

**The Fyre Festival Flop:
A Case Study in Crisis Communication**

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Section 1: Introduction

The Fyre Festival was a fraudulent music festival created by William “Billy” McFarland as a promotional effort for his newly launched app, Fyre. The festival was promoted using effective marketing techniques and acquired a large following. However, inefficient preparation and poor leadership decision-making led to a broken festival with dangerous conditions for the guests. As the crisis unraveled, inadequate risk management and a lack of communication amongst leadership figures exacerbated the situation. In the aftermath of the crisis, McFarland’s response was immoral and inhumane. Ultimately, he was sentenced to six years in prison and his credibility was permanently destroyed. The festival failed in spectacular fashion and is considered one of the greatest crises in the entertainment industry in recent history. As society charges forward at a dizzying speed, it’s important to look back and learn from the past. This paper examines the festival from start to finish, identifying key short-comings and essential lessons for crisis leadership.

The review is divided into three main sections. Each section discusses a key part of the timeline surrounding the Fyre Festival crisis. The first section sets the scene for the festival by examining the events that led up to its creation. It begins with a review of the festival’s creator, William “Billy” McFarland, and identifies him as a serial entrepreneur blinded by the pursuit of success. Details about his previous business ventures are shared. These ventures eventually led to the creation of the Fyre application and the Fyre Festival. The focus then shifts to the effective promotional efforts for the festival and discusses the festival’s rise in popularity. The section concludes with a review of the severely inadequate preparation for the festival that set the stage for an inevitable crisis. Emphasis is placed on the poor decision making by leadership figures that led to the festival’s downfall.

The second section analyzes the crisis as it happened. The section begins with the definition of a crisis and reveals the early warning signs for the Fyre festival. A timeline of the event is then presented, laying out how the crisis unfolded and identifying when festival-goers began to realize the severity of the situation. Special attention is given to how inadequate risk management and a lack of communication amongst important individuals and groups made the situation worse. The role of social media in spreading news about the crisis is also examined.

The final section considers the aftermath of the crisis by reviewing the responses and actions of many key role players and parties. The scope narrows in on McFarland's greedy and unethical reaction to a disaster that was largely his doing. His response will be measured against those of other leadership figures in recent crises with the goal of extracting some valuable crisis recovery lessons. The section concludes by offering some ideas about how McFarland and the leadership team could have responded more ethically and effectively after the crisis.

Section 2: Background and Event Preparation

Billy McFarland

Before diving into the Fyre Festival itself, it's important to provide some background information on the founder of the Festival and man responsible for the crisis disaster, Billy McFarland. Before the Fyre Festival, McFarland pursued a number of other entrepreneurial adventures, each of which failed in one way or another. He was born in 1991 in New York City and began his first business at the early age of 13 (Lewak, 2015). The business was designed to match website creators with skilled designers, acting as a middle man for new businesses looking for a professional website (Lewak, 2015). Although the business did not last very long, it proves that McFarland had an entrepreneurial spirit from childhood.

His most prominent business before the Fyre Festival was Magnises, an exclusive credit card meant to unlock exclusive benefits for wealthy New York millennials (Tebele, 2019). The card was created in 2014 and tapped into a market of millennials looking to live the high life, but without the wealth to do so. Individuals could apply for the card by answering a series of questions online about their lifestyle. The Magnises team reviewed their answers and, if they liked the applicant's answers, they would be invited to a phone interview (Lewak, 2015). If approved, the individual received a Magnises card with their current bank's magstripe (Villari, 2022). In this way, the card allowed users to make purchases but McFarland and his team avoided having to establish a true banking system. The card was advertised to give cardholders restaurant discounts and access to exclusive events. However, members soon began to voice complaints of failed refunds and false advertising for events (Villari, 2022). The central hub of operations was the "Magnises Townhouse", an apartment in New York City that was being rented by McFarland (Villari, 2022). McFarland held frequent reckless parties and presented the apartment as a privately owned residence to Magnises members, violating many terms of his renting contract in the process (Tebele, 2019). In 2016, the apartment owner filed a lawsuit against McFarland for damages up to \$100,000 and claiming that he was using the space as a business location (Tebele, 2019). During this time, McFarland also falsely advertised the size of the business to investors, claiming that there were over 100,000 active users (Villari, 2022). It was later revealed that the business only had 40,000 members at its peak (Tebele, 2019).

