Marketing Plan
Coachella Music and Arts Festival Spain

WE PROUDLY PRESENT:

COACHELLA MADRID

CALVIN HARRIS / ROSALIA / JAMES BLAKE /
PABLO ALBORAN AND MANY MORE

18-20 SEPTEMBER 2020
CIUDAD DEL ROCK MADRID

FOR TICKETS, VISIT WWW.COACHELLA-MADRID.ES
OR TUI TRAVELS, EVENTIM OR B THE TRAVEL BRAND

FMP Group 5: Laura Zarzuela, Sarra el Hammi and Katharina Zobel
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Introduction

This final Master Project develops a Marketing Plan to introduce the brand “Coachella Music and Arts Festival” from the United States of America to Spain. It is a festival that has grown from a music festival to an entire experience with performances, art installations and entertainment for the audience on-site and for those who follow on social media.

As the event is celebrated just once per year in America, there is a vast potential to extend the brand Coachella to Europe and hold the festival in Spain. One of our main goals is to transfer this unique experience to a new location while establishing a differential factor between the two festivals. The European version will have its own character, which will be influencing the range of offering from food to merchandise and the support of up-and-coming artists.

It is one of the most covered media events of the year in various countries and the last edition was streamed on YouTube. The key of its success is not only about the music. The festival has become a kind of showcase where the most sought-after celebrities wear seventies-inspired outfits mix with the remaining visitors to feel the Coachella spirit. Every detail of the celebrities outfit is observed and published. The amplification in media outlets and social networks will cause that garment to circulate around the world, increase its sales and shape next seasons trends for the high street stores. That's where today success resides, in social networks. The wreaths, the boho chic outfits, palm trees and the private parties create a perfect universe valued in thousands of likes. All this has led to countless number of brands investing in this marketing opportunity with parties, special sales and presentations during the duration of the festival.

Abstract

The aim of this report is to analyse and developing the marketing plan for the festival Coachella in Madrid. In order to have a realistic picture of the environment, we ran a thorough analysis of the market. The consumer trend to attend festivals makes it a promising sector with exponentially growing revenues. The host city significantly benefits from staging the event thanks to tourists and local attendees.

As we identified an opportunity to introduce a new festival to the Spanish market, we developed the marketing objectives and brand review for the successful adaptation of the American festival: Coachella Music and Arts Festival. The brand review formulates three main objectives, strategies and actions to reach each of them.

Lastly based on all previous evaluation, a possible reorientation plan is discussed.
Methodology

In this work we have proceeded to the revision of part of the existing literature with the intention of describing the evolution that festivals have had in recent times, focusing on Principles of Marketing and The quintessence of strategic management from Philip Kotler. The qualitative documentation has also been collected from the large number of studies available, in journals and newspapers.

The quantitative information collected comes from several sources. On one hand, secondary data obtained from different sources already existing, mainly Statista and publications from the Ministry of education, culture and sport. On the other hand, we conducted our own survey in order to collected valid information about our target audience as part of the primary data.

External Analysis

• Analysis of Macro Economic (PESTEL)

Political factors:

The music festival industry is highly depended and influenced by external factors. The stability of the political situation of the market you choose to establish your business in is extremely important and will therefore directly affect the events performance.

First of all, crisis and instability are factors that affect the current situation in Spain since the last 10 years. The country has been suffering for many months because of the Cataluña independence conflict, especially after the illegal referendum that took place in October 1st in 2017. Aiming to vote for independence in the midst of great expectations and controversy. The movement did not have the support of the central government and representatives of the independent political party were sentenced to jail. Moreover, and the former president of the Catalan’s region is escaped the country to avoid judgment, seeking international support. This instability is not beneficial to improve the overall situation of Spain. This also creates a great atmosphere of tension in all the political parties.
Furthermore, the Spanish government had faced numerous cases of corruption in recent years and new cases do not stop coming out. The population is very sensitive to these scandals and finally in June 2018 a motion of censure was held in order to dismiss the present of the Government by that time, Mariano Rajoy, and parties voted for the new present, Pedro Sánchez, from the Social Party. The new government is facing a time of instability with an unclear future.

Taking into account previous factors already mentioned, choosing the correct location where Coachella is going to be celebrated included analysis the general situation of the country that affect in the final choice. Based on the information collected by the Association of Musical Promoters (APM), Catalonia, Andalusia, Madrid and the Valencia are the communities that most welcome festivals.

Geographical distribution of number of festivals in Spain (2015)

![Number of festivals per region in Spain](image)

Source: Yearbook of cultural statistics, Ministry of education, culture and sport, 2016

Considering the unstable situation in Cataluña expose before, Madrid can afford holding a festival as Coachella for several reasons. As a modern European capital, has the infrastructure, accessibility and resources necessary to celebrate an event of these dimensions. Moreover, in order to promote the city as an attractive festival location
members of the city council met with festival promoters in 2015 to enforce their support for music, culture and tourism in Madrid. (IQ Magazine, 2016).

**Economic factors:**

- **Price:** Analysing the prices of the music festivals in Spain over the last years as a reference, we can see that there has been a significant increase. The evolution begins the day after the last edition and the anticipated sale is announced, the tickets are going to be much cheaper than a few weeks before the event. Festivals use these marketing strategies to generate conversation beyond the three or four days of the event. The play is perfect, since many take advantage of their incorporations in the poster to announce these price changes, some even prefer to hide the artists and convince the audience before they know what the concerts will be. Bellow table represents the changes in the prices that the main festivals in Spain experiment due to the technique just mentioned:

<table>
<thead>
<tr>
<th>Festival</th>
<th>Initial Price 2017</th>
<th>Final Price 2017</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arenal Sound</td>
<td>38,5 €</td>
<td>85 €</td>
<td>46,5 €</td>
</tr>
<tr>
<td>Rototom</td>
<td>35 €</td>
<td>80 €</td>
<td>45 €</td>
</tr>
<tr>
<td>Primavera Sound</td>
<td>150 €</td>
<td>215 €</td>
<td>65 €</td>
</tr>
<tr>
<td>Viña Rock</td>
<td>25 €</td>
<td>75 €</td>
<td>50 €</td>
</tr>
<tr>
<td>FIB</td>
<td>99 €</td>
<td>155 €</td>
<td>56 €</td>
</tr>
<tr>
<td>AlRumbo Festival</td>
<td>25 €</td>
<td>60 €</td>
<td>35 €</td>
</tr>
<tr>
<td>Sónar</td>
<td>115 €</td>
<td>180 €</td>
<td>65 €</td>
</tr>
<tr>
<td>Mad Cool Festival</td>
<td>150 €</td>
<td>180 €</td>
<td>30 €</td>
</tr>
<tr>
<td>Bilbao BBK Live</td>
<td>80 €</td>
<td>155 €</td>
<td>75 €</td>
</tr>
<tr>
<td>Resurrection Fest</td>
<td>89 €</td>
<td>139 €</td>
<td>50 €</td>
</tr>
</tbody>
</table>

Ticket prices for competitor festivals
Source: own elaboration based on El País.com, 2016
As we can see, all of the mentioned festival increased their ticket prices until they run out. Within all traditional marketing techniques, those that stand out within the plans of Communication festivals are the price of tickets and how it is usually marked progressively, as the sale increases and more groups are known to attend the festival, the price of tickets goes up.

All festivals offer the option to buy the entrance to the festival, without accommodation and by assistance every day that lasts. Also the price is fixed depending on the type of entry and the facilities provided by the festival. In this way, if the enclosure has a camping area the entrance to the festival is offered with a camping area, which will be slightly more expensive.

There is also the option (if the festival facilitates it) to buy the ticket for a day if you only want to attend a specific concert.

- **Positioning power of well-known brands:** Nowadays well-known brands invest a lot of money on being sponsorships of festivals. Based on the information provided by The Trademark Sponsorship Observatory at Festivals in Spain (2017), `50% of all sponsorship agreements are in the category of beers, soft drinks, automotive and banking. Coca-Cola, Jagermeister, Cruzcampo and Damm are some of the 15 brands that account for 33% of all music sponsorship agreements`. Companies that acts as sponsors can increase their attractiveness for the attendees and raise awareness about their image. Goers perceive these brads closer, even willing to buy the product they promote during the show.

- **The Orange economy:** Also known as *The creative economy* we can define it as the sector that includes the value generated by offering good and services based on intellectual property (crafts, film, design, publishing, fashion, TV or video games for example). The business advisor John Howkins developed the concept in 2001 in order to explain the impact in the economy that these activities can have. The concept does not stop evolving and festivals are included as part of the named intellectual property. Bellow graphic represents how much has the billing of live music has grown over the last years:
The graph shows the unstoppable development despite the rise in cultural taxes. In September 2012 there was a 21% increase in the cultural VAT, this is the main reason why there has been a decrease in the billing of live music. In 2013, it fell by 12.9% compared to 2012, improving the situation and encouraging people to attend more events and festivals. In 2014 the situation began to improve as it was the first year that billing grows after the VAT increase until present day.

**Tourism impact:** Music festivals are creating a new classification of alternative tourism which is increasingly attracting a huge public. In economic terms this means an enormous impact, not only for the festival itself but also a generation of incomes for the retailers in the area. These events generate direct employment for the festival's organization and realization as well as indirect ones in the where it is celebrated. Needless to say, this type of tourism has a positive impact on the economy of the surrounding towns, hotels, restaurants and local businesses. For example, according to the information obtained by the Spanish Statistics National Institute (2015), since the festival BBK is held in Bilbao, the city has experimented an increase in the hotel occupation (current one is 82.80% in July compared to the one before the celebration of the festival that was 69.43%)}

**Social factors:**

The music streaming industry has been booming for the last 3 years, indeed, Music streaming in Spain has surged to almost three quarters of all music sales, according to a new report from Spanish Music Industry Association Promusicae, which compiles Spain’s weekly music charts. This social trend immensely affects our business so we should consider having an exclusive playlist for our target market that will incite them to come to the festival.
- **Trend to listen to music online (Streaming):** According to the data obtained by the survey carried out by the newspaper ‘La Razón’, a high percentage of respondents, specifically 93.8%, like to listen to music and are citizens between 35 and 54 years old, 95.3%, who most enjoy it. Nowadays people can enjoy their songs in real time thanks to online platforms such as Spotify, Amazon Music, Youtube or Apple Music, they are the most used by the surveyed. We can confirm that, just in Spain, the consumption of digital music is already double that of physical music.

Nevertheless, this trend demonstrates the great potential that the organization of festivals and concerts can have because they can be perceived as an experience meanwhile online music users heard their favourite songs or following the show online. If we take a look at the mentioned statistics, the tendency of listening online music does not stop crowing and there are already too many platforms available at the market.

- **Assistants, their motivations and expenses:** Festivals are already consolidated in the market and have a lot of potential for coming years. This type of event is very popular within young audience (16-29 years old according to Ticketea.com).

It should be noted that most people who attend these festivals in Spain are national, because they are looking for a cheaper option to see different artists in one place. The public differs a lot depending on the festival that they decide to go, since some of them concentrate a greater part of foreign tourists than national ones. (The World, 2016). These data are provided by the Provincial Council of Madrid and the institutions that carry out this type of macro events.

**Technological factors:**

- **Artificial intelligence:** First of all, very briefly we can define AI as the is the combination of raised algorithms. It aim is to create robots or machines that have the same capabilities as the human being. Latest tendencies show that music and artificial intelligence go hand in hand. Academic researchers as the professor David Cope from the University of California Santa Cruz, managed to demonstrate that AI has been used in recent years to create generative music but now major tech companies, such as Google and Baidu, have created programmes to create music using algorithms and machine learning. Applying this technique, they can create the music for a new advertise that will attract main visitors of the website, for example. But the applications of this technology go much further and have multiple implications. They are used to
capture compose songs and even complete albums, market trends, play instruments or imitating concrete voices.

Previous examples can we used in festivals to create a spectacular show for the audience. Creating an enveloping atmosphere through the effects of music can help to capture the attention of the public and combining it with lights and decorations, the result creates a new space with an unique experience.

- **Internet access**: Hootsuite, a platform dedicated to the management of social media published at the beginning of 2018 a study showing the evolution of internet users in Spain. They have increased by 2 million over the last years, which really represents that almost 85% of total Spanish population have access to internet. The report also highlighted that 60% of the internet users are connected to the social media on a daily basis. Loyal fans are always up to date with last tendencies though Instagram and want to be the first one to know about the topics that interest them, spending more than 5,5 hours per day online.

Next table shows the exact numbers that ‘digital population’ represents in Spain. As we can see, the amounts are expressed in millions and mobiles are the devices that most people prefer to use:

<table>
<thead>
<tr>
<th>Digital technology in Spain - Year 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>46,38 M</td>
</tr>
<tr>
<td>Penetration: 80%</td>
</tr>
</tbody>
</table>

**Source**: own elaboration based on Expansion.com, 2018

- **Cashless payment**: Also known as payment with bracelet, is one of the latest innovations at festivals which is being used all over the globe. Not only festivals are beginning to incorporate it, but also congresses, concerts and expositions due to all the benefits it can generate. Among them it is worth highlighting the reduction of
waiting times and queues, reduction of human fault, increase of consumption at the events, control of sales and stocks, etc.

Nevertheless, sponsors of the festivals can obtain useful information about their clients and reinforce their brand image. For example, drink’s sponsors can know how much of their refreshment was consumed, ages of the customers or time of the purchase. It can also be an interesting way to strengthen their brand image, by being able to stamp the sponsorship on the bracelet used to pay.

**Environmental factors:**
As environmental issues became more concerning every day, the music festival business has also started to take environment as one of the aspects to acknowledge when organizing a music festival’. (The environmental impacts of the biggest music festivals in Europe (2018) - Saana Luoma)

- **Contamination and water consumption:** The event might contaminate waterways and groundwater’s since the waste water enters the same systems. Spills that include oil, detergents, gas or other liquid pollutants are most hazardous liquids from a festival, damaging the ecosystem. ‘The event may also have a wider impact as the waste water and sewage caused by the attendants enters mainstream treatment processes and is released into waterways and the ocean.’ (Holmes, et al., 2015, 86.)

Is also important to highlight that the place where Coachella will be held has a great impact in terms of water pollution. As the festival is going to be celebrated in an outside place, it should have a sewage system that will take out the wastewater. The portable festivals toilets are normally dirty after a few uses and for this reason many people decide to urinate on the ground. This situation could result in excess of nutrients on the groundwater and waterways if there is not enough amount of toilets and they are not in good condition during the festival.

- **Air pollution:** It can be classified into an immediate impact on the air quality and the longer-term impact on health. Air pollution related to events usually comes from the fuel expended to reach the event and energy consumption to direct it. The issue takes place at the transport of suppliers, utilities and concert attendants. The show may also need generators or mains power, which also may boost the emissions. In addition to the air pollution caused by transport and energy generation, many other activities such as fireworks, can influence on the air quality of the region where the festival takes places.
- **Crowding and congestion**: The aim of the event is to attract more and more attendees, which may have positive and negative results. Even if boosting tourism and attracting new clients can mean big revenues for the city, the available transport network to go to the event can get easily congested if many people try to get to the same area at once. This scenario can happen even in big cities if the place is not ready for such a huge celebration. To avoid future problems, it is essential to estimate the exact capacity of the place and take into account the traffic flow to degrease congestion.

- **Urban renewal**: Festivals are increasingly taking part in urban regeneration. They are the new method to promote upcoming events and the hosting city itself. Regeneration means that the location for the celebration is more than restored to what it used to be in the past. It implies that the area is recovered to have the position it once had. In this case, the regeneration is driven by the festivals and it includes changes in the built environment, but the changes are not necessary to stage the event. One approach of regeneration in festivals is related to the policies that applied to these events; for example, if the government stabilizes new safety regulations for stadiums, the facilities must be fully renovated in order to meet the new standards.

**Legal factors:**

There are certain laws that affect the business environment in a certain country while there are certain policies that companies maintain for themselves. Legal analysis takes into account both of these angles and then charts out the strategies in light of these legislations. Festival organizers and promoters face complex legal challenges for the development of their business. In many cases they do not have specialized advice on legal and economic issues, and therefore assume important risks and extra costs in their activity.

