



Executive Summary

Small but Mighty: Selected Business Model Practices of Small European Festivals in Peripheral Areas.

**Shorter edition for
busy people**

By Melting Pro

**SMA! Small Festivals Accelerator: a new model for
the sustainable development of small festivals in
peripheral areas project**

(616875-CREA-1-2020-1-IT-COOP CULT1)



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"Executive Summary: Small but Mighty: Selected Business Model Practices of Small European Festivals in Peripheral Areas." (2021-2022)

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SMA! Small Festivals Accelerator: a new model for the sustainable development of small festivals in peripheral areas project (2020-2024) is a cooperation project supported by the Creative Europe Programme (616875-CREA-1-2020-1-IT-COOP CULT1) and run by organisations and festivals in Italy, Spain, Macedonia, Estonia, and Germany. We aim to develop guidelines and inspire sustainable business practices for small and medium-sized festivals in peripheral areas.

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To learn more about SMA! <https://www.smaproject.eu/about/>

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In crafting this exploratory research, we owe immense gratitude to everyone who generously shared their time, insights, and experiences through the interviews. The diverse perspectives and in-depth knowledge have been instrumental in shaping the nuances of our research. The organisers' first-hand accounts have provided invaluable context for understanding the unique challenges and opportunities within the music festival sector.

Ypsigrock Festival, the SMA! Project leader, Haldern Pop, and D Festival served as starting points for choosing other festivals to benchmark characteristics concerning size, location, cultural approach or proposition for this report. These festivals do not constitute a formal network or alliance. Instead, they were selected independently for research purposes, serving as representative examples to explore the unique challenges and opportunities within the small and peripheral European music festival sector.

In presenting their viewpoints, we have striven for the utmost integrity and accuracy, ensuring that their perspectives remain unaltered and authentic to their intentions, hopefully avoiding any manipulation of their views.

Music festivals in Europe are incubators for emerging artists and professional talent. Still, they need help with rapidly changing market trends, the concentration of power within the live music sector among a few operators (often non-European), the lack of institutional support (facilitation, funding, and framework) or the difficulties of renewing audiences. Peripheral festivals need help with unique issues such as a lack of infrastructure, difficulty accessing the event, a local ageing population, and a shortage of qualified professionals due to emigration. These factors contribute to the festivals' vulnerability and the broader challenges faced



by those dependent on them for livelihoods. Despite these hurdles, smaller festivals contribute significant value to local communities, as appropriately described by The Guardian in 2019¹ as "**small but mighty**". SMA! project ambitiously aims to investigate sustainable business models for small to medium-sized festivals, recognising their unique potential to showcase lesser-known regions to a global audience of music enthusiasts and professionals.

We sincerely thank all contributors for their invaluable input in fostering a more sustainable and vibrant music festival ecosystem.

¹<https://www.theguardian.com/travel/2019/may/01/20-great-boutique-music-festivals-in-europe-summer-2019>

INTRODUCTION

*"I came into the music industry from the public sector,
because I felt that the world could be changed
for the better through music."
Mihkel Kübar, Intsikurmu, Estonia*

How does it look like a sustainable business model² for a small festival located in a remote/peripheral area? What strategies do organisers employ to enhance their operational capabilities and resources? How do festivals in peripheral areas enhance local resources? What sustainability practices do they implement to minimise their environmental footprint in remote areas? What are their main sources of income, and how do they differentiate their revenue streams?

In this summary report, you will find the answers to these questions and others that have guided us to the fundamental aspects contributing to the festivals' financial sustainability, operational efficiency, and overall success of a sustainable business model of small festivals in peripheral areas within the context of the SMA! Project³. By exploring the festival's organisational strategies to improve operations and

² In the longer version of the report available on the project website <https://www.smaproject.eu/about/> we outline, though not exhaustively, the fundamental theories surrounding business modelling in the arts and creative sector context. According to Zott et al., 2011 as cited in Joyce, A., Paquin, R. L., & Pigneur, Y., 2016 p.3) , there is a lack of consensus among scholars regarding a definition of business model "In fact, as one recent review noted, scholars "do not [readily] agree on what a business model is". However, in this report we define business models as "the rationale of how an organization creates, delivers and captures value" (Osterwalder and Pigneur, 2010, p.14). In the context of the arts and creative sector, these elements need to be adapted to accommodate this field's unique challenges and opportunities, such as the importance of artistic integrity, the role of public funding, and the impact of cultural policy.

³ SMA! "Small Festivals Accelerator: a new model for the sustainable development of small festivals in peripheral areas project ". SMA! is run by different organisations and festivals in Italy, Spain, Macedonia, Estonia, and Germany and supported by the Creative Europe Programme; it aims to define a business model that is not limited to music festivals, which could be valuable for other festival organisers or people wishing to set up a festival in remote/challenging areas.



diversify revenue streams, we gain insights into the holistic approach these festivals take to thrive in remote or peripheral locations, not without challenges. Throughout March 2021 and April 2022, during the peak of the COVID-19 pandemic, we conducted **fifteen interviews** with festival directors and managers in high-level positions nominated by the SMA! project partners. It was a challenging time for everyone, especially for the festivals, which are, by default, physical events that rely mainly on their income, such as ticketing, direct sponsorship, and on-site experience.

Ypsigrock Festival⁴, the SMA! project leader, and the other two project partners, Haldern Pop⁵ and D Festival⁶, were the starting points to benchmark characteristics concerning size, location, cultural approach or proposition for this report⁵.

For the research, criteria for selecting case studies included peripheral location, meaning challenging to reach and far from big urban centres, small to medium size (up to 10,000 daily attendees according to the European festival awards category), boutique status, drawing on research by Di Bella (2022), characterised by their elegance, intimacy, and independence, offering attendees an alternative and exclusive experience, and aligned with specific research objectives, seeking examples that demonstrate capacity-building, financial sustainability, local identity support, and accessibility. Additionally, festivals fostering community engagement, minimising environmental impact, contributing to tourism, and

⁴ <https://www.ypsigrock.it/en/festival/ypsigrock/>

⁵ Ypsigrock Festival takes place in Castelbuono (in Sicily, Southern Italy), about 400m above sea level at the foothills of the Madonie Mountains. The small town/village is about a 1hr 30 mins drive away from Palermo International Airport and a 20 mins drive away from the Mediterranean coast.

Haldern Pop Festival is in the Lower Rhine area, 88 km from Düsseldorf, in Germany. The venue is an old horse range, and the nearest village is Haldern, which is 1,5 km away and has its own train station.

