



Second Spin

The online revolution is giving new life to old business ideas. How can you tell if you've got the goods for a relaunch?

The Company: Childhood Favourites was a line of classical music CDs for children created by an independent entrepreneur almost two decades ago. The founder was a young mother when she started, and then suspended, the business. Now she and her husband are readying the concept — and themselves — for a possible relaunch.

The Situation: Two decades is an eternity to postpone a business — especially when the product is music and your market was pre-Internet the first time out. Still, Bonnie Porter thinks her old idea has a future. Before she and her husband, Bill, can take the plunge, however, they have to learn more about the online revolution's impact on music retailing. In the process, they also have to ask: "Are we really up to the task?"

AS BONNIE AND BILL PORTER opened the sliding door onto the patio, the sound of construction equipment echoed off the high ceilings of their new house. After months of construction, it was almost time to move into their dream home. Bonnie, a teacher, was looking forward to the summer. With her youngest child now in university and the new house almost ready, the time seemed right to get back to a business she'd started many years before.

Childhood Favourites, a line of classical music CDs designed for children, was an idea that Bonnie first came up with while her children were young. Bonnie believed that music was an essential part of every childhood and felt that classical music, in particular, should be introduced at a young age. At the time, the genre could be found in a variety of formats, but because none were child-friendly they did little to stimulate children's interest. After dis-

cussing the idea of Childhood Favourites with other parents, Bonnie concluded that her concept could be commercially viable.

Back then, the technology required to record and produce such an album was expensive and relatively difficult to come by. In fact, the recording industry was dominated by a handful of big labels that controlled most everything. With that in mind,



This case study was jointly prepared by the Centre for Business Venturing at Queen's School of Business and *Financial Post Business*. Case studies are an important element in the transformational learning method used at Queen's School of Business

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Bonnie pitched the idea to Polygram Records. They liked it, and soon after, they reached an agreement for the launch of a Childhood Favourites line of CDs.

Beyond selecting the music for each CD, Bonnie worked with Polygram to create a character named Leonard Lion. Dressed as an orchestra conductor, the cartoon lion appeared on the cover of the CDs alongside the title. (Each of the Childhood Favourites albums had a title such as "Playtime" to reflect its theme.) Tracks were selected from a variety of composers, including Mozart and Chopin.

was financially rewarding, it took an enormous amount of time. After they parted, she retained the exclusive rights to the music including the option of re-releasing the CDs sometime in the future.

FAST-FORWARD THE BETTER PART of two decades. We find Bonnie thinking that although the Childhood Favourites graphics and packaging are dated, the content could still be appealing to parents and their children. The shrinking cost of producing and distributing music has also made the idea of a re-

graphics were produced for the CD covers, with Leonard Lion remaining the central image on the packaging.

At this point, however, they still had many more questions than answers. How much of their time would it take? Just exactly how were they going to do it? But even before they could answer those, there was an even bigger issue to consider. Simply put, the music industry had changed tremendously over the past 20 years. Trumping everything else were changes driven by the Internet. The convenience of downloading music and the success of ser-

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Classical Favourites debuted in grand style. The launch party was covered on TV and radio and in newspapers. Distinguished members of the North American music community attended. Following the launch, Bonnie did radio appearances and presided over events in Canada and the U.S. to promote the release. Although it was all very exciting, Bonnie's schedule was punishing. She soon realized that the pace was not sustainable, especially with young children of her own at home.

Bonnie fulfilled the initial terms of the contract with Polygram but was relieved when it ended and she could step back from the project. Although the relationship with Polygram

launch more attractive. In addition, Bonnie and Bill, thanks to some other financial successes over the years, now had the resources to be able to safely afford to undertake a new venture. And so, last winter, after factoring all of that in, Bonnie and Bill decided they wanted to move ahead.

