

# *The International Hospitality and Tourism Student Journal*

## The feasibility of running an Oktoberfest styled-event in Limerick Institute of Technology

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### Abstract

This paper is a detailed study of an Oktoberfest-styled event in Limerick Institute of Technology (LIT) – *The LIT Oktoberfest*. The feasibility is determined over a business period of three years. The customer will experience the Bavarian culture through a fusion of traditional music, food and beverages while enjoying a night out. The target market was surveyed and it showed the high demand for this event and that the customer is expecting music, beer, games, and German Fancy Dress. The event concept was modified accordingly. The main competitors are other social events targeted at LIT students such as Fresher's week and Halloween events. The UL Oktoberfest is a possible competitor but the survey revealed that the target market is unaware of the existence of this event. A personal survey with the UL Oktoberfest organiser helped in making the event run more efficiently. The marketing mix for this business is compiled out of product, price, place and promotion. The product is the event itself and the price is based on the cost of the event (€5,300). The calculated ticket price is €15 and the target market indicated in the questionnaire that they are willing to pay this price. The event is promoted similarly to past events within the college. Posters, flyers, emails, radio announcements and a promotional stand on campus will raise awareness of the event. The promotional stand will also serve as the distribution channel. The operations process clarifies for everyone what elements are included and where they become part of the bigger picture. Most staff is provided by the venue. Entertainers are contracted only for this event. Volunteers will support the event manager. Services provided will be evaluated under the SERVQUAL model. Resources needed include financial, human, venue and physical. The cost of the event is €5,300 in year one and will be reduced due to reusing of materials in following years. This cost is accumulated from venue, staff, decoration, collateral materials, furniture hire, insurance and entertainment. The ticket revenue is covering all expenses and USIT is providing the 'Best Dressed as German' competition prize in return for marketing benefits. In addition, a sponsor such as Paulaner or Erdinger might be sought to sponsor the entertainment element after the successful first year. In order to start up the business, a bank loan of €4,000 is needed.

*Keywords:* Oktoberfest, Limerick, Ireland, Germany marketing, event

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### 1. Introduction

In 2010 the Munich Oktoberfest celebrated its 200<sup>th</sup> anniversary with 6.5 million visitors over 17 days. The world biggest funfair attracts people from all over the world in every age group (Das Oktoberfest, 2011). The Oktoberfest is unique for its 'Gemütlichkeit' (comfortable friendliness); its fusion of music, drink and laughter encourages celebration of the Bavarian culture (Janiskee, 1996). Countries all over the world celebrate the Oktoberfest, bedecked in blue in white

(Bavarian colours) for the months of September and October. In America, for example, over 429 events used the Bavarian theme during 1995 (Janiskee, 1996). The Oktoberfest as a college event became very popular during recent years in Ireland. Universities such as University of Limerick (UL) and University College Cork (UCC) already successfully implemented this event idea. This paper is about planning, design, and implementing an Oktoberfest-styled event in LIT. The event is about experiencing the Bavarian culture through traditional entertainment, food and beverages. The event is

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staged in Thomond Park which has fantastic facilities very close to the college. Even though the name 'Oktoberfest' has a world-wide renowned status, the name itself is not protected by trademark. Only the Oktoberfest beer status is protected so that there are only six breweries world-wide who can supply 'Oktoberfestbier' (Gastgewerbe Magazin, 2010 and IHK Schleswig-Holstein, 2010). Therefore, the entrepreneur is able to name the proposed event 'LIT Oktoberfest'.

A well planned business is the necessity of success. According O'Kane and Immink (2002; 112) 70% of business failures are due to a lack in planning. Good research on on-going evaluation is a key to survival, especially in today's unstable economic climate where external factors influencing the business can change rapidly. The business plan will determine the market viability, identify possible problems, help sourcing funds and improve future development.

## 2. Market Research and Marketing

Marketing and market research give the entrepreneur the opportunity to test if there is a demand for their idea and to what extent it satisfies customer needs. Which enables the management to make a more informed decision which ultimately leads to more satisfaction and profitability (Domegan and Fleming, 2007; 7). The first part of this section describes the Market Research Process undertaken for the LIT Oktoberfest in order to prove feasibility and to decide if the business idea will be successful.

### 2.1 Market Research

Domegan and Fleming (2007; 21) outline seven necessary steps in a research study. At all times the researchers has to ensure that the study is working towards the research objective. If it is not met by the end of the study, the research has to start again. The arrow is illustrates this scenario.

#### 2.1.1. Stage 1 - Problem Definition

The goal of this research study is to clarify if the LIT Oktoberfest would be feasible. Following questions need to be answered:

1. Is there demand?
2. What does the target market expect from the event?
3. And how much are they willing to spend?
4. Is the UL Oktoberfest a competitor?
5. How can the event be made efficient?
6. What can be learned from the experience of UL Oktoberfest?

#### 2.1.2. Stage 2 – Research Design

The research design is a guideline for the researchers. Depending on the nature of the research, one design can best suit the researcher's needs. There are three types of research designs: Exploratory, Descriptive and Causal.

Budget and time are vital factors when choosing the research design. Descriptive research is most suitable to answer the problems for this study.

#### 2.1.3. Stage 3 – Data Collection Methods

Both, secondary and primary research methods are used for this study.

##### *Secondary Research*

Literature review is always done first and collects data established by someone else. It is relatively cheap but often has little relevancy. It helps to obtain a better understanding of the topic as well as showing the researchers what information is already gathered. As the LIT Oktoberfest is not established yet, there are no internal data. External secondary sources will be used in form of:

- The internet
- Journal articles
- Newspapers/magazines

The findings of the secondary study are reflected in the introduction of this paper.

