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# **MARKETING PLAN**

## **'MBC FEST'**

*Student:*

Mari Carmen Barceló Tur

*Tutor:*

Rosa María Rodríguez Artola

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# 1. Executive summary

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In this project we make a marketing plan for the Music Beside Comedians (MBC Fest from now on). A music festival held in Puerto de Sagunto during Easter time, which aims to stand out from the 'low cost' formats flooding the Valencian community and addressed to an adult audience, combining with concerts, contemporary performing arts, design and illustration, and days of debate on the current music scene.

To begin with, we start with the current situation analysis of the festival, where we study the resources and capabilities of the festival, the environmental factors surrounding and affecting it and its main competitors.

Note that, among other factors, the strong impact of the economic crisis and the proliferation of new information technologies have had a significant impact on consumer habits and the change of attitudes in consumers, now these are more likely to save and they are much more demanding and thoughtful in their purchases, which involves making an extra effort to meet the new requirements.

Following this we summarize a number of strengths and opportunities that should be seized and other weaknesses and threats to correct and avoid.

And we also see how the festival aims for a target audience with cultural concerns: Both men and single women or couples (with or without children), where the age range between 20 and 55 years. Overall the public is modern, contemporary and constantly searching for new cultural experiences.

Then, in a structured way we define business goals and detailed strategies and actions to take to achieve them within the deadline of one year. To achieve the objectives, the MBC Fest follows a competitive strategy based mainly on differentiation, in order to better adapt to the needs of the audience and offer a quality service over the competition.

Moreover, as the actions taken by the company remain scarce, we make new proposals in all areas of the marketing mix to help achieve the objectives. Highlighting some as the expansion of the distribution network, or in relation to the promotional activities, offer a discount to people who have attended the previous edition of the festival, and promote loyalty or a very important one, which is adding the communication tool of direct marketing, using the mailing, as it is one of the most important unconventional means within direct marketing.

The ending point of the work is a schedule where the dates, when we make the proposed measures and quantification of the budget of these actions, are detailed. We also include a few indications to control the successful completion and implementation of these proposals.

In short, this project aims to settle this new festival, to promote its growth and expansion, offering consumers something different that appeals to them and make them enjoy the experience of MBC Fest.

## 2. Situation analysis

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### 2.1 Internal analysis

#### 2.1.1 Festival presentation

##### Description

The MBC Fest is a festival born in 2014 with the intention of bringing together some of the most current musical offerings and contemporary performing arts. Also holds out the prospect to take root in the environment where it takes place, starting from the ancient tradition of theater in the town of Sagunto to the arrival of the first major festival of forefront rock and electronic music. For this, the MBC Fest has chosen an emblematic space, the industrial environment of the Port of Sagunto, to support the enormous value of Valencian industrial heritage. In addition, the festival is 100% made of Valencian professionals, technicians and capital.

The contest is trying to progress in its proposal by generating globally an experience as satisfactory as possible to its visitors. Trying to take care of every single aspect, such as resting or eating well, during the MBC Fest weekend.

All of it at affordable prices for its attendants, but without detracting from conditions to their cultural enjoyment nor the festival target: to enrich public and artists from a multidisciplinary and forefront offer.

It should be noted that the MBC Fest proposal is global, it wants to bring to Spain some of the leading rock groups, of the most advanced electronic music sessions, performing arts in 'micro' and street formats, gastronomy from 'Street Food' and graphic design and illustration.

As for the cuisine, the MBC Fest, in its intention to complete an enriching experience for the audience, bets for the emerging trend of 'Street Food' and 'Food Trucks', small vans or trucks adapted to maintain and develop an effective 'take away' food service.

Both trends reconcile affordability with gourmet processing and a wide range of restaurants.

This gastronomic model based on quality and speed, not only gives a distinctive hallmark to the festival in comparison to other industry events, but it opens the door to something unique: the cuisine at a festival.

Finally, it is important to stand out the accommodation at the festival. The MBC Fest has a camping area from which you can access the festival site on foot and in less than 5 minutes. The camping area is designed to meet the needs of those who prefer to stay near the festival: from hot showers, toilets and medical service, catering stands, transfer to the premise's entrance and common areas.

Always thinking to improve the experience of the audience, MBC Fest offers a range of 1-3 star camping services to facilitate a stay provided with all comforts.

In addition, free child care with perfectly equipped facilities will be launched for parents staying at the camping area.

## **Mission**

Being a festival that has just been born, MBC Fest mission is to offer the public the best rock and electronics bands of the moment, as well as cutting-edge performing arts at an affordable price, but without detracting from the conditions of cultural enjoyment and trying to take care of all aspects of a festival, such as resting or eating right.

This way the aim is to achieve the loyalty of all attendants, by generating an overall very satisfying experience on its visitors. Furthermore, the organizer's intention is to generate the highest possible return to the town and generate actions that will reverse towards its inhabitants.

## View

The MBC Fest intends in the future to consolidate itself as a great festival in the country and become a reference both nationally and internationally of contemporary music and avant-garde performing arts, standing at a suitable place and offering the best services to spend a good weekend.

### 2.1.2 Resources and skills

Through an analysis of the resources and capacities of MBC Fest, we want to understand the role of these as the basis for competitive advantage.

In terms of resources, we can classify them into tangible and intangible resources.

Among the tangible resources we distinguish the financial and physical resources. Referring to the financial, the company that holds the MBC Fest, Inversores Reunidos 2014 SL, has both equity contributed by a major investor (90% of these financial resources are obtained by the investor) and external financing resources (the remaining 10%), obtained by the sponsors. In relation to physical resources, they count on hired and given resources by the investor, as well as the offices of the company located in the heart of Valencia, available resources, equipment or the premises where the festival is held. This last is a very important resource, since it is an emblematic space located in the industrial area of Puerto de Sagunto, a key place for its location which allows easy access to the festival to enjoy the environment and have a good weekend.

On the other hand, in terms of intangible resources, we find the human resources, the technological and the organizational.

In this particular company, the human resources are a staff of highly skilled workers, with well perfectly developed skills for the position, highlighting the capacity for teamwork and experience in the sector. In terms of training, the MBC Fest takes



training programs specializing in each of the areas or jobs in the company, also as additional training, it provides training in occupational hazards for all workers.

One of the most significant technological resources available to the MBC Fest are the 'tacles' bracelets, these are a smart bracelets incorporating a chip for linking the accounts of social networks. Drinks can be paid through the bracelets; they are previously loaded with money so there is no need to carry it around, which allows consumers to pay safer, faster and more conveniently.

In addition, to obtain any information about the festival you just have to access their web page "[www.mbcfest.com](http://www.mbcfest.com)" or their social networks Facebook and Twitter.

With regard to organizational resources, the MBC Fest, being a festival of new creation, it doesn't yet have a great reputation, although after the first edition this is expected to change and begin to build a reputation for the MBC Fest among national festivals.

Another one of their resources are cooperation agreements. The MBC Fest has developed a cooperation agreement with the city of Sagunto, which allows the benefit to all residents registered in the town wishing to attend the festival a discount on the price of admission. Through this agreement there has also been a job opening for unemployed residents, so that they can occupy most of the jobs generated. Another partnership agreement is with another great festival of Valencia, the Deleste, which will participate in the MBC Fest and vice versa. From this agreement, the MBC Fest becomes the main sponsor of Deleste. And, through this agreement it's been offered a limited pack of cheaper tickets to attend both festivals. On the other hand, they have also signed a membership commitment to the "Institut Valencià de la joventut - Generalitat Jove" (IVA.J.GVA JOVE), which aims to enable young "Carnet Jove" holders benefit from different advantages and promotions, including 20% discount on tickets to the festival.

To conclude this section, we mention the policy of Corporate Social Responsibility (CSR). The MBC Fest is very committed, both socially and environmentally. We can observe this commitment through various actions taken, amongst them we highlight four: With regard to social actions, one of them is a kilometer 0 policy, already named above, is that the working positions generated are occupied by as many neighbors as possible. Another social action undertaken by the MBC Fest is the collaboration with the NGO 'Voces' to build a small conservatory in Kenya. Moreover, also works with the 'Asindown' Valencia foundation for those affected with Down Syndrome can enjoy a

day at the festival. Finally, with regard to the preservation of the environment, the festival features Green Brigades to keep a clean festival in a greener way.

