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THE CHALLENGES OF INVOICING AND PRICING IN ART AND MEDIA FIELD
CASE JP KAUKONEN

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THE CHALLENGES OF INVOICING AND PRICING IN ART AND MEDIA FIELD

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The purpose of this thesis was to set new prices for a company’s products and services. The study was focused on a new company from art and media field. The company had several different working areas and for all of them new prices were set. Based on this thesis, the pricing should become easier, because the company can prove and show where the invoiced works have been done and what the invoiced prices consist of. Considering the future, increasing the prices and invoicing with right reasons should ease as well.

The study was a part of a development project. A new homepage was designed for the company, which became easier to read and more user-friendly than the previous pages. Different kinds of analyses and tools were used, such as Albert Humphrey’s SWOT-analysis, marketing mix and business plan from both normal and artistic point of view. A customer satisfaction interview was also drawn up, which was useful thinking about the development process, and competitor analysis that made pricing settings easier.
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1 INTRODUCTION

The purpose of this thesis is to make an invoicing and pricing system for a company in art and media field. The idea is to give advice for companies in the creative business: how they should set their prices, what the prices consist of, and how they should invoice the customer.

Pricing in creative business is hard, because the field has such a wide scale. There are several different types of art products in this business: painting, video making, photography, graphic design etc. The products and work cannot be priced in the same way. For example, in paintings, the size might be the same but the work process is always different; planning can take longer and the materials can be different, which means that the paintings cannot have a same price.

In creative business, art and media field the work and product is mostly priced as contract price. If the customer is charged on the hourly wages and not as contract price, the project might end up being more expensive than the customer is willing to pay. The customer wants to be sure, from what he/she (later: he) is willing to pay. The companies should give a precise description on what the prices consist of.

The company JP Kaukonen was chosen for this study. The company has four different working areas: painting, video shooting and editing, photography and graphic design, which include homepages and logo design.

As references, I use literature and websites of creative businesses and financing field to help me to set new prices for my development company in this thesis. I also use knowledge of the tax office and law. Instructions of Enter enterprise service are also used as guidelines.
2 COMPANY JP KAUKONEN

Juha-Pekka Kaukonen (later: JP) established the company JP Kaukonen in Pori in September 2011. The company’s form is sole trader, which is the cheapest, simplest and the fastest of all company’s forms.

JP is a 23-year-old man, who has been into art through his whole life. He studied visual arts in elementary school and in middle school. He graduated from Porin suomalainen yhteislyseo’s high school in 2008.

When technology developed and phones with cameras and editing programs for computers came out in the markets, he started photographing and taking video footage as a hobby. Every now and then he painted paintings for his friends and family members. He makes documentary video of the painting processes.

In the summer 2011, he was skateboarding with his friends and shooting them doing tricks. One of his friends told JP that he should start doing videos as a full-time job. He contemplated on the idea and decided to combine his other favourite hobbies; painting, video shooting and editing, photographing and designing homepages. He registered in preliminary taxation and started business identity code. His company form is categorized under artistic creations.

2.1 Painting

There are four areas in this business and one of them is painting. Painting is included into visual arts, as well as drawing and graphics. In visual arts, the perceived elements such as lights, colours, shapes and dimensions are described, combined and composed together (Fact Sheets - Luovat alat 2010, 52).

In unique visual arts, the interaction between the art piece, artist and space are the key elements. The artist needs to think of how the painting would set up to the target place and how the art would affect to the viewer’s mind and the image of the place.
JP always takes the place and the area as a whole when he starts to design a painting (Taidemaalariliitto ry. Kuvataiteella uusia ympäristöjä).

JP paints on different types of surfaces and textures. He has painted different sizes of paintings on canvases and walls, and on metal and plastic. To mention a few examples, JP has painted a bike (picture 1) with different graffiti using mainly spray paint. Furthermore, he has painted a skateboard and an ice hockey helmet.

He has also painted a wall for a cafeteria restaurant, designed a wall painting for a restaurant and painted walls in fitness and gym halls in different cities of Finland. The paintings represent the gym halls’ coaches. He has painted idols (picture 2), such as actors and sportsmen, on kitchen and bedroom’s wall. He has also painted on bathroom tiles. He uses real people as models and makes sketches based on the customer’s needs.

