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

By Melting Pro

2.3.4 Needs analysis report – FULL REPORT

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

"Full Report: Small but Mighty: Selected Business Model Practices of Small European Festivals in Peripheral Areas." 2021-2022.

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.

Project leader: Glenn Gould Association, Italy
Project Partners: Melting Pro Learning (Italy), Turismo Vivencial (Spain), Raum3 Konzertveranstaltung GMBH (Germany), Password Production Doo Skopje (Macedonia), Music Estonia (Estonia)
To learn more about SMA! https://www.smaproject.eu/about/

DISCLAIMER

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ACKNOWLEDGEMENTS

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.

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.

The festival organisers, first-hand accounts, and expert opinions have provided invaluable context for understanding the unique challenges and opportunities within the 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. Despite these challenges, smaller festivals have enormous potential and bring significant

value to local areas. **'Small but mighty!'** is the motto, as The Guardian described them in an article in 2019[1].

SMA! wants to highlight the importance of supporting music festivals, especially in small and remote areas, since they bring value to local areas. We sincerely thank all the contributors for their input and for being a vital part of this journey towards fostering a more sustainable and vibrant music festival ecosystem.

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

INTRODUCTION: HOW TO READ THIS REPORT

"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

This report illustrates the exploratory research findings conducted within the project "*SMA! Small Festivals Accelerator: a new model for the sustainable development of small festivals in peripheral areas project*[2] (from now on, SMA!), a project supported by the Creative Europe Programme and run by different organisations and festivals in Italy, Spain, Macedonia, Estonia, and Germany. The project aims to build guidelines for developing business models that are not limited to music festivals only but could be valuable for other festival organisers or people wishing to set up a festival in remote/challenging areas.

How does it look like a sustainable business model for a small festival located in a remote/peripheral area? What does it mean? To answer these questions, we conducted exploratory research throughout March 2021 and April 2022, during the COVID-19 pandemic peak, by interviewing festival directors or managers in high-level positions nominated by the SMA! Project partners. It was a challenging time for everyone, especially for the festivals, which are physical events that rely mainly on their income, such as ticketing, direct sponsorship, and on-site experience.

Our approach to determining the factors that make a festival sustainable relies heavily on the insights collected from our interviews. We have **included numerous**

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[2] To know more about the project https://www.smaproject.eu/

excerpts from the fifteen interviews carried out by our partners to showcase the value-driven approach adopted by festival organisers.

We used a descriptive and exploratory research approach based on case studies to provide valuable insights into the challenges faced by festival organisers and potential solutions. We recognise that the festivals we analysed are diverse regarding location and politics; therefore, we are aware that we cannot generalise the findings. However, we aim to inspire and advocate for these cultural hubs. The project is ongoing, and we are open to collecting more data.

This report starts by setting the stage for **our inquiry into sustainable business models, particularly within the Creative and Cultural sectors**. It details the objectives, background, limitations, and methodologies of our research and introduces the concept of business models and their significance.

The report structure reflects the critical elements that form a potentially sustainable business model for festivals, capturing the multifaceted approach required for festivals to thrive. **Each section of the report aligns with the adapted aspects of the Business Model Canvas for arts organisations, and it is enriched with stories exploring how festivals can thrive through sustainable strategies**. Each section summarises the main insights gathered from the interviews conducted with festival organisers.

The first section, "**Mission, Purpose, Values, and Legacy Building**," summarises the insights from the interviews and outlines the festivals' overarching goals and driving forces. It emphasises the importance of having **a clear direction and vision** that includes community engagement, environmental sustainability, and the cultivation of a legacy. Additionally, it highlights the significance of an entrepreneurial approach.

The "**Festival's Unique Value Proposition (UVP)**" section highlights the festival's unique offerings and experiences, which distinguish it from other cultural events and deliver specific benefits to attendees.

The section **"Values: The Importance of Accessibility and Environmental Sustainability**", linked to the Customer Segments and Customer Relationships components, addresses how the festivals' core values meet the needs and expectations of its audience and the Key Activities necessary to integrate these values into the festival's operations. These areas within the Value Proposition and Key Activities demonstrate the festival's commitment to inclusivity and responsibility, which are crucial for maintaining a solid relationship with beneficiaries.

The section "**Key Resources: People, Partnerships, and Assets**" corresponds to the Key Resources and Key Partnerships segments in the canvas, describing the human, cultural, and physical assets that the festival leverages, as well as the collaborative networks essential for its success. This section focuses on **Staff, Volunteers, Artists, Local Community, and Audiences,** illustrating the various stakeholders involved and their roles in delivering and experiencing the festival's value.

The **"Networks and Partners**" emphasises the importance of strategic relationships to expand the festivals' capabilities and impact.

The section **"Channels and Communication"** illustrates the festivals' methods for communicating with its audience and disseminating its value, which can be linked to the Channels.

Finally, the **"How: Revenue Model Money "In and Out"** section summarises the reflections on the festivals' revenue streams and cost structure, describing how they generate income and manage finances to ensure sustainability and growth.

The report also delves **into the strategic integration of festivals within broader tourism initiatives**, which enhances regional attractiveness and opens new revenue streams and audience engagement opportunities.

Each section of the report captures and expands on the integral components of the Business Model Canvas, providing a comprehensive and nuanced view of how festivals in the arts sector can construct sustainable business models. The report aims to ensure a holistic overview, considering the unique challenges and opportunities of managing and growing music festivals in peripheral areas. Our conclusions provide a comprehensive understanding of the complex dynamics of sustaining small festivals in remote locations. To achieve this, we must balance an approach to economic development that addresses social inequalities and the climate crisis. Culture plays a significant role in this regard; as Mazzucato (2018) argues, we must advocate for policies that promote inclusive and sustainable growth.

RESEARCH AIMS AND BACKGROUND: SETTING THE FRAMEWORK

RESEARCH SCOPE, TOOLS, AND LIMITATIONS

Motivated by the realisation that musical festivals can reveal peripheral regions to enthusiasts and professionals worldwide, the SMA! project focuses on developing guidelines for a replicable business model for small and medium-sized festivals in peripheral areas. Despite this potential, several challenges hinder this type of festival's long-term competitiveness on international circuits, such as:

- Infrastructure limiting attendee accessibility.
- Ageing local populations and the impact of emigration on demographics.
- Difficulties in renewing and maintaining audience engagement.
- Professional expertise and skills shortage
- Lack of institutional and financial support, as it is challenging to sustain and develop the festivals to a level comparable to those organised by large sector multinationals.

These festivals operate within a high volatility or vulnerability context, where external factors significantly impact livelihoods and resource access. "*Vulnerability*" in this context refers to individuals' limited control over shocks, trends, and seasonality that affect their livelihoods. At the same time, a "*livelihood*" encompasses income-generating activities and the social, legal, and cultural frameworks supporting these activities[3].

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[3] This concept is central to poverty reduction, sustainable development, and environmental management

The sustainable livelihoods approach aims to enhance resilience and reduce hardship by supporting people **in building their assets and capacities**, thus improving their ability to cope with and recover from adverse conditions. The research seeks **to understand what makes these festivals unique and their operational strategies**. They aim to achieve sustainability that balances economic viability, social inclusion, and environmental stewardship. Doing so ensures these cultural events can thrive and contribute to local and global cultural dynamics despite their inherent challenges.

All partners agreed to use a consistent research framework to facilitate better data comparison at the project's beginning. However, we quickly realised this was impossible due to the significant impact of the political and geographical context on the observed differences. Nevertheless, it was essential to establish the research boundaries. Therefore, first, we tried to agree on what we meant by "**small and peripheral**."

Ypsigrock Festival[4]**,** the SMA! project leader and the other two project partners, **Haldern Pop**[5] and **D Festival**[6], were the starting points when examining and choosing other festivals of comparable size and location for this report.

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

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discussions.

[4] https://www.ypsigrock.it/en/festival/ypsigrock/

[5] https://haldernpop.com/

[6] https://dfestival.mk/en/about-us/

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.

We defined "**small festival**" according to the categories of the European festival awards[7]: Small festivals with up to 10.000 people daily attendance; rarely, we have festivals with less than 500 hundred people per day; nonetheless, small festivals range from 0 to 10.000 per day). Instead, medium-sized festivals range from 10.000 to 40.000 per day.

To restructure our research, we set criteria for identifying festivals that align with the '**boutique**' definition, allowing us to focus on pertinent examples. However, it's crucial to mention that most of the festivals we analysed do not self-identify as 'boutique,' viewing the term as potentially exclusionary. Instead, they emphasise a welcoming environment for all attendees.

