Case Study

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From the gym to happy hour: The case of OurSound

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Abstract

Objective of the study: To portray the value added of the OurSound application to the gym, bars and restaurants sectors, and the challenges faced by the need to expand sales by the owner partners. **Methodology/approach**: Teaching cade based on real facts, according to management experience of micro and small business. **Originality/relevance**: The teaching case portrays the activities of the company OurSound, whose differential is that it is a musical interaction application, offered by the owners of their establishments to their customers. **Main results**: The reflections, learning and possible strategies suggested by students to meet the desire to create value and increase sales (with the consequent expansion of associated establishments, interaction, sociability and engagement between users) of the application studied or similar. **Theoretical/methodological contributions**: Offering students experience in situations related to the management of micro and small businesses, so that they have the opportunity, being supposedly in the partners' shoes, to discuss the dilemma presented and seek alternatives to solve it.

Keywords: Marketing; Value creation; Teaching case.

Resumo

Objetivo do estudo: Retratar a agregação de valor do aplicativo OurSound aos setores de academia, bares e restaurantes, e os desafios diante da necessidade de ampliação das vendas por parte dos sócios proprietários. **Metodologia/abordagem**: Caso de ensino baseado em fatos, conforme experiência de gestão de micro e pequenas empresas. **Originalidade/relevância**: O caso de ensino retrata as atividades da empresa OurSound, cujo diferencial é ser um aplicativo de interação musical, ofertado pelos donos de estabelecimentos aos seus clientes. **Principais resultados**: As reflexões, o aprendizado e as possíveis estratégias sugeridas pelos alunos para atender aos anseios de criação de valor e de aumento das vendas (com a consequente ampliação dos estabelecimentos associados, da interação, da sociabilidade e do engajamento entre usuários) do aplicativo estudado ou outro de semelhante. **Contribuições teóricas/metodológicas**: Oferecimento aos alunos de vivência em situações relacionadas à gestão de micro e de pequenas empresas, para que tenham a oportunidade de, estando supostamente no lugar dos sócios, discutir o dilema apresentado e buscar alternativas para solucioná-lo.

Palavras-chave: Marketing; Criação de valor; Caso de ensino.

INTRODUCTION

OurSound sales reports are analyzed throughout the first business day of the month. Friday, November 1, 2019: Vinícius, owner-partner of the company, calls on the project manager and partner, Eduardo, to talk about customers and how to increase the number of establishments served by the company:

— *Eduardo, look at the chart on page 29 ... See how sales are not satisfactory.*

— *Wow, exactly! We need to act to change these numbers. Perhaps one way out is to show customers (especially new ones) the value and importance of our business – Eduardo then observed the graph.*

Vinícius, who initially had the idea of founding OurSound, reinforces to the partner:

— *Yes, I agree. The way people listen to music is changing; therefore, we need to address this need to increase our application's acceptance.*

— *Of course, Vinícius! However, OurSound is new to the market, and due to the brand not yet having much notoriety, this will be a great challenge. Convincing people that our app is necessary and interesting will be difficult, albeit crucial to boost our sales.*

The partners thus begin to discuss the report in detail. Convinced that the company promotes an innovative application with market potential, Vinícius supports:

— *The possibility of providing customers with a differentiated experience, allowing them to choose the sound in the environment, according to their taste, is what we must emphasize to motivate entrepreneurs to hire OurSound.*

At the end of the meeting, the two questions themselves about ways to create value for the application for new customers in the sectors they already serve: gyms, bars, and restaurants; however, the first step to be taken is not yet defined.

The synchronized double

It was a Thursday night in 2014, and, as usual, friends Eduardo and Vinícius were at a bar, enjoying happy hour after a long day at work, drinking, and making small talk. Eduardo, project manager, 29, commented with his friend Vinícius, a systems analyst, 31, about his dissatisfaction with the boss and the company he worked for.