![Picture 1. Bike painting (Kaukonen 2011).](image-url)
2.2 Video shooting and editing

Video production is both visual and media art. In media art, the artist uses electric technology and moving pictures (Fact Sheets - Luovat alat 2010, 52). Since JP has made all of the videos by himself, he has their copyrights. If his customer shares it forward, it has to show that JP has made it. He usually adds his logo or announces his name at the end of each video. He shares his creations using channels in social media, such as Facebook, Twitter and LinkedIn.

During his first year, he has made video production with active sportsmen and filmed them while they are training. The videos have been used to market the gyms, the equipment and the clothes that the sportsmen are wearing during the training. The videos also act as instruction videos.

JP has done cooperation with a company that designs and builds board games. Together with the team, they design and write manuscripts for the videos, which act as instruction videos. The instruction and training videos have been used as TV-commercials. They have been played nationwide in MTV3 and TV5. JP has also been shooting in game launching events, among Finnish journalists and celebrities. He has been shooting TV-interviews of Finnish politicians too.
He uses his video camera to take both still and moving pictures, because he likes to play with both styles and mix them together. He makes music to the videos himself and uses very little amount of speech in them.

2.3 Photography

Since JP is an entrepreneur, he has the same copyrights than professional photographers. The copyright of the photo is valid for 50 years and for a masterpiece for 70 years (Suvanto, Rinne & Mäkelä 2009, 155). When the customer publishes a photo, which has been taken by JP, he needs to ask a permission to release it and announce that JP took it. Since JP has the copyrights, he can release the photos in his website without asking a permission from the customer.

So far, JP has been photographing in a few official parties, such as in a wedding reception (picture 4), in different types of birthday parties (children’s parties, 50th birthday and theme parties) and funerals. If the customer orders, he can also take some video footage in the parties. He is also specialized on taking photos of the nature (picture 3).

Picture 3. Pyhää (Kaukonen 2011).
2.4 Designing homepages

The purpose of homepages is to market a company or an individual person virtually. Homepages usually consist of a description of the company or an individual person (picture 5).

When JP gets an order from a customer who needs a new design for his/her (later: his) homepages, the customer might already have an old version of them and he/she (later: he) just needs to get a new and more modern look for the pages. JP modernizes the look but he will not refresh the sites afterwards. He will do it, if it is read in the contract. Mostly, the customer who needs new homepages knows a bit of coding and that way knows how to refresh it if needed. The customer is also able to order a logo
and flyer design. JP can also take pictures for example of the customer’s staff members and products.

JP puts his company’s logo to every customer’s website, where it is possible to go straight on JP Kaukonen company’s homepages by clicking on the logo. The logo acts as his signature.

Picture 5. Designed homepages for Ville & Sebastian Import (Kaukonen 2012).
3 PERSONAL INTERVIEW

I interviewed Juha-Pekka Kaukonen to hear, how he has felt after his first year as a company manager. The interview’s style was a focused interview. In the focused interview questions and the interviewing style are planned beforehand. The conversation is led by the interviewer who can ask questions related to each other and continue based on the interviewee’s answers. The material is familiar for the interviewee (Finnish Network of Living Labs 2012). The interview was documented on video. I started the interview by asking about his mission in life. He answered that he just wants to do what makes him happy and what he is passionate about. He thought that everyone should do so. Generally he decided to do paintings and videos as a job because that is what he does best.

JP is very musical and makes the music to the videos by himself. He plays drums in a Finnish progressive/metal band Circle of Contempt. His background with drums has definitely affected his ways to edit the videos; he plays with the rhythm and beats together with pictures. This feature makes him recognizable. When editing a video, he looks various ways to make something differently, and usually the result is unique.

As he starts to design and paint wall paintings, he thinks of it as a whole. This is important so that the painting fits and makes the most of it. He takes pictures of the area and makes sketches with the computer.