##### *Primary Research*

A questionnaire will be establishing facts and identifying opinions of the target market in relation to the event. A personal survey will be used to benefit from past experiences of the UL Oktoberfest.

#### 2.1.4 Stage 4 – Sampling

Sampling defines the population that will be researched and distinguish who is been researched – or the group of people which you will talk to (Domegan and Fleming, 2003; 29). The target population is every student in LIT. Due to limited resources, the sample for the LIT Oktoberfest is created randomly.

Questionnaires will be handed out in the "street", the canteen, the computer room and the student union as these are the places where every student, regardless of course, age or gender will have to spend some time during college hours.

#### 2.1.5. Stage 5 – Fieldwork

Fieldwork is the process of undertaking the research developed in the above stages. The researcher physically collects primary data.

#### 2.1.6. Stage 6 – Data Analysis

The data collected is analysed and translated into information to answer the research objective. This is a very critical step as errors and bias action can easily occur. The results of this information collection can be found in the next step.

### 2.1.7. Stage 7 Report Writing and Presentation

The findings of the study have to be communicated. This can be both, in written or verbal form. Often a verbal presentation accompanies a written report. It is important to identify if the research objective was met or if further studies are necessary.

- 35 LIT students were surveyed in relation to the LIT Oktoberfest. Most of the participants (63%) were under 23 years of age which results out of the age profile of LIT
- The study has shown that the UL Oktoberfest is not a competitor as 95% of participants have outlined they did not attend as they are unaware of its existence. Only two students had heard about it. And only one attended.
- The fact that 100% of participants said they would like to attend the LIT Oktoberfest shows clearly that there is a high demand for this business. The researchers are positively surprised that everybody, regardless of age, gender and course would like to attend the event.
- Beer, music and German food were expected to be demanded as well as that, ideas for traditional dress and games were mentioned. The band offers a range of entertainment elements, including games and a best dressed as German competition will encourage the customer to dress traditionally.
- The ticket price is €15. The majority indicated that they are willing to pay this. Over 50% would even pay more.
- The original idea was to hold the event on a Tuesday night. The study has shown that the Thursday would be more appealing to the customer, therefore the date was changed.

The personal survey with Vivion Grisewood, the UL Oktoberfest organiser, supplied valuable information about the event. UL has access to many resources such a pub on campus, suitable furniture and a huge volunteer base for social events which allows the event to run more efficiently as LIT does not have these resources. Vivion said that their band is based in Ireland which saves a lot of money as the band does not have to be flown in. Unfortunately, he did not reveal the name of the band.

## 3. Marketing

Marketing is the process that identifies customer's needs, transforms them into a service or product and delivers them to the customer. It also monitors the environment and identifies changes in customers' expectations and alters the existing services/products and develops new ones in order to sustain competitive advantage (Kotler *et al*, 2009; 4-6).

### 3.1. Competition

Every business is influenced by external forces which form the "five competitive forces that shape strategy":

- Customers
- Suppliers
- Potential Entrants
- Substitute Products
- Rivalry among existing competitors (Porter, 2008; 3).

Porter (2008; 3) emphasises that many business just concentrate on direct competition, while all named forces are crucial for success. The strong force of potential entrants is an opportunity for the LIT Oktoberfest to enter the industry. Substitute products can be any on which students can spend their disposable income such as Fresher's week, Halloween events or shopping.

### 3.2. Marketing mix

There are four primary marketing variables which have to be included in every marketing strategy. They form the marketing mix and are fundamentals in order to pursue sales in the target market (Enzine Articles, 2010).The following figure shows the elements included in each variable. Because every business is different, some elements might not be relevant to all organisations.

### 3.3. Product

Product is anything, tangible or intangible, that can be offered to a market to satisfy customers' needs, wants and demands. It is crucial to add more value in the eyes of the customer than a competitor does

Often new ideas are copied from markets abroad. For example, the German Christmas Market which, today, can be found all over the world (McNamara, 2009). This concept is used for this event. The LIT Oktoberfest is based on the Munich Oktoberfest. It will take place in a convenient venue close to LIT and will include:

- Bavarian decoration
- Traditional band and DJ
- Traditional food and beverages
- Games
- Competition for best dressed as German. This will encourage customers to dress in the theme in order to improve the overall experience.

### 3.4. Price

The price is an important tool as it is the only revenue earner of the marketing mix and it influences customers' expectations (Kotler and Armstrong, 2006;

309-312, and McNamara, 2009). Competitor prices, customers' willingness of payment and cost of producing the product are important aspects in determining the price. For the LIT Oktoberfest cost-based pricing was chosen. It is the simplest pricing methods and seen as the fairest. As the target market is students it is important that tickets are fairly priced.

This method adds a standard mark-up to the unit cost of production. Though, if the price calculated exceeds the amount the customers are willing to spend, the mark-up % has to be reduced. The cost for the LIT Oktoberfest is roughly €4,500 (excluding event management fee) and can cater for 450 people. Details of how this price is compiled in the financial section.

Unit Cost (Cost/Units)	$€4,500/450 = €10.00$
Mark-up (desired return on sales)	10%
Mark-up Price (Unit Cost/(1-Desired Return on Sales))	$€10.00 / (1 - 0.1) = €11.11$

**Table 1:** Ticket Price Calculations

A sold out event is desirable but should not be expected, therefore the number of units will be reduced to 325.

Unit Cost (Cost/Units)	$€4,500/325 = €13.85$
Mark-up (desired return on sales)	10%
Mark-up Price (Unit Cost/(1-Desired Return on Sales))	$€13.85 / (1 - 0.1) = €15.38$

**Table 2:** Ticket Price Calculations (reduced unit number)

With the cost of €4,500, the ticket price will be €15. The research study has shown that the customer is willing to pay this.

