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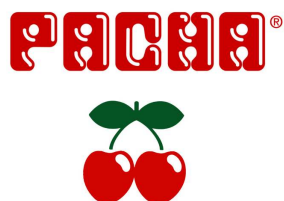
# Dissecting night club profits: *Pacha* versus *Green Valley*

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**T**he Spanish party island of Ibiza is famous for its hedonistic nightlife – being home, as it is, to some of the world’s largest clubs. *Pacha Ibiza*, for example, has a capacity of nearly 4,000 and hosts world-famous DJs in the summer months of July–September. In this case study, we examine the huge profits made by these global ‘super clubs’, and compare the fortunes of *Pacha Ibiza* to those of the *Green Valley* club in Camboriú, Brazil.

*Pacha* is a nightclub franchise with its headquarters in the Balearic island of Ibiza, Spain. The first *Pacha* club was opened in Sitges outside Barcelona in 1967. The Ibiza club, located in Ibiza Town, is the best known venue today, although the franchise also has clubs in Madrid, London, New York, Rio de Janeiro and Sydney. In the summer, the Ibiza club regularly plays host to top house DJs, including Steve Lawler, Pete Tong and David Guetta. Although (in terms of capacity) *Pacha* is by no means the largest clubs in Ibiza, it is open all year round, helping to make it one of the most profitable clubs on the island. This is, of course, aided by its global reputation as one of the world’s best night clubs: for years now, *DJ Mag* magazine has rated *Pacha Ibiza* in its top three clubs in the world.



The *Pacha* logo is recognised the world over.

Just before Brazil is thrust before our eyes for World Cup 2014, one of its other prestigious arenas has proved itself on an international stage. *Green Valley*, in Camboriú, has climbed *DJ Mag*’s list over the past few years to take its coveted number one spot in February this year. With a capacity of around 6,000, *Green Valley* is larger than *Pacha Ibiza*, but attracts a similar clubbing crowd of house–loving revellers. And just like *Pacha*, *Green Valley* attracts the world’s finest DJs, including Fatboy Slim, James Zabiela and Carl Cox during Carnival in February 2014.

Managing a global night club franchise is big business. At peak times, party-goers can pay in excess of 75 Euro for a basic entry ticket to one of *Pacha Ibiza*’s main events, although those wanting a more VIP treatment can expect to pay up to ten times that amount. Entrance to the *Green Valley* club in Camboriú can range from 150 to 750 Brazilian Real. Although the clubs pay huge fees to the top performers and high salaries to their ‘resident’ DJs, extremely healthy profits are often made.

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“Reaching #27 in 2011, before leapfrogging to #3 the following year, then creeping to #2 in the last, *Green Valley*’s position at the apex of our poll felt inevitable, the result of six years firing on all cylinders, edging forward the boundaries of clubbing capabilities on all fronts”

— *DJ Mag* magazine

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Busy nights at Ibiza’s *Pacha* nightclub (left) and Brazil’s *Green Valley* club (right)

The profits made on some randomly selected nights at each of these clubs, in 2013, are shown in the first two columns of the Minitab worksheet *NightClub*, available to download from

the Case Studies section of the ACC1012/1013 webpage. These figures have been converted to US\$ for ease of comparison.

## Possible ideas to investigate

- Use simple numerical and graphical summaries to explore profits at each of the super clubs. What can you say about profits at *Pacha* compared to those at *Green Valley*?
- Can you think of ways to compare these figures more formally? In terms of average profit, which club do you think is more successful – *Pacha* or *Green Valley*?
- Comment critically on the comparisons you have made and the conclusions you have drawn.