



THE MUNICH

# OKTOBERFEST

FROM LOCAL TRADITION TO GLOBAL CAPITALISM

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# STAKEHOLDER ANALYSIS

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Oktoberfest  
Organizing  
Committee

Event  
Operators

Peripheral  
Industries

Consumers



Oktoberfest  
Organizing  
Committee

“Devise strategies to reach **net-zero operations**, preserve the *true Oktoberfest experience*, and enhance its *presence* in a **global community**”

# AGENDA

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1. Overview
2. Background Analysis
3. Decision Analysis
4. Plan of Action
5. Financials

## *What is Oktoberfest?*

- The Experience
  - Bavarian Traditions
  - Celebration of History
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- The Experience
  - Bavarian Traditions
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## *Why Oktoberfest?*

- Preservation of tradition
- Cultural immersion
- Local tastes
- Inclusive community
- “Bucket List” item

## *What is Oktoberfest?*

- The Experience
- Bavarian Traditions
- Celebration of History

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# IT'S THE PEOPLE THAT MATTER

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## *Why Oktoberfest?*

- Preservation of tradition
- Cultural immersion
- Local tastes
- Inclusive community
- “Bucket List” item

A



B





**A**



- **BRAND EXTENSIONS**
- **PARTNERSHIPS**

**B**



- **GAMIFY**
- **INCREASE RENTAL RATES**

# DECISION MATRIX

Criteria	Brand Extension	Partnerships	Gamify	Increase rental rates
Profitability	R	G	G	G
Feasibility	G	R	G	G
Customer Experience	G	R	G	R
Scalability	R	G	G	R
Competitive Advantage	R	R	G	R

**G** Positive Outlook  
**R** Negative Outlook

# RECOMMENDATION A:

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## PARTNERSHIP

### PROS

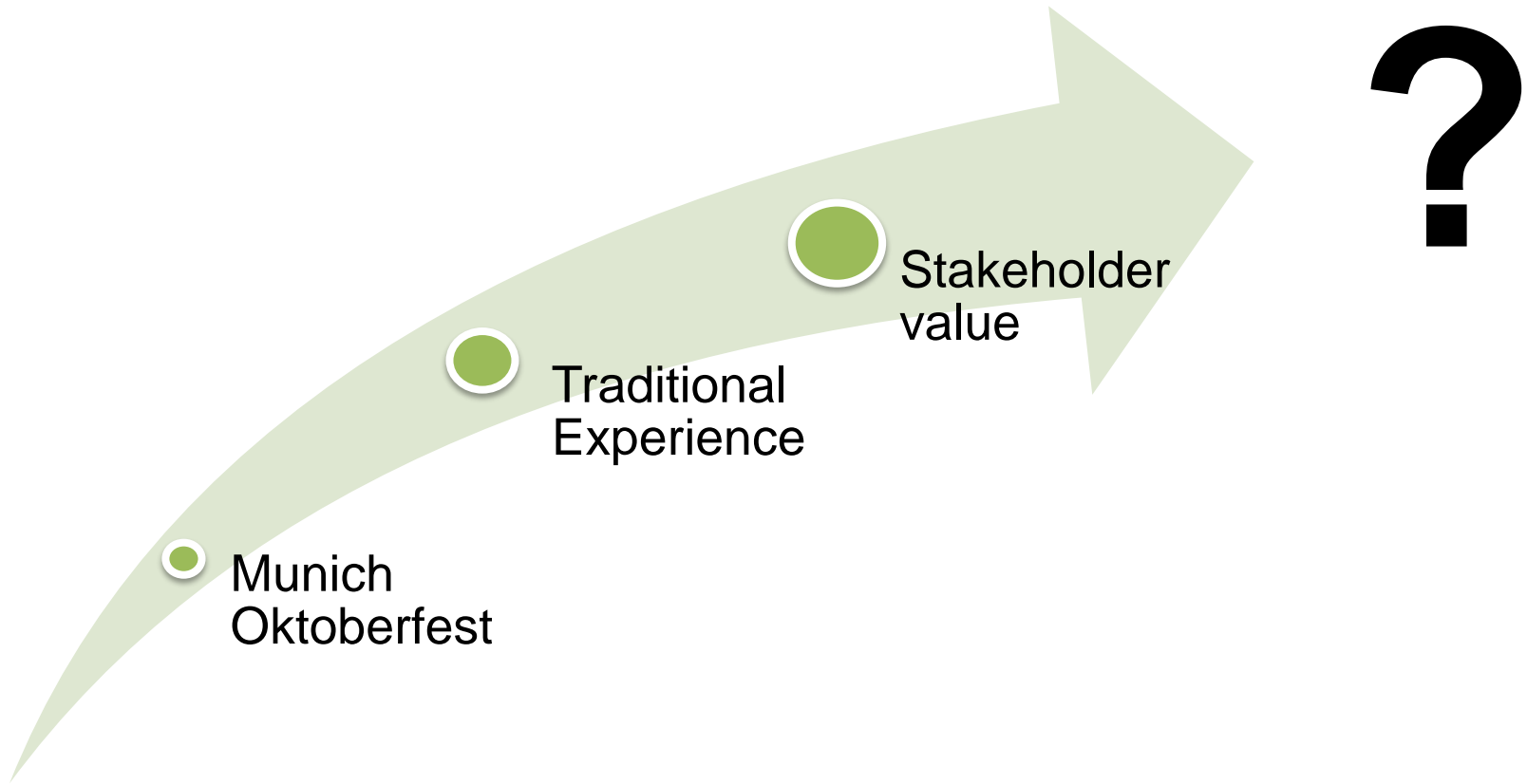
- Revenue growth
- New market opportunities