Linkin Park’s other lead singer Mike Shinoda is one his greatest sources of inspiration, since the singer is his role model and idol. JP also admires Red Bull’s style in their sport videos. The effects inspire JP to continuously try something new.
4 CREATIVE ENTREPRENEURSHIP

Creative entrepreneurship is mostly run by both small and middle-sized companies, and freelancers. Creative can mean artistic, visual or cultural. The most traditional creative enterprises are literature, music, dancing and theatre but also the areas of business that have patents or copyrights (Akava – Luovat alat kehittyvät jatkuvasti 2013).

4.1 Creative enterprise’s business plan

The purpose of a business plan is to analyse and clarify the idea of a business. It is needed when a company is applying for start money and it helps the entrepreneur to follow the flow of the business and in planning. Several tools are used, such as the SWOT-analysis, competitor analysis and customer satisfaction that are all linked with each other. The tools help the company to develop constantly. They will be studied later on this thesis.

The main parts of the plan are business idea, vision and marketing mix, which consist of four P’s: price, product, place and promotion. The P’s helps the business to connect them together with the business idea and vision. The business idea answers to questions: what, to whom and how. ‘What’ tells about the main product and service, ‘to whom’ tells about the business’s target group and ‘how’ tells how the company works and earns money. It is also important to be aware of the situation of the economy because a consumer will cut art and other cultural activities first during recession (Hannula 2011).

Besides of the SWOT-analysis, customer satisfaction and competitor analysis, I also studied what issues an artist needs to consider before starting a business in art and media field. I collected the facts mixing both normal and creative enterprise’s business plans and related them to company JP Kaukonen. The issues are combined from both art and visual since the company creates both of them.
4.2 SWOT-analysis by Albert Humphrey

SWOT-analysis measures the company’s both inner strengths and weaknesses, and external opportunities and threats. The company should do the analysis before starting the business, so that it could already see if it has any opportunities. The analysis helps to develop the issues, what should be improved. I made this analysis from the company JP Kaukonen’s perspective.

4.2.1 Strengths

The company JP Kaukonen has four working areas; paintings, video shooting and editing, photographing and designing homepages. The areas are all connected with each other. JP makes both the introduction video and new design for the homepages. He has got both individual private customers and bigger companies from different areas of business, who appreciate modern art and graphic design.

He works alone with his own schedule – if necessary, he can film during the day and edit during the night, so that the customer gets the final piece right away. He has got positive feedback because of his fast pace. After the first year, he is able to estimate how long it takes to edit a video. He learns all the editing tricks by himself. JP is very enthusiastic in what he does and is not afraid of trying something new.

JP is very social and a positive person. He prefers to set up face-to-face meetings whenever it is possible than contact the customer via email or telephone. He keeps in touch with his previous customers to keep up the relationship and takes the first contact to the customers, who are waiting for the order to be delivered.

4.2.2 Weaknesses

Since JP learns the tricks by himself, it takes time. He does not have any previous experience about entrepreneurship. That he has also learned by himself by reading about it in books and on the Internet. JP also got lack of education; he has the Finnish Matriculation Examination from 2008. There are several different courses and lec-
tures arranged in adult education centres and schools. The courses in these centres usually last for a whole academic year, are subject to a charge and more detailed than the lectures that are held by teachers or entrepreneurs, though they are more intensive. He should take part in some lectures to get more knowledge and self-esteem higher.

When JP established the company, he shared some flyers and business cards in public places, such as schools, cafeterias and a library. He has opened a profile on Facebook, Twitter and LinkedIn, where he shares pictures of his paintings and edited videos. He still has got a lack of name and he should start advertise more.

4.2.3 Opportunities

During the first year, he has already worked all over Finland by painting and video shooting. In the future, after receiving more publicity, he could have an exhibition in a place where his paintings would be on the wall and screens placed all over the place that would show videos how the paintings were made. People could buy his paintings or ask him to do one for them. This is one way to get new customers.

JP works at home, which is located in the centre of Pori. So far, he has not needed to rent a separate room or an office for working. The wall paintings he paints on the spot and smaller paintings he paints in an open warehouse and a clubroom. An artist has to think if he needs a separate room where to paint and pay rent. To get more customers, he could send a request if the customer, for example, would like to get a new design for its homepages for payment of a certain amount.