There are different definitions of a boutique festival. Di Bella's (2022, p.77) research [8] unveils the origins and essence of the boutique festival, a term that surfaced in British journalism in 2003, characterised by events like The Big Chill and The Green Man. These festivals are celebrated for their elegance, intimacy, and independence, marking a departure from the mass-market appeal of traditional music festivals. As Di Bella explains (2022, p.78), the term is "*initially borrowed from the world of high-end retail and luxury hotels; the "boutique" label has been adeptly applied* **to music festivals to signify an intimate, alternative, and exclusive experience**. *These events stand out by offering a blend of various music genres—from rock and jazz to hip hop and electronic—paired with an array of*

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[9]According to the categories of the https://www.europeanfestivalawards.org/award-categories/

[8]Di Bella, A. (2023). Boutique festival e innovazione turistica: il caso della Sicilia. Rivista Geografica Italiana, CXXX (1), 75-93. https://doi.org/10.3280/rgioa1-2023oa15438

participatory activities like workshops, art performances, and environmental initiatives". According to Di Bella, *"boutique festivals not only provide a platform for diverse musical expressions but also promote **social and environmental responsibility**, reflecting the countercultural ideals of the 1960s in a modern context."* Also, according to Johansson and Toraldo 2017; Anderton, 2019 as cited by Di Bella (2022,p78) *the term is being co-opted **by an increasing number of organisations as a means of positioning and differentiation through which to promote an evolved format of music festival, intimate, alternative, exclusive and interactive,** able to counteract both the imagery of festivals based on big names, created and managed in the interests of the record industry and big sponsors, as much as to traditional and stereotypical ones that portray youth festivals as places of degradation, transgression and mass consumption".*

Therefore, we agreed within the SMA! Project for the following definition of Boutique Festival: **small festivals with a strong link with the territory distinguished by the originality of productions and "family" management of their communities**. These are very welcoming, unique events often suitable for families and **set in unusual locations** (compared to the norm of medium-large festivals that are instead organised in huge parks, countryside, or multipurpose areas such as trade fairs). **Usually, in evocative locations, actual jewel events, "slower" and niche, are cared for in every detail, representing a choice in contrast to mass tourism**. They offer open spaces where attendees can move freely and comfortably.

Finally, when selecting festivals for the SMA! research, we focused on those aligned with our project's research objectives. We sought festivals that could be examples of investing in capacity-building, demonstrating financial sustainability, supporting local identity, and ensuring accessibility. Additionally, we prioritised

festivals that foster community engagement and volunteerism, minimise environmental impact, contribute to tourism development, and embrace digital innovation.

Therefore, once we set the framework, the project partners chose the case studies illustrated in this report according to one or more criteria:

- Be in peripheral areas far from an "urban setting" or located in a "difficult" area to reach or in an unusual place.
- Be small/medium in size according to the European Music Festival Award categories.
- It can be known as a "Boutique" festival or have a reputation strongly linked to the territory.
- Be relevant to understand the specific topics capacity building investment, income differentiation, enhancing local identity, accessibility, community engagement and volunteering, low impact on the environment, tourist development and digital innovation.

We faced several obstacles throughout our research. Identifying festivals that possessed all the desired qualities was sometimes a lengthy process. For instance, locating a small, peripheral festival with strong volunteer support or a focus on digital innovation was challenging. Notably, Roskilde in Denmark, often referenced for its attributes, was excluded for its large scale. We included the Exit Festival in Serbia due to its noteworthy tourism and digital innovation strategy. Similarly, we included the Dutch festival Le Guess WHO?, which has an impressive community engagement program despite not being in a peripheral location.
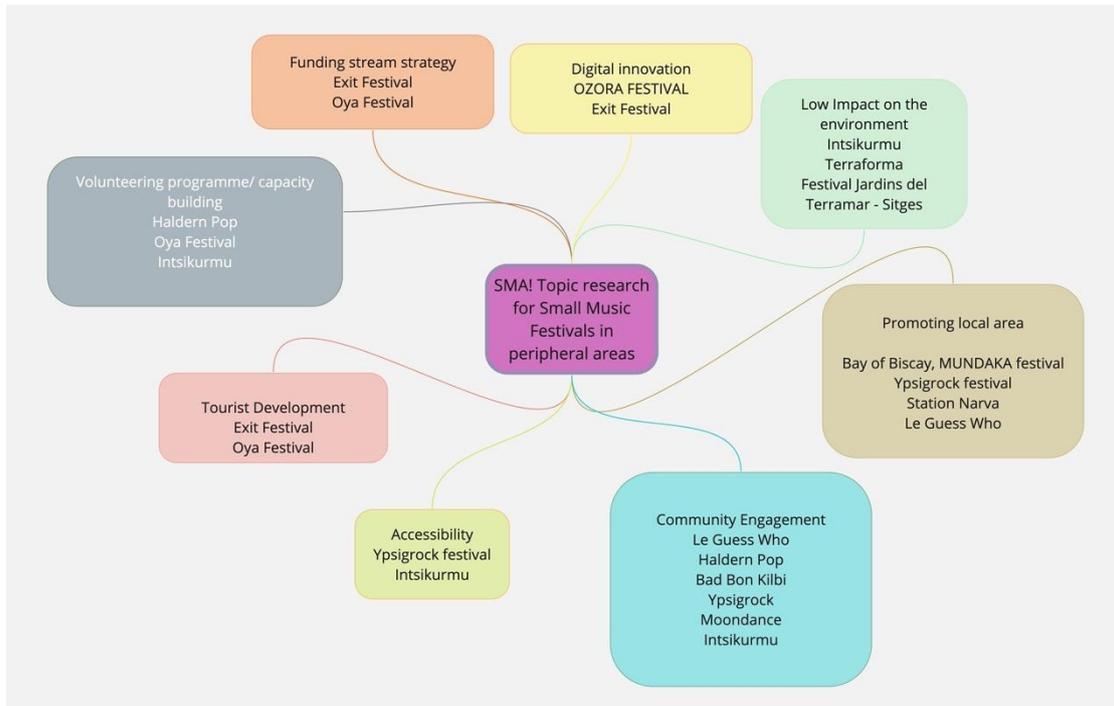
Figure 1 SMA! Topics

We understand that the specific circumstances surrounding each festival, shaped by distinct geographical and political contexts that differ between nations, mean our findings cannot be broadly applied. Furthermore, 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. **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. The initial phase of our research involved in-depth interviews with key partners from the Ypsigrock Festival, Haldern Pop, and D Festival. These

discussions aimed to craft a tailored set of inquiry topics and refine the research scope. After these initial conversations, we created a structured interview guide.

The SMA project partners conducted interviews from March 2021 to April 2022 with festival directors, heads of communication, and high-level staff to explore festivals' potential and understand their unique value proposition. **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 interviews also delved into various factors that could influence their business models, such as artistic innovation, technology, audience expectations, demographic trends, globalisation, funding context, levels, structures, and policy context. Financial sustainability was a particular focus, prompting questions about income streams.

The SMA! project started in December 2020 during the pandemic. Initially, our research was focused on something other than collecting insights into how festivals coped with the COVID-19 pandemic. We commenced the study without a clear idea of how long it would take, so the pandemic was not the central focus of our research. However, during the interviews, we did ask the participants to reflect on their experiences and strategies during the pandemic.

WHAT DO WE MEAN BY BUSINESS MODEL: A FOCUS ON THE ARTS AND CREATIVE SECTOR

Before delving into the insights gained from the research, we must clarify our understanding of business models within the creative and arts sectors. In this paragraph, we aim to 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)[9], there is a lack of consensus among scholars regarding a defection 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 organisation creates, delivers and captures value*" (Osterwalder and Pigneur, 2010, p.14).

The term "**value**" **refers to customer satisfaction with a product or service that caters to their specific needs**. **When a product or service successfully meets the needs of a targeted customer, the customer is more likely to choose to purchase or use that product or service**. The Business model canvas (BMC), such as that developed by Osterwalder & Pigneur (2010), is a tool that can be quite effective in helping users understand an organisation's business model (Joyce, A., Paquin, R. L., & Pigneur, Y., 2016 p.4).

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[9] Joyce, A., Paquin, R. L., & Pigneur, Y. (2016). The triple layered business model canvas: A tool to design more sustainable business models. Conditionally Accepted Journal of Cleaner Production – June 2016 draft.