### 3.5. Place

Within the marketing mix, place is referred to as the distribution channels (O'Kane and Immink, 2002; 40). The events industry often distributes their tickets through a middle man such as Ticketmaster. The recent development of the internet often cuts out the middle man and enables money saving. Distribution channels for the LIT Oktoberfest will be:

- Ticket Stand in the "Street"
- Student Union
- On the door

### 3.6. Promotion

Promotion is concerned with "informing, persuading, and reminding consumers, directly or indirectly, about the products and brands" (McNamara, 2009).

- LIT possesses a database including all LIT student, the complete target market. If allowed access, emails will inform students about the event and where they can buy tickets.
- A stand on the "Street" will not only sell tickets but also promote the event. The stand will be decorated in the Bavarian Theme; it will raise awareness and create expectations.
- The event will be advertised with posters, flyers and radio announcements within the college. Colourful and unique themes will attract people's attention.
- The internet and social media is a very powerful marketing tool within the younger generation. Because the LIT Oktoberfest is targeted at this population, Facebook and Twitter will be used for promotional activities. Also post event activities will use social media in order to share impressions, improve the overall experience and promote future events.
- The public relation will mainly be used for the second and following years of the business. A successful event will create a good image and will encourage word-of-mouth promotion.

The study showed the high demand and identified what the customer expects (traditional music, food and beverages and traditional dress). It confirmed that UL is not a competitor as the target market is unaware of its existence. If UL expands their marketing campaign, it could become a possible threat, especially as the UL Oktoberfest is free. Though, at the moment the customer is willing to pay the ticket price of €15. As LIT does not have appropriate facilities such as a pub on campus and suitable furniture it cannot be as efficient as UL.

The research study showed that existing competitors are weak but that there is a potential of them to become strong so that they are a moderate threat to the business. More competition is expected from substitute products or services, thus this can be a huge threat. The LIT Oktoberfest offers a unique Bavarian experience on a night out with friends and charges for the tickets €15; based on cost-based pricing with a ticket sale of 325. Tickets are sold on the street, in the SU and on the door and the event is promoted via email, posters, flyers, radio and social media.

## 4. Operations

This section is crucial to the success of the event. The operations process clarifies for everyone what elements are included and where they become part of the bigger picture. A written operations process is important so that, if the person in charge is hindered, everybody still knows what to do. This section also outlines what kinds of people with which experience are needed in order to run the event smoothly.

Service quality is very important within the events industry, therefore the SERVQUAL model will be used to identify any problems with the service delivery. The end of

this section identifies with resources are needed for the event; the four categories are financial, human, venue and physical.

4.1 Services Provided

The LIT Oktoberfest will take place in the Thomond Park Stadium. Customers will experience the Bavarian culture through a variety of cultural elements including German music, beer and (drinking) games. This section will outline each element including the event agenda.

7pm - The live event starts. Guests arrive at Thomond Park Suite which will be decorated in the Bavarian theme. Background music will play until the ‘‘Oompah Band’’ from London begins to entertain the audience; the very experienced band has a wide repertoire and will also conduct fun- and drinking games to ensure a good atmosphere. USIT is sponsoring the best dressed as German competition, the prize is a weekend trip to Munich, the home of the Oktoberfest. The DJ Peter Kelly is an LIT student. Therefore, he knows the audience very well and will encourage them to dance and enjoy themselves until the event finishes up at 2am.

4.2. Operations Process

The venue will provide the stage, lighting and audio system. By the time the event crew (event organiser and student volunteers) will enter the venue this will be set up. The following Gantt charts illustrate every task:

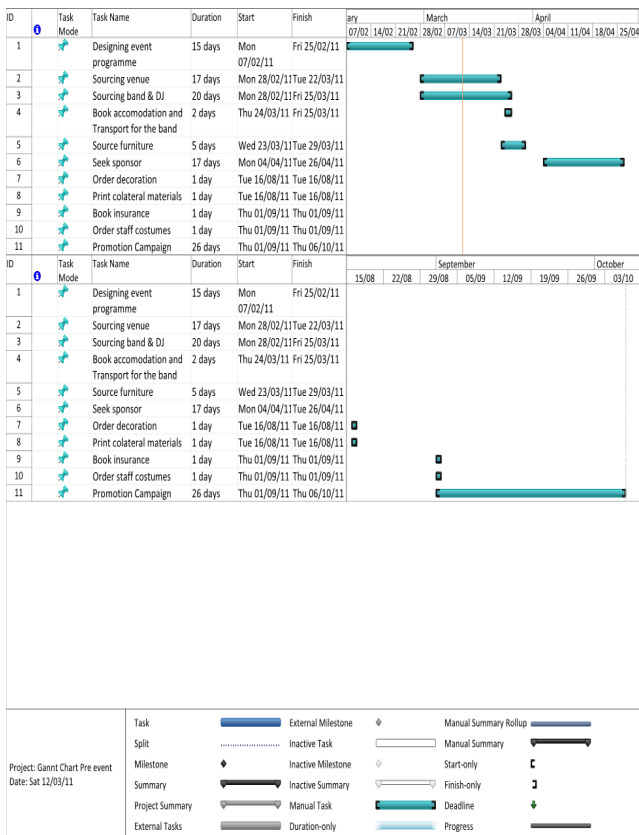
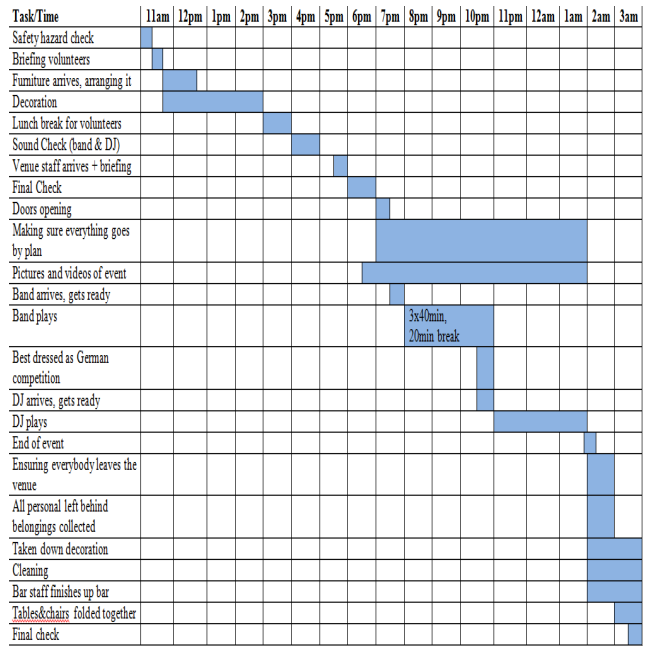


