

CASE STUDIES & TEACHING CASES

Queremos! Case: challenges of a startup in the pandemic

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INTRODUCTION

Created in 2010, Queremos! became internationally known after being one of the finalists in 2012 of the TechCrunch Disrupt Battlefield, one of the largest startup fairs in the world responsible for gathering and awarding in San Francisco entrepreneurs who present the most disruptive innovations in the previous year. The startup, which emerged as a digital crowdfunding platform, made it possible to perform on-demand shows with a proposal to bring artists closer to their fans. Even though it was founded in Rio de Janeiro with the corporate experience of five friends (Pedro Seiler, Tiago Compagnoni, Bruno Natal, Felipe Continentino, and Pedro Garcia) who identified a demand not yet met for international shows in the city, the success of the model soon made the company's operations gain scale, yielding to Queremos! a presence in the main markets in Brazil and the United States in the following years.

However, after good years of expansion with its most promising period being between 2018 and 2019, Queremos! along with several other companies in the entertainment sector ended up being taken by surprise by the COVID-19 pandemic, which caused in the first months of 2020 the complete stoppage of live events in Brazil and around the world. This situation brought an unprecedented crisis to the music and entertainment industry in addition to serious financial complications for Queremos!, which depended on the cash flow from its operations and the shows to maintain itself. Seeing many companies in the sector close their doors and fearing that reality could be closer each time, Pedro Seiler and the other partners realized that the model they had was no longer enough for the period they were facing.

BACKGROUND

In the late 2000s and early 2010s, several companies were created with an internet-based business model. The expansion of the network access in this period would favor the convergence of several groups of unknown people around a common objective, even enabling the collective financing of products and services—a model that became known as crowdfunding. The idea was simple and started from the concept that many people willing to offer small amounts could together raise the necessary financial resources for creating new products, providing new services, or even investing in developing a startup. In general, those interested in the crowdfunding campaign receive counterparts in exchange for their support such as gifts, the product itself, or a sum of money if the entire expected value of the campaign is raised.

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The crowdfunding market was promising. According to the research and consulting company MasSolution¹, through this modality US\$ 530 million and US\$ 854 million were raised worldwide in 2009 and 2010, respectively. Pedro Seiler and his friends knew about the numbers and the potential of the model. In a meeting between the five, the idea arose of creating Queremos!, a multilateral platform that aimed to bring together and promote interaction between fans and artists in order to enable concerts in locations that would not be normally included in their original tour.

First shows

Queremos! performed its first shows in 2010. The company started to operate as a crowdfunding platform through which people, identified as “excited”, were responsible for financing the arrival of international artists to perform in concert halls throughout the city of Rio de Janeiro. To confirm the performance of a show, a minimum number of “excited” people would need to disburse around R\$ 200 each in order to financially guarantee that the event would take place. The sale of tickets to the general public only began once the presentation was confirmed, and if the sales volume exceeded a break-even pre-defined point, the “excited” were reimbursed so that in many cases they could attend the concerts for free. In the event that a minimum number of tickets sold was not achieved, the company returned the amount invested in full to the “excited”. The dynamics of this model can be better observed in Figure 1 (Annex).

The first show was supported by 60 “excited people” who helped bring the Swedish indie pop band Miike Snow to Rio de Janeiro in a show produced by the Queremos! team through a model that would consolidate and expand with the company also developing its own ticketing platform. According to the partners, the repercussion at the time was so big that other agents such as Multishow TV Channel and Das Duas Productions also ended up getting involved in this event, which brought about 850 people to Circo Voador, a house of shows founded 1989 in one of the emblematic neighborhoods of Rio’s bohemia, Lapa, on September 20, 2010. As a way of compensating the “excited” who made the band’s arrival possible, the company refunded the total amount invested so they could go to the event for free.

All the founding partners of Queremos! were at Circo Voador that Monday night to see the result of their idea. The show started at 10:30 pm and all the time someone would pass by the five friends to congratulate them as if it were one of their birthdays. In fact, the mood there was a very happy one for everyone there. The full house sign showed that a lot of paradigms were being broken at that moment. By the end of the show, they knew they couldn’t stop there and that the collective spirit of the endeavor must continue.

The partners then took advantage of that moment to publicize the next show they intended to perform with the launch of the #QueremosBaSnoRio campaign, which had its own website and a great mobilization of fans on social networks such as Twitter. This time, the movement responsible for bringing the Scottish indie folk band Belle and Sebastian to the stages of Circo Voador had the funding of 140 people, which represented a 133% increase in mobilization to perform the show compared to the company’s first event. Once again, the show was sold out and that is how Queremos! ended the year 2010 with two shows, but with great perspectives of expansion for the following months.

Growth and internationalization

The year 2011 was a moment of affirmation for the company’s platform, which increasingly sought to strengthen the relationship between fans and artists, offering the opportunity for anyone to bring their favorite band closer to home through the support and mobilization of fans. This year Queremos! held a total of 16 events with an emphasis on LCD Soundsystem in February 2011 at Vivo Rio, a concert hall located in the south zone of Rio with a capacity for around 5,000 people. Still very focused on foreign indie rock bands, Queremos! managed to mobilize 505 “excited people” to finance the coming of the Scottish Primal Scream who played their alternative rock on the stages of Circo Voador on September 23, 2011, and who, despite competing

¹ MasSolution. (2012, May). *Crowdfunding industry report: market trends, composition and crowdfunding platforms*. Retrieved from <https://www.crowdfunding.nl/wp-content/uploads/2012/05/92834651-Massolution-abridged-Crowd-Funding-Industry-Report1.pdf>

with Rihanna on the World Stage of the fifth largest festival of world music, Rock in Rio, that same night performed a “historic” performance according to Omelete² news agency.

For presenting a highly innovative and unique model in the world at that moment, Queremos! ended the year 2011 being selected to participate in the acceleration program of 21212, a company responsible for accelerating startups with offices located in the cities of Rio de Janeiro and New York that was looking for digital Brazilian companies with global potential. In order to support the business structure of Queremos! and enable sustainable growth, the accelerator’s partners were also concerned with discussing the business model and developing the company’s process of creating, structuring, and attracting investments.