While Vinícius tried to spot the waiter serve them, he started playing music that was not in harmony with its atmosphere. Intrigued, he then questions Eduardo:

— *Who will be responsible for selecting the songs at this location? Likely, the person is not attentive when choosing them, as this sound is not suitable for the environment...*

Eduardo, still stunned by the problems at work, stops and looks at the place, saying:

— *I believe that some employees must choose the songs before the opening of the venue, or it may be the cashier who takes care of that ... I do not know.*

Vinícius continued to reflect until Eduardo interrupted him:

— *But rest assured, because we are not the only ones who do not like this song. That table group in the corner also does not seem happy with this sudden change in musical style.*

Again Vinícius questions his friend:

— *Eduardo, is it possible that, with so many technologies and applications, none allows us to choose what we want to hear in places like this?*

— *Look, friend, I have not seen anything about it yet. If you have, I do not know! Waiter, please, a cold one for us.*

The next day, Vinícius, still thoughtful, with the idea of the existence of a music selection app in commercial environments, decided to search on the internet and found that, in fact, there was no app for that purpose.

In the meeting with his friend, the discomfort felt in that bar made Vinícius see the possibility of opening his own business. However, he did not know how to run a company, as he knew the technology area. At that moment, he thought of Eduardo, who had professional experience in the administrative area, and then told his friend what he thought, proposing a partnership.

Eduardo had been saving money for a future investment for some time. Working with project management and analyzing the results pointed out by Vinícius' research, he really considered this chance an interesting opportunity to invest and make it possible and undertake this project.

Thus, friends set up a meeting to discuss the opening of the new venture and, that same day, Vinícius and Eduardo reached an agreement, giving light to OurSound, an application that allows customers to choose the music and interact with other people in the same commercial environment.

The sound of business

Founded in September 2015, OurSound Brasil is headquartered in Balneário Camboriú, in Santa Catarina, directed by partners Vinícius and Eduardo, specialists in the area of system analysis and project management, respectively, and having three programmers and three sales representatives.

The business consists of a music and social interaction app, which allows the client, a regular at bars, restaurants, and gyms all over Brazil, to select the music to be heard and interact with other people in the environment. Currently, OurSound has an agreement with the owners of 274 establishments and approximately 5,700 active users, 80% of which are located in the city of Balneário Camboriú.

The service consists of a music player with more than five million hits for the establishments to offer to its public. The application has a simple and practical interface to use. The owners of bars, gyms, and restaurants must have a computer or notebook to access it if they want to make any changes to the music or playlist, for example.

To use the app, store customers need to download it from the Play Store (Android) or App Store (IOS), access it at any time of the day, according to the local time, to choose the music they want to listen to. To do so, the application asks for the client's location, and, after confirming its presence in the establishment, it is released for the choice of songs.

As it is a social interaction application in commercial establishments, the selection of songs is classified and predefined by the owner, according to the musical style compatible with the environment, to avoid offensive or invasive choices. The musical genres are then chosen. For each one, there is a playlist already determined whose songs can be inserted, deleted, or personalized by the contractor, according to the business proposal.

The customer of the establishment, in turn, can listen to the music whenever he wishes, as long as he respects the other customers who are also sharing the service. For this, there is a sequence of songs to be played in order of choice. The application limits the number of songs chosen by the user to allow everyone to interact and avoid the application's monopolization by one single user.

When there is no selection of songs, the application plays the playlist indicated by the business owner. As soon as a customer selects a song, it takes precedence over the list currently playing. The application also has a list of most played songs by that establishment. On the other, with the most affected, in general, by all the businesses where OurSound is present.

In addition to listening to the favorite music, OurSound provides interaction between its users, offering a chat for conversations and communication - the main differential of the company. The world of technology is inviting, and, in parallel, in reality, there is a society driven by interactivity. Thus, OurSound's value proposition is to bring people together, with a particularity different from other social networks: making this connection through music. In practice, the customer arrives at the place (gym, bar, or restaurant) and stays connected - something that has become a priority in several people's lives.

Unlike the existing modalities for listening to music, the company does not create subscriptions for the customers of the establishments/users of the application. Its functionality is to promote to entrepreneurs a new form of interactivity by providing the OurSound application's services. To purchase the service, the establishments' owners subscribe to the OurSound application for R$ 99.90 per month, with thirty days of free use, through a visit by a commercial representative of the company to the establishment.

When purchasing such a service, business owners create a strategy to stay ahead of their competitors. It is possible to use this tool as a decoy for the public because most people enjoy social interaction today. In this perspective, to conquer, create relationships, build customer loyalty and generate value, the establishment must follow the trends and offer opportunities for them to have an exclusive and personalized experience.

