STAKEHOLDER ANALYSIS

- Oktoberfest Organizing Committee
- Event Operators
- Peripheral Industries
- Consumers
“Devise strategies to reach net-zero operations, preserve the true Oktoberfest experience, and enhance its presence in a global community”
AGENDA

1. Overview
2. Background Analysis
3. Decision Analysis
4. Plan of Action
5. Financials
What is Oktoberfest?

- The Experience
- Bavarian Traditions
- Celebration of History
What is Oktoberfest?

- The Experience
- Bavarian Traditions
- Celebration of History

Why Oktoberfest?

- Preservation of tradition
- Cultural immersion
- Local tastes
- Inclusive community
- “Bucket List” item
What is Oktoberfest?

- The Experience
- Bavarian Traditions
- Celebration of History

It’s the People That Matter

Why Oktoberfest?

- Preservation of tradition
- Cultural immersion
- Local tastes
- Inclusive community
- “Bucket List” item
• BRAND EXTENSIONS
• PARTNERSHIPS

• GAMIFY
• INCREASE RENTAL RATES
# DECISION MATRIX

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Brand Extension</th>
<th>Partnerships</th>
<th>Gamify</th>
<th>Increase rental rates</th>
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<tbody>
<tr>
<td>Profitability</td>
<td>G</td>
<td>R</td>
<td>G</td>
<td>R</td>
</tr>
<tr>
<td>Feasibility</td>
<td>G</td>
<td>R</td>
<td>G</td>
<td>R</td>
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<tr>
<td>Customer Experience</td>
<td>G</td>
<td>R</td>
<td>G</td>
<td>R</td>
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<tr>
<td>Scalability</td>
<td>G</td>
<td>R</td>
<td>G</td>
<td>R</td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>G</td>
<td>R</td>
<td>G</td>
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</tbody>
</table>

G: Positive Outlook  
R: Negative Outlook
# RECOMMENDATION A: PARTNERSHIP

<table>
<thead>
<tr>
<th>PROS</th>
<th>CONS</th>
</tr>
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<tbody>
<tr>
<td>• Revenue growth</td>
<td>• Quality assurance</td>
</tr>
<tr>
<td>• New market opportunities</td>
<td>• Transaction cost of int’l expansion</td>
</tr>
<tr>
<td></td>
<td>• Cannibalization</td>
</tr>
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<td></td>
<td>• Learning curve costs</td>
</tr>
</tbody>
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ADDRESSING PROBLEMS

Munich Oktoberfest

Traditional Experience

Stakeholder value
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

Ages 16-30
TARGET MARKET:

World Travelers

Ages 16-30

“Bucket List”
MEDIA MARKETING EFFORTS
NPV METHODOLOGY

REVENUES
- RENT
- GAMIFICATION

COST
- MARKETING
- WAGES

MACRO FACTORS
- GROWTH POTENTIAL
- INFLATION
FINANCIALS: B

Sensitivity Analysis:

Worse Case Scenario: $3.8M NPV

Expected Case Scenario: $5.7M NPV

Best Case Scenario: $9.8M NPV
# Recommendation B

## Pros

- Scalability
- Increased value to the customer
- Feasibility

## Cons

- Missed market potential
- Slower revenue growth
RISKS & MITIGATION

- Slower Revenue Growth
- Missed Market Potential

Efficiencies in operations and marketing
Competitors are missing the “special sauce”
## IMPLEMENTATION TIMELINE

<table>
<thead>
<tr>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
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</thead>
<tbody>
<tr>
<td>MARKET GAMIFICATION</td>
<td>IDENTIFY AREAS FOR IMPROVEMENT</td>
<td>IMPLEMENT IMPROVEMENTS</td>
<td>RE-EVALUATE INTERNATIONAL EXPANSION</td>
</tr>
<tr>
<td>INTRODUCE MUNICH BLITZ</td>
<td>CAPTURE MARKET SHARE</td>
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RECAP

STAKEHOLDERS

A vs. B Comparison

MUNICH BLITZ

TIMELINE

FINANCIALS

OVERVIEW | BACKGROUND ANALYSIS | DECISION ANALYSIS | PLAN OF ACTION | FINANCIALS | Q&A
<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Decision</th>
<th>Long-Term Strategy</th>
<th>Measuring Success</th>
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<tbody>
<tr>
<td>Expansion Criteria</td>
<td>Domestic Risk</td>
<td>International Risks</td>
<td>Security/Health Concerns</td>
</tr>
<tr>
<td>Recommendation A: Data Analysis</td>
<td>Recommendation B: Data Analysis</td>
<td>Stakeholder Analysis</td>
<td>Background Analysis</td>
</tr>
<tr>
<td>A vs. B</td>
<td>Decision Matrix</td>
<td>Recommendation A</td>
<td>Addressing the Problems</td>
</tr>
<tr>
<td>Web Analytics</td>
<td>Munich Blitz</td>
<td>Munich Blitz Rules</td>
<td>Munich Blitz Target Market</td>
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<tr>
<td>Media Marketing</td>
<td>NPV Explanation: A</td>
<td>NPV Explanation: B</td>
<td>Parallax Websites</td>
</tr>
<tr>
<td>NPV Assumptions: A</td>
<td>NPV Assumptions: B</td>
<td>NPV: A</td>
<td>NPV: B</td>
</tr>
</tbody>
</table>
WEB ANALYTICS

