

Cirque-du-soleil essay



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Page Background Cirque du Soleil, innovator of category in live

entertainment, was initiated from a group of street performers. It has a unique hybrid of music, dance, and acrobatics that mesmerized the people around the globe.

Since its beginning, it has travelled around the world transporting the audience to an alternate dimension of reality. Their innovative shows performed by world-class performers and their commitment towards highest quality built a strong brand name that became their core competencies and competitive advantage over its competitors. When cirque started, there was almost no competition however recently they are facing competition locally and internationally. Hence, to remain profitable and maintain its market leadership it is high time that cirque should develop future competency.

Key Issues 1. Cirque du Soleil started their journey with a unique idea of creating universal appeal. It was an excellent mix of artistic creativity and commercial success 2. The resignation of Co- President and childhood friend Daniel Guthier has created more pressure for Guy Laliberte. 3. Increasing number of competitors create pressure on company. 4. Due to the failure of ‘The Battersea Project’, company’s brand image was massively affected. 5. Attracting adequate number of artists to maintain the exclusivity of the company. | Page Analysis Competitive Advantage: The requirements of

competitive advantage are one that is Valuable, Rare, Inimitable, and Non Substitutable. Here, we find out three core competencies. Those are strong brand image, talented performers, and universal acceptance. But, when we talk about VRIN model, only brand image will consider as competitive advantage. Core Competency 1. Competitive Positioning: Cirque is famous for its commitment to the best quality show and most superior services by following a differentiation strategy.

To maintain this quality it needs a good cost which justifies the higher ticket prices. When it comes to market scope Cirque focuses on the broad segment. They do not customize their shows for different geographical location rather they have a standard form of shows. As a result, people all over the world like their shows. 3| Page Cost Leadership Competitive Advantage Differentiation Niche Broad Market Scope 2. Resource Based View: Cirque du Soleil has the universal appeal with no language.

Their performers are recruited from different events like Olympic which have provided them with flawless teamwork and effort. Moreover, they have decentralized HR operations so that they can cope with different employment policies, insurance regulation and tax laws from country to country. Such business process has added value to their success over their competitors. 3. X-factor: • Valuable: Cirque Du Soleil was the pioneer of a unique live entertainment which blends opera, dance, theatre and circus with live music.

Hence their brand image is higher than any other competitor. Their excellent blend of art and business has made them a strong brand which adds value.

4| Page • Scarcity: The Company has a very good number of skilled performers which is not a very good reason to be different or to get a competitive edge over others. Good performers can be found by training up or hiring. • Imitation: The show contents can be easily copied. Strategies Discount & Seasonal Offers: Cirque's main source of revenue is its ticket selling.

Since Cirque does not compromise with its quality, their ticket price is justified. Some new competitors offer similar shows at lower ticket price, so Cirque will have to be competitive in terms of pricing. Due to Cirque's high cost structure it is not feasible for them to permanently cut down their ticket price. However, they can come up with seasonal discounts or other special offer. By doing so they will be able to retain more customers and thus sustain profits. The Game Theory also suggests that they should offer discount since it is the dominant strategy for them.

Product Development: Cirque's legendary success has resulted from its ability to repackage traditional circus in a exclusive manner. However since the nature of the business is such that competitors can easily copy the concepts, Cirque should move towards more creative and sophisticated version of their shows. Market Development: Third step should be to focus on market development. Although Cirque has five touring shows that perform all over the world, its permanent shows are only concentrated in Las Vegas and Florida.

Cirque can also capture Asian market by arranging more permanent shows.

5| Page Diversification: Cirque generates 80% of its profit from ticket selling

activities and the rest 20% comes from merchandising. Cirque should reduce its dependency on ticket selling revenue by diversifying their business.

Cirque has its own headquarter, studio, shop, and training facility. Using all these resources it can easily diversify. Blue Ocean Strategy: Cirque started the business with a blue ocean strategy to operate in a completely different industry where no one is directly competing with them.

However, recently they are facing a number of local and international competitions. So it must find new ways to compete with its rivals with its artistic and unique creativity along with strong brand and commercial establishment. Brand the performers: Cirque can make their some performers famous worldwide so that the audience will go to watch their performance and it will give them a feel of watching some celebrities. This is possible by telecasting some T. V. shows in a regular basis and other media coverage more focused on the performers rather than the Cirque.

Recommendations Although Cirque has a strong HR department, it does not have well organized financial and marketing department. Hence, it should hire talented financial and marketing persons in order to manage its financial and marketing operations efficiently. • For the time being they should close down their Battersea Project. If Cirque wants to have full creative control over the project, they also need to invest in the project because no investor will be willing to give away full creative control. So, unless cirque has enough capital to invest, they should not proceed with the project. 6| Page