As for the skills, all the resources listed above, complemented by management decisions to achieve the coordination of these in addition to the training, experience and high degree of knowledge of workers in the sector, make the MBC Fest have good organizational skills. Among the capabilities possessed we must point out the ability to adapt and innovate, since they have adapted to the current environment, a turbulent environment, to offer a different festival that gets to many people's taste.

## **2.2 External analysis**

### **2.2.1. Analysis of the general environment**

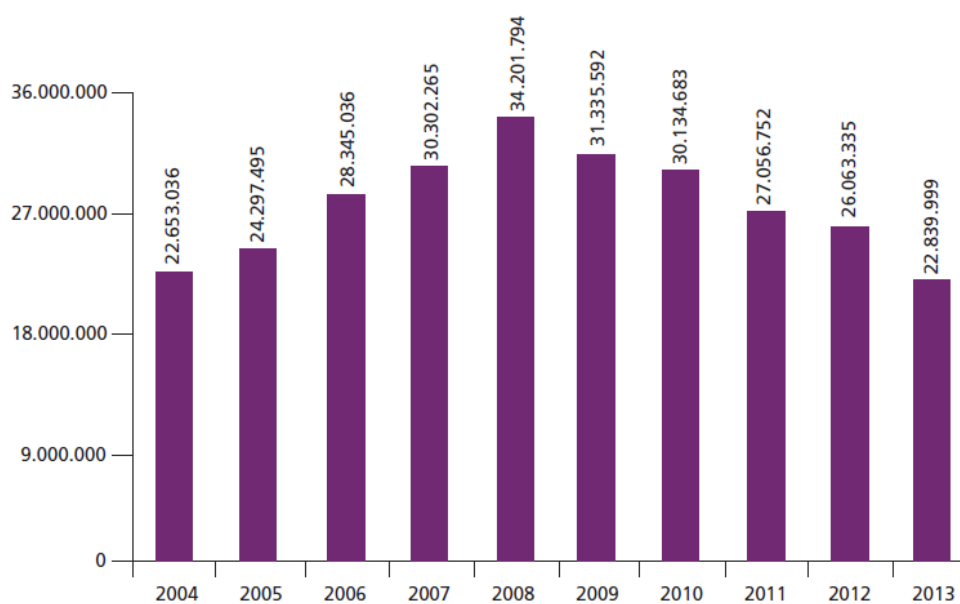
#### **Sector analysis**

In this section we will make a small tour in the evolution of the sector in Spain, since the field of live music has great weight in the Spanish economy.

Until 2008, this sector maintained an upward trend in all indicators. However, from that moment they begin to feel the effects of the crisis. In recent years the sector has also been affected by factors such as the increase in VAT and consumption habits, causing a decline in its bid, attendance and revenues.

During 2013 a total of 103,208 concerts, 11.4% less than the previous year were held (SGAE Yearbook of the performing, musical and visual arts). The number of viewers also decreased, in this case 12.4% and stood at 22,839,999 attendees (Graph 1).

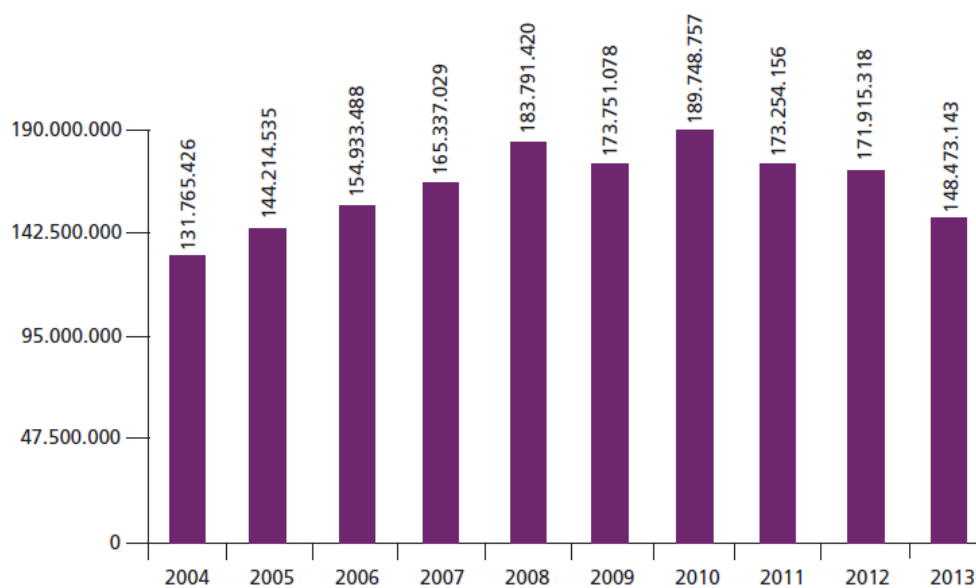
**Graph 1. Evolution of live music spectators 2004-2013**



Source: SGAE

As for the collection of live music, in 2013 there was a total collection of 148,473,143 euros, 13.6% less than the previous year, representing a loss of 23,262,389 euros in a single year (Graph 2).

**Graph 2. Evolution of the collection of live music 2004-2013**



Source: SGAE

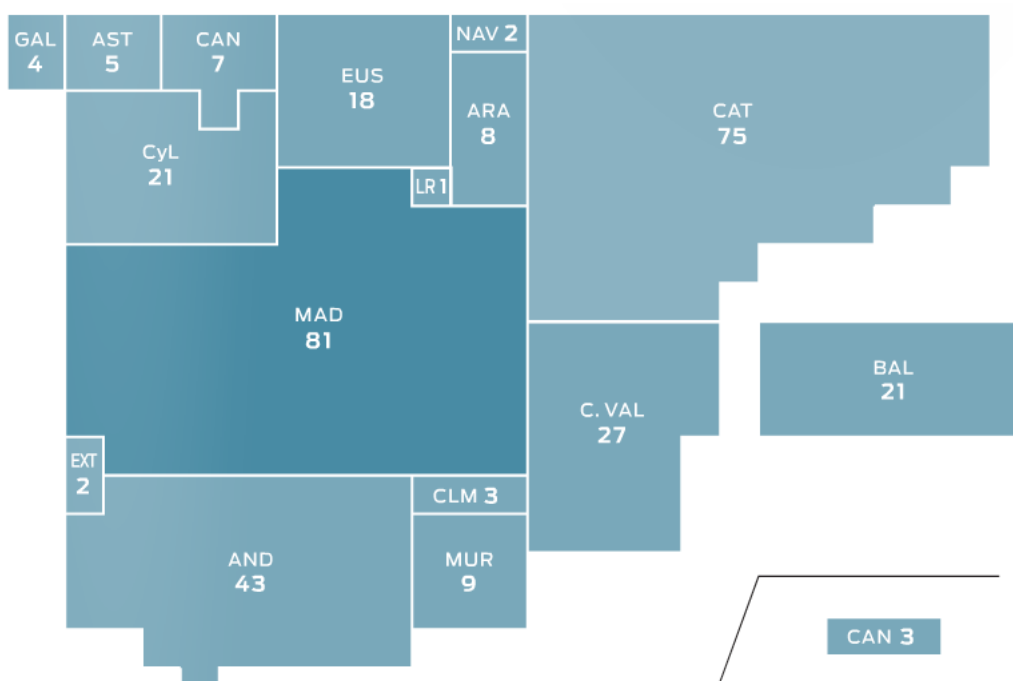
The first known data related to 2014 show an improvement in live sector in Spain. According to data provided by the 'Yearbook VI Live Music', published by the Association of Music Promoters (APM), this sector closed 2014 in green numbers for the first time in four years, with net sales of 173,5 million euros. An increase of 9.76% over 2013 figures.

The good news from the live music sector come through festivals. These continue to consolidate the classic appointments and developing new proposals that seek to open gap in the market. Festivals work, and proof of this is that competition has increased.

Such is the potential of music festivals that they are already one of the main engines of the live industry. These are based on an ideal formula in times of crisis: dozens of artists in exchange for a single entry.