Initially, the company proposed to attend gyms in Balneário Camboriú and region and, successively, expand to other cities in Brazil, prioritizing capitals and populous cities, focusing on busy and tourist cities. Over time, however, there was also acceptance of the use of the application in bars and restaurants, changing its focus, given young people's predominance connected to technology.

Despite the acceptance, the difficulty in serving a wider range of establishments is still a concern of the partners, since some rejections to the OurSound proposal were emerging and, as analyzed by Vinícius and Eduardo, the results were not favorable to the company. Also, the partners have few resources to put into practice expanding OurSound, which therefore weakens the prospect of sales to attract new customers.

It is necessary to emphasize that OurSound is not yet patented and, as there are no specific laws in the country to regulate applications, the presentation of the benefits and values of the company is done carefully, as there is a risk of there being an "imitation" of its proposal, which would make it no longer competitive in the market.

Listening to the market (adversaries)

OurSound has several competitors, from music apps that offer free or paid hits to live music on site. With a large collection of songs to be enjoyed at any moment, the radio apps Deezer and Spotify are already well known by users in the virtual world.

The radio was one of the first technological resources to reach the national market, with great recognition and music collection, with the advantage of being used by a greater number of users due to its adaptation to numerous devices. Besides, the various radio stations have their own applications or are even available in applications that bring together multiple stations free of charge As for disadvantages, the excessive number of advertisements and the unavailability of the wide choice of songs are pointed out, that is, the person only listens to the programming provided by the chosen station, with rare exceptions, at specific times, when, by opening the channels of radio communication to the public, songs can be requested and dedicated.

Deezer is a French application with more than 56 million tracks and more than 30 thematic radio stations, making it easy and practical to search and organize music in playlists. In addition to providing users with a connection to Facebook and Google+, for sharing activities with friends, the application can be used for free, which involves the acceptance of advertisements and the inability to "skip" the music tracks, unless the customer becomes Premium, upon payment of a monthly fee of R$ 16.90.

Spotify is the most popular streaming service globally, with a collection of more than 35 million songs organized in more than two billion playlists, which can be created and shared by its users. Available for most modern devices, including computers, smartphones, and tablets, the free use of the application subjects the user to advertisements and imposes some limitations, such as the impossibility of choosing a musical sequence; this does not occur in the Premium plan, which can be subscribed for a monthly fee of R$ 16.90 for the first 30 days. It is worth mentioning that the various extensions make the service more attractive and interactive when discovering a playlist or accepting recommendations.

YouTube is a free video-sharing platform, where thousands of music videos are available and can be used through computers or applications, subject to advertisements' acceptance. There is also YouTube Premium, a paid version of the service (with a monthly fee of R$ 20.90), which guarantees access without interruption by ads and provides exclusive additional features.

OurSound also competes with live music at the venues, given the huge number of bar singers on the market, who charge, on average, R$ 350.00 for approximately four hours of performance in one night. In addition to promoting "excitement" in the establishment, there is an artistic cover charge (whose values vary, according to the policy of each location, being, on average, between R$ 5.00 to R$ 10.00 per person) to the client who, once informed about it, must pay it. For the entrepreneur, this charge can be an alternative to "share" costs with customers. However, the artistic cover charge is still not viewed favorably by most consumers. There is some resistance to this type of service; for this reason, many establishments choose not to charge it to scare the clientele or create unpleasant situations.

Listen

OurSound constantly seeks to improve its product, offering new experiences to its customers, awaken the desire and need of end consumers, who frequent accredited establishments. The company has taken some steps to present the benefits of using the application to establish value to the brand.

One of the company's concerns is the training of commercial representatives so that they are prepared to offer the product and point out the benefits of the application to the establishment. To this end, frequent training courses are held of the following types: (a) technical, in which there are clarifications regarding the use, installation, updating, and maintenance of the application; and (b) behavioral, to promote quality service, good communication, posture, and ethics, as well as to present the company's principles.

To make the customer feel free to analyze OurSound's sales proposal and provide an experience with the product, the company offers its free use for thirty days, even if the establishment does not sign the purchase contract for the product. In 2018, the company provided 253 free trials and returned 127 customers, who returned and hired the service.

