

BANDCAMP: BUSINESS REPORT

ENTREPRENEURSHIP
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ADE ADEFOLALU

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OVERVIEW AND INTRODUCTION

Introduction	4
Brief History and Overview of Bandcamp	4
Key People	5
Company Structure and Culture	6

PRODUCTS AND CUSTOMER BASE

Overall Service and Digital Downloads	8
Physical Merchandise Store	8
Vinyl	9
Subscription Service	9
Live Streaming	9
Record Store	9
Music Discovery	10
Customer Base	10

REVENUE AND FINANCING

Revenue Model and Pricing Strategy	12
Costs	13
Financing - Short Term	13
Profitability	14
Financing - Long Term	14
Analysis of Financing - Pros and Cons	16

MARKET SHARE AND COMPETITORS

Market Conditions - Micro-environment Considerations	18
Market Share	19
Major Competitors	20
SWOT Analysis	22

CONCLUSION

Conclusion: Summary and Personal Thoughts	23
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BIBLIOGRAPHY

Bibliography	24
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OVERVIEW

INTRODUCTION

BRIEF HISTORY AND
OVERVIEW

KEY PEOPLE

STRUCTURE OF BUSINESS
AND CULTURE

INTRODUCTION

Bandcamp is 'an online record store and music community' that has a strong intent on supporting the independent artist (Bandcamp 2022a). Their ethos - of putting the artist first - is why this company was chosen for this analysis.

To analyse Bandcamp, it is important to look closely at their key people, namely CEO Ethan Diamond, whose presence within the company is imperative to their journey and successes.

Investigating how Bandcamp achieved profitability at an early stage in their career, this report will explore their business structure, revenue model and financing. As well as this, their business offerings will be taken into consideration along with their target market and how those work together to achieve success. This then also needs to be considered through the lens of the market they operate within, including a comparison against their major competitors.

It is this analysis that will provide thoughts on where the business is doing well and where they could focus efforts to improve further, using SWOT analysis and reflection of information found to do so.

BRIEF HISTORY AND OVERVIEW OF BANDCAMP

Bandcamp was established in 2008 by 'Yahoo! Mail' founder Ethan Diamond and his former colleague, Shawn Grunberger (Baio 2008).

Started by two individuals who already had a great grasp on the internet and its possibilities, the idea was spawned from Diamond's passion for helping out his favourite band. After attempting to download their music via the internet and experiencing faults and incomplete files, Diamond realised he could build a platform that allowed artists the autonomy to provide this service without having to worry about technical aspects (Baio 2008).

After starting up their business with just a team of four and working from the public library, the business reached profitability in 2012 (XOXO Festival 2014) and managed to maintain that way until 2022 where they entered into an acquisition agreement with Gaming giants Epic Games (Stassen 2022).

By 2014, 'fans [had] given artists 81 million dollars to date' (XOXO Festival 2014) which, according to the company's website, has increased to an impressively staggering \$1.05 billion in 2022 (Bandcamp 2022a). The business is always very open about their revenue share, taking an average cut of 10 - 15% per transaction. Despite this openness, actual financial details are not as widely disclosed, however analysis into the financials of the business will be evaluated using figures found and information gained from research.

The company do not have an active marketing plan as Diamond has always wanted the word of mouth from artists to be the most powerful marketing tool and for people to be drawn to specific artists' Bandcamp pages rather than simply attracting people to the service of Bandcamp (MTF Labs 2020).

KEY PEOPLE

Bandcamp's founders have always been at the heart of the company. However, Grunberger stays quietly in his technical role leaving his esteemed colleague Diamond to be the face and voice of the company.

Diamond has been working with internet-based companies since the late 1990s. To have established his early career during the conception and developing of the internet, at a time where there were very few users compared to today, provides Diamond with excellent credibility for running a tech-based company.

In an interview with podcast *MTF Labs*, Diamond explained that he and Grunberger met each other's acquaintance working for a company called 'Half Brain', having started in 1998. He explains that Half Brain were 'the very first company, as far as [he knew], that was really using this new, at the time, technology: dhtml' (MTF Labs 2020). With knowledge of this new technology, in 2000, Diamond then started one of the first web-based email services, 'Oddpost', and subsequently Yahoo! Mail (Baio 2008). After seven years of working in email, Diamond describes this as 'plenty' and found his passion for starting up yet another web-based service after discovering the aforementioned 'flailing' of his downloading attempts from his favourite band's website (Baio 2008). Diamond explained that:

"Musicians could figure all [the technology] out, but then they'd be in my shoes – good at the tech stuff but lousy at the music. We want to let them focus on their music."

Diamond in Baio 2008.