The number of festivals that took place in 2013 in each region are shown in Image 1, a total of 330 throughout the Spanish territory. The size of the communities shown in the map is proportional to the number of festivals held.

**Image 1. Total of festivals in Spain by regions in 2013**



Source: Association of Music Promoters (APM)

In early 2015, the European Festival Market Census, prepared a report on the state of European festivals in 2014, in which it is revealed that the health of European festivals in 2014 was very good and the trend is improving. The data show that attendance at

festivals in 2014 increased 3.3% compared to 2013 and everything indicates that in 2015 will increase.

## **Pestel analysis**

To analyze the influence of different factors affecting the general environment MBC Fest, we will use the PESTEL analysis. This study analyzes the political and legal, economic, social, technological and ecological factors in Spain affecting, encouraging or hindering, at music festivals sector.

### Political and legal factors

The current political situation being experienced by Spain is characterized by great instability due to the economic crisis facing the country, suffering high levels of unemployment and a lack of confidence in the markets.

In this situation we must add the continuing government fiscal adjustments. One that stands out is the rise in value added tax (VAT) which the government approved in September 2012, where the general VAT rate from 18% to 21% and the reduced rate of 8% increased to 10% maintaining the super-reduced rate at 4%. This decision makes prices rise, so that consumers choose another product or service cheaper, also reducing their consumption and even ceasing to purchase.

In this political situation that Spain is, we found several factors that aggravate it. Among these we find corruption (Gürtel case, Nóos case, Barcenas case, etc.), a factor that becomes a major concern for the Spaniards. According to the barometer of the "Center for Sociological Research" (CIS), in October 2014, corruption was the second most important problem for 42.3% of Spaniards after unemployment, which accounted for 76%.

In the current political situation, where 31% of Spaniards consider it bad and 49.5% consider it very bad and (according to the barometer of CIS October 2014), we must add that the confidence of the Spanish for improvement next year is not good, since

about half of respondents (48.1%) say the situation will remain the same, compared with 11.6% who say it will improve.

Due to this situation of political instability that is Spain, we must also be alert to possible new laws that may come to light and that may affect our business, such as legislation relating to intellectual property.

### Economic factors

In this section we discuss the economic situation in Spain (factors such as gross domestic product (GDP), unemployment, taxes, etc.). The global economic crisis we are experiencing also affects the activity of Spanish companies, those related to the sector of festivals as well of other sectors.

One of the most important economic factors to consider is the GDP of Spain, as this will help us get a clearer picture of whether the Spanish economy is growing or not.

The data in Graph 3 show the annual rates of GDP by quarters from 2010 to 2014. As we can see, the annual GDP growth recorded in the fourth quarter of 2014 was 2%. This is 1.3 higher than in the first quarter (0.7%), so we see that the Spanish economy has experienced an improvement.

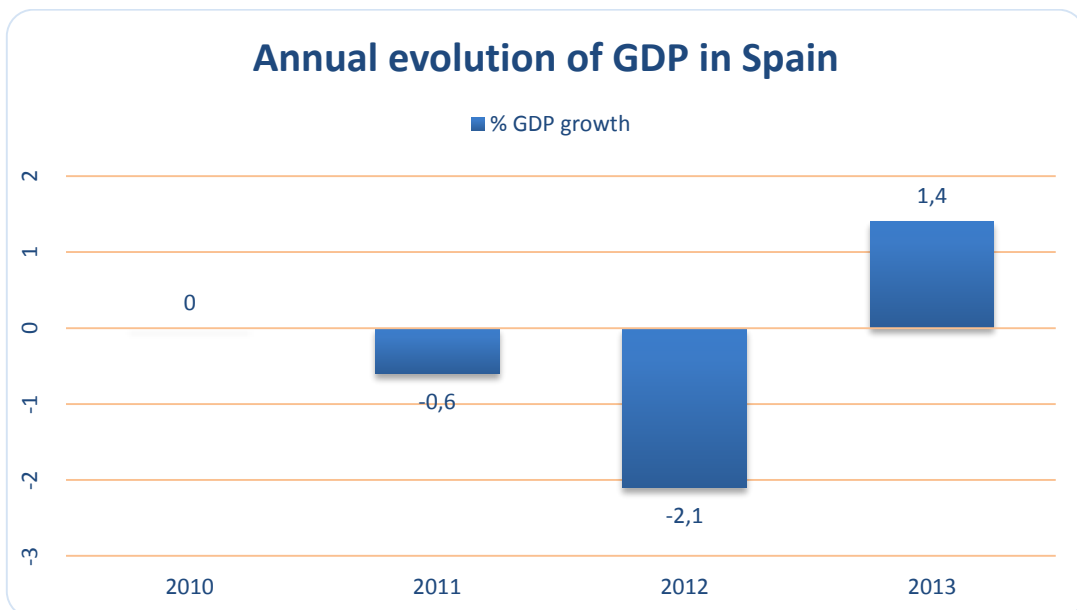
**Graph 3. Quarterly evolution of GDP in Spain**



Source: Own elaboration. Data: INE

By temporary aggregation of the four quarters, we see GDP growth in the full year 2014 stood at 1.4%. These data point to a moderate trend of economic recovery, where GDP growth will continue the positive (Graph 4).

**Graph 4. Annual evolution of GDP in Spain**

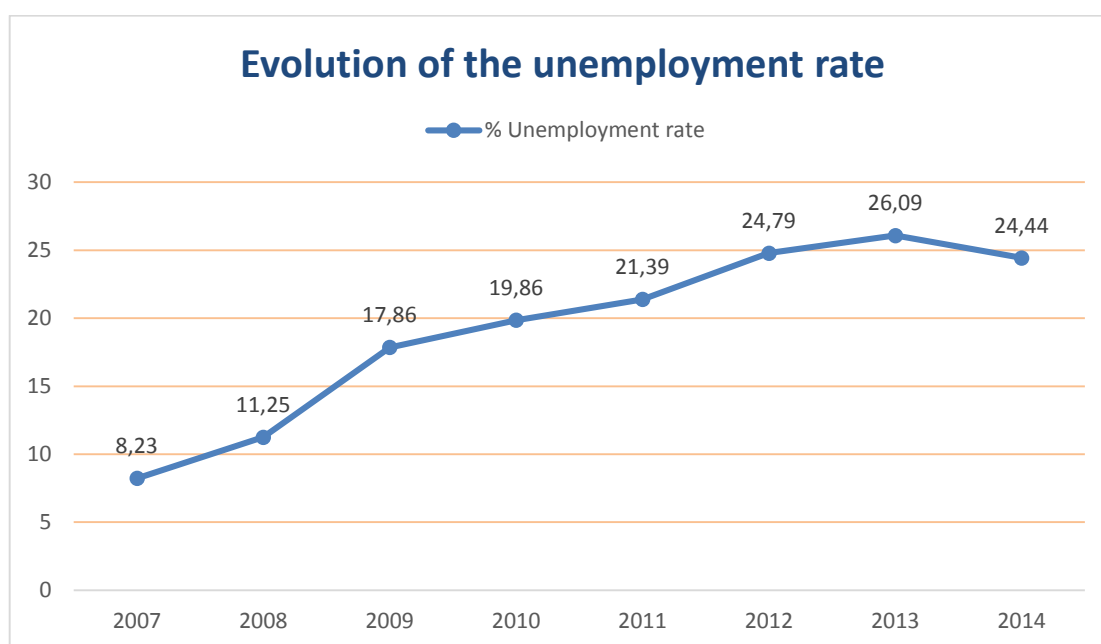


Source: Own elaboration. Data: INE

Another important economic factor to analyze is the unemployment rate. As we can see in Graph 5, Spain is affected by high unemployment rates have been increasing ever since 2007. In 2013 an unemployment rate of 26.09% was recorded, the highest recorded in the last years. However, this rate decreased in 2014 reaching a 24.44%, this means unemployment at the end of 2014 was lower than a year earlier, which had not happened since the beginning of the crisis. The total number of unemployed people stood at 5.4577 million, down by 477,900 unemployed to a year earlier. So far this year, according to the Working Population Survey (LFS) these data are improving, the latest figures from 2015 indicate that the total of unemployed people goes down by 13,100, and stands at 5.4446 million.

