

The End of Ringling Brothers Circus: Business Model and Stakeholder Influence

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ABSTRACT

In 2017, the Ringling Brothers and Barnum & Bailey Circus, owned by privately-held Feld Entertainment, shut down permanently after 146 years of operation. This case explores the various factors contributing to the closing of the circus, including what Feld described as an unsustainable business model combined with many years of protests and legal actions by animal rights groups opposed to Ringling Brothers' alleged abuse of elephants and other circus animals. The case is appropriate for discussions of business models, strategic positioning, and stakeholder analysis in undergraduate general management and strategic management courses. This case could also serve as a springboard for discussing whether animals, and by extension the natural environment, should be considered as organizational stakeholders.

Keywords: stakeholders, business models, animal welfare, circus, Feld Entertainment, Ringling Brothers



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INTRODUCTION

The Ringling Brothers and Barnum & Bailey circus featured death-defying acrobatics and tight-rope walkers, motorcyclists and daredevils, clowns, flashy costumes, and acts involving both wild and domesticated animals. The circus visited around 115 cities each year, with millions of attendees. In 2017, after 146 years of performing, Ringling Brothers and Barnum & Bailey shut down permanently (Marco & Ansari, 2017; “The big top comes down,” 2017). This case will describe the various reasons for the demise of what was billed as “The Greatest Show on Earth.”

BACKGROUND

The Barnum & Bailey Circus was founded by famous showman P.T. Barnum when, in 1881, he merged his circus with competitor James Bailey’s show. (It was P.T. Barnum who coined the phrase “The Greatest Show on Earth.”) In 1882, Barnum purchased Jumbo, an enormous African elephant. Jumbo became the main attraction for the circus for several years until he was accidentally hit and killed by a train in 1885. When P.T. Barnum passed away in 1891, Bailey bought the circus from Barnum’s widow. After James Bailey passed away, the five Ringling Brothers bought the circus in 1907 from Bailey’s widow. The Ringling Brothers Circus and the Barnum & Bailey circuses were kept separate until 1919, when the two circuses merged, forming “The Ringling Brothers and Barnum and Bailey Combined Show,” debuting at Madison Square Gardens in New York City (“History of Ringling Bros,” n.d.).

In 1967, Irving Feld and partners purchased the Ringling Brothers and Barnum & Bailey circus (hereafter referred to as Ringling Brothers) for \$8 million. Feld was a well-known businessman in the music industry. The following year, Feld hired Gunther Gebel-Williams, considered at that time to be one of the world’s greatest animal trainers. In 1970, Kenneth Feld, Irving Feld’s son, graduated from Boston University with a management degree and joined his father at Feld Entertainment, a privately held business headquartered in Palmetto, FL. Soon after that, in 1971, Irving Feld sold Ringling Brothers to Mattel for \$50 million in stock. Father and son managed the circus business under Mattel, but after the stock declined over a ten year period, and disappointed with Mattel, Irving and Kenneth Feld bought back the circus in 1982 for \$22.8 million (“Explore Ringling Bros.,” n.d.; “Feld family buys Ringling Brothers,” 1982; Mac, 2014).

When Irving Feld passed away in 1984, Kenneth Feld took over as CEO of Feld Entertainment and continued operating the circus. In 1999, Ringling Brothers introduced Johnathan Lee Iverson, the first African-American circus Ringmaster of Ringling Brothers. Iverson stayed with Ringling Brothers as Ringmaster for the next eighteen years. By 2010, Kenneth Feld’s daughters, Nicole, Alana, and Juliette, had each joined their father as partners in Feld Entertainment to promote Ringling Brothers (“Explore Ringling Brothers,” n.d.).