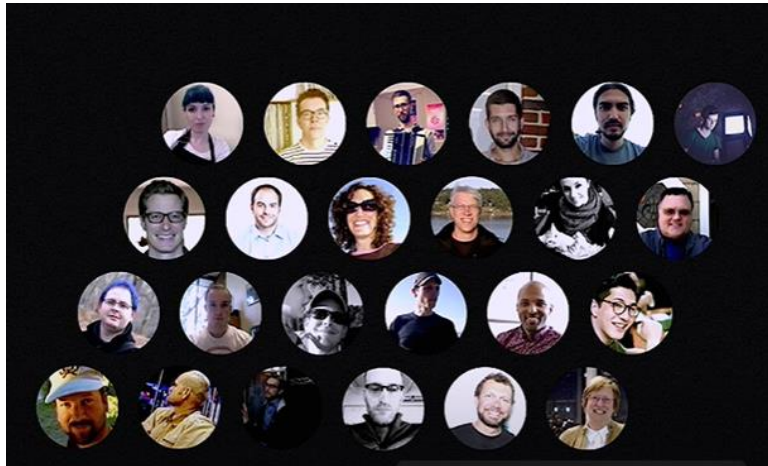
It was this idea that encouraged him to reconnect with his former colleague, Grunberger, and Bandcamp was born.

To this day, Diamond and Grunberger have held on to their respective CEO and CTO titles and grown the business from themselves plus two other engineers into approximately 70 people worldwide (pre-acquisition) (MTF Labs 2020).

COMPANY STRUCTURE AND CULTURE

The company will have started as a horizontal company, only comprising of four employees.

By 2014, during his talk with the XOXO Festival, Diamond shared a screenshot of their current employees at the time which comprised of 24 people.



Screenshot: XOXO Festival 2014

By 2020, Diamond professed that his employee pool had reached 70; a tripled workforce would suggest extensive growth in six years (MTF Labs 2020).

There is very little information to be found on the company's day-to-day as their website's 'About Us' section solely focusses on their transparency around their revenue share but this clarity is not extended to core team members or roles.

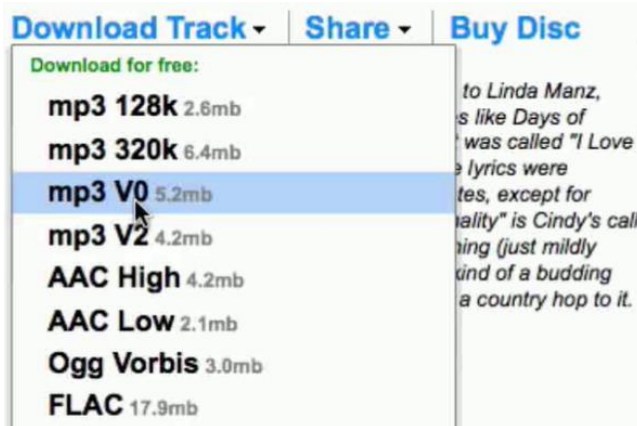
A *LinkedIn* search provides job titles such as 'Artist Development & Communications Consultant', 'UX Designer', 'Art Director', 'Engineering Manager', 'Chief Curator' as well as other varied roles (LinkedIn 2023a). Job titles such as these suggest the company may have transitioned to a hierarchical company, with kept titles CEO and CTO, Diamond and Grunberger presumably sit at the top of the pyramid.

Regarding culture, despite the expansion and a potential transition of structure, Bandcamp has been described as being a 'big happy family' type of company with regular meet ups (MTF Labs 2020). Diamond enthuses that he believes his staff feel like they're 'contributing to something really positive' and that 'there's a lot of good feelings' that he doesn't think has been lost in the transition of expanding the company (pre-acquisition) (MTF Labs 2020). The importance of a happy culture is great employee retention which helps for better business development; longevity of service provides staff with good knowledge of the company they are working for and the ability to grow with the business.

PRODUCTS AND CUSTOMER BASE

OVERALL SERVICE AND DIGITAL DOWNLOADS

As already stated, Bandcamp's initial business venture was to solve the problem of digital downloads at a time when that was difficult to do on a wider scale, and to provide a platform to do this. Initially describing themselves as a 'white label' (NPR 2021), i.e. providing a distribution service for unsigned artists, Diamond took inspiration from Radiohead's example of selling directly to their fans. This 'pioneering move' with their album *In Rainbows* made the band the first to 'challenge the status quo' and, at the end of their EMI contract in 2007, tried a 'pay what you like' system (The Economist 2016). This approach 'earned them more digital income than all their other albums combined and stunned the entire industry' (The Economist 2016). Radiohead's album was released on 10th October 2007 and Bandcamp was launched a year later - highlighting Diamond's extreme focus on market trends from the conception of his business.



Screenshot: Diamond 2008

Diamond explained that not only would this service make it easy for artists to provide direct downloads to their fans, but the digital files themselves would contain all the necessary metadata, including cover art, that would then appear on the computer. The original platform allowed a user to upload any type of digital file and then Bandcamp would convert it into all other digital files that customers may need when downloading (Diamond 2008).

The USP still remains for Bandcamp that the artist can set their own price, 'rather than being paid out on a calculation like Spotify' (Lumos Business 2021). For an independent artist, this is a strong selling point for Bandcamp as payments from streaming services appear in their pennies for musicians with a small following and thus, low streaming numbers.

PHYSICAL MERCHANDISE STORE

An artist's Bandcamp profile also provides the opportunity for the act to sell physical merchandise in the form of apparel, CDs, cassettes, and vinyl. During the first few years that Bandcamp existed, there would have been a novelty in accessing digital downloads due to the new way of consuming music at the time however, since 2017, physical sales have increased incredibly with clothing up nearly 500% and the cassette tape seeing increased sales of up to 350% (Borg 2022).