Despite this drop, the unemployment rate still remains very high (it is one of the highest rates in the EU) but it seems that, according to the quarterly evolution of unemployment, the number of unemployed people will gradually go down.

**Graph 5. Evolution of the unemployment rate**



Source: Own elaboration. Data: Working Population Survey (LFS)

High levels of unemployment persist, and the reduction of purchasing power make cultural consumption expenditure (attending music festivals, concerts, the cinema, theater...) of households has gone down since the beginning of the crisis, as we can see in Table 1.



**Table 1. Spending on cultural goods and services**

	2006	2007	2008	2009	2010	2011	2012	2013
Total gasto cultural (Millones de euros)	15.546,0	16.808,2	16.962,5	16.295,8	15.860,0	14.696,6	13.366,9	12.261,7
Gasto medio por persona (Euros)	353,1	374,6	372,1	354,5	343,7	317,4	288,5	265,7
Gasto cultural en porcentaje del total de gasto	3,2	3,2	3,1	3,1	3,1	2,8	2,6	2,5

Source: Ministry of Education, Culture and Sports (MECD)

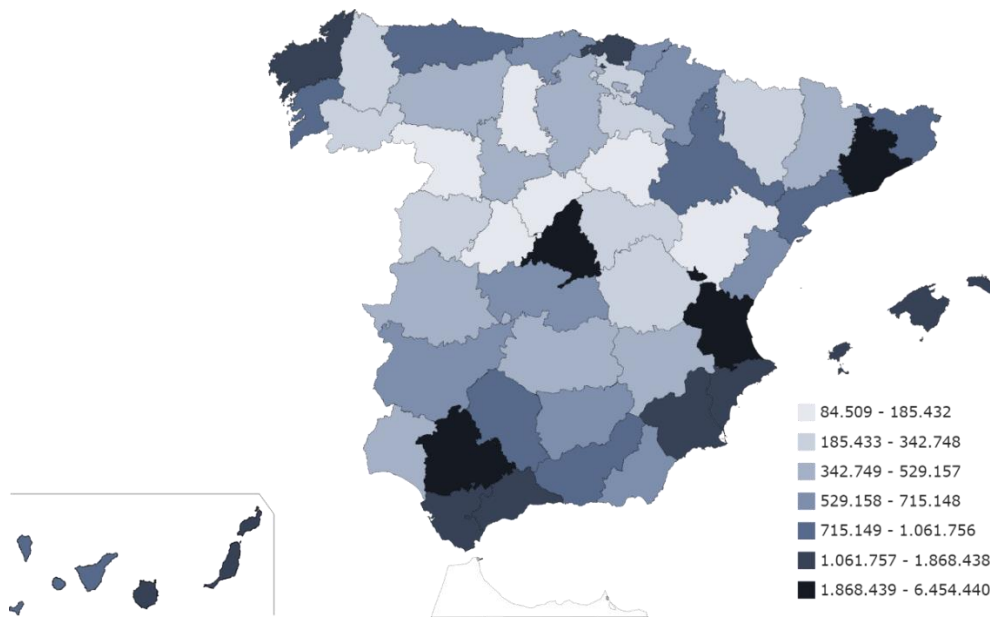
Finally, between economic factors also we include the increase in VAT, mentioned above, since, although it has been a government regulation, it affects other economic factors such as the Consumer Price Index (CPI). In addition, a decrease of cultural consumption tax would encourage and attract more musical tourism.

#### Socio-cultural factors

As for the socio-cultural factors in Spain we will carry out an analysis of factors such as population density, the population pyramid, birth rate and mortality or consumer habits.

The Spanish population density has been increasing over time reaching in 2012 93'42 inhabitants/Km<sup>2</sup>. As shown on Image 2, the areas of greatest population concentration in Spain are Madrid and peninsular periphery, including Valencia.

**Image 2. Map of the population of Spanish municipalities in 2014**



Source: INE

According to population figures provided by the INE, resident population in Spain to July 1, 2014 was 46,464,053 inhabitants, 129,183 people less than last year (Table 2).

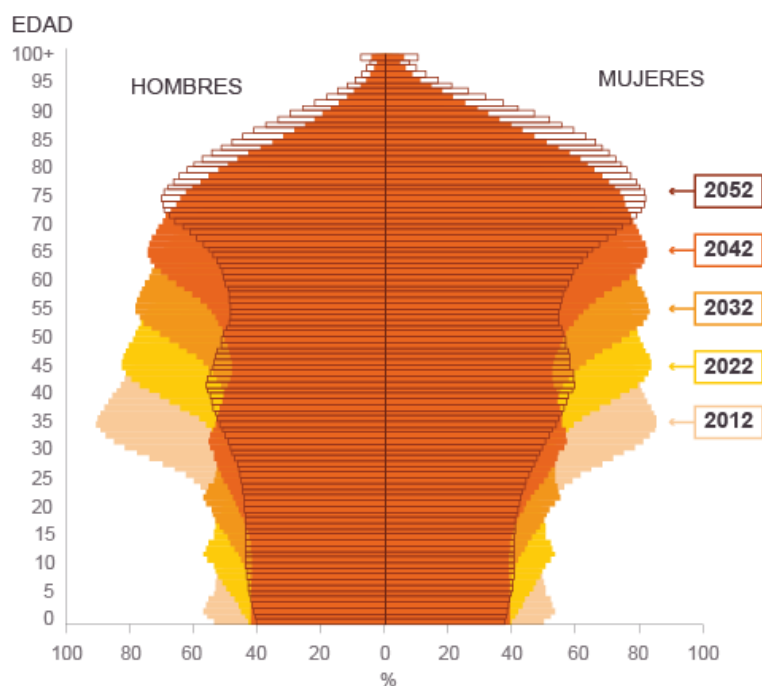
**Table 2. Total resident population in Spain**

Población residente en España	Población a 01/07/2013	Población a 01/07/2014	Variación %
Población total	46.593.236	46.464.053	-0,28
Hombres	22.933.750	22.843.719	-0,39
Mujeres	23.659.486	23.620.334	-0,17
Españoles	41.730.554	41.925.550	0,47
Extranjeros	4.862.682	4.538.503	-6,67

Source: INE

The population registered a drop of 0.28%, representing moderate annual rate of fall in the previous quarter, which was 0.46%. Despite this fall, the population growth, from January 1, 2013, still remains negative.

**Figure 1. Population pyramid 2012-2052**



Source: Population Projection Long Term (INE)

As shown in Figure 1, the Spanish population is experiencing an aging process, as it is losing population. According to statistics, in a few years there will be more deaths than births (in 2014 there were 209,482 births compared to the 207,445 deaths). This is a factor that we must pay special attention to, because if the population is experiencing an aging process will affect the level of consumption of our industry, music festivals, since the vast majority of those attending these are young people of between 18 and 50 years.

In addition, the migration balance was still negative in 2014 were 206,492 people emigrated (most, young people without work) and 156,066 which immigrated. Spain is again a country of emigration.

Other socio-cultural factors are notably changing consumption habits. In today's society where everything is changing: there are new models of family structure (single mothers, divorced parents, families with older children without resources to emancipate, etc.), the current economic situation, the fact that consumers are more informed and they are more demanding ... it makes consumer habits be greatly affected.

To conclude this section we mention investments in education and health. Although the level of education of the population is increasing, investments in education and health are going down, with all the harmful consequences for society that this entails.

### Technological factors

The field of music festivals and music in general, is one of the most advanced in the use of technology in recent years. Year after year, festivals introduce technological innovations to make the experience more comfortable for spectators. According to INE, the expenditure on technological innovation amounted to 13.233 million euros in 2013. These innovations include the payment system without carrying cash by using wristbands with chip radio frequency identification as a purse, and festival's bet for live broadcast via streaming of some of its most important concerts.

On the expenditure on research and development (R&D), this amounted to 13.012 million euros in 2013, representing a decrease of 2.8% over the previous year. As shown in Table 3, the total expenditure has been dropping gradually since 2008.

