.9, you can check the detail of the feedbacks we got by the interview. Other feedbacks by the presentation and the workshop are that we have to consider about the framework for promoting buying behavior of the customer on ver.1 's SNS.
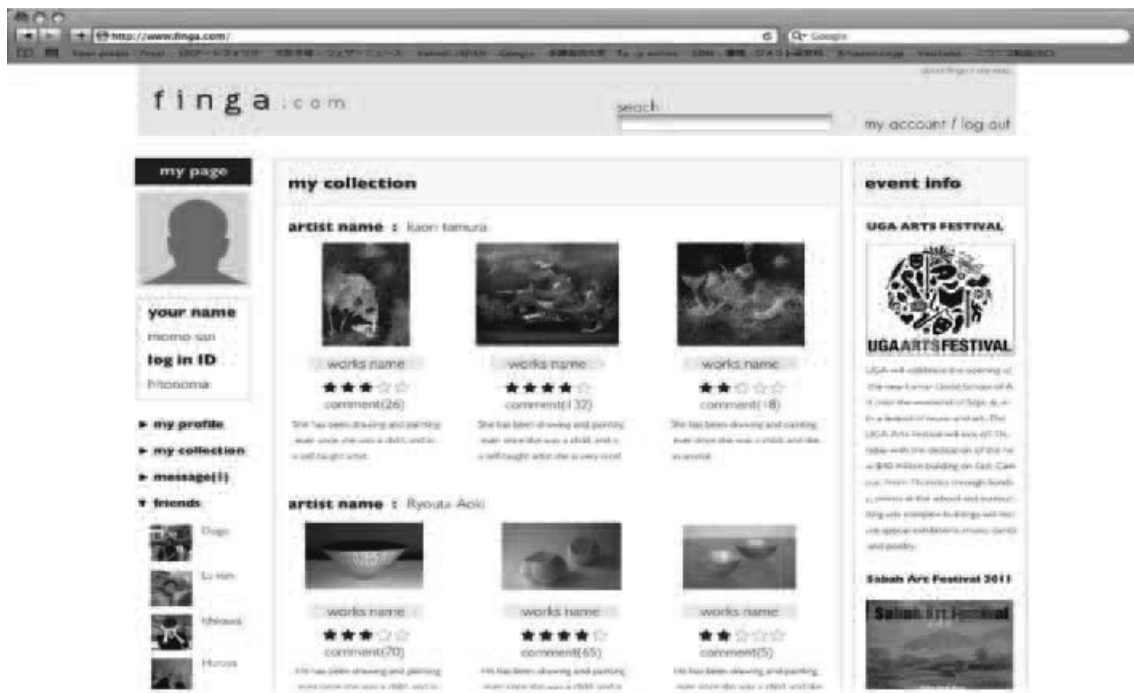

Fig.3.8.1. Prototype Finga.com ver.1 The Fake Web Site (picture)

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Fig.3.8.2. Prototype Finga.com ver.2　The Image Structure

3.9.V&V Activity Matrix

　　By using V&V Activity Matrix, we could declare Verification and Validation Activity which are needed for FINGA.com(ver.1) we propose. Here is more details on Tab.3.9.1.

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Tab.3.9.1. V&V Activity Matrix

ID	Requirements	Verification	Validation
		Interview	Analysis
	Search Function	・Can a work and a collector register perfectly? ・Are the programming, the design, and the interface made appropriately?	・Are the collectors stimulated to register? ・Are the collectors stimulated to view other collections?
	User Administration Function	・Do other control functions including an avatar properly work? ・Are the programming, the design, and the interface made appropriately?	・Are the collectors stimulated to register? ・For users, the design of the avatar is at a satisfactory level? ・For users, the interface is at a satisfactory level?
	Function of Evaluating collections	・Are the inputted evaluation data properly reflected? ・Are the programming, the design, and the interface made appropriately?	・For users, the interface is at a satisfactory level?
	Dealing Function	・Does the dealing control function operate appropriately? ・Are the programming, the design, and the interface made appropriately?	・For users, the interface is at a satisfactory level? ・Is actual dealing possible?
	Function of communication among users	・Does the chat function operate appropriately? ・Are the programming, the design, and the interface made appropriately?	・For users, the interface is at a satisfactory level?

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3.10.　　Interview, Observation

By V&V Activity Matrix, we interviewed minor artist and no interest person to the art who are our key customers. The feedbacks got by the interviews are below.

Minor Artist
- Some artists might want to sell their art works, and do not care the place to do it. It can be very useful tool if our plan heads in the right direction.
- I do not have enough opportunities to PR such as the exhibition in the department store or the gallery inserts in the magazine. The less opportunity to show people my art works is also the problem.
- The exhibition is one of the PR, but the web site is not enough one, so I have to solve it from now on. As things are, I am serializing on the art newspaper's web site, it is good space to show my backstage of my works.

Customer
- I feel to the art that it is difficult to approach and seems too expensive.

As a result of the analysis from the feedbacks above, the presentation at the workshop and the feedbacks by our proposer, we have decided that we will not change the basic concept at Ver.1, and propose Ver.2 that includes the inter face enables to communicate easily by the system of Ver.1.

3.11.　　Score carding Framework

By using Score carding Framework, it declared Project Objective, Objective Measures, Control Factors and Noise Factors of Finga.com (ver.2). The more details are below.

Project Objective
Y: Make artist self sustainable

Objective Measures
y:
- Income of the artists
- Scale of art market
- Number of collectors

Control Factors

X:

- Design of Website
- Framework
- Tree map

Noise Factors

V:

- Needs of customer
- Economic statement
- Communication of users
- Account ID
- Network statement

It helped to do architecture of Finga.com smoothly.

3.12.　Persona

　We devised two Personas from the customer's side and artist's side, and made the Persona movie.

Persona movie was used in the ALPS Workshop Final Presentation, and we think that the audiences have be able to understand well about Finga.com by watching it.

About Persona, we introduces the profiles of two sides.

Customer Persona :

The person who is interested in the art, but cannot collect art works as a hobby because of the difficulty to approach of art.

Artist Persona :

The artist who has graduated from the art university, but cannot sell own art works well because of the depression in the art market.

Next, the contents of the Persona movie are that two personas register on Finga.com, and they happen to meet on the web site. It is one example of the communication on Finga.com we imagine.

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4. Design Recommendation

4.1.Our plan detail

Our plan which we proposing is social network service, built the virtual space on the internet, to offer the communication space for artists and dealers by Avatar system. That is expected to increase number of contact, due to omit the searching process by putting many avatars more than general SNS. The very difference between this and other services is specialized art. Which mean you don't need to search it from messy information, on the Web. And every information is concluded in art in this system.

4.2.System name

We were named our proposed system FINGA.com. This means FINd the Great Artist, and we expect to general and discover the great artist from this web site in future.

4.3.Description of functions

The users who visited FINGA.com shall be register the free registration. For that, users shall choose the types which are "Artist", "Collector", "Dealer", except register the information, name, and password.

Fig.4.3.1.FINGA.com Top page

After registration, the avatar appears on the virtual space when you login, and you could be able to active freely.
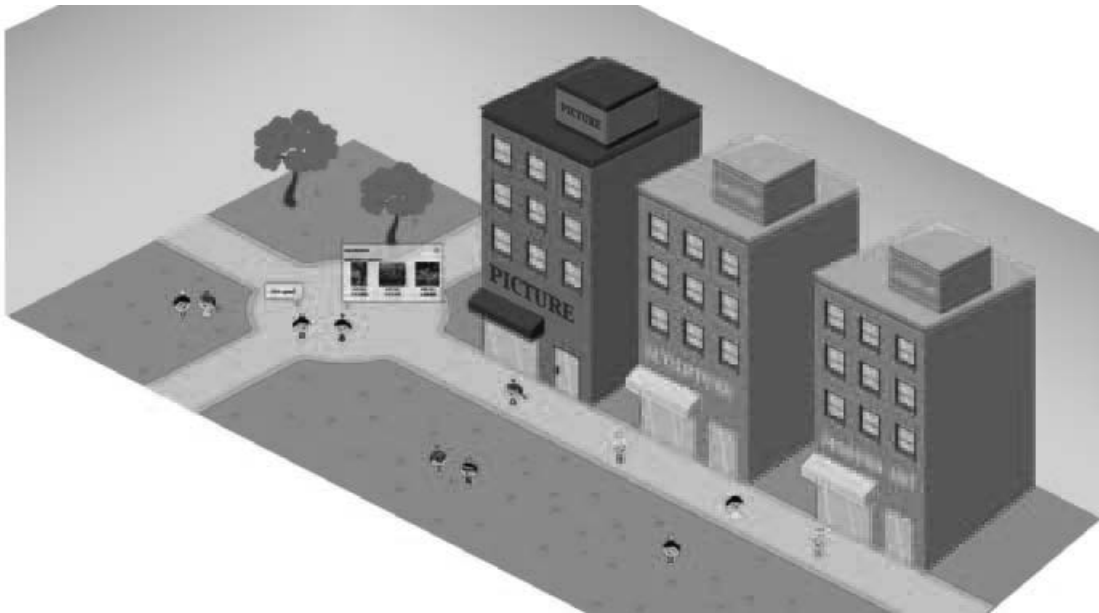
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Fig.4.3.2.FINGA.com Active page

The avatar has arrow above their heads, and be possible to distinct the types. Red is artist, Yellow is dealer, and Blue is collector.
And also, users can enjoy the chat between avatars, show and assess their own works like under figure.

