



Cirque du Soleil: Digital Expansion Strategy

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Question

- How can Cirque du Soleil better monetize its brand in the digital world with maintaining its high-quality and increasing youth engagement?

Our Recommendation



Move into virtual reality to deliver an all-new immersive experience.



Increase engagement on social media with actors and performers.



Use e-commerce partnerships to increase merchandising revenue and brand awareness.

SWOT Analysis

Strengths: Creation, Production, Distribution

Weaknesses: 85% of revenue from ticket sales to in-person shows, average age of 40-45

Opportunities: 95% brand awareness, 9.1 brand love -> untapped digital market

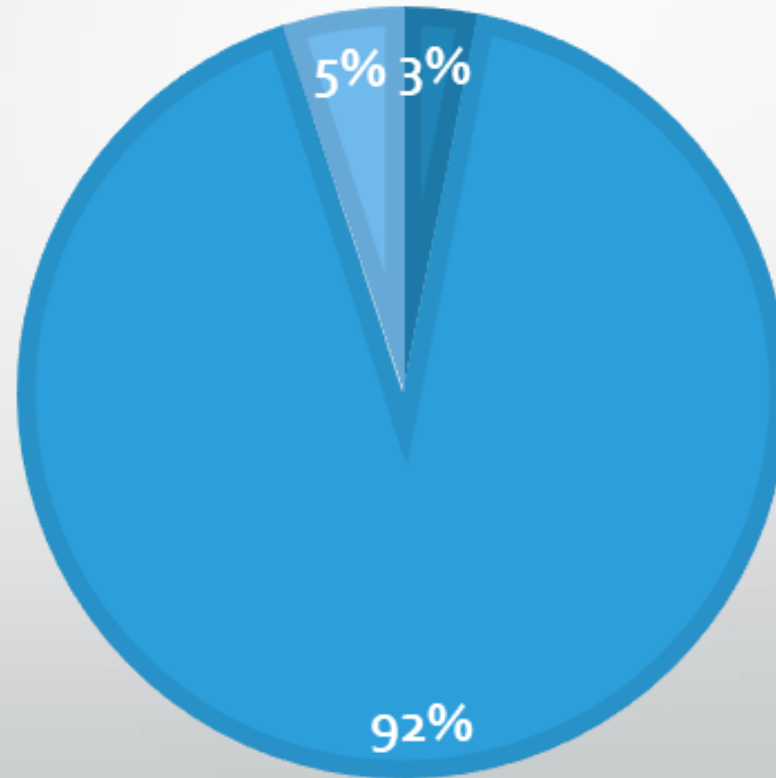
Threats: Increasing numbers of entertainment options, Global pandemic

POTENTIAL CIRQUE MARKET

■ 2019 Tickets ■ Brand Aware ■ Unaware

258M USA Adult
Population

30.88M Canada
Adult Population



Market Segmentation

Enthusiasts – Older, seen many or all shows repeatedly - Maintain

Occasional – Average customer, seen some shows - Engage

Aware – All Ages, seen one or no shows - Innovate

Business Model Concerns

1

Digital Content
Expansion

2

Social Media

3

E-Commerce

Overall Recommendation

1

Virtual Reality

2

Engage with
Performers

3

Partnerships with
Makeup and
Clothing Lines

Overall Evaluation Criteria




Monetization– How much revenue can potentially be generated with the proposed plan?



Brand Alignment– Will our recommendation continue to maintain the image of our high-quality brand?