**Table 3. Total expenditure on R & D**

	2010	2011	2012	2013
<b>Total (miles de euros)</b>	14.588.455,3	14.184.294,6	13.391.606,8	13.011.798,0

Source: INE

Moreover, the increasing development of information technology (especially social networks have become a powerful source of information for businesses and consumers) provides a better understanding of the company, increasing confidence for consumers in these when shopping online. Electronic commerce becomes increasingly important. The turnover generated by sales through e-commerce companies with 10 or more employees reached, in 2013, 195.443 million euros, 6.7% more than in 2012.

### Ecological (Environmental) factors

To conclude the analysis of the factors affecting the general environment MBC Fest, we will analyze the ecological factors.

Currently, after being aware of the scarcity of resources and the problems of climate change, sustainability has become an important factor. Both society and governments are very concerned with the preservation of the environment and measures imposed are becoming more strict to companies to take care of it.

According to the household survey and environment conducted by the INE in 2008, which aims to investigate the habits, consumption patterns and attitudes of households in relation to different aspects of the environment, it shows that Spaniards are very conscious about environment. Some examples of this awareness are that 96.9% of Spanish households adopt a habit to save water; and paper, glass and plastic packaging is separated in three out of four homes.

As for the current legislation, it embodies legislation on the protection of the environment and promotion of the values of sustainability. Furthermore, recently, there are also many companies that voluntarily develop Corporate Social Responsibility policies to demonstrate its commitment to the environment and society.

In the case of festivals, they have a significant environmental impact on its surroundings, so there are festivals that are developing sustainability strategies to minimize their impact and increase their success.

In conclusion, there is now greater social awareness of the protection and preservation of the environment.

## 2.2.2 Analysis of the specific environment

### Identification and analysis of competition

The analysis of competition in the field of music festivals is a little more complicated because, as a temporary event, it is likely that at the time of the completion of the festival there is no other like that can compete directly. Despite this we will make a brief description, from the perspective of the company (Munuera and Rodriguez, 2007), of festivals for its subject, date or location could compete with us. Also we will see some strengths and weaknesses regarding our company.

First we focus on the most direct competitor MBC Fest has since held on the same dates and is also located in Valencia. This is the SANSAN festival, a national indie music festival held in Gandia on Easter. The Festival Sansan backs both promising young artist and those already established. And its poster is composed of a 99.9% by national artists and international artists 0.01%, ie, one single international group.

The strength it has is the place where the festival takes place, as it is done within the framework of Gandia Beach, famous to tourists and visitors, both for its reputation as a party emplacement and as one of the best beaches in Spain. On the other hand, the greatest weakness is his poster, as the artists who compose it can be seen in many other festivals, which means nothing new for the viewer.

Then we will analyze six festivals, which have in common strengths such as they are great festivals, already established and with years of experience, plus they have a good location have are faithful attendees.

Among these is the Arenal Sound Festival six-day held in Burriana Beach in early August. The festival brings together more than 120 artists of different styles of music (indie, rock, pop, electronic...).

A notably weakness in our company is the value for money (half - high). This festival not known for the quality of its lineup, but it's big crowd is mainly due to the party that is generated inside and outside the festival.

Primavera Sound is another competitor. The Primavera Sound festival, held in Barcelona since 2001, is a festival that has become a reference model of urban festival in Barcelona. This festival stands out from the rest of macro musical events and is characterized by an artistic line marked by the pop, rock and most underground trends of dance music.

Referring to the weaknesses that we can find we can only mention that tickets have a very high price, but the value is not a weakness.

Another competitor is the International Festival of Benicàssim (FIB). The IBF is a festival of independent music, since 1995 brings together the best groups and global artists in this field. It is also an international benchmark, where much of its audience comes from neighboring countries, especially the United Kingdom.

One of the weaknesses of the festival is the value for money, the price continues to be high, and however, the quality of the poster is lower than it used to be. This is due to mismanagement of the cartel by the new investor.

We also have a beginner but strong competitor such as LES ARTS FESTIVAL. This is a new music festival indie-pop that takes place in the City of Arts and Sciences in Valencia. The festival was born the same year as the MBC Fest, therefore it shares some of the threats and opportunities with ours.

One of the weaknesses in comparison with ours is the variety and quality of its lineup, since this is lower. Despite this, we must consider its price is very low, which gives it a strong point in its favor.

Finally, two festivals smaller than those we have just mentioned, but with the same potential they are the LOW Festival and the SOS 4.8. These two festivals are also independent music, the first to be held in Benidorm (large tourist city) in full festivalera campaign (July) and the second to be held in Murcia in early May.

With regard to the weaknesses of these we find that they are smaller festivals that bring together not so many groups as festivals we have named above.

The following table (Table 4) shows a summary of MBC Fest competitors based on the number of attendees at each festival:

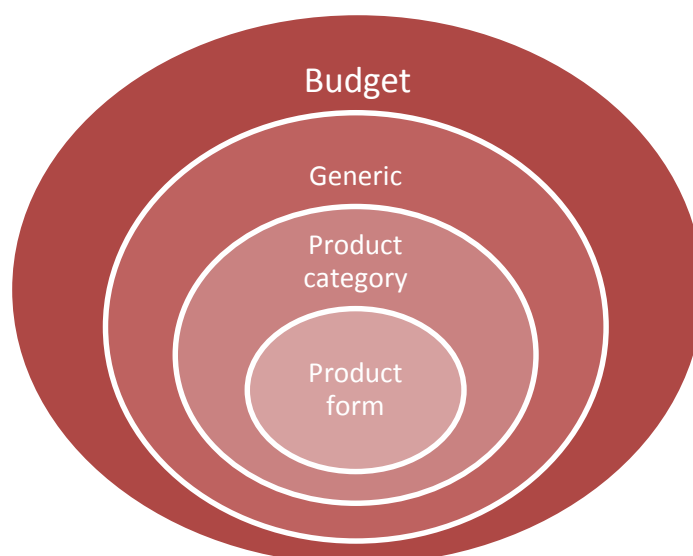
**Table 4. Summary of competitors by number of attendees at each festival**

Nº	FESTIVAL	CITY	SPECTATORS	DURATION (DAYS)
1º	ARENAL SOUND	BURRIANA	250.000	6
2º	PRIMAVERA SOUND	BARCELONA	190.000	3
3º	FIB	BENICÀSSIM	120.000	4
4º	LOW FESTIVAL	BENIDORM	75.000	3
5º	SOS 4.8	MURCIA	70.000	2
6º	SANSAN FESTIVAL	GANDIA	40.000	4
7º	FESTIVAL DE LES ARTS	VALENCIA	22.000	2

Source: Own elaboration. Data: Association of Music Promoters (APM)

On the other hand, there is also a consumer perspective (Munuera and Rodriguez, 2007) when analyzing the competition, which is based on four levels of competition (Figure 2).

**Figure 2. Levels of competence**



Source: Own elaboration. Data: Manuera y Rodríguez, 2007



These seven festivals we have analyzed above are competing in the *form of product*. They are competitors because they have similar attributes to our company. Therefore we must convince the market segment that we address to that our festival is better.

Moreover, besides these festivals, there are also competitors in the *category of product*, ie offering similar products but not the same (lack of any attribute or have different style). In this kind of competition, we can include festivals of music style very different like Viña Rock, Rototom and Sonar.

In this analysis, we must also take into account *generic competition*. Such competition includes companies offering products that meet the same need as us but differently, ie substitution products. In this case we could include any type of concert to celebrate music groups, where we have to try to convince the market that the product category (group of concerts) we offer is most desirable to satisfy the general requirement.

And finally, we would have the competition-level *budget*. Competitors who are part of this level would be those that offer products that fight to get the customer to spend your budget on them and not on us, for example, any leisure activity, like going to the movies. Therefore, we have to see consumers to invest in our festival (generic product) is the most satisfying way to spend the available budget.

## 5 forces model of Porter

For the analysis of the specific environment of the sector in which our company operates we will use the model of the five competitive forces of Porter.

The five competitive forces that make up the model are: the intensity of competition in the sector, the threat of new competitors, the threat of substitute products or services, the bargaining power of customers and the bargaining power of suppliers.

First we focus on the INTENSITY OF COMPETITION. By performing the above analysis we see that the number of competitors is very high. It is also an industry that is growing, so the number of competitors will continue to increase because, although some festivals will not thrive, many others will do.