D FESTIVAL is organised on the Dojran coast, North Macedonia; the distance from the nearest metropolis is 74km, and from the closest international airport, it is 92.5km. There are no train stations near the festival's area. See Annex 1 for the list of case studies



embracing digital innovation were preferred. Having encountered difficulties locating festivals with the desired qualities, efforts were made to include diverse examples, like Exit Festival in Serbia and Le Guess WHO? in the Netherlands, showcasing noteworthy strategies despite differing scales and locations from the ones we aimed for. Therefore, **the primary goal of this research is to gain a deeper understanding of the issue, encourage further discussion, and provide valuable insights into the challenges and potential solutions rather than to provide definitive and conclusive** solutions, particularly given the volatile circumstances.

We understand that the specific circumstances surrounding each festival, shaped by distinct geographical and political contexts that differ between countries, mean our findings cannot be broadly applied. While a larger sample size would have been beneficial to expand the scope of our research, such an expansion was not feasible within the constraints of our available time and resources. Consequently, our approach to determining the factors that make a festival sustainable relies heavily on the insights collected from our interviews, bearing in mind that **the focus of these interviews was to identify the key strengths of each festival and understand how they leveraged those to overcome challenges and become more resilient.**

The festivals selected for the SMA! research **offer a vivid exploration of the continent's rich geographical and cultural diversity.**

Starting in the Mediterranean warmth of Sicily, Italy, the **Ypsigrock Festival** captivates audiences in a historical setting. Moving to the serene lakeside town of Dojran in North Macedonia, **D Festival** blends music with scenic beauty. In the landscapes of North Rhine-Westphalia, Germany, the **Haldern Pop Festival**, thanks to the quality music, creates an intimate atmosphere. Spain boasts two coastal gems: **the Bay of Biscay**

Festival in the Basque Country, with its wild coastline, and the **Jardins de Terramar Festival** in the artistic heartland of Catalonia. Utrecht, in the central Netherlands, offers the eclectic **Le Guess Who**. Hungary's rolling hills are home to the psychedelic **Ozora Festival**. Instead, Estonia presents contrasting areas with **the Intsikurmu Festival** in the tranquil town of Põlva and **Station Narva** at the Russian border. Serbia's historic **EXIT Festival** takes place in a grand fortress, while Croatia's **Moondance Festival** echoes through Trogir's ancient walls. Terraforma in Italy infuses eco-friendly art into its musical offerings. Slovakia's **Pohoda Festival** transforms Trenčín Airport into a multicultural gathering. Switzerland's **Bad Bonn Kilbi** enjoys a picturesque setting, and **Øyafestivalen** in Norway delivers a sustainable festival experience in Oslo. Each festival is a unique jewel, reflecting the spirit of its location and the essence of a diverse and vibrant European music ecosystem.

The report structure reflects the critical elements that form the sustainable business model of festivals, capturing the multifaceted approach required for festivals to thrive and the mission-driven approach showcased by each festival. Each section of the report aligns with the adapted aspects of the Business Model for arts organisations, therefore mission-driven⁶:

Mission, Purpose, Values, and Legacy Building

This section highlights the foundational aspects of successful festivals—having a compelling mission, clear purpose, and a set of values that resonate with the internal team and the wider community. The report illustrates how festivals with a

⁶ A mission-driven approach refers to how an organisation bases its strategy, decision-making, and overall operational framework on a clearly defined mission. **This mission typically reflects the core purpose, values, and the organisation's goals.** According to Rodriguez (2016), since **arts organisations need to be mission-oriented**, he developed a canvas based on four key areas: **Purpose (long-term strategy)**, **People (stakeholders)**, **Work (services/products)**, and **Revenue (earned and contributed income)**.



strong sense of developing meaning and a commitment to creating a lasting legacy endure and thrive by embedding principles like community engagement, environmental sustainability, and cultural significance into their core operations.

Accessibility and Environmental Sustainability

Focusing on core values, the report delves into the imperative of making festivals more accessible while trying to minimise their environmental footprint. It showcases initiatives like infrastructure modifications for people with disabilities, adopting green energy sources, and implementing waste reduction programs. By integrating these practices, festivals adhere to their ethical commitments and attract a diverse audience base, including those passionate about sustainability and inclusivity.

Key Resources, Partnerships, and Assets

Drawing insights from the interviews, it's clear that the festival location and the collective contribution of staff, artists, volunteers, local residents, and the audience are paramount in forging a sustainable business model. They are tangible and intangible assets. Moreover, forming strategic partnerships is vital for festival sustainability.

Channels and Communication

The strategic use of communication channels to engage audiences is underscored. From digital marketing to personal interactions, festivals blend modern and traditional methods to reach their audience, share their values, and promote their events. The report underlines the power of storytelling and authentic communication in building a loyal and engaged festival audience.



"How: Revenue Model Money In and Out"

This section outlines festivals' various strategies to ensure financial health and sustainability. Diversifying income streams through ticket sales, sponsorships, merchandise, and innovative digital offerings allows festivals to create a robust financial foundation. The report also highlights the challenge of balancing commercial success with the festival's mission and values.

Integration with Broader Tourism Strategies

Exploring the symbiotic relationship between festivals and regional tourism, the report illustrates how festivals can significantly contribute to their locations' attractiveness and economic vitality. By collaborating with local tourism boards and businesses, festivals can enhance their impact, attracting visitors from beyond their immediate geographical area and contributing to a sustainable local economy.

MISSION, PURPOSE, VALUES AND LEGACY BUILDING

"Why do people come from Berlin and Amsterdam to a small village in North Rhine-Westphalia? Because the village is exciting but cosy and welcoming. Communicate that narrative and be authentic, honest, and true. It is important to create trust."

Stephan Reichman, director HALDERN POP FESTIVAL,
Germany

All the festivals covered in the research share a common trait of having a bold and courageous mission that explains the reasons for their existence and how they deliver value to their diverse audiences and stakeholders. Additionally, most interviewees were the founders of these festivals, making it highly valuable to hear **their origin stories**. All the stories show how they tapped into a need that was not only functional but also emotional, and they show the importance **of building an entrepreneurial mindset**. This mindset is significant for festival organisers since it crosscuts and stimulates creativity and innovation. **They continually explore new approaches and seek ways to enhance their programming**. They are also resilient, risk-conscious, tenacious in the face of setbacks and persevere in pursuing their goals. **The quality of the music is a recurrent factor. With a strong knowledge of the music industry and good relationships, most started small**, some as a small friend venture, with two or three bands playing at the beginning or had a booking agency, or just playing records. Yet, **they had a long-term vision of seeing the potentiality of the investment**. Remarkably, **a common factor among the festivals is their focus on legacy building and a long-term vision**. From the beginning, **there has been a strong emphasis on the festival's long-term vision**,



with the goals of transforming it into a cultural hub and the need to expand to foreign artists and find partners outside their circle.

