CASE Lady Gaga
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LADY GAGA TOUR DILEMMA
CASE STUDY ANALYSIS
At the 2009 Video Music Awards, Kanye made a spectacle of himself when he ran up onstage and grabbed the mic from Taylor Swift during her acceptance speech. About a week after the VMAs, Kanye decided to take a break and abandon the tour.

Troy Carter, Lady Gaga’s manager was faced with a dilemma of restructuring or canceling Gaga’s tour after Kanye backed out.
DILEMMA
◇ $4M already invested in tour
◇ Tickets already sold to fans
◇ Dealing with backlash by press and fans alike

THREE CHOICES
1. Have Lady Gaga continue the planned tour alone
2. Adjust the tour to accommodate smaller venues
3. Abandon (cancel) the tour altogether
OPTIONS + ASSESSMENT

LADY GAGA CONTINUES (solo) TOUR AS PLANNED

PROS
Opportunity to establish herself as a BIG new artist
Create excitement over the release of her new album

CONS
Possibilities of large financial losses
May hurt her brand if it doesn’t go off we
OPTIONS + ASSESSMENT

ADJUST THE TOUR VENUES TO SMALLER THEATERS

**PROS**
More intimate atmosphere
Reduced overall costs

**CONS**
Carves out a reputation as a small venue performer
May hurt her brand long-term
OPTIONS + ASSESSMENT

PROS
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CONS
Carves out a reputation as a small venue performer
May hurt her brand long-term
RECOMMENDATION is move forward with OPTION 2 which is to develop a smaller, theater tour—and adjust the economics accordingly.

THE FACTS
◇ After revamping Lady Gaga’s tour plans from arenas to theaters, roughly $6 million in start-up costs will be spent.
◇ Each theater concert venue will cost around $400,000 from that point.
◇ Money could be saved by focusing heavily on social media and digital concert promotions.
   ○ Lady Gaga has a very active following and interaction history up to this point on Twitter, Facebook and YouTube
   ○ Utilize her current networks to grow excitement for the adjusted tour and venues

OBSTACLES
◇ Making $6 million from the initial investment plus profit.
◇ Each ticket will cost fans between $60-$100 assuming each venue will hold as many as 7,000 people.
◇ At $100 per ticket, that means the audience provides around $700,000, not counting merchandise sales.

POSITIVE OUTCOMES
◇ Lady Gaga will profit 85% of the $300,000 made (after expenses) for each sold-out show
◇ $300,000 x 25 concerts = Tour Profit total of $7.5M (Gaga will profit approx $1.5M after breaking even with startup costs)

-SOURCES-  
Supplied Case Study Exhibit 10, The Cost of Touring: Arenas vs Theaters  
Supplied Case Study Exhibits 6, 7, 8a, 8b and 8c (data on social media accounts)