After Ringling Brothers closed in 2017, Feld Entertainment continued to produce other shows, including Monster Jam®, Monster Energy Supercross, AMSOIL Arenacross, Marvel Universe LIVE!, Disney On Ice, Disney Live! and Sesame Street Live! (Feld Entertainment, n.d.). Although Feld Entertainment declined to provide exact revenue figures, their 2015 revenue (prior to the closing of Ringling Brothers) was estimated at \$1 billion (Vinton, 2016). Kenneth Feld, Chairman of Feld Entertainment, had an estimated net worth \$2.5 billion in 2017 (Kenneth Feld & family, 2017).

“UNSUSTAINABLE” BUSINESS MODEL

According to Kenneth Feld, Ringling Brothers shut down primarily due to an “unsustainable” business model (Marco & Ansari, 2017). Circus attendance had been gradually dropping for ten years prior to closing. The circus became less popular among children as distractions such as movies, television, video games, internet, and YouTube celebrities replaced the excitement of circus acts. The lack of “savvy product merchandising tie-ins or Saturday morning cartoons to shore up its image” may have also been a factor. In addition, the show was around two hours long, with the longest act being the tigers, at twelve minutes. “Try getting a 3- or 4-year-old today to sit for 12 minutes,” Kenneth Feld was quoted as saying (“The big top comes down,” 2017). As middle-class families made up the bulk of Ringling Brothers’ audiences, the increasing cost of attendance, including tickets, food, and souvenirs, may have also contributed to declining attendance. Although the average ticket price was \$22, some tickets sold for as high as \$125 (Passy, 2017).

Logistical issues and operating costs were also a contributor to the closing of Ringling Brothers. The cost of caring for the elephants alone was around \$65,000 each per year (Pérez-Peña, 2015). Transportation costs had increased by 40 to 60% from 2012 to 2017 (Passy, 2017). The circus travelled America by train, transporting hundreds of employees, around one hundred animals, 800 costumes, props, and sound and light equipment (Alvarez, 2017). To transport everything needed for the show, including the animals, 60 railroad cars were used, covering two miles of train tracks, equivalent to about 120 semi-trailer trucks. In comparison, a rock and roll show uses, on average, eight semi-trailer trucks, a travelling museum exhibit uses thirteen trucks, and Disney on Ice uses eleven or twelve trucks (Kline, 2017).

ANIMAL WELFARE AND LEGAL ISSUES

Ringling Brothers’ most popular wild animal acts featured elephants, lions, and tigers. In the 1970’s and 80’s the circus had an act with ten “giant” polar bears and a female trainer named Ursula (“Explore Ringling Brothers,” n.d.). The circus also used smaller and domesticated animals for various acts, including camels, llamas, alpacas, kangaroos, horses, donkeys, pigs, and dogs (“Ringling Bros. circus to close,” 2017). Some of the dogs were rescued from animal shelters and dog pounds (Lane, 2015).

In addition to economic and logistical reasons discussed in the previous section, being a target of animal rights groups over a prolonged time period contributed to the shutdown of Ringling Brothers (Greenwood, 2017). For three decades, animal rights groups publicly criticized, picketed, petitioned, sued, encouraged boycotts, and filed hundreds of complaints of animal abuse against the circus (Marco & Ansari, 2017). People for the Ethical Treatment of Animals (PETA) dubbed Ringling Brothers “The Cruellest Show on Earth,” posting online photos and videos of alleged abuse (PETA, “Twelve things,” n.d.). According to PETA, several well-known companies dropped their sponsorship of Ringling Brothers due to the animal abuse allegations, including Denny’s, Sears, Ford, Kellogg’s, MasterCard, and Visa (PETA, “We never,” n.d.). Animal rights supporters protested loudly and visibly outside venues where the circus performed, yelling at attendees and holding signs with horrific photos of chained and beaten circus animals and slogans such as ‘Ringling Beats Animals,’ ‘Tied Down, Beaten, and Shocked: Boycott Ringling Cruelty,’ ‘Circuses are No Fun for Animals,’ ‘The Elephant Abusing Bros. are Back in Town—Turn Around!’ and ‘Your Ticket Supports Cruelty.’ “We’re in the

entertainment business,” stated Kenneth Feld. “It takes away from the total enjoyment when you're getting yelled at, and your kids are getting yelled at, by these activists” (Ager, 2015).