These regulations must be considered as they affect the industry in many ways; several permits must be requested, formal obligations, contracts with artists, billing and payment to musicians, safety, prevention of occupational hazards, ticket sales and many others. It is very important to define all the legal conditions and clauses in an appropriate way in order to avoid future problems managing the event. Therefore, we decided to classify the legal factors as below:

- **Tax and permissions**: the legislation of this type of spectacles is governed by regulations of the different regions or Autonomous Communities, in turn these have
certain differences in aspects such as bonds, the granting of a license, liability insurance, necessary personnel, inspections, etc. This legislation is collected on the website of the Ministry of Interior of the Government of Spain (Government of Spain, Ministry of the Interior, 2016).

This can lead to each festival having to meet a series of different standards, and may differ from other communities, this will favor that these events are created in areas that have less strict legislation or have a greater number of possibilities to make the festival. For example in the below specific requirements standardised by the Community of Madrid:

<table>
<thead>
<tr>
<th>Year 2015 (last modifications made at the community)</th>
</tr>
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<tbody>
<tr>
<td>Mild penalty max. 4,500 €</td>
</tr>
<tr>
<td>Very serious penalty max. 900,000 €</td>
</tr>
<tr>
<td>Inspections: City Councils and Community of Madrid</td>
</tr>
</tbody>
</table>

Classification of penalties by the Community of Madrid
Source: Own elaboration based on the University of Zaragoza, 2016

-Safety standards: the festival must have the appropriate authorizations and municipal licenses for its celebration as a public spectacle. This subject also depends on the autonomic norm on public spectacles and each autonomous community establishes the conditions on security measures, emergency exits and capacity. Therefore, at the time of granting the license, the authorities will take into account, above all, questions of safety and environmental protection (including noise pollution and nuisances for neighbours), establishing limitations in terms of schedule, capacity and security plan. The organizer must establish adequate measures for permanent control over compliance with the permitted capacity.

Sectorial analysis
This table shows the ranking of European live music markets based on their estimated market value in 2017 and 2021 (in million U.S. $) The dark blue line represents 2021 and the lighter one 2017.
When choosing a location for the festival we had evaluated the advantages and disadvantages of all European markets. Here it can be seen that Spain is on the tenth place after German, The United Kingdom; France and six other countries. So the live music market is less profitable compared to other European nations.

**Trends for Spain**

During the last decade, the Spanish entertainment industry has immensely suffered, due to the new taxes regulations in 2012 and economic crisis. Indeed, according to an article entitled “Spain’s music industry still seeking a way out of the jungle” by the online magazine “El País”, the music market alone has fallen by 80% in revenues since the year 2000. This state results mainly from the VAT increase from 8% to 21% over the last ten years. In 2014, Spaniards spent €149,9 Million on music compared to €626 Million spent in 2001. Moreover, the number of concerts held in Spain dropped by 22% in the first year of the tax enforcement.

However, even if concerts have fallen in the last years, festivals play an increasingly important role in the society. It is the new way of understanding and living the music that triumphs in the country after the turn that the music business has made. The new generations buy fewer albums and go more to concerts. Another major cause is the piracy and download of unlicensed content since it discourages consumers to buy music or movie content that they can download for free.
However, there is a slight change in the situation since the taxation law went back to 10% in 2017, and records have shown that there is an improvement especially in the sales of recorded music as well as the streaming that increased by 25% from 2016 to 2017. Moreover the awareness of piracy in the audio-visual field is strong to a point that LaLiga of a department specifically for fighting audio-visual piracy and the protection of TV rights was created and has since then blocked 12 website domains according to an article written by Juan Fernandez Gonzalez about Spain’s entertainment industries and the impact of piracy on them. This gradual recovery shows that Spanish consumers are still fond of music and entertainment and that in spite of all the discouraging circumstances, they have not given up on the sector yet.

On a regional level, Spain is not doing good either, “a high number of festivals have decreasing budgets, but a quarter of them are showing marked budget increases, and again very few festivals showing stability”.

As our main markets after Spain are France and Germany we conducted a brief sectoral analysis of both. Later on in our marketing plan, we will have France and Germany as important vectors for our communication strategy to widen our exposure and reach further in the European market.

**Trends for France**

In France, summers are a synonym of beaches, family and friends time, and mainly music festivals. And the cultural actors quickly understood that since France has more than 90 music festivals, with the most recognized ones being Les Francofolies, Les Vieilles Charrues, Rock en Seine, Calvi On The Rock, Hellfest... with this many options and music genres, you cannot go wrong finding the type of music festival that suits you. Below is a
map of the 30 most famous ones and their location on the French map as well as the number of attendees of each one during the summer of 2016.

![Map of festivals in France with number of attendees](Image)

Source: Touslesfestivals, 2016

With the industry becoming more digitized than ever, music festival organizers have no choice but to adapt, indeed, press conferences alone, although effective, are not sufficient anymore. They all have accounts on social media since they know the importance of the online involvement of the attendees, and how much that brings new attendees and fidelizes past attendees. This graph shows the involvement by percentage of music festivals in social media presence.

![Social Media usage of French festivals](Image)

Source: Touslesfestivals, 2016

**Trends for Germany**

As pictured in the diagram above Germany is the market with the highest value and Spain comes at the 9. place. The reason behind this may be the higher buying power of people and the stronger economy. Germans have more disposable income to spend on leisure activities like concerts and festivals. Secondly there are around 82 million people living in
Germany compared to the 46.3 million people in Spain. (Statista, 2018) Broadly speaking the higher the population the bigger the market.

Currently there are more than 500 festivals in Germany. (My Molo, 2017) The most popular festivals in Germany are: Hurricane Festival, World Club Dome, Melt, Lollapalooza, Rock am Ring and many more. The festivals mainly target rock, RnB and electronic fans. So we can promote Coachella as a place to celebrate commercial and Spanish music. This graph shows the frequency of music styles at festivals in Germany.

![Graph showing frequency of music styles at German festivals](image)

**Source:** My Molo, 2017

- **Analysis of Micro Economy**

**Industry**

To measure the level of intensity of the single factors they will be classified from 1 to 5, with 1 meaning low intensity and 5 implying a high intensity.
Threat of new entrants: Medium

The threat of new entry can be classified with a 3. On the one hand it high because every year many festivals are introduced to the market all over Europe. However on the other hand many festival fail promptly due to high starting costs, high advance payments and the complexity of buracacity.

Threat of substitutes: Low

The substitutes of a Coachella festival can be other cultural art events and expositions, this can also include museum tours and movie theatres as well as opera shows. Indeed, they share the same economic but use different techniques to achieve them. The factors of this variable include low switching costs, prices lower than our product. However, the quality as well as the functionality of the experience is better than the substitutes.

The statistics conducted by the ministry of culture in Spain show clearly the difference of the number of people who go to museums, concerts, art exhibitions etc. Therefore the intensity can be classified at 2.
Suppliers bargaining power: Low

There are many suppliers of the raw materials, components, services and expertise needed for this project. These suppliers go from firms that take care of concert equipment installations, to designers who seek the public’s attention, to ticket sale platforms, to travel agencies and hotels, etc. In the Spanish market, these suppliers are quite affordable and present since there are many festivals and concerts, for that reason the supplier bargaining power is relatively low. Therefore the intensity can be classified at 2.

Competitive Rivalry: High

As the number of festivals and live concerts is exponentially increasing in Spain, the rivalry is considered important. In fact, there are 10 major music festivals in Spain with a minimum number of 80,500 attendees and a maximum of 300,000 in 2016. These rivals are Arenal Sound, Rototom Sunsplash, Primavera Sound, Via rock, FIB, AlRumbo festival, Sonar, Mad cool festival, Bilbao BBK, and Resurrection festival. Therefore the intensity can be classified at 4.

![Most popular festivals in Spain with the number of attendees](Image)

Source: Statista, 2018
Buyers bargaining power: Low

Thanks to the festival’s reputation in the US, we can be certain that everyone will one to go to the better version of it in Europe, with a more adapted line-up of artists as well as a cosmopolitan range of art expositions. Indeed, the popularity of this festival has shown exponential growth during the last 5 years. Therefore the intensity can be classified at 2.

Competence

Coachella is one of the most successful festival in the world and introducing it to Spain allows us to profit from the existing strong brand loyalty. Coachella combines artists from all genres of music along with extraordinary art installations and a gourmet food selection. This combination is transforming the standard festival visit to a whole experience. The consumer habits changed from only visiting a concert with friends to going to one because it is trending on social media platforms and living the brand Coachella for three days. As this is our key competence, our differentiation factor will be the unique experience. Responding to the increasing digital connection and usage of mobile services we offer an app with all information and services and live stream channels of the performances.

Our main objective is to be the named unique experience at both levels: at the festival and through social media. If we can achieve this goal, year after year more people would like to go to the live festival and Coachella will be more popular. Nowadays selling an experience is more attractive thanks to social media and new marketing techniques.

Potential competitors in Spain

Based on the information collected by the Association of Musical Promoters (APM), the festivals that make up the study have the following characteristics in common:

- They are festivals of contemporary music (pop, rock, folk, electronic, etc.).
- It is a single event under the same commercial name.
- They are at least two years old and their last edition was no more than a year ago.
- There are no less than 3,000 visitors a day.
- Act no less than 5 professional bands per day.

Top 10 festivals by number of attendees:
Geographic location of the most popular festivals in Spain
Source: Association of Musical Promoters (APM), 2016

As we observe in the previous graphic, the main festivals in Spain by number of spectators are: Arenal Sound, Rototom Sunsplash, Primavera Sound, Viña Rock and FIB.

**Potential competitors in Europe**

Many festivals are celebrated each year in Berlin, Paris or Lisbon, but they are more into rock metal music or national pop. This is the main reason why decided to focus our analysis on the national level, just considering one international festival that target people from the same age as our and could be a real alternative to our Spanish proposal:

**Tomorrowland- Belgium.** Is one of the most popular festivals all over the globe for electronic and pop music. It’s so popular because they are selling the experience of a village of fairies and fantasy unique in the world.

The decoration is one of their key element that attract masses, all based on circus theme with multiple costumes. they managed to broke a historical record with a total of 400,000 attendees in 2016.
Another of Tomorrowland's hallmarks is its gastronomic offer, which goes beyond the typical hamburger, pizza, kebabs, tacos or even Asian food. Last edition they organized a food market which brought Belgian gastronomy closer to the international attendees. In order to make the idea even more attractive, two well-known local cooks participated in the event making a cooking show at the VIP area.

**Consumers**

The profile of a Spanish typical music fan is a university student aged between 20 and 24 years old, who listens to Spanish pop-rock. He goes to concerts on weekends and is used, according to the report, to buy tickets at official points at normal prices (APM, 2016)

The target audience of our festival are people who are:

- Aged from 18 up to 35, born between 1985 and 2000. This millennial audience searches new experiences and knows about Coachella from social media platforms such as YouTube, Instagram and Facebook.
- Our consumers expect more than just music performances from a festival. Coachella in America is known for generating a one of a kind experience, that is highly shareable with their peers. The same should apply to our festival in Spain.
- This consumer segment especially likes to share their experience and collaborates with brands on social media.
- The broad variety of music genres at our festival targets a vast audience. Fans of rock, indie, hip hop, electronic dance music can see their favourite artists perform in one location.
- Furthermore, the European character of this event will be represented in the selection of artists. Additionally a reggaeton stage will be introduced. A genre of high popularity in Spain.
- We also need to consider the preferences of generation Z. They are the next generation with strong purchasing power. Individuals of that generation are highly influenced by one and other, so we need to create a positive attitude towards our event. As this generation loses they interest fast, we need to capture their attention through innovative social media tactics and interactive on-site attractions.

We aim to activate the same social media interaction as the festival in the states. Coachella has the highest number of social media mentions in comparison to all other festivals. In addition millennials value experiences over material things. Considering this we should calculate our ticket prices higher than our competitors because we deliver a unique event to the European market.
Suppliers

Coachella in the United States is organized by Goldenvoice, this company is a subsidiary of AEG (Anschutz Entertainment Group) where a vast network of franchises, music brands, venues, ticketing platforms and global sponsorships are included.

As we are a new company, we need to analyse the partnership that our competitors have and the potential suppliers that we could have. In order to cover all organizational steps, we decided to do following organization of the suppliers that must be evaluated in the Spanish market:

- **Counselling**: In order to have everything under control, requesting advice from an external company is the solution for many organizers. They can provide full knowledge about authorizations, requirements that must be met and approvals that the festival must have from the council administration to avoid future complications.

- **Food and Beverages for the event**: Festivals and concert can provide their own snacks and drinks even if normally they subcontract this service. In both situations must been an agreement with the supplier in order to offer different meals and beverages that customers will ask for.

- **Infrastructure and technology**: Festivals need to be provided with scenarios, toilets, computers, tents for resting or vip area among other stuffs to have a controlled enclosure at the event. These materials can be owned by the organization or rented to another company.

- **Security**: Due to the recent problems that some events have suffered with the capacity of the place or terrorist attacks, having a complex security system is essential so customers can enjoy the experience without worrying about organizational issues. Controls at the entrances and exits of the festival, security cameras, visitor registration and a medical service are some of the measures that can be implemented.

Channel

There are several sales channels for the tickets and promotion of Coachella Spain and the distribution can be divided into online and offline:
### Online

- **Festival’s official website - Coachella Madrid**: Most attendees plan and purchase their festival experience online, because information about the location, journey and accommodation can easily be obtained. Most of the festivals in Spain create their own website with mentioned information and customers can buy the ticket there.

- **Ticketing platform**: Sometimes attendances first check online the calendar of available festivals during the year, looking for the artists they like or potential holidays destinations. These types of searches normally redirect us to ticketing platform where users can compare prices and even buy the final ticket.

- **Coachella’s website**: The already existing festival in the United States can be a method of advertising as our business idea is based on their festival and we are trying to achieve their success. Offering a link in their own website to our festival or adding information about it could be beneficial for us as more potential attendees will be aware of the event.

- **Travel agencies**: Coachella is more than a festival, it’s holiday destination for an unique experience. This is the main reason why travel agencies can be a channel for selling our tickets and promoting the event. Some of them, such as Barceló Viajes or Booking, offer the possibility of booking flights, accommodations and entertainment all together, which is very attractive for foreigners attendances and people you would prefer to have everything organized in advance.

### Offline

- **Physical Travel agencies**: As we already mentioned before, a physical travel agency can be the point of contact whereas attendants are organizing their trip. Coordinating all the booking process being helped by an assistant in a physical shop can be very helpful for some people.

- **Banners**: This method can help us to increase the visibility of the event at street of main cities.

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**On- and offline sales channels**

*Source: own elaboration*
Presence at events: Coachella is related to music and fashion at the same time, being an opportunity to participate in a wide range of events. By participating in international congress about entertainment and tourism (for example IFEMA at Madrid) events present their proposals for upcoming years, check how the competitors act, discover new ways of advertising, creating first contact with customers, etc.

Products and services:

Nowadays attending a festival doesn’t mean just bulling a ticket to a concert; the full offer include must include products and services that gets the attention of the public and make the festival because an unique experience.

When we talk about products, clients love the exclusives ones that toy can just get at the event. Merchandising plays an important role on this step as accessories, sunglasses, clothes and bracelets are the most demanded products. A great example is the festival Tomorrowland which sell its own tent designed exclusively for the event. This strategy generates customers feel more attached to the brand having the limited products and receiving a personalized service.

Regarding services is important to highlight that, despite the main one that are the concerts, festivals also include camping/resting areas, food trucks, toilets or medical service if its needed. If attendance have any questions about the organization normally there is an information point where they can have easy access to internet, transportations to the city centres or accommodations offers.

Substitutes:

The experience of a festival includes the atmosphere, the entertainment and the level of engagement with the attendees.

-Day festivals: Another substitutes are festivals which only last for one day, therefore we also offer a one day ticket version. We know that not every customer wants to stay overnight and might not have enough time to stay from Friday till Sunday. For people who want to join the festival experience without buying a ticket, we will offer livestream channel of the two main stages. In addition to this there will also be a shopping area for visitors at the location. The collaboration brands and other labels can rent retail space and directly sell the products, which are placed at Coachella to a broader audience. With this tactic we generate more excitement for the festival, higher visibility and sales for our collaborating partners and may attract more visitors for the following years.
Concerts are indirect competitors and a substitute to our business. Customers could choose to see the artists we have booked individually. However, it is more expensive to see each performance on its own and they won’t have the same experience as visitors to our festival.