4.2.4 Threats

Most of his advertisement happens through Internet and social media. There are also many companies in Pori focused on graphic design, photographing etc. He should be able to prove why customers should hire him. There are also old-fashioned picture wallpapers and text stickers that people use instead of real art when renovating their houses.
The meaning between the analysis and pricing is that JP has lack of name and some might think it is a negative thing that he does not have higher education. JP cannot set higher prices than his competitors have before he has got more customers and advertised himself more.

4.3 Customer satisfaction

Customer satisfaction is really important part of the business plan and business itself; every business needs customers. The customer satisfaction helps the company to develop in issues where the customers see flaws and which make them feel unsatisfied. Customers compare companies with each other and they will choose the service or product based on what they have heard and read. People will not forget the quality of service they have received (Laukkanen 2004, 1-10). There are different ways to execute a customer satisfaction questionnaire: having a personal face-to-face interview, interviewing via telephone or sending a feedback form to them. Mostly the results of the questionnaires are calculated as average and announced as percentage.

I made two questionnaires for this company and the results are given as written. I interviewed a cafeteria restaurant keeper Tuula Koivunen (later: Mrs. Koivunen), who ordered a wall painting to a public place from JP, and a newlywed couple who ordered JP to photograph their wedding reception. I interviewed Mrs. Koivunen in person and the interview with the couple happened via a telephone conversation. The style in both interviews was also a focused interview. The idea of the questionnaire was to get a picture how well JP has done so far. Based on the answers, he could see how he could improve himself and in which issues.

4.3.1 Cafeteria restaurant wall painting

Tuula Koivunen is an entrepreneur and one of the owners of the cafeteria restaurant Woimatila. Mrs. Koivunen told me that in the past, when they were located in Pori’s library building, they had thought about having a graffiti in a prettier form to a wall instead of having paintings or wallpaper. The idea was that the graffiti would compensate the normal logo.
On the 1st of May they moved closer to the centre in Antinkatu street. Mrs. Koivunen found JP’s website and became enthusiastic about his style. She knew that he would be the right person to make the wall paint. Some names of advertising agencies had crossed their minds but they wanted to have just a simple brand, which could be seen from outside. Advertising agencies would have asked a lot of different types of questions to get more details. The whole work would have taken too much time. Mrs. Koivunen told that JP was an easy choice. He made the sketches out from her ideas without asking further questions. He showed the sketches and she accepted them. JP also designed a logo for them.

The wall paint (picture 6) is a brand and logo of Woimatila; it is also used in their leaflets. Instead of using old-fashion window tapes, the wall paint logo is situated in the cafeteria restaurant on an open wall, which is clearly visible from the streets.

Picture 6. Cafeteria restaurant wall painting (Kaukonen 2012).

4.3.2 Wedding reception

I interviewed the following clients to see and hear how well he would manage to get a professional picture of someone. The couple did not have much time to seek for a photographer before their wedding, and fortunately JP was available.
The wedding reception took place in the summer 2012. The clients set up a meeting to go through the plan and timetable of the wedding reception and they expressed their wishes where the photos should be taken. The wishes were very precise on what kind of official photos they would like to have and what kind of photos should be taken in the church and party place. They bought a memory stick, where JP put the photos right after he was done photographing. Afterwards JP sent them a few photos that had been edited.

The planning was executed excellently. The clients told that they did not even notice that there was a photographer in the wedding. There were a lot of pictures taken in the church (picture 7) before and during the ceremony, and from the party place. They were very satisfied with the photos.

JP was given constructive feedback on the fact that the theme of the wedding and little details, such as invitations and decorations that were handmade by the newly-wed couple, did not stand out. They were a huge part of the wedding. The places and spots were the photos were taken, were mainly chosen by the clients.