Queremos! saw great advances between 2011 and 2012 in the sense of mobilizing fans and occupying house of shows, so the partners realized that there was a great possibility of expanding their business model to other stages and cities. On May 4, 2012, the Californians from Foster the People brought in by 630 “excited people” filled Circo Voador, rocking the crowd with their hit Pumped Up Kicks. The following week the group performed for thousands of people at Interlagos in São Paulo in the first Brazilian edition of the Lollapalooza Festival.

With the increasing relevance of the shows, the company took a big step towards its expansion process by promoting a hip hop show of the Canadian band Badbadnotgood in San Francisco, California on September 12, 2012. The company’s first appearance internationally was financed by 200 crowdfunders and made room for the model later known as WeDemand! in the US, also won over other Brazilian markets. Before the end of that year, Queremos! was already performing shows in other large cities in Brazil such as Porto Alegre, Belo Horizonte, and São Paulo. The events, which were restricted to foreign groups with a more alternative approach at the beginning, also started to expand to national bands and other musical styles.

With the increase in the number of shows and venues, Queremos! ended up being selected as one of the 30 finalists from a universe of more than 5,000 candidates of TechCrunch Disrupt Battlefield, a global competition of startups that aims to reward companies that presented innovative and disruptive business models. The TechCrunch award gave the company great visibility, being understood by the partners as the gateway that would launch Queremos! into the international market, going significantly higher than the had in Brazil.

Queremos! ended the year of 2012 with 23 concerts performed, a number that gave Pedro Seiler and his partners great hopes that 2013 would also hold good opportunities. After all, the partners understood that the company had presented excellent growth figures for a disruptive business model in recent years, a result capable of deconstructing the traditional modes practiced by the live entertainment industry until then.

Dilemmas of the crowdfunding model

However, the possibilities that were emerging also created more demand for results and other challenges inherent to the complexity of new and larger markets. Despite the business model being awarded internationally, the partners knew they needed to show consistent numbers to investors who believed in the company.

Among the partners there was a big debate about which direction Queremos! should follow to become more profitable. Everyone was confident that they had done everything they could to engage the public with the shows and that they had been successful in this endeavor. The crowdfunding campaigns were a success and allowed most of the events to happen. However, the company’s main source of income was the profit from the ticketing after returning to the “excited” the amount invested. And despite the success of the shows, ticket sales were not bringing the expected return.

The creative director and co-founder of the platform, Bruno Natal, understood that Queremos! should seek to increase the profitability on each show. He believed he could leverage Queremos! to be the new model for hosting live events with scale bringing profitability. His team had planned actions to increase ticket sales by investing in publicity and marketing to reach a larger audience for each show, increasing the average ticket with a greater offer of products

² Viveiros, E. (2011, September 27). Primal Scream on Rio de Janeiro 2011. *Omelete*. Retrieved from <https://www.omelete.com.br/musica/primal-scream-no-rio-de-janeiro-2011>.

and experiences at the events, and also through the search for other sources of revenue such as sponsorships and brand association actions. Bruno believed that the crowdfunding platform was the great strategic differentiator of Queremos! and that in the long term would be what would allow the generation of exponential growth, enhancing the effects of the network they were creating.

On the other hand, Felipe Continentino, one of the company's founders and director of operations, felt firsthand the difficulty represented by the current business model. As a crowdfunding, it was necessary to follow a series of specific procedures, including contacting the band first of all to find out if they would accept to do the show and how much it would cost:

It was like we were doing all the pre-production of the show not knowing if it was going to happen. Not to mention the cost of developing and maintaining a crowdfunding platform with all the complexities involved in dealing with people's money.

Felipe was radical about the platform. He believed that it should be discontinued as crowdfunding and be transformed into a social network where the fans could demonstrate their intention to go to the band's concert but without directly committing to purchasing the ticket. This would significantly reduce the cost of operation, which practically balanced the company's profitability. That way Queremos! could focus on the show production activities based on utilizing fan information about purchase intent. In addition, a digital ticketing system was being developed for the events produced through the platform, which could become another line of revenue for the company.

Both agreed that the model of refunding/reimbursing the amounts paid by the "excited" should end. The understanding of all members was that the refund did not generate any additional incentive for the superfan who was really interested in bringing the band to play in their city and ended up assuming the role of "excited" in order to support the shows from the beginning. After the show was confirmed, there were also doubts about the engagement of the "excited". Would these fans make any effort to sell more tickets for the refund or would they prefer to see the show emptier and more comfortable?

QUEREMOS! INTERNATIONAL EXPANSION

Due to the operational complexity and financial losses associated with the business model, Queremos! decided to give up its crowdfunding platform in 2013. Although it was not easy to abandon the model that had projected the company nationally and internationally, Pedro Seiler understood that this was the most appropriate decision to make if they wanted to prosper in the long term. With that, Queremos! would focus its efforts on the production of the shows themselves, but without disregarding the strength that their platform had assumed in recent years. In this new phase, the company's platform would be responsible for bringing together fans, artists, producers, venues, and agents who, through interaction with the website, could register for free and propose a concert in a given locality. This second phase of the model is shown in Figure 2 (Annex).

The elimination of operational obstacles generated by the crowdfunding and the demonstration of the strength of the network created by Queremos!, which in 2013 already had 2 million registrations and 4 million shows requests for more than 6,000 artists, made it possible to attract new investments, allowing the company its long-awaited expansion into the North American market. The new investment allowed opening an office in the beating heart of New York, which even led one of the partners Tiago to move to Manhattan in order to lead the company's international operations.