Online experiences like the streaming of festivals from all over the world. Not a lot of festivals offer streaming but it is free of charge for the consumer. The American Coachella offers live streaming, when we want to compete on the same level we need to decide if we want to offer the same service.

Internal Analysis

The history behind Coachella:

Dating back to the year 1999, and its foundation by Paul Tollet it started as a small independent festival in the Coachella valley in California. Now it is one of the most popular and most respected festivals all over the world. Within the nearly twenty years of existence Coachella has developed a unique and loyal following amongst a broad audience and attracts leading artists. The event is collaborating with business partners like American Express or Google. Fashion brands seize the opportunity unity to enrich their brand identity and promote their products by partnering with influencers from diverse nations and influential power.

Mission, Vision, Values, Company

Vision:

The Coachella Music and Arts Festival in Spain is a festival whose vision it is to connect likeminded individuals by celebrating and living unforgettable moments in life together. Immersing yourself in a world of innovation, creativity, music, arts, cuisine and fashion while pausing the daily life.

Mission:

We create, market, present and lastly capitalise the ultimate festival experience combining music with arts and fashion. Staging a festival which takes attendees further than any other. Our partners, visitors and the local community will profit from our actions now and in the future. Spain, as a shareholder will further be internationally positioned as the perfect place to create new businesses which meet the ever changing customer demands.

Values
1. Customer Engagement
2. Customer Centricity
3. Sustainability
4. Innovation
5. Connectivity
6. Freedom
7. Self-Expression

Company:

Personnel as we are a start-up we will have no financial resources yet to hire employees helping us to organise the first festival. If we generated enough profit with the first festival we will hire a tax account. In this sector none of our founders has enough knowledge to do it sufficiently. After hosting the first festival we have more experience and can decide if we need to hire people from other backgrounds.

Research and Development is one of our main divisions. The continuous search for innovation and consumer trends is vital to secure the fulfilment of current and future customer needs. Indeed, we can see the importance of finding and adapting to new consumer demands of the American festival throughout the years.

It was founded in 1999 by Paul Tollett and started as a small independent festival in the Coachella valley in California: In the beginning it took place on one weekend annually. Now it is one of the most popular and respected festivals all over the world. One of its particularities come from the fact that the festival is celebrated on two consecutive weekends.

Within the nearly twenty years of existence Coachella has developed a unique and loyal following amongst a broad audience and attracts leading artists. The event is collaborating with business partners like American Express or Google. Fashion brands seize the opportunity to enrich their brand identity and promote their products by partnering with influencers from diverse nations and influential power to be present on these two weekends.

Indeed, the festival has such a wide reach that global brands, or even ones are thriving, invested hundreds of thousands of dollars in small events during the the 3 day festival, or even promotional stands. They have explored every angle and every possible usage of the event to optimize their brand exposure to strengthen their brand image. The following is a small portion of the brands that are present at the event:
With the help of social media giants Instagram and Twitter, the “going viral” trend has a huge power on Coachella’s degree of reach. The information spread through these social media apps is so relevant and significant that every guest appearance or events that
haven’t been previously communicated, get millions of views in a very short period of time.

All these factors contributed in making Coachella break the record by being the highest grossing music festival in the world in 2015 by reaching $84 Million in ticket sales. This number was reached without taking into account the merchandise and food and beverage revenues.

In 2017 the festival broke another world record by being the first festival that reaches a 9 number figure of profits: $114 Million. We can assume from this evolution that the festival will be bigger in the upcoming years, especially since the 2018 tickets sold out within a few hours despite the fact that the prices are higher than the festivals of competitors: $429 for general admission to nearly $1,000 for VIP passes.

Production

As any other festival, we do not offer a physical product, rather a service that consists mainly of offering our customers live music. However, Coachella offers more than just that. Being an exceptional festival, we provide our customers an unforgettable experience that joins a great variety of music performances with stunning pieces of art done by rising local and international artists. For that reason, our production is more about logistics of the festival, from contacting artists to bringing them to Madrid, to installing all the equipment of the stages as well as the work with designers for the billboards and tickets etc.

Possible locations for the event

In order to determine exactly the place of the festival we asked in the survey next question:

In which city would you like the festival to be held?

source: Own survey
80% of the participants voted for Madrid as the best location for Coachella. As a modern European capital, Madrid has a great leisure offer and there are several places that can be rented exclusively to celebrate a spectacular event. Benefits like an international airport, modern and well connected transport network and a pleasant climate most of the year, make Madrid a good choice for our idea. There are already many festivals celebrated in the city which we will be mentioned below when deciding on a dates that best suit us to attract as many attendees at possible.

In order to choose the one that best works with our event, we carried out a research including the areas of previous festival with similar characteristics and main cultural event. After analysing them, following locations match with our business idea.

- **The Mad Cool Space:** 100.000 m² and capability for 100000 people. The Mad Cool festival for techno and pop music is hosted there, initially with half of the current capability and now the organization is even considering the idea of expanding the area. It is close to a metro station and the enclosure have space for 5 to 7 scenarios and it also has an art market. The place was built to create the atmosphere of a new ‘village’ or ‘location’ inside the city of Madrid.

- **Park Enrique Tierno Galván:** ‘Brunch in the park’ is a party is celebrated there each Sunday, with capability for 5000 people. As the previous location, is well connected by metro close to the railway museum. The area where it is located is one of the largest parks in the capital with beautiful green areas. You can find among the park different tree species, great diversity of flowers and sport facilities. During the day is a busy area for biking and children’s playgrounds.

- **Palacio de los deportes:** also well-known as WiZink Center, is located in the city centre of the city and has a capability 10000-17.400 people, depending on the event. Is a multipurpose stadium used by singers, sports events and congress. Is an indoor space, so we cannot have a camping area next to it or extra activities during the concert because there is no room for all. Even if the location is great, it just has one scenario and its agenda to book a day is full until 2020.

- **Ciudad del Rock** - it is an area based between two villages, Arganda del Rey and Perales de Tajuña, located 37 km from Madrid. This place hosted during three years the well-known event ‘Rock in río’, a popular festival for commercial music that had a business model area of and capability for 96000 people, 200.000 m² located in Arganda del Rey. We finally decided to go for this location as it is not in the city centre and will not disturb neighbours during the celebration of the event. Well connected by buses during all the day, the city council invested more than 12 million of Euros to build this place cooperating with the festival Rock in Rio, that did not last more than 2 years. According to
the information provided by the newspaper ‘El País’, the council is still looking for new interested companies which help them managing this abandoned place that has a lot of potential. Well conserved and will a lot of space to arrange the event, Ciudad del Rock may be the ideal place that we where we want to set Coachella.

Marketing:

For the marketing of our festival we will be using two types of communication means: the traditional marketing and the digital marketing. It will consist of two parts: A teasing period and a reveal period. On the traditional level, we will have magazine ads and street billboards that will firstly intrigue readers and viewers on the streets to be more curious to see what the festival is about in the reveal phase. The billboards location will be chosen wisely as we know our target market and their behaviour. We will however rely more on the digital marketing since it has been proven that, when the quality of the content is good, the results of digital marketing in the festival sector are more effective than the traditional type. We will work with local influencers as well as some from close countries like France, Germany, Italy and so on. They will be part of the teasing and reveal phase. We will also have Youtube, Google, and Social media ads that will create impressions and impact on these platforms.

Canvas (key activities)

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Proposition</th>
<th>Customer Relationship</th>
<th>Customer Segments</th>
</tr>
</thead>
</table>
| · Sponsors: brands
· Bloggers
· Magazines
Community of Madrid
· Travel agencies | · R&D
· Marketing
· Sales
Customer Service
· Sponsor relations
· Event Planning
Content Production | · Live concerts from the most influential artists of the moment
· Exposition of unique art pieces
· VIP events (parties sponsored by big brands)
· Drinks and food for all tastes | · Dedicated personal assistance
· Communities where customers can share their experiences
Collection of feedback | · Artists
· Festival attendees |

<table>
<thead>
<tr>
<th>Key Resources</th>
<th>Channels</th>
</tr>
</thead>
</table>
| · Production team
· Logistics team
· Investment
· R&D team | · Online and offline marketing
· Social Media online and offline distribution |
### Cost Structure
- upscale pricing strategy
- high cost for artists
- infrastructure (stages, toilets)
- marketing budget mainly for influencers
- high operational costs

### Revenue Streams
- ticket sales
- higher ticket price than competitors
- sponsoring
- usage of name rights
- merchandising

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**Porter’s Analysis of Value Chain**

Porter’s value chain outlines all the activities which create and add value during the production of a product or service. They can be divided into primary business activities and support processes.

The former includes the **inbound logistics, operations, outbound logistics, marketing and sales and services**. All of these procedures are part of the production process. Our product is the Coachella music and arts festival in Spain. All of the stages mentioned above need to be applied differently to us, as we do not manufacture a good in the traditional sense.

However all of these processes are still needed to create value. For the inbound logistics we have to correctly store all materials and equipment we need. For example the stage technologies, the paper tickets or material to build the pop up shops. The operations converts the raw goods into finished goods. There we would print our tickets but we will
outsource this activity. We do not have the equipment and knowledge to print all the needed tickets and leaflets. The outbound logistics concern the distribution of our finished product to the retailer. This activity has to be split between on- and offline distribution. We will send all the needed materials to our offline partner.

For our own website and online distributors we will create the virtual product. So that consumers can buy the ticket online and then download it or print it at home. The marketing and sales department works on creating a strong desire for our product. The pull strategy should apply here. The brand Coachella is already known in the Spanish market but we are introducing the product.

The next step is the **service process**. Our customers service during the purchase and after has to be perfect. This is one of the most important tasks for us. We are aware about the power of mouth to mouth advertisement amongst consumers and want to profit from it. Nowadays consumers are trusting recommendations from friends and base their buying decision on their words. This applies to online and offline communication.

The second part of the value chain are the support processes. Differentiation can be achieved here. In the modern world all products in our case festivals are similar and interchangeable. To be the first choice for our customers we have to meet their demands better than our competitors.

The infrastructure of our firm will be as lean and efficient as possible to optimise costs. As we are only three people at the beginning of our company, we share the workload for all departments and communicate the approaching tasks:

- The human resource management department is a less important department for us. We do not have the financial possibilities to hire personal yet. After two years of staging the festival we plan to hire to people to help us with the increased workload.
- For accounting responsibilities we will hire a external experpert, as we are not skilled enough in this area.

However the research and development division is of high priority to us. When we want to meet new customer demands with our festival each year, we have to anticipate new trends and then present them to the public in our following festival. A lot of our resource and time will be spend here.

The procurement of resources describes the process of managing our ressource. The festival we are hosting strongly depends on the selection of artists and brands we choose.
to work with. Consequently we need to establish the a partnership with them and continuously widen or network.

After we have finalised the performers and other offers like the food and fashion stands we develop concepts and guideline to ensure the general quality of our festival.

The most vital division is the technology development department. Nowadays companies only survive when they have a captivative online presence, therefore our website and app has to be developed and regularly updated to deliver value to the customer.

Another important factor is social media and influencer management for us. Like the festival in the States we will work with influencers to reach a broader audience and increase our brand awareness in Europe. At first the influencers help us to make attending our festival desirable and then the public will buy their ticket. A lot of our resource will be spent here.

All in all our company will be aligned to serve a holistic marketing approach. We will successfully market our product and its development into a service product.

**HR Factors**

Organizational Chart

As this is the team’s first big project, we are planning to start with the founding members as the only staff and no vertical hierarchy. Instead we opted for a one level management, with no CEO. All three members will make every major decision together while being
responsible for their own department. After the first festival we will hire two people to assist every department leader.

- The Operations Department will include a manager and later a small team to take care of operational tasks as well as logistics related to the project as it is a very delicate and thorough process of festivals.
- A Marketing Department is necessary for this festival since we need to attract our target market and create a desire for the festival. Which is why we will have a team dedicated to online and offline marketing and communication.
- Ultimately, a Sales Team which will focus on the analytical side of business, the numbers, and the optimization of sales thanks to thoroughly studied tactics and strategies.

-Policies, values and corporate culture

Our corporate culture englobes our values and policies among the team and partners outside of the company. They are dominated by authenticity, transparency, commitment, responsibility, innovation, social engagement, and ambition. All these values go in synch with the team’s management style. It’s thanks to those values that we will achieve the goal to have a great atmosphere in the team in order to offer the final customer the best experience. In terms of organization as well as quality of music, food, art, etc.

-Management Style:

Our team will have a horizontal style of management. This is mainly due to the fact that the team is relatively small and direct communication between team members is a priority. Indeed, it is all about tapping into the creativity and imagination of the staff and empowering them to do their jobs without micromanagement. This perfectly sums up our spirit among the team. Each person responsible for one part of the project will communicate directly and transparently to the others.

We will have meetings twice a week to discuss the progress of the organization of the festival, share important documents and plan the next steps.

-Product Portfolio
According to the Boston Consulting Group Matrix products can be divided into four different groups, depending on their market share and market growth rate. (Kotler and Armstrong, 2009)

For Coachella Spain the weekend tickets are the most significant product with a high market share and highest growth rate. This classification defines them as “cash cow”. The majority of sold tickets are tickets for three days and the number of tickets sales grows annually.

“Question marks” are products who have a relative low market share but a high market growth rate. VIP Tickets for our festival belong to this category. With every a greater amount of VIP Tickets is requested by the customers. (Sawyer, 2018) For Coachella in the States these tickets contributed to 60% of the margin while only presenting 15% of the total sales.

Our merchandise articles can be categorised as “Stars” in the matrix. Compared to the entry-tickets their market share is significantly smaller. Nevertheless their share in the market is expanding with contributing on average 26% to the gross sales. The articles sold will be t-shirts, sweatshirts, phone cases and more technological accessories. As garments and other items from the festival itself are preferred with a rate of 61% we will offer a small selection of merchandise from the artists. (Grate, 2017) However the majority will be by our brand. Merchandising form on average 26% of the gross sales for festivals.

At the moment we offer no products which occupy a small market share and a shrinking growth rate which would represent dogs in the BCG matrix.
-Analysis of ratios

As we are staging the festival for the first time we do not have past references. However these are the **key performance indicators** we take into account and evaluate before and after the festival.

1. Number of attendees: 35,000 tickets should be sold
2. 70% of tickets should be sold in Spain
3. Average purchase volume of every attendee: 250€ spend on drinks and food
4. Social media mentions by influencers: 5 mentions by every influencer
5. Impressions of our own social media channels: reach 800,000 people
6. Impressions of influencers: reach 1.5 million
7. Referral power of festival visitors: Every visitor attracts 0.5 new visitors
8. Be profitable in the third year: calculated profit of 720,000 €
9. Attract 6 new sponsors for the first round of the festival

In order to set up a financial plan we need to compare our financial targets with those of our competitors. As we are hosting the festival for the first time we have no past financial recordings. It can be said it is highly unlikely for a festival to be profitable in the first year. Due to that fact that the investment costs are high and the profit margin is really thin. If we sell a more than substantial amount of tickets we can reach profitability.

-Price

The findings of the Pestel analysis should be taken this into consideration for the marketing strategy. Our price point creates expectation and negative or positive interest for the festival.

Our pricing strategy will be aimed for the upscale marked. The price of a festival strongly influences the perceived value. As we deliver a high value event we can charge a higher price than our competitors. Our differentiation factor will not be the price, it will be the customer value we deliver. There we decided not to compete on a price based level. Another advantage of the slightly higher prices is the ability to work with leading artists and extravagant features thanks to great financial resources. Therefore our pricing will be value based.

In order to figure the maximum willingness to pay from our customers we have to compare our festival to existing festivals in the market. Festivals like Primavera Sound and Mad Cool Festival tickets prices range from 85 for a single day ticket to 180€ for three
days. (Mad Cool Festival.es, 2018) The average price for a ticket in 2016 was 155.72 € in Europe, with an increase of 8% to the previous one. (Statista, 2018).

Therefore we can set our prices at around 350€ for three days. When we multiply this number with the average amount of people attending a festival (37,000 people in 2015) we can better estimate our intake. (Statista, 2018)

-Communication

Every day consumers are exposed to a high amount of information from advertisers so our communication has to be impactful. Therefore we will operate three more distribution channels. We aim to keep the number of distribution channels low to decrease complexity, managing expenses and reduce confusion in regards to the secondary ticket market with the illegal resale of tickets.