At the core of the canvas is the **Value Proposition, which articulates the unique benefits a business offers, distinguishing it from competitors by addressing customer needs emotionally or practically through innovation, performance, customisation, or convenience, among other factors**. It emphasises the importance of understanding and defining **the Customer Segments targeted, ensuring that the products or services offered meet their specific needs**.
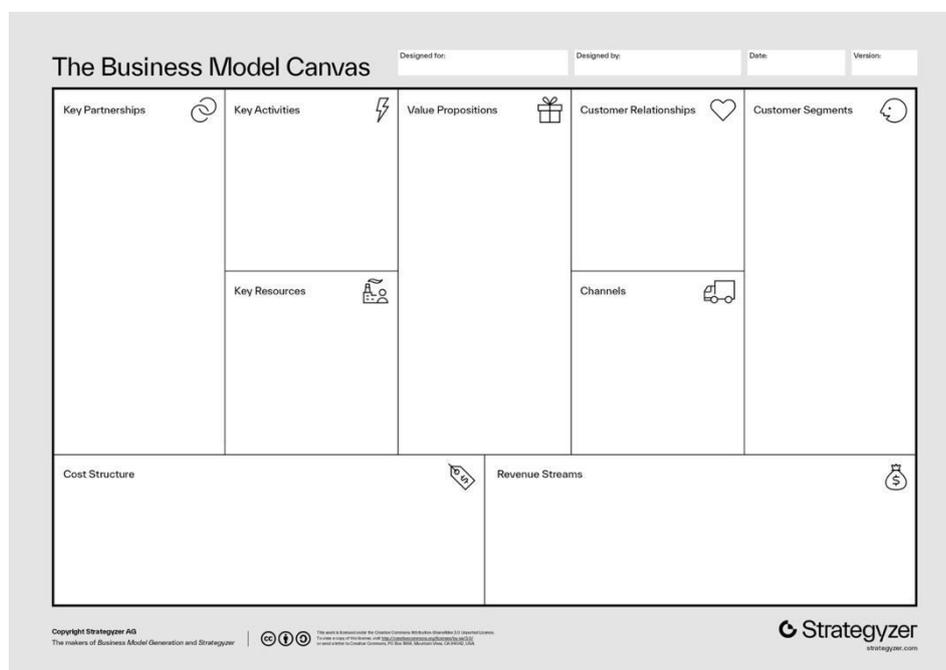

Figure 2. The Business Model Canvas Framework

The **Channels** aspect focuses on the methods a business uses to convey its products or services to its audience, encompassing distribution, sales, and communication strategies. **Customer Relationships** are crucial, detailing the interactions and bonds the company aims to establish, whether through

personalised service, automation, or community building. Revenue Streams illustrate how a business generates income, from sales to subscriptions or advertising. **The model also highlights Key Resources, Activities, and Partnerships as essential components that support the delivery of the value proposition,** reach customers, and the overall operational execution. Lastly, the **Cost Structure element provides insight into the significant expenses and costs the business incurs, underpinning the financial viability of the business model.**

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**.

As demonstrated by Creative Lenses[10], a four-year (2015-19) European-funded collaboration project, **there is an increasing need for arts and cultural organisations to embrace business concepts like business models traditionally associated with the corporate sector to ensure financial sustainability.** Creative Lenses aimed to explore and reflect on the sustainability of arts and cultural organisations, focusing **on performing arts and multi-disciplinary cultural venues**. The research delved into the complex relationship **between arts and culture and the business world**, advocating for a flexible, adaptable approach to business models that respects the unique needs and values of the arts and cultural sectors. It also highlights these sectors' economic and social importance and **the need for innovative approaches to ensure their sustainability and growth.** It

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[10]https://culture.ec.europa.eu/nl/creative-europe/projects/priorities-2019-2024/economy-for-people/creative-lenses

discussed business model innovation, a key element of entrepreneurship, especially in creating, delivering, and capturing value. Creative Lenses approached the challenge of sustainable business models in the arts by acknowledging **that there's no one-size-fits-all solution** and how arts and cultural organisations can adapt business model concepts to enhance their sustainability and innovation without compromising **their artistic integrity, which is a crucial concern in entrepreneurial ventures within the creative sector.**

Specifically, King (2019.p.178)[11], based on Kimbell's research (2018) [12] *suggests that 'business models' should be understood* **not in terms of a 'rigid' set of requirements** *but rather as a flexible set of supports that can be adapted to meet the needs of specific organisations in certain situations. In these circumstances, business models can more broadly meet the needs of arts/cultural organisations and the sector.* **The key is finding the right** **advice and guidance to develop the most appropriate sets of supports.**

In his publication "*To Sell or Not to Sell? An Introduction to Business Models (Innovation) for Arts and Culture Organisations*" 2016, Rodriguez offers comprehensive insights into how arts and cultural organisations can innovate and adapt their business models. He says a business model is "*how an organisation manages to sustainably provide value for its clients. It includes the organisation's* **relations with stakeholders (artists, funders, beneficiaries, partners, etc.)**, **the revenue model, the processes in place to deliver its mission,** *etc.*" He argues that Osterwalder's Business Model Canvas, in its original

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[11] King, I. (2019). Business Models - Learning from an international study of Cultural Governance. http://ualresearchonline.arts.ac.uk/14561/3/Creative-Lenses-Models-to-Manifestos-V2.pdf

[12] Kimbell, L. (2018). Modelling shared value and mediating values: Insights from management literature to understand business model innovation in arts organisations. *Creative Lenses Working Paper Series* (No. 2).

form, is an excellent tool to design and conceptualise the transformation of business models for business organisations. Its simplicity and ease of use have contributed to making it a standard reference for organisations all around the world. However, according to Rodriguez, the Business Model Canvas **doesn't perfectly fit the requirements of non-profit or public institutions**, as these need to understand value in the same way as commercial organisations. **Non-profits and public institutions often provide services that don't fit into the market dynamics, also because – among other reasons – beneficiaries and customers don't correspond**.

Often in the creative and arts sector or not-for-profit sector, the business model can be **a multi-sided platform** (also known as a multi-sided market), which Osterwalder and Pigneur's framework also describe. This model conveys the interests of two or more Customer Segments, **creating value only when both are present. The challenge with this kind of model is to satisfy both segments.** One group's value primarily depends on the size and engagement of the other group(s). For instance, young emerging musicians and a grant foundation are critical for the **multi-sided platform** business model. These, among other characteristics, make non-profit organisations' business models more complex than for-profit organisations since the beneficiaries sometimes pay for part of the good or service they enjoy. In contrast, funders, donors, or sponsors partly pay for the rest.

Rodriguez also argues the **importance of a mission-driven approach**, especially in non-profit organisations exploring "*the balance between fulfilling the artistic or cultural mission and financial sustainability*". 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, 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)**.
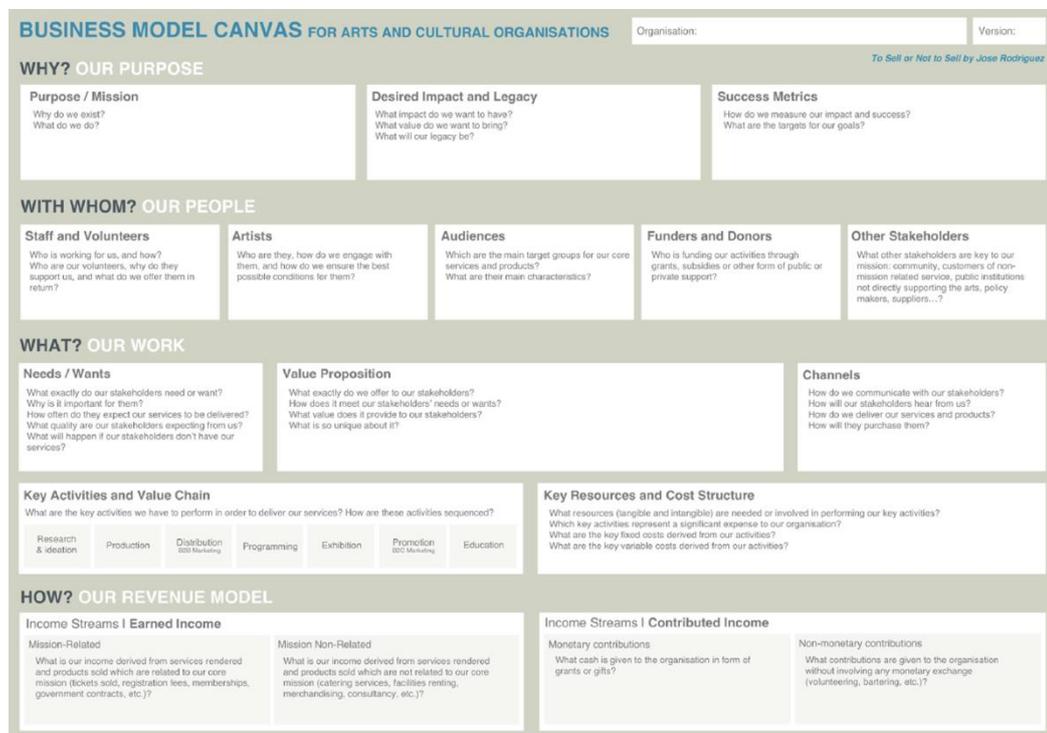
Figure 4 Rodriguez, J., (2016). Business model Canvas

In his book "Tactics for the Tightrope, 2021" Mark Robinson argues that the classic Business Model Canvas **lacks the stress on values and purpose**, which are crucial for creative and cultural sectors. Robinson stresses the importance of **creative**

resilience. **He defines it as an adaptive basis of resistance that enables people to stay healthy long enough to fulfil their mission and purpose, serving themselves and the broader ecology**. It involves adapting to **and resisting potentially damaging shocks and conditions while positively influencing the environment.** He considers creative resilience to enhance **community resilience** and **distributed co-creative leadership, advocating for new ways of working with communities** and **new power structures that resist individualised marketisation**. He talks about creative livelihoods[13]; this is why the Creative Resilience Canvas is **a tool** for organisations to assess **their business model regarding creative resilience**. **It is designed to help identify strengths and vulnerabilities for future action planning**. The canvas adds a layer by focusing on the organisation's capacity to sustain its mission and creative output over time. **This includes considering the organisation's adaptability, the well-being of the people involved, and its impact on the broader culture**. As Robison states: "*You cannot be resilient alone.*"

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[13] One could describe a livelihood as a combination of the resources used and the activities undertaken to live. The resources might consist of individual skills and abilities (human capital), land, savings, and equipment (natural, financial and physical capital, respectively) and formal support groups or informal networks that assist in the activities being undertaken (social capital) in Sustainable livelihoods guidance sheets, (2001). https://www.livelihoodscentre.org/documents/114097690/114438878/Sustainable+livelihoods+guidance+shee ts.pdf/594e5ea6-99a9-2a4e-f288-cbb4ae4bea8b?t=1569512091877

MISSION
What do want to achieve?