Even before the Fyre Festival, McFarland's entrepreneurial background demonstrates a lack of sympathy for others and an ignorance of ethical business practices. McFarland was mono-focused on financial success and was willing to disregard the wellbeing of his stakeholders. This tendency becomes even more apparent during the Fyre Festival crisis.

Creation of the Fyre Festival

McFarland created the Fyre app in 2016 (Tebele, 2019). The app was designed to connect music talent with clients, but he needed a way to promote the app. In 2016, the Fyre Festival was born. The decision to promote the app via a music festival makes a lot of sense in theory. The festival would bring together high-profile musicians, devoted fans, and social media influencers, all of whom are Fyre's target market. The festival would take place April 28-30th and May 5-7th, 2017. McFarland and his team set to work feverishly promoting the event.

On December 12th, 2016, a number of international supermodels simultaneously posted a promotional video along with an orange square on their Instagram pages (Tebele, 2019). The video showed tens of beautiful models running around a luxurious tropical island. The caption read, "an immersive music festival. Two transformative weekends. On the boundaries of the impossible." Blakeman (2018) emphasizes the use of celebrity endorsements in effective advertising. In this case, McFarland knew that the supermodels' posts would give credibility to the event and target a large portion of the target audience for a luxury music festival. The promotional material and website also advertised luxury villas with beautiful views and complimentary meals waiting for the attendees (Smith, 2019). On the same day, the models featured in the promotional video posted an orange square on their social media, advertising the festival (Tebele, 2019). 95% of the tickets sold out in 48 hours and the festival looked like it was becoming a success (Smith, 2019).

Weeks later, McFarland shared that the festival would be held on Pablo Escobar's former private island, an admission that was strictly against conditions in the leasing contract. In response, the owners of the island canceled the contract and the Fyre festival was moved to a small

development site on Great Exuma, a small Bahamian island (Tebele, 2019). Despite the significant location change, Fyre leadership failed to disclose this change to its followers and continued airing the promotional material that was shot on a different location (Smith, 2019). This is the first of many poor decisions made by McFarland and his team leading up to the festival. Upon arrival, it would be clear to attendees that the island was different from what had been advertised. Ulmer (2022) discusses the importance of setting a precedent of transparency and good intention before a crisis. If achieved, stakeholders are less likely to respond negatively and it is easier to shift blame away from the organization. As will be apparent later, this communication strategy that prioritized ticket sales above transparency would come back to hurt McFarland after the crisis occurred.

Festival Preparation

As the festival date approached, McFarland and his team failed to prepare effectively and employed unethical tactics to make up for the lack of time. McFarland demonstrated a refusal to listen to advisors, which in turn doomed the festival and its attendees.

With just six months to prepare for the festival, McFarland and his team began booking talent and examining the logistics of having 8,000 visitors on a small Bahamian island (Kaufman, 2017). Early advisors voiced their concerns about the management of so many people. One individual suggested that the organization use a cruise ship to house the visitors at night (Smith, 2019). This would protect festival goers from dangerous environmental conditions and solve the problem of waste disposal. However, McFarland was determined to keep everyone on the island and dismissed that advisor shortly into the preparation process (Smith, 2019). This example showcases McFarland's tendency to ignore professional advice that goes against his own vision, something that Ulmer (2019) warns of when describing effective crisis leadership.