On the other hand, we must consider that although there is a great number of competitors operating in the sector, direct competition is not as high and there is no rivalry among competitors, since it is a festival that takes place at a time of year performing few festivals and is located in an area, Puerto de Sagunto, which has not yet competitors.

Therefore, we can say that, although there is a growth of music festivals of various kinds and styles and the competition is quite substantial, direct competition is much lower, so, so far, not a great risk to the project.

Secondly, we analyzed the THREAT OF NEW ENTRANTS. The entry of new competitors in the field of music festivals is defined mainly for being a fairly saturated market, since the demand in the domestic market may be satisfied due to the large number of music festivals in our country. To this amount of festival offers there is to add the reputation of the best known festivals (FIB, Primavera Sound, BBK Live ...) and more attendees, as to compete with them is a very difficult challenge. It should also be noted another big entry barrier for new competitors, as is the need to invest large financial resources to carry out the first editions of a festival.

As for THE THREAT OF SUBSTITUTE GOODS, we can say that there is a lot of alternative services, as the main attraction of the music festivals is the large number of concerts featuring in a few days at a reduced rate compared to attending a concert by one group. And while there are some services that may be substitutes in part, they do not offer the comprehensive solution offered by music festivals.

Fourth we analyze BARGAINING POWER OF CUSTOMERS. Our customers, those who attend our festival, have a quite high bargaining power, since, having a wide variety of festivals in Spain, they can choose to go to other festivals and not ours. However, we find a strong point, which is that the bargaining power of customers is not absolute and is lower in some cases, since the MBC Fest is characterized by a type of

highly differentiated music groups that most other festivals do not offer. Therefore, for customers looking for this certain type of music, exercising bargaining power is not as high.

And finally, we find BARGAINING POWER OF SUPPLIERS. As the MBC Fest opts for professionals, technicians and mainly Valencian capital, the number of potential suppliers is greatly reduced, so these providers have a greater capacity for negotiation than other music festivals may have. Also, being a new festival, the degree of bargaining power of suppliers depends heavily on the influence of the festival in the sector, we can say that, for the moment, as it is not a well-known festival, Suppliers have enough bargaining power.

### 3. SWOT analysis

The SWOT analysis is a tool used to assess both the weaknesses and strengths of the organization and the threats and opportunities offered by the environment. The main objective of this analysis is to help raise the actions that should be implemented to, on the one hand, enhance the strengths and try to improve weaknesses to turn them into other strengths, and on the other hand, try to minimize the effect of threats and opportunities of the environment.

Therefore, from internal and external analysis we have done previously, we will make a summary of the main factors that affect the marketing strategy of our company.

	<u>WEAKNESSES</u>	<u>STRENGTHS</u>
Internal Analysis	<ul style="list-style-type: none"> <li>- Limited resources.</li> <li>- Low market share. As a new festival is beginning to create a gap in the market.</li> </ul>	<ul style="list-style-type: none"> <li>- Good value for money.</li> <li>- Prime location.</li> <li>- Collaboration agreements with different institutions and festivals.</li> <li>- Product differentiation. It is the competitive advantage of MBF Fest.</li> </ul>
	<u>THREATS</u>	<u>OPPORTUNITIES</u>
External Analysis	<ul style="list-style-type: none"> <li>- The VAT increase. This makes the products more expensive, so that consumers opt for cheaper products or directly stop consuming it.</li> <li>- The economic and financial crisis.</li> <li>- The reduction in household spending, having their income been diminished.</li> </ul>	<ul style="list-style-type: none"> <li>- Strong trend of using ICT. Thanks to the new sales channel, e-commerce, companies have a huge opportunity for growth and expansion.</li> <li>- Apparent improvement in GDP.</li> <li>- The unemployment rate begins to decline.</li> <li>- Boom of attending festivals.</li> </ul>

## 4. Segmentation, Target and Positioning

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First, before defining our target we will define segmentation criteria. In our case, the MBC Fest, does not offer a single service, but it does target a single type of customer (individual customers), that is, we turn to a single segment, so that a hedging strategy will continue Expansion of the product line. Therefore, with regard to the aspects that characterize individual customers, targeting criteria are:

Demographic criteria	Phsicodeographic criteria	Criteria by consumer behaviour
<ul style="list-style-type: none"><li>• Age (between 20 y 55 y.o.)</li><li>• Income (average)</li><li>• Marital status (single, couple, with or without children)</li></ul>	<ul style="list-style-type: none"><li>• Lifestyle and personality:<ul style="list-style-type: none"><li>- Outgoing</li><li>- Innovating</li><li>- Modern</li><li>- With cultural curiosity</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Seeked benefit:<ul style="list-style-type: none"><li>- Variety</li><li>- Quality</li></ul></li><li>• Positive attitude towards new services</li></ul>

Based on these segmentation criteria we define our target audience as:

"Both men and single women, couples (with or without children), who decide to enjoy live music, preferably in the company of friends or family. The age range between 20 and 55 years and have an average purchasing power. Overall it is a modern, contemporary and constantly searching for new cultural experiences public. "

After defining the target audience we have made a positioning map (Figure 3) to see what position we occupy in the minds of consumers, that is, the image they have of MBC Fest over the competition.

**Figure 3. Positioning map**



Source: Own elaboration

Our company is positioned as a pop festival that offers a very good quality at a middle affordable price. The MBC Fest gets positioned as such by promoting its competitive advantage, based on its strategy of differentiation, which will be explained below.

As shown in Figure 3, its main competitors in terms of quality are the SOS 4.8, FIB and Primavera Sound, having these higher prices than our festival. Moreover, competitors in price are smaller festivals than the quality of the poster and the festival as a whole is less, these are the SANSAN FESTIVAL and FESTIVAL LES ARTS. Finally, we find companies that are in a position where quality is similar or even lower and have a higher price (ARENAL SOUND FESTIVAL and LOW), this is mainly because they are renowned festivals where many young people who come do not care, in general, the quality of the festival.

## 5. Objectives and Strategy

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### Objectives

To carry out the mission of the MBC Fest we will establish annual targets, by which we will measure the progress of the festival. So we divide the goals into three types:

#### General objectives

- Become a national reference.
- Getting the loyalty of attendants by generating a satisfying experience.
- Generate the highest possible return to Puerto de Sagunto and generate actions that reverse to its inhabitants.

#### Specific objectives

- Offer the public an innovative repertoire (in terms of musical groups).
- Identifying ourselves as a new musical approach near the city of Valencia.
- Increase the number of rave reviews about the quality of our content.
- Increase the number of jobs offered in the municipality.

#### Marketing objectives

- Relationship
  - Increase customer loyalty. In the MBC Fest we get at least 65% more attendees come back in following editions.
  - Increase the number of followers on social networks 70% on Facebook, Twitter and Instagram.
  - Achieving a score of 85% or higher in customer satisfaction surveys.

- Business
  - Increase sales in 8000 over the previous year ticket sales.
  - Achieve a 40% brand recognition (reputation).
  - Increase domestic market coverage to 70%. We will try to put facilities, so from the entire national territory, they can come to our festival.
  
- Economic marketing
  - Increase revenue Festival 8%. From ticketing and from sales on food and beverage drinks in the festival.
  - Net profit increase by 10%.
  - 1% increase in investment in Information Technology and Communication (ICT).

## Strategies

In this section we analyze, from the point of view of several authors, the strategies that our company follows.

First, let's analyze the competitive strategy by Porter.

To achieve a competitive advantage, the MBC Fest uses especially the differentiation strategy, but also some methods to reduce costs and make prices not so high.

As for the differentiation strategy, our company has some distinguishing features that focus primarily on the quality and innovation of its service, in composition poster bands, such as performing arts, design and illustration, and the 'Food Trucks'. Therefore, the MBC Fest tries to make its exclusive source the quality of its services, always bearing in mind the technological improvement and social responsibility.

As for the strategy of cost leadership, our company is not particularly based on this, but has the ability to exploit sources of cost advantage that may arise. For example, one of the sources of cost advantage you have is that when making the collaboration agreement with the Deleste festival they have been able to make a pack of tickets at a reduced price for both festivals.



Secondly, we analyze the strategies based on performance in relation to the environment (Miles & Snow, 1978) and in relation to competitors (Kotler and Singh, 1981).