### CONS

- Quality assurance
- Transaction cost of int'l expansion
- Cannibalization
- Learning curve costs

# ADDRESSING PROBLEMS

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# MUNICH BLITZ 2015

#BEATTHEBLITZ

# FEW WILL SUCCEED. WILL YOUR TEAM BE ONE?

Grab a team, come to Germany, and give it your best shot.



## TEAMS OF UP TO 8

Friends, family, or fellow travelers and adventurers. We've also partnered with the most popular hostels nearby. Come with a team or we'll pair you up with one!



## 10 CLUES

Your team will need to figure out a clue in order to advance to each stage. The clues will get harder the further along the race you get. How far can your team make it?



## 10 CHALLENGES

Bring your A game - from trying all of Munich's best beers to crossbow competitions to riding the scariest rides, be prepared to get the full Oktoberfest experience.



## #BEATTHEBLITZ2015

Get creative, because we're introducing a social media element to our contest. Let's just say you should come prepared to document your experience!



## TARGET MARKET:

World Travelers



**I BEAT THE**  
**BLITZ** 

MUNICH OKTOBERFEST 2015



## TARGET MARKET:

World Travelers

Ages 16-30



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MUNICH OKTOBERFEST 2015

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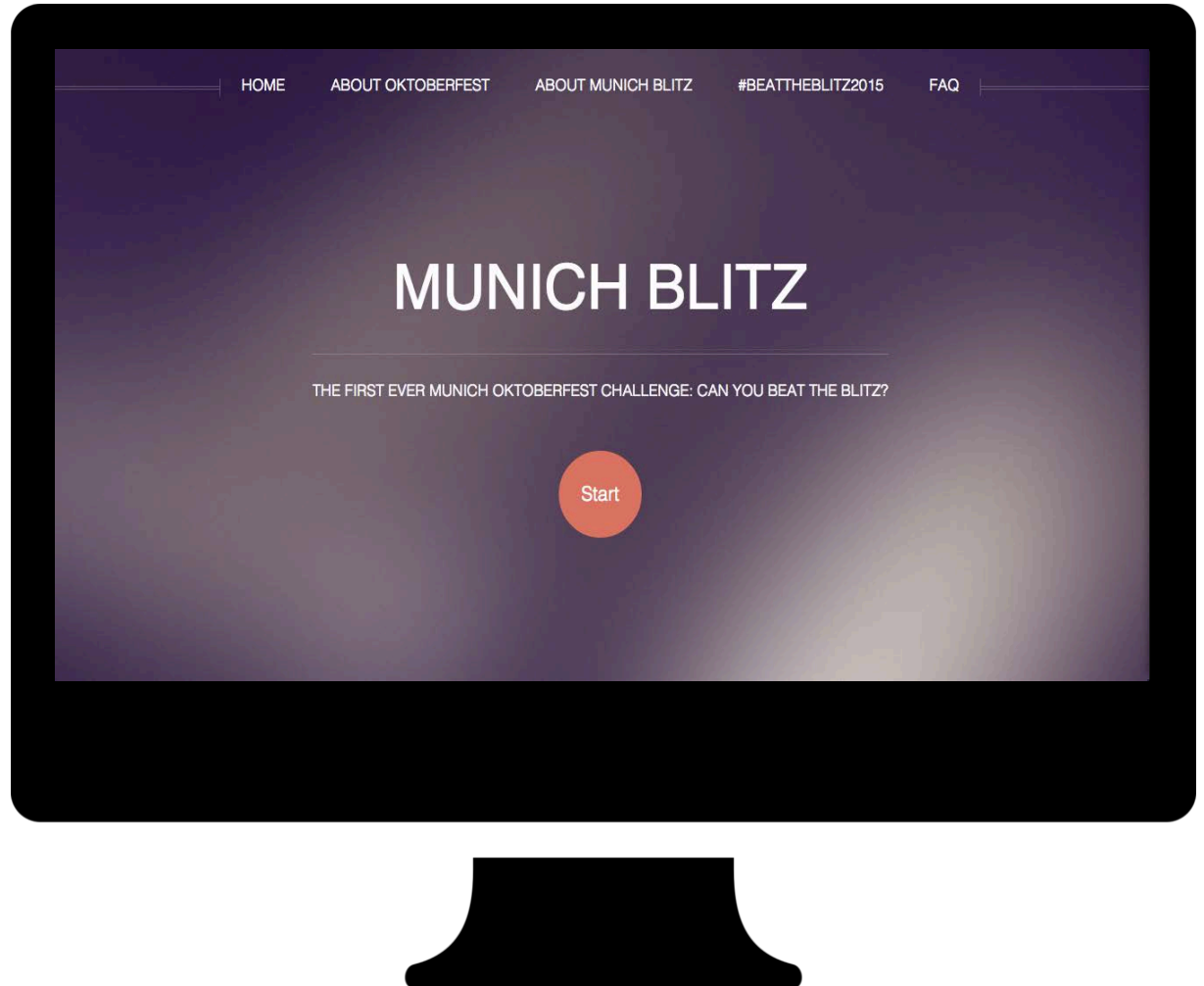
“Bucket List”