Intellectual, human and physical assets	Values	Culture of shared purpose	Creative Capacity	Relationships, networks and partners
What are your key assets? Intellectual e.g. backlist, repertoire collection, data. Physical, e.g. buildings, spaces, equipment Human, people and their skills How do you invest in them e.g. grants, retained surpluses, sweat?	What are the values or principles that guide your work and shape your purpose? Identify no more than five **Situation awareness** What are your key environmental factors, vulnerabilities and performance indicators – and how will you build systems to make sure you have up to date information on them?	Who are you, why do you exist and what or who do you stand for? What shapes your decision-making? Identify three or four central aspects of your purpose, and how it is shared with others – internally and externally Think about where you've come from as well as where you want to go	What structures/ processes do you have for innovation, learning, and integrating successful innovations into core business? How do you invest in the capacity to create new services, cultural work or partnerships? How do you generate new work? **Leadership, management and governance** What are your structures and processes for leadership, management and governance?	Who are the people, bodies or places you have important relationships with – and what kind? Which networks are you part of that provide support, help or resources or help achieve your mission? Who are your key partners – other cultural organisations, community partners, funders etc?

Costs: Money Out	Income: Revenue Streams
What do you need to spend money on? How predictable and controllable is each budget line? What can you shrink or expand if needs change?	Where does your income come from? Grants – project or core? Ticket income? Donations? How reliably can you predict the income over what period?

Figure 5. The Creative Resilience Canvas by Mark Robinson

The canvas helps consider the intersection of an organisation's internal practices with the external sector or the world. He lists eight characteristics of creative resilience: **a culture of shared purpose and values, predictable financial resources, strong networks, intellectual, human, and physical assets, power and agency, leadership, management and governance, creative capacity, and situation awareness**. What is interesting to highlight is Robison's definition of **situation awareness**, which **allows them to adapt effectively, seize opportunities, and mitigate risks**, all of which contribute to their resilience and long-term sustainability. He describes the **effective use of metrics and evaluation**, indicating the implementation of well-designed metrics, qualitative data collection

methods, and robust evaluation frameworks. This aids in accurately assessing performance and impact.

Robinson also emphasises the significance of **long-term thinking in the arts**, **beyond immediate outputs,** to attain lasting benefits and assets. He advocates for a holistic approach to supporting practitioners' livelihoods, encompassing many **assets and capabilities that contribute to sustainable livelihoods** beyond financial aid.

Robinson and Rodriguez highlight **the critical role of financial management in the survival of cultural organisations**. Ensuring a balance between revenue and expenses is fundamental to maintaining ongoing programs and activities. Rodriguez meticulously outlines the various sources of income, underscoring the importance of diversifying financial strategies to support the organisation's sustainability. He describes **contributed income as** income that includes gifts or grants and can be obtained from various sources *such as government funds, private funds, corporate contributions, private donations, volunteering, and in-kind and bartering.* On the other hand, **earned income** refers to direct exchanges of products or services for money within market conditions, **including mission-related and mission-unrelated services and products.**

In all three frameworks mentioned, **tangible and intangible** assets such as buildings, collections, archives, products, and services, as well as human capital, natural capital, financial capital, social capital, and physical capital, are central to the business model.

To include all relevant information, we must add to other references. In 2016, Steve Blank[14] raised an essential question about how to use the Business Model Canvas when the main goal is not profit-making but fulfilling a mission. This question recognises the unique challenge of redefining success in terms not strictly bound by revenue. A new concept called "Mission Achievement" emerged as a response to this challenge. This concept is not only about measuring and expressing the impact of a mission, but it also requires several changes to the traditional Business Model Canvas to align with mission-centric organisations: - "Customer Segments" becomes "Beneficiaries" to reflect the focus on those who benefit from the mission. - "Cost Structure" is reimagined as "Mission Cost/Budget," emphasising the resources allocated for mission fulfilment. - "Channel" is reinterpreted as "Deployment," detailing how the mission is carried out and delivered. - "Customer Relationships" evolves into "Buy-in/Support," highlighting the engagement and backing necessary from stakeholders to sustain the mission. These changes are not just about language but are crucial in changing how organisational strategies are evaluated and implemented, **ensuring mission achievement is at the forefront of operational planning and execution.**

Moreover, in 2016, Joyce, A., Paquin, R. L., & Pigneur, Y. introduced an extension to Osterwalder & Pigneur's Business Model Canvas to include sustainability considerations. It does this by adding two layers: an environmental layer based on a lifecycle perspective and a social layer based on a stakeholder perspective. This enhancement aims to clarify how an organisation generates multiple types of value: **economic, environmental, and social**. The Triple Layered Business Model Canvas (TLBMC) supports the development and communication of a more holistic

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[14] https://www.strategyzer.com/library/the-mission-model-canvas-an-adapted-business-model-canvas-for-mission-driven-organizations

and integrated view of a business model, promoting creativity in innovating towards more sustainable business models.

In synthesising the research into the framework for sustainable business models within the creative and arts sectors, **it is evident that traditional business modelling concepts must be reconceptualised to fit the unique contours of these fields**. Osterwalder and Pigneur have provided a starting point with the Business Model Canvas, a strategic template that captures how enterprises harness resources to create, deliver, and capture value.

However, when these principles are applied to the creative and artistic sectors—domains inherently intertwined with artistic integrity, public funding, and cultural policy—they take on new dimensions. This necessitates an adapted framework to navigate the complex interplay **between sustaining financial viability and keeping the artistic, cultural, and environmental mission.**

Robinson and Rodriguez emphasise **the crucial need for innovation and adaptability within business models**, particularly given today's rapidly changing economic and technological landscape. They advocate for creating robust and flexible business models to accommodate shifts and suggest exploring diverse revenue streams, including public funding, donations, volunteering, patronage, bartering, and crowdfunding.

A NOTE ON THE IMPACT OF COVID-19

The SMA! project began in December 2020, during the pandemic. Our initial aim was not to collect insights on how festivals implemented strategies to cope with the COVID-19 pandemic. We started the research without knowing how long it would take. Therefore, the pandemic was never the central focus of our study. However, we did ask interviewees for their reflections on the situation. **The main concern was maintaining a connection with the audience and preserving the in-presence dimension since the festival's identity is closely tied to the venue, emphasising the importance of the live, in-person experience.** Some cancelled the festivals during the full pandemic crisis, and some showed resistance to going entirely virtual and avoiding live TV broadcasting from home, which aligns with the commitment to preserving the on-site, immersive nature of the festival.

Some of the strategies that we can highlight applied by the festivals during the COVID-19 pandemic are:

·   **Reduced Audience Capacity and Reorganised Spaces**: Many festivals reduced audience capacity to comply with social distancing guidelines for in-person events. This often meant selling fewer tickets and reorganising event spaces to ensure safe distances between attendees.

·   **Enhanced Health and Safety Measures**: Implementing stringent health and safety protocols became essential. This included mandatory mask-wearing, temperature checks, hand sanitising stations, and frequent cleaning and disinfection of high-touch areas.

·   **Local Focus**: With travel restrictions in place, some festivals shifted their focus to local artists and audiences. This approach complied with travel limitations and supported local communities and economies affected by the pandemic.

·   **Innovative Programming:** Some festivals introduced pandemic-friendly formats, such as outdoor performances with spaced-out seating. These innovations allowed events to continue while adhering to safety guidelines.

·   **Communication and Transparency:** Communication with stakeholders – including artists, attendees, sponsors, and local authorities – was crucial. Many festivals increased their communication efforts to inform all parties about changes, safety measures, and plans.

·   **Long-term Strategy Revaluation:** The pandemic forced many festivals to re-evaluate their long-term strategies, considering digital integration, sustainability, and resilience against future crises.

DATA COLLECTION

LIST OF CASE STUDIES IN THE REPORT[15]

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

As mentioned 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.

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** 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.** 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

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[15] 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.

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.