Table 3: Gantt Chart – Pre Event



Next Day

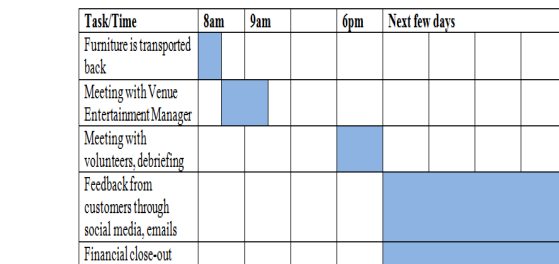


Table 4: Gantt Chart – During and Post Event

Time	Activity
February	Designing the event programme
March	Sourcing and booking the venue, discussing every detail of the event programme with the venue manager
March	Source and book band and DJ, discussing play list and rider requirements
March	Book accommodation and flights for the band
March	Source and book furniture not provided by venue
April	Seek sponsor for the ‘Best Dresses as German’ competition
August	Order decoration
August	Print collateral materials (posters and flyers) and tickets
September	Arrange insurance
September	Order costumes on the basis of staff sizes received by venue
September	Promotion campaign starts with distributing collateral materials within LIT, sending emails to all students, announce the event on the radio and have a promotion stand on the street. The promotion stand also sells the tickets.

<b>October</b>	The event organiser meets the venue entertainment manager the day before the event to discuss every detail of the event.
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Table 5: Detailed Operations Timeline (planning and design)

Time	Activity
11 am	The event organiser arrives and meets the venue entertainment manager, inspects the venue that everything is as contracted, identifies potential safety hazards and discussed the operational plan.
11.30am	The volunteers arrive at Thomond Park and will be briefed and different tasks will be assigned to each individual.
12pm	The furniture not provided by the venue arrives and will be arranged according to the venue layout
12.30pm	Volunteers and event organiser decorate the room as follows:
12.30pm – 1.15pm	2 volunteers decorate the bar.
1.15pm – 2pm	The 2 volunteers who decorated the bar will fold the Bavarian style napkins and arranging them at the bar.
12.30pm – 1.2pm	The event organiser and one volunteer arrange ceiling decoration.
2pm – 3pm	The event organiser and all volunteers cut the cloths and dress the tables and inflate and position the balloons
4pm	Sound check starts at 4pm: DJ (4pm - 4.20pm) and band (4.30pm - 5.15pm)
5.30pm	The venue's staff arrive and will be briefed before the final check is undertaken by volunteers and event organiser.
7pm	Doors open, first guests arrive and background music is playing. One volunteer is assigned to take pictures and videos throughout the event in order to share these later over social media site.
7.30pm	The band gets ready for their performance, starting at 8pm.
10.30pm	The band presents the best dressed as German Competition while the DJ is getting ready
11pm	DJ starts
2am	The event finishes, the security ensures everybody had left the venue while bar staff finish up the bar. Volunteers collect all left behind personal belongings which the event organiser will store for collection.
2.30am	After all guests leave, the staff clean the room. The event organiser and volunteers take down the decorations and store the beer tables and benches ready for collection the next morning at 8am.
3.30am	The last person to leave the venue, with a final check, is the event organiser, together with the venue entertainment manager.
8.30am	The event organiser and the venue entertainment manager meet in order to discuss the evening and debriefing with staff as well as signing contracts.
6pm	The event organiser meets the volunteers for debriefing.
<b>Over the next few days the event will be financially closed-out and experiences and memories to be shared over social media sites and emails to improve the overall experience and gain feedback from the customers.</b>	

Table 6: Detailed Operations Timeline (implementation and shutdown)

#### 4.3. Experience levels of management and staff

The event organiser, Birgit Oberwagner, has knowledge about event management. She will hold a Business and Event management degree and works closely together with the venue entertainment manager who has high level of experience with events in Thomond Park.

Volunteers are sourced from LIT. Depending on their individual experience and college year they will have a basic understanding of the events industry.

The band has a vast experience entertaining at German festivals which will help to deliver a unique Bavarian atmosphere.

Peter Kelly, the DJ, is member of the LIT DJ Society. With many years of experience and the knowledge of the target market he will ensure that the event is outstanding.

All other staff is provided by the venue and is trained in house regardless of their previous experiences to ensure a high standard in customer service and smooth and safe operations.

#### 4.4. Human Resource Strategy for the LIT Oktoberfest

The Human Resource Strategy and the experience level of staff are based on the dimensions of human capital uniqueness and human capital strategic value outlined by Lepak and Snell (1999, cited in Gunnigle at, 2006; 68). They describe four HR configurations: commitment, collaborative, compliance and market based.