Our online distribution platforms are Instagram, Facebook and Eventim. As nearly half of all festival goers are millennials the most significant communication tool will be social media. (Nielsen.com, 2015) This target group can be reached most efficiently through social media. Instagram will be used to provide consumers with information and the page will be connected to our official website.

In addition we will utilise the relative new function “Shop via Instagram” with this clients can touch an picture and directly buy the tickets. By using this innovative way to purchase we once again capture the technological savvy individuals. The Facebook page of Coachella Spain provides information about the location and the line-up of performers. Facebook is a mass media tool and will enlarge the reach to potential customers.

Lastly the online ticket seller we will cooperate with is Eventim.com. They are one of the largest vendors worldwide and already offer tickets for the Mad Cool festival in Madrid. Some consumers may see our festival when they want to purchase their tickets for Mad Cool. Consumers highly trust them and can make use of their generous return policy. However the single use of social media for our distribution will not be sufficient. Our offline distribution partner is Tui travels and B travels. As established players in the market consumers trust them and our new festival will profit from it.

-Segmentation

In order to segment the market we need to define the size of the market and the percentage of our market share. In 2015 concerts and festivals generated a revenue of 194.5 million €. (IQ Magazine, 2016) When segmenting the average ticket spent, the
number of festivals they attend, how much influential power their have over there friends and how often they attend the same festival.

In order to define the correct segmentation principles we conducted a market and consumer study. Factors which describe our target audience are listed below. These insights are based on the survey we conducted.

<table>
<thead>
<tr>
<th>Geographics</th>
<th>Demographics</th>
<th>Psychographics</th>
<th>Behavioural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regions: Europe (in particular Spain, Germany)</td>
<td>Age: 16-33</td>
<td>Activity: Spent time with friends, shopping, Social Media, shopping</td>
<td>Intent: Second time festival goers and first time festival visitors</td>
</tr>
<tr>
<td>Languages: Spanish, English, German, French</td>
<td>Gender: Male and female</td>
<td>Interest: Fashion, Social Media, Music</td>
<td>Life cycle: early adopters and early majority</td>
</tr>
<tr>
<td>Cities: Madrid, Barcelona, Berlin, London,...</td>
<td>Occupation: Student, employee</td>
<td>Opinion: Sustainability</td>
<td>Benefit sought: great atmosphere, then music and then fashion</td>
</tr>
<tr>
<td>Family: Single or in a relationship</td>
<td>Attitude: cost value trade off</td>
<td>Attention: awareness from social media</td>
<td></td>
</tr>
<tr>
<td>Social status: low middle class and higher</td>
<td></td>
<td>Life cycle stage: awareness and interest</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Purchase usage: it depends on the festival if people buy their ticket beforehand</td>
<td></td>
</tr>
</tbody>
</table>

The study also revealed that people who are not from Spain mostly went to Tomorrowland festival. For Spaniards Arenal Sound and BBK Bilbao are the most popular. A small group of 6.2% have never been to a music festival before. It can also be noted that the majority
of our participants shops more frequently at the Inditex brands than at Levis, Sephora and Revolve. They also identify stronger with the Inditex brands but closely following the other three.

The main age group in our survey is from 18-24, we can assume that this represents our core target group. In addition 79.4% are willing to travel to another country and the remaining 15.7% are willing to travel inside their country. The attraction that they like the most are food booths, following brand booths and fashion stands.

Regarding the purchase decision, the majority wants to decide independently when buying the ticket and don't decide base on influencers. Studies from the ticket website Ticketea show that 54% of festival goers are women and 46% are male. They mainly range from 16 - 29 years and life in the largest cities in Spain, like Madrid, Barcelona, Valencia, Seville and Alicante. (Chapple, 2016) Which represents our respondents.

After doing the market study we saw the need to adapt our marketing strategy. Firstly we should attract the people who have never been to a festival before by offering them the one day festival tickets. By doing so they experience a festival but not the camping part, which may be the reason why they never visited a festival before. Furthermore our main sponsors should mainly be Spanish and other European brands. These brands are more attractive and have a higher awareness in our target audience. However we should still include American companies to present new brands and represent American consumer trends. With social media these will come to Europe in the close future.

In regards to the influence of social media of the buying behaviour we found that people collect information on social media but still want to decide independently if they buy a ticket or not. It also means that we should focus on creating an incomparable festival experience in real life so that attendees enjoy their time and return the following years with their friends.

In order to improve our market research we should increase the number of respondents and increase the percentage of male respondents.

-Positioning

We decided to conduct the analysis based on the Spanish Market, excluding the festival located in the States that affect the original Coachella’s event. The market there is highly populated and competitive, assuming the low likeliness of Americans coming to an European festival as they already have a wide offer at home. That is the reason why we also included in the analysis Tomorrowland’s festival in Belgium and Ultra Europe
Festival in Croatia. We already named this festival as a competitor and we think is important to include it in the positioning as they are also offering an unique experience combining music and arts and both of them already attracting a high number of visitors.

As we already described them in the analysis of micro economy in the part of substitutes to Coachella Spain are the other festivals in Spain and the most important ones in Spain are Primavera Sound Festival in Barcelona, due its high number of visitors and Mad Cool festival in Madrid, due to its location.

**Positioning map**

![Perceptual Map Coachella](image)

Perceptual Map Coachella

Source: Own design

This positioning map includes the main national and international competitors. In order to understand the picture, is important to analyse the prices of the three days festival’s ticket:

<table>
<thead>
<tr>
<th>Festival</th>
<th>3 days ticket price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tomorrowland</td>
<td>237€ (camping not included)</td>
</tr>
<tr>
<td>MadCool</td>
<td>175€ (camping not included)</td>
</tr>
<tr>
<td>Primavera Sound</td>
<td>180€</td>
</tr>
<tr>
<td>Arenal Sound</td>
<td>85€</td>
</tr>
<tr>
<td>Coachella Madrid</td>
<td>350€</td>
</tr>
</tbody>
</table>
Ultra Europe

We wanted to show the relation between festivals that are more fashion focused purely focused on music shows. As we can observe, Coachella is the one with the most attention to fashion and Arenal Sound is the most music one. Even if the price is high, our festival has a full offer of concerts, camping and fashion shops that make it an unique experience.

**SWOT Analysis**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Highly valued brand image</td>
<td>• First edition of Coachella in Europe which represents a risk from the audience presence point of view</td>
</tr>
<tr>
<td>• On the list of trendiest music festivals of the decade</td>
<td>• High expenses</td>
</tr>
<tr>
<td>• Unique experience with live music, art expositions, and private events</td>
<td>• Negative environmental impact</td>
</tr>
<tr>
<td>• Wide portfolio of services</td>
<td></td>
</tr>
<tr>
<td>• Strong support from a managing team (AEG and Goldenvoice)</td>
<td></td>
</tr>
<tr>
<td>• Madrid is a strategic location for European fans</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• New customer needs to be satisfied</td>
<td>• Many substitute services</td>
</tr>
<tr>
<td>• Number of festival attendees is increasing in Europe</td>
<td>• Spain music market value low</td>
</tr>
<tr>
<td>• Spain has the second highest number of visitors of music festivals in Europe</td>
<td>• Changing trends</td>
</tr>
<tr>
<td>• High exposure on social media</td>
<td>• Low purchasing power from the Spanish market</td>
</tr>
<tr>
<td>• High potential of partnerships with reputed companies because of our strong brand image</td>
<td>• High number of local competitors</td>
</tr>
<tr>
<td>• The artists prefer music festivals to concerts as they are more profitable for them</td>
<td>• Potential high bargaining power of suppliers</td>
</tr>
</tbody>
</table>

**SWOT Coachella Madrid**

Source: Own design based on collected information presented

**Opportunities**

The first external opportunity present at Coachella Spain is our **potential to serve new customer needs**. Consumer habits changed from attending a festival purely for music performances to expecting experiences and entertainment surrounding the festival. The Millennial generation in particular searches for new experience to share, instead of witnessing something on their own. (Digital Music News, 2018) This will be in addition to the the right combination of live performances, pyro technique and entertainment stands to satisfy our consumer. (Digital Music News, 2018).

The festival in the US is the only one, which perfectly meets the consumer demands. We will accomplish the same for the European market. Coachella in the US is very attractive for brands and has diverse brand sponsorships like American Express, Adidas, HP and Absolut.
By using the name Coachella we can more easily attract high profile sponsors. Nevertheless by working with a Spanish festival they will enlarge their brand visibility to Spain and Europe. Moreover an opportunity is the rising number of people attending festivals. Worldwide festivals profit from a increasing popularity. Nowadays instead of seeing several artists at independent concerts consumers prefer the more cost efficient way of attending a festival to see a number of their favourite performers.

One other plus is the vast social media following which originates at festivals. As the target festival audiences are predominantly young with around 67% being between 21-30 years and 37% around 21-25 years, we can be certain that social media is an important part of their life. (Insights, 2018).

All parties will profit from this trend. The festival Coachella will reach a wider visibility and exposure. Leading to a potentially higher number of visitors for the coming years on the one hand and the establishment of Coachella Spain as a brand. The more social media coverage one generates the further the brand reaches consumers. The other party benefiting from this trend are our sponsors. The more multiplatform exposures their brand and logo has, the more their visibility great ends. (Digital Music News, 2018)

As Spain is one of the preferred nations for festival goers from abroad we will profit from their higher spending. The average basket size from foreigners is 40% higher than from those who did not travel to another country. (Insights, 2018) More and more consumers combine their travel abroad with a festival visit. This factor is a key potential for us.

In addition the drop of record sales is an opportunity to us. Performers rely more and more and more on festival to generate profit. This circumstance will certainly be helpful when booking artists. (2015 Nielsen U.S. Music Report, 2016)

**Strengths:**

The Coachella Spain festival will benefit from the US festival because of its the highly valued brand image. The US festival attracts attendees from all over the world, companies are eager to collaborate with them and the media coverage is vast. By using then name right of the American festival we can profit from these pull factors. With all that taken into consideration, we are offering something new to the Spanish market, and
that is multi-level experience of live music, art expositions, and private events and parties that will bring excitement and unforgettable memories to every millennial.

Secondly the festival and brand Coachella is highly desirable amongst consumers. Visitors share their experience on social-media and buy tickets before the line-up is announced. Attending Coachella is seen as a status symbol. Moreover even those who do not have tickets to the festival follow the performances, the celebrities and influencers who are attending and the fashion worn at the festival to be in the know and talk about it with àok, friends.

Thirdly Coachella offers a one of a kind experience merging music with art and life-style. Even though the number of festivals in Spain is high we are are sure that that our product will have a differential factor. Following the success of the American festival there will be a unique selection of artists, art installations, culinary offerings and shopping opportunities. By combining these components we will occupy a niche market. When attending our festival customers will be able to listen to performances and to purchase fashion products. In collaboration with Revolve and other fashion companies we will create revenue aside from our ticket sales.

In addition on more strength is the network of AEG and Goldenvoice behind us. Working with them enables us access to the contact to performers, promoters and Production marketing companies. They can profit from an expansion to Spain. So far Goldenvoice manages no festival in Spain. (Goldenvoice, 2018) As this location is highly popular amongst festival goers we help to enter a new profitable market.

The final strength of the festival is the location in Spain. On one hand Spain is the second most popular destination for festival goers. Portugal is obtaining the premiere spot. Spain has the highest annual growth rate. (Insights, 2018) On the other hand our festival will strongly contribute to the local economy. The number of tourist and visitors will generate a substantial income.

Weaknesses:

The other internal factor determining our success is our weaknesses.
The festival will be held for the first time. All circumstances and elements will be managed by our local team but the plan has not been rolled out yet. The close work with AEG and Goldenvoice is exponentially beneficial for us at this point. However, it is considered as a weakness because the stakes are high and the results are not guaranteed.
As we base our marketing strategy on social media we need to calculate **high expenditures** for this. We know the worth of collaborating with in demand influencers but they will seize a large part of our marketing budget. Other cost producing factors are the stage, lighting, speakers, lavatories, artists and security measures. (Dean, 2018)

Moreover the **environmental impact** of a festival has to be considered. A high number of people are concentrated on a restricted area. This always leads to broad amounts of vast, traffic and pollution. The local community appreciates our festival due to the profit coming in from the visitors but that does not mean that the festival can exploit the environment. (Digital Music News, 2018)

In regards to the Spanish market we also have to take into account that Spanish people are the **nation traveling the most for festivals** and that the UK is the country with the highest festival goers. It could be that our target audience has no more purchasing power to buy tickets. This is another reason why we need to offer a compelling experience worth spending money on.

Lastly, this is the first edition of the festivals some prices for example drinks and food may be higher to attempt to cover our costs. Since we have never held the event before the financial resources are smaller compared to already established festivals. When calculating the prices we have to keep the customers expectation and our financial plan in mind.

**Threats:**

There are several threats that could potentially harm our business. Firstly, the **sale of substitute products**. Substitutes for our festival could be other festival both in Spain and abroad plus concerts, or even museums and theatres. Indirectly our product could also be replaced by livestreams or videos of festivals. However we are determined to grow our market share

There is a **high number of local competitors**. In Spain there were 870 festivals in 2016. With a plus of twenty events compared to 2015. (Statista, 2018) However we are certain that we will attract sufficient number of visitors and grow with every coming year. This assumption can be made based on our strong brand image and high customer satisfaction.
Closely connected to the first threat is the **existence and contest with competitors**. As we are a new company consumers have to learn about our product and trust us enough to buy tickets. The name rights of Coachella will definitely be helpful at this place as well.

The ranking of the Spanish market, compared to the UK and Germany, in the music industry is lower. In fact, **Spain is 10th in that ranking**, and that leaves the Spanish market in a weak spot for a project such as ours, thus it’s risky.

The **changing demographic of Spain** is closely connected to the former threat. If the population ages our target audiences shrinks. (Statista, 2018) Therefore we should consider widening our target audience to people who are in their thirties.

One more threat that is arising with being a new player on the market is the **potential high bargaining power of suppliers**. As a company we could not yet establish a connection to provides like sound systems, toilet facilities and security companies. This may lead to higher prices. If we see this circumstance happening we could rely on the network of AEG and Goldenvoice to help us get more inexpensive deals.

Lastly some **performers may prefer more established festivals** in Spain, Typically they are highly concerned about their image and every appearance could influence their future career. As a result we may not be able to confirms our first choices of artist, as we a new festival. With the brand power Coachella this threat can be weakened.