The first months of Queremos! in the US were exciting for the possibilities that arose from investing in lesser-known artists who were beginning to emerge on YouTube. However, Queremos!, under the banner of WeDemand in the United States, promoted only a small number of shows in the country between 2013 and 2016. Although the North American market proved to be an interesting test for the company's business model, after three years of operation the partners realized that the live events market in the US, despite moving large numbers—about US\$ 9.6 billion in revenue in 2016 alone³ —

³ Götting, M. C. (2021, January 08). Live music industry revenue in the United States from 2012 to 2021. *Statista*. Retrieved from <https://www.statista.com/statistics/491884/live-music-revenue-usa/>

was very dispersed and imposed significant barriers to the concept that had been successful in Brazil. The high costs of the operation combined with foreign exchange and investment limitations showed the partners that the operation was much more complex than they imagined and that if they wanted to be successful, they would need to seek new capital investments to obtain larger scale.

QUEREMOS! NATIONAL EXPANSION

In parallel with the difficulties faced in the US, Queremos! gained more and more expression in the national market. In the same period the company produced 121 shows in the main Brazilian capitals such as São Paulo, Rio de Janeiro, Curitiba, Belo Horizonte, Brasília, Porto Alegre, Fortaleza, and Maceió. Thus, since most of the company's revenue came from sponsorship and ticket sales of the Brazilian shows, the partners took the difficult decision to de-internationalize their operations, demobilizing the New York office in order to reduce operational costs and focus on the brand growth in Brazil.

The following years were of great expansion for Queremos! in Brazil. The strategy of filling the calendar while focusing on sponsorships and festivals made the company produce 60 shows across the country in 2017 and 2018 alone. As the shows became larger and the productions bigger, Queremos! began to consolidate in the main Brazilian markets. In 2018, the Queremos! Festival in Rio de Janeiro, an event with more than 12 hours that brought together ten international attractions divided into two stages, took about 10,000 people to the Marina da Glória stage in the afternoon/evening of August 25th.

All the positive repercussion of the event in terms of organization and structure, which also had several living areas and a gastronomic square nicknamed "Comemos!", led the company to renew its sponsorship with important brands such as Heineken in 2019. The support of the brewery made it possible to re-edit the Queremos! Festival that year, which gained an even larger format and a representative lineup also among national artists such as Criolo and Gal Costa. The festival format of that year had about 80% Brazilian content and in the perception of the partners provided an advantageous model for the company since they were protected from the exchange rate risk present in international attractions.

CHALLENGES OF THE PANDEMIC

In 2020, Queremos! would complete ten years and the plan was for that year's festival to be even larger with more days, audiences, and sponsors — an event worthy of crowning this milestone in the company's history. Pedro Seiler and his partners hoped to recreate once again the successful model of Queremos! Festival of recent years, but this time with a 100% national line up of artists representing independent Brazilian music. Thinking that perhaps Marina da Glória would no longer be able to hold the festival, there were even thoughts of taking the event to other larger stages in the city. The expansion of sponsorship actions and events in Brazilian markets outside Rio de Janeiro was also in the company's plans. Even before the end of 2019, Queremos! already had at least ten concerts hired and paid for the beginning of the next year.

But at the beginning of 2020, the world began to experience the first months of what would be one of the worst pandemics in history. At that time, it was not known for sure what would come next, only that a disease that emerged in the province of Wuhan, China provoked by a new species of coronavirus (Sars-CoV-2) caused a disease with symptoms similar to the flu. However, its high rate of transmissibility was of great concern to national and international authorities. At that time, the absence of expectations about an effective vaccine or treatment meant that the only measures capable of containing the spread of the virus were limited to quarantine and social distancing — actions that directly affected the entertainment industry in Brazil and worldwide.

According to the Brazilian Association of Event Promoters⁴, 51.9% of the events scheduled for 2020, about 300,000, had to be canceled or postponed due to the pandemic, which represented a loss of R\$ 90 billion in the industry as a whole and a layoff of approximately 580,000 people. Before this, companies in the sector were betting on a growth of 6.5% for the year, but with the widespread crisis in the industry, what was observed in the first months of the pandemic was a mass cancellation of sponsorship contracts and a substantial shrinkage of funds for such purposes among all market players.

In the face of this scenario of uncertainty left by the pandemic, Queremos! had to interrupt all the planning they had set up for 2020 since until that moment practically all its revenue was concentrated in the production of in-person shows. Due to the difficulty of generating revenue, the company was forced to drastically reduce its fixed costs of operation. As a result, several team members were dismissed and the office, until then located in the Glória neighborhood in the south zone of Rio de Janeiro, was returned.

The crisis even led to a restructuring among the partners themselves. Tiago, Bruno Natal, and Pedro Garcia ended up leaving the company to dedicate themselves to other projects, leaving the operation of Queremos! in the hands of Pedro Seiler and Felipe Continentino. Although the other partners continued to provide occasional advice on more strategic decisions, the mission to reinvent the business model to survive that year was now up to Pedro and Felipe.

REINVENTION OF THE BUSINESS MODEL

Pedro knew that they had a great challenge ahead because even though Queremos! had been born from a digital platform, in the last seven years it had consolidated its business model based on the production of in-person live shows. It was then that through Heineken, one of its main partners, Queremos! received the invitation to produce one of the first structured festivals of online presentations in the world. Known as Heineken Home Sessions, the festival brought together four musicians a day over two weekends with the aim of not only supporting a social cause, to provide free and quality entertainment to the millions of people who at that moment were not able to leave their homes.

At first, the project, which still supported the musicians and distributed payments to the bands in their performances, was a success and had more than 520,000 views during the first weekend. but within a very short period of time, several artists followed the same path by promoting free performances on YouTube and Instagram. Soon the lives became saturated and the public lost interest. The brands themselves, for not knowing for sure how to measure the result of an online show, little by little failed to invest in these initiatives. Even so, the action was important for Queremos! as the revenue from the festival's production was enough to ensure the survival of that year's operation.

Not knowing when the pandemic would give a truce and allow a safe return of in-person events, Pedro understood that much more needed to be done. Even with little capital available, Queremos! decided to invest in an old desire: to reformulate their website so that it could talk about music beyond the shows, since after putting aside the crowdfunding model, the company was mostly using the space only to announce upcoming events. The idea was to expand this focus and create a website for music lovers with news, songs, and playlists. At the same time, Queremos! also bet on creating digital content with the availability of podcasts and videos for its community.