#### 4.5. Quality Assurance

Service Quality is concerned with the match between the delivered and expected service; a quality service emerges if these expectations are met or exceeded (Lewis and Boom (1983) cited in Glynn and Barnes (1995); 145). It is important to understand that different customers will have different needs and expectations (Yeoman *et al*, 2009; 81) and how these expectations are created.

Under this method the LIT Oktoberfest will be evaluated. In the debriefing staff and volunteers will be asked to give comments about the event and fill out a survey. Also Customers will be surveyed. Email and social networks will help to receive answers. Customers will be encouraged to follow the event online and pictures and impressions can be shared online in order to improve the overall experience as well as learn about the quality of provided services through surveys, comments and blog discussions.

#### 4.6. Resources Required

The resource based view is concerned with a company's internal resources, tangible or intangible, which can be used to build and sustain a competitive advantage within its external environment (Gunnigle *et al*, 2006; 61+62). This approach is commonly associated with Barney (1991, cited in Gunnigle *et al*, 2006; 254) who outlines four requirements for resources to deliver a sustainable competitive advantage:

- Value
- Rareness
- Inimitability
- Non-substitutability



Only if these criteria are met, resources will lead to a sustainable competitive advantage. According to Okumus *et al* (2010; 12) creating and sustaining this competitive advantage is the overall aim of strategic management as it adds value to the stakeholders which makes the product or service more attractive than competitors offers. Four main resource categories can be identified for the events industry.

Financial	Human	Venue	Physical
<b>Inflow:</b> Ticket sale	Event Organiser	Space for 450 people	Collateral Materials
Bank loan	Venue entertainment manager	Close to LIT	Furniture
Sponsorship	Student volunteers	Disability access	Decoration
<b>Outflow:</b> Venue Hire and Staff	Bar Staff	Bar on site	Stage
Decorations	Ticketing Staff		Bar
Furniture	Security Staff		Sound system
Insurance	Set up / set down staff		Lighting System
Entertainment	Band members		Dance Floor
Event Managers	DJ		Ticket desk
Fee	Cleaning Staff		Food and Beverages
			Accommodation for the band

**Table 7:** Resources needed to run the LIT Oktoberfest

#### 4.7. Financial

The only source of income from the event will result from the ticket sale and, in following years, sponsorship. Costs such as deposit for the venue, the band and the DJ, decoration and collateral materials will occur before the ticket sale and will be paid with a bank loan. The total event costs €5,300 and ticket sales should be enough to cover these expenses and make an additional profit. A detailed financial description can be found in the finance section.

#### 4.8. Human

Human Resources (HR) are a vital part of any organisation and are core to competitive advantage. HR planning (HRP) means: To find the “right” candidate with the required skills base, as quickly as possible and at the lowest cost possible (Gunnigle *et al*, 2006; 93). Effective HRP can help to create core competencies with creative and innovative ideas which may facilitate an overcoming of the industries’ seasonality. According to Bowdin *et al* (2006; 145) HRP for events is unique due to two key causes:

- Human resource requirements for events rise during the time of the event planning phase and drops rapidly after the event. This is a challenge to HRP.
- Events rely heavily on volunteer workforce, often events are run completely by non-paid staff

Different events need different kinds and numbers of people depending on the size and nature of it. The following employees (paid and non-paid) will be needed in order to implement the LIT Oktoberfest:

- Band members
- Bar Staff
- Cleaning Staff
- DJ
- Event Organiser
- Security Staff
- Set up / Set down staff
- Student Volunteers
- Ticketing Staff
- Venue Entertainment Manager

Most staff members are employed by the venue; therefore the human resource strategy is part of Thomond Park’s philosophy, policies and procedures. The event organiser pays a general fee for hiring the room. The rate is fairly small in return for bringing in students who will consumer food and beverages supplied by Thomond Park. The venue entertainment manager, security staff, bar staff, ticketing staff, set up / set down staff and cleaning staff belong to this group.

All band members and the DJ are contracted just for the one day of the event, they were selected because they are very good in what they do and the price suited the event. Each act has its own contract and rider.

Student volunteers are recruited from LIT. The courses Business Studies with Event Management/Tourism Management/Sports Management include a subject ‘Volunteering’. In liaison with their lecture the volunteer jobs will be advertised and students recruited and selected. They will not be financially rewarded but they will gain experience in the sector and will receive a certificate of volunteering to add to their CVs.

Everybody has to know and implement it as good as possible LIT Oktoberfest’s Mission: *Exploring the Bavarian culture through a fusion of entertainment, food and beverages while having a fun night out.*

#### 4.9. Venue

A main criterion of choosing the venue was the location. It needs to be close to LIT and it has to have a capacity of 450 to 500. Thomond Park is less than five minutes’ walk from LIT and has the capacity of 450, it is ideal. The venue has modern facilities, disabled access and a fantastic sporting history. As the home of Munster Rugby it is very appealing to the target market. Limerick is the European City of Sport 2011 which means holding an event

in one of Limericks most important sport venues is an additional bonus in the delivered intangible experience. Thomond Park contracts food and beverages itself so that the venue can make an additional profit on it but also is able to give the event a lower hire rate as additional income is guaranteed.

A purpose built venue was chosen in order to save time and money. For future events, a non-purpose build venue will be considered, in order to receive more revenue and deliver or more unique experience.

#### 4.10. Physical

Many different tangible resources are needed such as stage, sound system and dance floor. To gain an Oktoberfest atmosphere beer tables and benches are necessary. Blue and white decoration is a must for every Bavarian event. The collateral materials are designed by the event organiser.