Fig.4.3.3.Communication sample

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In the virtual space, we put the buildings which are "PICTURE", "SCULPTURE", "MODERNART", to be able to gather the users who have same taste. For example, the users who has interested in sculpture are going to inside of "SCULPTURE" building, and make the information trade between same taste users, also be able to communicate with young sculptor. In virtual space, we put the open space which gather the users that many types of genre. Here is the remarkable service that users could discover the unknown and incredible collections and artists fortuitously. Of course, user can customize their avatars. Some of the face parts, cloths, huts, accessories can obtain free, but users need to pay more to obtain the additional item to make your avatar individually.

Fig.4.3.4.Customized avatar (Billing items)

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5. Competitive Analysis

5.1. Overview of our business model and value proposition

Our project plan is to support the minor artists and activate the art market. It is not for the artists who are already well known. We think that if the connection to the dealers, the collectors, and the minor artists become strong, it would be helpful for activating the art market. At present the relationship between them is not enough. But the problem is how we can provide the place for them to know each other. In the case of real world, there are some difficulties such as each time schedule, traffic accessibility and so on. On the Internet, however, they can know each other much easier than real world. It does not depend on the place where they live in. People will be able to communicate with the artists and the collectors who are not known in real world. This will happen often on the Internet.

But there are no differences between our plan and other SNS (BBS, Facebook, Twitter, etc), if our plan focuses on just only communication. Therefore we analyze the domain in which our project should work.

5.1.1. SWOT Analysis

Our project seems to same as other SNS, so it is important for us to promote which will help to inform the differences between them to the users. Also we have to show Strengths, weaknesses, Opportunities and Threats, and analyze the market environment. It is useful for deciding the strategies of own company.

Strengths	Weaknesses
・Focusing on the speciality ・Cheapness of the initial investment ・Easy to communicate ・High usability ・Supporting to get the knowledge of art	・Tending to limit the users ・Have not established the branding ・Low recognition ・Not big market yet ・Assests of our service depend on the loyality of the users
Opportunities	Threat
・The field that will develop from now on ・High recognition brings to activate the art market ・High degree of freedom for the users	・The possibility that the competitors will compete in because of the low cost ・The lifecycle of products is not so long ・The possibility that if we got more users, it would not bring more profits

Fig.5.1.1.1. SWOT analysis

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On (Fig.5.1.1.1.), you can see that our service focuses on the specialty. The feature is that all information, which are traded on the contents, relate to the art. On the other hand, we also have the problem. Our service is inscribed as the virtual communication service of the art, so we have also the possibilities that our service tends to limit the users. Therefore we have to care how promote it. It is important for us to make the differences to other SNS clear.

In this meaning, we can invest in the promotion because of cheapness of the initial investment. Network service does not much cost in "Place" (by Marketing Mix, 4P Theory), so we can do it. However, since the cost is low, it is predicted that the competitors will compete in. We have to make the recognition of the people higher and think about establishing own branding.

We can give new worth in the part of "Strength", and should make use "Opportunities" to advantage in our service. By introducing the avatar system, we have to achieve high usability, and also design the interface of the system, which is helpful to communicate smoothly.

5.2.Revenue sources, Cost structure

Our major source of profit is constituted from the transaction fees of art works, accountings of avatars and costs of exhibiting.

5.2.1. Revenue from art dealing

In our service, the artists, the dealers, and the collectors cannot only communicate each other, but also can buy and sell the art works. The method of buying and selling has two ways, and the share depends on the way of the trade.
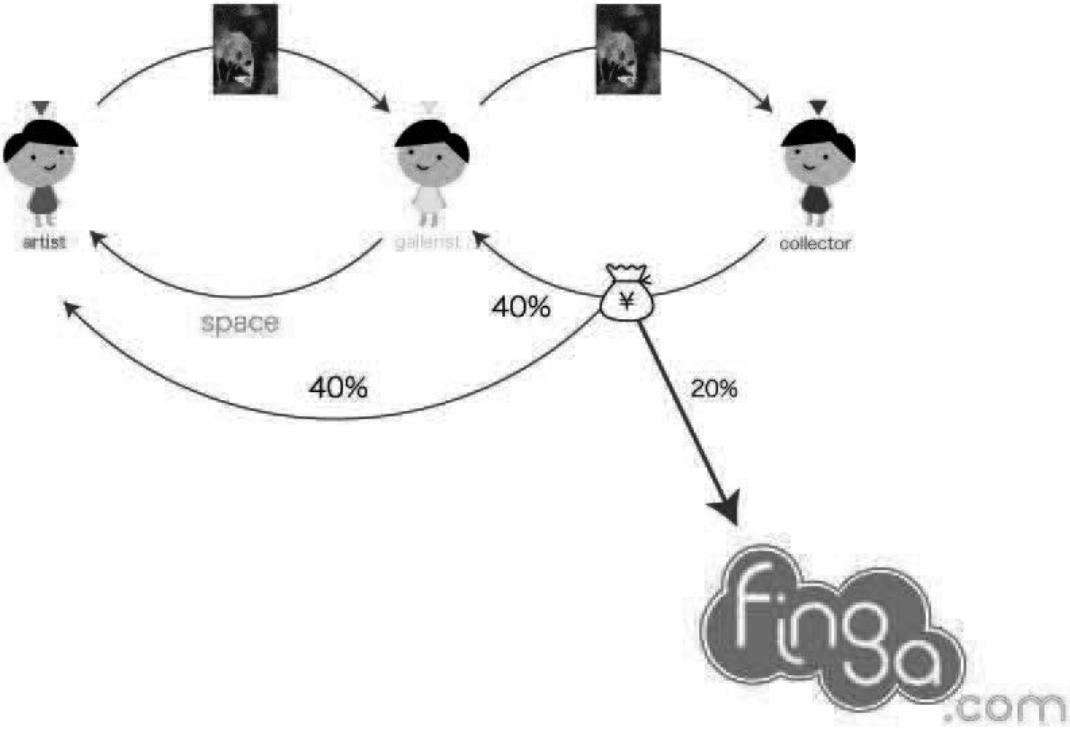
24

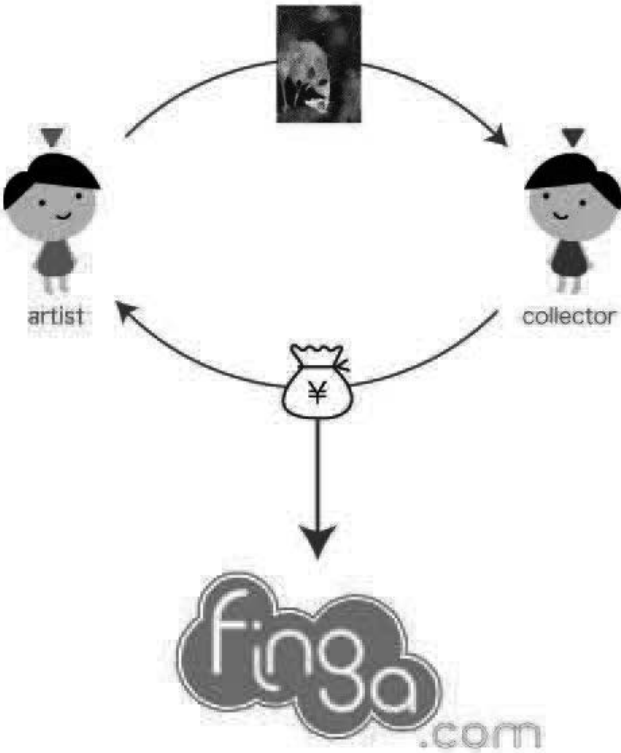Fig.5.2.1.1.Revenue from art dealing (Standard dealing)

Fig.5.2.1.2.Revenue from art dealing (Direct dealing)

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Tab.5.2.1.1. Dealing rule

		Dealer	Artist	Our
Standard Dealing		40%	40%	20%
Direct Dealing	～50,000JPY		70%	30%
	50,000JPY～100,000JPY		65%	35%
	100,000JPY～500,000JPY		60%	40%
	5000,000JPY～		50%	50%

As (Tab.5.2.1.1), in the case of normal trade through the dealers, the share of them is 40%, the artists are 40%, and the rest 20% is the fee for managing. The other trade, which is not through the dealers, is the way that the collectors and the artists buy and sell directly. The collector who finds out favorite artist in communication space would be able to buy the art works without the dealers if the artist accepts the offer of direct trade. In this situation, the fee depends on the selling prices (Reference Tab.5.2.1.1), and it is different from normal trade.