**Brand review**
<table>
<thead>
<tr>
<th>Opportunities/Weakness</th>
<th>Specific Objectives</th>
<th>Strategy</th>
<th>Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>O: Potential to serve new customer needs</td>
<td></td>
<td>Target a wide consumer group</td>
<td>1. Use of #CoachellaMadrid for specific communication</td>
</tr>
<tr>
<td>O: Rising number of people attending festivals</td>
<td>Have a minimum of 35,000 numbers of attendees</td>
<td>2. Hire Instagram influencers to promote the festival to create awareness on social media</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Use banners and billboards to promote the festival in major cities</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Generate 70% of ticket sales from Spain and the rest mostly from Germany, UK and France</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>360 degree marketing campaign</td>
<td>5. Use Facebook to reach a wide target audience from all ages</td>
</tr>
<tr>
<td>O: Spain is a popular location for festival goers from abroad</td>
<td></td>
<td>6. Use POS Partners to distribute the tickets (TUI Travels, W travels, Everlim)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. Adverts and features in fashion magazines to reach fashion loving customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>8. Select sponsors who are relevant to our target group</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>9. Each sponsor gets 15 tickets to distribute in their behalf</td>
<td></td>
</tr>
<tr>
<td>W: Festivals have a negative environmental impact</td>
<td>Position our self as eco friendly. We aim for 1 kg of waste per person.</td>
<td>Actions to actively decouple waste</td>
<td>1. Environment friendly facilities and equipment (biological toilets, waste recycling, material of stands, banners and posters)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduce CO2 emissions</td>
<td>2. Have plant based food and drinks options</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Utilisation of materials with a longer durability</td>
<td>3. Connect our website with b2b car sharing platforms and links to the public transport system (<a href="https://www.cfmt.es/">https://www.cfmt.es/</a>)</td>
</tr>
<tr>
<td>T: Other European countries have a higher mature volume of the live music market (Spain is 10th place)</td>
<td>Secure different income streams</td>
<td>Revenue streams from tickets, sponsorships and merchandising</td>
<td>1. Brand display on merchandising (Phone cases, T-Shirts, Flash tattoos, lighters, baseball cap, bracelets)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Visit our sponsors every second month to develop a joint marketing strategy</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Arrange meetings with potential sponsors from Coachella USA and provide a partnership proposal</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Attractions and entertainment from music and fashion (perforances and pop-up stores etc.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equal share between on- and offline ticket sales</td>
<td>5. Hire a consultant agency which can regulate our legal relation with sponsors and engagements with tour operators</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>6. Source new sponsors, who especially operate in the European/Spanish market</td>
</tr>
</tbody>
</table>
Action Plan with budget:

<table>
<thead>
<tr>
<th>Action Plan</th>
<th>Budget</th>
<th>Timing</th>
<th>Number of attendees</th>
<th>Person assigned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Use of CoachellaMadrid for specific communication</td>
<td>100</td>
<td>6 months before</td>
<td>3,000</td>
<td>Kathi</td>
</tr>
<tr>
<td>2. Hire Instagram influencers to promote the festival to create awareness on social media</td>
<td>55000</td>
<td>1.5 years before/ Posts 3 months before</td>
<td>7000</td>
<td>Kathi</td>
</tr>
<tr>
<td>3. Use banners and billboards to promote the festival in major cities</td>
<td>42000</td>
<td>1.5 to 2 years before/ Display 3 months before</td>
<td>3,000</td>
<td>Kathi</td>
</tr>
<tr>
<td>4. Generate 70% of tickets sales from Spain and the rest mostly from Germany, UK and France</td>
<td>15000</td>
<td>Online sales 6 months before / 4 before months offline with distribution partner</td>
<td>0</td>
<td>Kathi</td>
</tr>
<tr>
<td>5. Use Facebook to reach a wide target audience from all ages</td>
<td>1000</td>
<td>one year before/ weekly updates/ Add the event 6 months before</td>
<td>5,000</td>
<td>Kathi</td>
</tr>
<tr>
<td>6. Use POS Partners to distribute the tickets (TUI Travels, W Travels, Eventim)</td>
<td>33000</td>
<td>1.5 years before/ availability 4 months before</td>
<td>6,300</td>
<td>Laura</td>
</tr>
<tr>
<td>7. Advertise and feature in fashion magazines to reach fashion loving customers</td>
<td>8000</td>
<td>2 months before</td>
<td>600</td>
<td>Laura</td>
</tr>
<tr>
<td>8. Select sponsors who are relevant to your target group</td>
<td>1000</td>
<td>1 year before</td>
<td></td>
<td>Kathi</td>
</tr>
<tr>
<td>9. Each sponsor gets 15 tickets to distribute in their behalf</td>
<td>18000</td>
<td>3 months before</td>
<td>600</td>
<td>Kathi</td>
</tr>
<tr>
<td>1. Environment friendly facilities and equipment (biological toilets, waste recycling, material of stands, banners and poster)</td>
<td>150000</td>
<td>eight months before</td>
<td>1,000</td>
<td>Kathi</td>
</tr>
<tr>
<td>2. Have plant based food and drinks options</td>
<td>30000</td>
<td>6 months before/ menu three months before</td>
<td>1,500</td>
<td>Kathi</td>
</tr>
<tr>
<td>3. Connect our website with bla bla car sharing platforms and links to the public transport system (<a href="https://www.crrm.eu/">https://www.crrm.eu/</a>)</td>
<td>100</td>
<td>3 months before</td>
<td></td>
<td>Sara</td>
</tr>
<tr>
<td>1. Brand display on merchandising (Phone cases, T-Shirts, Flash tattoos, lighter, baseball cap, bracelet)</td>
<td>25000</td>
<td>1 year before/ availability on the event date</td>
<td>500</td>
<td>Laura</td>
</tr>
<tr>
<td>2. Visit our sponsors every second month to develop a joint marketing strategy</td>
<td>5000</td>
<td>1.5 years before</td>
<td>0</td>
<td>Sara</td>
</tr>
<tr>
<td>3. Arrange meetings with potential sponsors from Coachella USA and provide a partnership proposal</td>
<td>6000</td>
<td>1 year before</td>
<td>0</td>
<td>Laura</td>
</tr>
<tr>
<td>4. Attractions and entertainment from music and fashion (performances and pop-up stores etc.)</td>
<td>40000</td>
<td>1.5 years before</td>
<td>2,000</td>
<td>Laura</td>
</tr>
<tr>
<td>5. Hire a consultant agency which can regulate our legal relation with sponsors and engagements with tour operators</td>
<td>120000</td>
<td>8 months before</td>
<td>0</td>
<td>Kathi</td>
</tr>
<tr>
<td>6. Source new sponsors, who specially operate in the European/ Spanish market</td>
<td>1000</td>
<td>1.5 years before</td>
<td>1,500</td>
<td>Laura</td>
</tr>
</tbody>
</table>

Action Plan with timing - Source: Own design

Action Plan with timing:
| Action Plan with timing - Source: Own design |
1. **Objective:** Have a minimum of 35,000 numbers of attendees

**Action 1:** Use of #CoachellaMadrid for specific communication

**Strategy 2:** Create both paid and free social media content

**Strategy 1:** Target a wide consumer group

As our main target is millennials who use social media to share experiences all communication will be accompanied by the same hashtag. By doing so we create awareness on all social media platforms, mark our content and communicate the essence of the festival. Coachella is already a highly used hashtag, so the likelihood of discovering and using ours is high.

**Timing:** 6 months before the festival and from then on

**Budget:** 100€ from our promotional budget. For the working time it takes to add the hashtag to all communication and promote the usage to the attendees and influencers.

**Expected result:** Have as many people sharing pictures of the event as possible, this will generate more impressions and reach on the social media pages. The other hashtags we will use are based on the already utilised ones in America. The picture below shows the most popular ones. We believe that using the hashtag will convince many people to visit our festival as it is reaches a broad audience and the consumer can collect information about the festival and storytelling around the festival with little effort on his or her phone.

**Number of attendees gained: 3,000 people**

**Action 2:** Hire Instagram influencers to promote the festival to create awareness on social media

**Strategy 1:** Target a wide consumer group
The selection of influences is based on the numbers of followers, reach, influential power and most importantly brand fit. We only work with influences who represent our values and brand aesthetics. We will work with a few influencers with a vast following to reach a broad audience and also smaller influencers to reach all nice targets. We selected various influences from different nations to represent and reach a diverse audience. Additionally we choose to work with more female than male influencers because women are the main decision makers when buying festival tickets. We also believe that women have a higher awareness of social events and are more likely to organise the visit with a group of friends. We also collaborate with people who attended the American version of the festival before so they can create better content and its easier for us to hire them.

1. Person: **Blankitinerary** (real name Paola Alberdi)
   983,000 followers (December 2018) on Instagram
   Nationality: American with a Hispanic background

   ![Image of Blankitinerary](image1.png)

   Planned post from influencer
   Source: Blankitinerary Instagram, 2018

2. Person: **Lizzyvdligt** (real name Lizzy van der Ligt)
   289,000 Followers (January 2019) on Instagram
   Nationality: Dutch
3. Person: **Luca Vezil**
787,000 followers (January 2019) on Instagram
Nationality: Italian

4. Person: **Daniela Calle**
2,500,000 followers (January 2019) on Instagram and 5,722,667 subscribers on Youtube
Nationality: Colombian
5. **Person: Ninauc (real name Nina Urgell Cloquell)**  
801,000 followers (January 2019) on Instagram  
Nationality: Spanish  
(Pictured below in the Spanish Marketing Plan)

6. **Person: Nina Süß**  
291,000 followers on Instagram (December 2018)  
Nationality: German  
(Pictured below in the German Marketing Plan)

7. **Person: Stefanie Giesinger**  
3,4 million followers (December 2018) on Instagram  
Nationality: German  
(Pictured below in the German Marketing Plan)

7. **Person: Loveandloathingla (real name caroline Juen)**  
Followers: 42,2000 followers on Instagram  
Nationality: American  
(Pictured below in the general Marketing Plan)

8. **List of further influencers: Dulceida, Marta Lozano.**

**Timing:** Contract negotiations 1 year before the event, postings should start three months in advance and end two weeks after the festival

**Budget:** **55,000€** of our total budget of 120,000€. This is one of our main expenses so we spent most of our promotional budget here. The costs of hiring influencers are very high, especially for one who have of a million on followers.
**Expected result:** The use of influencers is a secondary marketing tool to promote ticket sales. Additionally, these influencers will create awareness, which is especially critical as the festival will be held for the first time.
Number of attendees gained: 7,000 people. With this action we will convince the highest number of people to visit our festival. These influencers create awareness and subconsciously infuse the buying behaviour of consumers.

**Action 3: Use banners and billboards to promote the festival in major cities**

*Strategy 2: create both paid and free social media content*

*Strategy 1: target a wide consumer group*

As the costs for banners and billboards are relatively high compared to the reach of the advertisement, we can only select 3 major cities. The location with the highest coverage will be Madrid following Barcelona and Berlin. Based on our survey, 80% would like the festival to be in Madrid, 20% would like it to be in Barcelona. Berlin is also selected because of the high purchasing power of German people and the likelihood to travel to Spain.

The teasers will look similar to these examples:

![Example advertising poster](source: Thepeak, no year)

![Example advertising poster](source: Tinymixtapes, 2016)

Once the line-up is announced we will change the billboards to inform about the line-up. The look and feel of the billboards will remain the same.
Timing: Contract negotiations 1.5 to 1 year in advance. Display 3 months in advance.

Budget: 42,000€ we calculated a high amount due to the high cost for placing banners in metropolitan cities. Furthermore the print of thousands of posters will also cost a lot.

Expected result: We expect customers to see the billboards spread all over the cities, especially Madrid, Barcelona, Valencia and Berlin, and buy the tickets.

Number of attendee gained: 3,000 people

Action 4: Generate 70% of tickets sales from Spain and the rest mostly from Germany, UK and France.

Strategy 1: target a wide consumer group

We aim to have most visitors from Spain as the festival is held in Spain and the visitors have to travel less and therefore less expenses to visit the festival. The rank of the other countries Germany, United Kingdom and France is based on the graph showing the revenue of the live music in Europe in the part of the sectoral analyse which is part of the external analysis above.

Timing: Start of online sales 6 months before on our own website and then 4 months before offline with our distribution partners.

Budget: 15,000€ the high budget is based on the assumption that we need to adopt every market study and marketing campaign to all four countries. Our main focus is on appealing the Spanish market.
**Expected Result:**
We do not measure this action in number of attendees gained because it is an internal action we take, to secure the turnover of festival tickets by adapting our marketing campaigns to our target audience.

**Action 5: Use Facebook to reach a wide target audience from all ages**

*Strategy 2: create both paid and free social media content*

*Strategy 1: target a wide consumer group*

Facebook is the social media platform with the widest variety of users. There we can reach all ages, genders, income groups and interest groups. In recent times Facebook has suffered from decreasing attractiveness and usage time but it is still commonly used for informative purposes. There we will create awareness and with the help of Instagram we will support the purchase decision. It will look very similar to the American festival platform with multimedia content. And most importantly announce the event of the new festival.

![Planned Facebook Page](source: Coachella Facebook, 2018)

![Planned media content](source: Coachella Facebook, 2018)
Timing: Create Facebook page one year before the event with weekly updates, start adding event six months before the actual date.

Budget: 1.000€ for the working time it takes one person to create, publish and update the Facebook page.

Expected result: We believe in the reach of Facebook. Facebook is a great mean to communicate an event for relatively low costs. Friends can invite friends to join the event and share it in their timeline. Therefore we believe that we can reach a relatively big amount of customers there.

Number of attendee gained: 5000

Action 6: Use POS Partners to distribute the tickets

Strategy 1: Target a wide consumer group

Strategy 3: Equal share between on- and offline ticket sales

At the national level, we will be partner with B the travel Brand, which belongs to the Barceló Group. This travel agency has 85 years of experience in the national and international tourism sector, focusing its business in two main areas, hotels and trips.

Since 2017, B the Travel Brand has implemented a strong customer service through social media to provide better support to online travellers. The company used to be called Viajes Barceló but since 2015 they betted on a new business model that enable them to target young people, the millennials. In order to carry out this great change, they have updated their technological infrastructure and created the brand of experiences for young adults.
called Wäy, which main target are people between 17-23 years old. The new brand offers several types of trips in its website and physical stores around Spain.

Coachella will be part of the premium offers to make it more exclusive like other trips that are offered in this category, a week on a sailboat at Ibiza for example. Here we will announce Coachella’s whole experience. Wäy will arrange the meeting point for the group, transportation, tickets, accommodation at the festival and any extra service requested by the client in order to have the entire trip organised.

Internationally Tui Reise Center is the best partner as it is one of the biggest travel agencies in Europe with more than 1600 worldwide stores in Europe. (TUI Holidays | Discover Your Smile, no date)

We decided to partner with Eventim because its platform is very intuitive and you can change it to different languages. It shows concerts and festivals all over the world so we should also consider that people browse on these platforms for new destinations to visit, therefore this strategy has a huge potential.

**Timing:** Contract navigations 1.5 years before the festival and availability from 4 months in advance.

**Budget:** 35,000€ for both partnership

**Expected result:** around 6,300 attendants will book their tickets using the distribution tickets websites and the physical office of Wäy

**Action 7: Adverts and features in fashion magazines to reach fashion loving customers.**

*Strategy 1: Target a wide consumer group*

*Strategy 2: Create both free and paid social media content*

One of the main particularities of Coachella is the presence of fashion during the event, always combined with music and helping to create a unique indie atmosphere. The style of the attendances is commented on social media and magazines, looking for the best outfit and new trends. Publications at well-known journals like Hello, Cosmopolitan or Vogue are recurrent about the event.

This is the main reason why creating contents in advance is essential to raise awareness and increase brand visibility. We decide to partner with Hello Spain as in the leader in the yellow press market and Cosmopolitan at international level. Coachella will appear at the cover page and at the fashion division 2 months before the event like in bellow
publications from the American version:

Example Line-up announcement and Indi’s Coachella Style
Source: Ok! & Composure Magazines, 2017

**Timing:** display 2 months before the event and media coverage afterwards

**Budget:** 8,000€

**Expected result:** We expect around 600 people will positively react to the publications and will check prices for going to Coachella.

**Action 8: Select sponsors who are relevant to our target group.**

*Strategy 1: Target a wide consumer group*

This is an important step for us as it will require specific and targeted sponsorship proposals, we selected the following brands based on the answers to our question in the survey “Which brands do you like most?” and the highest number of answer went to:

- Inditex
- Sephora
- Levi’s
For that reason, we will create sponsorship proposals that are personalised to each brand with specific numbers about their benefit and that will allow us to convince these sponsors.

**Timing:** 1 year before the festival  
**Budget:** 100€  
**Expected result:** Number of attendees gained: The selection process will not directly generate any attendees.

**Action 9: Each sponsor can distribute 15 tickets on their behalf.**  
*Strategy 1: Target a wide consumer group*  
*Strategy 3: Equal share between on- and offline ticket sales*

Our five sponsors Mahou, Cabify, Bershka, H&M, Absolut and Netflix each get 15 tickets. We encourage them to hold a giveaway for the tickets. So they can use their brand power and reach to create excitement and further awareness for the festival.
Timing: Giveaway 3 months before.

Budget: **18.000€** Based on the unit cost of a ticket of 192€ times the number of sponsors and times the number of tickets they get.

Expected result: The brands have 90 tickets which they can gift customers. The promotion coming with the giveaway will bring us 600 visitors in total. If a brand is sponsoring a festival they believe in a worthy investment and which generates trust and makes the consumer want to go to the festival.