The housing problems became impossible to ignore just eight weeks before the festival was scheduled to happen. The organization had previously promised all influencers that promoted the festival a free villa on the beach. However, the organization discovered it had sold more tickets for housing than it was capable of fulfilling. Rather than canceling tickets of a few customers, McFarland refused to sacrifice any profit and instead told festival consultants Marc Weinstein to call the 250 influencers that had been promised housing and tell some of them not to come (Smith, 2019). The betrayal greatly reduced McFarland's credibility. Ulmer (2019) discusses the importance of establishing a pattern of ethical behavior and securing trust with stakeholders. This reversal damaged McFarland's ability to do so. At this time, event producer Andy King recommended coming clean to attendees about the lack of preparation and postponing the festival (Smith, 2019). McFarland refused to listen and continued urgent preparation efforts.

With only a little over a month to go, hundreds of local workers were hired to begin building the infrastructure for the festival (Tebele, 2019). The workers assembled stages and set leftover hurricane relief tents that were being marketed as luxury villas. McFarland arranged a deal with a local restaurant to feed all the workers and promised fair financial compensation to the restaurant and workers (Smith, 2019). Payment during the first couple weeks went relatively smoothly, but cash flow became an issue as the festival approached. Soon enough, local workers and Fyre employees were being told that they would receive payment after the festival happened.

In a last-ditch effort to gain funds, Fyre announced a bracelet that allowed festival-goers to load on wireless funds for the weekend (Kaufman, 2017). An email was sent out to attendees explaining the bracelet and sharing that most members had already loaded \$3000 onto the band (Smith, 2019). Although the band allowed members to purchase jet ski and yacht packages, Fyre

had not obtained any of these luxury goods. This desperate plea for cash was cleverly disguised and further misled stakeholders in the lead up to the festival.

During the final week before the festival, attendees began to ask questions about living logistics and food plans. They noticed that Fyre was still sharing the same promotional material from the original photoshoot and hadn't provided any updates to the festival construction. In reality, the Fyre team had fired the previous catering group and still did not have proper living situations set up for their guests (Kaufman, 2017). Instead of admitting to being behind schedule, Fyre responded to comments by asking attendees to email them instead, which they then ignored. As the customer comment frequency increased, McFarland decided to begin deleting all negative comments that damaged the brand's image. Ulmer (2019) warns heavily against this approach, sharing that censoring criticism typically damages brand image more than the criticism itself. Attendees began to notice the censorship and skepticism about the event grew to new heights just days before the event.

A lack of transparency between Fyre's leadership team and the festival-goers created a massive discrepancy between the attendee's perception of the event and reality. Many advisors urged McFarland to publicly share the reality of the festival, reasoning that attendees would find out when they got to the site and that it would be much easier to handle backlash before the festival. However, McFarland was entranced by an image of the festival he had created in his mind and refused to adjust his plans. He was determined that the festival would happen and nothing could convince him otherwise.

Section 3: A Crisis Unravels

This section reviews the Fyre festival as it happened. The section begins with a brief definition of the word, crisis, explaining the three essential parts of a true crisis. Then, the section lays out a timeline of the festival, recognizing the various shortcomings in leadership and explaining how the situation could have been handled more effectively.

It is important to define the word crisis before delving into the Fyre Festival itself. Herman (1963), as cited in Ulmer (2019), shares three key elements to a crisis. The three elements are surprise, threat, and a short response time. First, surprise examines whether the organization and stakeholders knew this event was coming. If all involved parties are aware of the event and given adequate time to prepare, the event should not be classified as a crisis. Second, the event must represent some sort of threat (Ulmer, 2019). The type of threat can vary from financial stress on the organization to the physical safety of individuals, but there must be some sort of potential danger. Finally, the organization must have little time to react to the event (Ulmer, 2019). Of course, the amount of time to respond will vary greatly depending on the situation, but it must be relatively short when compared to the gravity of the event (Ulmer, 2019). If an event demonstrates all three of these elements, then it can be considered a crisis (Ulmer, 2019).

Attendee Arrival

On April 27th, the day before the festival, a massive rain storm hit the island and ruined all of the previously constructed living spaces (Tebele, 2018). The tents that had been set up for guests were now unlivable, meaning that the festival had no viable housing for any of its guests. The mattresses were soaked through and wouldn't dry for at least a few days. To make matters

worse, the rain had turned the dirt on the island into mud, dirtying and damaging the half-complete infrastructure that was in place.