VINYL

With the recent resurgence of the early 20th century vinyl record, as of 2019, Bandcamp have now made it easier for artists to provide vinyl as a product on their site. As there is always a risk element in producing and selling physical merchandise - for example, not having enough data to know how much to produce initially if not using a 'made to order' service - the site now offer a service to 'finance, press and fulfil vinyl orders' as vinyl production is a 'costly and risky undertaking' (CMU Editorial 2019). The system works akin to crowdfunding so a fan can request a vinyl product and it will be produced and distributed once a minimum number of orders is made (CMU Editorial 2019).

SUBSCRIPTION SERVICE

Since 2014, during the crescendo of Spotify popularity - with 10 million subscribers, up 8 million since only three years prior (Lidsky 2018) - Bandcamp have offered artists the opportunity of providing their fans with a subscription service, likened to 'an old-fashioned fan club' (Cooke 2014). This is another example of Bandcamp being aware of market trends and providing an update to its service to match its competition but still appealing to its own customer base.

LIVE STREAMING

The start of the COVID-19 pandemic that consumed the greater parts of 2020 and 2021 provided many problems to businesses, however Bandcamp's technical prowess and adaptability enabled them to deliver yet another product to their platform - a ticketed live streaming service for artists to perform virtual gigs. The streaming ability became 'fully integrated with the Bandcamp platform' by November 2020, also boasting the opportunity for artists to display their merchandise during their livestream via a 'virtual merch table' (Stassen 2020). Although bands are now able to perform live again, 'Bandcamp Live' still exists on their platform. Not only is this an example of their response to macroenvironmental issues, but they have also provided a useful tool for their artists to connect personally with fans from other countries who may never be able to make an in-person gig.

RECORD STORE

Despite always being an online venture, Bandcamp opened a physical record store in Oakland, California, in February 2019 (Malt 2019). Diamond describes this project as another way of providing a 'showcase', rather than a store that every Bandcamp artist could sell their physical music in (MTF Labs 2020). This is an interesting addition to the Bandcamp business model as it will be their first major costs regarding overheads and staffing of the store.

MUSIC DISCOVERY

Diamond has described a passion for providing a 'digital record collection' which allows users to find new music, much like that of looking through your parents' old vinyl collection (XOXO Festival 2014). Bandcamp therefore also offer a music discovery tool on their platform via the use of hashtags and genre listing.

The site also produces their daily-updated webpage 'Bandcamp Daily' which provides a spotlight on select Bandcamp artists that highlights 'the diverse, amazing music on the site' (Diamond in Resnikoff 2022). Regardless of this service not adding to revenue, it is one that remains imperative to their brand.

CUSTOMER BASE

There are two key types of users for the Bandcamp site:

- The independent artist
- The music consumer

The two are necessary to thrive together on the site for the premise of Bandcamp to succeed.

'The music consumer' however is perhaps too broad a descriptor as Diamond prefers the term 'subset' when referring to the type of music fan that uses Bandcamp (MTF Labs 2020). He explains that Bandcamp focus on the non-mainstream loving music fan - i.e., those who like to 'dig deeper' and still want to 'own the music and get invested in the artist' (MTF Labs 2020). This, again, lends to Bandcamp's USP as, although they seem to focus on a niche subset of the music fandom, they are aware of the characteristics of the people within it and know that these are fans who **want to spend money**. This is a significant target market to have acquired compared to the rival large streaming services who attempt to keep their monthly subscription prices at an affordable price to maintain their high user base.

REVENUE AND FINANCING

REVENUE MODEL

COSTS

PRICING STRATEGY

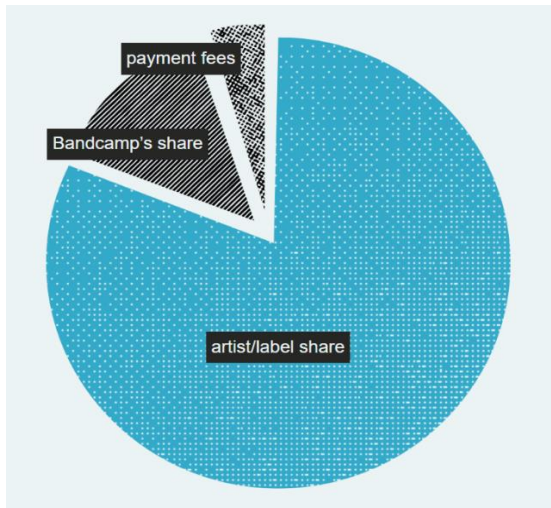
SHORT TERM FINANCING

LONG TERM FINANCING

(ACQUISITION)

ANALYSIS OF FINANCING

REVENUE MODEL AND PRICING STRATEGY



Screenshot: Bandcamp 2022

Bandcamp continually stress that they 'only make money when artists make a lot more money' (Bandcamp 2022a). However, they always remain very open about what their revenue share is:

- **Digital items: 15%**
 - Dropping to 10% once sales pass \$5000 USD
- **Physical items: 10%**
(Bandcamp 2022b)

Regarding Bandcamp's ethos, it is interesting that they take a bigger cut on digital sales as an artist would usually make a lower mark-up on digital items compared

to physical items. The logic of this could be that Bandcamp's main service is to provide the infrastructure for easily downloadable digital items, compared to the physical sale being something that could be done via another online store, for example.