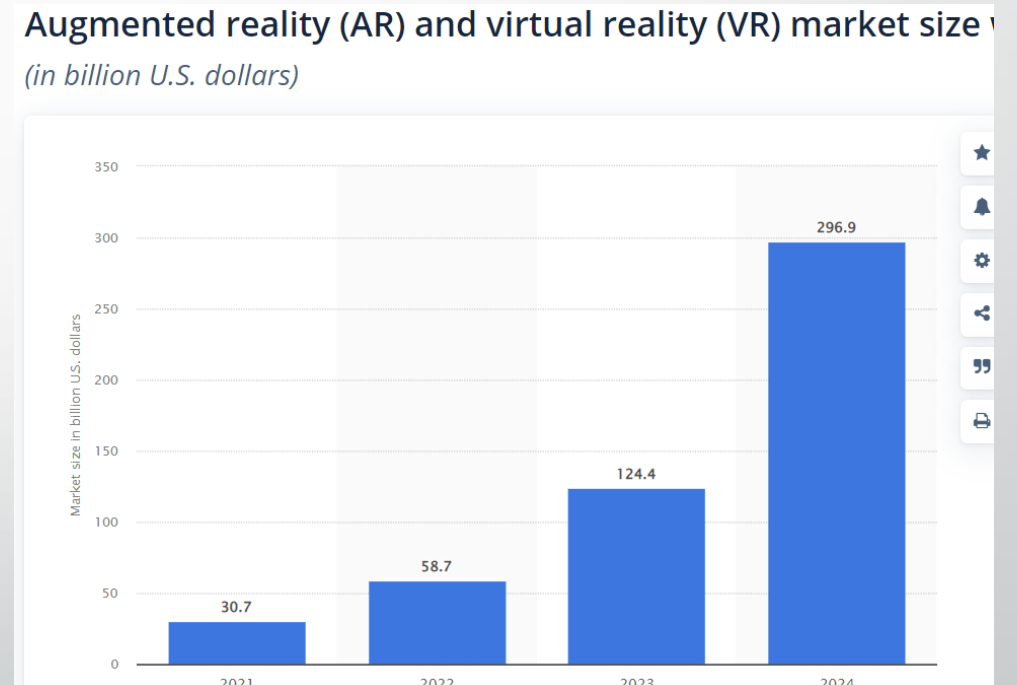
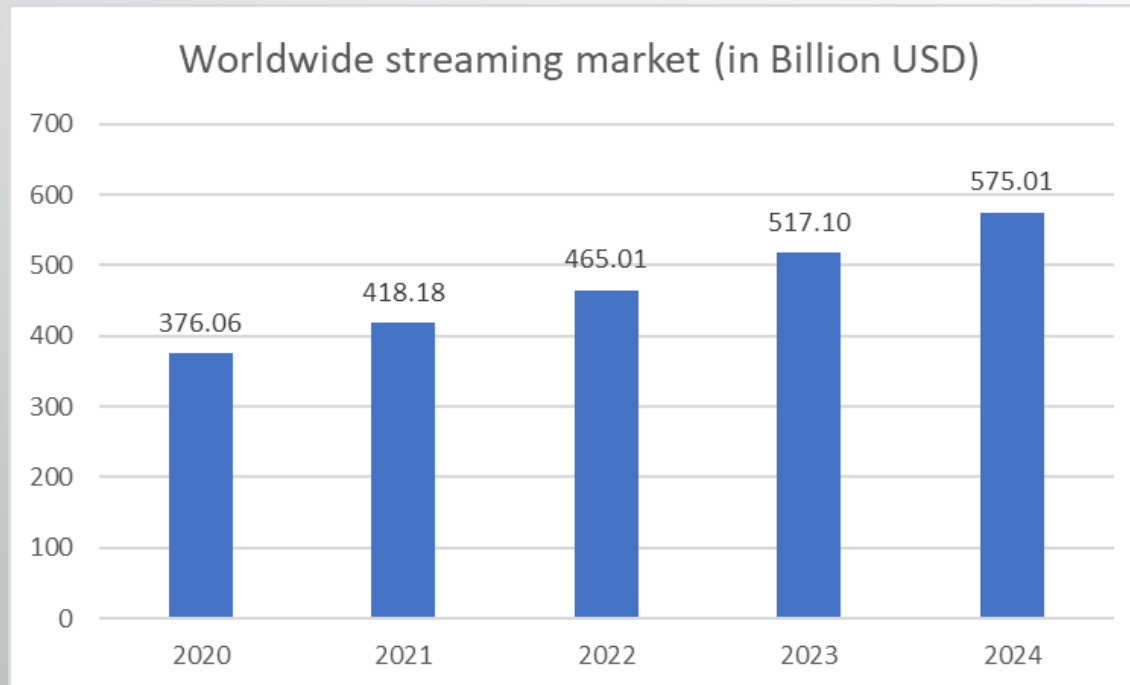
Youth Engagement – Will our recommendation bring in youth and help reduce the average age of our customers?