There are big differences among these trades. It is that in the case of normal one, the buyers can return the art works within three weeks of completing their orders if the art works do not fit for their images. But for it, they have to fulfill the requirements below.

The requirements for exchanges and returns

- Please give the contact to the dealer by whom you have bought within three weeks of receiving the products. If you do not give it before, we apologize in advance for that we would do nothing for you.
- We can react only in the case of the return within three weeks of receiving the products.
- If you cannot prepare all parts of products, we cannot accept the return. All parts of products means that you have to include every attachments of the art works, like outer case, and the bill (original one).

Return because of the difference from your image

In the case of that the art works are different from your image that became from the PC display, you can return it if you fulfill the requirements below.

We can accept only unused products.
You have to pay also the return postage, the cash on delivery fee, and the bank transfer fee.

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If you cannot give us all parts of products, we would be able to accept your return.

All parts of products means that you have to include every attachments of the art works, like outer case, and the bill (original one).

The direct trade with the artists has the attraction that it provides the trade at a low price by not through the dealers. The basic rule is no claim and no return. But the product sent was really different art works or it is in bad condition such as the stain, you can return it.

By (Tab.5.2.1.1), it seems to that the artists can get more profit in the direct trade with the collectors than the trade with the dealers. But if the artists entrust to the dealers, their art works would be exhibited with other artists' art works, and many collectors and artists would see them. This means that the artists cannot only increase the opportunities that their art works are sold, but also can raise own profile.

5.2.2. Avatar billing function

The second source of profit is the system of accountings of the avatars. In this service, the avatars are the other selves for the users, and they can change avatars' clothes, accessories and so on. The avatars wear simple clothes in default, so the users have to customize them by using the items that are got in the events or accounting items. The avatars have the side as the dress-up dolls, and also as the tool for the communication with other users. Especially, our service focuses on the art, so the avatars are the best tools for expressing their selves. And both the collectors and the dealers are evaluated (this system is called "Collectors' Rank" and "Dealers' Rank"). The accounting system will work effectively by stimulating the incentive of the users, for example they cannot buy the avatars if they do not achieve the rank level.

According to the biggest company of SNS service in domestic, the profit by the avatars accounts from 40% to 50%, and it supports the managing. Therefore we think that they are also important as an object of the investment.

5.2.3. Exhibition fee of gallery

When you register the "users", dealer couldn't choose everyone but the person who possess the art gallery or belong to the special institution which related with museum or art. First, you should choose to make registration the collector, than you can change your avatar types by apply to the management. It is feasible to put your gallery in the virtual space communication service, when you pay the cost to

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management. And also, the size and types of buildings are depends on the cost, it is restricted the user number of entrance and categories of art works which are able to show.

Tab.5.2.3.1.Exhibition fee of gallery list (Price [JPY/Year])

Category		Capacity					
		～10	～50	～100	～150	～200	Free
Sculpture		50,000	100,000	150,000	200,000	250,000	400,000
Modern art		50,000	100,000	150,000	200,000	250,000	400,000
Picture		50,000	100,000	150,000	200,000	250,000	400,000
Calligraphy		50,000	100,000	150,000	200,000	250,000	400,000
Textile		50,000	100,000	150,000	200,000	250,000	400,000
Print art		50,000	100,000	150,000	200,000	250,000	400,000
Craft work	Glass art	50,000	100,000	150,000	200,000	250,000	400,000
	Ceramic art	50,000	100,000	150,000	200,000	250,000	400,000
	Metal art	50,000	100,000	150,000	200,000	250,000	400,000
Painting	Jananese style painting	50,000	100,000	150,000	200,000	250,000	400,000
	Oil painting	50,000	100,000	150,000	200,000	250,000	400,000
	Water color painting	50,000	100,000	150,000	200,000	250,000	400,000
Craft work		100,000	200,000	300,000	400,000	500,000	800,000
Painting		100,000	200,000	300,000	400,000	500,000	800,000
ALL CATEGORY		400,000	800,000	1,200,000	1,600,000	2,000,000	3,500,000

As on the (Tab.5.2.3.1), art categories are divided by 12 types. And we prepare the gallery for small size that limit is 10 people to the free size. In Craft work, it is divided by Glass art, Ceramic art, Metal art, for Painting, it is divided by Japanese style painting, Oil painting, Water color painting, we prepare the cost for 1 category of each one. Moreover, we prepare the ALL CATEGORY where can show the every types of art.

5.2.4. Cost structure

As kind of these network services, cost is divided by 4 types. First is personal expense. The management and an inquiry or claim correspondence, community manage which to be keep spam free, are needed. Second is outsourcing price. This service has to outsource when we can't manage this service on our own. The consultant, programmer, graphic designer etc, we are supposed to outsource many kind of specialist. For these solutions, we shall estimate the started price, continue price, because of the construct and operating cost is variable. Third is advertising cost. We should be connected with advertise to gather the users. In addition, open the art event to advertise this service, or we should make some other means of advertisement to gather the users.

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5.3.Assumptions of your forecast (for demand, cost, etc.)

As we mentioned above, our profit model is composed by art works fees, avatar charge item, gallery show charge. In terms of demand prospection, the market size of art works, in Japan, it is decreasing effected by recession. Shinwa art auction's cumulative results (2011 The second half four term) has increased, the net income has increased as 107 million yen (increased 2.2 times), however art works market is valuable because of culture assets. When we compared with foreign countries, the differences are the number of collectors. The customer who appeals when the market prices increase is beginner. They participate late and purchase the art in spite of doesn't understand the value of it. To expand the market size, we need to increase the number of collectors.

And, the art market size in 2009 is mentioned as 20 billion to 30 billion. On the other hands, our service is increasing the communication of users on the internet, to stimulate the art market activation. For the report of Mick economic research institution, the sales size of social media in 2010 is 200.5 billion, and in 2013 it is prospected to become 390 billion sizes. For that, if our service uses the social media as mutual communication of art business world, it is expected to expand the art market size.

For cost expectation, the plan drafting and strategy plan is 10,000JPY/h, and if we do the 2h meeting in each day for 1 month (25days), the cost is 500,000JPY. For startup the service, we need homepage construction, web design, avatar design, and use the outsourcing in 3,000,000JPY. Then, service management is 3,000JPY/h, therefore it is costed 1,800,000JPY for 25 days. The last is advertise price, the Web advertisement is 1PV(Page View) = 1 JPY and we expect 10000P in 1day, therefore we need to prepare budget for 250,000PV. And the homepage construction, web design, avatar design is needed the production terms, it takes half year to start the service. Therefore initial cost is 500,000JPY- for plan drafting and strategy plan, 3,000,000JPY for outsourcing, amount 3,500,000JPY, for Fixed Cost 1,800,000JPY/Month for management, for Valuable Cost 50,000JPY~/Month is for advertisement, there is all we need.

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5.4.Net Present Value Calculation

In this chapter, we do the profit prospection of our service. Then, we judge whether this business model should be invested, by Net Present Value's checking.

First of all, the figure on the below is prospection results of cost that we considered on the subchapter 5.2.

Tab.5.4.1. Expenditure

Expenditure		0 year	1st year	2nd year	3rd year	4th year	5th year
Labor cost		0	40,000,000	48000000	56000000	60000000	78000000
Planning and strategy		0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Outsourcing cost	Formulation of web system	1,500,000	0	0	0	0	0
	System update	0	50,000	500,000	500,000	500,000	500,000
	Web design	400,000	100,000	100,000	100,000	100,000	100,000
	Avatar design	900,000	800,000	800,000	850,000	780,000	900,000
Administration and management		0	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
Advertising cost	Web advertisement	0	3,000,000	6,000,000	7,500,000	12,000,000	15,000,000
	Event advertisement	0	0	200,000	150,000	300,000	360,000
Total		2,800,000	66,550,000	78,200,000	87,700,000	96,280,000	117,460,000

The plan drafting and strategy plan is done in the once of half period, therefore the cost of 1,000,000JPY/Year is continued.

In terms of the system constructing, we add up 500,000JPY/Year for 1st year of constructing, and after 2nd years of updating of the system. In terms of avatar design, the 1st year's cost will more expensive than after 2nd years because of requesting many types of the design which includes the initial avatars. And in terms of the advertisement cost, our plan is propagation it gradually after 2nd year, and opening the advertisement event also. Next, we put the figure below about the profit prospection results on the Tab.5.4.2.