JP could have given more of his own opinions, and the clients hoped that there could have been more “situation photos”. JP deleted some of the photos during his shooting and the clients would have wanted to choose which photos should have been deleted. All in all, the clients were very pleased and satisfied with JP’s work. The angles of the pictures were good and there were a lot of pictures from the church. They told that JP’s service was trustworthy, flexible and relaxed.
JP has been very satisfied with the feedback he has got. Since he is a professional, he knows what is good and bad. For every project, he already has a good understanding how the project really would be executed but he knows the customer’s opinion is always important and constructive. In that way new things can always be learned. The customer might give feedback from another perspective that could help him to develop in another way.

4.4 Analysing competitors and their prices

Before starting a business, it is important for a company to study how the possible competitors market themselves, how their services and products differ from the company’s own, what kind of prices they have and where they are located. The prices could be set as the same at first to keep them competitive (Meretniemi & Ylönen 2008, 24-25; 31).

I wanted to examine possible competitors and compare them with each other and how the company JP Kaukonen differs from them. I compared both companies and individual artists. I found these following competitors from the Internet and the phone book’s yellow pages. They are from the Pori region and within a radius of 200 kilometres. Based on the prices and services that these competitors have, I have cal-
culated new prices for JP’s company’s working areas that are paintings, video shooting and editing, photography and designing homepages.

4.4.1 Mediascope Oy

Mediascope Oy is a company that designs homepages, produces video projects and mobile apps. In their videos they use 3D and animation design. They also create marketing pages for companies on social media, for example on Facebook. They have an offer inquiry in their website and they promise to contact the customer in one day after receiving the offer. The website is in Finnish and there is no link to change the language into English.

They have a separate price list for websites in five different categories: basic, regular, deluxe, deco and net shop. They charge every video project by hourly wages, 65€ per hour per cameraman but they also charge as contract price which includes before-hand counted working hours.

The company was established in 2008 in Turku and they have three person staff. They have done cooperation including with Itämeri-TV-series in designing maps and other graphics for the show. They also filmed an introduction video for TPS- ice hockey team, which was scripted beforehand (Website of Mediascope).

4.4.2 Vida Design

Vida Design is an advertising company established in 2007 in Pori with a staff of five persons. They do advertising, designing homepages and virtual marketing, but also business cards and promotion pictures for customers and magazines.

On their website, they have an offer inquiry and references of their customers, which have been for example the city of Pori, shopping centre Icco, Satakunta’s university’s magazine Agora and an adult education centre Otsola. They have not mentioned any prices on their homepages (Website of Vida Design 2013).
4.4.3 Vida Studio

Vida Studio is a photographing company located in Toejoki, Pori. The company is a limited liability company and they have three persons in their staff. In their website, there is a possibility to send an offer inquiry in case of questions.

- Family and baby portrayals from 95€ to 205€, depending on whether the pictures are taken outdoors or in studio
- Wedding portrayals from 145€ to 975€, depending on the portrayal location (outdoors or studio) and working hours. One extra working hour is 150€, after that 100€
- Graduation portrayals in the studio 95€ and outdoors 155€.
- Company photos, for example marketing and staff photos, are priced as contract price.

All of the packages include certain size and pieces of pre-photos and ready photos. In wedding photos the prices include also the preplanning of the portrayals. Delivery time is from two to five weeks. From over 15 km business trips the company charges mileage 0,60€/km (Website of Vida Studio 2012).

4.4.4 Hymykuva

Hymykuva is a photographing company owned by an entrepreneur Nina Honkanen (later: Honkanen). She is also from Pori and the company’s form is sole trader. Honkanen does not own a studio and the photos are taken in the customer’s home, outdoors or wherever the customer wants.

- Graduation portraits outdoors 120 euros. The price includes designing the shooting, approximately 30 photos with a hint of edition and one perfectly edited. The customer has to use another photographing company to commission the photos.
- Weddings from 130€ to 850€, the price depends on the situation: documentary shooting, boudoir or normal wedding reception.
The delivery time of the photos is approximately three weeks after the shooting. Travelling expenses are included to the prices in the region of Pori and proximity of 25 km. From other areas the company charges mileage 0.45€/km (Website of Hymykuva).