Animal rights groups objected to Ringling Brothers using any wild animals to perform “meaningless tricks,” but they most strongly denounced the treatment of elephants. Jumbo notwithstanding, Ringling Brothers (and other circuses) preferred Asian elephants, as they are smaller, more docile, and easier to train versus the larger and more aggressive African elephants (Pérez-Peña, 2015). Animal rights groups alleged that Ringling Brothers abused elephants by making them travel long distances in cramped train cars and forcing them to perform up to 190 days out of the year (Ager, 2015). It was also alleged that baby elephants were removed from their mothers, beaten, and chained up to 20 hours a day on concrete floors (Greenwood, 2017).

Animal rights groups harshly criticized Ringling Brothers’ approach to training elephants, alleging that the use of bullhooks inflicted fear and pain. A bullhook, also called an ankus, is a bronze or steel hook attached to a 2 or 3 foot long handle, used to jab sensitive areas of an elephant’s body, such as behind the ears, around the eyes, on the feet, trunk and around the mouth. Animal trainers claim to use bullhooks to “guide” or “correct” elephants, which are obviously much larger than humans and potentially dangerous, while animal rights groups insisted that using bullhooks causes both physical and psychological harm to elephants (Elephant Voices, n.d.).

Litigation by various animal rights groups against Feld Entertainment over allegations of animal mistreatment at Ringling Brothers began in 2000. The charges were never proven in court, and, fed up with the allegations, Feld sued multiple animal rights groups for racketeering and litigation abuse, winning settlements totaling \$25.3 million to recover legal costs. The American Society for the Prevention of Cruelty to Animals (ASPCA) paid Feld a \$9.3 million settlement in 2012 following a federal court case involving a whistleblower. During the court case, it was revealed that the ASPCA and other animal rights groups paid plaintiff Tom Rider \$190,000 to testify against Ringling Brothers. Tom Rider was a former Ringling Brothers employee who cared for elephants from 1997 to 1999, claiming he had witnessed the abuse of elephants. A U.S. District Judge ruled that the payment to Rider amounted to a bribe, and his testimony was deemed tainted and not credible (Bennet-Smith, 2012; Watkins, 2012). In 2014, the Humane Society of the United States (HSUS) and several co-defendant animal rights groups agreed to pay Feld a \$15.75 million settlement stemming from a lawsuit against Ringling for elephant abuse, ending 14 years of litigation with no court ruling on merits of the abuse charges (Heath, 2014).

Stemming from complaints by PETA, in 2011 USDA fined Ringling Brothers \$270,000 violation of federal animal welfare laws. At that time, it was the largest fine ever assessed under the Animal Welfare Act (Zelman, 2011). According to the USDA report,

In one episode logged by USDA inspectors, Banko, a 35-year-old female Asian elephant, was required to perform in July in Los Angeles despite pain from probable sand colic. A circus veterinarian said Banko had seemed comfortable enough to perform and that to separate her from the group would have been more distressing to her, the report said. USDA inspectors reported in 2008 that wheelbarrows used to carry meat to tigers were also used to transport waste. Inspections also turned up allegations of worn pens and feeding areas, poor medical record-keeping, improper fencing and failure to control elephants (“Ringling Circus pays record fine,” 2011).

Following the USDA fine, Ringling Brothers admitted no wrongdoing but promised to implement new training for animal handlers (Zelman, 2011).