Bill ballparked that the entire relaunch should cost no more than \$15,000. After all, considerable money had already been spent on the initial launch. To get things rolling, he contracted a small recording company to remaster the Childhood Favourites CDs. He went to work on the packaging and a website. The sound quality was cleaned up, and new

vices like Apple's iTunes, for example, had proven that people would pay for downloaded music, especially since it gave them the flexibility to customize their playlists. Bonnie and Bill had their first epiphany: They'd need to reconsider the role the CD would play in the distribution of Childhood Favourites.

It didn't take long to reach this conclusion, especially when they considered that their primary target market – Generation X parents with children and young families – is one of the most Internet-savvy groups of consumers out there. Not only are they knowledgeable in and comfortable with the technology, but they are also the parents for whom time is a scarce

INNOVATIVE IDEAS.
RELEVANT EXPERTISE.

resource. Therefore, the Internet is an increasingly convenient way to research products and execute transactions. As a mother, Bonnie knew exactly how busy young parents feel when they are pressed for time – especially moms. It followed logically, then, that their initial research found that women make close to 80% of all retail purchase decisions based on online research. This information made Bonnie and Bill wonder whether they should market the product specifically to women – at locations, online or offline, at which they shopped or made purchase decisions.

Another trend in online retail they had to consider was the influx of grandparents into online stores. With the first members of the Baby Boom generation reaching retirement, Internet shopping was quickly becoming a part of regular life for retirees. This was an important consideration for Bonnie and Bill, since they knew that many young parents today receive help or solicit input from their own parents – both with giving gifts and babysitting.

On one level, all these different potential market segments spelled opportunity. At the same time, Bill and Bonnie were feeling more than a bit overwhelmed. The task of designing a website that served both grandparents and parents equally well would not be easy. The things grandparents look for on websites are not the same as what busy parents like to see. Grandparents tend to spend far more time viewing sites and are more likely to read entire pages of text. Conversely, young parents prefer images or products and easy on-click purchase functions that help them save time.

THERE WAS ANOTHER trend that Bonnie also realized she'd have to confront – the expanding body of research that suggested a link between classical music and cognitive development of young children. By this time, exist-

ing competitors such as The Children's Group and Musical Expressions were already endorsing the idea that exposure to classical music at a young age could aid in the development of spatio-temporal reasoning in children. Many companies provided excerpts of the academic research on the psychology of music, in both books and on their websites, when marketing their products. Other companies like Baby Einstein did not make these claims directly, but were marketed on a similar premise – as evidenced by its name.

This gave Bonnie pause. Although she strongly believed that music is an essential part of a child's education, she and other educators were skeptical about the research that linked classical music and cognitive development. Bonnie was aware that by associating her products with the available research, Childhood Favourites would appeal to young parents who are eager to give their child every educational boost possible. But while this association is an important characteristic for some consumers, Bonnie firmly believed that classical music should be enjoyed as a shared family experience and not used as an experimental development tool. Although unsure of how she was going to specifically relaunch the CDs, as a first priority Bonnie believed that she somehow needed to get the message across that her product was best used as a way to facilitate family activities.

By this time, summer was in full swing. Bill and Bonnie knew that if Childhood Favourites was going to make it to market in time for the holiday shopping season, they would have to move forward immediately. The physical product, the CD, was ready for launch, but without a well thought out and coherent marketing strategy, including distribution, pricing and promotion, they knew their products would not be able to compete.

Just as important, the research they had done thus far had made it clear that their personal skills and energies would be taxed beyond their original expectations. In fact, the more they thought about it, the more they realized that these limits – and not technological or market considerations – might be the ones that determined whether or not Childhood Favourites saw the light of day a second time.

The Expert View

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SO IT'S "BACK TO THE FUTURE" for Bonnie and Bill – maybe. As they've gradually realized, this second phase of their entrepreneurial story needs careful scripting. They need to leverage the lessons, skills and connections from the past with the opportunities of the present. It's easy to start a business but difficult to profitably grow it, and the difference stems from a combination of what I call the "seven sentinels" – brand appeal, market demand, market-channel selection, general business acumen, industry-specific knowledge, funding and owner's excitement.