The insights emphasise the importance of local community engagement, unique positioning, and adaptability in creating successful and impactful festivals. Most of the festivals want to remain as a beyond-genre-atmospheric event, and they are always in search of new ideas which keep the team fresh. However, usually, the conservative core of the festival has always been music and the artistic values of the festival matter. Even marketing must always reflect the content; there is no other way around it. The festival's growth should be organic rather than a goal, firmly aligned with the mission and values.

Each festival works on a unique perspective, whether focusing on local cultural sustainability or creating a distinct festival atmosphere or content by offering an entertaining and enriching experience set in a location with historical and cultural significance. By crafting a Unique Value Proposition (UVP.), they aim to differentiate their festival in an increasingly crowded boutique festival market, where many events blur together with similar setups, music, and activities. This differentiation is essential as the term "boutique" often becomes more of a marketing label than a reflection of a festival's distinct quality focus on emphasising local community support and gastronomy to promote regional engagement, contributing to the area's cultural life, community involvement, inclusivity, and emerging artists, and a curated festival experience. These festivals aim to engage with an audience interested in new and eclectic music, offering a unique experience, being the trampoline for showcasing new talents, the launching pad for aspiring artists, propelling them into the spotlight and helping them advance their careers. The festivals' community-driven approach,



integration with local cultural and educational institutions, and focus on sustainability and diversity make them stand out and contribute to the local economy and cultural life.

Key takeaways

- **Establish a Clear Mission and Vision:** Successful festivals have a bold mission that explains their value to diverse audiences and stakeholders, coupled with a long-term vision for growth and transformation into cultural hubs.
- **Adopt an Entrepreneurial Mindset:** Founders exhibit resilience, creativity, and innovation, tapping into emotional needs and exploring new approaches to enhance programming.
- **Starting small with Expansion Plans:** While starting small, festivals maintain a long-term vision for growth, focusing on organic expansion in line with their mission and values.
- **Address Community Needs:** Engage communities, highlight unique positioning, and remain adaptable to create impactful and successful festivals.
- **International Audience Focus:** Targeting an international audience from the start expands reach and fosters cultural exchange and diversity.
- **Year-Round Engagement:** Ensure lasting community impact by offering year-round festival activities and contributing to cultural diplomacy and community development.
- **Support Emerging Artists:** Provide a platform for emerging artists and build strong relationships within the music industry.



- **Leverage Expertise:** Organisation expertise maintains quality and authenticity.
- **Create Memorable Experiences:** Craft unique and memorable experiences for attendees driven by a strong understanding of the festival's unique value proposition.



Focus on values: the importance of accessibility and environmental sustainability.

*"Sustainability is a recurrent topic,
but the difficulty is transforming the words into actions
and making them happen."*

*Ametz Rodríguez –
Director of Bay of Biscay and Director of culture and territory at Emankor Sarea*

One of the SMA! The project objectives are to understand how small festivals address the challenge of making their **events more environmentally friendly and accessible**. All the festivals, at different levels and according to available resources, are working on accessibility and environmental sustainability, **showcasing a commitment to responsible business modelling and ecological consciousness**, aiming to go beyond theoretical discussions to implement practical actions, but not without difficulties. **For some, it is part of their value proposition; they are green-oriented and have sustainability ingrained in their DNA**, considering it an essential element of integrating environmental consciousness into the festival atmosphere. While successfully implementing eco-friendly practices like reusable cups and waste sorting, promoting a vegetarian or vegan menu, and reducing energy consumption in production, these efforts do not substantially impact the festival's overall environmental footprint. **Some others are adapting to become as environmentally sustainable as possible**. Moreover, the insights reveal that accessibility is understood as removing the infrastructural barriers that keep people from attending events and **designing an overall experience where everyone feels welcome**.



Key Takeaways:

- **Festivals face challenges in balancing environmental initiatives with logistical, economic, and cultural constraints**, including considering dietary preferences and accessibility for all attendees.
- Environmental sustainability efforts focus on reducing ecological footprints, such as transportation emissions and reliance on diesel generators. This often requires **collaboration with local governments** and innovative solutions like hydrogen generators.
- **Innovative practices** include **technological advancements, permanent infrastructures**, and strategic partnerships to enhance sustainability and creativity within festivals.
- **Stakeholder engagement is vital**, involving collaboration with local communities and government entities to address transportation issues, reduce plastic use, and implement sustainable certification.
- Long-term plans involve maintaining festival areas in natural settings while coordinating with environmental and heritage boards and implementing **recovery plans to reuse infrastructures**.
- **Inclusive marketing strategies** ensure accessibility for diverse groups while utilising various online platforms to reach different age demographics.
- Solutions include building partnerships, **raising awareness of transportation sharing, implementing price strategies**, and adopting eco-friendly practices like using permanent facilities and exploring sustainable energy sources.

KEY RESOURCES: PEOPLE, PARTNERSHIPS AND ASSETS

*"Yeah, anything is possible,
so we must be creative or more creative again,
less money makes us creative."
Daniel Fontana, Director, Bad Bon Kilbi, Switzerland*

"Assets, tangible and intangible" and "partnerships" form the cornerstone of any effective business strategy. According to the framework developed by Osterwalder and Pigneur, these elements are termed "key resources" and "key partnerships", respectively. They are indispensable for generating customer value and ensuring the business's longevity. These resources encompass tangible and intangible assets, which are the fundamental part of an organisation's portfolio, offering distinct contributions to its value creation and operational efficiency. **Whether human, financial, physical, or intellectual, these resources are essential for maintaining the operational flow of a festival.**

Drawing insights from the interviews, it's clear that optimising the festival location and the collective contribution of staff, artists, volunteers, local residents, and the audience are paramount in forging a sustainable business model. Each component plays a crucial role, indicating that a successful festival is not just about the event itself but **about fostering a harmonious ecosystem where each element contributes significantly to the overall experience and sustainability.**