Pedro knew that the possibilities offered by the digital transformation to the entertainment market could generate new opportunities for the Queremos! business mainly because over the last few years the company had developed the necessary experience to talk about music. Even so, the revenue from these initiatives was not the same as in previous years, and most

⁴ Cruz, F. B. (2020, April 02). The numbers of the impact of the pandemic on the national concert market. *Veja*. Retrieved from <https://veja.abril.com.br/cultura/exclusivo-os-numeros-do-impacto-da-pandemia-no-mercado-nacional-de-shows/>

projects were just big bets waiting for an investor. According to Pedro, the only alternative project that gained representation in the period was the partnership signed with the gin brand Tanqueray, which hired Queremos! to provide a music curation service and put together a mix of bands and DJs for their gastronomic festival that took place in the city of São Paulo in November 2020.

DILEMMAS AND CHALLENGES FOR THE FUTURE

In 2021, once again the forecast of the company resuming its normal activities was frustrated by the even greater aggravation of the pandemic in Brazil and in the world. Pedro knew that looking for new sources of revenue was imperative if Queremos! wanted to survive what increasingly appeared to be a new year of “thin cows”. They could no longer simply spend valuable resources on content production without at least a prospect of return. At the same time that the entertainment industry was once again creating expectations for 2022 as the year of opportunities, Pedro and Felipe shared an air of anxiety and fear knowing that maybe Queremos! didn’t have the breath to get there.

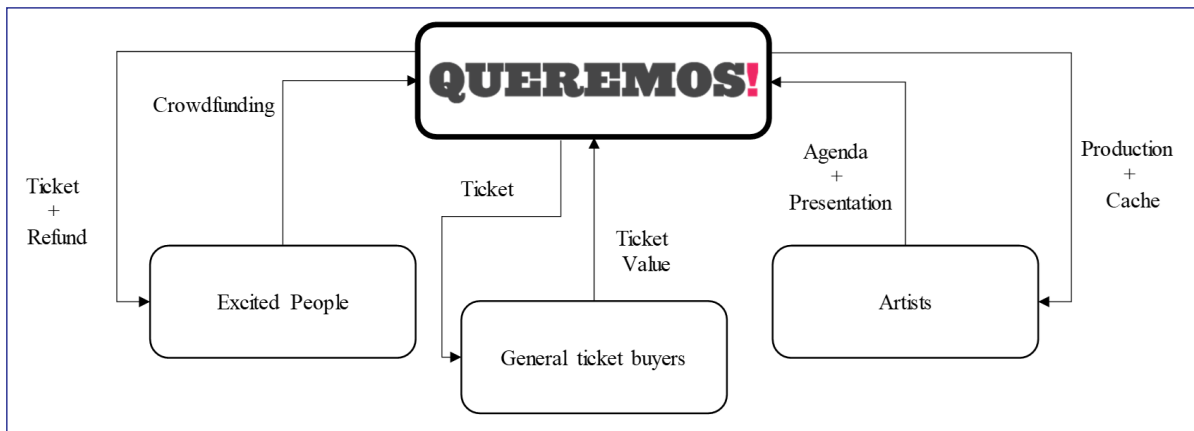
Relying on emergency aid from the government at that point also seemed out of the question. Unlike what was observed in other countries around the world, the national entertainment industry was already experiencing a long period of disincentive even before the pandemic. The fragility of the sector due to the lack of long-term planning on the part of many, combined with government abandonment, generated the feeling that Queremos! and many others were at the mercy of their own fate. In addition, another reflection floated in the minds of the company’s partners: even with the pandemic under control, would the entertainment industry and in-person live events return to previous normality? After all, people’s consumption habits had definitely been affected by digital transformation and new business models.

Pedro knew that the fact that Queremos! was born as a technology company could put them ahead of many other organizations in the industry, but the question now was whether the best option would be to abandon the digital platform model to focus on show production. Throughout its history, Pedro and Felipe has always seen the value of Queremos! much more in the power of the platform than as event producers: “It was this from the beginning that made us disruptive and introduced us into this world.”

Although at that point it was too late to regret it, there was a feeling that perhaps if they had insisted more or received new investments from the crowdfunding model, the company could have prospered. Pedro knew that if they wanted to reach 2022 alive and active to take advantage of the possibilities that would arise with the expectation of the market picking back up again, Queremos! urgently needed to think about how its current revenue could be scaled up. The brand had the necessary expertise and market credibility, it just needed a disruptive new idea like the one that it had launched a decade ago so that it could once and for all get the company back on track, survive, and succeed.