Number of attendees gained: **600 people**

2. Objective: Position ourselves as an eco-friendly festival. We aim for **11 kg of waste per person**.

Action 1: Environment friendly facilities and equipment (biological toilets, waste recycling, material of stands, banners and poster)

*Strategy 1: Actions to actively decrease waste*

*Strategy 2: Reduce CO2 emissions*

*Strategy 3: Utilisation of materials with longer durability*

Each Glastonbury visitors produced 15kg of waste in 2017. (Wtskiphire.co.uk, 2017) In order to decrease our environmental impact we will provide biological toilets, recycling collection points for waste and use materials which can be reused or repurposed for the next festival in any way.
**Timing:** Select all the facilities and suppliers after we have confirmed the location eight months before the festival.

**Budget:** **150,000€**

**Expected result:** We believe that this action will bring us the customers who normally do not tend to go to festivals. This number is relatively small compared to the normal festival goers

Number of attendees gained: 1,000 people

**Action 2: Have plant based food and drinks options**

*Strategy 2: Reduce CO2 emissions.*

Recent studies have proven the positive effect of a vegan diet on the plant. In addition to reducing our waste, using sustainable materials we will also offer sustainable food options. We want to make the customer a part of a more sustainable festival.

**Timing:** Source suppliers 6 months before the festival and select the final menu three months before.

**Budget:** **30,000€**

**Expected result:** By offering plant based food options we can reach out to customers
who are concerned about their environmental impact and base their actions and lifestyle choice based on sustainable values. Therefore we expect to convince a small number of people with this action. 

Number of attendees gained: **1,500 people**

**Action 3: Connect our website with Blablacar sharing platforms and links to the public transport system (https://www.crtm.es/ )**

*Strategy: Reduce CO2 emissions*

Most of attendances are coming to the event in smalls groups from different locations of Spain and, as the festival is already one of the most expensive in the national market, saving some money at the transportation would be very attractive. Applying this action will support our eco-friendly image and less Co2 will be issued.

For the foreigners customers, having a link with the information regarding the public transportation of the city will help them to organise their trip, location of the accommodation if they are not staying in the camping and timetables of buses to go to the event.

**Timing:** 3 months before  
**Budget:** 100€, approvals needed to show both websites.  
**Expected result:** around 500 attendances will be obtained by adding Blablacar and public transportation link in our website.

**3. Objective: Secure different income streams**

**Action 1: Brand display on merchandising (Phone cases, T-Shirts, Flash tattoos, lighter, baseball cap, bracelets**

*Strategy 1: Revenue streams from tickets, sponsorships and merchandising*  
*Strategy 2: Equal share between on and offline ticket sales*

Since we want to offer our attendees the full experience, we cannot let them leave the festival without a physical souvenir that will remind them of the best festival they have attended. For that, we will offer a wide range of merchandise products: from T-shirts, to hoodies, to caps, to lighters, to bracelets.
Timing: Design 1 year before, start selling during the festival
Budget: 25.000€
Expected Result:

**Action 2: Visit our sponsors every second month to develop a joint marketing strategy**

*Strategy 1: Revenue streams from tickets, sponsorships and merchandising*

*Strategy 2: Equal share between on and offline ticket sales*

Arranging meetings with our sponsors allow us to ensure that we are all in the same page and we follow the same guidelines in order to capture new attendances. They must be ambassadors of Coachella’s expertise, driving awareness of the main features and publicize our brand on and off line. We can do activities with them, such as brainstorming of ideas that could help to increase the visualization of our brand, select specific actions and review the latest impact results from the activities already implemented.

It is also important to mention that all different activities organised with the sponsors must transmit the same ideas and represent Coachella’s brand in it whole. Their tasks
include online promotions via social media and offline during events (for example at pop-ups or joint advertising billboards) and the festival itself.
As an example we can see the cooperation of BMW and Coachella’s festivals in the United States at the followings Instagram add:

![BMW Instagram posting](https://example.com/bmw-instagram-posting)

Source: BMW US official Instagram page

The cooperation with BMW represents the premium car brand as an ideal option for millennial audiences who may also attend the festival. They represent a car that share the luxury and eco-friendly image of Coachella.

**Timing:** 1 and half years before

**Budget: 3,000€.** It includes booking meeting rooms at cities where our sponsors are settled, transportation, budget for prototyped ideas, etc.

**Expected result:** We are not expecting to increase the number of attendances organizing these meetings, they are arranged to supervise that all the marketing actions are aligned and solved potential issues in advance.

**Action 3: Arrange meetings with potential sponsors from Coachella USA and provide a partnership proposal**

*Strategy 1: Revenue streams from tickets, sponsorships and merchandising*

*Strategy 2: Equal share between on and offline ticket sales*

In addition to the meetings with current sponsors for the Spanish festival, the ones that cooperate at the American edition can help us to improve our marketing actions and advise us based on their experience. Moreover, partnering with them will provide us with
an international image very attractive for American attendances. A partnership proposal that could have positive results in our project is with the company American Express.

They have been Coachella’s sponsor for several editions and could help us with the payment procedures. Applying the cash payment will eliminate queues and can be attractive for users to receive a nice bracelet from the event.

**American Express Instagram posting**

*Source: Absolut official Instagram page*

**Timing:** 1 year before

**Budget: 6.000€.** As in the previous action, it includes booking meeting rooms at cities where our sponsors are settled, transportation, budget for prototyped ideas, etc.

**Expected result:** We are not expecting to increase the number of attendances organizing these meetings, they are arranged to meet new sponsors and find new marketing actions that could benefit the management of the festival.

**Action 4: Attractions and entertainment from music and fashion**

*Strategy 1: Revenue streams from tickets, sponsorships and merchandising.*

*Strategy 2: Equal share between on and offline ticket sales*

Our USP is the combination of fashion and music. As shown in the positioning map above in the text it can be seen that Coachella is the only festival in Spain with a strong focus on fashion. People who go to Coachella want to enjoy the best music while being surrounded by fashion-loving individuals. Therefore we will collaborate with H&M and develop a festival collection just for Coachella; this collection will be available in selected H&M stores and on their website. Other brands can also open a pop-up space on the festival ground in exchange for a fee.
Timing: Define our USP at the compete begging of the project and sign contracts 1,5 years before the festival.

Budget: 4.000€

Expected result: Attract the fashion interested individuals who could not find this nice at other festival before.

Number of attendee gained: 2.000 people.

Action 5: Hire a consultant agency which can regulate our legal relation with sponsors and engagements with tour operators

Strategy 1: Revenue streams from tickets, sponsorships and merchandising.
Strategy 2: Equal share between on and offline ticket sales

We will hire the service of ‘Mylabogados’ which is a legal advisor company specialized in tax, labour, intellectual property and entertainment. They can advise us regarding the contracts with sponsors, legal requirement for the festival and approvals that we need in order to set up all the infrastructures.

Timing: 8 months before and then from then on

Budget: 10.000€. The first year we will expend more budget at the consult agency as we have more establishment expenses and, once we manage to learn all the procedures, we will need less advise on it.

Expected result: We are not expecting to increase the number of attendances organizing these meetings, they are arranged to meet new sponsors and find new marketing actions that could benefit the management of the festival.

Action 6: Source new sponsors, who specially operate in the European/Spanish market
**Strategy 1: Revenue streams from tickets, sponsorships and merchandising.**

**Strategy 2: Equal share between on and offline ticket sales**

For this action plan, we found potential sponsors that match with our values and vision. Sponsors that our audience will be able to connect with and share an experience in an interactive way. This includes special stands and activations that attract people and make them want to share the experience, be it with their friends on the event or on social media.

**Mahoudrid** is a local Spanish beer brand that perfectly fits with our spirit, activations such as the following (done by Heineken, and inspired by Coca cola)

![Planned attractions of sponsors](source: Coca-Cola simulation)

This activation could be an inspiration for Mahoudrid to promote the artistic side of both the brand and the festival, with artists painting pieces of art or doing graffiti right in front of festival goers. It makes the whole festival experience more interesting.
**H&M** is the fashion retail giant, it has been collaborating with Coachella USA for years, they even have a yearly collection branded as Coachella that comes out in each February of the year (2 months before the festival).

![Planned attractions of sponsors](image1)

Source: Popsugar website, 2016

**Bershka** is our third sponsor, as we are doing the festival in Spain, one of the main sponsors should be a Spanish company. The ideal one we found for this event is Bershka, a fashion retail brand that comes from the Inditex group. During the event there will be activations such as the following which are from Revolve (an American fashion brand):

![Planned attractions of sponsors](image2)

Source: Revolve website, 2017

For the transport sector we will partner up with **Cabify**. Since the festival will be held outside if the city center, Cabify will have free rides for a certain number of attendees.
Entertainment wise, Netflix will be our sponsor. Like they did in the USA version of the festival, the streaming sensation will provide the whole location with free Wi-Fi [The Press Enterprise, 2017].

As any festival that targets young adults, drinking has an important place in having the whole fun experience, and for our brand we chose Absolut:
Timing: As soon as possible, the sooner we contact potential sponsors and arrange contracts, the better. This means one and a half years before the festival.

Budget: **1.000€**

Expected result: More visibility of our brand through our sponsors, people share content on social media that includes both the sponsor’s brand and the Coachella brand

**Marketing Strategies**

The marketing strategies of the Coachella Music and Arts festival in Spain will be based on the marketing mix. The festival is very popular in Spain within women for its outfits and fashion style; we aim to introduce the right product to the market with the suitable price and promotion to capture our target audience.

Our Marketing plan is based on Spanish market but we also consider to analyse it in France and Germany as many attendants come from those countries:

**Marketing Plan France**

With respect to the importance of social media in promoting music festivals, we chose to implement an action plan based on that. We will partner up with 10 digital influencers that have had previous impact on such events.

These 10 influencers are chosen based on their popularity (number of followers and impact on previous campaigns they partnered up with)

![Leading 10 French influencers in France ranked by millions of followers (April 2018)](source: Statista, 2017.)
The simulation will look similar to this post:

![Planned influencer Instagram post](source)

We will have a teasing and reveal phase that will make the subscribers eager to participate in this prestigious festival. We will allow each influencer to give away 2 tickets to their subscribers. Another action plan would be to put YouTube ads as well as Spotify ads for the free subscribers. This will inevitably reach a big share of our target market. On the Spotify app we will also feature a small segment where each artist included in the line-up of the festival, will have a pop up saying that the artist will be performing in the Madrid edition of Coachella. On Instagram we will also have sponsored ads in French to reach the market more effectively.

Marketing Plan Germany

The brand name Coachella will draw people from all over Europe to us. We strongly focus on German visitors as their purchasing power is high. They can afford to travel to Spain, visit the festival and spent a substantial amount of money on food and drinks on the areal.

Moreover Spain is the preferred abroad travel destination for them. (Müller and Susan Bonney-Cox, 2016) Therefore we will combine the festival with further vacation in Spain. The festival will be held in Spain which is the typical time for summer holidays. Similar to Tomorrowland festival we will offer “Discover Spain” travel and holiday packages. Another advantage of a festival in Spain that we will promote is the good weather in Spain.

The month September is typically sunny but not too warm and with no rain.

These weather conditions do not exist in Germany in September. The aspect that we want to promote the most is the exchange between cultures. When people attend a festival in a different country they will get to know the host culture in a relaxed and direct way. Then neighbours become friends with no importance to the nationality.
Like in France we will work with a few selected German influencers and celebrities to create a local awareness. Ideally we want to work with Stefanie Giesinger and Nina Süß. They both attended the American festival before so it is plausible that they want to attend the Spanish one.

Planned Influencer Post
Source: Nina Süß Instagram, 2018

Content on her Instagram and on her blog for her partnership with System Professional

Planned blog post
Source: Süß, 2018
Planned Influencer post

Source: Stefanie Giesinger Instagram account

As we can see here she is tagging the location Coachella and the brand she collaborates this. By doing so, we can divide the costs between us and our sponsors.

**Strategic Plan**

Our strategic goals for the next 4 years are:

- Introduce single day tickets
- Grow the number of attendees by 30%
- Attract 5 new sponsors which are globally known
- Introduce glamping facilities
- Hold the festival on two consecutive weekends
- Attract more visitors from outside of Spain

**Date of Coachella Madrid**

After selecting the best location for the event, including the city and the concrete area, choosing a good date must consider several factors. In mentioned survey we decided to ask about a specific date:
As we can see, September was the most chosen option to celebrate the event and there is not bank or national holiday in Madrid throughout the month. The weather is still warm and there is just one important day-festival in the city, DCODE festival, that is celebrated the 8th.

In order important national cities like Barcelona, Valencia or Seville, there is just one event called Picnic Interstellar (29-30th) celebrated in the last mentioned city that is during the day and free entrance for families, concluding that is not targeting the same audience as Coachella.

Those are the main reasons that pressured us to schedule our festival correctly so that the visitors have time and money to attend, being the finally dates 18, 19 and 20 of September 2020, Friday to Sunday.

**Operational plan**

The design of the operational plan is a key step to have a consistent, realistic, and organized strategic plan. It allows everything to be clearer and combined with the action plan; everything becomes structured, traceable and planned.

The first point to take into consideration while designing the operational plan is the human and other capacity requirement:

As already mentioned in the organizational chart, we will be a team composed of a marketing manager, a sales manager, and an operations manager. For the upcoming years we will have a small team under each department, however, since we are only discussing the first year in the operational plan, we will only have interns that will work in each department and that will help in the coordination, research processes, and organization of the project.
For the sales team, we already have a competent sales manager, Laura Zarzuela that has a bachelor in business administration and a master in Marketing & sales, along with months of experience in the sales sector. The interns in that department will be adequate, the selection process will be done through interviews based on their experience and their way of handling certain situations (we will do simulations and exercises). The selection process mentioned is the same for the interns of each department.

The marketing team will be composed of a marketing manager, Katharina Zobel, that will take care of many dimensions regarding marketing (market studies, methodologies, communicational and promotional activities...) the manager suits the job perfectly since she conducted a bachelor in business administration with a major in Fashion, which is ideal for the department since our target market has a big interest in fashion, thus allowing her to perfectly understand the market and as a result, take the initiatives necessary to match their expectations.

Finally the operational team will have a qualified manager, Sarra El Hammi, that studied a bachelor in Business administration with a project management major and a master in Marketing and sales as well as some experience in the advertising agency (contact with clients, on field missions, etc), that will ensure the coordination with the partners of the event, the sponsors, and the suppliers. With the help of the interns that have previous experience with logistics, the team will make sure everything goes on smoothly and make sure that there will be a plan B for every task.

This team, along with our advisors, will certainly make all necessities in order for the festival to be the most successful in the country.

The second important part of the operational plan is the financial requirements, meaning, the funding required implementing our project, our current and potential sources of these funds. This part of the project is discussed in details in the financial plan part of the report.

Risk assessment is another major factor of the operational plan, in a project like ours, risks can be numerous. Since it’s an open air festival, the weather might be an issue. Indeed, the unpredictability of nature can be a serious issue for the success of our festival (especially first edition). Since we cannot control that event, the operations team will be in charge of having a backup plan which would save the festival from being a total disaster. Indeed, we will be continuously watching the weather predictions and if there is a high risk of rain, we will contact a company that rents big tents for events like ours. Another risk that could occur in our project is if a partner or big sponsor decides to back down on us late in the project.
Even though it would be a very unfortunate event, there is a chance that it will happen. It happened before and it can happen to us. For that reason, the marketing team will have 2 or 3 major potential sponsors that will replace the one that backed down last minute, plus, we will have a clause in the contract signed by our sponsors that says that if they decide to back down, they will give us material compensation. We have the same plan in case an artist cancels his or her performance.

The project lifespan is the fourth point in operational planning, for us we will make sure it is sustainable through the quality standards and annual assessments of our visitors. This will be done through feedback surveys available at the end of each festival edition, as well as in our official website. We will also listen to our target market, each year improve the line-up of artists and services offered during the festival.

**Marketing Strategies**

**– Product**

Firstly our main product is the ticket for the festival. As any other big music festival we have to sell tickets to cover our costs and to make a profit. We are a start-up and begin with a limited product portfolio.

Secondly we will offer fashion products like merchandising and products from our collaborating partners, as mentioned earlier on. In order to deliver the optimal festival adventure this product portfolio aims to cover all needs one might have.

