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CIRQUE DU SOLEIL®



Group Project #1 Essay

Business Analysis: *Cirque Du Soleil*

Introduction

Cirque du Soleil is an Entertainment group and is a world leader in live Entertainment. Specializes in a large variety of artistic forms including live Shows, music, multimedia productions, special events and immersive Experiences. With humble beginnings in the early eighties inspired by fire breathers, dancers, jugglers, and stilt walkers, it now has over 4,000 Employees performing across 86 different countries. Cirque du Soleil brilliantly combines acrobatics, theatre, dance, music, and costumes to create an immersive experience. Specifically, Cirque du Soleil's mission is to Invoke the imagination, provoke the senses, and evoke emotions of people around the world.

Key Partners

From its humble beginnings, starting with a group of 20 street performers. Cirque du Soleil has expanded and become a world leader in live entertainment. Building on four decades of a large variety of artistic forms it has grown to unimaginable heights. With this comes the need for partnerships in many different areas that all contribute to the success of running such a production and company. With Cirque du Soleil relying heavily on live performances and immersive experiences, having venue partners is at the forefront of their operations. Cirque usually partners with specific venues and has residency there so the location can be specifically tailored to their needs. Although Cirque du Soleil puts on performances all over the world their most prominent residences are in Las Vegas. These venues offer unique architectural features, for example "O" has been a permanent resident at the Bellagio since 1998. Partnering with venues can also lead to co-branding and joint marketing. It also gives Cirque du Soleil the opportunity to sell merchandise and enhance its visibility. Furthermore, Cirque du soleil partners with technology providers so their technology is state of the art such as projectors, automated stage machinery, mobile platforms etc. Recently, Cirque partnered exclusively with Epson as their technology provider.



Similar to many other companies Cirque du soleil has a variety of corporate sponsors. Some of these partners include Air Canada, Afflack and SAP. Having corporate sponsors allows them to offer exclusive experiences, branded content and brand visibility. Being live performance entertainment travel agencies are another key partner of Cirque du Soleil. Cirque du Soleil's performances are known worldwide, and people travel from across the globe to see their one-of-a-kind shows. Considering Las Vegas is among one of the most widely known, many individuals do not come to Las Vegas for Cirque alone but often make it a vacation wanting to experience many of the other things the city has to offer leading to destination marketing. Partnering with travel agencies allows companies to offer ticket packages, unique experiences such as dinner before or after shows, and travel arrangements. For example, many people travel to Vegas and stay at the Bellagio, one of the venues of a cirque du soleil show. Lastly, Cirque du Soleil partners with local communities. This includes cultural collaborations where the company works with local performers and artists as well as musicians in order to tailor to a specific region or culture. Cirque also supports charities and non-profits as well as has community outreach programs where they facilitate artistic education and development at local schools

KEY ACTIVITIES

Cirque du Soleil's key activities revolve around the creation, production, and performance of live shows that blend unique themes, artistic direction, choreography, and technical innovation to create memorable experiences. This involves concept development, costuming, set design, acrobatic training, music composition, and special effects. The company tours globally with both resident shows in permanent venues, like those in Las Vegas, and traveling shows set up in large venues or custom big top tents. In addition to performing, Cirque manages venues in partnership with hotels and casinos, produces and sells branded merchandise, and invests heavily in marketing and promotion across traditional and digital channels. The company also focuses on recruiting and training a diverse range of performers and technical staff, continually innovating

with collaborations from creative talents. Beyond live shows, Cirque offers custom performances for corporate events and special occasions and has recently expanded into digital content creation, providing streaming and virtual experiences to engage with a broader audience.

KEY RESOURCES

As an organization, Cirque du Soleil Entertainment Group utilizes a lot of different resources. Their key resources include the talent they recruit and the technology and hardware they use. The group hires specialized performers to help enhance their performances, such as the performers in their aerial show, *O*, who were professional synchronized swimmers and aerial acrobats. As technology becomes more and more mainstream, Cirque du Soleil Entertainment Group makes great use of new and emerging technologies in their shows. They use robotic arms to move enormous set pieces, and even drones incorporated in their aerial scenes. They also utilize specialized hardware and software throughout their shows. More specifically, they installed a pool that could hold 1.5 million gallons of water in it for *O*, and a rotating platform suspended in hydraulics for *Ká*.