Tab.5.4.2.Income

| Income			1st year	2nd year	3rd year	4th year	5th year
Transaction fee		Standard dealing	400,000	3,600,000	6,800,000	12,600,000	17,000,000
		Direct dealing	320,000	1,800,000	37,000,000	7,600,000	18,000,000
Micro transaction(Avatar item)			6,200,000	25,000,000	36,000,000	48,530,000	68,500,000
Exhibition fee of gallery		Sculpture	300,000	900,000	1,700,000	1,850,000	2,300,000
		Modern art	350,000	850,000	1,500,000	3,200,000	4,900,000
		Picture	250,000	950,000	1,600,000	3,400,000	4,500,000
		Calligraphy	250,000	850,000	1,800,000	5,200,000	5,600,000
		Textile	200,000	950,000	2,600,000	4,500,000	5,500,000
		Print art	350,000	1,600,000	4,200,000	6,900,000	6,500,000
	Craft work	Glass art	300,000	1,300,000	1,600,000	1,900,000	2,600,000
		Ceramic art	200,000	540,000	1,450,000	2,300,000	1,900,000
		Metal art	200,000	300,000	1,200,000	1,600,000	1,800,000
	Painting	Jananese style painting	300,000	800,000	1,500,000	1,950,000	1,850,000
		Oil painting	300,000	750,000	1,100,000	1,550,000	1,850,000
		Water color painting	250,000	850,000	950,000	1,350,000	1,800,000
	Craft work(ALL)		1,800,000	2,200,000	3,600,000	4,200,000	5,800,000
	Painting(ALL)		700,000	1,600,000	2,100,000	6,700,000	8,500,000
	ALL CATEGORY		800,000	1,800,000	3,600,000	9,800,000	13,800,000
Total			13,470,000	46,640,000	110,300,000	125,130,000	172,700,000

30
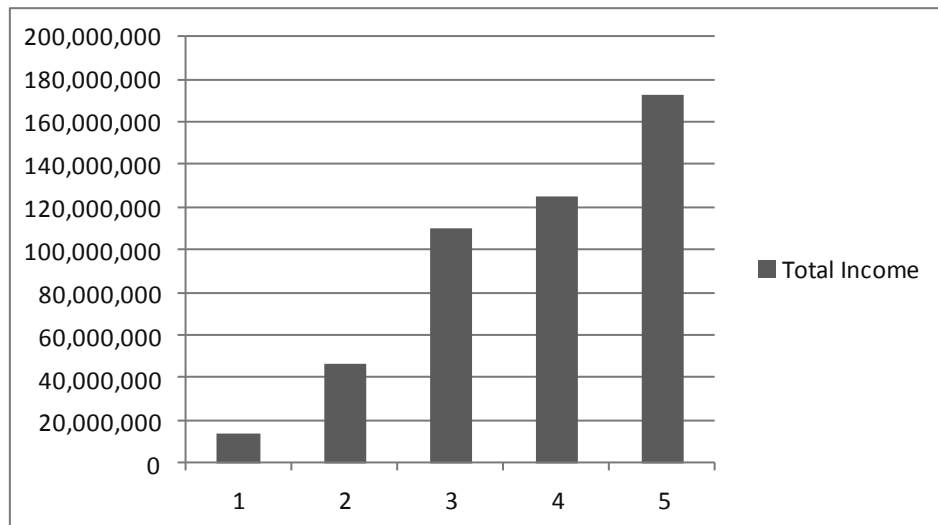
Fig.5.4.1.Total Income

Be based on these results, we show the checking of Net present Value on below.

Table.5.4.3. NPV Analysis

NPV ANALYSIS			
Assume discount rate = 5%			
Period	Discount Factor	Cash Flow	Present Value
0	1	−2,800,000	−2,800,000
1	0.9524	−53,080,000	−50,552,381
2	0.9070	−31,560,000	−28,625,850
3	0.8638	22,600,000	19,522,730
4	0.8227	28,850,000	23,734,966
5	0.7835	55,240,000	43,281,985
NPV=			4,561,450
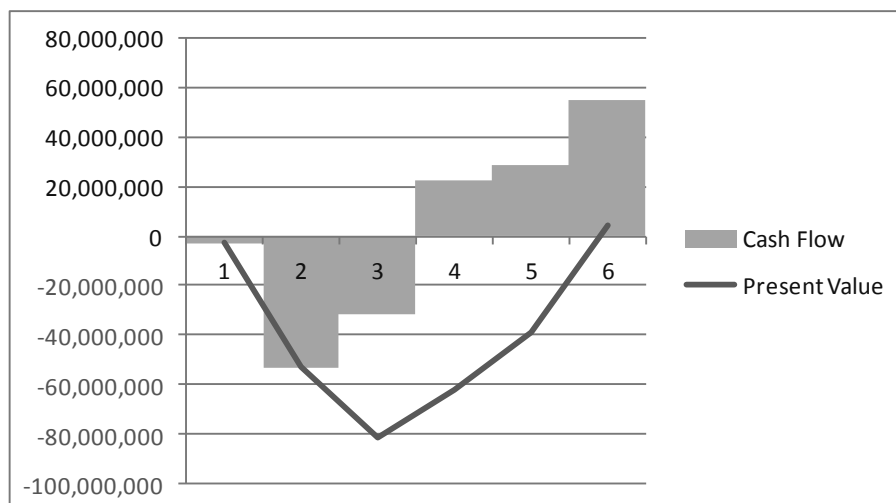
Fig.5.4.2.Present Value and Cash Flow

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Table5.4.4.Sensitive on Discount Rate

Sensitive on Discount Rate		
Discount Rate	NPV	Difference from 5%
3%	9,883,255	5,321,804
4%	7,138,216	2,576,766
5%	4,561,450	0
6%	2,142,080	−2,419,370
7%	−129,987	−4,691,438

This checking of NPV is done for 0th year to 5th year, and Discount Rate is calculated within 5%. In that case, as you can see on the (Fig 5.4.2), the graph is increasing from 3rd year, and on the 6th year, the amount of present value is 4,561,450JPY. Therefore, this project is judged as holding invested value when the project terms planned for above 6 years. And also, the Discount Rate is increasing when it project's risk is higher. Therefore, when the Discount Rate is above 6%, the NPV is getting minus, and it is judged as non-invested value that project shouldn't destruct from present checking.

5.5.Protections strategy against competition

To construct the strategy is so important in the project. By Michael Porter competitive strategy, we declare own strategy.

Tab.5.5.1.Michel Porter competitive strategy

		Competitive superiority	
		Cost	Differentiation
Target	Wide	Cost leadership strategy	Differentiation strategy
	Narrow	Cost focus strategy	Differentiation focus strategy

In Michael Porter competitive strategy, we separate the strategy into Cost leadership strategy, Differentiation strategy and Focus strategy (focuses on some special field, and concentrate the management resource).

Our service urges the communication in the virtual space, and activates the art market. The contents are focus only on the art, and the users become from the users, the artist, the dealers and the collectors (including potential collectors). So we have to take Differentiation focus strategy. Focus strategy means that generally focuses on the management resource for limited segments such as the special class of the customers, the special product and the special area. In the case of our project, we have to find the strategy to sell the collectors art works in the virtual space on the web site. However, focus strategy also has the risks. You can see their details below.

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- There are no differences between the segments and the needs of whole market. Concentrating the management resource has less meaning.
- In the segments, the competitors might find smaller segment, then develop the focus strategy.

As the market grows, the strategy would change in addition the risks above. Our project is the system and service for developing more in the society through the communication and buying and selling on the web, so for establishing the brand or securing the share, it is so important to understand some threats, the new competitions or the substitute service, by using Five forces model. In Chapter.7, you can get information about it.