As part of our brand display and exposure, we will have the same strategy: Sell merchandise with unique designs where the «Coachella» name and brand is reflected on the products. We will collaborate with brands of beer and lighters to customize designs like this:

![Source: Behance website and Agencia B, 2015](source-url)
## Prices of products

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**Ticket prices Coachella Spain**

Source: own design

The previous table presents the prices of the various products offered by the festival organisation. In order to determine a fair price that fits our public and that serves us as a direct source of income, external and internal factors that could influence on it were analysed:

**Internal factors:**

- Quality: On one hand, the quality of the tent is higher than the market average, they are usually made of very fine fabric and our tent has a waterproof and heat insulating layer. This means that our product, in addition to being exclusive, can be used for camping and mountain excursions with more unstable terrain or more extreme weather conditions.

- Profit maximization: Merchandising products can be a quick source of short-term revenue critical to our early years of existence.

**External factors:**

- The market and demand: People who join our festival are willing to buy unique products there and the expected demand would be very high.

- Competition: local festivals such as Primavera Sound or Mad Cool

Based on previous explanation, we can conclude that our construction price is **based on value** as the experience we promote is subjective for each customer. Coachella is a festival that offers a service with a high added value in the design of the atmosphere and there is great brand development at an international level.

At the introduction stage to the market penetration pricing will be used for our product. A limited number of tickets will be available as early bird tickets. These will have a more
attractive price point. With this offering we achieve two different targets. On the one hand we can test the demand for our product and on the other hand we already receive some income. By doing so we will create awareness in the market and will certainly help to compete with competitors like Tomorrowland Festival.

For the next stage the premium pricing will be applied. Coachella can be defined as a premium brand. Consequently our pricing strategy follows the premium pricing concept. The ticket prices will be slightly higher than the industry average. As we want to connect Coachella with a higher value than the other players in the market. As a benefit we will generate greater margins.

At the moment the tents are not included for campers at Coachella. Our new service and product will be similar to the offer available at Tomorrowland Festival in Belgium. Coachella users will be able to buy tents while buying their festival-tickets and pick it at the festival location.

Price wise 41, 2% would not pay more than 350€ for a three day admission for the festival. Followed by 22, 5% who would pay 290€. 18, 6% would pay less than 290€. In correspondence to this a study proves that the higher the price, the more in advance tickets are bought. (Walker, 2015) If we have relatively high prices and tickets are bought early on we can plan with more concrete numbers.

– Placement

The first part of the work in the sectoral analysis we can see that other live music markets are more valuable than Spain. Even though other countries like Germany, the UK, France and six more are more profitable. We choose to hold the festival in Spain because of the following reasons:

1. Spain is an attractive tourist destination
2. Lower salaries for future employees and lower public fees compared to northern Europe
3. Festival visit can be combined with further travels in Spain
4. Stable weather conditions for tents and camping
5. Good image of the country, culture and hospitality of people
6. Market with a vast potential, still in the growing phase and not in the mature phase compared to Germany and the UK
7. Spain is the second favourite holiday destination for Germans after Germany itself and they are clients with high purchasing power (Müller and Bonney-Cox, 2016)
Regarding the placement of products, there are some which need to be bought before the start of the festival, like the tickets will be available online and offline. As a festival depends on a vast number of people attending we have to make the buying process as convenient as possible. Our target audience is used to purchasing items online and will expect the same from us.

However there are also products which will can only be consumed on site such as the food and drinks or the merchandising. Here we strongly focus on appealing presentation and display of all items to encourage sales. Payments will be accepted in cash and via bank cards. Furthermore we want to offer Apple Pay and contactless payment. Using these new technologies positions goes hand in hand with positioning Coachella as the leading festival for Millennials.

— Promotion

The Coachella Music and Arts festival will be advertised by combining traditional and new marketing tools. For traditional channels we will work with billboards. All advertisements will mention the festivals website and social media platform so customers can directly buy tickets there.

For our product is particularly important to utilise digital marketing when targeting the Millennial and Generation Z audiences. Our main platform will be Instagram. On there we will be working with influencers to create awareness for our product. Our own accounts will be a source of information and inspiration. Besides, Facebook and twitter will also be used to customize messages to the related target audience.

Another important part of our promotion strategy is the work with influences. Like the festival in the states which got famous because of the high number of influencers attending, we described them in detail at the actions plan for the brand review.

Action Plan

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82
### Assets

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Initial investment in assets in 2019

Source: Own design

### Expenses and provisions initial

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<td>Constitutional legal expenses</td>
<td>50.000 €</td>
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<tr>
<td>Other establishments expenses</td>
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<td>TOTAL FORESEEN INVESTMENT</td>
<td>269.781 €</td>
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- Financing:

<table>
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<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Total</th>
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<tbody>
<tr>
<td>INVESTMENT ESTIMATED</td>
<td>2.300.000 €</td>
<td>2.800.00 0 €</td>
<td>3.000.000 €</td>
<td>3.000.000 €</td>
<td>3.200.00 0 €</td>
<td>14.300.000 €</td>
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<td>1.800.000 €</td>
<td>1.800.000 €</td>
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### EQUITY

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<th>4.800.000 €</th>
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</thead>
<tbody>
<tr>
<td>DEBT</td>
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<td>1.800.000 €</td>
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<td>9.600.000 €</td>
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### For Debts

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<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>5</th>
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<tbody>
<tr>
<td>Interest rate</td>
<td>8.25%</td>
<td>8.25%</td>
<td>8.25%</td>
<td>8.25%</td>
<td>8.25%</td>
<td>8.25%</td>
</tr>
</tbody>
</table>

### Interest Expenses

|   | 165.000 € | 165.000 € | 165.000 € | 148.500 € | 148.500 € | 792.000 € |

### % OF COVERAGE OF INVESTMENTS

|   | 86.96% | 71.43% | 60.00% | 60.00% | 59.38% | 66.43% |

### %equity

|   | 13.04% | 28.57% | 40.00% | 40.00% | 40.63% | 33.57% |

### %debts

|   | 86.96% | 71.43% | 66.67% | 60.00% | 56.25% | 67.13% |

---

### Operating Expenses:

#### Current expenses

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rentals (stages, toilets...)</td>
<td>150.000 €</td>
<td>160.000 €</td>
<td>180.000 €</td>
<td>180.000 €</td>
<td>190.000 €</td>
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<td>Merchandising</td>
<td>25.000 €</td>
<td>25.000 €</td>
<td>25.000 €</td>
<td>25.000 €</td>
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<tr>
<td>Distribution</td>
<td>35.000 €</td>
<td>35.000 €</td>
<td>35.000 €</td>
<td>35.000 €</td>
<td>35.000 €</td>
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<td>50.000 €</td>
<td>50.000 €</td>
<td>50.000 €</td>
<td>50.000 €</td>
<td>50.000 €</td>
</tr>
<tr>
<td>Maintenance and cleaning</td>
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<td>25.000 €</td>
<td>25.000 €</td>
<td>25.000 €</td>
<td>25.000 €</td>
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<td>Publicity and promotion (influencers)</td>
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<td>120.000 €</td>
<td>140.000 €</td>
<td>140.000 €</td>
<td>150.000 €</td>
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<td>Telephone</td>
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<td>500 €</td>
<td>520 €</td>
<td>550 €</td>
<td>550 €</td>
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<td>Electricity, gas and water</td>
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<td>60.000 €</td>
<td>65.000 €</td>
<td>65.000 €</td>
<td>70.000 €</td>
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<td>1.200 €</td>
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<tr>
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<td>40.000 €</td>
<td>45.000 €</td>
<td>45.000 €</td>
<td>50.000 €</td>
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<tr>
<td>Travel and accommodation (meetings with sponsors)</td>
<td>10.000 €</td>
<td>11.000 €</td>
<td>12.500 €</td>
<td>11.000 €</td>
<td>11.000 €</td>
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<tr>
<td>Taxes 25%</td>
<td>3.062.500 €</td>
<td>3.062.500 €</td>
<td>3.500.000 €</td>
<td>3.500.000 €</td>
<td>3.500.000 €</td>
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<tr>
<td>Establishment expenses (initial)</td>
<td>8.000 €</td>
<td>-</td>
<td>-</td>
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<td>Total expenses</td>
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<td>3.593.000 €</td>
<td>4.082.020 €</td>
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<td>4.077.750 €</td>
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### Personal expenses

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<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Gross Monthly Salary Average (per person)</td>
<td>800 €</td>
<td>1.600 €</td>
<td>2.500 €</td>
<td>3.000 €</td>
<td>3.000 €</td>
</tr>
<tr>
<td>% Yearly variation</td>
<td>0%</td>
<td>50% +</td>
<td>28.57% +</td>
<td>0%</td>
<td>-0.12%</td>
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<tr>
<td>Gross Payroll</td>
<td>2.400 €</td>
<td>4.800 €</td>
<td>12.500 €</td>
<td>15.000 €</td>
<td>15.000 €</td>
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<tr>
<td>Personal expenses (monthly)</td>
<td>1.000 €</td>
<td>1.200 €</td>
<td>1.200 €</td>
<td>1.300 €</td>
<td>1.0 €</td>
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### Sales and Cost of Sales:

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<thead>
<tr>
<th>Sales and Costs of Sales</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>12.250.000 €</td>
<td>12.250.000 €</td>
<td>14.000.000 €</td>
<td>14.000.000 €</td>
<td>14.000.000 €</td>
</tr>
<tr>
<td>Gross Margin %</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
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Development of sales 2019-2023

Source: On design

### Profit and Loss:

<table>
<thead>
<tr>
<th>P&amp;L</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>12.250.000 €</td>
<td>12.250.000 €</td>
<td>14.000.000 €</td>
<td>14.000.000 €</td>
<td>14.000.000 €</td>
<td>66.500.000 €</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
<td>Total</td>
</tr>
<tr>
<td>----------------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>General Administration Expenses</td>
<td>295.000 €</td>
<td>295.000 €</td>
<td>325.000 €</td>
<td>325.000 €</td>
<td>345.000 €</td>
<td>1.585.000 €</td>
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<tr>
<td>Depreciation and Amortisation (30%)</td>
<td>300 €</td>
<td>300 €</td>
<td>300 €</td>
<td>300 €</td>
<td>300 €</td>
<td>1.500 €</td>
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<tr>
<td>Financial Expenditure - interest</td>
<td>82.500 €</td>
<td>82.500 €</td>
<td>65.600 €</td>
<td>65.600 €</td>
<td>57.400 €</td>
<td>353.600 €</td>
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<tr>
<td>Taxes (25%)</td>
<td>3.062.500 €</td>
<td>3.062.500 €</td>
<td>3.500.000 €</td>
<td>3.500.000 €</td>
<td>3.500.000 €</td>
<td>16.625.000 €</td>
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<tr>
<td>Net Income</td>
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<td>777.080 €</td>
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<tr>
<td>% over sales</td>
<td>14,16%</td>
<td>14,16%</td>
<td>14,39%</td>
<td>14,39%</td>
<td>14,39%</td>
<td>14,32%</td>
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- Cash Flow Analysis

<table>
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<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity (shareholders)</td>
<td>300.000 €</td>
<td>800.000 €</td>
<td>1.200.000 €</td>
<td>1.200.000 €</td>
<td>1.300.000 €</td>
<td>4.800.000 €</td>
</tr>
<tr>
<td>loans entered</td>
<td>2.000.000 €</td>
<td>2.000.000 €</td>
<td>2.000.000 €</td>
<td>1.800.000 €</td>
<td>1.800.000 €</td>
<td>9.600.000 €</td>
</tr>
<tr>
<td>Result</td>
<td>2.300.000 €</td>
<td>2.800.000 €</td>
<td>3.200.000 €</td>
<td>3.000.000 €</td>
<td>3.100.000 €</td>
<td>14.400.00 €</td>
</tr>
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<td>Investments</td>
<td>80.000 €</td>
<td>46.000 €</td>
<td>52.500 €</td>
<td>52.500 €</td>
<td>51.500 €</td>
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<td>Repaid Loans</td>
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<td>2.000.000 €</td>
<td>2.000.000 €</td>
<td>1.800.000 €</td>
<td>1.800.000 €</td>
<td>9.600.000 €</td>
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<tr>
<td>Net balance of the fiscal year</td>
<td>220.000 €</td>
<td>754.000 €</td>
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<td>1.147.500 €</td>
<td>1.248.500 €</td>
<td>4.470.500 €</td>
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## Balance Sheet:

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<th>2021</th>
<th>2022</th>
<th>2023</th>
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</thead>
<tbody>
<tr>
<td><strong>Non- current assets</strong></td>
<td>80.000 €</td>
<td>40.000 €</td>
<td>55.000 €</td>
<td>50.000 €</td>
<td>50.000 €</td>
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<tr>
<td>Vehicles, computer</td>
<td>40.000 €</td>
<td>0 €</td>
<td>5.000 €</td>
<td>0 €</td>
<td>0 €</td>
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<td>Deposit</td>
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<td>50.000 €</td>
<td>50.000 €</td>
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<tr>
<td><strong>Current assets</strong></td>
<td>1,992,479 €</td>
<td>3,110,110 €</td>
<td>3,342,334 €</td>
<td>3,342,274 €</td>
<td>3,542,685 €</td>
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<tr>
<td>Cash</td>
<td>2,800,000 €</td>
<td>3,000,000 €</td>
<td>3,000,000 €</td>
<td>3,200,000 €</td>
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</tr>
<tr>
<td>Treasury provisions</td>
<td>207,781 €</td>
<td>208,110 €</td>
<td>239,834 €</td>
<td>239,774 €</td>
<td>240,185 €</td>
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<td>2.000 €</td>
<td>2.500 €</td>
<td>2.500 €</td>
<td>2.500 €</td>
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<td>Goodwill</td>
<td>100.000 €</td>
<td>100.000 €</td>
<td>100.000 €</td>
<td>100.000 €</td>
<td>100.000 €</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,072,479 €</td>
<td>3,150,110 €</td>
<td>3,397,334 €</td>
<td>3,392,274 €</td>
<td>3,592,685 €</td>
</tr>
<tr>
<td><strong>Net worth</strong></td>
<td>-359,521 €</td>
<td>728,110 €</td>
<td>957,334 €</td>
<td>1,137,274 €</td>
<td>1,337,685 €</td>
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<tr>
<td><strong>Non-current liabilities</strong></td>
<td>2,000,000 €</td>
<td>2,000,000 €</td>
<td>2,000,000 €</td>
<td>1,800,000 €</td>
<td>1,800,000 €</td>
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<tr>
<td><strong>Current liabilities</strong></td>
<td>432,000 €</td>
<td>422,000 €</td>
<td>440,000 €</td>
<td>455,000 €</td>
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<td>Local renovation and decoration</td>
<td>60,000 €</td>
<td>50,000 €</td>
<td>55,000 €</td>
<td>55,000 €</td>
<td>60,000 €</td>
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<tr>
<td>Furniture (scenarios, tents, toilets, glamping)</td>
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<td>250,000 €</td>
<td>260,000 €</td>
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<tr>
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<td>70,000 €</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
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<td>2,255,000 €</td>
<td>2,255,000 €</td>
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<tr>
<td><strong>Equity + Total liabilities</strong></td>
<td>2,072,479 €</td>
<td>3,150,110 €</td>
<td>3,397,334 €</td>
<td>3,392,274 €</td>
<td>3,592,685 €</td>
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## Sales Analysis:

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<tr>
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<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>12,250,000 €</td>
<td>12,250,000 €</td>
<td>14,000,000 €</td>
<td>14,000,000 €</td>
<td>14,000,000 €</td>
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<tr>
<td>Variation</td>
<td>-</td>
<td>0%</td>
<td>10%+</td>
<td>0%</td>
<td>0%</td>
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<tr>
<td>Sales in Units</td>
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<td>40,000</td>
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<tr>
<td>Variation</td>
<td>-</td>
<td>0%</td>
<td>10%+</td>
<td>0%</td>
<td>0%</td>
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<td>Average price of sales</td>
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<td>350 €</td>
<td>350 €</td>
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<td></td>
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<td>2023</td>
</tr>
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<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Variation</td>
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<td>0 €</td>
<td>14,28% +</td>
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<td>50.000 €</td>
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<td>3.977.750 €</td>
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<td>99 €</td>
<td>99 €</td>
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<td>Variation</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Break-even point</td>
<td>227 €</td>
<td>226 €</td>
<td>226 €</td>
<td>226 €</td>
<td>227 €</td>
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</tbody>
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- Financial ratios