The merchandising tools used by OurSound are materials, such as billboards, flyers, pamphlets, stickers, banners, and table accessories, made available at no cost to the contracting establishment of the application. These strategies aim to communicate to the establishment's customers the application's presence on-site and its functionality.

The application consists of a music player, which currently has more than five million hits available. According to your profile, the establishment that contracts the application can customize the music tracks, having the possibility to release certain songs and block those that do not fit the environment.

Sharing the same vibe

On that Friday in November, in the year 2019, in a careful analysis of the sales reports and the information obtained, the partners perceive the need for strategic attitudes towards the niches served. Vinícius then decides to do a brief survey of the targeted segments to obtain relevant data to assist in the decisions to be taken and face significant growth numbers in the gym, bar, and restaurant market, starting to list them:

— *Eduardo, see what important information I found! The niche of bars, restaurants, gyms, and the like has a growth projection throughout Brazil because of the concentration of greater search and investment for/in gastronomy, quality of life, and social interaction, both live and online. According to VocêRH magazine, Brazil is the second-largest in the world's gym segment, with more than 34,500 establishments in operation, behind only the United States. With an accelerated growth since 2007, rates above 13% per year, and more than eight million students enrolled, this market generates around 2.1 billion dollars (Di Domenico, 2019, [s. p]).*

And Vinícius adds:

— *Despite this, last year, the country lost its position in the ten countries' ranking that most profit from the fitness segment. We cannot consider this to be inopportune for OurSound, quite the contrary. I believe that we continue with great chances of prospering in this sector.*

Eduardo reads some notes of the news reported by the partner, and Vinícius continues:

— *As for the sector of bars and restaurants, I heard that the sector achieved growth last year (2018) of 3.5%, according to the National Association of Restaurants (ANR, 2018, [s. p]). The InfoMoney magazine (Dino, 2019, [s. p]) indicates some entrepreneurs have bet on changes and expansion of establishments. Certain problems solved contributed to the sector's growth, such as tipping, which caused much insecurity to the segment.*

Eduardo, thoughtful, when analyzing the actions already taken by the company, noted the need to include new ways to add value to OurSound.

— *Vinícius, what we are missing is to spread the brand a little more on social networks, and, for that, it would be interesting to partner with bloggers. Today, many people consider what digital influencers say ... I was reading that 74% of people buy, according to the influence received from social media (Dino, 2019, [s. p]). Influencers can change people's consumption views by having an influential and strategic role and reaching an expressive number of the target audience.*

Vinícius then asks:

— *We have to choose these influencers very well because, just as they praise a brand, they can harm it. Do you not remember the case of the blogger who had plastic surgery and did not disclose it? Many people criticized her for this; she lost millions of followers, and the brands that sponsored her posts were damaged.*

— *Eduardo, what if this disclosure was made by professionals who serve the final public? Waiters, for example, could more accurately inform the functionality of our app to customers who are placing their orders. The same can happen with the personal trainer, during the monitoring of users, in the practice of their exercises.*

— *I think the idea is fantastic, Vinícius, but how will we make these professionals feel motivated and enthusiastic about promoting our app? Is training the owners of establishments a good alternative?*

Thinking about it, how can Eduardo and Vinícius present the application in a way that attracts new customers? How to create value for the entrepreneur to buy the idea? What does OurSound need to do to increase the number of customers served and, consequently, sales? How to awaken users' desire to use the application?

Teaching Notes

This teaching case provides the teaching notes separately.

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Conflit of interest statement

The authors hereby confirm that there are no competing interests to declare.

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Authors' statement of individual contributions

Roles	Authors Contributions			
	Santos, DP	Souza, FM	Silva, LH	Schmitt, T
Conceptualization	X	X	X	X
Methodology	X	X	X	X
Software	-	-	-	-
Validation	-	-	-	-
Formal analysis	X	X	X	X
Investigation	-	-	-	-
Resources	-	-	-	-
Data Curation	X	X	-	-
Writing - Original Draft	X	X	X	X
Writing - Review & Editing	X	X	X	X
Visualization	X	X	X	-
Supervision	X	-	-	-
Project administration	X	X	X	X
Funding acquisition	X	X	X	X

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