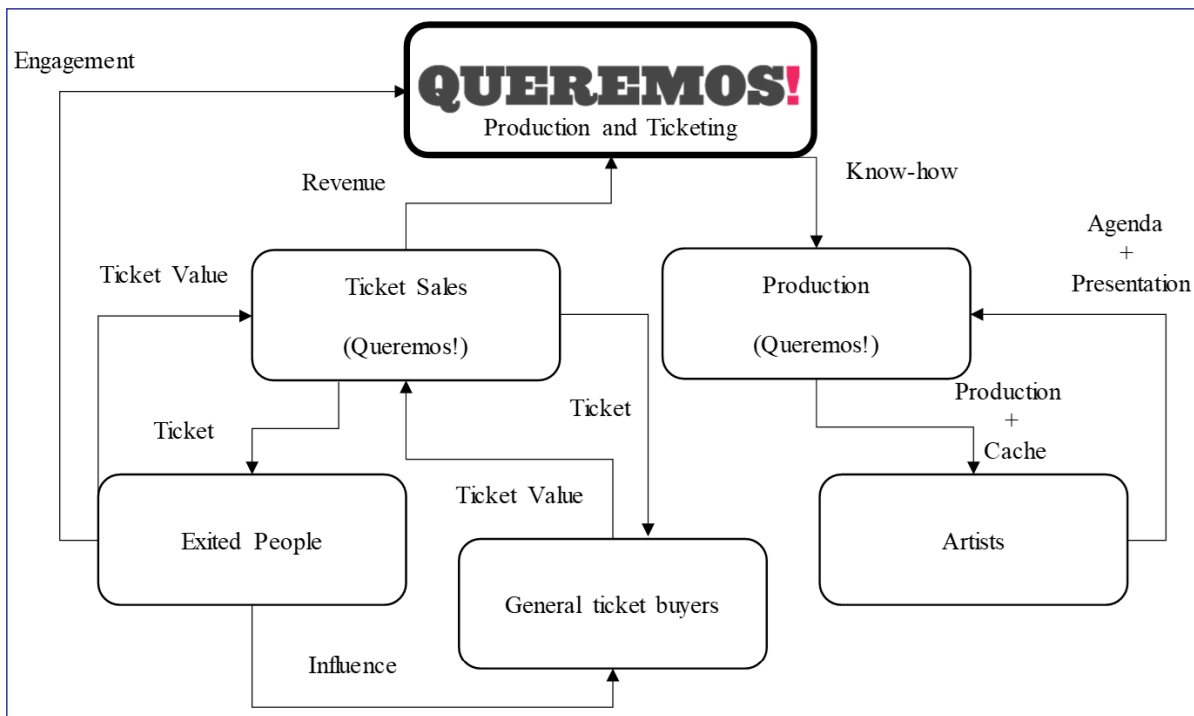
ANNEX

Figure 1
Queremos! original business model!



Source: Elaborated by the authors.

Figure 2
Second phase of Queremos! business model



Source: Elaborated by the authors.

TEACHING NOTES

Queremos! Case: challenges of a startup in the pandemic

Abstract

Created in Rio de Janeiro in 2010, *Queremos!* came up with an innovative proposal to bring fans and artists together through a crowdfunding structure, which made it possible to perform shows in locations that normally would not be covered in the original tours. After repositioning the business model in 2013, the company abandoned the crowdfunding model that made it famous and focused on the production of live events. This enabled an expansion to the USA between 2013 and 2016 and gave the brand a strong presence in the main Brazilian capitals in the following years. However, after its best year in 2019, the company was surprised by the COVID-19 pandemic, which drastically affected the entertainment and live events sector in Brazil and worldwide. The case puts the readers in the role of the company's partners in order to reflect on the strategic and operational challenges that *Queremos!* had to face from the prohibitions on live events due to the pandemic. The case is recommended for undergraduate and graduate students of administration and cultural production courses concerned with discussing topics and concepts related to the area of planning in times of uncertainty, risk analysis, management of changes, business modeling, and innovation in startups.

Keywords: Entertainment. Live-events. Business modeling. Startups. COVID-19.

Caso Queremos! Desafios de uma startup na pandemia

Resumo

Criada em 2010, no Rio de Janeiro, a *Queremos!* surgiu com uma proposta inovadora de aproximar fãs e artistas através de uma estrutura de financiamento coletivo, que possibilitava a viabilização de shows em localidades que normalmente não estariam contempladas nas turnês originais. Após um reposicionamento do modelo de negócios em 2013, a empresa abandona o modelo de *crowdfunding* que a fez famosa para se especializar na produção de eventos ao vivo, o que lhe possibilitou, além de uma incursão para os EUA entre 2013 e 2016, a expansão da marca com forte presença nas principais capitais brasileiras nos anos seguintes. No entanto, após seu melhor ano em 2019, a empresa foi surpreendida pela pandemia da COVID-19, que afetou drasticamente o setor de entretenimento e *live-events* no Brasil e no mundo. O caso coloca o leitor no papel dos sócios da empresa, de forma a refletir sobre os desafios estratégicos e operacionais que a *Queremos!* teve de enfrentar a partir da proibição dos eventos ao vivo devido à pandemia. O caso é indicado para alunos de graduação e pós-graduação de cursos de administração e produção cultural preocupados em discutir temas e conceitos ligados à área de planejamento em tempos de incerteza, análise de risco, gestão da mudança, modelagem de negócios, e inovação em startups.

Palavras-chave: Entretenimento. *Live-events*. Modelagem de negócios. Startups. COVID-19.

Caso "Queremos!" Desafios de una startup en la pandemia

Resumen

Creada en 2010, en Río de Janeiro, *Queremos!* ideó una propuesta innovadora para acercar a fans y artistas a través de una estructura de *crowdfunding* que hizo posible realizar espectáculos en lugares que normalmente no estarían cubiertos en las giras originales. Tras un reposicionamiento del modelo de negocio en 2013, la empresa acaba abandonando el modelo de *crowdfunding* que la hizo famosa para especializarse en la producción de eventos en directo, lo que le permitió, además de una incursión en EE. UU. entre 2013 y 2016, expandir la marca con fuerte presencia en las principales capitales brasileñas en los años siguientes. Sin embargo, luego de su mejor año – 2019 –, la empresa fue sorprendida por la pandemia de COVID-19, que afectó drásticamente el sector de entretenimiento y eventos en vivo en Brasil y en el mundo. El caso pone al lector en el papel de los socios de la empresa, para reflexionar sobre los desafíos estratégicos y operativos que *Queremos!* tuvo que enfrentar desde la prohibición de eventos en vivo debido a la pandemia. El caso está indicado para estudiantes de grado y posgrado de carreras de administración y producción cultural, preocupados por discutir temas y conceptos relacionados con el área de planificación en tiempos de incertidumbre, análisis de riesgos, gestión del cambio, modelado de negocios e innovación en *startups*.

Palabras clave: Entretenimiento. Eventos en vivo. Modelado de negocios. *Startups*. COVID-19.

TEACHING OBJECTIVES

The case aims to provide a discussion on possibilities for diversification and adaptability of business models in startups during times of crisis. At the end of the discussion, students are expected to be able to: 1) reflect on active and passive business strategies during market crises; 2) identify and propose adaptive innovations to business models; and 3) structure and evaluate business pivoting strategies in startups.