The operations process is vital for the success of the event. It breaks down the event into individual tasks and responsibilities were divided between staff. The operations process diagram is available to everybody and should be followed accordingly. Most of the employees are provided by the venue. Entertainers are single contracted. Everyone has a vast experience level and will contribute to the happening of this event. In order to ensure a high quality, the SERVQUAL model will be used to evaluate each element which helps to identify and eliminate problems. Financial, human, venue and physical resources are identified and sourced.

## 5. Finance

### 5.1. Introduction

Financial management and accounting is crucial for decision-making as it helps the entrepreneur to see whether a business idea is feasible and where money was spent at what time. The objective of financial management is to identify profits or losses, monetary value of the business, value of a transactions, liquidity assets and liabilities (Wood and Sangster, 2008; 5). O'Kane and Immink (2002; 78) describe that 30% of starting up capital is funded externally. A good financial plan is supportive when seeking these funds. Creditors, such as banks, often want a financial forecast to ensure the return on investment and eliminate risks. All monetary figures in this section represent the Euro currency.

### 5.2. Summary of Projected Performance

Table 8 shows the total cost of the event.

Expense	Source
<b>Venue and Staff (€1,450)</b>	The chosen venue for the LIT Oktoberfest is Thomond Park Suite. Based on past experience with similar venues a room hire of €700 was estimated with an additional charge for security, based on 450 people 5 security staff are needed. The venue provides stage, PA system and bar and cleaning staff.
<b>Decorations (€522.07)</b>	The decoration is bought from Kauflux.de, a German party decoration supplier. Some elements of the decoration can be reused in the following years which result a reduction of cost. Posters and flyers are based on the printing cost in LIT. One A4-colour sheets costs €0.30 and three flyers fit on one sheet. Therefore the piece price per poster is €0.30 and €0.10 per flyer. Tickets print is provided by Fitzsimons Printers based in Shanagolden, County Limerick. The original Bavarian costumes for bar staff are hired from FancyDressHire Ltd.
<b>Furniture (€816.75)</b>	The Oktoberfest style beer benches and tables are supplied by M O'Byrne Hire Ltd.
<b>Insurance (€525)</b>	Public liability insurance is supplied by O'Driscoll O'Neill Insurance Brokers. The quote is based on a personal telephone conversation with Claire Dumbrell, Account Manager, on the 19 <sup>th</sup> of January 2011. Due to the fact that insurance premiums rise over time, the entrepreneur calculates with an approximate rise of 10% per year. Therefore, the insurance will cost €577.50 in year two and €635.25 in year three.
<b>Entertainment (€1,1210)</b>	The fantastic German 'Oompah Band' from London will entertain the guests. The band is based in London and will fly with Ryanair to Shannon. They are collected with taxis from Treaty Caps and will stay in the Greenhills Hotel in Limerick. The taxi quote is based on a personal telephone conversation with Carla, minivan driver at Treaty Caps, on the 17 <sup>th</sup> of November 2010. The DJ is Peter Kelly from the LIT DJ society who is a friend of the entrepreneur and gave this quote in a personal conversation on the 13 <sup>th</sup> of December 2010. The best dressed as German competition is sponsored by USIT and the prize is a short trip to Munich, the home of the Oktoberfest.
<b>Event Management Fee (€769.05)</b>	The event management fee is based on the cost of the event. Hard (cited in About.com, 2011) outlines that event planners charge on average 15-20% of the cost of the event. For the LIT Oktoberfest 17% was chosen which is 769.05 and will stay the same for the next three years.

Table 9: Expense Sources

Income is projected as follows:

- All income will result from ticket sales. The price is €15. The capacity is 450; in order to not overestimate the number used is only 325.
- To start up the business an external source of finance is needed. This enables the entrepreneur to pay for deposits, decoration and marketing before the sale has commenced.
- After the successful first year a sponsor for the entertainment will hopefully be sought. Based on evaluation and a positive outcome of the event publicity, sponsors will be attracted. Possible sponsors include:



Erdinger and Paulaner (well-known German beer brands).

### 5.3. Funding Requirements

The only source of income for the first year will be ticket sales and will cover all expenses. Though, the sale will not commence until the students are back in college, which is September. Several expenses such as deposits for venue and entertainment and purchase of decoration will need to take place before that. Therefore another source of finances is needed. As the business is just starting up there are no internal sources and external resources are required. Profits of year one will allow the company to pay the expenses for year two, so it is recommended to consider a medium-term source which is between one and five years (Sofat and Hiro, 2008; 329).

### 5.4. Proposed Funding

As described in earlier an external, medium-term finance is required to start up the business. External sources of finance include (Sofat and Hiro, 2008; 329):

- Medium-term Bank Loans
- Equipment Leasing
- Sale and Lease Back
- Hire Purchase
- Public Deposit

Due to the reasons of the financial support a medium-term bank loan suits best the requirements of the LIT Oktoberfest. For the LIT Oktoberfest a bank loan of €4,000 is most suitable. The entrepreneur was advised by AIB that the business would be eligible for their SME Loan. The following calculations are based on the AIB SME Loan with a 4.15% interest rate p.a. and a credit period of two years. The loan is taken out in July 2011 and repayments start in the same month.

