The Cirque du Soleil Business Model – Making Dollars and Sense

There have been circuses around the world for thousands of years. In ancient Rome, the circus was a building for the exhibition of horse and chariot races. In the late 19th and early 20th century many circus performances began traveling and taking place under large tents, which lead to the term, “Under the Big Top.”

In recent decades, Cirque du Soleil has become a rival to the traditional large-scale circus with animals and clowns, and it’s a bigger business than ever, with 2011 Cirque du Soleil revenues breaking $1 billion. The metamorphosis of what was once an event for children has turned into a multi-generational, multi-cultural avant-garde performance experience.

Here are some highlights of Cirque du Soleil’s revenue model that might help venue managers think differently about how they book performances in their own venues. However, for a more in-depth look you’ll want to attend PAMC at the Golden Nugget in Las Vegas, February 9-12, where venue managers will have a session dedicated to the Cirque business model as well as have the opportunity to go behind the scenes before a Cirque show at the Mirage’s Love Theater.

Cirque du Soleil uses several concepts to build their business model including: multiple productions that provide the opportunity for multiple visits per customer; cost reductions through the use of yearly productions allowing for faster recovery of fixed costs; the elimination of big name high cost acts; and the creation of a variety of productions with themes that appeal to a wider audience demographic.

In 2009, Harvard Business Review published a 21-page case study on Cirque du Soleil’s ability to create sustainable partnerships. The case study describes the business model with an emphasis on how the group interacts with its home venue, the MGM Mirage. Daniel Lamarre, Cirque’s CEO at that time, was considering how and where Cirque could expand this same partnership model into other venues and still achieve the same result. By April 2011, Lamarre and Cirque du Soleil had 19 shows running, including seven in Las Vegas, one in Orlando, and touring productions around the world.

With the opening of the Beatles, Elvis and Michael Jackson, Cirque has created a new category – a hybrid event that’s part Broadway and part Cirque show. It’s this kind of creativity and fresh perspective that can make an impact on an organization and to its bottom line.

This year’s Performing Arts Managers Conference (PAMC) takes place February 9–12 at the Golden Nugget Hotel and Casino in Las Vegas. The Cirque du Soleil session is sponsored by Jaffe Holden Acoustics, Inc., and is just one of the great events taking place during a week’s worth of valuable networking and educational opportunities. If you haven’t already signed up, now is the time to make your plans. Register now.