YPSIGROCK FESTIVAL - SMA! project leader	Italy
HALDERN POP FESTIVAL - SMA! partner	Germany
D FESTIVAL- SMA! 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
ØYAFESTIVALSEN	Norway
BAY OF BISCAY FESTIVAL	Spain
JARDINS DE TERRAMAR FESTIVAL	Spain
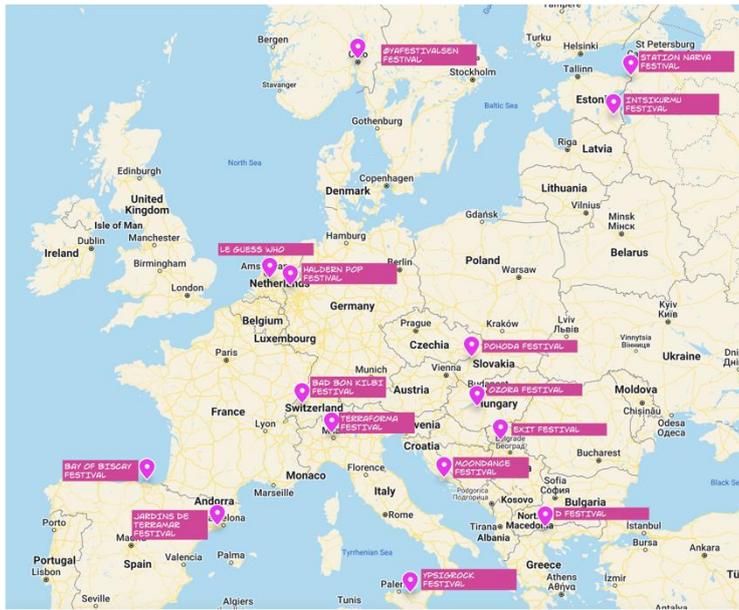
YPSIGROCK FESTIVAL, SICILY, CASTELBUONO, ITALY

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: Haldern, Rees-Haldern
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

Interviewed: 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 availability of service.
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

Interviewed: 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 (Dádpuszta), Hungary
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 –a 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

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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: Dudingen, 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

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

KEY TAKEAWAYS

- Address **specific community needs** or enhance current assets to offer a strong value proposition.
- Establish a clear **mission** and **a vision for the future.**
- Adopt an entrepreneurial mindset to foster **innovation and resilience**.
- Begin with modesty, but **plan** for significant expansion.
- Target an **international audience** from the start.
- Ensure **year-round festival activities** for lasting community impact.
- Use cultural events to engage in **cultural diplomacy**.
- Create a supportive platform for **emerging artists**.
- Rely on **extensive expertise** to excel in music and festival organisation.
- Design unique, **memorable experiences** for every attendee.

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 to the festival's organisers; it is crosscutting and stimulates creativity and innovation. They continually explore novel 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**. Furthermore, the festival is opportunistic and offers opportunities to create novel experiences and collaborate with stakeholders in the community to ensure its success.

"We started in 1999, and then the main idea, in the beginning, was to help the local music scene to grow because we were all running small concert venues, and we saw the talent that came through and the level of potential that could be in music festivals."

"There was no place here to listen to music; we always had to go somewhere else, so we decided to bring our favourite artists here. We began with one concert."

"During the first years (1981 - 1983), music was played from records. The Haldern Pop Festival was officially launched with live music on 23 June 1984. The organisers want to remain true to their concept of "the small, cosy" festival in the Lower Rhine area".

"The D festival was born with the idea to promote the local identity and recuperate the area's socio-economic sustainability. The entity's values are key to the festival's identity as a local community. The idea behind the festival was to promote the area and get to know the gastronomy."

"We are focused on the local community, inviting new emergent artists from the area to use the entity's platform. We support them all year; they can show their music to the audience at the festival."

*"There are two biggest goals for organising Station Narva: first **– culture is a handy tool for social integration**. The second is that when the official state relations **between the Estonian and Russian governments have been incredibly complicated, it is important to keep good relations between people on a cultural level.**"[16]*

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 countries.**

*"I think when you come to an idea to start a **festival, first you need to know it has to be a usually a five-year plan** [..] you cannot do the festival and have a short-term plan; you need to have a long-term plan, and you need to be ready to change your ideas and change your structure and change your path". Moreover, it's essential to have a long-term vision and **think internationally from the beginning** "You cannot just focus on the local even with the fact that you have the most of your audiences coming from your country or your regional level but in the bigger picture for the future, you need to think in terms of international."*

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[16] As Narva is at the border of the European Union and Russia, cultural diplomacy and cultural relations are very important, and the organisers believe that Station Narva could be the festival that brings together young people from both sides of the state borders, from the region of St Petersburg, and Ivangorod to Estonia and Europe on a larger scale.

"The idea was pretty much site-specific to the venue where it happens, which is a quite big park, Villa Arconati (Milan), which we started restoring with a multiannual recovery plan for the park and to bring in there a scene which is quite not very known in Italy about experimental international electronic music."

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 of 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, "***Think as it is a "company", a start-up, "I would call this festival a start-up."*** *"We know how to make festivals. I believe that we bring a new quality of organising to the Ida-Viru region, and through this, we raise the prestige and quality of event planning there."*

As mentioned, the pivotal shift lies in adopting an entrepreneurial mindset, envisioning the festival's long-term viability, and strategizing for its sustainable future. It's essential to tap into your creative capacity and realise ideas. As one of the interviewees said, "*Everything changed when we started selling tickets.*" **It's also important to consider the financial aspect, take calculated risks, and plan how to counterbalance them**. One mentions, "*started from 4 friends with a common goal, it's essential to manage the **transition from being just a group of friends to growing as a company and don't be afraid of hiring new people, and maybe do some stuff outside your** comfort zone. Hire the best people instead of hiring just your friend*s".

The quotes from various festival directors and organisers **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 by itself, firmly in line with the mission and values.

Developing strategies to sustain the festival all year round is linked to the impact on the local community. "*We are a small music festival in the countryside; we must be a* **venue for the whole year**. *There is a little bar in the same area, and that's where the energy and all the quiet everyday life of that festival comes from. It's where we do about 100 and 120 shows per year. Almost every week, two shows. I think that may be a big difference from other festivals.*"

The festivals covered in the research have a bold and courageous mission, focusing **on long-term vision and legacy building**. The festival directors and organisers have an entrepreneurial mindset, prioritising innovation, cultural impact, and adaptability. The festivals prioritise music and artistic values, and their marketing reflects their content. **Sustaining the festival all year round is essential for the local community's impact.**

THE FESTIVALS' UNIQUE VALUE PROPOSITION (UVP)

According to Osterwalder, a company's value proposition distinguishes it from its competitors. The value proposition provides value through elements such as

newness, performance, customisation, "getting the job done", design, brand/status, price, cost reduction, risk reduction, accessibility, and convenience/usability.

Each festival worked 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 qualities.** Some festivals emphasise local community support and gastronomy **to promote regional engagement, contributing to the area's cultural life, community involvement, inclusivity, and sustainability. In contrast, others prioritise diversity, being a platform to discover new emerging talents and a curated festival experience**. These festivals aim to engage with an audience interested in new and eclectic music, offering a unique and inclusive experience. 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. As one of the interviewees said: "*What is the main reason for people coming from Berlin, Amsterdam in a small village in the North Rhine-Westphalia? The village is exciting but, at the same time, cosy and welcoming. Communicate that narrative, and be authentic, honest, and true to your audiences and government and local businesses.* **It is important to create trust**."

"*The thing that makes the* **festival unique is the connection to the territory**. *The story of the place has a unique value, which attracts tourists and keeps the locals*

engaged. In addition to **the artists' quality, it mixes an intimate atmosphere with a historic location.** All the performances are within walking distance from each other with ice cream or bowls of pasta in between."

*"Le Guess Who (NL) differs **from other festivals because we bring unrepresented or underrepresented artists**. In 2010, we understood quickly that if we wanted to be an indie or rock music festival, we wouldn't have enough money. There was a lot of competition, so we decided to focus on what other festivals we**re not focusing on**. **To make a difference, we must show different things, focusing less on the USA or the UK and more on the other countries**."*

These insights collectively highlight each festival's diverse and unique characteristics while emphasising **the importance of community engagement, sustainability, and artistic innovation in the festival industry.**

VALUES: THE IMPORTANCE OF ACCESSIBILITY AND ENVIRONMENTAL SUSTAINABILITY

KEY TAKEAWAYS

- **Accessibility and environmental sustainability** are central to the development of the business model.
- **Balancing environmental and accessibility** initiatives with constraints on logistical, economic, and cultural habits is challenging.
- **Use of innovative practices** such as use of technology (e.g., QR codes), permanent infrastructures, and strategic partnerships for sustainability, creativity
- **The importance of stakeholder engagement**, such as local communities, government entities, and environmental organisations.
- **Invest in continuous improvement.** Festivals are evolving their sustainability practices and adapting to new challenges and opportunities.
- **Develop an all-encompassing Marketing approach** to ensure that information is accessible to diverse groups (e.g., people with disabilities, vegetarians) and that various online platforms are used to reach different age groups.