Despite the transparency that Bandcamp have with their artists regarding their cut, actual figures for Gross/Net turnover have not been as widely disclosed and thus, turnover can be estimated using the data they do provide:

- the notification of each sale
- the percentage of their cut

Data analytics website, *Components*, created the graph to the right for the estimated Gross revenue on total sales for 2020.

They have estimated that the gross revenue, including their 'Bandcamp Fridays' which saw lower revenue due to waived fees, still generated approximately a substantial \$177 million in gross revenue (Thompson 2021).

ESTIMATED 2020
GROSS BANDCAMP
REVENUE

$$\begin{aligned}
 &\text{NORMAL DAYS} \\
 &(((0.134 * 44353) * 3.58) + (((1 - 0.134) * 44353) * 9.92)) * 355 + \\
 &\text{BANDCAMP FRIDAYS} \\
 &(((0.134 * 370828) * 4.4) + (((1 - 0.134) * 370828) * 9.92)) * 10 =
 \end{aligned}$$

~\$177,000,000

Screenshot: Thompson 2021

This is followed by an estimation of the Net revenue Bandcamp made in 2020, taking into consideration their 10-15% fees. Again, these figures may not be fully accurate, however they do give a good indication of just how profitable the company is, predicting a credible \$21 million profit (Thompson 2021).

ESTIMATED 2020 **NET** BANDCAMP REVENUE _____

$$\begin{array}{ccccccc} \text{\% ITEMS} & \text{MEAN} & \text{MEAN} & \text{\% OF ITEMS} & \text{MEAN} & \text{MEAN} & \text{DAYS} & \text{BANDCAMP} \\ \text{PRICED} & \text{NORMAL-DAY} & \text{NORMAL-DAY} & \text{PRICED} & \text{NORMAL-DAY} & \text{PAYMENT} & \text{THAT} & \text{REVENUE} \\ \text{AT \$0} & \text{SALES} & \text{PAYMENT FOR} & \text{AT >\$0} & \text{SALES} & \text{FOR} & \text{AREN'T} & \text{SHARE ON} \\ & & \text{\$0-PRICED} & & & \text{ITEMS} & \text{BCF} & \text{EACH SALE} \\ & & \text{ITEMS} & & & & & \\ (((0.134) * 44353) * 3.58) & + & (((1-0.134) * 44353) * 9.92) & * & 355 & * & 0.15 & = \end{array}$$

~\$21,000,000

Screenshot: Thompson2021

COSTS

It should be noted that Thompson's estimation of Net revenue does not seem to consider overheads and other costs to the company that would bring their Net income down to a lower figure. Bandcamp do not have the usual overheads from running an office, however some values that could be missing from Thompson's estimation would be salaries, tax, overheads from the record store, insurance, bills and other costs incurred from the day-to-day running of their platform (Adefolalu 2022b).

FINANCING – SHORT TERM

At the beginning of Bandcamp, Diamond and Grunberger sought Venture Capital (VC) investment. Diamond facetiously described the amount as a 'really tiny bit, like stuck between the seat cushions of the VC's Tesla kinda money' (XOXO Festival 2014). *PitchBook* depicts this 'tiny bit' of money as \$1.02 million for funding received in 2007, as well as undisclosed amounts from four Angel investors and one Venture Capital funder - True Ventures (Pitchbook 2022). Brad Garlinghouse has been named as the main investor across all sites and is CEO of large cryptocurrency firm, Ripple (Thompson 2021).

Not published on any other data sites, *Tracxn* detail that Bandcamp received 'Series B' funding of \$40 million in December 2020 by VC company Cantora (Tracxn 2022a).

PROFITABILITY

The LA Times state in a 2020 article that Bandcamp have been 'profitable since 2012' (Roberts 2020). This is something Diamond confirmed six years prior, stating that they became 'cashflow positive' 'a few years ago' (XOXO Festival 2014).

Diamond also divulged the reasons for this being due to focussing on profitability early on in order to 'grow the business in a sustainable way' (XOXO Festival 2014). By working out of the public library, paying themselves 'subsistence salaries' and growing the business 'entirely by word-of-mouth from artists', Bandcamp were able to keep their overheads extremely low and thus exceed everyone's expectations from a start-up company by becoming profitable after only five years of business (XOXO Festival 2014).

As Bandcamp like to repeatedly stress the ethos of their business, it is notable that their early days in business was akin to the way an independent artist works - finding funding where possible to make the product (/song), keeping overheads low and doing as much independently as possible while hoping fans spread the word to other fans to increase their following and, thus, income. This way of working matches that of my personal experience as an unsigned musician.

FINANCING – LONG TERM – EPIC GAMES ACQUISITION

After many years of rejecting investment and running a profitable business organically, it came as a surprise to many when news of their acquisition with Epic Games was announced in March 2022.