Enhancing the Unique location

Each festival has **a well-built connection to its specific location**, with the **local context and environment as a source of inspiration, making the best out of it**. For example, the Sitges festival takes advantage of the village's strong brand and unique location, utilising a garden with a small forest to attract the audience and merge local talent with the festival-goers. Similarly, the Intsikurmu festival in Estonia is rooted in the tradition of musical celebrations in the forest park, and the organisers aimed to showcase the natural atmosphere along with the music and art. **EXIT festival is in the Petrovaradin Fortress in Novi Sad**, Serbia, which is now a landmark, is part of the festival. The Le Guess Who festival takes **over 25 venues across the city**, including churches and theatres, to showcase major artists and embody the city. **Ypsigrock takes place in the medieval hill town of Castelbuono**, where there is no traditional "backstage" area as you'd find at Haldern Pop, which is a secure space for artists and the crew only. Due to understandable space limitations, the Ypsigrock festival's setup is more dispersed throughout the town, offering artists, journalists, and even locals a unique opportunity to mingle spontaneously. This setup encourages unplanned interactions and creates a vibrant atmosphere where everyone can connect amidst the charming backdrop of the town. **Terraforma festival is site-specific to the venue, a restored park in Milan**, and aims to bring in a lesser-known scene of experimental electronic music. The **Mundaka festival**, which used to be in the harbour area with stunning views of the sea, has now moved to a new location in **the Biosphere reserve of Urdaibai**, still offering a beautiful view over the sea and a forest area behind it, as per legal requirements.



Staff, artists, volunteers, locals, community, audiences and partnerships

Here we summarise the main Key takeaways:

Festival teams require problem-solving abilities, industry knowledge, and a commitment to the festival's values. It is crucial to hire individuals with diverse skills and shared values. Manage stress levels and work intensity to ensure a healthy balance for the team.

Volunteering is integral to the festival model, providing opportunities for locals, particularly youth, to contribute to and feel connected to their community.

Festivals prioritise creating an intimate atmosphere for artists, emphasising authenticity and meaningful interactions with audiences. Artist engagement and **diversity in the line-up are crucial.** While financial compensation may be limited, artists often value other aspects like hospitality, relationships, or the festival's environment. Festivals focus on the quality and skill of artists rather than their popularity, often introducing new acts. Some festivals organise sequential performances rather than simultaneous acts, enhancing the perception of the event's line-up. Many festivals are renowned for being a platform for emerging artists, emphasising artist engagement and development, showcasing underrepresented artists and diverse genres, and offering culturally unique experiences. Diversity in programming, including various genres and gender representation, is a significant draw for festival audiences.

Community Integration, as part of the Festival Brand, means integrating the local community into festival activities and fostering a sense of ownership and participation; one of the main challenges is to balance internationalisation aspirations with fostering a sense of community.



Authentic engagement, diverse communication, and continuous adaptation are essential for attracting and retaining diverse audience groups. **Understanding audience** demographics and preferences is crucial.

Partnerships with private entities, organisations, NGOs, and local organisations are vital for festival success, providing resources, reducing risk, and enhancing operational capabilities. Cultivating and maintaining partnerships is crucial for adaptation and growth.

Focus on Volunteers

Festivals recognise the importance of volunteers and their contribution to the community. **Volunteering is an integral part of the festival business model; it is not only a matter of reducing costs but also a way of allowing young people, especially those living locally, to feel a sense of belonging and rediscovery to their native place through different ways.** There has been a significant migration trend in several areas that host festivals, particularly among young people. It is generally due to limited or unattractive job prospects. However, festivals can be a source of inspiration and pride for locals, motivating them to seek professional opportunities in their hometown.

The Business Model Canvas considers volunteers as critical resources and essential assets in making a business model work.

Volunteering is an excellent way to contribute to the community and acquire new experiences and skills. Providing young people with such opportunities is crucial, especially in areas undergoing complex processes such as socially fair economic transitions.



"As complicated processes are currently going on in Ida-Viru County, one of them being a socially fair economic transition, it is important that young people leave the region and feel proud of their home and have the motivation to find professional fulfilment there. Their motivation to be active in this area will increase through the nationwide and internationally recognised festival."

Such is the case of the Ypsigrock Festival, which has a policy of engaging local people from the area who study or work in other parts of Italy or abroad as volunteers in the festival and training them. This way, they build a good relationship and strong bond with the area. The festival also explores the chance of providing **a certificate to formally recognise the knowledge and skills acquired in managing a festival**. This initiative could benefit individuals seeking to establish a career in the festival industry, enabling them **to showcase their expertise and qualifications**. Such measures indicate the commitment of festival organisations towards enhancing the knowledge and capacities of their staff and volunteers, and they deserve due recognition. It happens in many festivals that they might become regular staff members.

Festivals have different ways of structuring their volunteering programs, **but it is crucial to treat volunteers well to ensure their return and contribute to the festival's success**. Volunteers are often motivated by shared values, such as a love for music; they want to give back to their area. Many have progressed in education or careers due to skills gained through volunteering. As Oyafestival mentions, a significant part of its success is attributed to its high volunteer return rate and the strategy of nurturing relationships within the community. This approach encourages a sense of belonging and loyalty among the festival-goers and contributes to a welcoming and inclusive atmosphere. Or Haldern Pop, with around



400 volunteers, young and adults from the village, has created a system of 18 "families" in the community; each family has around 30 members from different backgrounds and job profiles. Usually, once a month, they get together online or in person to talk about what will happen at the festival and to reply to questions and answers. Their job is to spread the word to everyone in the community. The aim is to create trust. The families also discuss the best way to reinvest money to benefit the community. Another example is D Festival, which invests a lot in involving young people as volunteers to grow human resources in Macedonian in the music industry/education and production of events. They have planned lectures and have done a few workshops in that direction.

Festival planners must manage volunteers professionally, providing precise tasks, coordination, and communication. Respectful treatment of volunteers is crucial to ensure their tasks are helpful and that they feel they have contributed something meaningful.

"Nobody wants to waste their time. We must be very respectful towards voluntary work. They show their respect by helping us."

The recruitment and selection of volunteers can differ from festival to festival; it involves open calls, registration, and word of mouth, or some festivals may limit participation to residents of specific regions or countries. Some volunteers might choose shifts and positions. Sometimes, festivals prefer to have volunteers at least 18 years old. Some have strict policies on alcohol consumption during shifts are often in place.

Volunteers' assignments can range from handling camping to hosting bands, working on stages, managing technical aspects, checking tickets at the door, and



more. Professional writers, artists, and designers also contribute as volunteers, but only to the extent and in areas they want to. It is a voluntary contribution rather than unpaid work. When work requires writers or artists for 'core' tasks, they are compensated for their work.