Additionally, the organization utilizes a subcommittee called the Cirque du Soleil Casting and Development group to help recruit talent that can make their shows amazing. Their headquarters are based in Montreal, and it is here where they can recruit, train, and develop new talent. They also have on-site training for their performers for certain shows, where they can learn the specialized skills, they need for that show.

Value Proposition

Cirque Du Soleil has been around for a fairly long time, throughout that time they have built themselves quite the reputation. With their shows and performances, they offer an unparalleled show combining plays, music, and dance in an ideal environment to create an illusion of fascination for their customers. Therefore, creating a memorable experience for customers that come from all around the world to watch their performances. Cirque Du Soleil also clearly states that their mission statement is to invoke the imagination, provoke the senses and evoke the emotions of people around the world. This means that Cirque Du Soleil isn't just a show for entertainment, but it means that there's a deeper meaning behind their performances. With their focus on creativity and art they have inspired over 400 million people on 6 continents and 86 countries. Additionally, Cirque Du Soleil has over 4000 employees, including 1200 artists from more than 80 different nationalities, showing how diverse and the culture the business is. Even though 2020 was a rough year for Cirque Du Soleil they were able to keep to their values and that's why Cirque Du Soleil is still popular to this day.

CUSTOMER RELATIONSHIPS

Cirque du Soleil Entertainment Group maintains their customer relationships by adapting to their customer bases as fluidly as possible. They have a customer loyalty program called Cirque Club, which gives fans early access to shows, backstage passes, and VIP experiences in some cases. They also brought their shows to a virtual platform, where they created CirqueConnect. This online platform was created during the COVID-19 pandemic, which helped to connect fans through streaming performances and interactive online experiences.

Additionally, they utilize their partnerships with hotel brands and hospitality organizations to give their customers packages included with their shows. These include lodging and special discounts on certain hotels when customers book tickets to see their shows. They will also frequently do specialized shows and partnerships with other name-brands, to help expand their customer base. This includes holiday shows and seasonal events, where they base the theme of their shows around those holidays or events. Not only this, but Cirque du Soleil has also partnered with The Beatles for The Beatles LOVE (CDS), and Michael Jackson's estate for Michael Jackson ONE (CDS). These events attracted both Cirque du Soleil customers and the celebrities' respective fan bases.

KEY CHANNELS

Cirque du Soleil's key channels include live performances, both resident shows in long-term venues like those in Las Vegas and touring shows that travel internationally to major cities. Their website and digital platforms serve as central hubs for ticket sales, show details, merchandise, and behind-the-scenes content, supplemented by partnerships with ticketing agencies like Ticketmaster and Eventbrite. Social media platforms such as Instagram, Facebook, YouTube, and Twitter help Cirque promote shows, share visual content, and engage with fans. Additionally, Cirque collaborates with streaming platforms to offer digital content, including show access and documentaries, extending its reach beyond live performances. Collaborations with hotels, casinos, and resorts bolster the visibility of resident shows, while merchandise is sold both online and on-site to enhance the brand experience. Cirque also engages in brand collaborations for co-branded promotions and unique experiences, further expanding its audience and market presence.

COST STRUCTURE

Putting on the elaborate shows that Cirque du Soleil does is an expensive endeavor. Because Cirque du Soleil Entertainment Group is a private company, their exact spending or cost structure is not publicly available. However, many of their top expenses can be inferred based on information that is public. The company is currently headquartered in Montreal and employs

around 4,000 people. In addition to administrative offices, the 48,000 square foot building houses several training studios, production workshops and residential spaces for artists. Cirque du Soleil describes this facility as a “world-class creative laboratory where creators from all disciplines and hailing from the four corners of the world gather to collaborate on various creative projects.” While the company has not released the exact cost of the entire facility, the construction firm of the initial building reports that it cost \$18 million in 1995 (NCK). It is also worth noting that the company also has an office in Las Vegas, which is a popular location for their shows.