4.4.5 Individual artists

I studied individual artists and photographers from the region of Pori. There are artists in different areas of expertise, such as artist, wood artist, glass artist, graphic designer etc. Most of them are born before 1980, have made several exhibitions around Finland and Europe, and have studied in Pori’s artist school and nowadays are teaching there, such as artists Pasi Vainionpää and Ari Koivisto.

Most of the artists did not have any information what their art works cost. Abalone-artist Anna Halls paints horses and sells the paintings as posters in the size of 30cm x 40cm for 120€ per piece. Most of the artists are also members of the Pori Society of Artists. To apply to the society, the applicant has to be an artist and has acted in the region of Pori or it’s surrounding (Website of the city of Pori; websites of the artists; website of the Pori Society of Artists).

There is also an association for photographers and it consist of general members, honorary members and supporter members. To get in as the general member, the applicant can be both amateur and professional in photography; the membership does not insist any education (Website of Pori’s Camera association).

The both associations have a yearly fee and the artist should actively attend to exhibitions together with other artists in Pori Society of Artist, which is why I do not consider it essential that JP should join it. Of course it is true that he could get some feedback and tips on his works from professional point of views.

As a comparison, I made a table (table 1) to see, how many companies inform any of their prices in their websites, because for an individual private customer it is easier to
make a comparison between companies based on their prices and products. None of the individual artists announced their customers but all of the bigger companies did. I find it important because based on that fact, some of the new customers make their choice to choose the company’s services. If there are some well-known businesses, the company and its services have to be good.

Table 1: Comparison of the competitors and their products and prices

<table>
<thead>
<tr>
<th></th>
<th>MediaScope</th>
<th>VidaDesign</th>
<th>Vida Studio</th>
<th>Hymykuva</th>
<th>Individual artists</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The number of staff</strong></td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>Freelancers, sole traders</td>
</tr>
<tr>
<td>Painting</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td>Photography</td>
<td>-</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>• Graduation</td>
<td>-</td>
<td>-</td>
<td>95€ - 155€</td>
<td>120€</td>
<td>X</td>
</tr>
<tr>
<td>• Family photos</td>
<td>-</td>
<td>-</td>
<td>95€ - 205€</td>
<td>Baby photos</td>
<td>X</td>
</tr>
<tr>
<td>• Wedding reception</td>
<td>-</td>
<td>-</td>
<td>145€ - 975€</td>
<td>130€ - 850€</td>
<td>X</td>
</tr>
<tr>
<td>Video</td>
<td>800€ - 4900€</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td>Designing homepages</td>
<td>995€ - 1490€</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hourly wages</td>
<td>56€ - 65€</td>
<td>-</td>
<td>100 - 150€</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td>Contract price</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Mileage charge</td>
<td>-</td>
<td>-</td>
<td>Over 15km 0,60€/km</td>
<td>Pori’s region and proximity of 25km 0,46€/km</td>
<td>X</td>
</tr>
<tr>
<td><strong>Offer inquiry</strong></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>-</td>
</tr>
</tbody>
</table>

I found the offer inquiry very useful and a good add for any company’s website in art and media field. I designed an own offer inquiry (picture 8) for the company. I did not want there to be any separate list from the company’s working areas, where the customer could choose from. The customer can type his requirement without restrictions. The inquiry is sent directly to JP’s electronic devices (telephone, comput-
er) and he will get in touch with the customer as soon as possible to set up a face-to-face meeting so they could start the planning of the work together.

Picture 8. The offer inquiry (2013).

In most cases, an artist does art as a hobby and rarely turns that into business and continues as an entrepreneur. Most of them have a higher education from art universities but it is not essential. As mentioned earlier, JP has graduated from Porin suomalainen yhteislyseo’s high school in 2008 and has not educated himself in any
higher level. These artists and JP have self-taught themselves to run a business, which is nowadays quite popular (Hannula 2011).