**I BEAT THE**  
**BLITZ**

MUNICH OKTOBERFEST 2015

# MEDIA MARKETING EFFORTS



# NPV METHODOLOGY

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## REVENUES

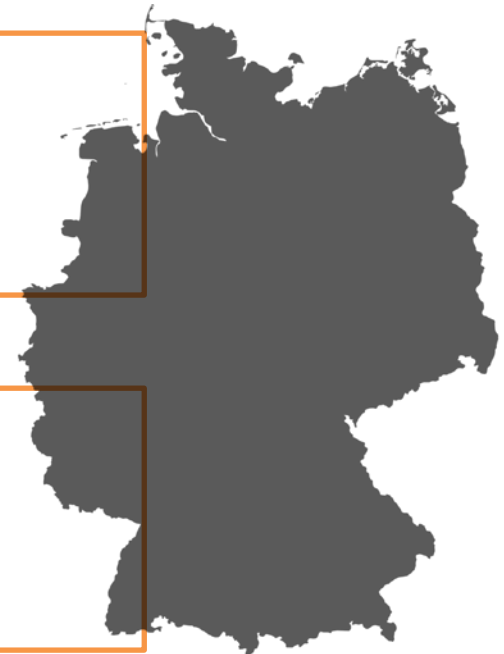
- RENT
- GAMIFICATION

## COST

- MARKETING
- WAGES

## MACRO FACTORS

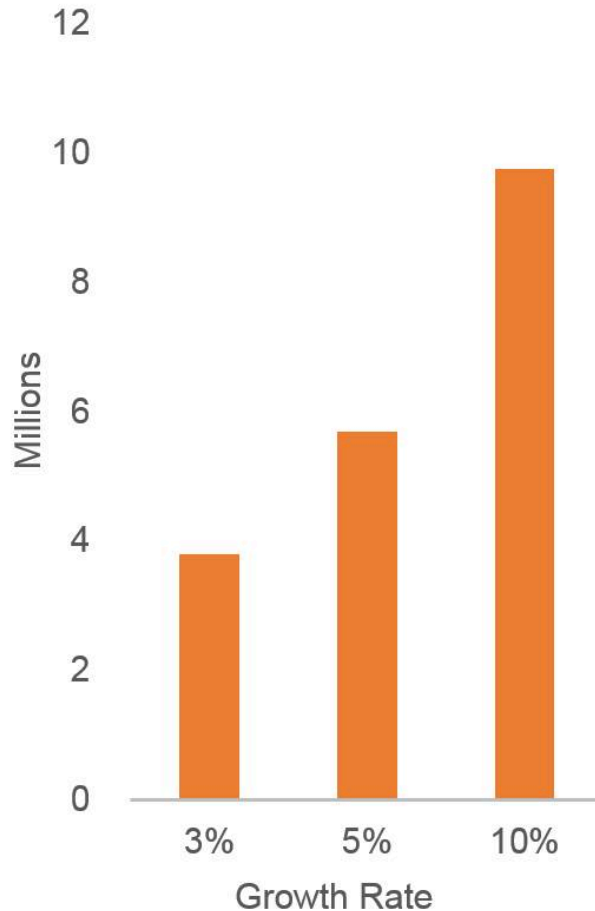
- GROWTH POTENTIAL
- INFLATION





# FINANCIALS: B

NPV Recommendation B



## Sensitivity Analysis:

Worse Case Scenario:  
**\$3.8M NPV**

Expected Case Scenario:  
**\$5.7M NPV**

Best Case Scenario:  
**\$9.8M NPV**

# RECOMMENDATION B

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## PROS

- Scalability
- Increased value to the customer
- Feasibility

## CONS

- Missed market potential
- Slower revenue growth

# RISKS & MITIGATION

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Slower Revenue Growth



Efficiencies in operations  
and marketing

Missed Market Potential



Competitors are missing the  
“special sauce”

# IMPLEMENTATION TIMELINE

FY15	FY16	FY17	FY18
MARKET GAMIFICATION	IDENTIFY AREAS FOR IMPROVEMENT	IMPLEMENT IMPROVEMENTS	RE-EVALUATE INTERNATIONAL EXPANSION
INTRODUCE MUNICH BLITZ	CAPTURE MARKET SHARE		



# RECAP



STAKE  
HOLDERS



A vs. B  
Comparison



MUNICH  
BLITZ



TIMELINE



FINANCIALS

# Q & A

Stakeholders	Decision	Long-Term Strategy	Measuring Success
Expansion Criteria	Domestic Risk	International Risks	Security/Health Concerns
Recommendation A: Data Analysis	Recommendation B: Data Analysis	Stakeholder Analysis	Background Analysis