Cirque du Soleil Entertainment Group does not own the venues in which they perform. This means they must provide transportation for their performers, support staff and equipment to each location. The cost to rent the venues is variable, and something that the company relies on for their shows. Because Cirque du Soleil does performances all over the world, these expenses can change based on location and market. Much of the company’s success comes from the level of elaboration that goes into each show. This means that each show has unique expenses for costumes, props, and equipment to name a few. The company is also heavily involved in talent recruitment. The recruiting and training of skilled performers and artists is an extensive process that can vary depending on who is needed for the latest lineup of shows and turnover. Finally, the company has additional expenses from subsidiaries as well as various business ventures. These include technology and advertising.

Customer Segments

An entertainment group such as Cirque du Soleil caters to a wide and diverse audience of people. The company blends so many different aspects of the arts there are many different customer segments. The first and most prominent segment is tourists. Las Vegas being tourist hotspot visitors are constantly looking for unique experiences. One step further than the average tourist is affluent individuals who seek high quality performances and something they have never seen before. Cirque du Soleil is a must-see experience with a reputation for excellence that attracts many different people. Furthermore, within these tourists and visitors is families looking to enjoy live entertainment together. Las Vegas is also known for its promiscuous shows truly embodying the phrase “what happens in Vegas stays in Vegas”. Cirque du Soleil sets itself above the rest by being a family friendly and wholesome show for everyone of all ages to enjoy. Another customer segment is corporate clients such as businesses or venues coordinating or hosting special events. Lastly, arts enthusiasts are a direct pipeline of customers loyal to Cirque du Soleil. Cirque appeals to musicians, contortionists, gymnasts, dancers, technicians, actors etc. Cirque du Soleil seamlessly blends so many arts together and is truly avant-garde, it attracts those with similar passion.

REVENUE STREAMS

Cirque du Soleil Entertainment Group has a variety of business divisions that it receives revenue from. While all these divisions are in the entertainment industry, the company has expanded from just shows to multimedia production and ticketing. Historically, Cirque du Soleil has focused exclusively on shows. In February 2020, the company acquired 4u2c, which opened new opportunities in the video production space. Additionally, they are a part of a joint venture in Outbox Technology, a ticketing business for live sporting and entertainment events (PR Newswire). Outbox claims to manage “over \$1 billion in international ticket sales a year”. This gives Cirque du Soleil leverage over ticketing and allows customers to purchase tickets directly from venues, rather than from large ticketing companies such as Ticketmaster. It can also reduce some of the overhead costs involved with utilizing a third party, both for the consumer and Cirque du Soleil. These acquisitions and ventures have allowed Cirque du Soleil Entertainment Group to diversify their revenue streams, bringing in money from other industries. Having additional revenue streams from industries like video production is crucial during difficult times for the live show market. This was seen during the covid 19 pandemic, when the company filed for bankruptcy protection due to lack of revenue from shows (CBC). While the diversification they had made prior to the pandemic helped, the company was short on cash from the acquisitions. According to CBC, Cirque du Soleil owed creditors an estimated \$900 million. While the company has since recovered, additional diversification would be ideal to be more resilient to any future uncertainty in the live show industry.

Moving Forward

With the creativity and art that Cirque Du Soleil has shown in their performances we can already say that they have already accomplished a lot of things and have had a lot of success ever since they were established in 1984. They are unique, they have good partners, great resources, have a good relationship with their customers, and bring in good revenue. So, what can they do to move forward? Ever since the COVID pandemic hit in 2020, Cirque Du Soleil was in a rough spot because they were limited or couldn't do live performances. Ever since then Cirque Du Soleil has been focusing on less live performances and trying to implement a movie theater like experienced called Cosm that implements virtual and physical reality to customers. This is a great idea and gives customers a full-on experience. With the creation of Cosm, this could expand Cirque Du Soleil to create a virtual reality or augmented reality for their business. This would give customers access to their shows from all around the world, giving them the magical experience that they strive to create. I would say that Cirque Du Soleil has reached their mission statement goals, they have created an experience for their customers that they will never forget but there is always room to grow, and with the advancement of technology and their ability to get more funding to do their shows I see a positive growth from here on out for Cirque Du Soleil.

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