Only one year earlier, Diamond tells *NPR Podcast* that artists and labels would come up to him personally and ask him never to sell the company, naming Bandcamp their 'last hope' (NPR 2021). It seems conversations of the acquisition may have been taking place at this point however as Diamond continued: 'I take it very very seriously, we would really only align ourselves with another company that had the welfare of the artist in mind in the same way' (NPR 2021).

In their public statement about the acquisition, Bandcamp stated that Epic Games 'ticks all the boxes' regarding the above sentiment, adding that the merger allows the company to be able to provide 'a lot more benefit[s] to the artists, labels, and fans who use the site (Diamond 2022).

Epic Games is 'backed by Sony Corp and carries a \$28billion+ valuation' (Stassen 2022), and thus the financial benefits of this move are undoubtable regarding the flexibility Bandcamp now have to 'expand internationally' and 'push development forward' (Diamond 2022). The benefits of partnering with Epic Games at this time could be substantial regarding the Live Stream capability and acknowledging that the habits of 'Gen Z' could lead to digital downloads soon becoming a thing of the past (Hyatt 2022).

However, Epic are 40% owned by 'media giant' Tencent who also 'own parts of major companies such as Spotify and Universal Music Group' and so the acquisition has been described as 'concerning' due to the connection with major labels and the

possibility of Bandcamp selling their 'entire roster' (Hyatt 2022). Despite Diamond's reassurance that Bandcamp won't change its service, with such a big acquisition, it is uncertain whether he can 'preserve [the] pristine, pre-acquisition form once the consolidation gets underway' (Resnikoff 2022).

These concerns are important regarding the future of Bandcamp. If the company have built their business on fan loyalty, has this broken the trust to a point of no return?



Dubophonic Records @Dubophonic · Mar 3, 2022

...

Is this the end of @Bandcamp ? The best #independent #music platform is taken over by mainstream giant **Epic Games** 😞 Are there any #Bandcamp alternatives to recommend? #rtitbot #rtArtBoost #MuseBoost #dubophonic

Screenshot: Dubophonic 2022



Chris Reed. Indie rocker. Gin Drinker. ... @animera... · Mar 2, 2022

...

Now that notorious NFT supporter **Epic Games** has bought #Bandcamp, I have to wonder if I should keep my music there.

I have trust issues with these people.

Screenshot: Reed 2022

The news provoked a lot of reaction on social media and, considering Bandcamp largely stay out of mainstream media attention, it could be damaging if this is the first time a wider audience are hearing about Bandcamp.

In the 2020 *MTF Labs* podcast, Diamond professes that he has not thought of an exit strategy - but, as Resnikoff suggests in *Digital Music News*, large acquisitions like this are usually followed by a CEO's departure from the company (Resnikoff 2022). It is yet to be seen if this will be the case, but the merger certainly provides more freedom for Diamond to do so, with the company having gone from relatively small to now having many people involved.

ANALYSIS OF FINANCING – PROS AND CONS

It has been established that Bandcamp used VC and Angel investment at the early stage of their business. Both these options provide a large sum of money to the start-up with no cash repayment expectation; however, the investor may require equity or a share in the business which is an initial risk to profit that a start-up must consider (Fleitmann 2022). Moving from initial investment to profitability for ten years then into a major acquisition has caused concerns with their user base, but financially this provides them many opportunities they did not have before which will be analysed towards the end of this report in the SWOT analysis.

Other ways that Bandcamp could have considered financing their business are as follows:

SEED FUNDING

PROS	CONS
No official forms or equity shares required	Can cause friction with close relation
Easily acquired	Not available to everyone depending on family's finances

BANK LOANS

PROS	CONS
Could receive more money than from seed funding	High interest rates
No share in business	Strict repayment deadline

GRANTS

PROS	CONS
Non repayable	Lengthy application processes
Support from company paying grant	Only applicable from certain companies that offer grants within selected industry.

CROWD FUNDING

PROS	CONS
Easy to set up	A lot of energy needed to spend on encouraging funds
Useful if already have a following	Less likely to achieve as much money as other financing options

From the above lists, considering Bandcamp's loyal user base, the option most suitable to the business pre-acquisition could have been crowd funding; as their customers are those who are already of the mindset of wanting to support artists, they would most probably have been keen to invest in the platform that allows them to do so. However, the advantages to this financially are substantially lower than what they are able to achieve through the Epic Games acquisition.