<b>Interest per year</b>	Interest p.a.(I)=€4,000*4.15%=€166
<b>Loan repayment during 2011 and 2013 (only for 6month in these years)</b>	$I/2=€166/2=€83$
<b>Total repayment</b>	Total Repayment (TR)=€4,000+2*I=€4,000+2*€166 =€4,000+€332=€4,332
<b>Monthly repayment</b>	Monthly Repayment(MR)=TR/24 =€4,332/12=€180.50

**Table 10:** Loan calculations

The bank loan closing balance which is included in the balance sheet is calculated as followed:

	2011	2012	2013
<b>Opening Balance</b>	€0	€3,000	€1,000
<b>Advanced</b>	€4,000	-	-
<b>Add Interest</b>	+ €83	+ €166	+ €83
<b>Less</b>	- €1083	- €2166	- €1083
<b>Repayment</b>			
<b>Closing Balance</b>	<b>€3,000</b>	<b>€1,000</b>	<b>€0</b>

**Table 11:** Bank Loan Balance

Because the loan is under three years, is it a current liability.

### 5.5. Assumptions

100% of respondents from the market research are interest in attend an LIT Oktoberfest and it is assumed that the event will be successful and hopefully sold out. As much as it is desired to sell out an event, one should not rely on that. Therefore the number of attendees is expected to be 325 which would result in a sales figure of €4,875.

After the first successful event a sponsor for the entertainment will be sought with help of the hopefully positive outcomes of the event. These outcomes will be measured through evaluation. Possible sponsors include: Erdinger and Paulaner. The sponsor will pay half of the amount in advance of the event and half of it after the event.

### 5.6. Profit and Loss Account and Balance Sheet Forecasts

#### Profit and Loss Account

Profits are the main reason why businesses are set up. A Profit and Loss Account keeps track of profits or losses and enables the entrepreneur to compare achieved with desired revenues (Wood and Sangster, 2005; 71-72).

<b>Profit and Loss Account - Year Ended 31.12.2011</b>		
<b>Sales</b>		
Ticket Sale (325 Tickets of €15)		6,750.00
Gross Profit		6,750.00
<b>Expenses</b>		
Room Hire	700.00	
Security men	750.00	
Decoration	522.07	
Furniture	816.75	
Insurance	525.00	
Entertainment	1,210.00	
Event Management Fee	769.05	
Bank Interest	83.00	

<b>Total Expenses</b>		<b>5,375.87</b>
<b>Net Profit</b>		<b>1,374.13</b>

Table 12: Profit and Loss Account 2011

Profit and Loss Account - Year Ended 31.12.2012		
<b>Sales</b>		
Ticket Sale (325 Tickets of €15)		6,750.00
Sponsorship		1,210.00
<b>Total Sales</b>		<b>7,960.00</b>
<b>Gross Profit</b>		<b>7,960.00</b>
<b>Expenses</b>		
Room Hire	700.00	
Security men	750.00	
Decoration	407.55	
Furniture	816.75	
Insurance	577.50	
Entertainment	1,210.00	
Event Management Fee	769.05	
Bank Interest	166.00	
<b>Total Expenses</b>		<b>5,396.85</b>
<b>Net Profit</b>		<b>2,563.15</b>

Table 13: Profit and Loss Account 2012

Profit and Loss Account - Year Ended 31.12.2013		
<b>Sales</b>		
Ticket Sale (325 Tickets of €15)		6,750.00
Sponsorship		1,210.00
<b>Total Sales</b>		<b>7,960.00</b>
<b>Gross Profit</b>		<b>7,960.00</b>
<b>Expenses</b>		
Room Hire	700.00	
Security men	750.00	
Decoration	407.55	
Furniture	816.75	
Insurance	635.25	
Entertainment	1,210.00	
Event Management Fee	769.05	
Bank Interest	83.00	
<b>Total Expenses</b>		<b>5,371.60</b>
<b>Net Profit</b>		<b>2,588.40</b>

Table 14: Profit and Loss Account 2013

### Balance Sheet

The Balance Sheet gives an overview of a business financial situation at a point in time. Often it is done at the end of the year but it can be prepared at any time of the year or often as required (Wood and Sangster, 2005; 9). It is very

important as it shows how the company is financed. This information is helpful when trying to achieve stability of a business (Moneyterms, 2011).

Balance Sheet as at 31.12.2011			
<b>Fixed Assets</b>	/		
Cost	0		
Accumulated Depreciation	0		
Net Book Value	0		
<b>Total Fixed Assets</b>			<b>0</b>
<b>Current Assets</b>			
Cash	0		
Bank	4,374.13		
Debtors	0		
<b>Total Current Assets</b>	<b>4,374.13</b>	<b>4,374.13</b>	
<b>Current Liabilities</b>			
Creditors	0		
Bank Loan	3,000.00		
<b>Total Current Liabilities</b>	<b>3,000.00</b>	<b>3,000.00</b>	
<b>Working Capital</b>			<b>1,374.13</b>
<b>Long Term Liabilities</b>	<b>0</b>		<b>0</b>
<b>Net Assets</b>			<b>1,374.13</b>
<b>Represented by</b>			
Capital Introduced			
Drawings	0		
Net Profit	0		
Total Financed by	1,374.13		

Table 15: Balance Sheet 2011 Table 16 Balance Sheet 2012

Balance Sheet as at 31.12.2013			
<b>Fixed Assets</b>	/		
Cost	0		
Accumulated Depreciation	0		
Net Book Value	0		
<b>Total Fixed Assets</b>			<b>0</b>
<b>Current Assets</b>			
Cash	0		
Bank	6,525.68		
Debtors	0		
<b>Total Current Assets</b>	<b>6,525.68</b>	<b>6,525.68</b>	
<b>Current Liabilities</b>			
Creditors	0		
Bank Loan	0		
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	
<b>Working Capital</b>			<b>6,525.68</b>
<b>Long Term Liabilities</b>	<b>0</b>		<b>0</b>
<b>Net Assets</b>			<b>6,525.68</b>
<b>Represented by</b>			

Capital Brought Forward	0		
Drawings	0		
Net Profit	2,588.40		
Retained Profit	3,937.28		
Total Financed by			6,525.68

Table 17: Balance Sheet 2013

#### 4.1. Impacts

No event happens in isolation, they can have significant impacts on any stakeholders involved. For event managers, it is important to foresee these impacts in order to build on the positive ones and eliminate the negative ones (Evans *et al.*, 2002; 36). Conclusions and recommendations finalize and evaluate the event. They are very important for the future of the business in identifying areas of improvement and are the basis for the strategic plan.