CHANNELS AND COMMUNICATION

"Our community highly appreciates communicating and interacting directly with the festival organisation in an informal way and in a safe space. This affectionate attitude truly pays us and allows us to develop communication concepts involving content with a strong emotional value to drive more engagement."

Marcella Campo, Head of Communication and Brand Manager, Ypsigrock Festival, Italy

The business model theory explains the importance of channels in delivering a company's value proposition to its customers. Effective channels should distribute the company's proposition quickly, efficiently, and cost-effectively. A company can use its channels (such as its storefront), partner channels (major distributors), or a combination to reach its clients. In the case of the festivals included in the research, digital and personal connections are essential. **While digital solutions are used for marketing to engage a broader audience, personal interactions are still encouraged through in-person meetings and phone calls. For example, controlling the bar and food service allows direct contact with the audience and encourages feedback.**

Key takeaways:

Importance of Channels: Effective channels are crucial for delivering a company's value proposition to customers. Festivals use both digital platforms and **personal connections to the audience.**

Adaptation to Digitisation: Dynamically adapting to digitisation, using digital platforms for ticketing, purchases, and marketing. Social media plays a significant role in audience engagement.



Artist Interaction: Festivals support artists in creating and promoting digital content, including collaborative video creation for promotion.

Balanced Approach: Festivals' strategic approach to digitisation ensures innovation while preserving their unique live experience. Audience needs and preferences guide the implementation of digital solutions.

HOW: REVENUE MODEL MONEY IN AND OUT

The festivals included in this report demonstrate diverse financial strategies and challenges, **highlighting the importance of adopting multi-faceted approaches for sustainability and growth.** Most of these festivals are **now entering the consolidation phase, which involves finding a stable mix of income streams and managing a growing business.** One of the interviewees highlights that the “*most challenging aspect of this process is making the transition from a festival's budget to an organisational budget*”, **requiring the expand the team and investing in new competencies.**

Many festivals need help in meeting their financial goals, particularly newer ones aiming for a break-even point within a specific timeframe. The reliance on ticket sales, sponsorships, and public support varies, with some festivals struggling to secure sufficient public funding.

Several festivals included in our research are managed without direct public sector funding, but our findings suggest they tend to adopt a mission-driven approach. **This is a characteristic of hybrid organisations that merge for-profit ventures with mission-focused initiatives, often akin to social enterprises.** Such a model encapsulates a dual commitment: **to financial sustainability through commercial operations and achieving a broader mission that could encompass social, cultural, or environmental goals.**

The advantage of a mission-driven model is that it allows the organisation's commercial side to underpin financial stability, thereby minimising reliance on the unpredictable flow of donations and grants that many not-for-profits face.



Concurrently, **the mission-driven aspect is empowered to pursue meaningful objectives with the robust support of a commercial framework.**

These organisations skilfully navigate the delicate balance between their aspirational goals and pragmatic financial strategies. Moreover, in some cases, **the multi-sided platform business model concept is particularly relevant to these festivals.** This model engages diverse customer segments — including attendees, the local community, and artists — with the understanding that the value created is mutual. **The challenge lies in crafting experiences and opportunities that cater to the interconnected needs of these groups, where the perceived value for one is deeply intertwined with the activity and satisfaction of the others.**

The interviews on business modelling and financial sustainability highlight the challenges and strategies of festivals **to ensure economic viability.** Overcoming these challenges involves **income diversification,** balancing **commercial interests, and maintaining festival integrity.**

Tourism strategy

One of the topics of the SMA! Project is to help small festivals in peripheral areas understand the potential of investing and liaising with the tourist sector. A well-planned and managed tourism strategy is essential for ensuring sustainable, long-term benefits to destinations and their inhabitants, encompassing economic growth, cultural enrichment, infrastructural improvements, environmental stewardship, and community development.

According to our research, specific festivals such **as the EXIT festival have heavily invested in building an internal tourism department called Exit Trip, which deals with tourism-related matters.** They understand the vital link between the festival and local tourism, acknowledging the significant economic impact on Serbia's



economy. **As a result, they have created their own travel agency.** Some other festivals admit to not actively involving the tourism sector, primarily relying on independent travellers. However, they acknowledge the importance of collaborating with local tourism offices for practical support, such as hotel arrangements and infrastructure and being aware of the challenges related to increased hotel prices during the event.



Interviewee: Amets Rodríguez – Director of Bay of Biscay and Director of culture and territory at Emankor Sarea

Location: Mundaka, Biscay, Spain

Nearest international airport: Bilbao, Spain

Main Transport: By Train - You can take the EuskoTren on the E4 Urdaibai **line** if you travel from Bilbao. This is a scenic and convenient travel method, as Mundaka is known for its beautiful coastal views.

By Bus, there are bus services from Bilbao to Bermeo, which is close to Mundaka. From there, you can take a short taxi or possibly another local bus, depending on the service availability.

Ticket capacity: 4.000

Web site: <http://bayofbiscayfestival.eus/en/>

Organised by Emankor Sarae, this is a non-profit social entity

JARDINS DE TERRAMAR FESTIVAL, CATALONIA, SPAIN

Interviewee: Juan Ramón Rodríguez –co-director

Location: Sitges, Catalonia, Spain

Nearest international airport: Barcelona

Main Transport: Train, Bus, taxi, car, boat

Duration: 15 days (last edition)

First edition: 2017

Web site: <https://festivaljardinsterramar.com/>

LE GUESS WHO (THE NETHERLANDS)

Interviewee: Bob Van Heur –Founder, festival, and artistic director

Location: Utrecht

Nearest international airport: (Amsterdam) Schiphol Airport

Main transportation: Train, Bus

Duration: 5 days

First edition: 2007

Web site: <https://www.leguesswho.nl/>

OZORA FESTIVAL (Hungary)

Interviewee: Naray Marton – Head of the "Dragon Nest stage" (stage production and management part)