6. ALPS Roadmap and Reflections

You can see our Roadmap of over past our project on Fig6.1 below, and Fig6.2 is our ideal Roadmap we want to take from now on after finishing project.
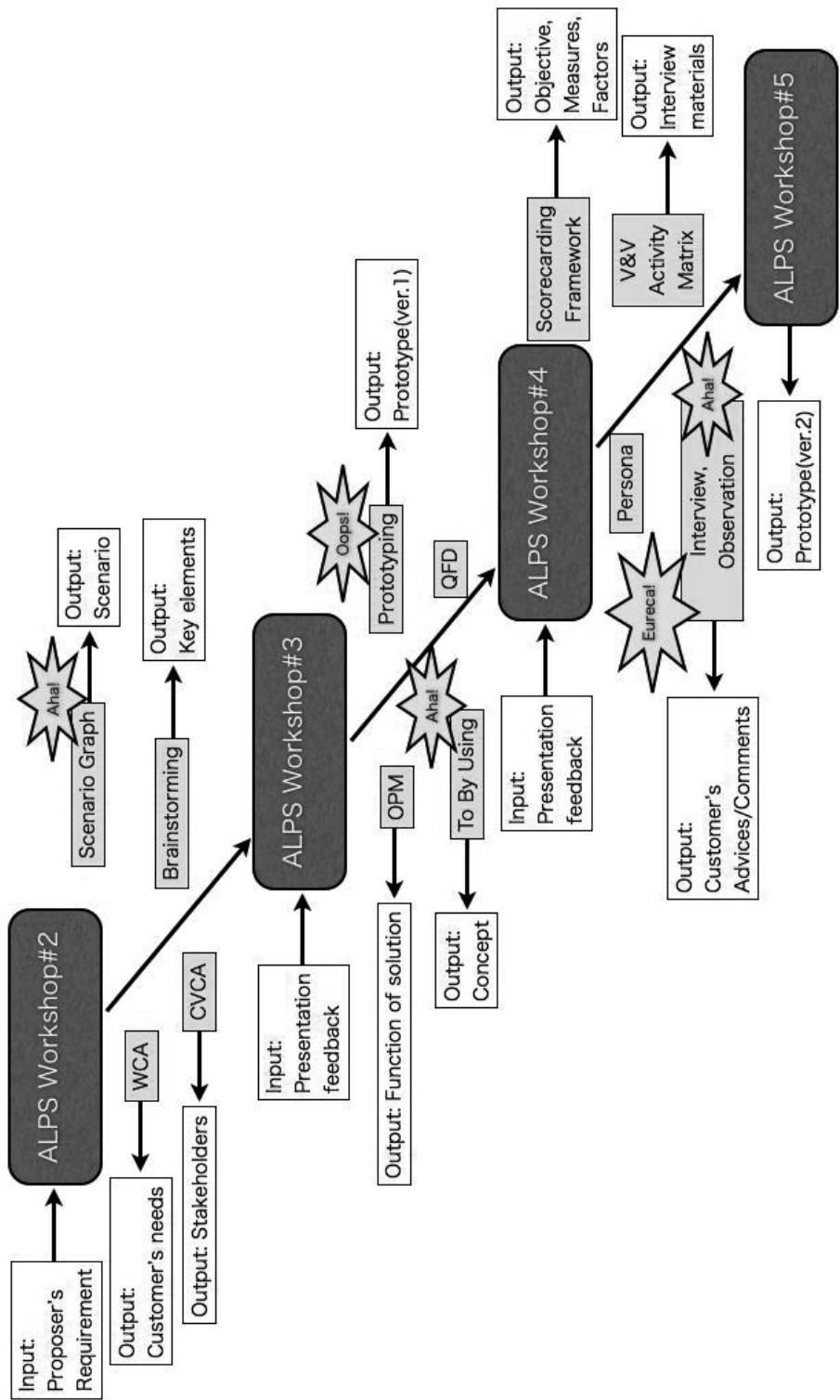
Fig.6.1.Real Roadmap

34
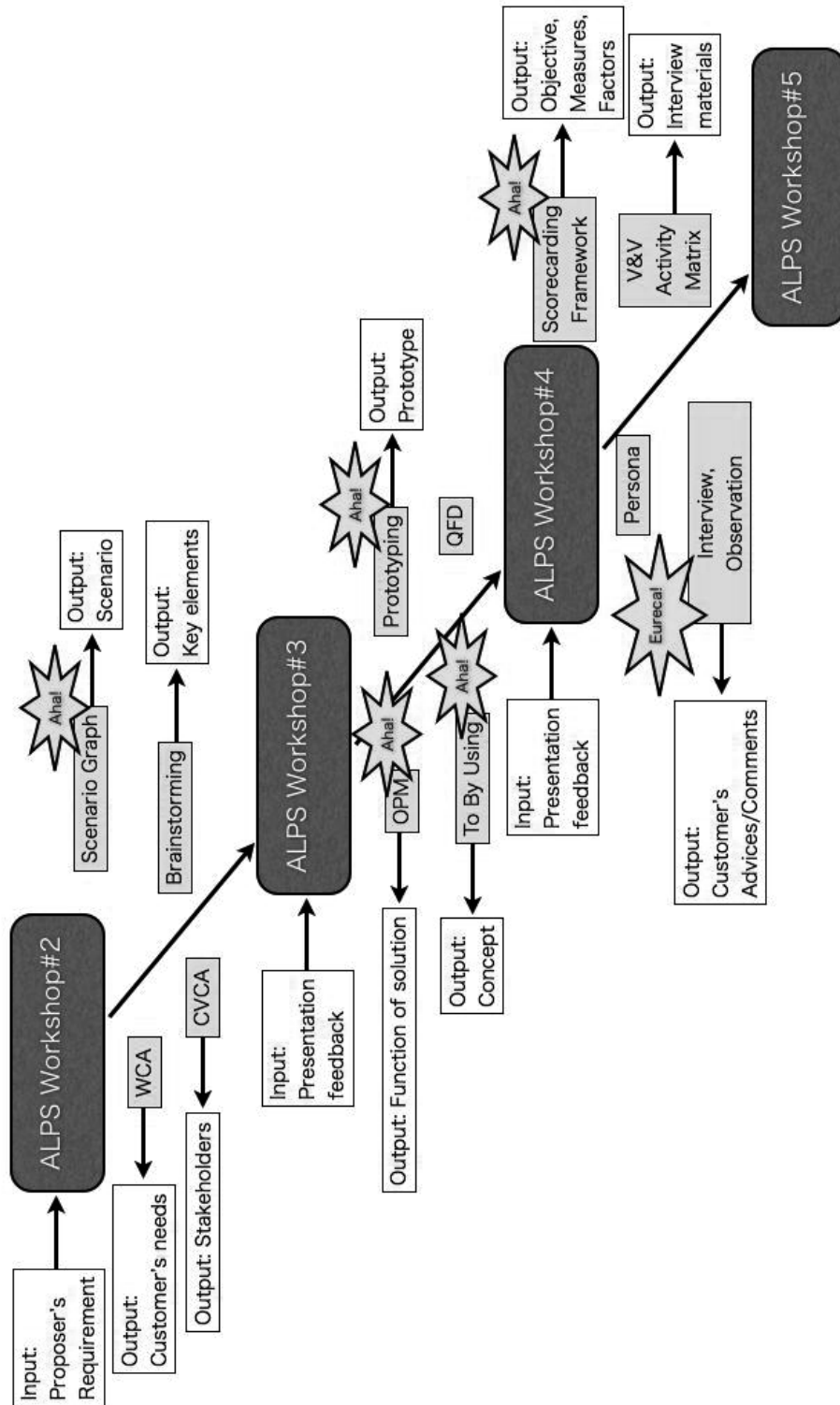
Fig.6.2.Ideal Roadmap

As the details of Fig7.1, at the moment of finishing Workshop#2, we had to choose the key scenario. Next, at Workshop#3, we realized our main concept, then made prototype

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(Ver.1). We got some feedbacks from the presentation and the proposer at Workshop#3, which showed us the necessity for making the framework to urge the buying actions of the customers. By interviewing of the stakeholder, we could create better concept, and we did the final presentation.

About the details of Fig7.2, now after finishing the project, we have one reflection. It is that we had to consider the architecture of the solution we were proposing at Workshop#3 more. If we did so, we had realized about the necessity for making the framework to urge the buying actions of the customers on earlier stage. So we included the reflection into Roadmap.

7. Conclusion and Future Work

7.1. Future work

The most important thing we have to consider is to propose the system and the service for developing the communication between the collectors and the users that occur on Finga.com also in real society, not only in virtual space. The real art works have the attractions, the power and the grace. Only on the web, to show the users every good points of the art works is a little bit difficult. They have the trace of painting, the waves of the layer, the texture, and the change by lighting. The users can see these features by own eyes only in real world. Therefore we have to connect Finga.com to some events, such as exchange party or the exhibition.

Of course, the users who want to buy as the collection might think that they want to buy the art works after checking them by own eyes. They have to communicate each other, then make an appointment, and see face to face. But it can bring some troubles. Therefore we should care the risk management. For example, the negotiation place for buying is limited in the tie-up gallery with FINGA.com, and the dealers witness as the intermediates.

7.2. System update detail

We have to change the interface periodically in the virtual space to avoid tiring of the users, and prepare the seasonal limited items and design, such as four seasons, Christmas, Happy New Year, Saint Valentine and so on. Then we would put more add space in the field, and enable to inform the art company or the event. We think that adding the services above periodically is one of the important actions in the social media, which develops every time. And, you can see Gantt chart of this project next page.