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. **For some, it's 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. **Some others are adapting to become as sustainable as possible.**

*"We are also aware of this problem because **we use venues that can't be changed,** and sometimes, it is difficult to make them accessible for all. In general, the policy is to inform us of your accessibility problem, let us resolve it before, and make the experience as comfortable as possible. Many venues are very well equipped, but others could be better, and we try (we also use volunteers for this)."*

ACCESSIBILITY

From the different interview insights, accessibility is understood as removing the infrastructural barriers that keep people from attending events and **designing an overall experience where everyone feels welcome.**

The festivals must deal not only **with challenges related to audience demographics**—as mentioned, some of them are in areas where young people must move to find better opportunities—**but also with logistical challenges related to audience transportation and accommodation that inevitably occur in peripheral or unusual locations**, such as natural habitats or heritage sites. Sometimes, it is required to coordinate with the local Environmental or Heritage department.

Transportation and accommodation both pose accessibility and environmental challenges. As one interviewee mentions, "*logistics of the festival is one of the biggest headaches for the organisers*" Festivals are trying to improve accessibility and reduce dependence on private transport.

Another problem is that sometimes these areas have small airports, with fewer flights available.

For the Intsikurmu Festival, located in a forest, logistical challenges include equipment transportation from Tallinn due to limited matching companies in Estonia. Intsikurmu Festival emphasises the need for local government investment in park infrastructure. **Visitors in wheelchairs cannot access it quickly, but the festival compensates for it with ticketing policies**; for example, the accompanying person can enter free of charge. Families are also essential for them – children up to 12 can enter free of charge, and a youth pass is often cheaper. Retired older adults can also enter free of charge, and people unable to work have a reduced price. They also have better prices for quicker festival visitors who buy the passes among the first.

"I did not know until now to ask for help finding better logistics solutions. We have cooperated with several logistics companies, but for them, it is, in the end, only business, and every extra truck sold means more income. I bet there are clever guys at the University of Technology or the University of Applied Sciences, and we should get one such logistics student into our gang!"

Offering audiences a camping site, which many consider the "real festival" experience, gives audiences a place to stay. However, people usually rely on private transportation to get to a camping area. At the same time, these areas might be less accessible. While writing this report, Ypsigrock Festival was granted a fund to work on reducing the barriers at their camping area. Another solution some festivals adopt is providing tends for people from abroad or far away, although some have stopped because it's a considerable effort.

The festivals are implementing different solutions to solve these problems, such as **building solid partnerships, raising awareness of sharing transportation, working on a price strategy, offering discounts, or offering free tickets for some targets.**

For example, the Bay of Biscay Festival tries to solve the transportation problem **and reduce dependence on private transport** by collaborating **with the train company to encourage local stays**. The Pohoda Festival has a project with a local University, where students volunteer to find low-carbon footprint solutions for the festival.

Many festivals **have long-term plans to maintain their festival area**. Since they are in parks, forests, castles, or unusual locations, they can't build infrastructures or permanent modifications in the place, and they need to coordinate strictly with the different Environmental and Heritage boards. **The Terraforma Festival team developed a three-step recovery plan for the abandoned site to reuse infrastructures yearly**. They first cleaned and made the garden accessible again. Then, they built light infrastructures that were accessible to the community. Finally, **they created a cultural park inside the villa. Each year, they focus on improving energy, water, and transport**.

ENVIRONMENTAL SUSTAINABILITY

All festivals recognise the importance of environmental sustainability and aim to go beyond theoretical discussions to implement practical actions, but not without difficulties. Festivals recognise the need for a comprehensive view of sustainability, considering international relations and the broader impact beyond local initiatives.

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

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. While writing this report, despite the dedication, significant challenges pose a major hurdle to reducing the festivals' ecological footprint, **such as transportation of the audiences and the artists and the festival's reliance on diesel generators**. One festival actively explores alternative solutions, such as hydrogen generators tested in German festivals, but needs help competing for such innovations. In this case, obtaining a larger electricity substation depends on local government investment. **One of the biggest dilemmas is balancing environmental actions and international cooperation; as one interviewee said, we will need years to make all the touring businesses different.** Le Guess WHO tries to impact artist travel by encouraging **train travel over flights for artists**, or Bad Bon Kilbi Festival **trying to convince artists to stay a bit longer,** even pay for more nights of accommodation, because they also like to engage more with the artists. Some festival directors become more creative when considering the impact of international touring. **If a band cannot perform due to its effect on the sustainability strategy, they engage the audience differently. For example, they might create a choir or another interactive activity for the audience to participate**.

Others try to partner with an organisation to help them, like Station Narva or D Festival, which collaborates with an NGO and incorporates sustainability goals related to equal opportunities, strong communities, and environmental protection.

Station Narva team is trying to **create a measuring system to understand where they can be more sustainable, mapping the whole cycle from booking flights and flight miles to renting productions,** transport, and everything else. However, balancing the carbon footprint with international relations remains a challenge. Or, like the Bay of Biscay Festival, located in the Biosphere reserve of Urdaibai, collaborates **with sustainability agencies.** It has introduced water fountains to reduce plastic use, employed reusable furniture in bars and restaurants, and reduced paper usage through QR codes. It also focuses on energy-efficient lighting and glass recycling to protect the environment and reduce its impact.

Jardin, the Terramar Festival, engages the community by collaborating with **naturalist entities to protect fauna and conducting sound distribution studies to minimise the impact on fauna.** The festival prepares and restores the site post-festival and installs decibel meters for neighbours' comfort. However, it faces challenges like extensive setup and breakdown time and economic costs to achieve sustainable certification for Biosphere for 2022.

Intsikurmu Festival **emphasises a green mindset** with the early elimination of single-use cups and focuses on reducing its environmental footprint. It currently relies on diesel generators and is gradually implementing strategies, though formal written strategies still need to be implemented. Ozora Festival uses permanent facilities to reduce environmental impact and plans to shift from aggregate to grid electricity. It is exploring sustainable energy solutions like cold fusion nuclear electricity as part of its long-term goals. Pohoda Festival engages in sustainability initiatives like building ground electricity sources and involving volunteers in recycling and sustainability efforts. It collaborates with Slovak University on marketing and recycling projects. Moondance Festival focuses on energy

efficiency by using smaller sound systems and lighting, emphasising acoustic performance to reduce energy needs. It also replaces plastic in bars with ecological materials.

Of course, there are also challenges to having a vegetarian menu, but some festivals feel that they need to consider that meat is still a big part of some communities' diets. Volunteers also play a crucial role, and raising awareness among artists is essential.

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

Key takeaways

- **Create a positive and supportive work environment**, emphasising teamwork and shared festival values.
- **Manage Volunteers Effectively**: Recognise volunteers' critical role, provide clear task management, and ensure they feel valued and part of the team.
- **Balance internationalisation** aspirations with fostering a sense of community.
- **Maintain good relationships** with freelancers, local communities, and partners, involving them in various festival aspects.
- **Balance Work Intensity**: Manage stress levels and work intensity, ensuring a healthy balance for the team.
- **Artist engagement and development** are considered crucial aspects of these festivals, which aim to give the artists a sense of belonging.
- **Community Engagement as part of the Festival Brand**: Involve and integrate the local community in festival activities, fostering a sense of ownership and participation.
- **Enhance the unique locations.**

"Assets" and "partnerships" are significant factors in a business model. In the Osterwalder and Pigneur model, these factors are referred to as "key resources" and "key partnerships", which are necessary to create value for customers and sustain the business. These resources, **or tangible and intangible assets, are critical components of an organisation's asset portfolio, each playing a unique role in contributing to the organisation's value and operational capabilities**. They can be human, financial, physical, or intellectual and are required to sustain the operations of a festival. Robinson (Robinson, 2021) mentions that it's important **to identify strengths and vulnerabilities for future action planning to improve situation awareness, allowing organisations to adapt effectively, seize opportunities, and mitigate risks, all contributing to their resilience and long-term sustainability.**

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 festivalgoers. 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. Using the same site for many years has allowed us to refine our operations and approach. It might happen that the festival must move since they need more space to take care of the crew, the artists, and the audience. *"Moving to a new space is inspiring as it offers a fresh perspective and new ways of doing things, requiring the involvement of many more people."*

In Rodriguez's visualisation model, **people hold a visually significant position too.** This section of the model focuses on the network of suppliers and partners contributing to the business's ability to operate effectively. Building partnerships is critical to optimising business models, reducing risks, and acquiring resources.

> *"If there ever was a festival organiser who said they didn't have time to deal with partner relations, they probably won't be able to organise a festival anyway. Without them, there is no point or possibility of doing it."*

Staff, artists, volunteers, locals, community, and audiences play equally relevant roles in creating a sustainable business model. It is crucial to strike a balance among these groups, especially as the festivals aspire to internationalise, foster a sense of community, and adapt to the evolving landscape of cultural events. From the interviews, a recurrent theme is taking care and security, *"Taking*

care of the team is as important as taking care of the audience; they are an essential part of the festival."

