

TENNIS CHAMPIONSHIP EVENT

Gennaro Esposito, a professional sport event organizer, is evaluating to book the Sports Palace for organizing a three days Tennis Tournament. Of course he wants to make a feasibility plan regarding the event and so he decided to collect some data in order to evaluate different alternatives and choose the best one on which to focus the marketing plan.

The Sports Palace is a structure which hosts about 20,000 people. Gennaro thinks the tournament will be able to offer three different places/tickets: seat (first line), gallery and side gallery.

The distribution and ticket prices for these types of seats could be as follows:

SEAT	% on revenue	Price (euro)
Seat (first line)	10	100
Gallery	40	50
Gallery side	50	25

At these prices he forecasts to sell 45,000 tickets. However, the costs of the event are very high:

- the rent for the Palace is 100 thousand euros;
- the cost of involving security staff is 30 thousand euro
- a safety ordinance requires the presence of police. Its cost is related to the number of spectators, estimated about 1 € each spectator;
- the cost to the staff room (masks) amounted to 20 thousand euro;
- the cost for cleaning and repair of damage caused by spectators is equal to 40 thousand euros plus 2 euros each spectator;
- insurance and other costs amounted to 100 thousand euros;
- the charges and fees amounted to 50 thousand euro;
- the fee for tennis players is 800 thousand euros and also 10% of the revenue-tickets.

The Bar in the Palace are rented to a catering company. The management of this company requires 100 thousand euros for food services, plus 25% of total revenues of the food&beverage. It is necessary to include also the variable costs for the restaurant, which is an average of approximately 3€ per spectator. The average sales price of food and approximately 8 euros for each spectator.

Taxes, finally, is 8% of revenues both food than tickets.

Questions

- What is the forecast revenue of the event?
- Based on the prices and tickets typologies, how many tickets should be sold to have a break even?
- An alternative plan for the organization of seats would increase the rent for the Palace to 200 thousand euros. The new distribution would be: 15% seats, 40% gallery, 45% gallery side. Is it worth it?
- The reduction of prices of all tickets of 10% should lead to an increase of 10% of total sales. This policy may be useful?
- The main attraction of the event could be an encounter between two or more tennis champions that may also appear in the days before tournament. The cost of this initiative would be about 100 thousand euros and it is forecasted to increase ticket sales by about 10%. This promotional activity is useful?