



Can Taylor Swift come to India?

You are Taylor Swift's Brand Manager. Do you think Taylor swift should enter the Indian Market? Give a complete financial analysis with relevant justifications.

CASE TYPE
Profitability

COMPANY NAME
McKinsey & Co.

DIFFICULTY LEVEL
★ ★ ★

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We'll move to India forever, pass down like old folk songs

Case Type

Profit Maximisation

Company Name

Mckinsey

Round

Director

Difficulty Level



Problem Statement

You are Taylor Swift's Brand Manager. Do you think Taylor swift should enter the Indian Market? Give a complete financial analysis with relevant justifications.

I have a few clarification questions. Is there any specific location in India that we want to target?

Lets go ahead with big, metropolitan cities such as Delhi, Mumbai, Kolkata etc.

Alright. What does our customer profile look like?

We will decide the ticket price later. The customer profile should be youth from high income households.

What is Taylor Swift's biggest motive here?

Profit is the primary motive. We also want to ensure that the logistics are proper.

Alright, what type of a setting do we want the show to take place in?

A setting that could accomodate the maximum number of people. Perhaps a big stadium. For now lets focus on only one show. We want the show to break records and be on the headlines and improve her brand value. We not only want her show to cater to the rich people, we also want her to focus on having common people at her show.

Alright! I think we can break the problem down into a basic market entry problem. First we can look at financial feasibility, then operation feasibility abd lastly the barriers and hurdles for her in India.

Lets start with financial feasibility.

From the financial feasibility angle, we can look at the market size and demand for her concert. Then we can look at the price and last we can look at pricing strategies used by other people in the past

Right, and what would you put under operational feasibility?

Operational feasibility would include everything from primary logistics to the end result- the concert. We can think of it in a Value Chain format right from booking the venue, management staff to ensuring Taylor Swift's safety, security, the lights, sound systems etc.

Alright and you mentioned barriers, what would those be?

I think Taylor Swift's safety would be a big constraint and she is a very sought after artist with a huge fanbase. Another problem would be emergency control- deciding how to manage that many people in case of emergency.

Alright. Now one by one I want you to elaborate on these 3 subheads that you mentioned starting with Operational feasibility.

Alright so for operational feasibility we can first look at the constraints:

1. The set up: booking the venue in India, hiring a management team in India, Ensuring transportation for equipment, her team and props of background dancer, the ambience of the venue: the merchandise shops, the food facilities, whether the washrooms, infrastructure of the stadium required and lastly the cost of the damage to stadium pitch post the concert.
2. Stadium's availability, Taylor's availability, stadium's size.

Great so let's assume now that we've found a stadium that fits our needs and progress onto financial feasibility.

Lets start with financial feasibility. The first step here would be calculating the market size.

Lets assume that is large enough since she is a very popular artist so lets ignore that. How would you price the tickets?

Okay. I believe different seats in the stadium should have different prices. The rows at the back should have lower prices than those at the front.

Go ahead.

We can assume that there are 95,000 people at the concert. 10% of that will be the highest price seats, 20% were the middle prices and the rest 70% were the same in price.

Great. I was testing you on that. Lets assume the price to be 200\$ uniformly.

Revenue will be basic multiplication: 1.9 Million dollars. Converting it to rupees would be 152 Crore.

Is this profitable enough?

From an Indian perspective this is a great number. However in the US the tickets sell for 10,000\$ in the US. Therefore for Taylor Swift she would be in a loss. Also just thinking about opportunity cost: if she were to do a concert anywhere else in the US she would get a lot more money. And even if she wasn't doing a concert she would earn more by just recording songs.

Perfect! Anything else you'd like to add?

I think we can even count the loss in. Like, because the ticket prices are so high for an average Indian, there might be a loss to her brand value and overall image of breaking records. Secondly, her time is a huge cost. She could easily spend that time somewhere else.

Great! we can end the case here.