On one hand, according to the terms of Miles and Snow, our company follows an analyzing strategy since, despite seeking innovative services; it tries to avoid excessive risks. This strategy is a mix of analyzer and explorer strategy.

Being a newly created festival, with this strategy we want to come out with new services and enhancing its quality and outperform its nearest competitors.

Furthermore, according to the terms of Kotler and Singh, the MBC Fest follows the follower strategy. We must bear in mind this is a new festival that is in the growth phase, therefore, now what is sought it is a peaceful coexistence with a conscious leader and market sharing.

And finally, let's analyze growth strategies. Ansoff made a classification of four types of growth strategies (Figure 4) depending on the product that is offered and the market in which the company operates.

**Figure 4. Ansoff matrix**

		PRODUCTS	
		Existing	New
MARKETS	Existing	<b>Market penetration</b>	Product development
	New	Market development	Diversification / Integration

Fuente: Elaboración propia

Thus, we see that our company follows the strategy of market penetration, since it wants to strengthen its presence in the market in which it operates with the services already offered. That is, as already mentioned; one of the main objectives of the MBC Fest is to become a national reference by differentiating their services, so it will try to increase their market sales.

## 6. Marketing mix

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In this section, we will analyze both the marketing mix that follows our company and some proposals that we will carry out to achieve the objectives.

### Product/Service

To start with, the MBC Fest is a musical and artistic event which brings together some of the latest proposals of the rock, electronic and contemporary performing arts, which not only offers the service of a festival as such, ie, concerts and artistic performances, but also offers additional services such as hosting service, or transport. Therefore, our company offers a basic service based on people, that is, singers and performing arts professionals, including other hybrid services that add value.

As for the portfolio of services of MBC Fest, it is set for the following product lines or themes: Music, Performing Arts, graphic design and illustration, Conferences, Camping, Food and Transportation. Below we are going to describe these lines according to the service levels, first we explain the main services offered by the festival and then the augmented services that give added value.

In relation to the main services, we have the music, the performing arts, graphic design and illustration and Conferences:

#### **Music**

This line is the basic core service. The concert lineup consists of sub-services that correspond to the different styles and genres: Rock, Punk-Rock, Pop-Rock Electronics, Electro-pop, Synth-pop, Indie...

## Performing Arts

The MBC Fest will feature performances of artistic nature, such as dance or contemporary theater, to be held in the concert area. Thus, the performing arts will be part of the festival program, making this artistic branch known.

## Graphic design and Illustration

This line of services includes exhibits and displays of graphic design and illustration. The proposal of this line has two aspects, one of expository mood, in which the public can access the creation process of works, and other interactive type, where you will engage festival attendants. Both, with a common axis: The attempt to link the illustration with music.



## Conferences

MBC Fest aspiration is to enrich the cultural experience of the attendees with debates on current issues in the field of the music industry. There are a total of four round tables held in a unique emplacement, the “Auditorio del alto Horno”. The aim is to open a window to reflection and dialogue in which the public and professionals can share their different views about controversial issues today. Each discussion lasts for an hour divided into two



parts: a 40-minute discussion moderated by a professional, and another 20 minutes dedicated to the conversation of participants with each other and with the public.

On the other hand, in relation to the increased services, we find the Camping, Gastronomy and Transport:

### Camping

This service line, the MBC Fest wants to offer a wide range of accommodation offers. Besides hotels and hostels that bind to MBC Fest, this offers a camping site, where you can choose from a tent 1, 2 or 3 stars, according to the needs of comfort you want (with more or less capacity people in the store, with or without breakfast, etc.).



### Gastronomy



In the exhibition site of MBC Fest we find a variety of catering (vegan, celiac ...) because it is committed to the emerging trend of 'Street Food' and 'Food Trucks', vans or small trucks adapted to develop effective food takeaway service. Both trends reconcile affordability with gourmet creations.

This gastronomic model based on the quality and speed, gives the festival a distinctive seal over our competitors.

### Transport

To finish with the service line, the MBC Fest has got a bus line linking different Spanish cities: Albacete, Barcelona, Madrid, Murcia, Zaragoza, Alicante, Valencia and Castellon. In the last two cities the buses leave and return daily.

As the purpose of this service is to put facilities to the public who wants to attend the festival, I think it would be a good thing to take the bus line extending 4 cities: Seville, León, Lugo and Caceres.

In addition, to facilitate even more the approach to the festival, the MBC Fest has an agreement with *Valencia Taxi Cab*, so the shared taxi (when full) from Valencia is much cheaper.

In this section is also worth to mention one of the basic elements of the MBC Fest, by which also attracts and seduces the public. This element is the brand image, corporate visual identity. Following is the official logo of the festival:

**Image 3. Logo of the festival**



This logo is characterized by its simplicity, elegance and minimalism. It consists of the name of the festival, with an aesthetic line based on a primary color and a basic geometric shape. It is a simple but sophisticated logo, aimed at presenting the brand directly and in a pure way, so that nothing could take away attention from what really matters, the content and cultural offer in the festival.

But the brands are more than just names or symbols, represent everything the service means for consumers. Therefore, MBC Fest organizers are making a great effort to create a brand image that convinces and create a loyal, in order to generate the "mouth to ear" and to become a national and international benchmark.

They just want create a brand that is associated to positive things that reflect it: quality, variety and prestige.

## Price

When setting the price of tickets, we keep in mind that this is the only variable in the marketing mix that produces revenue to the company and therefore the generated funds for the festival and is the way of consolidation or survival of it.

In addition, towards the consumer, the price policy is going to serve as a tool for positioning and help us reduce complexity in purchasing decisions.

As for the method of pricing, the MBC Fest sets its prices in an objective, that is to say, taking as reference prices for both festivals belonging to our same service category and the total costs of the realization of the festival.

As one of the company's strategy is the market penetration, initially, considering the price for value, they have set similar prices to those of competence, so we can introduce the service in the market and let people get to know it, and then slowly go up this price.

In analyzing the prices of different festivals, we have seen that the price range is from 25 to 40 euros on tickets for one day, and 30 to 90 euros in normal tickets for every day, so the price MBC Fest is located around these. Then we will show the approximate prices (keep in mind that the price of 3 day tickets and VIP increased gradually every time we approach the date of the festival):

**Ticket 3 days..... 32.00 €:**

Entrance to the concert venue + Performing Arts + Design and Illustration + Conference.

**Ticket 3 days 'Residents in Sagunto'..... 27.00 €**

Ticket for people who are registered in Sagunto at least one year.

**Ticket 3 days 'Carnet Jove'..... 27.00 €**

Discount applies to holders of Carnet Jove.

**Ticket VIP..... 54.00 €:**

Entrance to the concert venue + Performing Arts + Design and Illustration + Conference + Access to the VIP area with reduced price for drinks.

**Ticket MBC Fest + Deleste..... 60.00 €**

It includes admission every day to the two festivals.

**Ticket Friday..... 30.00 €**

Access to the festival venue only Friday.

**Ticket Saturday..... 36.00 €**

Access to the festival venue only Saturday.

**Ticket Sunday..... 30.00 €**

Access to the festival venue only Sunday.

As for price adaptation strategies, the MBC Fest follows a strategy of promotional pricing, and captures and stimulates the attention of consumers towards the purchase of tickets. One of the techniques used to make it, for example, 100 subscriptions at a reduced price, then when the quota of tickets is over, take another 100 or 150 at a slightly higher price, and so on. Moreover, as we have seen, also they offer discounts to certain social groups (those living in Sagunto and registered with the Carnet Jove).

For the price, my proposal for the MBC Fest is that within about two editions time, is trying to complement the strategy of promotional prices with a strategy of psychological

price, since, as we differentiate ourselves by the quality of our service and by category of musical groups, the price could be a little higher over the competition. We would apply a pricing strategy for prestige, where festival attendants know they are paying a price slightly higher than other festivals but they also know that the quality of the concerts and all the service is superior.

## Communication

Then we will define a set of actions that the MBC Fest takes in relation to communication mix. The five tools of communication mix include advertising, public relations, sales promotion, personal selling and direct marketing, but in our case, the MBC Fest uses three of the five types of tools: advertising, public relations and sales promotion.