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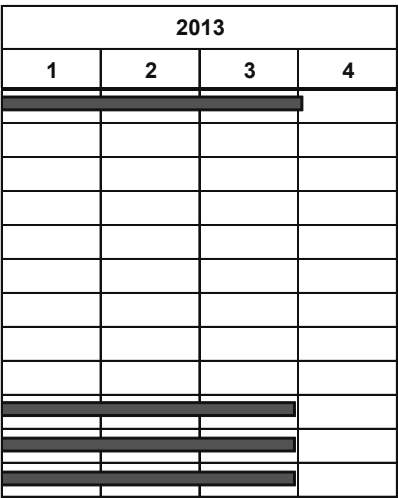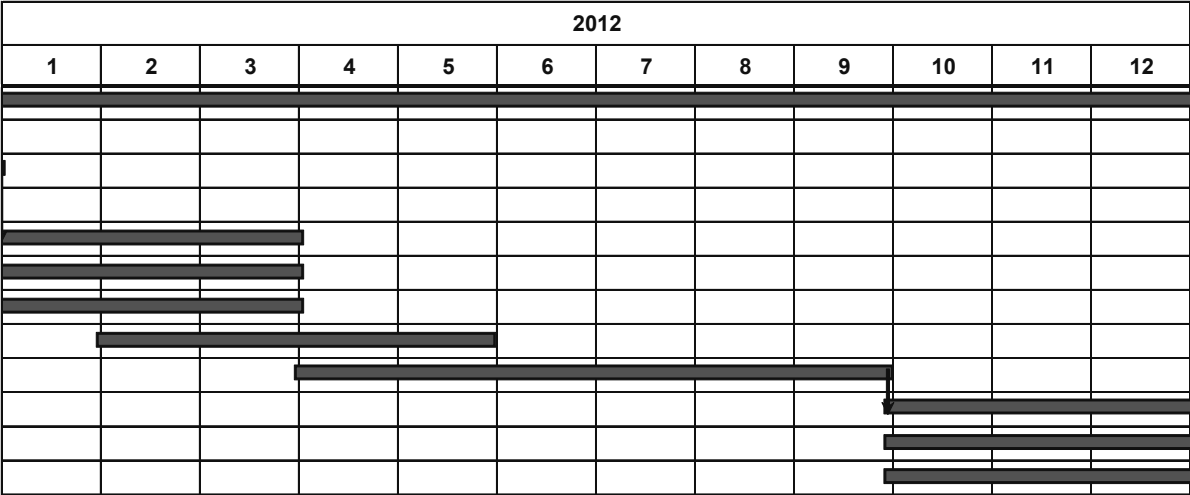| No	Work	Start	End	2011
				12
	Overall	12.1	4.1	▬▬
1	Planning and Strategy	12.1	1.1	▬▬
2	Web design			
	logo design	1.1	4.1	
	field design	1.1	4.1	
	item design	1.1	4.1	
3	Avatar design	2.1	6.1	
4	Formulation of web system	3.1	9.1	
5	β version release	9.1	4.1	
6	Administration and managemen	9.1	4.1	
7	Web advertisement	9.1	4.1	

2012												
1	2	3	4	5	6	7	8	9	10	11	12	

2013			
1	2	3	4

Fig7.2.1.Gantt Chart

8. Acknowledgments

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References

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Richard A. Brealey, Stewart C. Myers, Franklin Allen. Mariko FUJII ed. Shigeki KUNIEDA ed. (2007) "Principles of corporate Finance (Eight Edition)", NikkeiBP, 2007.

<http://www.shinwa-art.com/> (accessed 30 November, 2011)

<http://socialtimes.com/real-cost-of-social-media-infographic_b63360> (accessed 1 December, 2011).

<http://www.emarketer.com/Article.aspx?R=1008180&AspxAutoDetectCookieSupport=1> (accessed 1 December, 2011)

<http://jp.techcrunch.com/archives/jp-20100205-business-model-comparisons-mixi-mobage-gree-facebook/> (accessed 1 December, 2011)

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Appendix

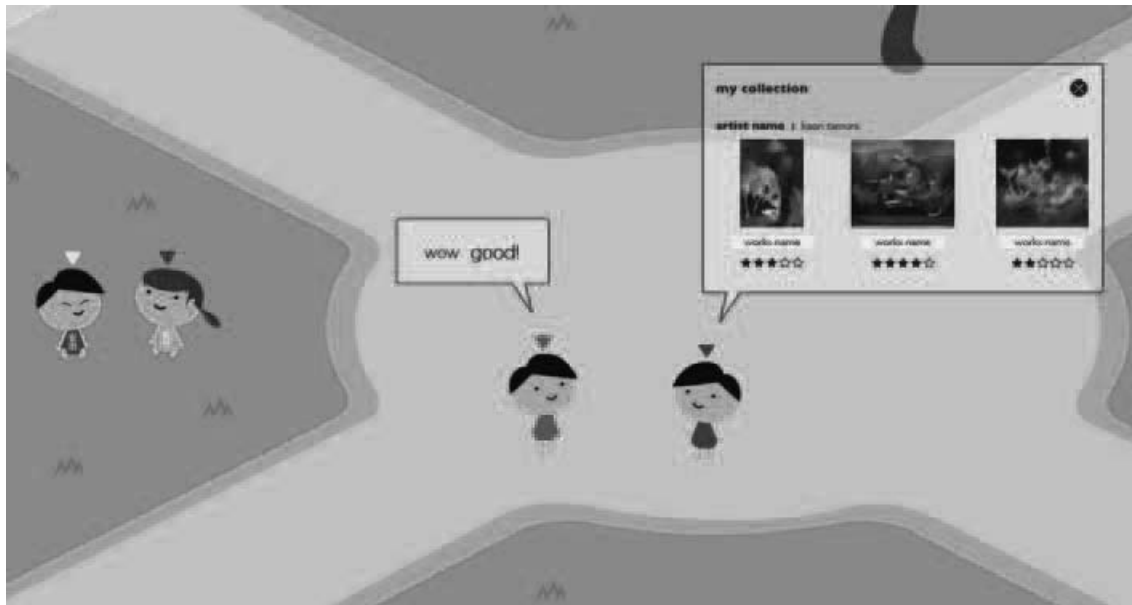*Prototyping ver.1 (ALPS#2)*
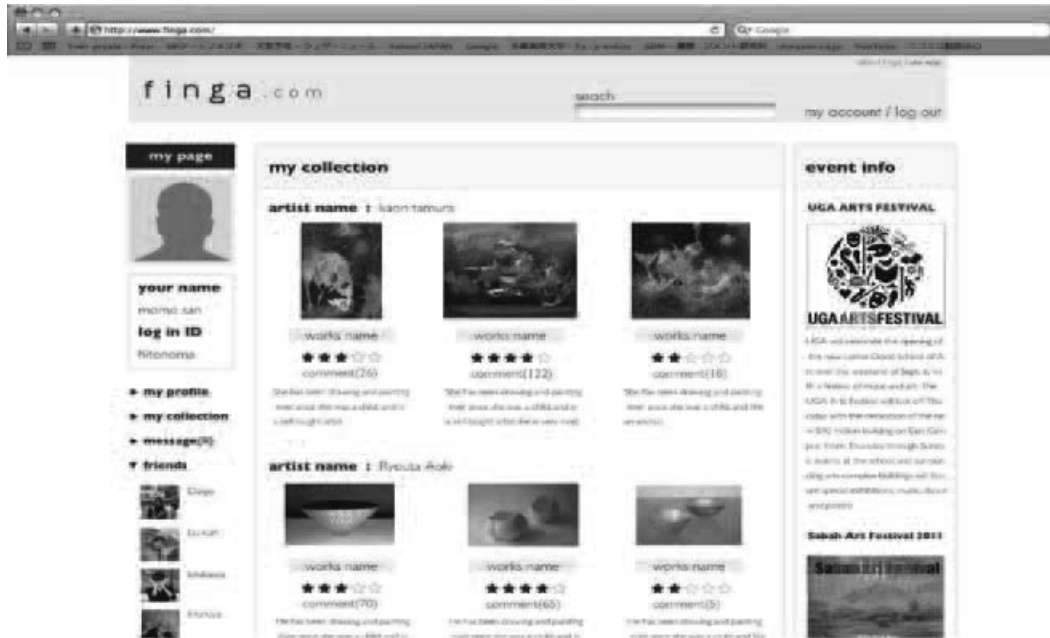
Prototyping ver.2 (ALPS#4)

40

Avatar Image ver.1 (ALPS#4)

Avatar Image ver.2 (ALPS#5)

41
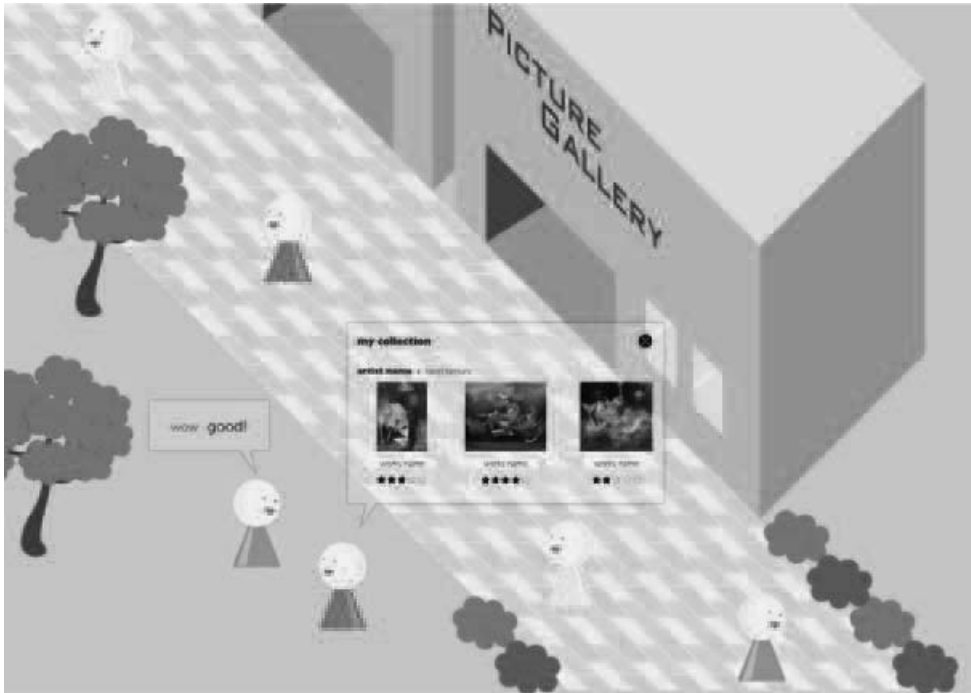
Team I. Finga Self-sustaining Artists (Starving Artists?)