TARGET AUDIENCE

The Queremos! Case is recommended for undergraduate students in the final stage of their courses or graduate studies related to the area of business and cultural production. Its application is suitable for disciplines of strategic planning, digital transformation, innovation, and event production that address concepts such as planning in times of uncertainty, risk analysis, change management, business modeling, and innovation in startups.

SOURCES OF INFORMATION

Data collection took place mainly through longitudinal interviews with the company's partners at two different times: during the years 2017 and 2021. The data were complemented by secondary data sources such as scientific and journalistic articles and other sources of primary data such as advertising material and internal company reports.

SUGGESTED TEACHING PLAN

We suggest the following set of assignment questions to help students in the preparation stage. Questions can be used to support prior individual elaboration or encourage small group discussion at the instructor's criteria.

Assignment questions
1) What was the original business model of Queremos!? 2) What were the main impacts of the pandemic on the Queremos! business model? 3) How do you evaluate the decision of Queremos! of abandoning the crowdfunding model to dedicate itself exclusively to the production of in-person events? 4) In the role of the partners, what strategic adaptations to the Queremos! business model would you suggest in order to ensure the survival of the company?

Source: Elaborated by the authors.

This teaching plan considers that there has been prior preparation by the students and a two-hour class, as proposed below:

Teaching plan
<ul style="list-style-type: none"> • Beginning of class and dividing the room into small groups of 4 to 5 students (5 minutes) • Small group discussion (25 minutes) • Opening and warm-up of the case discussion (10 minutes) • Plenary discussion (70 minutes) • Closing (10 minutes)

Source: Elaborated by the authors.

CASE DISCUSSION

Opening

It is suggested that the instructor use the first ten minutes as a warm-up so that the participants can remember the main information and facts narrated in the case, as well as the most relevant characteristics of the company. With this, the following opening question can be asked to the class:

So, after all, who is Queremos!?! Have any of you ever heard of the company?

The instructor is encouraged to take notes on the first slide of the board as participants give their contributions. Some examples of interesting notes to be highlighted at this point can be seen in **Board I**. After identifying the main characteristics of the company prior to the pandemic where one of the main dilemmas brought up by the case takes place, the instructor can ask the following transition question to the class:

TQ1 – What opportunities or threats do you believe the COVID-19 pandemic has brought to Queremos! and to the entertainment industry as a whole?

The idea would be to open a broad discussion on both sides, companies, and the public. Any crisis could be considered a threat as it affects the current business models (status quo) with a direct impact on the company's revenue and people's consumption habits. The impact of the pandemic can be considered even greater in specific industries such as entertainment, especially if we take into account the live events segment as it is a sector heavily dependent on collective emotions provided by the face-to-face interaction between different people and groups. At the same time, opportunities are also created to innovate consumption formats that were previously little explored by the actors in this industry and that would hardly emerge if it were not for the need to generate new revenues brought by the crisis.

After that moment and, once again, using the board, the instructor can ask the participants to list the opportunities and threats that the pandemic has brought to the Queremos! business model. Some notes that could be highlighted are presented on **Board II** of the Appendix. With the end of this initial discussion, we then proceed to analyze the case proposing the following question to the class:

Case analysis

Question 1 – Would it be better to adopt an active or passive position in face of the crisis? What strategic alternatives would you suggest to Queremos! in order to overcome the challenges brought by the pandemic?

At that moment, the professor could draw attention to the fact that throughout history several crises have already occurred, and the market tends to adapt to new realities quickly. According to Mayer (2020), COVID-19, despite bringing a health motivation, is not very different from other previous crises since it also generates economic implications for people, companies, and governments. Cooper (2020) in turn showed that over time organizations have dealt with periods of recession in different ways, either by adopting defensive postures marked by restricting spending and reducing activities in order to wait for the crisis pass or by aggressive postures such as the increase of investment, the acquisition of companies, and the creation of new businesses.

Although it is difficult to measure in a broad sense the best strategy in view of the specificities that must be taken into account, especially with regard to the characteristics of the company, the industry, and the crisis itself, studies have shown that companies that did better in moments of crisis were those that adopted a balanced posture between active and passive strategies. Among the best practices for times of crisis, we highlight cost cutting that brings operational efficiency combined with increased investment, especially in research, development, and marketing sectors, which combined help to propose alternatives with new products and services as well as different ways of selling them to a market in crisis (Gulati, Nohria, & Wohlgezogen, 2010; Rollins, Nickell, & Ennis, 2014).

In this sense, Holmes (2006) also argues that, regardless of whether the choice is to increase or restrict investments, organizations must always be prepared to innovate, since you never know when a crisis may arise. As a result, many businesses, despite already having the plan to present new products or services to the market, end up preferring to wait for moments of crisis to show their innovations precisely because competitively they are more vulnerable at that stage (Globe Content Studio, 2021).

In order to have a better chance at prospering in recessions, the organization's investment in research and development must be a long-term strategy and not a reactive action to the crisis given that innovations usually take time and are not always successful in an environment under pressure (Morbey & Dugal, 2016).

McCarron (2020) pointed out that in the case of the COVID-19 pandemic, companies that adopted progressive R&D strategies, that is long-term, have been the ones that have done better in the midst of the crisis. Due to the additional complications presented by the pandemic, which in addition to having resulted in an economic crisis brought several restrictions especially on social and consumption habits due to the need for social distancing, some innovations and trends that were previously on rise had to be stopped to give way to a new reality. As an example, ridesharing or ridesharing apps have lost relevance amid a new reality of remote work and teaching. With this, once the crisis is overcome, it will be up to organizations to perceive whether old trends will resume their course or give way to new ones so that with this they can plan their investments.

With this discussion, the instructor could write on the third board the word "pivoting" followed by a question mark to refer to previous readings on the topic. After all, still due to the pandemic, Porteous (2020) highlighted that many organizations had to pivot their businesses to a virtual reality so that they could offer their products and services that were previously made available by physical means to virtual sales or service channels, a trend that was already underway in the world even before COVID-19. While some businesses were able to easily adapt to the new reality, many others perished either because of the challenges imposed by the segment in which the company was inserted or because of the lack of preparation caused, above all, by the lack of long-term planning and a posture focused on innovation, as previously explained.