As the sun rose on April 28th and the first planes landed with attendees, the Fyre team knew they were entering a crisis. The festival lacked adequate nutrition and living amenities for the guests, and the Fyre team's lack of communication about the state of the festival beforehand meant that attendees could not bring sufficient supplies with them to live safely for the weekend. To make matters worse, there were no return flights scheduled for the guests once they saw the festival was not what was advertised. Here, it's apparent that the crisis was not necessarily a surprise for the Fyre team, but rather for the festival attendees. This key stakeholder group was expecting an event much different than what would soon be presented to them.

The attendees landed on the island throughout the morning and were escorted by bus to Fyre headquarters with no instruction of what to do or where to go. (Smith, 2018). As more visitors showed up and the confused crowd began to grow, the lack of organization began to turn into chaos. Guests started demanding to see the luxury living spaces they had purchased and the Fyre team tried desperately to delay the inevitable chaos. Eventually, McFarland stepped out from the headquarters, stood up on a table, and told everyone waiting to find a hurricane relief tent that they would stay in for the next three days (Smith, 2019). Guests ran to find tents that weren't flooded with water or covered in mud (Tebele, 2019). It was a true free-for-all. Amidst the chaos, a truck arrived with the passengers' luggage. The luggage was unmarked and dumped onto the ground for individuals to dig through (Smith, 2019). As the sun set and it grew dark, individuals began destroying other tents around their own in hopes that the damage would deter anyone from living nearby (Tebele, 2019). These details establish the element of threat to both the organization's credibility and the attendee's safety.

As catastrophe struck on the island, the Fyre festival team was nowhere to be found. After McFarland told attendees to grab whatever living supplies they could, there was no further communication with stakeholders that night (Smith, 2019). In fact, interviews with the Fyre staff reveal that McFarland's whereabouts during the crisis were widely unknown, even to other Fyre leaders. Ulmer (2019) emphasizes the role of transparency and quick, consistent communication during a crisis, and McFarland demonstrated neither of these practices during the most dire twenty-four hours of the event. As a result, festival attendees had no directions to follow and a sense of panic settled over the island.

Off the island, social media posts showing the disaster began going viral. Tweets about the event told a gruesome story of a shortage of food and living accommodations (Tebele, 2019). Many individuals claimed that there were ongoing fights for what little nutrition was available. On Instagram, one post featuring two slices of bread with a piece of cheese went viral, telling viewers that this was the food provided by supposed Michelin-star caterer Stephen Starr (Tewfik, 2017). In reality, the caterer had been canceled weeks earlier, but that news had been withheld from the festival attendees. Once again, a lack of transparency from the Fyre leadership team led to justifiably enraged and disappointed from their paying customers. If McFarland had taken an ethical approach and informed customers of the change in catering, attendees could have at least felt valued and weathered their expectations. However, as it happened, Fyre demonstrated a lack of care for their stakeholders consistent with the rest of their actions before and during the festival.

The following morning, Fyre released a statement officially canceling the festival, claiming that the failure was caused by "circumstances outside of our control." After a crisis, Ulmer (2019) urges organizations to take responsibility, address what went wrong, and begin the

process to rebuild. This is especially important for internal, preventable crises, which Fyre festival clearly was. Unfortunately, McFarland and the Fyre team chose to deny responsibility for a disaster that was clearly their fault. As a result, negative stakeholder response was exacerbated and the process to rebuild the organization's reputation instantly became much more difficult.

Section 4: The Aftermath

After a day of waiting on the island, festival guests were finally flown back home, but the crisis was far from over (Smith, 2019). This section details the aftermath of the crisis, examining the crisis's effect on key stakeholder groups. The first paragraph examines the Bohemian workers and their response to not getting paid for their labor. The focus then shifts to the festival attendees and the action they took in response to the fraudulent festival. Finally, the section concludes by reviewing McFarland's behavior after the crisis and demonstrating how his poor decision making destroyed his reputation forever.