Based on what we know of Bonnie's and Bill's situation, I'd give the idea a green light –

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first and foremost because of the potential I see with branding, their business acumen and their access to funding. The branding potential, in particular, seems immense. The name and format for the product need to be updated and revamped, but clearly classical music for small children has big appeal and market legs. I dare you to Google "classical music for children." Do it. The references you find to higher achievement, musical education, enhanced learning and other positive attributes attest to the product's potential and explain the myriad competitors.

Bill and Bonnie turned the Childhood Favourites dream into reality before, and they can do it again. But the immediate overarching challenge is to get help. As we've already seen, they need to rebrand, relaunch, repackage and e-market. Their business sense made it work before, and the fact that they're seeking advice

On the plus side, there are a myriad of routes they could take when it comes to such things as product development, marketing and distribution. Among them: create an interactive DVD; get local music educators or well-branded musicians involved as sponsors; create a blog with samples of the music to start the buzz machine; create or sponsor videos for YouTube.com, or hire a hip and successful entertainment-focussed agency to package and market the project.

In the end, though, the focus must be on the consumer. And there are only three types of reasons why consumers purchase anything: emotional, practical and social reasons. Emotional reasons account for twice the other two combined in explaining why we buy any product or service from the many choices we have nowadays. In other words, Bill and Bonnie have to remember that it's crucial to make the

their questions properly. There was also the big looming question of whether or not the window of opportunity for the business was in fact still open. So much had changed in 20 years. This was a serious concern.

Rather than plunging ahead, they did very much as the expert suggests – they went and got some help in the form of a short-term contract with a business consulting firm. The consulting firm's task was to gather information and provide recommendations for the relaunch. As part of that work, it was to look at the market, identify different distribution channels, profile the competition and describe various potential promotional approaches.

While this work was going on, Bonnie and Bill focussed more on their personal situation. They were still getting settled into their new home and getting acquainted with the area. It was the summer, the weather was good, they

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now shows they're shrewd and realize there are new complications to consider. They are also fortunate to have access to considerable personal start-up funds and could easily get private investment through their personal and business networks. But whether they should get partners or investors or hire help is less important than the fact they need help and coaching ASAP.

The e-marketing potential here is positive, but there is also stifling competition. Music has never been more important to most segments of society. Think of the popularity of music award shows, MTV, MP3 players and download sites. The increase in both classical music concerts and attendance at these concerts by younger audiences is positive. However, the business savvy required to effectively connect, price, promote and distribute the product in 2006 requires more expertise than Bonnie and Bill can muster on their own.

product, name, website, packaging and purchasing experience as enjoyable and engaging as possible.

That still leaves their personal motivation. I'm not sure Bill and Bonnie should do anything unless it's fun for them. They don't need the money, they've already done this once on a small scale, and their personal lives seem full and busy. This has to feel good and smell good to them. Mostly, though, as anyone who approaches their mid-50s knows, we're "dead a very long time," so it needs to be fun and exciting – and to fit in with everything else they've got planned in their lives.

The Outcome

When Bonnie and Bill really sat down to think about the challenge facing them for a relaunch of Childhood Favourites, they realized that they didn't have enough information to answer

were making new friends and enjoying a comfortable lifestyle. Realizing how much work it would take to relaunch Childhood Favourites, they started to ask themselves whether any potential return would be worth it. Their next decision was to forego any attempt to be ready for the coming holiday season. At summer's end, they received the consultant's report and then put the project on hold. Whatever else they've learned, they now know full well that while it takes a good idea to make a successful business, it's sometimes an even better idea to know whether its pursuit makes sense for you, the entrepreneur, in the long run.

Note: The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The views represented here are solely those of the case authors and are based on their own professional judgment. Certain names, scenarios or identifying information may have been disguised to protect confidentiality.