Although Ringling Brothers was never convicted in court of criminal charges involving inhumane treatment of animals, some cities and states had begun enacting legislation banning the use of bullhooks or, going further, prohibiting wild animals in circuses. In 2013, Los Angeles was the first major city to ban the use of bullhooks; dozens of other cities and some states followed with bullhook bans. In 2017 Illinois and New York became the first two states to ban elephants in travelling circus acts. Los Angeles, San Francisco, New York City, Asheville, NC, and other cities banned the use of all wild animals in circuses. Many countries, especially in Europe, prohibit wild animals in circuses. Legislation in 65 municipalities and 32 states resulted in logistical difficulties for Ringling Brothers by “shrinking the market for animal-based circuses,” forcing them to find alternative venues in locations where they could legally perform with animal acts (HSUS, 2017; Greenwood, 2017; Pérez-Peña, 2015).

In 2015, Feld Entertainment announced they would phase out the use of Ringling Brothers elephants by 2018 (Pérez-Peña, 2015). However, rather than waiting until 2018, Feld retired their elephants in May 2016. What followed was a “dramatic decrease” in ticket sales. Despite strong condemnation by animal groups and a 2015 Gallup poll indicating 69 percent of Americans were concerned about the treatment of circus animals (Riffkin, 2015), it appears there was conflicting public sentiment on the issue. According to Kenneth Feld, “suddenly we’re hearing from people saying, ‘How can you do this? How can you take our beloved elephants away?’” (Ager, 2015). Melha Shrine Circus, a small, Massachusetts-based circus, had a similar experience when they stopped using all animals including elephants in 2016. Attendance dropped and the circus lost money for the first time in their 63-year history. While animal rights groups and some circus fans applauded the decision to discontinue the animals, others demanded ticket refunds when they found out there would be no animal acts. Melha Shrine reversed their decision and brought back animals in 2017, amid criticism by animal rights groups (Pratt, 2017).

A REINVENTION FAILS AND THE CIRCUS SHUTS DOWN

In mid-2016, shortly after retiring their elephants, Ringling Brothers attempted to reinvent itself and attract new audiences by introducing a new show, “Out of This World.” The show, first seen in Los Angeles, featured an “intergalactic” story line with projection software creating a dazzling light show on ice and performances similar to Disney on Ice. The circus still included some traditional acts with a Ringmaster, acrobatics and clowns. Lions, tigers, and horses performed in a ring on top of the ice (Vinton, 2016).

Ultimately, however, the reinvention was not successful, and in January 2017, Feld announced that they were closing down the Ringling Brothers circus. Their final show was in Uniondale, NY on May 21, 2017, perhaps fitting since Ringling Brothers and Barnum & Bailey had begun in NY. As a result of the circus shutting down, close to 500 employees were laid off. Some employees were placed with other Feld Entertainment shows, but most lost their jobs. Feld assisted with job placement and resumes. Travelling employees who had lived on train cars were provided with housing relocation services (“Ringling Brothers circus to close,” 2017).

The circus elephants had already been sent in 2016 to the 200-acre Center for Elephant Conservation (CEC) in central Florida. The CEC is operated by Feld Entertainment, focusing on conservation, breeding, and study of the largest population of Asian elephants in the Western hemisphere (Center for Elephant Conservation, n.d.). Revenues from Feld shows are used to

support the elephant center. It's not entirely clear what happened to Ringling Brothers' other animals after the circus closed, including 18 tigers. Feld announced they would find suitable homes for as many animals as possible, or sell or donate the animals to zoos and conservation centers (Chan, 2017).

CASE DISCUSSION QUESTIONS

1. What was Ringling Brothers' business model? Why did Feld say that the circus shut down due to an unsustainable business model? Could the business model have been modified to increase attendance and avoid a permanent shutdown of the circus?
2. Who were Ringling Brothers' competitors? What was the competitive positioning of Ringling Brothers among entertainment providers?
3. Explain how STP marketing strategies (market segmentation, targeting, and positioning) might have been applied by Ringling Brothers Circus.
4. Identify the various stakeholder groups in the case. Explain how each group affected the decision to shut down the circus and/or was impacted by the shutdown.
5. Are animals organizational stakeholders? Why or why not?

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