Employee Backlash

As the reality that the festival was a failure began to set in, many Bohemian laborers that had worked tirelessly for weeks began to question whether they would receive the financial compensation they had been promised. On the morning of April 29th, roughly thirty Bohemian workers angrily searched the island for Fyre leadership, demanding they get paid what they were owed (Smith, 2019). Members of the Fyre team recall hiding in the festival supplies, worried that the workers would hold them hostage until they were paid (Tebele, 2019). Once again, the lack of honesty about missing funds before the crisis yielded yet another negative outcome. McFarland and his team should have announced the shortage in funds when they realized they could not pay for the labor and canceled the scheduled Bohemian work. Even if delaying the

work meant postponing the festival, the organization should have prioritized the well-being of its employees. As a result of their dishonesty, many Fyre members found themselves fearing for their safety. Luckily, no members were physically harmed.

Public Response

When the attendees arrived back home, many of them began contacting legal teams in hopes of filing a lawsuit and regaining some of the money they had lost. In total, six different lawsuits were filed against McFarland and the Fyre team, including a \$100 million dollar class action lawsuit accusing McFarland of fraud and breach of contract (Kreps, 2017). Eventually, the organization agreed to settle the massive lawsuit with 277 attendees of the festival, paying each one \$7,220 for their trouble (Napoli, 2021). Although this payout was a far cry from the original amount, the damage to the festival had already been done.

The negative publicity the festival had received during and after the event transformed it from a luxury music festival to the butt of a cruel joke. Despite the organization's repeated claims that the festival disaster had been out of their control, nobody believed them. The false advertising and fraudulent behavior leading up to the crisis had stripped the organization and its members of all credibility. Ulmer (2019) states that recovery after a crisis is nearly impossible if the organization did not exhibit a pattern of good intentions prior to the event. In this case, stakeholder groups had seen that McFarland's word did not mean much and refused to believe false statements afterwards.

During this time, McFarland was arrested for wire fraud and released on bail. Before his trial, McFarland secretly began another endeavor to siphon even more money from the festival attendees. The Fyre festival had given him access to a very specific demographic, one of wealthy, gullible millennials desperately searching for a celebrity lifestyle. McFarland's name

was synonymous with failure, so he hired a young man named Frank Tribble to be the face of his new endeavor, NYC VIP Access (Tebele, 2019). Simply put, Tribble used the Fyre mailing list to send out emails promising exclusive and hard-to-find tickets at remarkably low prices. The idea was to recoup some of the losses from the festival by selling tickets that did not exist to celebrity events. Within a few weeks, federal prosecutors charged McFarland with yet another count of wire fraud and money laundering for his role in leading the new company. Once again, McFarland's inability to learn from his past mistakes and change his behavior damaged his reputation and those he worked with. He had multiple chances to take responsibility and own up to the damages he had caused his stakeholders. However, McFarland chose to continue down the path of fraud and firmly established himself as a pernicious individual who cannot be trusted.

Section 5: Conclusion

The Fyre Festival was a doomed music festival from its inception. The festival was announced with inadequate time to create something at the scale that was advertised. Fyre used effective marketing practices to promote the festival and sell tickets, but did not share important changes and updates about the event with their stakeholders. As attendees arrived on the island and realized the severe lack of supplies and preparation, Fyre leadership failed to offer any sort of guidance. There was no communication model in place and the resulting conditions put all festival attendees at risk. As attendees flew home and the organization's recovery efforts began, McFarland and the team should have taken full responsibility for the disaster and outlined what steps were being taken to compensate guests. Instead, the organization released a statement denying responsibility and positioning itself as a victim as well. In reality, this was a preventable crisis that was caused solely by the organization's failed planning and execution. In the end,

McFarland and the organization's reputation were destroyed and many individuals were left feeling scammed and misled.

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