

Memo

5 October 2011

To: Geoff Williams
From: Natalie Hansby, acting Marketing and Development Manager
Subject: Zoo Music 2012

Background

Auckland Zoo has hosted eight Zoo Music concert series since 2004, with the following objectives:

- Providing a unique music entertainment experience for traditional and non-traditional Zoo visitors
- Raising awareness of Auckland Zoo's conservation goals and status
- Generating revenue for Auckland Zoo
- Raising funds for the Auckland Zoo Conservation Fund

The event retained a unique positioning for some years, based on its offering of a unique setting, top Kiwi music talent (both contemporary and legendary), a family-friendly environment and an affordable price point. The 'concerts for conservation' message has been increasingly important, gaining profile particularly since 2007.

In 2010, a strategic review of Zoo music summarised the key environmental challenges for Zoo Music. These remain valid, and are being compounded over time. The key challenges are:

- Significant competition in the music events space - free outdoor concerts offered by Auckland Council and others, the family-friendly outdoor concert model being applied to winery tours, and new 'concert for a cause' offerings
- Limited pool of local talent and changing expectations regarding appearance fees
- Events in direct competition with ZooMusic also utilise same artists

The series has declined in profitability over recent years, and in 2011 made a loss. A review of the 2011 season highlighted the key contributors to be poor ticket sales associated with a sub-optimal artist line-up, higher than usual artists' fees, revised pricing and unseasonably poor weather harming walk-up/gate sales, and the costs associated with using outsourced event coordination expertise instead of in-house staff resource. The review also highlighted various efficiency, cost saving and promotional opportunities for future concert series.

Zoo Music 2012

In the initial planning process for a 2012 Zoo Music series, a thorough review of costs was completed to identify potential efficiencies and savings with a view to improving profitability. A number of innovations were also considered and discussed with industry representatives, including the possibility of introducing overseas artists (where previously we had featured exclusively Kiwi music) and exploring alternative locations outside the Zoo to increase ticket sales capacity. These possibilities were discounted by the industry representatives as either not financially viable or risked losing Zoo Music's unique proposition and therefore appeal.

Having received this advice the Zoo then proceeded to explore an artist line-up for a 2012 series. As part of this process, the Zoo surveyed 928 Friends of the Zoo members and 1,733 Aucklanders through the Auckland Council's Peoples Panel for their views on Zoo Music and preferred artists. The results of these surveys showed strong support for the Zoo Music brand and produced a shortlist of New Zealand musicians that were likely to attract healthy ticket sales. Respondents also contributed to an understanding of ticket pricing expectations among the key target audiences. Initial enquiries seeking expressions of interest were made to artists on behalf of the Zoo, and draft budgets were prepared taking into account efficiencies and opportunities identified earlier in the review, and indicative costs provided by the interested artists.

Having completed this planning step, the decision not to proceed with a Zoo Music series in 2012 was made. Key contributing factors were the limited number of suitable artists that were interested, available and had not performed at the Zoo in recent years, and the costs associated with performances by those artists. Artist costs have increased considerably in the last few years, which in turn impacts on the ticket price charged, pushing it well above the indicative pricing arising from the research conducted and feedback from previous attendees. Event budget forecasts indicated that the breakeven point for each concert would be significantly higher than those forecast in previous years. Furthermore, the likely profit did not represent a good return on investment for the Zoo and instead presented an unacceptable risk to the Zoo's operating budget.

As such, the decision not to deliver a 2012 Zoo Music series was communicated to Zoo staff, sponsors, event partners, and relevant suppliers in September 2011.

2011/12 Zoo event calendar

The Zoo's events strategy and event portfolio is currently under review in order to refresh the Zoo's event offering and align it with current strategic objectives. While Zoo Music will no longer be part of the event mix for the 2012 summer season, various alternatives are currently being explored and discussed with potential sponsors, and business cases are being prepared.

It is important to note that Zoo Music or a similar event has not been ruled out for future years.

Public/media interest in the decision

On Friday 30 September an enquiry was received via social media channels regarding the decision not to proceed with Zoo Music in 2012. The correspondent, Peter McLennan, subsequently posted a blog entry suggesting that the series had been 'canned' because it had proven unpopular in the recent Peoples Panel survey, and speculating that the loss arising from the 2011 series was related to the involvement of an event management company. A commenter on the blog entry also suggested that the events company had a prior relationship with a Council staff member which had influenced the outcome.

The Zoo's media relations team have since received enquiries regarding the decision from a range of entertainment media outlets and a draft statement is attached for approval.

The Zoo also understands that a LGOIMA request has been received by Auckland Council. The Zoo will assist in preparing a response to this request as per usual Council processes.