##### 4.1.1. *Impacts of the LIT Oktoberfest*

Every event impacts its stakeholders; they can be positive and negative. Event managers have to be aware of these in order to enhance the positive ones and eliminate negatives. There are four impacts categories:

- Social/Community
- Economic
- Developmental/Environmental
- Political

Different events have different impacts depending on many factors such as size, scale, and media coverage and event type. As the LIT Oktoberfest is a small event it only has little implications which are in the fields of social/community, economic

##### 4.1.2. *Social/Community Impacts*

- The aim of the event is to experience the Bavarian culture through music, food and beverages while enjoying a night out with friends. Therefore, the main impact of the event will be on the social activity. The event will positively affect the community spirit within LIT as well as giving people the chance to discover a different culture.
- The research study had shown that every age group in LIT is interested in the event. The event is an opportunity to improve social ties between mature and non-mature students as well as between groups with different backgrounds.
- A small negative community effect can occur if drunken students leave the venue and make noise and litter. Therefore taxis will be notified of the event so that the area will be cleared quickly and the local community disturbance is reduced.

##### 4.1.3. *Economic Impacts*

- Students from all over the country attend LIT and are part of the target market. Their expenditure on food and beverages during the event as well as on transport will benefit the local economy.
- The expenditure to start the event such as venue hire and accommodation for the band will bring money into the local community.
- In order to offer food and beverage services, Thomond Park will have to invest in stock.
- Jobs will be created during off-peak. Employees have a higher disposable income which will partly be spent in the local area which creates a positive indirect economic impact.
- If the event is successful for several years, the organiser hopes to expand the target market to first more colleges and then eventually develop the programme to be an all-family event. The possibility of combining it with a fun fair such as Funderland might be considered. If this happens, this will have a positive effect on Limerick's image.
- Other businesses can profit from the event. These include fancy dress shops, fast food restaurants (students tend to eat fast food after a night out) and taxi companies. If the event grows, hotels, supermarkets and transportation methods will increase revenue.

##### 4.1.4. *Environmental Impacts*

- The band has to be flown in from London and Furniture is supplied by a company in Dublin which has an effect on pollution through transportation.
- Litter will be produced. The organiser should look at how to make the event 'green' Thomond Park recently enhanced its recycling policy with asking the public to separate their waste. Nevertheless, the importance of environmental issues should be addressed to the venue management by the organiser.
- If the event grows significantly, noise levels, litter problems and traffic congestions may also rise. These problems will have to be forecasted in a bid to be eliminated. Stubbs and Chernushenko (2004) developed a guide on how to implement a green policy which should be used.

#### 5. Conclusions

This business plan for the LIT Oktoberfest includes three main areas: Market Research and Marketing, Operations and Finance.

- The market research outlined the steps undertaken to identify the target market and their needs, wants and demands. The UL Oktoberfest was also studied in order to learn from their experiences. Domegan and Fleming's 7-step approach was used. The study has shown the high demand for the event and has confirmed the

presumptions of the researchers on how the event should be structured: exploring the Bavarian culture through traditional music, food and beverages during a social event.

- The marketing mix elements are product, price, place and promotion. The LIT Oktoberfest offers a unique Bavarian experience on a night out with friends and charges for the tickets €15; based on cost-based pricing with a ticket sale of 325. Tickets are sold on the street, in the SU and on the door and the event is promoted via email, posters, flyers, radio and social media.
- The operations process is vital for the success of the event. It breaks down the event into individual tasks and responsibilities were divided between staff. The operations process diagram is available to everybody and should be followed accordingly.
- Most of the employees are provided by the venue. Entertainers are single contracted. Everyone has a vast experience level and will contribute to the happening of this event.
- In order to ensure a high quality, the SERVQUAL model will be used to evaluate each element which helps to identify and eliminate problems.
- Financial, human, venue and physical resources are identified and sourced.
- The business idea is profitable as outlined in the financial section. Even in year one a profit of €1,374.14 will be made which will rise over the years.
- Sponsorship can be sought from year two on if the event has built a positive reputation.
- In order to start the business a loan of €4,000 is required. The positive outcomes of the research study and the account forecasts should facilitate receiving this loan as all criteria are favourable.

## 6. Recommendations

On the basis of the business plan it is recommended as follows:

- The business is feasible and high demand exists, therefore it is suggested to go ahead with the idea and seek a bank loan in order to start the business.
- More research is needed to make the event more efficient, e.g. another band based in Ireland can be sourced.
- The business is very seasonal, for the long term success it is recommended to organise more events throughout the year to overcome the seasonality effect and build a reputation.
- In order to stay successful new products and programme elements should be developed throughout the years, so that the event is not too similar to the previous year, but unique and appealing to repeat visitors.
- If the event grows a bigger venue might be needed. With changing the venue it is recommended to think about a non-purpose built venue might result in a higher profit margin as revenue from food and beverage sales stay in

the business. Though, with this a higher cost of setting up the event might arise.

- The target market can be expanded to more or even all colleges within Limerick. And if successful the event can be held over several days.
- Another option of attracting more customers is to develop the programme elements so that it appeals to more age groups. A partnership with a fun fair such as Funderland is a vital option, so that the Oktoberfest might become the Limerick Oktoberfest and is reminiscent of the original in Munich.

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