Lady Gaga Notes:
- Kayne West withdraws from the Fame Kills tour with Lady Gaga.
- Now, what should Lady Gaga do? Fresh off a spectacular performance at the VMAs - where she received 9 nominations, including video of the year and best new artist – collecting 3 awards.

- With the withdraw of Kayne West, that leaves Lady Gaga and her business partners with three main options:
  - Option 1: Continue with the arena tour – but go it alone. (GO BIG)
  - Option 2: Develop a smaller, theater tour – and adjust the economics accordingly (GO SMALL)
  - Option 3: Cancel any tour plans (GO HOME)

- Based on the average theatre capacity of 7K w/ $70 average ticket costs, $6m startup costs, and $400k operational costs per concert...that equates to ($3.75M) loss for 25 concert theatre tour. SEE APPENDIX for further details.
- “Going home”, there are $4M in sunk costs already spent towards the tour.
- Options #2 and #3 are $4M losers....however....

- Option #1 could be over $25M winner!!
- Based on the average arena capacity of 18K w/ $125 average ticket costs, $12m startup costs, and $750k operational costs per concert...that equates to $25.5M for 25 concert theatre tour. SEE APPENDIX for further details.

- Even if the arena tour missed expectations by 50%....it would be net equivalent to the other two options!!
- At $90k net operational revenue per theatre concert, it would take almost 70 theatre concerts to cover the $6M in total startup costs!!
- SEE APPENDIX for further details.

- The potential rewards significantly justify the $12M startup costs investment for an arena tour.
- Considering the $1.5M net revenue per arena concert, only 8 successful arena concerts are needed to cover the initial $12M investment.
- SEE APPENDIX for further details.
Considering the momentum from the VMAs, the financial analysis, and the power of social media...we should choose option #1 and Go Big with Gaga!!

The power of Social Media can be leveraged to mitigate the risk of pursuing the solo tour. Lady Gaga has already prioritized a valuable social media presence, resulting in significant followers across YouTube, Facebook, and twitter that can be leveraged and create an opportunity to amplify messages/attendance regarding the Lady Gaga solo tour!!

YouTube stats:


Facebook and Twitter stats via:

- https://cb.hbsp.harvard.edu/cbmp/content/46090804