MARKET SHARE AND COMPETITORS

MARKET CONDITIONS

MARKET SHARE

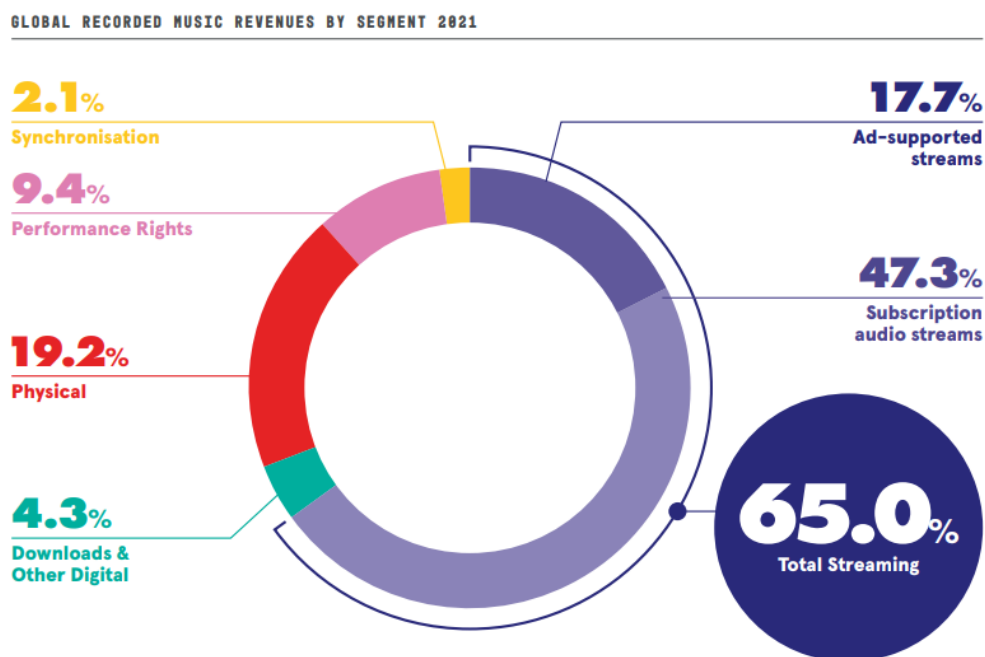
MAJOR COMPETITORS

SWOT ANALYSIS

MARKET CONDITIONS - MICRO-ENVIRONMENT CONSIDERATIONS

Bandcamp operate within the music industry but more significantly, the independent sector. The 2022 report from the International Federation of the Phonographic Industry (IFPI) states that streaming held a staggering 65% share of the total global revenue of recorded music (IFPI 2022). Furthermore, the UK Government's Competition and Markets Authority (CMA) evaluated from their 2022 report into the streaming market that '60% of streams were of music recorded by only the top 0.4% of artists' (CMA 2022). This suggests that those within the independent music market are a tiny fraction of that 65% share of global revenue.

The below graph is a screenshot taken from the IFPI 2022 report, depicting the global recorded music revenues by segment for 2021.



Screenshot: IFPI 2022

It is useful to note that Bandcamp, unlike its major streaming competitors, operate within two other sections:

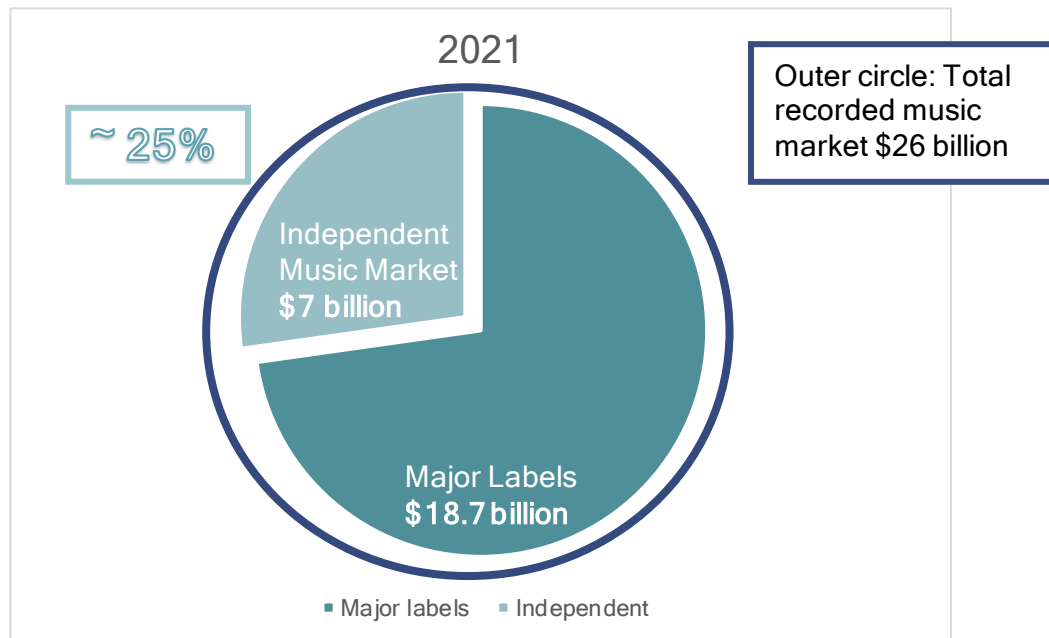
- Physical (19.2%)
- Downloads and Other Digital (4.3%)

This signifies that Bandcamp, and its users, contribute to part of the 23.5% of this total revenue. This is roughly a third of the streaming's 65%, meaning that Bandcamp's strong focus on its niche target market allows the company to sit securely within the industry outside of its major competitor. This could be what keeps it from succumbing to the threat of the streaming market.

