

Lady gaga's tour with kanye west



**ASSIGN
BUSTER**

Lady Gaga As Robert Burns said “ The best laid plans of mice and men often go astray”. In the third quarter of 2009 Things were looking up for Lady Gaga. She had just announced a joint tour with Kanye West. Together they would be able to sell out big arenas and put on that grand production. This collaboration was a cost effective way to put on a grand performance. It was cost effective because they were splitting the cost of a large scale production. This gave each of them the cost of a mid size theater while getting the venue of a large one. This could serve as a spring board for Lady Gaga's career.

She had a larger than life style, but did not yet have the proven market to go it alone. The two of them together gave a security to go at it in a big way. A few weeks after announcing this concert everything changed. At the VMA awards Kanye rushed the stage and took the microphone from Taylor Swift who won an award and spoke about how the award should have gone to Beyonce. It was at this point the plan started to unravel. It leads to Kanye dropping out of the production and Lady Gaga with a critical decision on her plate. The choice before her was to go it alone, Develop a smaller tour, or cancel the tour all together.

No matter what choice she made time was not in her favor. Go big or go home: The first option would be to go it alone. The preverbal stage was set. She could take over the tour and headline the tour. There are some good and bad reasons to go in this direction. The first thing to consider is the cost. The startup cost if she went with this option would be about twelve million dollars. That does not take into account all of the variable costs such as setup and tear down. These costs are things like the moving of the

equipment from town to town. There would be the cost of hiring employees that would need to work the venue.

There are many more expenses that also would need to be paid for by Gaga. These are typical cost incurred by a high-profile artist on such a tour. She had yet to reach this level. There were already two million dropped into this tour. While that money was a sunk cost it certainly could be reclaimed if she took this option. The cost would be a overall negative variable with this option. The next thing to consider would be the production on a large scale. She is a fantastic personality with a larger than life persona. The ability to setup a production in a large venue would play into her demeanor.

If things went well it could spring board her popularity by leaps and bounds. The potential to be able to put on such a grand performance would be a positive for this option. What would this option do for her brand? As it states in our book a brand is a very powerful thing. A brand can carry you a long way or if your brand goes south it can sink you. I believe this is the most important factor in this entire situation. It states in the physicians oath that they should do not harm to the patient. When it comes to marketing a brand that statement of doing no harm is also true.

A marketer may not have a life and death of a patient at stake but in their case the brand is the patient. At this point in her career Lady Gaga had only sold out small venues as a headliner. This is very important. If this tour was to be a success she would need to sell out which ever venues she was in. The main question is if she could go from selling out two thousand seat arenas to selling out sixteen thousand seat arenas. She would be completely

bypassing the eight thousand seat arenas. It was kind of like asking if a student could go from grade school directly to high school, bypassing junior high.

While there are some that can do this, you better be sure or else you will certainly be taking steps backwards trying to recoup the knowledge you did not gain. When a artist sells out an arena no matter the size it creates excitement. This turns into brand equity. It is better to swim in the pool than drown in the ocean. The public can be fickle likening you one minute and not the next. As an example of this you can look at the current republican race for nomination to represent the party for president. It seems like every week there is another front runner.

This factor is a huge consideration in this option. It can make or break her. Scale for success The second option is to scale down the tour, letting go of the sunk cost and developing a tour that would perform at midsize venues which have six to eight thousand seats. This fist thing to look at again is the cost. The startup cost on this one will be about six million dollars. That is about half of what it would be in option one. The variable cost per concert is considerable less as well. Once again those things would be costs such as setup and tear down.

These costs are things like the moving of the equipment for town to town. There would be the cost of hiring employees that would needed to work the venue. The overall cost of this option versus the first is about half. But half of multimillions of dollars is still multimillion dollars. How would the production be on this option. The midsize theaters are not the size of the big ones but

are large enough to put on a good show. The ability to put on a great show is something that is vital to the way lady Gaga performs. I think about the mid size area similar to a triple A baseball stadium.

It may not have the second deck to sit in, but the field is big enough to play ball the right way and there is still the ability to have fireworks when there is a home run. This option is also positive when it comes to the production. How could this option positively or negatively affect her brand? As I stated earlier it is better to sell out small than have an empty large venue. This is not only true because of the greater variable costs associated with the large arena, but selling out are essential to building her brand. When you look at her headlining performances in early 2009 she was successful selling out small arenas.

All have less than 2000 seats. For her to jump to the 6-8 thousand seat area after a few hit records and several awards is a reasonable expectation.

These venues are still three to four times larger than she did just six months earlier. Selling this amount of seats would be a lot more attainable than 16-20 thousand would be. This brand factor is the most important thing to consider. The show won't go on The last option is to cancel the tour all together. This in an interesting option because at first glance it may appear to have some important benefits.

While no one likes to throw money away any good business person will tell you it is worse to throw good money after bad. There is a reason that a coach calls a time out when something goes wrong. It is to stop and evaluate the situation and come up with the best plan to move forward. From a cost

perspective it would certainly be the most affordable to not spend the money on a tour, but what would that do to her overall revenue stream. When you look at the industry trends it is very clear that people are not spending as much money as they once were on buying music.

That goes for downloaded or hard copy. The trends also show an uptick in revenues for live performance. If she were to choose this option it would like trading a higher performing stock for a lower one. While it is true that one would be lower risk it is important to remember that it is also a lower reward. There is another school of thought that states that you need to strike when the iron is hot. With top songs and awards coming her way if she called a time out she may be stopping her own momentum. This could be a critical mistake and could rupture her brand.

If she does nothing at this point she may save some money, but she may destroy the interest that her fans have in her. She recently had hits in Just dance and poker face which is hot now. Paparazzo is also on the rise. This has left her with fans standing in line to go see her. If she does not tour at this point her fans will surely lose interest and she may not get them back. The Choice The first time I read the article my gut told me to go with the scaled down option. It would mitigate some risk and seemed safe. When I read it again I began to believe it was a go for the gusto and try the large venue tour by herself.

In the end I decided that the most important factor is the Lady Gaga brand. The best option for that was to scale down the tour and be a mid level performer which is where she was at that point. With this option she could

sell out the arenas and create a demand for her product. To go for broke may have left her with no brand equity if she would not have sold out the large arenas. To cancel the tour would have stopped her momentum and left her trying to jump start her brand. Option three was never a good option to me. There were other factors that weighed into my decision as well.

The cost was certainly less than the first option. While the accountants may bother us they are the first part of Maslow's hierarchy. If you do not have cash you are not meeting your basic necessities. At the time of this she had a small segment of the market. That is why she was teaming up with another artist that had a different fan base than her. There was no guarantee or even optimistic reason to believe she would sell out the large arena. When I analyzed the market it was clear she had not yet succeeded in the mid level arena. With her recent success that level certainly seemed attainable.

By going with this choice I believe it would set the stage for the next part of her career. This choice was a bridge across the cliff while choice one would have been trying to jump the cliff and hope she makes it. In conclusion after reading the article twice, debating with myself which direction to go I landed on the decision that I felt gave the best chance to build her brand. The cost of doing business and the market trends on sales of recorded versus live sales weighted in on my thought process, however in a case like entertainment I believe that creating a brand is the most important factor.