In this way, Kaye (2020) draws attention to the fact that being prepared to pivot in times of crisis does not necessarily imply launching disruptive innovations or entering in a completely new market, but rather investing in what the company already does well as a form of extension of an existing business model. To this end, understanding its competitive advantages is extremely necessary. Porteous (2020) states that pivoting must also be sustainable in the medium and long term and not designed only to operate for a short period, given that the crisis may extend for a period of time longer than expected. The example of this is explicit in the case mentioned above when Queremos! and a good part of the entertainment sector projected a resuming of activities in the year 2021, while what actually happened was the extension and worsening of the pandemic in that period.

Cooper (2020) draws attention to the fact that for a business pivot to be successful, it is necessary that the object of innovation be thought from the customer's point of view by identifying difficulties that are usually aggravated in moments of crisis. Thinking based on a logic of customer centricity combined with the use of pivoting methods can accelerate the innovative process within the organization, enabling it to take an active stance in the midst of a market in crisis (Mayer, 2020). It is important to note, however, that in order to pivot in an agile manner, an organization must be flexible. To this end, Cooper (2020) highlights that it is important to have already incorporated in the long-term management methodologies that foster innovation, as in the case of agile and lean chains.

With this the instructor is encouraged to make the students reflect on possible innovations that Queremos! could propose to pivot its current business model so as to help the company overcome the challenges brought by the pandemic.

It is expected that at this point in the discussion several suggestions will emerge based on the individual interpretation of each of the participants. As an example, one of the numerous innovation objects that could be worked on is suggested on Board III.

After the main pivoting suggestions brought by the students are highlighted on the third sheet of the board, the instructor could prioritize the alternatives suggested or choose the most relevant one. Upon completion of this step, the following discussion question is suggested to the class:

Question 2 – How can an innovative strategy be implemented in startups, especially during times of crisis and uncertainty?

According to Amit and Zott (2012), business model innovation has become fundamental to the success of an organization. This innovation, however, can take place in two ways: by reconfiguring an existing model or by creating something totally new, from scratch (Massa & Tucci 2014). Among the options appointed, the reality is that any type of change will always generate

some kind of uncertainty for the organization (Cavalcante, Kesting, & Ulhoi, 2011). Due to the characteristics of startups where we commonly observe an innovative posture since their conception, by creating products and services often capable of generating new market niches, from very early on these companies have had to learn to deal with highly uncertain environments (Ries, 2011). According to the author, this uncertainty could only be overcome through a process of constant exchanges with the market in order to measure the acceptance of its product. For this reason, startups would need to be involved in a learning cycle that could generate the need to pivot their business models from their conception.

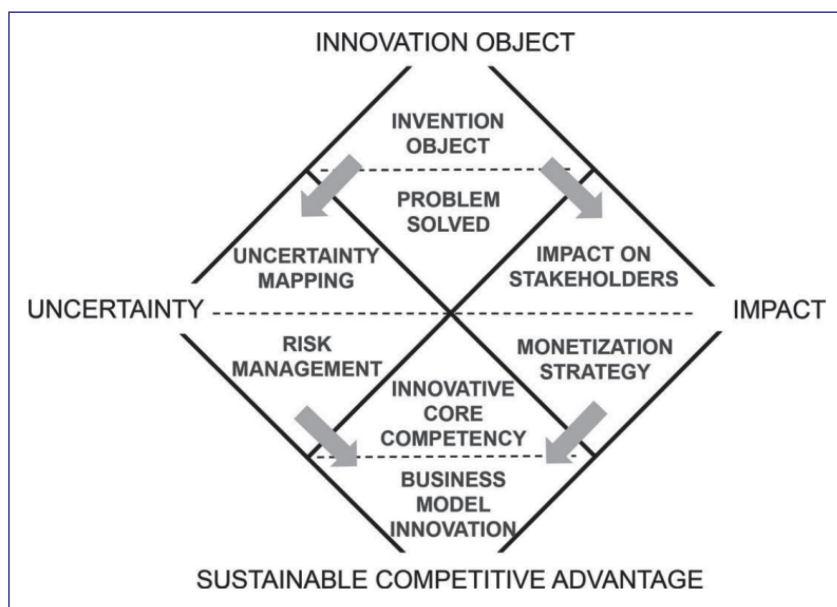
After some innovation alternatives have been raised and with the suggestion of the most relevant change in the Queremos! business model in the opinion of the class, it is suggested that the instructor encourage students to structure the innovation chosen through a business pivot modeling as proposed by Gutiérrez & Borreguero (2016). The determination of this model is due to the fact that it is highly suitable for startups in situations of limited resources and high internal or external uncertainty. The model, in addition to helping entrepreneurs formulate sustainable competitive advantages for the chosen innovation, allows them to focus their efforts on products and markets with the greatest potential for return. Thus, in addition to the Innovation Pivot Framework being useful for building business models for new companies, it can also help established organizations to obtain the best results based on a portfolio repositioning strategy.

Called the **innovation object**, the first step in analyzing the model consists of defining the innovation and the problems it proposes to solve. In the second step, called **impact**, the stakeholders directly or indirectly impacted by the innovation are identified. In the third stage, the main sources of **uncertainty** are mapped in order to assess which of them present the greatest risk to the project. Finally, in the fourth stage, the **sustainable competitive advantages** that will support the medium and long term continuity of the organization's key activities are defined. Competitive advantages can be understood as those company activities that allow access to a variety of markets, are difficult to be imitated, and bring perceived benefits to the customer of the product or service being delivered (Prahalad & Hamel, 1990).

In order to better explore the aspects of each of them, it is also suggested that each step be subdivided into two parts so that the first is more associated with the innovation itself and the second with exploring this innovation, according to Roberts' conceptual division (1988).

We therefore suggest that the instructor conduct an analysis of the pivoting initiative chosen by the students using the Innovation Pivot Framework. As an example, the analysis applied to the "Queremos! Pass" initiative is presented in Boards IV to VIII of the Appendix.