Location: Ozora (Dádpusztá), Hungary

CONCLUSIONS & RECOMMENDATIONS

Our investigation into small festivals in remote or peripheral areas has revealed a complex network of factors contributing to a sustainable business model. The insights from the interviews resonate with the theoretical foundations of rethinking business models to balance mission-driven emphasising with financial sustainability, emphasising innovation, adaptability, and a comprehensive approach to addressing the sector's unique challenges. **While financial priority is vital, these festivals also prioritise their social and environmental missions.** Financial gain is not the primary goal; strategies like premium experiences and VIP packages, like meet-and-greets with artists, backstage tours, and premium viewing areas, could probably achieve this. Instead, inclusivity, lasting impact, and the preservation of artistic integrity are core objectives across all the case studies examined. **Their business models, however complex, showcase a profound dedication to mission fulfilment, ensuring that artistic integrity, community involvement, and sustainable practices stand alongside financial health, presenting a vibrant landscape where cultural expression, collective experiences, and social transformation are valued treasures.** As one partner said, *"We are not stupid; we have a creative agency that makes a profit all year round. The festival is a way to give back to the community; in some cases, the money earned from the festival is invested back into the village - social engagement and social projects."*

Therefore, **a mission-driven approach underscores their business models, balancing commercial viability with a profound social mission.** Many festivals are in a consolidation phase involving finding a stable mix of income streams and managing a growing business. This approach is manifested in a hybrid organisation



that combines the efficiencies of for-profit operations with the inclusivity of non-profit goals.

Fostering an entrepreneurial spirit, engaging local communities, and committing to artistic innovation are intertwined throughout these festivals' operational fabric. These festivals resemble the multi-sided platform business model, underscoring the mutual reliance on multiple customer segments—audience, community, and artists—where the presence and engagement of each are crucial for the festival's success. They embody social impact and cultural identity, striving to align with the Sustainable Development Goals (SDGs)⁷ and emphasising cultural sustainability and environmental responsibility. Through our exploratory case studies, we have identified that these festivals harness the power of an inclusive and environmentally conscious approach. A well-integrated tourism strategy could amplify the festivals' economic, social and cultural impact.

Based on the insights gathered, we can outline the following recommendations, which require **continuous improvement and alignment with the festival's core mission and values:**

- **Strengthen the Unique Value Proposition (UVP):**

Continuously innovate and refresh the festival's offerings to maintain its distinctiveness and appeal.

- **Enhance Accessibility and Environmental Sustainability:**

Implement more robust measures to ensure the festival is accessible to people with disabilities, including physical accessibility and accommodations for sensory

⁷ Centre for Music Ecosystems. (2021). Your guide to music and the SDGs: Executive summary. Centre for Music Ecosystems. <https://www.centerformusicecosystems.com/sdgs>



sensitivities. Adopt and promote sustainable practices such as waste reduction, recycling programs, and renewable energy sources. Partner with eco-friendly vendors and suppliers.

- **Deepen Engagement with Staff, Volunteers, Artists, and the Local Community:**

Offer workshops, training, and development opportunities for all stakeholders to ensure they are aligned with the festival's mission and values. Create regular communication and feedback platforms among all groups to foster a sense of ownership and community.

Develop a strategic volunteer engagement program to enhance the festival experience and build community.

- **Expand Networks and Partnerships:**

Identify and engage with potential new partners who share the festival's values, particularly those related to sustainability, education, and technology.

Use strategic partnerships to access new audiences and resources, enhancing the festival's impact and reach.

- **Optimise Channels and Communication Strategies:**

Embrace a multi-channel communication strategy that includes digital and traditional media to reach a broader audience.

Utilise storytelling and content marketing to share the festival's values, impact stories, and behind-the-scenes insights, deepening audience engagement.

- **Refine the Revenue Model for Financial Sustainability:**

Explore diverse revenue streams, such as merchandise, digital content, and membership programs, to reduce dependency on ticket sales.

Implement cost-saving initiatives, such as energy-efficient infrastructure and technology, without compromising the festival's quality or values.



Finally, from our exploratory research, a sustainable business model for festivals in peripheral areas seemed to be characterised by the following:

- **A memorable experience** for festival-goers.
- **Robust community focus** that engages local people in meaningful and respectful ways.
- **Commitment to enhancing the local identity** through cultural expressions and celebrations.
- **Artistic innovation and diversity**, presenting underrepresented talent and gender balance in an intimate and inclusive atmosphere.
- **A strong volunteer force** that reflects the festival's communal ethos.
- **Strategic partnerships** and collaborations that bolster resilience and growth.
- **Adaptation, strategic plans**, and diverse income sources, starting small with a long-term vision of growth.
- **Complexity** in managing **international and local community**

In conclusion, the sustainable business model for a small festival in a remote or challenging area **is not a static blueprint but a dynamic framework that combines cultural dedication, community-centric approaches, environmental stewardship, and strategic alliances. This framework fosters artistic innovation and social inclusivity to create impactful and enduring cultural hubs.**

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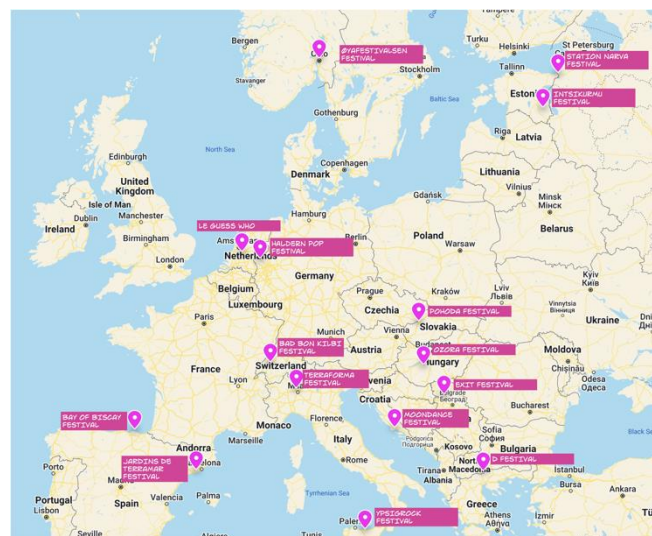
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ANNEX 1 DATA COLLECTION

LIST OF CASE STUDIES IN THE REPORT⁸

Ypsigrock Festival, the SMA! Project leader, Haldern Pop, and D Festival served as starting points for choosing other festivals to benchmark characteristics concerning size, location, cultural approach or proposition for this report. These festivals do not constitute a formal network or alliance. Instead, they were selected independently for research purposes, serving as representative examples to explore the unique challenges and opportunities within the small and peripheral European music festival sector.