As our company is a new festival that still has many resources to be allocated to communication, investment money is not high, but the investment of time devoted to this other, as there are currently many media communication that do not require a high cost to access them and also reach the society.

First, in terms of advertising, MBC Fest uses informative advertising where it wants to be known. It uses two media communication, radio and outdoor advertising. Regarding the radio, one of its official media is Radio 3, a radio that gets to a large number of people at low cost. And, in relation to outdoor advertising, the MBC Fest uses billboards and posters all over Sagunto Area, which provide the high repetition exhibition also at low cost.

In this way, my proposal towards advertising is advertising festival on the outside city buses in Sagunto, Valencia, Castellon and Alicante, so we can reach more people.

In addition, another proposal is announce in two industry magazines, specifically in Jenesaispop and Mondosonoro.



Secondly, we will analyze public relations. In this case, the tools used by our company are: relations with the press (provides various press conferences, such as for the presentation of the festival, or to the presentation of the groups attending this), and on the Internet management and maintenance of their website and social networks (Facebook, Twitter and Instagram).

In relation to this tool of marketing mix, my proposal is that the company should distribute festival brochures among the lines of people of the concerts of the artists who go to the festival concerts and festivals with similar styles, in order to interact and inform the possible target audience.

Finally, we focus on the promotion. The MBC Fest, to be released and show a small part of what the festival will be, it makes presentation parties in various pubs in the area of Sagunto and Valencia. I think this type of promotion is very effective, because, in addition to a small demonstration of the service to be offered in the MBC Fest, has an incentive to have the chance to win two tickets to the festival through a draw to be made between attendees. Another technique to increase sales festival promotional activities is based on prices to encourage buying tickets in advance, for example offering a pack of tickets (eg 200) at a reduced price. Or promoting a pack to attend two festivals (Fest + Deleste MBC).

As for promotion, the company could carry out two drawing for a stay at the 2 stars campsite among people with the festival ticket and share a photo specified in the MBC Facebook Fest.

It would also be an interesting proposal for loyalty to the public, offer a discount, the first three months of the launch of the tickets, to people who have attended the previous edition of the festival.

Another form of promotion that I propose is the official beer of the festival, the Turia beer, set, for a specified time, labels festival on the necks of their bottles, and getting 20 of these labels the day ticket is regale the festival (limited promotion of 100 tickets).

In addition to these tools used by the company, I think it would also be desirable to pile the direct marketing communication mix. You may use the mailing (direct mail), as it is one of the most important unconventional means of direct marketing. For this it could send personalized emails about new information festival attendees of previous years,

as the company will have a database where all purchases of inputs which include the name and email of the purchaser to register.

The mailing will also make the presentation party attendants. To contact these also will create a database with the holdings in the draw is made in the presentation parties, since in these shares the name, place of residence and e-mail will be collected.

Finally, the festival website will also create a section of subscriptions for anyone who wants to receive a monthly newsletter with information, offers and promotions of the festival.

## Distribution

The mission of the distribution is to bring the product or service to the consumer in the conditions, time and right place. In addition, we must take into account the control you have over the product or service because, as you increase the number of intermediaries, control product by the company is reduced and the cost increases. Then we see how our company has a good handle on the service, since it does not use many intermediaries to distribute its service.

As for the distribution channels, the MBC Fest, being a festival that only takes one edition, it does not yet have a wide distribution network. Our company is characterized by two types of distribution channel, one of Level 0 and a level 1, both e-commerce. Below the detail:

In the distribution channel Level 0, the sale of tickets to the festival is made directly from the company to the consumer without using any intermediary. This is an online distribution is made directly to customers online through their website: [www.mbcfest.com](http://www.mbcfest.com)

In the distribution channel Level 1, it is made by the company itself (MBC Fest), retailers (El Corte Ingles and [www.notikumi.com](http://www.notikumi.com)) and the consumer (the customer who will attend the festival). This distribution is also online, except for Corte Ingles, which can also be physical, tickets can be obtained in one of its stores.

The only difference between these two types of distribution channels is that the distribution of Level 0, the purchase is made solely on the website of the festival, without using intermediaries, while Level 1 is done on the Web page retailers (and in the case of El Corte Ingles department stores also).

Regarding the distribution channel level 1, I think it would be beneficial to the festival to create a new contract with a new retail as Ticketea ([www.ticketea.com](http://www.ticketea.com)), as this, as an intermediary in the sale of tickets is well known and has a great reputation, so it would be a good tool to promote the festival.

Also, an interesting distribution proposal, related to the feature of inseparability of services, would add some more physical sales points, in Sagunto and Valencia. These physical outlets would post offices in these municipalities, as it is a known and trusted place for all.

Now, let's do a little analysis of design decisions channel. Within five levels of service desired by customers, we will focus mainly on additional services as our company, so that festival attendants have a more satisfying experience, it offers additional services such as accommodation, catering and transport.

As the number of intermediaries, the MBC Fest performs a selective distribution because it chooses and limits the number of intermediaries to reduce costs and maintain greater control. Furthermore, the proposal to increase the number of retailers, we have carefully selected the point of sale of our service.

## 7. Schedule and budget

After analyzing the marketing mix and propose new actions, we will summarize in the following schedule and see an estimate of the cost of each (Table 5):

**Tabla 5. Schedule and budget**

<b>ACTIONS 2015-2016</b>	Apr.	May.	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	<b>BUDGET</b>
Expansion bus line													450€
Advertising outside city buses													1,200€
Advertisement in two industry magazines													300€
Distribution of leaflets (concerts, festivals)													1,725€
Draws stay at camping of 2 stars													1,200€
Promotion discount to attendees of last year													2,000€
Promoting the Turia beer labels													800€
Mailing (once a month)													225€
Creating Web-section of subscriptions													100€
Contractual agreement with Ticketea													2,400€
New points of sale: Post office													3,600€
													<b>Total: 14,000€</b>

Source: Own elaboration

In the above table (Table 5), we can see all the planned actions and the estimated budget for each one. The shaded cells mean the period of implementation of these actions. This time period is one year, starting in April, when the festival takes place.

In the table highlights some actions that are constant throughout the year. As for the distribution of leaflets at festivals and concerts, this is due to the concerts and festivals are held throughout the year (there will be months where the leaflets will be distributed in many places and there will be others months will distributed less). Just about the mailing, this will take place once a month during the twelve months (one month will be made up to twice).

It should be noted two actions that are also performed throughout the year and also have the highest budget. These actions correspond to the expansion of the distribution network (Ticketea and Post office). The budget for this is the most susceptible to variations, since the cost of the partnership is zero but is subject to monthly fees which are determined based on ticket sales made in each month.

The remaining shares are concentrated mainly in the months closest to the realization of the festival (before and after), and promote the festival to get increase sales:

Advertising on the outside of the city buses that will be made during the two months prior to the completion of the festival (February and March); the draws of stay at camping (November to March); discount promotion to attendees of last year, which will be valid for three months after the festival (April, May and June); and promoting the Turia beer labels, which will be during the month of March.

It will also take place in April, the extending the bus line, since it is important that people know from a first time that you can attend without difficulty to the festival. The same happens with the creation a section of subscriptions on the Website, which is held in May because it is important to have as soon as possible a good databases of target audience.

Finally, the ad in the magazines, Jenesaispop and Mondosonoro, will be held in June, November and March to go informing and reminding people of the festival.

## 8. Control

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In this final section dedicated to the control, the MBC Fest has to review and verify the actions and results of the company are adjusted to the achievement of the objectives, and failing that, correct deviations. For this you can use a number of indicators that will help quantify the final result:

First, to review the quantitative objectives, the company will use various methods: review the annual sales and compare them with the results of the previous year to verify the procedures performed to increase the number of attendees have been carried out correctly; also will have control over revenue through the appropriate accounting element; and, in regard to the increase in the number of followers in social networks, it will simply be reviewed through the counters from the followers of these.

In the case of qualitative objectives, as they are more difficult to measure, control method that uses the company will be conducting surveys (for example, on brand awareness or customer satisfaction) and observation of the impact the festival has been in the press (press notes positive, reviews ...).

This monitoring and control of activities shall be made quarterly, in order to make the necessary adjustments in time.

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