Digital Content Expansion

How can Cirque du Soleil better monetize its brand in the digital world? Is there a new way to approach the market with different types of contents?

Digital Content Expansion - Alternatives



Streaming data source: <https://www.fortunebusinessinsights.com/video-streaming-market-103057>

VR data source: <https://www.statista.com/statistics/591181/global-augmented-virtual-reality-market-size/>

Digital Content Expansion – Cost to stream in different platforms



Aggregator: 1150 – 1600 USD

Revenue share: 1-2 year fixed rate or license purchase



Aggregator: 1150 – 1600 USD

Revenue share: iTunes retains 30-40% of revenue.



Aggregator: 1150 – 1600 USD

Revenue share: 50-50 split.

Digital Content Expansion – Cost to develop a VR app

How much does VR cost?

VR can be made for relatively inexpensive mobile devices or powerful computers with high-end headsets. Click 'Choose' to find what you might get for your money.

£20K - low budget

Short experiences on mobile, perhaps using 2D assets in a 3D environment and viewed with Google Cardboard, Google Daydream or Samsung Gear VR.

£80K - medium budget

Short experiences with Google Cardboard, Google Daydream or Samsung Gear VR but with more scripting, character design, spatial audio and interactivity.

£150K+- high budget

Scripted experiences with game-like production for high-end headsets such as HTC Vive and Oculus Rift in which the user can explore the environment.



CINEMA IN VR
\$10 000 TO \$35 000 FOR UI
BACKEND 0 TO \$10 000

Digital content expansion – Potential profit

| | Virtual Reality | Streaming |
|--|-----------------|-------------------------|
| Total addressable market (2024) | 269.9B | 575.01B |
| Assumed market penetration | 2% | 2% |
| Max potential revenue | 5.4B | 28.75B |
| Cost of entry | 150K | 1.6K + Production costs |
| Revenue Share | 0% | 50% |
| Max expected gross profit (not including marketing, platform costs, etc) | <u>5.39B</u> | <u>5.75B</u> |

Digital Content Expansion - Alternatives

Criteria

Monetization

Brand Alignment

Youth Engagement

Virtual reality

High

Moderate

High

Streaming

High

Low

Moderate

Digital content expansion - Implementation

Short term (<1 year)

Work with experience VR partners that can convert CdS experience into the VR space