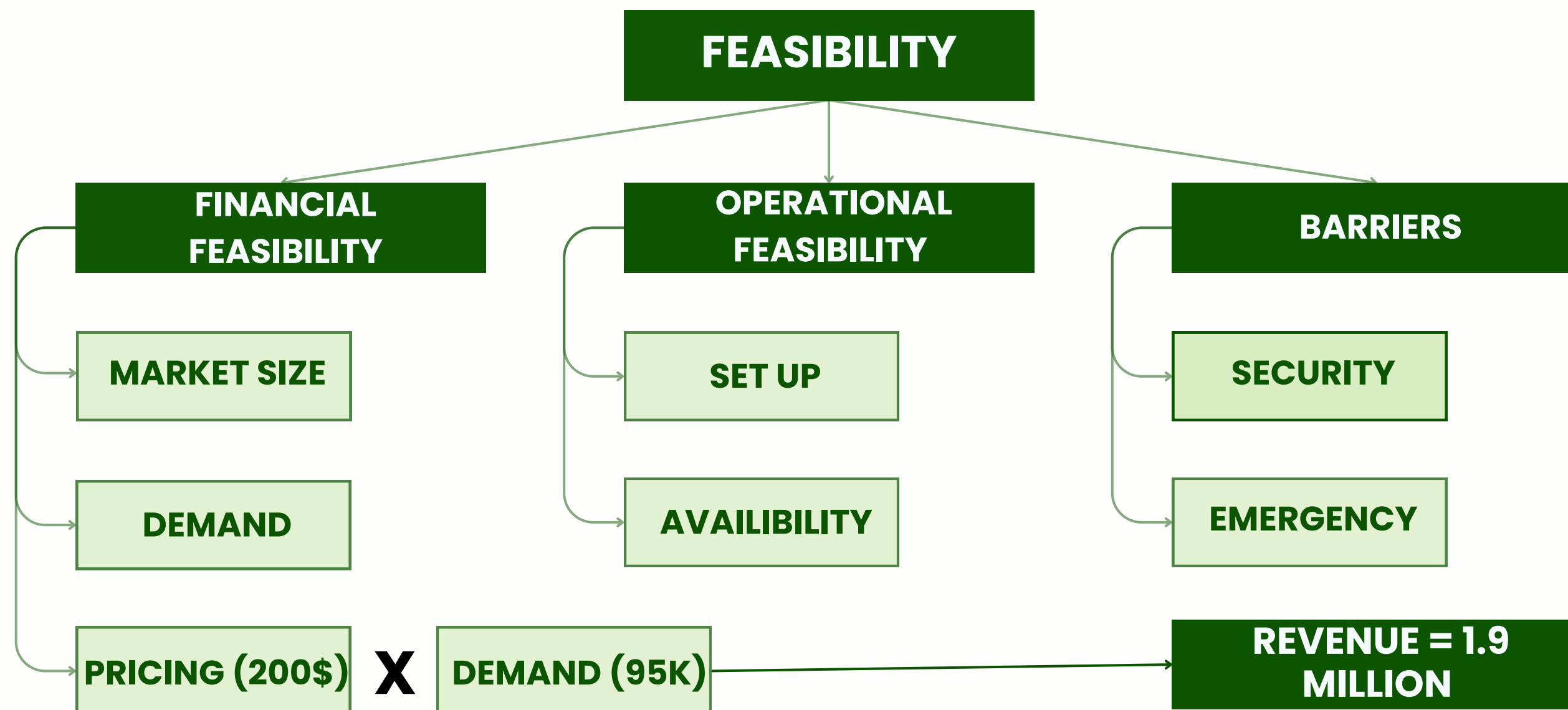
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CASE FLOW

CASE FACTS

- 1 Taylor Swift plans to do a concert in **big metropolitan cities**- Delhi, Mumbai, and Kolkata.
- 2 The setting of the show is going to be a large place with a huge accomodation capacity- **a big stadium**.
- 3 The target audience is **young upper class** people. However, focus should be on common people also.
- 4 **Profit** is the primary motive over here. Also, efforts should be directed towards ensuring proper logistics.



From an Indian perspective, it is a great number. However, the opportunity cost is very high in this case as she can easily earn more by performing concerts elsewhere, or by simply recording more albums. Hence it is not feasible for her to perform in India.