MARKET SHARE

The IFPI 2022 report also states that the global recorded music market was worth approximately \$25.9 billion USD (IFPI 2022). *Music Industry Blog* provided further insight that major labels contributed to \$18.7 billion of this in 2021. They then work out that an estimation of the independent music market, of which Bandcamp operates within, is approximately \$7 billion (Music Industry Blog 2022).

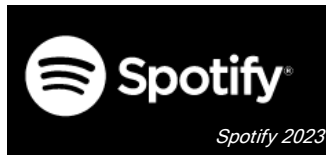
Music Industry Blog's estimations imply that the independent music market share of the global music market was circa. 25%.



Music Industry Blog also detail figures from 2020. The table below uses my own calculations to approximate Bandcamp's market share using the estimated net revenue figure from *Components* for 2020:

Global Music Market	Independent Music Market share	Bandcamp's Market Share within Independent Market	Bandcamp's Market Share within Global Market
~ \$21 billion USD	~\$6.5 billion ~30%	~ 0.3 % (Using figures of \$21m net profit 2020)	~0.1% (Using figures of \$21m net profit 2020)

MAJOR COMPETITORS

**SPOTIFY**

Although Spotify does not offer the same service as Bandcamp, it is widely recognised as a major competitor of the independent artist platform. Bandcamp relies on its 'subset' music lover who, in turn, has been described as 'anti-spotify' (Roberts 2020), however it cannot be ignored that Spotify hold a 'monopoly' over the industry (Laker 2020). *Forbes* describe this monopoly as not only controlling the streaming market but having a hold 'over the different ways to listen to music' (Laker 2020).

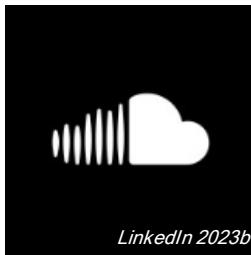
As mentioned, Bandcamp's target audience may not be the type of consumer who prefer subscription-based, endless-catalogue sites, however as an independent artist, the omnipresence that the streaming giant has over the industry has also led to unsigned musicians' worth being judged on the amount of streams they have. CEO of BPI, Geoff Taylor, states that 'success today is gauged in the multi-millions, sometimes billions of streams' (BPI 2022). Therefore, even if an artist was achieving notable financial success via Bandcamp, another artist with higher streaming figures would be preferred by record labels for signing if the comparable Bandcamp artist's Spotify credits were substantially lower. Irrespective of the financial benefits of using Bandcamp, by ignoring this credibility, the company may not be considering the effect this has on an artist's decision to set up a profile on their site.

**PATREON**

Patreon 2023

Patreon is probably Bandcamp's biggest competitor regarding the type of service it offers and customer base it acquires. It is a crowdfunding platform where those who wish to invest in an artist can sponsor them in return for rewards - much like Bandcamp's subscription service.

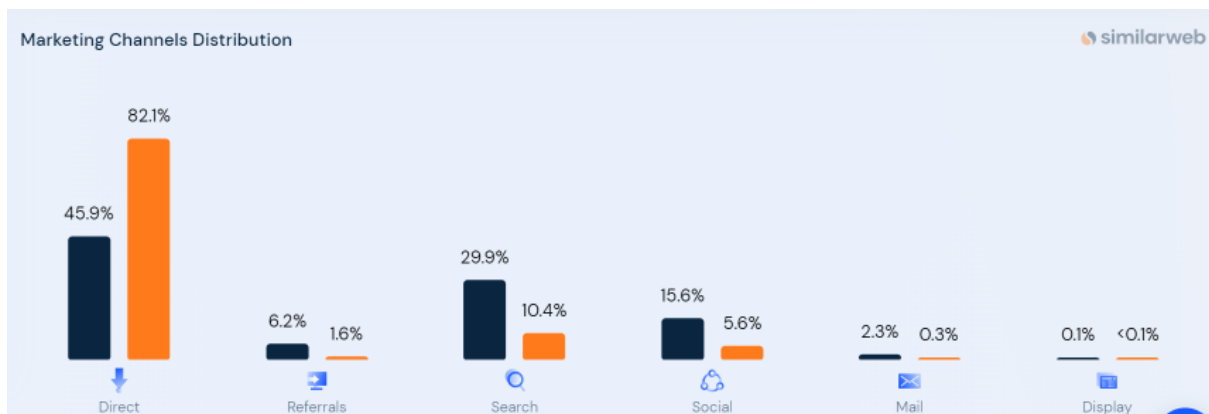
Tracxn name Patreon 1st out of 82 competitors (Tracxn 2022b). *Forbes* also interviewed UK singer KT Tunstall during the pandemic who named Patreon as her choice of platform during that time. With *Forbes* being a largely respected publication and KT Tunstall being a well-known name on the English music circuit, this is a notable opportunity missed for Bandcamp. Patreon therefore must have better brand awareness and also offer more of an investment service than Bandcamp. Although fans are directly supporting bands on Bandcamp, it is usually once there is music to purchase, whereas Patreon and other crowdfunding sites invite the user to invest beforehand and receive exclusive rewards (i.e. ones that their general followers on social media wouldn't have access to).