YPSIGROCK FESTIVAL - SMA! project leader	Italy
HALDERN POP FESTIVAL - SMA! partner	Germany
D FESTIVAL- partner	North Macedonia
LE GUESS WHO FESTIVAL	The Netherlands
MOONDANCE FESTIVAL	Croatia
TERRAFORMA FESTIVAL	Italy
INTSIKURMU FESTIVAL	Estonia
STATION NARVA FESTIVAL	Estonia
EXIT FESTIVAL	Serbia
OZORA FESTIVAL	Hungary
POHODA FESTIVAL	Slovakia
BAD BON KILBI FESTIVAL	Switzerland
ØYAFESTIVALSSEN	Norway
BAY OF BISCAY FESTIVAL	Spain
JARDINS DE TERRAMAR FESTIVAL	Spain



⁸ The information was retrieved from the interviews or the website; the risk of misinterpretation should be considered. Some information might be out of date by the time this report is published.



YPSIGROCK FESTIVAL, SICILY, CASTELBUONO, ITALY

Interviewee: Vincenzo Barreca & Gianfranco Raimondo, Founders and Directors, Marcella Campo, Brand Manager and Head of communication

Location: Medieval Castle, in Castelbuono, Palermo, Sicily, Italy

Duration: 3-4 days

Nearest Airport: Palermo, 120 km

Main Transport: bus /car/ car-pooling/sharing - nearest train stations Cefalù/Palermo

Ticket capacity 2150 and facilities: the camping area

First edition: 1997

Website: <http://www.ypsigrock.it/en/>

Organised by: Glenn Gould

D FESTIVAL, NORTH MACEDONIA, SKOPJE

Interviewee: Login Kochishki, director

Location: Dojran, which is a tiny town at the border with Greece, North Macedonia, Skopje

Nearest international airport: Thessaloniki International Airport and Skopje Airport.

Main Transport: bus/car/ car sharing

Website: <https://dfestival.mk/en/about-us/>

First edition: 2011

Capacity (tickets on sale): 10.000 and camping facilities.

Organised by: Password Production

HALDERN POP FESTIVAL, NORTH RHINE-WESTPHALIA, GERMANY

Interviewee: Stephan Reichman, director

Location: Haltern, Rees-Haltern

Nearest international airport: Dusseldorf, Weeze, Cologne or Amsterdam (The Netherlands)

Main Transport: Train/car

Website: <http://haldernpop.com/info/>

First edition: 1984

Capacity (tickets on sale): 7.000

Facilities: Camping

Organised by: Raum3

BAY OF BISCAY FESTIVAL, BASQUE COUNTRY, SPAIN



Duration: 7 days

First edition: 2004

Nearest international airport: Budapest Airport, "Ozora Bus shuttle"

Main transportation: Train

Duration: 7 days

Ticket capacity: 30,000

First edition: 2004

Web site: <https://ozorafestival.eu/>

INTSIKURMU FESTIVAL (ESTONIA)

Interviewee: Mihkel Kübar –board member, chief organiser

Location: Põlva, Estonia

Duration: 2 days

First edition: 2014

Nearest international airport: Tartu Airport (T.A.Y.). Tartu is the closest city with an airport and is approximately 58 kilometres from Põlva. However, depending on your origin and available flights, you may also consider flying into Lennart Meri Tallinn Airport (T.L.L.)

Main Transport: Train/car/Buses, Carpooling

Web site: <https://intsikurmu.com/en/>

STATION NARVA (ESTONIA- Border with Russia)

Interviewed: Helen Sildna –head and organiser

Location: Narva, Estonia

Duration: 3 days

Nearest international airport: Pulkovo Airport (L.E.D.) in Saint Petersburg, Russia, approximately 125.9 kilometres. Other nearby airports include Tartu Airport (T.A.Y.) in Estonia and Pskov Airport (P.K.V.) in Russia.

Main Transport: Bus, shuttles, train

First edition: 2018

Web site: <https://stationnarva.ee/en/>

Organised by: Shiftworks

EXIT FESTIVAL (SERBIA)

Interviewed: Sannij Dzukic –an EXIT FOUNDATION board member and the EXIT PR director.

Location: Petrovaradin Fortress in Novi Sad, Serbia



Duration: 4 days

First edition: 2000

Nearest International airport: Belgrade Airport, 1-1.5 hours away or Budapest airport in Hungary, 286 km from Novi Sad (4-5 hours ride with the festival's official shuttles)

Main transportation: train or shuttles, car

First edition: 2000

Web site: <https://www.exitfest.org/en>

Organised by: EXIT FOUNDATION

MOONDANCE FESTIVAL (CROATIA)

Interviewee: Pero FullHouse aka Skeptik –founder and dj

Location: Kamerlengo Fortress, Trogir, Croatia

Duration: 3 days

Nearest International airport: Split Airport (S.P.U.)

Main Transport: Ferry (a scenic route), car

First edition: 2013

Web site: <http://moondancefest.com/>

TERRAFORMA (ITALY)

Interviewed: Ruggero Pietromarchi –co-founder and artistic director

Location: Villa Arconati (Milan)

Nearest International airport: Milan

Main Transport: Train, Bus, Car, bike

Duration: 3 days

First edition: 2014

Web site: <https://www.terraformafestival.com/>

Organised by: Threes Productions

POHODA FESTIVAL (SLOVAKIA)

Interviewed: Anton –head of P.R.; Ondrej –Production manager

Location: Trenčín, Slovakia

Duration: 3 days

Nearest International airport: Bratislava or Vienna

Main Transport: train, Bus, car

First edition: 1997

Web site: <https://www.pohodafestival.sk/en/>

First edition: 1997



BAD BON KILBI (SWITZERLAND)

Interviewed: Daniel "Duex" Fontana –director

Location: Dudingén, Switzerland

Duration: 3 days

Nearest International airport: Bern Airport, Geneva, or Zurich

Main Transport: Train

Ticket capacity: around 2200/day

Duration: 3 days

First edition: 1991

Web site: <https://kilbi.badbonn.ch/2022/en/>

ØYAFESTIVALEN (Norway)

Interviewed: Claes Olsen –director

Location: Tøyenparken, Oslo, Norway

Duration: 5 days

Nearest International airport: Oslo

Main Transport: Train

Ticket capacity: around 60,000

First edition: 1999 **Web site:** <https://www.oyafestivalen.no/en>

ANNEX 2 SUSTAINABLE BUSINESS MODEL: SELF-ASSESSMENT QUESTIONS

The research by SMA! suggests that festival organisers adopt diverse approaches to creating sustainable business models. Business models should be seen **as flexible frameworks instead of rigid rules that can be adapted to meet the unique needs of specific organisations in different contexts**⁹. This adaptability is crucial in the arts and cultural sector.