A vs. B	Decision Matrix	Recommendation A	Addressing the Problems
Web Analytics	Munich Blitz	Munich Blitz Rules	Munich Blitz Target Market
Media Marketing	NPV Explanation: A	NPV Explanation: B	Parallax Websites
NPV Assumptions: A	NPV Assumptions: B	NPV: A	NPV: B

# WEB ANALYTICS

Search  
Engine  
Optimization

User  
Interaction  
Data

Background  
Algorithms  
&  
Processes



# MUNICH BLITZ

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<p><b>80 EUROS / PERSON:</b> What does this cover?</p>	<ul style="list-style-type: none"><li>- Program/challenge fees</li><li>- 1 liter of beer from each tent (6 liters total)</li><li>- 4 chicken legs</li><li>- 7 rides</li><li>- Crossbow game</li><li>- Munich Blitz Swag</li><li>- The Munich Blitz Experience!</li></ul>
<p><b>REWARD:</b> What's in it if we win?</p>	<ul style="list-style-type: none"><li>- Package fee reimbursement</li><li>- "I Beat The Munich Blitz" t-shirts, stickers, and awards</li><li>- Picture feature on all social media and during Oktoberfest</li></ul>
<p><b>RULES &amp; GUIDELINES</b></p>	<ul style="list-style-type: none"><li>- 24-hour expiration</li><li>- Teams of up to 8, min. of 2</li><li>- 10 stages of clues &amp; challenges</li><li>- Punch cards to track every stage</li><li>- No cheating!</li></ul>

# NPV ASSUMPTIONS: A

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- Wage and Marketing Expenses are proportionate to Oktoberfest
- 20% revenue share for endorsing the partner event
- 3% inflation rate in US