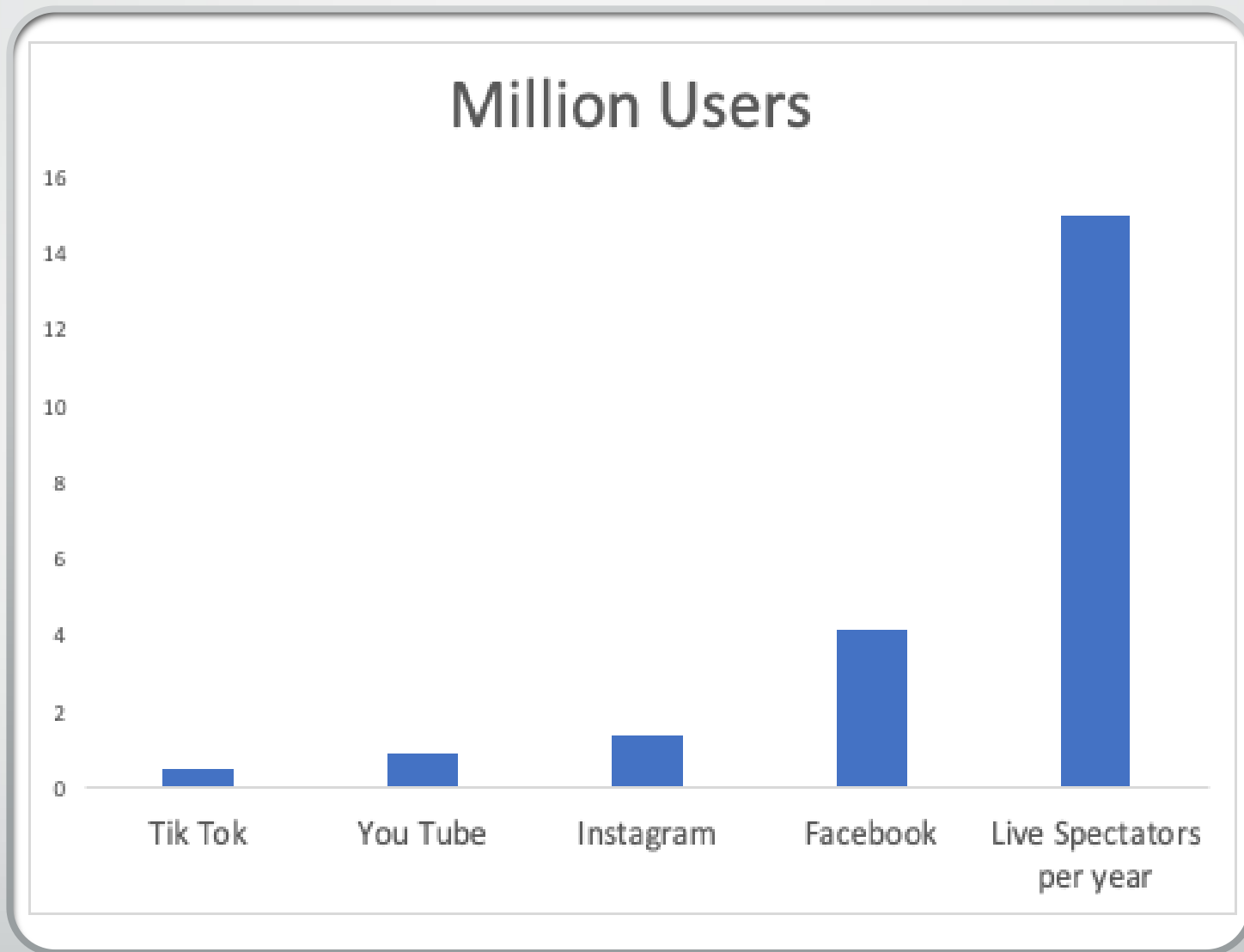
Long term (1 year>)

Develop and sell unique VR experiences aligned to brand objectives

Social Media Expansion

- How can Cirque du Soleil better monetize its brand in the Social Media? Is there a new way to approach the market with different types of contents?

Current Social Media Engagement



Social Media - Alternatives

| <u>Criteria</u> | Engagement with Performers | Partnership with Celebrities | Expanded Sponsorship |
|------------------|----------------------------|------------------------------|----------------------|
| Monetization | Moderate | Moderate | Moderate |
| Brand Alignment | High | Low | Low |
| Youth Engagement | High | High | Low |

