

Financially-driven Marketing Strategy

Case study: A Country Music Festival

Let's assume that there is a "country music festival", which is held in a regional city in a country area. This event has been able to attract around 10,000 visitors in recent years.

While it has experienced good levels of attendance growth over its 10-year history, in the last few years it has only achieved slight increases in attendance numbers. The organizers of this music festival are now quite concerned about the future viability of the event.

One of the key objectives of their event is to raise money to contribute to the local community. The initial plan was to look to generate around a \$500,000 profit each year. However, due to increasing cost factors and stagnant attendance levels, the event is now only on track to just break-even for the coming year.

By way of background, the music festival attracts a mix of both local and visiting people (around 50/50). This means that any potential for growth is likely to come from people from outside the regional city. Therefore, a challenge is how to interest and attract potential visitors from an array of geographic areas, but with a fairly limited promotional budget.

A recent survey of attendees indicated that there was a good mix of first-time and returning attendees, with many of the first-timers becoming aware of the event through direct word-of-mouth recommendation by a friend.

The survey also indicated that the general age group of attendees last year was predominantly in the range of 15 to 30 years of age – which potentially indicates the ability to grow attendees by broadening the appeal of the event?

The event organizers use a mix of promotional methods, such as brochures, posters, a dedicated website, and they have recently started experimenting with social media advertising.

The organizers have kept the price of entrance the same over the last 10 years, at a relatively low level. Their thinking is that a lower price will help attract more attendees and hopefully these people will buy food and drink at the event (which are the only items offered for sale at the venue).

Also, as the event is held over several days, the organizers are aware many people will also incur significant travel and accommodation costs, which is another reason to try and keep the entrance fee very affordable.

Student Discussion Questions

1. You need to first identify the likely financial performance of the event for the coming one and two years, using the spreadsheet.
2. You need to identify what overall profit is required by the organizers of the event and if there is a gap between the likely profit and the required profit, you need to identify simple (but realistic) changes to the marketing mix elements that may generate increased profitability.
3. If there is still a financial gap, you should then look to identify a revised approach to both their promotional approach and other marketing strategy initiatives, as well as other potential income generating ideas.
4. Finally, summarize your overall strategic recommendations and how your approach will impact the bottom-line of the event (using the spreadsheet or other financial forecasts).