STAFF

Managing small festivals is a complicated task that requires coordinating various teams, including staff, artists, volunteers, locals, community members, and audiences. Typically, we observe that the teams are small throughout the year and expand as the festival approaches. Small festival teams require problem-solving abilities and in-depth knowledge of the music industry. **The team must bring ideas, find solutions, and adapt to changing situations, as hiring resolutive individuals is a priority.**

"The main hiring competence is persistence, as we are a small team. We all need to bring ideas, find solutions, and keep adapting to the situation."

Staff members should also share the festival's values, be committed, and have a sense of responsibility when taking on tasks. Enthusiasm, specialised knowledge, and a passion for music and art are also significant factors.

"The most important thing is to have enthusiasm, a great love of music and art, the desire to work as part of a team, the ability and willingness to be part of a team, and a sense of responsibility to get things done when you take them on".

"Music festival teams are not a place where people can be motivated with salary. Therefore, Station Narva organisers are looking for two things: the people they hire. Firstly, people are passionate about achieving something that changes the urban space or the Estonian cultural scene".

The team should consist of various specialists, even designers and architects, with different skills who collaborate to ensure the festival's success.

"Managing a festival and partner relations is teamwork. Each team member works in a partnership in their tasks. In a way, the content creators, artists, the audience, and even the partners make up the festival's core and are, in a way, part of the team."

It is crucial to have good relationships with collaborators, make them feel like part of the team, encourage them to share ideas and build long-term relationships. Accommodation is usually provided for staff and technical teams near the festival to ensure they get enough rest.

"We eat from the same dishes in the same place; we're around the same campfire together, that sense of belonging, that we're out for the same thing."

Two of the biggest challenges in managing small festivals are managing **stress levels and providing an adequate salary.** The festival team works in a fast-paced environment, and it is crucial to manage stress levels to avoid burnout. As one of the respondents says: *"The festival manager is a mirror; if a person burns out, the manager has misjudged the situation, he has not been able to speak up when given to".*

"We cannot save anybody from the stressful periods that are just characteristic of this field of work. But what we can do is to make sure the stress level is not constantly up throughout the year. These stressful times should be alternated with calmer periods when people can deal with their own lives, families, friends, and hobbies."

As most interviewees say, festival professionals **should adopt a new mentality emphasising financial stability and a professional full-time team to ensure success.**

> "*I feel that in this festival business, we need a radical change in our mentality. Instead of praising characteristics like good, hard-working, and working oneself to pieces, there should be new concepts: professional, financially strong, stable, and owner of a professional full-time team. The growth from enthusiasts to professionals. That is the biggest leap in development.*"

In summary, managing a small festival requires a highly coordinated team effort. Identifying essential resources and partnerships, hiring resolutive individuals, maintaining a positive work environment, managing stress levels, and balancing growth and local constraints are crucial to the festival's success.

VOLUNTEERS

> "*The role of volunteers is tremendous.*
> *Not a single festival could take place without them.*"
> *Helen Sildna, head and organiser, Station Narva, Estonia*

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. Depending on their role and impact on the organisation, volunteers may also be relevant to other sections, such as Key Activities, Customer Relationships, or Value Prepositions.

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 festivalgoers 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, they get together online or in person once a month 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 the 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 functions 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.

ARTISTS

The interviews reveal a unique way in which these festivals approach their relationship with artists. **Most of them aim to create a familial atmosphere, making artists feel like they belong to the festival**. They believe that being small is an advantage, as it allows them to maintain an intimate and relaxing ambience for festivalgoers, which benefits both artists and audiences, an atmosphere that enables establishing a connection between the artist and the audience. **Building an environment fostering a deep connection between the public and artists is crucial to creating a memorable festival experience**. Smaller festivals offer an intimate setting that allows for authentic and meaningful interactions between performers and audiences; for instance, "*it's easy to meet your artists on the festival grounds or listen to the sound check*". By prioritising honesty and authenticity, festivals can build a sense of collaboration that brings us all closer together and creates a truly unforgettable experience. While some festivals may not be able to pay a substantial fee to bands, bands often come for other reasons such as hospitality, relationships, nature, or as a kind of 'vacation'. **Managing a diverse artist line-up to cater to different tastes while maintaining a sense of cohesion (referred to as a "red thread") is crucial.** There is much curatorial work involved in building the line-up, which creates trust from the audience.

The festivals focus on the quality and skills of the artists rather than their popularity and strive to bring something new and innovative to the stage. **The festivalgoers often return, even if they don't know the artists, because the quality is generally relatively high.** Some festivals have a unique approach to their line-up by having one concert after the other, with no simultaneous acts. It helps create a solid perception of the line-up and the event.

Many festivals are highly regarded for their ability **to provide emerging artists with a platform to stage their talent and launch their careers**. Artist engagement and development are considered crucial aspects of these festivals. For example, the Moondance festival blends young and established artists to create a unique blend of experience and fresh talent. The Le Guess Who **festival prioritises the exhibition of underrepresented artists and diverse genres, emphasising deviating from mainstream acts to provide culturally unique experiences**. The diversity of the line-up is an essential aspect of many festivals across various music genres, offering a unique and inclusive experience. **Festivals like this are appreciated also for their diverse and inclusive programming, which includes a wide range of genres and gender representation**. This diversity is a significant draw for its audience.

LOCAL COMMUNITY

Festivals prioritise community integration as part of audience development. Despite earnest attempts, many festivals still need help becoming a familiar presence, especially to the older community segments or find it difficult not to lose the local identity. However, festivals are working hard to promote themselves and build trust with locals by showcasing their quality programming and engaging with local businesses.

"*Though the local people are increasingly involved every year, there is still much to develop. The event still feels distant/strange for the locals. The local town government is an important partner, and the local businesses are clear beneficiaries of the event. Some locals are involved as volunteers, but we also want to reach the local youth through music and art.*"

Additionally, **its focus on attracting a younger, more alternative audience may need to align with the broader demographic of the locality, potentially creating a disconnect.** One common theme among festivals **is to preserve a safe and supportive environment for the local community**, including **limiting noise levels** and **investing in security measures.**

The festivals in this research apply different strategies for community involvement, such as offering targeted initiatives**, such as discounts and invitations for specific groups, like graduates and pensioners**. Another way to foster engagement is **by leveraging local resources and planning pre-festival events.** Invest in direct communication, as one interviewee says: " *It has a different meaning and plays a much bigger role than usual digital campaign or media advertisement. Trust in the local community comes through personal relations, not media campaigns.*" Or organise acts in places familiar to the community: "*Next year, we would like to do a church concert before Intsikurmu, which would be very affordable for the locals, or free of charge, depending on how the negotiations with the municipality go, we would bring in electronic music that is at the same time dignified and sacred and fits into that environment, a free kind of pre-festival day, so that they would see the content side of what they could experience there in the forest park*".

Some festivals hire people from neighbouring villages to work together daily. This supports the festival and provides a source of income for the local communities. Since accommodation is one of the challenges, some festivals are developing collaborations with different villages.

"*As there aren't any hotels nearby, we are staying in different houses in villages, which is quite a nice collaboration with the villages. The artists must constantly travel back and forth. Ozora is a community action, so much so that the owner*

family, a local family (originally farmers), owns the grounds of Ozora (originally agricultural land)."

Some festivals try to develop a year-round strategy to keep engagement with the local community. Oyafestival, for example, maintains a constant presence in the local music scene through smaller events, school projects, and promoting local acts. This ongoing engagement helps build a solid and supportive community around the festival. Haldern Pop and Bad Bon Kilbi, to mention a few, have even **become venues throughout the year, offering a space for the local community to gather and enjoy music and art**. Some festivals, like EXIT, during the COVID-19 pandemic, **have taken a leadership role in engaging with governments, particularly during the COVID-19 pandemic**. The festival collaborated with the Serbian government on a vaccination campaign, resulting in economic benefits to the region and establishing a rulebook for the resumption of events.

In Osterwalder's model, particularly under Customer Relationships, festivals focus on fostering communities and co-creation. **Involving communities is part of the festival's brand**; when the audience comes, **they know that community involvement is part of the promise and experience one can expect**. On the other hand, communities enable direct interactions, facilitating knowledge exchange and collaborative problem-solving, while **co-creation involves customers developing or tailoring offerings, enhancing their connection to the brand.**

Moreover, others offer free entrance to attract diverse audiences, promote local businesses, and build strong partnerships with local organisations, governments, and businesses. Communication is also an important aspect, especially when dealing with diverse languages.