- Search Engine Optimization
- User Interaction Data
- Background Algorithms & Processes
## MUNICH BLITZ

| 80 EUROS / PERSON: What does this cover? | - Program/challenge fees  
- 1 liter of beer from each tent (6 liters total)  
- 4 chicken legs  
- 7 rides  
- Crossbow game  
- Munich Blitz Swag  
- The Munich Blitz Experience! |
|----------------------------------------|--------------------------------------------------------------------------------|
| REWARD: What’s in it if we win?        | - Package fee reimbursement  
- “I Beat The Munich Blitz” t-shirts, stickers, and awards  
- Picture feature on all social media and during Oktoberfest |
| RULES & GUIDELINES                    | - 24-hour expiration  
- Teams of up to 8, min. of 2  
- 10 stages of clues & challenges  
- Punch cards to track every stage  
- No cheating! |
NPV ASSUMPTIONS: A

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

- 30% vendor 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

Sensitivity Analysis:

Worse Case Scenario: ($950K) NPV

Expected Case Scenario: ($760K) NPV

Best Case Scenario: ($510K) NPV
RECOMMENDATION A

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

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

• 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

- Profitability
  - Allow Munich stakeholders to reach net-zero
- Feasability
  - 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

• 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

- 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

• 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

• 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

- 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

• 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
NPV EXPLANATION: B
A: NPV ANALYSIS

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

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

<table>
<thead>
<tr>
<th></th>
<th>3%</th>
<th>5%</th>
<th>10%</th>
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<tbody>
<tr>
<td>NPV discounting at 5%</td>
<td>(948,917)</td>
<td>(759,619)</td>
<td>(509,119)</td>
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</table>

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

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<tbody>
<tr>
<td>Projected Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Tent Rentals</td>
<td>2,400,000</td>
<td>2,424,000</td>
<td>2,448,240</td>
<td>2,472,722</td>
<td>2,497,450</td>
<td>2,522,424</td>
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<tr>
<td>Carnival Rentals</td>
<td>2,400,000</td>
<td>2,424,000</td>
<td>2,448,240</td>
<td>2,472,722</td>
<td>2,497,450</td>
<td>2,522,424</td>
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<td>Merchandising</td>
<td>2,082,500</td>
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<td>2,082,500</td>
<td>2,082,500</td>
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<td>Gamification</td>
<td>7,520,000</td>
<td>7,896,000</td>
<td>8,290,800</td>
<td>8,705,340</td>
<td>9,140,607</td>
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<td>Costs:</td>
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<td></td>
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<td></td>
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<tr>
<td>Wage Expense</td>
<td>12,960,000</td>
<td>13,089,600</td>
<td>13,220,496</td>
<td>13,352,701</td>
<td>13,486,228</td>
<td>13,621,090</td>
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<td>Marketing</td>
<td>1,000,000</td>
<td>1,050,000</td>
<td>1,102,500</td>
<td>1,157,625</td>
<td>1,215,505</td>
<td>1,276,282</td>
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<tr>
<td>TOTAL</td>
<td>442,500</td>
<td>686,900</td>
<td>946,784</td>
<td>1,222,959</td>
<td>1,516,272</td>
<td>1,827,614</td>
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<th>3%</th>
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<th>10%</th>
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<tr>
<td>NPV discounting at 5%</td>
<td>3,796,882</td>
<td>5,691,313</td>
<td>9,765,618</td>
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<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Variables</th>
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<tr>
<td>Venders have a 30% market capture rate and we take 10% revenue share</td>
<td>30.00%</td>
</tr>
<tr>
<td>47% aged 16-30 due to being younger than 30 and 95% are not families w/ children</td>
<td>10.00%</td>
</tr>
<tr>
<td>We can acquire 25% market share of the 16-30 segment for gamification</td>
<td>6</td>
</tr>
<tr>
<td>20% of Oktoberfest employees are paid by city of Munich</td>
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<tr>
<td>Assume 1% inflation rate and wages are pegged to inflation</td>
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<table>
<thead>
<tr>
<th>Scenarios</th>
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<tr>
<td>Most Likely - Conservative estimate for growth per accurate assumptions</td>
</tr>
<tr>
<td>Pessimistic - Ineffective marketing campaign to advertise new value proposition</td>
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<td>Optimistic - Stronger than expected response to gamification</td>
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</table>