# NPV ASSUMPTIONS: B

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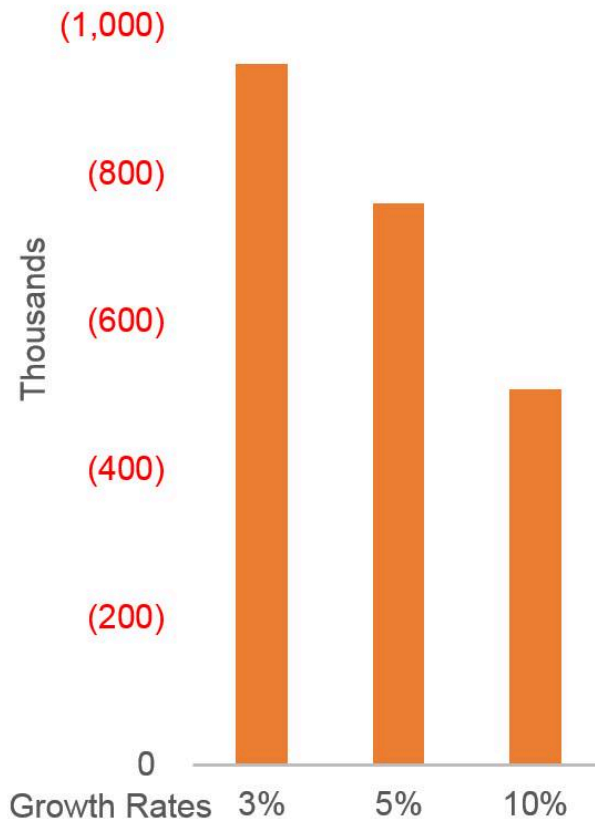
- 30% vender market share
  - 10% revenue share
- 47% of attendees are aged 16-30
  - 95% are not families with children
- Acquire 25% market share of this segment
- 20% of Oktoberfest employees are paid by city of Munich
- 1% Inflation rate





# FINANCIALS: A

NPV Recommendation A



## Sensitivity Analysis:

Worse Case Scenario:  
**(\$950K) NPV**

Expected Case Scenario:  
**(\$760K) NPV**

Best Case Scenario:  
**(\$510K) NPV**



# RECOMMENDATION A

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19%

Of Oktoberfest attendees are international



85%

View Oktoberfest as a traditional festival



Increased transaction cost in international business





# RECOMMENDATION B: FOCUS ON MUNICH



\*45% of international attendees do not return in a different year



# RECOMMENDATION B: FOCUS ON MUNICH



\*47% of attendees are teenage to 30 years



# RECOMMENDATION B: FOCUS ON MUNICH



\*65% of international attendees view it as a community event



# RECOMMENDATION B: FOCUS ON MUNICH



\*85% of total attendees view it as a safe event

# THE VALUES

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- Bavaria – Brand/Image
- City of Munich – Increased patronage, increased profit
- Breweries & Restaurants – Building brand equity, higher volume sales
- Consumers - Experience



# STAKEHOLDERS

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- City of Munich
  - Brand/Image
- Surrounding hospitality businesses (hotels, hostels, airlines)
  - increased patronage, increased profit
- Breweries and Restaurants
  - Building brand equity, higher volume sales,
- Consumers
  - Experience

# DECISION CRITERIA

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- Profitability
  - Allow Munich stakeholders to reach net-zero
- Feasibility
  - Can this be done with reasonable time and capital investment
- Customer Experience
  - Is the Bavarian culture preserved through the event
- Scalability
  - Can this be replicated with predictable results
- Competitive Advantage
  - Can we compete in our targeted market



# LONG-TERM STRATEGY

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- Expanding internationally is still an option
- Reach breakeven in our current model before partnering
  - Protects brand equity
  - Don't commit to higher costs without higher return
  - Lower risk
- Protect intellectual property surrounding the Blitz experience
  - Potentially license long-term if we decide to expand internationally to improve revenues

# MEASURING SUCCESS

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- Perpetual break-even
  - Are we reaching net-zero in a sustainable manner?
- Percentage of participants that return in following years
  - Does the Munich Blitz incentivize participants to return after the first year of participation?
- Increase in foreign attendees
  - Does the volume