Nice - use of Prezi
I wish you talked more directly TO the audience.

Nice animations in your video!

The revenue from selling the art, sculptures, etc is based on a percentage of the sale price.   The largest percentage for the company is earned for a higher sale price. Why would I want to sell an expensive item through your website?

OK observation: "Flow of information in art (something) is very weak" Other problems? - or WHAT is the underlying problem for this. Why is this the case? This is a missing step in the analysis.

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 (lack of) Communication among collectors is a problem; finga social media service addresses this; how do collectors communicate now? (both online and off?)

I don't remember, what kind of benchmarking did you do? something similar in the music world? fiction-writing world? other fields?

http://finga.com/ is owned by someone already (website parking to sell domain names).
Perhaps you should buy the domain before publicizing Finga.com

connecting art dealers, collectors, and artists seems like a key insight. Would this concept help artists meet each other, artists and collectors meet each other in real life, not just on the computer?

Virtual art SN game? could connect with online auction i.e. ebay, etc.
What is the biggest risk?

Business Model: had some discussion, but how about some NPV or other financial analysis; how would you convince investors? Looks like they would get money from collectors (bypassing the gallery owners); seems like gallery owners could still be an important stakeholder here; did you survey any of these people? what are their VOCs?

Takeaway from the discussion: So it is a sort of Dell model - take out the art gallery, and distribute the freed up fee between collectors, artists. Virtual gallery!

It would be nice to list up all the functions of finga; the facebook of artist social media?
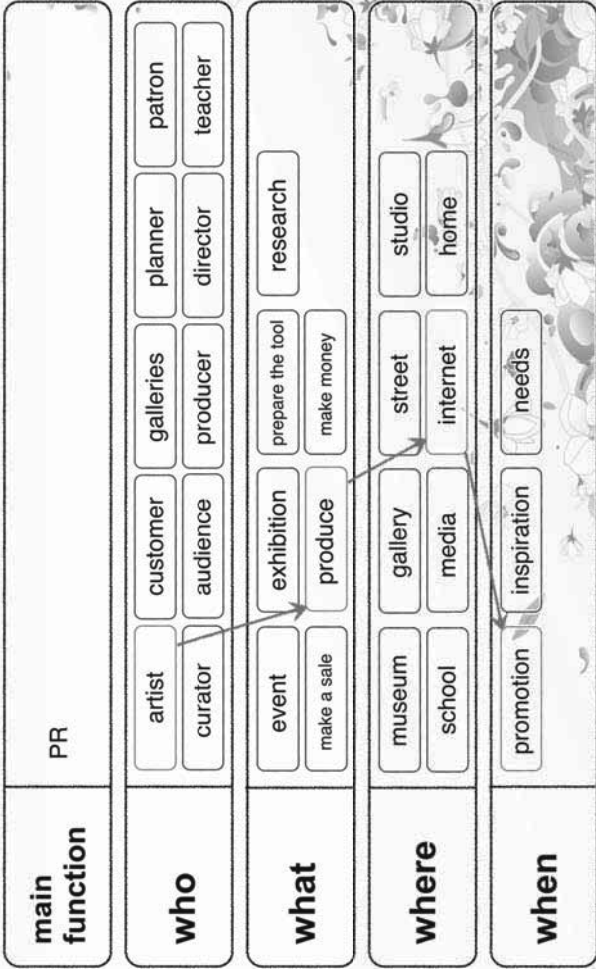Any prototype testing? feedback from artists or buyers?

A more specific business model is needed (incl. initial promo, marketing costs, etc.)

Group I's Final Presentation Slides

ALPS#5 Group i

I team:Hitonoma Group
Reiya Tomochica,Naomi Wakao,Shinya Imoto
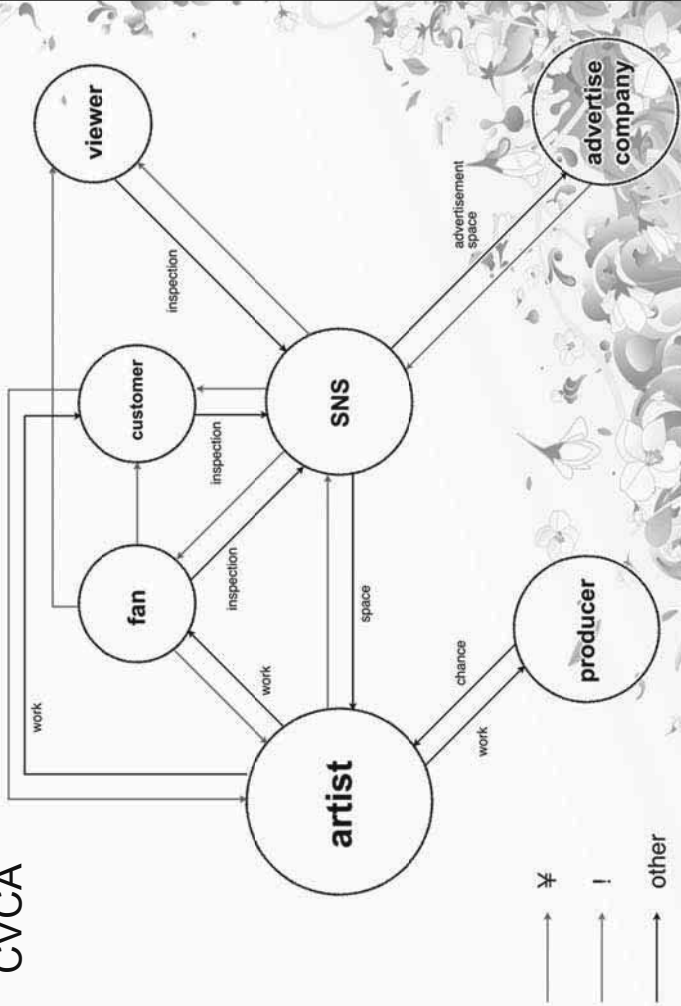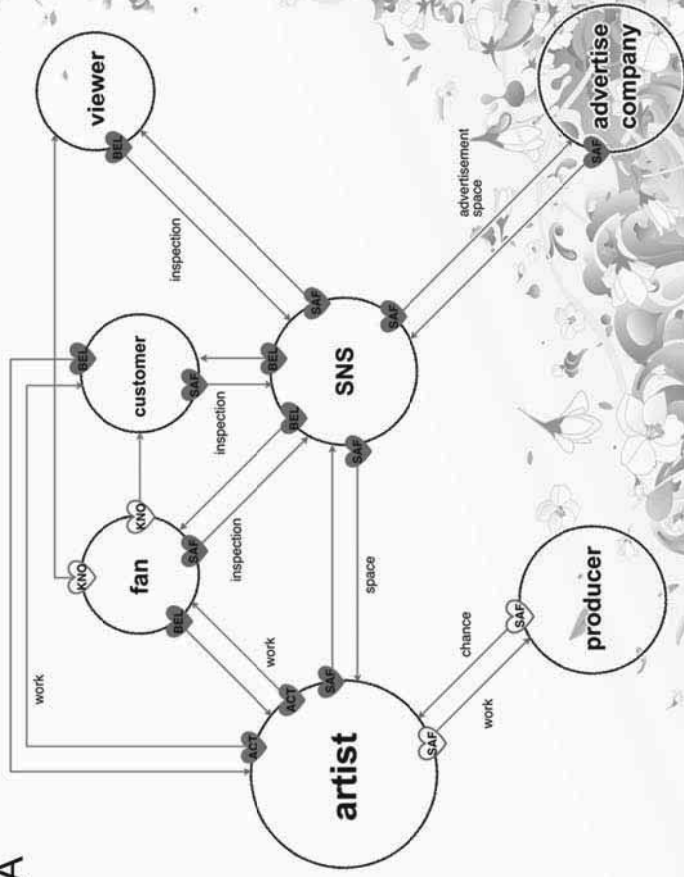Daigo Yokoyama, Akira Yasuda, Megumi Ichikawa

Requirement

- Activate art market

- Support artist to secure their living

- Not to take a commercial strategy. For example, "What kind of art work can be a good seller?" "Make artist to create a good seller". Take a strategy to get going the art market.

