

Developing a CRM Strategy

Help Save Our Music Festival

You've been called in as a consultant to help the organizers of a "religious music festival" and your task in this activity is to develop a strategy to increase attendance for this organization's main event.

This festival is held each year over an October weekend in a small country town about 2-hour drive from a major city. The festival has been held for 7 years with moderate success. However, the organizers believe that it has far greater potential.

Recent Attendee Survey Results

Attended before?

- Yes = 21%
- No = 79%

Age Group

- Under 15 = 12%
- 15-19 = 30%
- 20-24 = 38%
- Over 24 = 20%

Awareness of event

- 52% family/friend
- 18% church
- 15% brochure
- 12% web site
- 3% other

Attend with a group?

- Yes = 74%
- No = 26%

Are you religious?

- Yes = 59%
- No = 41%

General Background Information

Promotion Methods Used

- Web site
- Brochures sent to major church youth groups

Pricing

- Adult = \$15 per day or \$30 for 3 days
- Students = \$10 per day or \$20 for 3 days

Facilities

- Basic food/drink outlets
- No alcohol
- Some security/medical
- Portable toilets

Accommodation/Transport

- Caravans and camping within 15mins
- No transport

Financial Overview

Financials	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Attendance	700	1,200	1,900	2,500	2,800	3,000	3,200
Avg Entry Fee	25	25	25	25	25	25	25
Total Entry Fee	17,500	30,000	47,500	62,500	70,000	75,000	80,000
Food/Drink Sales	21,000	36,000	57,000	75,000	84,000	90,000	96,000
TOTAL INCOME	38,500	66,000	104,500	137,500	154,000	165,000	176,000
Web Site	0	0	0	5,000	5,000	5,000	5,000
Brochures/Posters	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Security/Facilities	10,000	10,000	10,000	10,000	20,000	20,000	30,000
Administration	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Insurance	0	0	0	0	0	0	0
Cost of Food/Drink	10,500	18,000	28,500	37,500	42,000	45,000	48,000
Equipment hire	30,000	30,000	30,000	30,000	30,000	30,000	30,000
TOTAL COSTS	85,500	93,000	103,500	117,500	132,000	135,000	148,000
GROSS PROFIT	-47,000	-27,000	1,000	20,000	22,000	30,000	28,000
	<i>Assumptions: Average food/drink sales = \$30/person, at 50% margin</i>						

Environmental Analysis

Corporation

- It is important that the event maintains a religious message.
- Looking for the event to earn a profit of \$100,000 plus in coming years.
- Limited/no funds to contribute now – needs to be self-supporting.

Competitors

- Other concert events are growing in popularity – likely to clash on some weekends.
- Non-music (e.g. sporting events) are competitors as well
- Increasing numbers of ‘no alcohol’ events for teenagers/young adults.

Customers

- Focus groups indicate that participants are generally satisfied.
- Travel is a concern – and need to organize their own group travel.
- Word-of-mouth recommendation appears to be the strongest reason to go.

Social

- More emphasis/acceptability of more diverse events
- More affluent teens and young adults.
- Decreasing church attendance levels.

Technology

- Virtually all teens and young adults have access to internet.
- Quality of music and sound is expected to be very high.

Economic

- Continued economic growth expected.
- Youth unemployment still expected to remain at high levels.

Political

- Big problems with public liability – will need \$30,000 insurance policy next year.
- Likely to be increasing requirements on health (e.g. food), security and safety.

Student Discussion Questions

1. What is their financial/profit forecast without a strategy change?
2. Therefore, how much extra profit will a strategy change need to generate?
3. Outline a relationship-based marketing strategy to recover this profit shortfall.