The sustainable business model for a small festival in a remote or challenging area is not a static blueprint but a dynamic framework that combines cultural dedication, community-centric approaches, environmental stewardship, and strategic alliances, all while fostering artistic innovation and social inclusivity. While grounded in local specificity, it can inspire and guide festival organisers to create impactful and enduring cultural hubs.

From the research, certain foundational aspects should be considered regardless of the festival's location, scale, or available resources. Therefore, we have developed some probing questions to guide novice and experienced festival organisers seeking to reassess their operating strategies to reflect on their business models.

Mission: This section summarises the festival's mission, purpose, values, and how it aims to build a legacy.

- What is the mission that defines the purpose of our festival?
- How will our festival deliver value to different audiences and stakeholders?
- How can our origin story shape the festival's identity and business model?

⁹ King, I. W. (2019). Learning from an international study of Cultural Governance. In *Creative Lenses: Models to manifestos*, 175-181

Long-Term Vision

- What is our long-term vision for the festival's growth and evolution?
- In what ways is our festival achieving a clear social and cultural impact?
- How will our festival contribute to the local identity and socio-economic sustainability?

Legacy Building

- What legacy do we want our festival to leave behind?
- How can we ensure that the festival remains a cultural hub or destination in the long term?
- How will we maintain our festival's core values as we grow and possibly expand internationally?

Unique value proposition: This section highlights what makes the festival stand out. Focus on uniqueness and value.

- How does our festival offer something new to the audiences that cannot be found at other events?
- What status or brand experience are we offering our attendees, and how does that enhance their perception of our festival?
- How do we leverage our location's historical and cultural significance to enhance the festival experience?
- What unmet needs (functional and emotional) can our festival address in the local or broader community or audiences?
- How do we support and sustain the local culture through our festival activities?

Balance Work Intensity: Strategies for stress management, work-life balance, and burnout prevention among team members.

- What measures are we considering to manage stress levels within our team?
- How do we ensure a healthy balance for our staff during the intense periods of festival planning and execution?



- Are there processes to monitor and adjust work intensity to prevent burnout among team members?

Entrepreneurial Mindset: Encourage constant innovation in festival programming, operations, and engagement strategies.

- How can we foster an entrepreneurial mindset within our festival's leadership and team?
- In what ways can an entrepreneurial approach propel our festival forward?
- How well are we prepared to adapt to sudden changes, particularly those influenced by external factors?
- How do we incorporate flexibility within our long-term planning to address the evolving needs of our festival and its attendees?

Artistic Innovation: Discuss supporting the artistic community, increasing diversity, and promoting social inclusion.

- How can our festival help grow the local music scene or artistic community?
- How diverse and unique is our line-up?
- What opportunities are we providing for underrepresented or emerging artists?
- What actions are we implementing to break down stereotypes and promote social inclusion?
- Are we ensuring adequate representation of women and diverse genres among our artists, speakers, and hosts?

Local Community: Engagement strategies with the local community, fostering a sense of belonging.

- In what ways will our festival engage with and serve the local community throughout the year?
- What do we do to engage with and support our local community?
- How do we foster a sense of belonging within the community?



Volunteers: The significance and appreciation of volunteer contributions to the festival's success.

- What role do volunteers play in our festival, and how do we value their contribution?
- How is our volunteering program effectively serving as a step towards a more significant community contribution?

Audience strategies: Methods to maintain authenticity, inclusivity, and personal engagement with diverse audiences.

- How well do we know our audiences? What measure do we have to analyse audience feedback?
- How do we maintain authenticity and build trust with our audiences, government, and local businesses?
- Are we successfully creating an atmosphere welcoming all backgrounds, ages, and identities?
- What strategies can we employ to reach audiences beyond our country?
- What measures are we considering to ensure that our marketing strategies are inclusive and representative of the diversity within our audience?
- Have we ensured our marketing materials are accessible to diverse groups, including people with disabilities and different dietary preferences?

Accessibility and Environmental Sustainability: Emphasise the festival's commitment to being accessible to all and its environmental responsibility.

- How do we integrate accessibility and environmental sustainability into our business model?
- What initiatives have we implemented to make our festival more accessible and environmentally friendly?
- What challenges have we encountered in aligning our sustainability goals with the existing infrastructure and cultural practices, and how have we addressed them?
- How accessible is our festival in terms of location, facilities for people with disabilities, and inclusivity for all attendees?



- Are our environmental practices and community relationships reflecting our commitment to sustainability?

Partnerships and stakeholders: Approach to collaborations, stakeholder engagement, and strategic partnerships for growth.

- How do we approach partnerships with private companies and external funders?
- How actively are we collaborating with local communities, government entities, and environmental organisations?
- Can we identify successful outcomes from our engagements with these stakeholders?
- How can we attract and maintain partnerships that align with our mission and assist in our expansion?

Income Sources: Diversification of income sources, risk mitigation, and development of alternative revenue streams.

- How can we diversify our income sources beyond ticket sales, sponsorships, bar and food sales, or grants?
- What strategies can we implement to mitigate the risks associated with market volatility?
- How can we make our festival more attractive to public funders?
- What alternative revenue streams can we develop to ensure financial stability during times of uncertainty?
- What criteria can we set for accepting sponsorships to maintain our values and mission?

Pricing strategy and costs: Competitive pricing, cost reduction strategies for attendees, and risk minimisation.

- Is our pricing strategy competitive, and does it reflect the value we offer?
- Have we implemented strategies to reduce costs for our attendees, such as affordable accommodation or transportation options?



- What measures do we take to minimise the risks for our attendees and ensure their safety and satisfaction?

Communication and channel effectiveness: Effectiveness of communication channels, digital marketing, and audience engagement strategies.

- How effectively are our channels delivering the festival's value proposition to our customers?
- Are our current channels distributing our offerings quickly, efficiently, and cost-effectively?
- How do we leverage digital solutions to market our festival and engage a wider audience?
- What digital platforms are we currently using for ticketing, purchases, and audience engagement?

Tourism strategy: Develop a tourism strategy to maximise the festival's benefits for the destination and its inhabitants.

- How well-developed is our festival's tourism strategy to ensure long-term economic, cultural, social, and environmental benefits for the destination and its inhabitants?
- What steps have we taken to integrate our festival with the broader tourism sector to enhance its overall impact?
- How strategically are we collaborating with hotels, travel agencies, and local businesses to promote our host destination?



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www.smaproject.eu



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