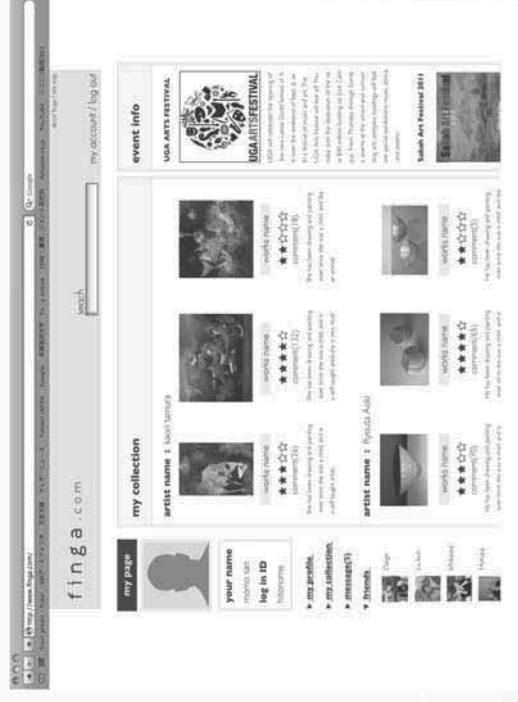- Focus on minor artist.(Not a famous artist)

CVCA

Scenario graph

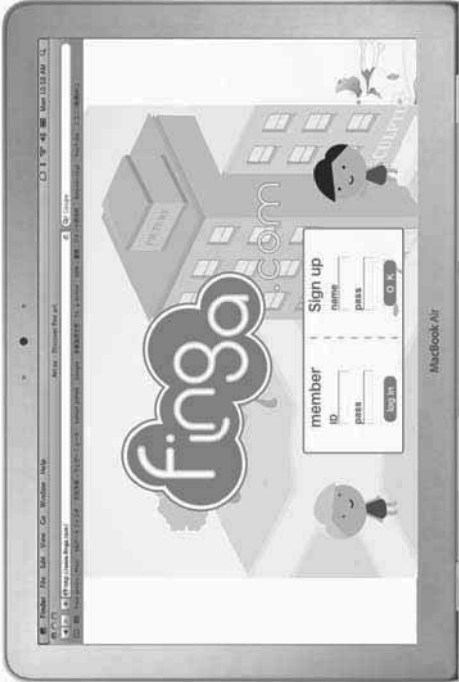## Reports on

The interface like a Facebook and mixi

As is

- Supporting some minor artists
- For collectors, there are few methods to communicate with one another.
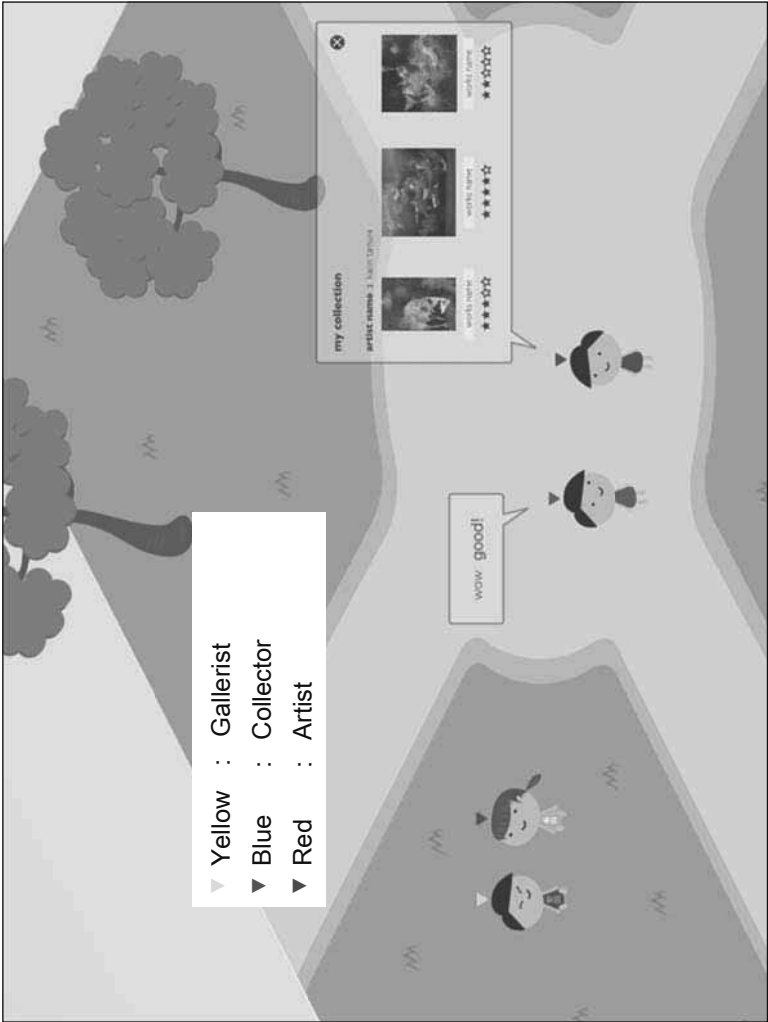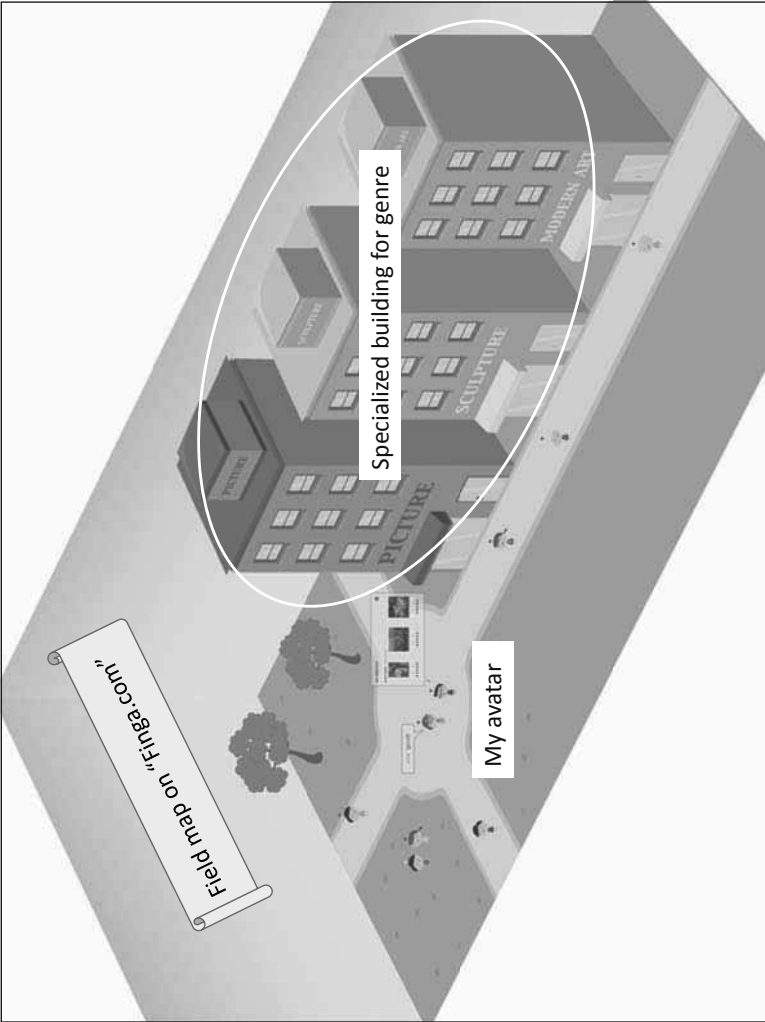- Market size of art is small

To be

- Minor artist can become independent.
- To activate communication among collectors.
- Expand market size of art.

WCA

Feedback - interview -

Artist ought to make a living out only their art work. Market should treat artist as a professional.

It looks like hard to call on. It may be hard to come in unless operator's well organize. Some artists do not care about the places to sell their art works. If it get on the right track, it might be useful tool.

There are many interesting art works not only famous artist but minor artist. It is a waste to unnoticed.

Field map on "Finga.com"

Specialized building for genre

My avatar

▷ Yellow : Gallerist
▶ Blue : Collector
▶ Red : Artist

my collection
artist name :
wow good!

Present Prototype

Sign up
name
pass
O.K.

member
ID
pass
log in

MacBook Air

They who are studying abroad in France can join it.

Function and Trade rule

collector

gallerist

space

artist

20%

40%

40%

finga.com

---

collector

artist

finga.com

	finga.com	artist	
	30%	70%	~500,000円
	35%	65%	500,000円~1,000,000円
	40%	60%	1,000,000円~5,000,000円
	50%	50%	5,000,000円~

finga.com

Who are they?

SDS

---

gallerist

artist

collector

artist

collector

Thanks for listening