Figure 3
 Innovation Pivot Framework



Source: Gutiérrez and Borreguero (2016).

CLOSING

Finally, it is suggested that the instructor take the final ten minutes of the discussion to ask a closing question:

How do you believe that the changes in life habits brought about by the pandemic should affect the consumption of entertainment and other services in the medium and long term?

This can be a freer moment in which students are encouraged to reflect on the main changes brought by the pandemic in their personal and professional lives. Once again, it is suggested that the instructor take notes on the last slide of the Board to establish concepts that affect not only the business model of the company presented in the case, but the market as a whole. Some examples of changes and trends that may emerge from this discussion can be seen in **Appendix (Board VIII)**.

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APPENDIX

Board I - Queremos!
<ul style="list-style-type: none"> • Company created in 2010 in Rio de Janeiro by 5 friends; • Brought an innovative model of crowdfunding of events; • Purpose: bring shows to alternative regions through public mobilization; • Allowed full refund of the ticket after reaching a break-even point; • Underwent a restructuring of the model to focus on the production of events; • Operated internationally between 2013 and 2016 in the US; • Currently located in the main Brazilian capital cities; • Saw an increasing expansion until 2019; • Major challenges imposed by the pandemic on the live-events sector; • Financial difficulties and risk of closing the doors.

Source: Elaborated by the authors.

Board II - Implications of the pandemic	
Opportunities	Threats
<ul style="list-style-type: none"> • Online events (lives); • Talking about music beyond the concerts; • Music curation; • Participation in other types of events; • Geographic expansion of the scope of events; • Reduction of barriers to innovation. 	<ul style="list-style-type: none"> • Suspension of in-person shows; • Changes in consumption habits; • Lack of aid policies; • Reduction of sponsorship funds; • Reduction of revenue; • Audience competition.

Source: Elaborated by the authors.

Board III - Queremos! Pass
<ul style="list-style-type: none"> • Crowdfunding model without refunding; • Fixed contribution converted into a pass; • Validity for any show during one year; • Value of the pass would be an annual average of the shows in the period; • Can be used in any city with an open agenda; • Possibility to change the pass during the pre-sale; • Benefit of anticipating the general ticket sales; • Brings cash flow gains to the company; • No need to worry about the refund; • Non-confirmation of an attraction is no longer a problem; • If the pandemic continues, the validity of the pass is extended; • Possibility of transferring ownership of the pass free of charge.

Source: Elaborated by the authors.

Board IV - Step 1: Innovation

Innovation object:

- Queremos! Pass;
- Renewed take-up of the partial crowdfunding model;
- Abandonment of the refunding option;
- “Excited People” no longer hire a specific show;
- Pass can be used in any show within a year;
- Valid for any city;
- Value corresponding to an average of the ticket prices for the period;
- Valid for pre-sale exchange.

Solution of the problem:

- Guarantee of constant cash flow for the company;
- No more operational problems generated by the reimbursement;
- No need to worry in case of non-confirmation of a band;
- Validity of the flexible pass according to health restrictions;
- Transfer of ownership of the pass at no cost.

Source: Elaborated by the authors.

Board V - Step 2: Impact

Impact on stakeholders:

- New way of selling tickets impacts everyone;
- Customers of the Pass: start to contribute in advance;
- No need to worry about confirming a show;
- Extended ticket validity;
- Greater choice throughout the season;
- House of shows producers: less effort in pre-production;
- Less concern about whether sales would hit the break-even point;
- Less complications in case of cancellation of the attraction;
- Customers in General: They would be the second in line;
- Subjects looking for pass holders;
- Some events might not even be open to the general public.

Monetization Strategy:

- Constant sale of passes would generate continuous revenue;
- Confirmation of famous attractions would increase pass sales;
- Different types of passes giving different priorities in the event access;
- Group passes and festival pass types;
- Creation of a portfolio of passes;
- Security in exchanging the ownership of the pass until the day of the event;
- Creates the possibility of reimbursement on demand;
- Does not generate the need to enter the parallel market.

Source: Elaborated by the authors.

Board VI - Step 3: Uncertainty
<p>Uncertainty Mapping:</p> <ul style="list-style-type: none"> • How and when will in-person events be retaken?; • Release from the competent health authorities; • New consumer behavior; • Frustrated expectation of recovery in 2021; • Worsening of the pandemic, new variants; • How does digital transformation affect live events?; • Model of the 5 forces.
<p>Risk management:</p> <ul style="list-style-type: none"> • Need for contingency plans; • Pivot in an agile way in the face of uncertainties; • Business model adaptive actions; • Other innovation object options; • If the crisis worsens, invest in digital content; • Focus on podcasts, music curation, playlists, gifts; • Signature Music Club to sell these initiatives to subscribers.

Source: Elaborated by the authors.

Board VII - Step 4: Sustainable competitive advantages
<p>Key Activities:</p> <ul style="list-style-type: none"> • Know-how of more than 10 years in event production; • Recognized brand in the musical and entertainment world; • Strong contact with venues, producers, and artists;; • Was gaining in scale in terms of size and attractions • Searched curating music by major brands; • Recent success in the festival model; • Pass model already tested in larger events such as Rock in Rio.
<p>Business model innovation:</p> <ul style="list-style-type: none"> • Possibility of structuring the Innovation Pivot Framework; • Helps in the reflection of the company's new business model; • What is the company producing and selling? (What?); • In what way? (How?); • Who are your key customers? (For whom?); • Possibility of using other modeling tools such as Canvas.

Source: Elaborated by the authors.

Board VIII - Changes and trends

- Digital transformation/protagonism;
- Home office and homeschooling;
- Connectivity;
- E-commerce and delivery;
- Lifelong learning;
- Business models by platform;
- Urban exodus;
- Solidarity;
- Encapsulation 2.0;
- On demand;
- Customer centricity;
- Creativity and innovation;
- Increase in consumption of hybrid events and live streaming;
- Return of shared experiences (possible post-pandemic boom).

Source: Elaborated by the authors.