Implementation of Social Media Engagement

Short term

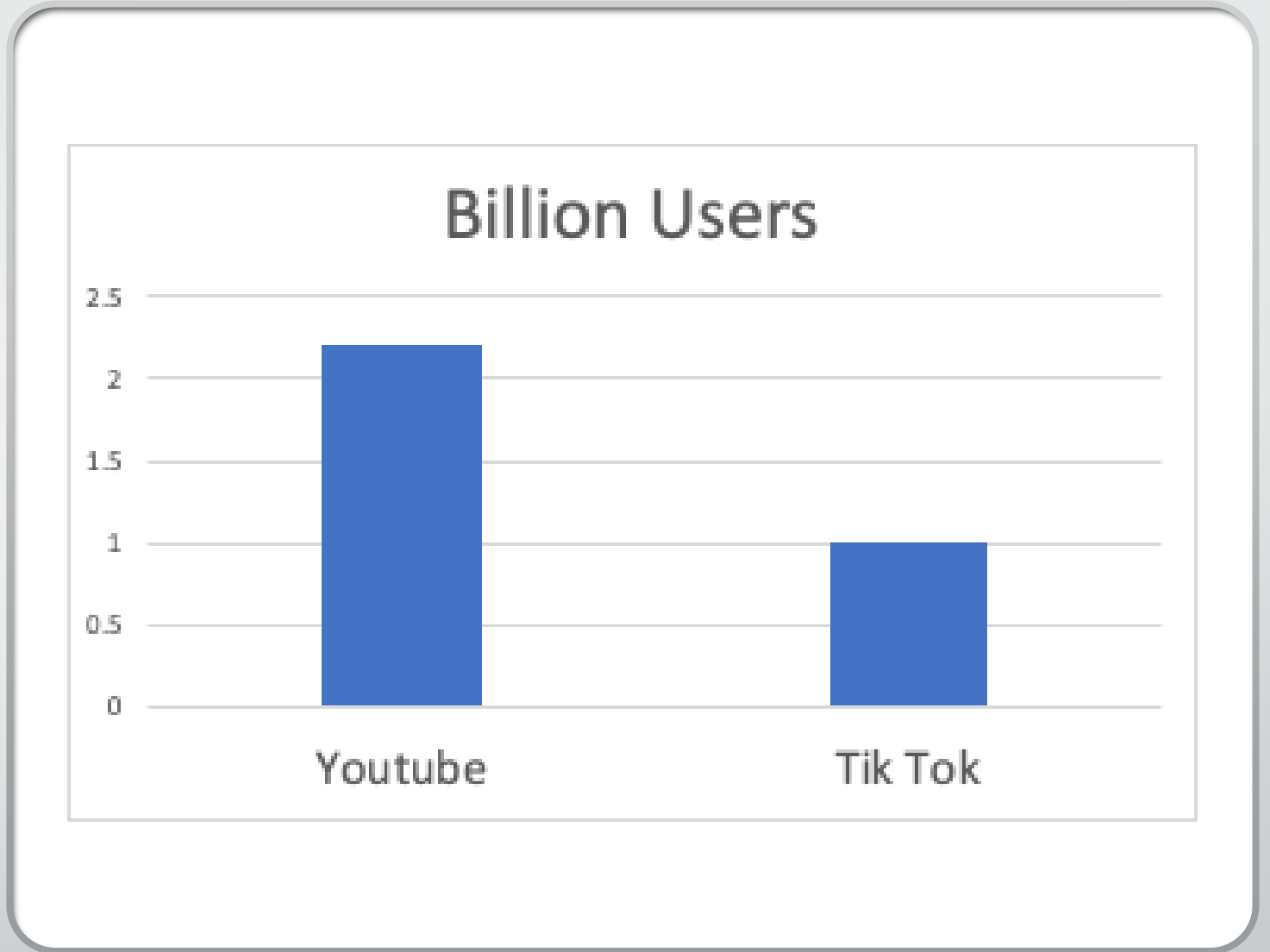
Live magic streaming,
create stories of
different artists and
make in house
celebrities and
increase fan base



Long term

Monetize
on advertisement and
per click views

Social Media Users in the world



Average view percentage of existing subscriber per video= 42.6%

Revenue Potential From 15 M You Tube subscriber



<https://keywordtool.io/blog/youtube-views-to-money/>

E-Commerce Strategy

- How can Cirque du Soleil better monetize its brand with e-commerce? How can Cirque du Soleil further develop its merchandising sector?

E-Commerce strategy – Alternatives

| | Stay in-house | Implement brand partnerships |
|------------------|---------------|------------------------------|
| Monetization | Low | High |
| Brand Alignment | High | Moderate |
| Youth Engagement | Moderate | High |

Implementation of E-commerce Strategy

Makeup

CIRQUE DU SOLEIL.



Instagram Followers: 1.4 Million



URBAN DECAY

Instagram Followers: 10.7 Million



UD X MARVEL STUDIOS' ETERNALS EYESHADOW PALETTE

This ultra-collectible eyeshadow palette features a graphic 3D pop-up element and 15 all-new shades inspired by the strength and grace of the immortal warriors known as the Eternals.