If the artist starts to sell his art as a business, it is important for him to take into consideration what kind of supply and demand there are in different sectors of art and what kind of art is in fashion at that time. It is also important to study beforehand what kind of price level the art form in question has. The business has to have a clear picture what its main product is, what the service and the product cost, and what the price consists of. The product should be unique and different from what the competitors have, and it should show what an entrepreneur could really do. Based on this fact, the most important P’s from the marketing mix are price and product in art and media field. It is important to be conscious about the competitors in the same area and how to differ from them. The business should also have a clear vision about who its customers and target group are (Hannula 2011).

Running a business in art and media field, or in any other business has a lot of responsibilities. In art and media field, the artist cannot really know what happens tomorrow or in two months. Some of the artists, both well-known and new ones, can apply for scholarship that helps them get forward with their business (Fact Sheet – Luovat alat, 56).
5 PRICING IN ART AND MEDIA FIELD

Pricing in these fields is hard, because the pricing does not go together with any marginal. The pricing depends on the size of the artwork, material costs, competitors, artist’s own visibility and his background whether he is a hobbyist or a full-time artist etc. The pricing scale in these areas is from a few euros to tens of millions (Laitinen-Laiho 2011, 18: 76-77: 165). Based on the mentioned facts, the pricing usually goes as contract price. Also the difficulties about knowing the near future make the pricing and planning the business even harder. Sometimes the business might make loss because of these issues (Hannula 2011).

Since there are four different working areas in the company JP Kaukonen, they must be priced separately as their own. In all areas, the planning of the work and meeting with the customer must also be considered. Pricing method in designing homepages and photographing will be the same. If the customer has needs that are not included in the contract, they will be priced as hourly wages. The pricing in paintings and video shooting and editing will be variable based on the contract.

5.1 Pricing in JP Kaukonen

So far, JP has charged his customers both hourly wages and contract price in all areas. After the first year he increased his working hour price to 45€. Here I have calculated new prices that are directional and approved by JP. There might be some changes after this thesis is published. All the prices include value added tax (VAT). In 2012 the VAT was 23 % and in 2013 it rose to 24 %.

The prices were quite easy to set. I compared the prices of similar companies and found information from the phone book’s yellow pages. I also searched for information on what a TV-commercial would cost in total, for example in the channel MTV3 it is possible to count a price for a commercial for different channels and for different duration.
5.1.1 Painting

For this area was the hardest to set new prices. I found some calculations on the Internet and on Pekka Hannula’s blog “Luovuksissa” about what would be a good way to set prices for art. The working hours should be evaluated higher than the total timing might actually take and keeping the same price level for all art helps the business to flow easier than having higher differences in the prices (Hannula 2011).

The price contains the time of planning with the customer, the time of making the actual sketches, materials and the hours of painting. The final price has been discussed beforehand with the customer, so he knows what to expect.

5.1.2 Video shooting and editing

In this area, I found that it would be easier to set a contract price with the customer and if there would be more needs from him, the needs would be priced as hourly wages. Since JP learns the tricks by himself, I think he should ask more pay from a video, where the new tricks are made. The tricks have to be explained and shown specifically to the customer.

JP has invoiced his customers both as hourly wages and as contract priced. To the contract price, he has included the working hours. The pricing depends on the project in question. With some customers, they have a long contract for certain amount of videos for certain amount of price. The video production consists of the hours for planning the video, editing the filmed footage and making the music for the video.

5.1.3 Photography

Setting the prices for photographing was as easy as for designing homepages. I calculated approximate average price for this area based on the competitors’ prices. I planned a list, what kind of official pictures JP could take, considering that he does not have a studio. All of them are priced separately:
- Weddings 700€, includes photographing for whole day from church reception to after parties
- Funerals 200€, includes photographing in the church and memorial
- Different sorts of parties (birthday parties, graduation parties etc.) 200€ to 400€, depending on how long the parties last and for how many hours JP has been ordered.

The customer can get a memory stick for JP, so that the customer is able to get the footage right after the event. The prices include approximately five to ten edited photos. JP will charge 0.46€ per a kilometre outside of the centre of Pori.

It is negotiable if the customer wants to have video footage from the parties. The price would be charged hourly based on the hours of video footage, editing and making the possible music.

5.1.4 Designing homepages

In this area, there are different prices where the customer can choose from: pricing from only designing and carrying out a new overview for customer’s homepages, having logo design and flyers, and photographed staff members or products in the homepages.