# EXPANSION CRITERIA

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- Size of current market
  - What is the size of the market for large festivals?
- Size of festival relative to size of city
  - Large ratio indicates that many attendees travel from outside the city
- Ease of expansion
  - Are there any barriers to entry (e.g. competitive landscape, political hurdles)

# DOMESTIC RISKS

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- Duration limitations
  - Workers are available for no more than 2 weeks
- Space limitations
  - Total capacity is limited by size and city regulations
- Operator limitations
  - Strong barriers to entry due to existing ties and network between operators

# INTERNATIONAL RISKS

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- Transaction costs in dealing with international business
- Other (knockoff) events may hurt brand and reputation of Munich Oktoberfest, especially if unsuccessful
  - Mitigate via marketing efforts highlighting that Munich Oktoberfest is the original festival
- Other international festivals in competitive landscape
  - Mitigate via value prop and marketing

# SECURITY/HEALTH CONCERNS

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- Introduce a sober area on the grounds
  - Encourages cooling down and relaxation
  - Helps to discourage brawls and arguments
- Potentially sell miscellaneous non-food items (medication, weather, apparel)
- Lost and Found area

# NPV EXPLANATION: A

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# NPV EXPLANATION: B

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# A: NPV ANALYSIS

Replicate the festival abroad. If so, where? Describe what you would keep the same and what would you change

<i>Most Likely - 5% growth rate</i>	2014	2015	2016	2017	2018	2019
Projected Revenue	234,375	246,094	258,398	271,318	284,884	299,128
20% Revenue Share w/ Munich	46,875	49,219	51,680	54,264	56,977	59,826
Wages Expense	326,250	336,038	346,119	356,502	367,197	378,213
Marketing Expense	3,000	3,150	3,308	3,473	3,647	3,829
<b>TOTAL</b>	<b>(141,750)</b>	<b>(142,313)</b>	<b>(142,707)</b>	<b>(142,920)</b>	<b>(142,936)</b>	<b>(142,739)</b>

Growth Rate	3%	5%	10%
NPV discounting at 5%	(948,917)	(759,619)	(509,119)

## Assumptions

- Wage and Marketing expenses are proportionate to Munich based on attendees
- Munich will take a 20% share of all revenue from Cincinatti for endorsing the event
- Used 1.5%, 3%, and 5% discount rates to increase wages

## Scenarios

- Most Likely - Conservative estimate for growth per business as usual
- Pessimistic - Ineffective partnership
- Optimistic - Stronger than expected response to Bavarian authenticity

# B: NPV ANALYSIS

Keep Festival in Munich, Increase profitability. Suggest some new ways to create value and generate profits

<i>Most Likely - 5% growth rate</i>	2014	2015	2016	2017	2018	2019
<b>Projected Revenue:</b>						
Tent Rentals	2,400,000	2,424,000	2,448,240	2,472,722	2,497,450	2,522,424
Carnival Rentals	2,400,000	2,424,000	2,448,240	2,472,722	2,497,450	2,522,424
Merchandising	2,082,500	2,082,500	2,082,500	2,082,500	2,082,500	2,082,500
Gamification	7,520,000	7,896,000	8,290,800	8,705,340	9,140,607	9,597,637
<b>Costs:</b>						
Wage Expense	12,960,000	13,089,600	13,220,496	13,352,701	13,486,228	13,621,090
Marketing	1,000,000	1,050,000	1,102,500	1,157,625	1,215,506	1,276,282
<b>TOTAL</b>	<b>442,500</b>	<b>686,900</b>	<b>946,784</b>	<b>1,222,959</b>	<b>1,516,272</b>	<b>1,827,614</b>

Growth Rate	3%	5%	10%
NPV discounting at 5%	<b>3,796,882</b>	<b>5,691,313</b>	<b>9,765,618</b>

## Assumptions

Vendors have a 30% market capture rate and we take 10% revenue share  
 47% aged 16-30 due to being younger than 30 and 95% are not families w/ children  
 We can acquire 25% market share of the 16-30 segment for gamification  
 20% of Oktoberfest employees are paid by city of Munich  
 Assume 1% inflation rate and wages are pegged to inflation

Variables		
30.00%	47.00%	20.00%
10.00%	25.00%	1.00%
	6	

## Scenarios

Most Likely - Conservative estimate for growth per accurate assumptions  
 Pessimistic - Ineffective marketing campaign to advertise new value proposition  
 Optimistic - Stronger than expected response to gamification