- COSMIC BLAST
- FAMILY IS ETERNAL
- IMMORTAL WARRIOR
- STRENGTH
- IN THE SHADOWS
- DEVOTION
- ASTROLAB
- LOYALTY
- GRAIN OF SAND
- FAMOUS
- MERCIFUL
- GENIUS
- SOARING
- PROTECTOR
- SONIC BOOM

- High end, high quality
- Innovative, edgy
- Bold colors

<https://www.urbandecay.com/marvel-eternals-eye-shadow-palette/ud1101.html>

Implementation of E-commerce Strategy

Bag

CIRQUE DU SOLEIL.



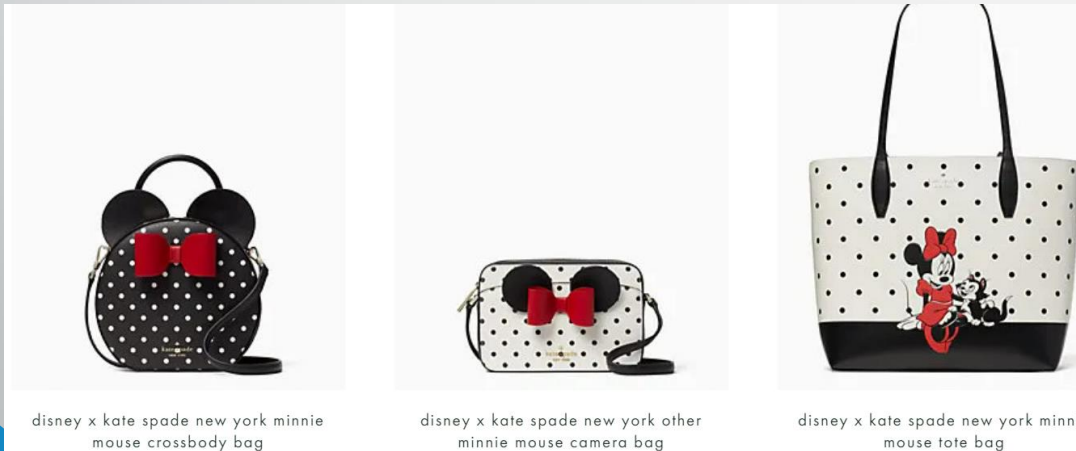
Instagram Followers: 1.4 Million



kate spade

NEW YORK

Instagram Followers: 2.8 Million



- Fun and luxurious
- Functional
- Have partnered with other brands

https://surprise.katespade.com/deals/the-novelty-shop?cm_sp=dropdowncollection-_-dropdown-_-novelty

Merchandise by the Numbers

Average Profit Margin of Beauty brands: 60%

Average Profit Margin of Handbags: 40%

Average Profit Margin of Apparel : 13%

Average conversion rate of Cosmetic brands: 5.2%

Average conversion rate of Fashion, Clothing and accessories: 2.36%

Example calculation:

Makeup price: \$65, profit (60%) = \$39, Conversion out of \$10.7M possible audience = 556,400,
total profit = \$21.7M, 50/50 split = \$10.8M profit for Cirque du Soleil

Timeline

Now

- Begin research into VR development
- Negotiations with potential companies for e-commerce collaborations
- Significant social media development

6 Months

- Design of collaboration lines
- Design of VR content

1 Year

- Production of collaboration lines
- Production of VR Content

2-5 Years

- Launch collaboration lines
- Launch VR Content
- Continued social media development

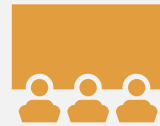
Risks and Mitigation

- Lack of experience producing content in the VR space →
- Low view and subscriber count could limit social media potential →
- Loss of brand control in e-commerce partnerships →
- Work with experienced partners and develop an attractive offer
- Use data and take cues from other companies to develop engaging content
- Partner only with companies that align with Cirque's positioning of fun and folly

Conclusion



Digital Content Expansion: Virtual Reality



Social Media: Engage with performers



E-Commerce: Partner with makeup and clothing lines

Thank you!

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E-commerce conversion rates

| E-Commerce Conversion rate | | | | | |
|----------------------------|---------|---------|---------|---------|--------------|
| | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Average |
| US | 2.90% | 3.10% | 2.70% | 2.80% | 2.88% |
| EMEA | 1.80% | 2.20% | 2.10% | 2.10% | 2.05% |