From the designing the homepages, JP will charge 600€ and the customer would refresh the sites by himself if needed. JP will do that too as hourly wages if that is included in the contract. Refreshing the homepage means that the customer will only edit or add the information of the sites etc. by himself, not the design.

From logo design that includes both designing homepages and flyers with customer’s information, JP will charge 800€. If the customer orders to have possible photographs taken from his staff or products, the pricing would be included as hourly wages.
6 INVOICING

Invoicing means that a company charges a customer on an ordered and completed work. The order has been made either orally or in writing. Being able to charge, the company must be registered in a preliminary taxation registration. After the registration, the company gets a business identity code (later: business ID), which is a seven-digit figure. Companies are categorized to their own categories based on the first number of the code. This code is public for everyone to see. In Finnish Business Information System’s website www.ytj.fi, there is an ability to check company’s registration information and see which registers the company is registered to. These are Trade Register, Preliminary Tax Register and Value Added Tax Obligation. After the registration, the company has tax liability (Website of Finnish Business Information System 2012).

When a company is sending an invoice to its customer, the following subjects must to be seen on the actual invoice:

- Name of the company
- Business ID-code of the company
- Address and contact information (street address, e-mail address and telephone number) of the company
- Date of the making of the invoice
- Due date
- Cost of the product and other costs involved in it (for example travel costs, colour paints)
- Value-added tax (VAT)
- Index number
- Payer’s information (name and address)

This is the most common way of companies to invoice their customers. The most common due date is 14 days after the invoice has been drawn up. There is also a due date with seven and 30 days (Website of Yritystulkki 2012). For individual customers, JP uses a due date of seven days and 14 days for bigger companies. He has a
bookkeeper who sends the invoices to JP’s customers on behalf of him. JP tells the bookkeeper what bill needs to be sent to which customer. He keeps his own diary of the sent bills and due dates, so he is aware of when he should receive his pay. So far, this invoicing style has worked for him. I designed a template (picture 9) of an invoice for his company, which outlook might change after this thesis is published.

7 CONCLUSION

Based on this study, artistic and other businesses get help for what issues they need to take into consideration before starting a business. I gave them hints, how they could set the prices for their services and products, and how they could invoice their customers. They just need to have the right facts that need to be mentioned in both invoicing and pricing.

The company has got varied services to offer. The artist or a normal entrepreneur should be able to set the prices high enough for his products or services by himself. If he is not able to do that, he might not appreciate himself and does not see him creative enough and it affects on customers appreciation too (Laitinen-Laiho 2011, 31-32). JP Kaukonen should increase the prices of its products and services the way they were calculated and have an own section for them in the company’s homepages.

The homepages will get a new outlook, because the old pages are not user-friendly. The offer inquiry will be added there and a link where the language can be changed into English.

As mentioned earlier, JP should join to the courses about entrepreneurship to get some new ideas for his business and learn more about running the business. It is important for any entrepreneur to learn where his company’s revenue consists of, what balance sheet is and what includes to a turnover etc.

7.1 Making of the thesis

Making of this thesis was challenging since there was not any previous similar studies where to compare and because of that it was difficult to set some limits. I could not use the normal and original thesis content, so I had plan it by myself. There was very little amount of literature, so it took a lot of time for me to search information and references from the Internet. I had to read between the lines and define issues by myself when I studying information from other companies’ websites. Since the com-
pany is artistic, I wanted to use visual display. I found it interesting how hard it could be to run an artistic business.

The idea of this thesis changed a few times while doing the process. I could use my knowledge and the concepts that we have learned in school. The concepts were quite clear for me and I found it interesting how hard it could be to run an artistic business. I got good feedback from the company of this study. Whenever I had questions, I got the answers quickly. The company is pleased after receiving feedback from the customers and how JP will learn from them. He has been designing the new homepages and the offer inquiry by using my help and ideas. He was also excited about that the interview was documented and published.
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Pictures:


Some of the pictures were copied from the company’s homepages and some of them were straight given by JP Kaukonen.