SOUNDCLOUD

Craft label SoundCloud as a competitor, describing the company as ‘an online audio distribution platform that enables its users to upload, record, promote and share their originally-created sounds’ (Craft 2023). Despite not offering the same amount of flexibility and the same extent of services as Bandcamp, Soundcloud has 76 million users (Dhillon 2023).

Synchronously, *similarweb* depict Bandcamp as achieving 30.1 million ‘visits’ compared to 127.8 million visits on Soundcloud, with the latter matching ‘100% affinity’ in likeness to Bandcamp (Similarweb 2023). What is particularly interesting about their comparison is the ‘Marketing Channels Distribution’ graphics:



Screenshot: Similarweb 2023

Soundcloud’s direct engagement is nearly double that of Bandcamp - which lends itself to being a more well-known brand - however Bandcamp ‘referrals’ are nearly four times that of Soundcloud’s which lends to Bandcamp’s loyal user base. It is also notable that Bandcamp appear higher in the ‘search’ category as this would suggest Bandcamp most closely offer what a musician is looking for with its service.

This analysis is distinctive of how well a brand name can affect a user base. Bandcamp have always neglected to invest in marketing due to the motive of their business, however perhaps they are ignoring an opportunity for the artist by not creating more brand awareness for themselves.

SWOT ANALYSIS

The following page uses all the information gained from this report to analyse the Strengths, Weaknesses, Opportunities and Threats for Bandcamp.

STRENGTHS

User loyalty

Loyal artists and fans who continue to specifically choose Bandcamp creates stable business and maintains profitability.

Target Market

Having identified their target market as the 'subset' music consumer, they have identified a customer who wants to spend money. This is an invaluable consumer to have as a business!

Low overheads

The company remain a work from anywhere business. Low overheads = larger profit margins.

Awareness of market trends

Bandcamp have proved they always have their eye on market trends, providing updates to their service to match these. Maintaining this awareness and providing further updates as necessary can only catapult their business further.

WEAKNESSES

Poor brand awareness

Despite having a loyal customer base, there are still many independent artists who do not use Bandcamp or are unaware of its services. Due to placing importance on word of mouth as a marketing tool, they neglect to recognise that, by raising more brand awareness, they could increase their user base which then supports even more independent artists to make more money.

Streaming figures credibility

With streaming giants providing unsigned artists credibility, Bandcamp are lacking in a certain service to their artists. Although the 'fan' user is deemed the 'subset', the artist user can be limitless and so Bandcamp should consider this regarding the enticing of more artists to their platform.

OPPORTUNITIES

Acquisition benefits

Having just been acquired by a large company, their potential to achieve growth is now near limitless.

Acquisition benefits - employee pool.

Further benefits of their acquisition will see their employee pool expand and thus knowledge base grow. This provides a company with insight they wouldn't have had before into new ways of optimising the company's strengths and reduce their weaknesses.

News coverage of low pay to artists

There are currently a lot of articles about the minimal rates paid to artists via streaming. This is an opportunity for Bandcamp to let artists know why they're better off using them.

THREATS

Macroenvironment considerations

Cost of living crisis affecting disposable income that users may usually spend on supporting artists.

Covid-19 - despite adapting their software to provide a live stream service, Covid-19 had such an affect on the music industry that it saw many artists leave the industry altogether which may have also included musicians who used Bandcamp.

Brexit legislation having an effect on physical distribution of merchandise sales meaning artists may not be able to sell as much as usual.

Unable to control the amount of **competitors** in the market.

All the above could affect the numbers of consumers for Bandcamp and, in turn, affect their revenue.

CONCLUSION: SUMMARY AND PERSONAL THOUGHTS

Overall, Bandcamp are exemplary, running a successful business using the knowledge of what they did know (the uses of the internet) to break into a market that they did not know (the music industry). By keeping their overheads extremely low, this was how they managed to amplify the use of their digital skills to capture their target market.

Ethan Diamond being a consistent face and voice of the business has maintained the user base loyalty and trust in the stability of the company, hence the uncertainty around their 2022 acquisition, with Diamond understanding the need for his reassurance on his continued presence.

Having kept out of media attention for so long, the mixed reaction to the news of their acquisition causes concern as to whether this could damage their brand, especially as it is yet to be seen whether Bandcamp will indeed stay true to their word and their service remain unchanged.

With this in mind, as well as the considerations of the company's weaknesses, Bandcamp should consider investment into heightening their brand awareness. They could do so by employing a digital marketing agency which would provide experts to increase their general online presence and find a plan to market them while remaining true to their brand. This could lead to an expanded user base as well as maintaining present for their current consumers who are keen to observe the future of the company.

It is also a very timely moment for the company to contemplate this approach due to the current response to low pay rates to artists - by voicing to musicians that the way to raise their own revenue is via the Bandcamp platform, they maintain their mission of 'only making money if an artist makes a lot more money' and generate even more revenue in the process (Bandcamp 2022a).

If Bandcamp increase their brand awareness, exploit the opportunities that their new acquisition brings them and continue with their proven adaptability to market trends, it could be that Bandcamp remain a profitable and credible business within the industry and remain an invaluable support to independent artists.

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