

Economics: strategy
development: the
strategy for the
specific



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Economics: Are there any competitors lurking in the dark? Is the market big enough in size? Marketing: What are the best techniques to promote the event? What should be the networking mix? Finance: What costing system to be used taking into consideration the cash flow? Target return: Since the fundamental reason for any business to exist happens to be the monetary returns, a target should be set on the returns that can be expected from the event. This also helps in understanding whether the event is worth going ahead with at all.

Supply and demand: Competition-both direct and indirect-should be checked out for the ability to substitute the offered event. Market research: The details of the activities of competitors in a related category and type of event are sought from the promotional media used by them. Friendly event organizers can also be approached directly. Strategy development: The strategy for the specific event should be decided keeping the marketing strategy in perspective. Strategic planning: Since events are very physical and demanding in nature, detailed planning is needed.

This also helps in minimizing the risks involved. Implementation: Event organizing also takes time. A decision on whether to use available internal resources or to tie up with local event organizers also needs to be taken. Break-even analysis: Production and selling expenses compared against the sales projections on a market based price helps in finding out tangibly whether the event is worth carrying out. In case of ticketed events, this simply boils down to how many tickets can be sold and at what price.

Cash flow: Not only the sales, but also the actual recovery of money is very important. Long-term credits and bad debts need to be considered as also the payment style involved in the industry needs to be understood i. e., whether payment is done by cheque or cash or demand draft so that there is no problem. The timing of payments and receipts is also important and need to be worked out at the pre-event stage itself. Distribution: In events, the term distribution can be used to denote the outlets from where tickets or passes for events can be obtained. These again depend on the event category and type as well as the type of client group. Risk rating: After having spent on, ensuring that the reach for the event happens, the risk now lies in the chance that tickets do not sell as per expectations.

This leads to yet another decision-making imbroglio on whether to continue with the event or to cancel it. This situation arises since the success of an event depends on the concept and client as much as on the target audience and their targeted numbers. Without a decent quorum, an event will not have the thrill when the expected audience turns up. Networking mix: The costs involved in the networking can easily be worked. Barter deals can also be assigned numbers to denote their value in monetary terms. Pricing policy: Based on the number of events, likely number and profile of audiences, and the time and management input in organizing the events, one can arrive at an idea of the profit that can be made.

One danger to be guarded against is the tendency to alter assumptions that are factually based to arrive at a profit in the account books. What finally matters is the inflow of real cash and playing around with numbers will not get it. Various viable alternatives should be decided upon and contingency

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strategies as well as discounts to be offered should be worked out well in advance. Usually, large event organizers use market-based pricing.

For example, the demand and stature of an artist at any given instant in time varies drastically. In such a case, a music concert tour may vary in price depending on the offers that the artist has from other event organizers. Thus, the going rate technique by looking at what others are doing and varying it just a little bit is a tactic which can be adopted by event organizers to achieve a satisfactory price.

Discounting: Block booking discounts and early bird discounts can be incorporated in the pre-event plans early enough to be communicated through the networking mix. But in case the response to the event is poor then last minute discounts to fill up the venue capacity should also be worked out. This contingency plan though is difficult to communicate to the target audience- may also lead to a loss in image for the event organizers and hence needs to be handled carefully. If you have ever seen the half or almost three-fourths empty stands during not-so-popular cricket matches, you will understand exactly what we are trying to say. A last minute drastic discounting - selling a Rs. 100 ticket for Rs. 10 for young school and college going cricketers, and clubs who would like to watch their ideals play but cannot afford the tickets for the matches would generate a demand even for a Kenya - Bangladesh match.

The developments on the Internet technology front has been harnessed especially well by the exhibitions and trade show organizers. Trade shows such as the Super Comm 2000 held in Atlanta, Georgia with big and small

companies from the powerful Internetworking industry such as Cisco, Lucent, etc. participating in the same, offer free admission upon on-site registration using coupons from the Atlanta Journal Constitution, a leading newspaper in Atlanta, as against the actual fee of \$100 for registration without the coupons. The reason for the discounting here is, the need for the event organizers and the participating clients to know which media is the target audience using to access information about their industry. This helps the clients to identify the best media mix for sustained campaigns. Hence, the information gathering again is the reason for discounting. Another event, the Net world / Inter Op 99, offered free registration via the Internet before a particular cutoff date to avoid long queues at the venue at the time of the show. An analysis of how discounting works here would show a pure cost reduction strategy in action.

The minimal investment in setting up the website for online registration is offset by the zero time for data entry effort, zero manpower staffing required for data collection and information mining, faster movement of the audience without having to wait in long queues for registration implying greater audience satisfaction, more time available for the exhibits to tend to the audience, more information can be captured online since the potential audience chooses to spend time at their convenience and by their free will. Onscreen validations of the entries made in the fields on the website before it is accepted, ensures a high quality database is created. This is the most valuable output from the exhibition for the participants. A list of qualified prospects sorted out from the cold leads that they must pursue for business. Mailing lists both for the direct mail and email can be generated using the

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data obtained from the Internet registrations. Confirmation of the registration allows the event organizers to share this information with their clients who can then add them to their mailing lists and gain mileage out of the event on a one-to-one basis even before the event begins.

Post-event follow-ups can be expedited for an instant response to interaction that occurred during the event. Exhibit 6. 1 shows the tangible difference in dollar terms that can be passed on to the target audience due to the reduction in handling costs. Thus, discounting using the Internet is a powerful mechanism to use for events. Another very powerful discounting concept used by retailers in the United States revolves around the concept of the long weekends such as the Independence Day in July and Labour Day in September every year. Most automobile dealers hold sales events such as the Ford Labour Day Sales Event where a discount of over \$2000 or a reduction in the interest rate for financing is offered to customers only for that particular weekend. Big brand shops such as Macy's and Rich's also offer discounts on regular prices over and above normal discounts to attract the holiday crowds and have a fast turnover of inventory. The pre-event networking involves brochures and handouts coupled with newspaper, radio and TV advertisements along with Internet banners.

Lavish networking characterizes such sales events, which are focused on inventory turnover. Discounting per se for the sake of attracting people is not discounting. The art in the discounting technique lies in attracting the relevant target audience who has been pre-qualified by the clients to have the ability to do a business transaction, a meaningful relationship or exert a positive influence. Thus, sending invitations is the one of the most powerful

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form of discounting that an event manager can exercise to attract the relevant target audience to attend the event.