**Profitability Analysis**

<table>
<thead>
<tr>
<th></th>
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<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>3.128.900 €</td>
<td>3.119.900 €</td>
<td>4.286.080 €</td>
<td>4.332.150 €</td>
<td>4.320.750 €</td>
</tr>
<tr>
<td>Margin over sales (%)</td>
<td>39,93%</td>
<td>39,93%</td>
<td>39,93%</td>
<td>39,93%</td>
<td>39,93%</td>
</tr>
<tr>
<td>Variation</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>EBT</td>
<td>3.046.100 €</td>
<td>3.037.100 €</td>
<td>4.220.180 €</td>
<td>4.266.250 €</td>
<td>4.263.050 €</td>
</tr>
<tr>
<td>Margin over sales (%)</td>
<td>39,16%</td>
<td>39,16%</td>
<td>39,39%</td>
<td>39,39%</td>
<td>39,39%</td>
</tr>
<tr>
<td>Variation</td>
<td>0 €</td>
<td>0,00 €</td>
<td>0,23%+</td>
<td>0,00 €</td>
<td>0,00 €</td>
</tr>
<tr>
<td>ROA - Economic Profitability</td>
<td>0,009553212</td>
<td>0,016723729</td>
<td>0,4738649822</td>
<td>0,5034494087</td>
<td>0,501346912</td>
</tr>
</tbody>
</table>

- Balance Sheet Analysis and Ratios:

**Balance sheet analysis**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets (operating and intangible assets)</td>
<td>1.700 €</td>
<td>1.800 €</td>
<td>1.800 €</td>
<td>2.000 €</td>
<td>2.000 €</td>
</tr>
<tr>
<td>% Over total assets</td>
<td>10,17%</td>
<td>9,57%</td>
<td>9,09%</td>
<td>9,09%</td>
<td>9,09%</td>
</tr>
<tr>
<td>Current assets</td>
<td>1.715.000 €</td>
<td>1.517.000 €</td>
<td>1.518.000 €</td>
<td>1.520.000 €</td>
<td>1.520.000 €</td>
</tr>
<tr>
<td>% Over total assets</td>
<td>89,82%</td>
<td>90,42%</td>
<td>90,90%</td>
<td>90,90%</td>
<td>90,90%</td>
</tr>
<tr>
<td>Total asset</td>
<td>1.716.700 €</td>
<td>1.518.800 €</td>
<td>1.519.800 €</td>
<td>1.522.000 €</td>
<td>1.522.000 €</td>
</tr>
<tr>
<td>Variation</td>
<td>0 €</td>
<td>12%</td>
<td>5%</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>-----------</td>
<td>-----</td>
<td>-----</td>
<td>----</td>
<td>-----</td>
<td>----</td>
</tr>
<tr>
<td><strong>NET WORTH</strong></td>
<td>-715.300 €</td>
<td>-903.200 €</td>
<td>-920.200 €</td>
<td>-733.000 €</td>
<td>-733.000 €</td>
</tr>
<tr>
<td>% Over net worth plus liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>2.000.000 €</td>
<td>2.000.000 €</td>
<td>2.000.000 €</td>
<td>1.800.000 €</td>
<td>1.800.000 €</td>
</tr>
<tr>
<td>% Over total liabilities</td>
<td>82,24%</td>
<td>82,58%</td>
<td>81,97%</td>
<td>79,82%</td>
<td>79,82%</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>432.000 €</td>
<td>422.000 €</td>
<td>440.000 €</td>
<td>455.000 €</td>
<td>455.000 €</td>
</tr>
<tr>
<td>% Over total liabilities</td>
<td>17,76%</td>
<td>17,42%</td>
<td>18,03%</td>
<td>20,18%</td>
<td>20,18%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>2.432.000 €</td>
<td>2.422.000 €</td>
<td>2.440.000 €</td>
<td>2.255.000 €</td>
<td>2.255.000 €</td>
</tr>
<tr>
<td>Variation %</td>
<td>0 €</td>
<td>19,93%</td>
<td>-23,08%</td>
<td>-30,25%</td>
<td>-45,18%</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td>1.716.700 €</td>
<td>1.518.800 €</td>
<td>1.519.800 €</td>
<td>1.522.000 €</td>
<td>1.522.000 €</td>
</tr>
<tr>
<td><strong>WORKING CAPITAL</strong></td>
<td>1.283.000 €</td>
<td>1.095.000 €</td>
<td>1.078.000 €</td>
<td>1.065.000 €</td>
<td>1.065.000 €</td>
</tr>
<tr>
<td>Variation %</td>
<td>0 €</td>
<td>14,66% +</td>
<td>1,56%+</td>
<td>1,21%-</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ratios</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income + Depreciation / Short Term Liabilities + Long Term Liabilities</td>
<td>2.000.000 €</td>
<td>2.000.000 €</td>
<td>2.000.002 €</td>
<td>1.800.002 €</td>
<td>1.800.002 €</td>
</tr>
<tr>
<td>Liquidity Ratios: Solvency Ratio</td>
<td>0,852170641</td>
<td>4</td>
<td>1,300623282</td>
<td>1,392349989</td>
<td>1,504334356</td>
</tr>
<tr>
<td>working capital: current assets - current liabilities</td>
<td>1.560.479 €</td>
<td>2.688.110 €</td>
<td>2.902.334 €</td>
<td>2.887.274 €</td>
<td>3.087.685 €</td>
</tr>
<tr>
<td>Asset Management Ratios: Total assets Turnover ratio</td>
<td>7,135783771</td>
<td>8,065578088</td>
<td>9,211738387</td>
<td>9,198423127</td>
<td>9,198423127</td>
</tr>
<tr>
<td>Debt Management Ratios: Debt Ratio</td>
<td>1,2</td>
<td>0,7</td>
<td>0,7</td>
<td>0,6</td>
<td>0,6</td>
</tr>
<tr>
<td>Current ratio</td>
<td>4,6</td>
<td>7,3</td>
<td>7,5</td>
<td>7,3</td>
<td>7,7</td>
</tr>
<tr>
<td>Cash Ratio</td>
<td>0</td>
<td>6,6</td>
<td>6,8</td>
<td>6,5</td>
<td>7,0</td>
</tr>
</tbody>
</table>

Sales KPI:

| Gross Profit: Net sales - cost of goods and services | 12.250.000 € | 3.597.000 € | 8.653.000 € |
| Revenue: price per units* number of units | 320 € | 35.000 | 11.200.000 € |
| Net profit: Gross Profit - (Total operating expenses + taxes + | 8.705.000 € | 6.690.300 € | 2.014.700 € |
Cross or Up-selling Potentials

- Sales of travel packages for Europe and Spain "Discover Spain". "Discover Europe"
- Sales of premium package with VIP tickets and Glamping Tents, VIP tickets with luxury hotel
- Sales of food and drink packages for the festival attendees
- Introduction of one day tickets and one day VIP tickets

Considerations:

- We did not calculate high personal expenses because we will start the business from our homes and not rent an office to begin with
- Our investments in assets are quite low as we will rent all the equipment needed for the festival
- It is very unlikely to be profitable as start-up and festival in the first year. Therefore we will start being profitable in the third year
- Our EBITDA is very high because we generate a lot of money by selling 35,000 tickets but we also have very high costs. Costs like the performance salaries, security costs and the development of an infrastructure on the festival site raise a lot of our sales.
- Festivals are not that profitable and they don't stay in the market for a long period of time, the average time is five years.

- In order to set up a financial plan we need to compare our financial targets with those of our competitors. As we are hosting the festival for the first time we have no past financial recordings. It can be said it is highly unlikely for a festival to be profitable in the first year. Due to that fact that the investment costs are high and the profit margin is really thin. If we sell a more than substantial amount of tickets we can reach profitability.

Reorientation

The report presented takes into consideration quantitative and qualitative information obtained from different sources in order to carry out the study of our business idea.

There are many variables that we have taken into account that may not turn out as we expected, changing the results or even making the idea unfeasible, such as number of attendants, issues at the infrastructures or even the weather.
Therefore, we need to have an alternative plan that comes up with ideas that can help us keep our business idea from failing. We will activate this plan 'B' if we don't achieve our presented goals the first 2 years if 4 months before the event only 50% of tickets are sold.

<table>
<thead>
<tr>
<th><strong>Smaller enclosure</strong></th>
<th>Ciudad del Rock is a huge area with several stages. If less people than expected come we can cancel one stage or if there is a lot less demand we can move the festival to a smaller location, for example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Higher drinks prices</strong></td>
<td>The sale of beverages is a great source of income for the event, so increasing a small percentage that does not affect the eyes of consumers can mean an increase in our profits.</td>
</tr>
<tr>
<td><strong>Hiring new influencers</strong></td>
<td>New Instagram users can because the new trend in social media and may be willing to participate in our event. Cooperating with them can be cheaper that with current ones that we hired.</td>
</tr>
<tr>
<td><strong>Date of the event</strong></td>
<td>Even if we already analysed that there are not important events celebrated the same date as Coachella Madrid and September should be a month with good weather. Rescheduling the festival or building tents to make an indoor part</td>
</tr>
<tr>
<td><strong>Different selection of artists</strong></td>
<td>If we cannot book the desired performers we can book less in demand artist. This would decrease our costs and secure the sufficient number of artists. However these performers still have to appeal to the majority of our 35,000 visitors.</td>
</tr>
</tbody>
</table>
Single Day Tickets

When comparing ourselves with competitors and with the Coachella in the US we noted the increasing sales of single day tickets. We could offer the same. So far we choose not to do so because of the high workload coming with them.

Conclusions

After the research carried out for this study and analysis of the theory presented, we can ensure that this festival covers a need which was not being met in the Spanish market before.

In order to offer a remarkable and sustainable event, many variants must be coordinated, from geographical location, to music and promotion. The sector of live music offers new opportunities thanks to technological improvements and the popularity of social media. We found that we can create a new concept based on customer experience.

The thorough research and studies conducted while preparing this study have led us to conclude that even though Coachella is an established brand with a very positive image among millennials (a general perception confirmed with our survey’s results), we still have room for improvement. By combining the American festival experience with the European lifestyle, the festival goers can only be impressed by the diversity that goes into each edition. And finally bring the brand Coachella to the European market.

The main purpose of our project was to bring a unique experience full of promises that we, as the managing team, will keep and even go beyond those promises and expectations, to an already established market. All while having a profitable festival that will attract a rising number of attendees each year. Consequently it will be harder for competitors to compete with us based on our differential strategies.

While creating the marketing plan of our project, we faced various limitations. The most important one was getting accurate information about the American version of the festival, especially regarding the budgets, funds, and profits. Another limitation would be to address every aspect of the project in a deep and analytical way, this is mostly due to how big the scale of the project is. Indeed, our project depends on so many factors, and
touches so many aspects of the entertainment world that it would need hundreds of pages to cover everything.

However this work can be used as a guideline for managers at Coachella to bring the festival to Spain. We have successfully adopted the American heritage and adopted it to the European market.

Attachments

1. Customer survey

Here is the list with all questions and answers of our survey with 102 participants.

Link: https://goo.gl/forms/51GUPMoRmSK7WNEi2
Coachella

Music and Arts Festival

Have you ever been at a music festival?

- [ ] Yes, I went to a festival once
- [ ] Yes, I have been two or more times
- [ ] I have never been but I would like to try
- [ ] I don't want to attend a festival

Have you ever been at a music festival?
16 responses

- [ ] Yes, I went to a festival once
- [ ] Yes, I have been two or more times
- [ ] I have never been but I would like to try
- [ ] I don't want to attend a festival

If your previous answer was yes, please tick the festival that you have attended before

- [ ] BBK Bilbao
- [ ] MAD COOL
- [ ] Rock in Rio

94
If your previous answer was yes, please tick the festival that you have attended before

102 responses

- BBK Bilbao: 18 (17.6%)
- Med Cool: 14 (13.7%)
- Rock in Rio: 14 (13.7%)
- Dcode: 4 (3.9%)
- Primavera Sound: 7 (6.3%)
- Arenal Sound: 16 (15.7%)
- Tomorrowland: 24 (23.5%)
- My festival is not listed: 17 (16.7%)
- Tomorrowland: 3 (2.9%)
When is the best time to go to a festival for you?

- May
- Summer time (July-August)
- September
- No preferences

When is the best time to go to a festival for you?

16 respondents

- 86.3% May
- 12.5% Summer time (July-August)
- 1.2% September
- 0% No preferences

Please watch the trailer of the Coachella Aftermovie of 2016 to continue the questionnaire

Based on the previous video, are you familiar with the Coachella Music & Arts Festival?

- Yes, I have attended the festival
- Yes, I just know it through social media
- I only know the name of the festival
- I have never heard about it
Based on the previous video, are you familiar with the Coachella Music & Arts festival?

102 responses

- Yes, I have attended the festival
- Yes, I just know it through social media
- I only know the name of the festival
- I have never heard about it

66.7%
15.7%
11.2%
6.4%

With whom would you attend Coachella?

- Alone
- Small group of friends or with my partner (less than 5 people)
- Big group of friends (more than 5 people)

With whom would you attend Coachella?

15 responses

- Alone
- Small group of friends or with my partner (less than 5 people)
- Big group of friends (more than 5 people)

What do you like the most at a festival? *

- Atmosphere
- Music
- Fashion
What do you like the most at a festival?

102 responses

- Atmosphere: 27.5%
- Music: 15.7%
- Fashion: 56.9%

How important is fashion to you? (5 being very important)

1 2 3 4 5

How important is fashion to you? (5 being very important)

102 responses

Which brands do you like the most? You can select more than one

- Sephora
- Levi's
- Bershka
- Revolve
Which brands do you like the most? You can select more than one
98 responses

- Sephora
- Levi's
- Bershka
- Revolve
- H&M

Inditex brands (Zara, Pull and Bear, Bershka, Oysho, Stradivarius, Massimo Dutti, Uterqüe)

Which brand do you buy the most?

☐ Sephora

☐ Levi's

☐ Inditex Brands (Zara, Pull and Bear, Bershka, Oysho, Stradivarius, Massimo Dutti, Uterqüe)

☐ Revolve

☐ H&M

☐ Other brands

Which brand do you buy the most?

01 responses

- Sephora
- Levi's
- Inditex Brands (Zara, Pull and Bear, Bershka, Oysho, Stradivarius, Massimo Dutti, Uterqüe)
- Revolve
- H&M
- Other brands
Would you attend a festival recommended by influencers?

- Yes, without a doubt
- Yes if it is the type of music I like
- It depends on the influencer
- No, I prefer to decide independently

Would you attend a festival recommended by influencers?

102 responses

Would you buy the ticket before knowing the line-up? *

- Yes, of course
- No, I will wait until the announcement
- It depends on the festival

Would you buy the ticket before knowing the line-up?

102 responses
Which stands do you like the most at a festival? *

- Make up booths
- Jewelry
- Food & Drinks
- Fashion
- Brand booths (gifts, competitions, activities...)

Which stands do you like the most at a festival?
102 responses

Make up booths: 8 (7.8%)
Jewelry: 11 (10.8%)
Food & Drinks: 76 (73.5%)
Fashion: 27 (26.5%)
Brand booths (gifts, competitions, activities...): 39 (38.2%)

In which city would you like the festival to be held?

- Madrid
- Barcelona
- Valencia
- Seville

In which city would you like the festival to be held?
15 responses

- Madrid: 80%
- Barcelona: 30%
Would you be willing to travel for a music festival?

- Yes, but only inside my country
- Yes, also to a different country
- No I don't want to travel

Would you be willing to travel for a music festival?

102 responses

What is the price over which you would not purchase a three day festival ticket

- less than 290€
- 350€
- 400€
- More than 400€

What is the price over which you would not purchase a three day festival ticket

102 responses
What is your current occupation? *

- Student
- Self-employed
- Employee
- Unemployed
- Financial support by parents
- Other...

To which age group do you belong? *

- 18-24
- 25-29
- 30-35
- Older than 35
References

Sources


TUI Holidays | Discover Your Smile (no date). Available at: https://www.tui.co.uk/destinations/info/about-us [Accessed: 30 December 2018].


University of Tourism of Zaragoza (2016) Tourism festivals in Spain: evolution, impact and case study - Vanessa Mayayo Sánchez


Pictures and tables:


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