In conclusion, **festivals are a great way to bring people together and promote local culture.** By involving the local community, building partnerships, and taking care of their resources, festivals can create a sustainable business model that supports the local economy and promotes cultural diversity. **The festivals recognise the symbiotic relationship between their success and the prosperity of the local community and aim to create lasting positive impacts.**

AUDIENCES

Audience development strategies adopted **by the festivals highlight the importance of authentic engagement, community involvement, diverse communication approaches, and continuous adaptation to audience needs and feedback.** These approaches are fundamental in developing and **maintaining a strong and diverse audience base for festivals**, ensuring their continued success and relevance in a rapidly changing cultural landscape. As one of the interviewees admits: "*However, this is an endless and ongoing question: for example, some years ago we put as a highlight of the festival a Turkish play that was mainly unknown, unless for one Turkish guy with a connection with the community that reached it and brought new people. It helps to change the dynamics because we are in Utrecht, a largely white city (it is multicultural indeed, but not a lot,) and we present artists from all over the world, but this is not reflected in the audience yet.*"

Maintaining the relationships with audiences between festivals' editions is crucial. **This continuous engagement can lead to stronger brand loyalty, repeat attendance, and increased spending at the festival**. An engaging content strategy, including teasers and contests or managing online communities like Ypsigrock Festivals, can help to maintain interest and excitement between

festivals. Many have expanded their digital teams to enhance the festival's online presence further. One festival also admitted having contracted a communication agency, but the agency results have not been as successful as they thought. "*We have seen that what audience appreciate is the authenticity, truth and what it is behind the festival*".

One of the main challenges regarding engaging their audiences is understanding **who the audience is**. The festivals use different strategies, such as questionnaires and observation, such as controlling the food and beverage services. As one of the interviewees notes, "*A festival can initially struggle to find its identity, oscillating between different genres and audiences. The key strategy here is clearly defining the festival's genre and target audience. It could be a specific music genre (like hip-hop or metal) or a mix of genres, but the choice needs to resonate with the intended audience.*" Collecting feedback from audiences and artists is crucial for continually improving the festival experience.

The festivals try to attract and engage audiences from diverse backgrounds by tailoring marketing strategies to suit local, regional, and international audiences, recognising each group's different needs and habits. For example, it is essential to understand the purchasing habits of various audience segments. International buyers, for instance, often book tickets, travel, and accommodation simultaneously, requiring a streamlined process. **Tailoring marketing and sales strategies to these different behaviours is essential for success**. However, rather than focusing on increasing numbers, **attracting a quality audience that aligns with the festival's values and philosophy is important.**

Moreover, the festivals use different platforms to make information accessible to diverse groups and ensure that the information is clear and easily accessible in

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other languages (e.g., communication in Estonian, Russian, and English at Station Narva). Many of the festivals in the research try to encourage a diverse environment. **They aim to be accessible to people from various backgrounds, whether workers, students, or farmers**. The festivals try to be a meeting point for many individuals, including those with different political views. This diversity is a strength and a way to prevent rural areas from being stuck in traditional cultures.

Finally, another strategy **is to offer different formats and other activities for audiences to attend that are not related to listening to music**. This might attract a broader range of people and make the festival experience more engaging and diverse.

Yet, some **of the recurrent challenges are** maintaining a balance between the budget and effective promotion, especially in international markets, reaching new audiences while keeping the existing ones engaged and especially **engaging young audiences**. Some interviewees argue this is partly due to high ticket prices and unfamiliarity with the artists. To address this, **some festivals hired young people to gain insights into what interests their peers**. Some others try to learn from local young people and understand their preferences to help shape the festival's offerings, or work with schools and offer events all year round. While all these strategies might not fully resolve the issue, it's a step towards understanding and engaging younger demographics.

NETWORKS AND PARTNERS

In the context of this research, **partnerships and collaborations are not just beneficial—they are often essential for success and survival**. Partnerships are an integral element that enhances a business's functioning.

For small festivals, these partnerships are especially pivotal. They allow for the distribution of risk, access to vital resources, and the extension of operational capabilities. Engaging with multiple stakeholders—staff, artists, volunteers, local communities, and attendees—creates a symbiotic network that can provide more significant assets and opportunities. Consider the words of a festival director: "*The key element for growth is the partnership with private entities. Greater involvement of public agencies is desirable, but as a nascent festival, it is challenging to secure their support, often reserved for more established events.*"

Beyond resource acquisition, partnerships enable risk mitigation and business model refinement. Festivals can pool expertise, resources, and knowledge by collaborating with other entities. This collaboration can pave the way for innovative offerings or market expansion, potentially enhancing revenue streams. For instance, coordinating with local authorities can strengthen infrastructure, or teaming up with regional tourism boards and brands can leverage collective strengths and tap into new audiences.

Partnerships may also extend to NGOs or other organisations, such as schools, to deliver activities all year round. For example, several activities and acts at the D festival are co-created with **local organisations.** "*We are offering to any NGO, organisation of any kind, and individuals with ideas in art, culture, sport, and creativity to be part of and showcase their ideas in the camp area. We gather more than 50 organisations annually, and around 350 individuals are part of this PlostArt program. They are creating the day program with their existing programs and activities.*" Likewise, at Le Guess Who? "*The 50% of the programme is curated by the local hosts or venues, bars, etc: we do things together with them. We do not judge if it is bad or good: If someone believes there is something important to show, we let him show: it's a city event!*".

Cultivating partnerships is an ongoing endeavour that demands dedication and persistence. Yet, it is critical for adaptation and the navigation of challenges. In recent times, adaptability has proven to be a daily operational necessity. Thus, **festivals must prioritise the development of new partnerships to maintain their relevance and allure**.

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.**

The interviews suggest that festivals are adapting to digitisation dynamically and flexibly. They use digital platforms for ticketing and purchases while maintaining multiple payment options for customer convenience. Although cost considerations have limited the use of a festival app so far, there is an intention to move in this direction in the future. **Social media has become a significant platform for engaging with audiences, and festivals invest up to 60% of their communication budget in digital channels, mainly social media.**

Artist interaction has also evolved, with the festival supporting artists in creating and promoting digital content. Collaborative video creation for promotion has become a norm.

In conclusion, festivals are taking a pragmatic and strategic approach to digitisation, **balancing the need for innovation with preserving the unique live experience they offer**. By keeping audience needs and preferences in mind, festivals can continue to implement digital solutions while successfully maintaining their core values.

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 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.

While several festivals included in our research thrive without direct public sector funding, our findings suggest **they tend to adopt a mission-driven approach**. This method typically characterises 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.**

The interviews highlight these different adopted solutions:

- **Multiple Revenue Streams**: Incorporating various sources of income, including contributed income (government funds, private donations), earned income (box-office, membership fees, service sales, bar, and food), and innovative strategies like collaborating with hotels for accommodation packages.
- **Careful Sponsorship Selection:** Choose sponsorships that align with the festival's values and mission and avoid overly commercialising the festival space.

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- **Strategic Financial Planning:** Utilising tools like Excel for detailed financial planning and budgeting, including preparing for unforeseen costs.
- **Emphasising Local Impact:** To attract more support, demonstrate the festival's positive impact on the local economy and community.
- **Creative Problem Solving:** Finding creative solutions like hosting smaller-scale events, focusing on local acts, or shifting to digital platforms during the pandemic.
- **Importance of Tangible and Intangible Assets**: Assets such as venues, brand reputation, know-how, and copyright play significant roles in defining a festival's financial strategy. Effective management of these assets, alongside innovative initiatives, can help overcome challenges.
- **Gradual Growth and Sustainability:** Focus on gradual, sustainable growth rather than rapid expansion and aim for a self-sustaining model with reduced dependency on public funds.
- **Environmental and Travel Considerations:** Adopt environmentally friendly practices and encourage sustainable travel to and from the festival.
- **Online Ticket Sales and Packages**: The ease and convenience of online ticket sales can boost revenue. Festivals can also offer exclusive online packages, including tickets combined with merchandise or special access, to increase sales.
- **Merchandise Sales**: E-commerce integration allows festivals to sell merchandise online, expanding their sales opportunities beyond the physical event dates.
- **Strategic Partnerships and Local Support**: Collaborations with local hotels and brands and the engagement of local communities and businesses are

vital strategies. These partnerships provide financial support, help attract a wider audience, and enhance the festival's impact on the local economy.

But also challenges that lie in:

- **Diversifying Income Sources:** Festivals face the challenge of relying on a limited range of income sources, primarily ticket sales, sponsorships, bar, and food, or sometimes grants. This can be risky due to market volatility.

- **Insufficient Public Support**: New and small festivals often need more public funding, which is more readily available to established festivals.

- **Dependency on Ticket Sales:** A heavy reliance on ticket sales for revenue can be precarious, especially in uncertain times like a pandemic.

- **Balancing Sponsorship and Integrity:** Finding the right balance between accepting sponsorships and maintaining the festival's integrity and focus can be challenging.

- **Infrastructure Limitations:** Inadequate infrastructure at festival venues can limit the scope and scale of events.

- **Financial Management Skills:** A lack of essential financial management and planning skills can impede effective festival organisation.

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. Investing in a tourism strategy is crucial for multiple reasons, offering extensive benefits across economic, cultural, social, and environmental spheres. As Di Bella

mentions[17], "*The transformative and innovative tourism potential of this model [Boutique Festival] is linked above all to their capacity to operate as spaces for knowledge exchange and sharing, as laboratories of techno-cultural and eco-social innovation, and as gateways to creative tourism experiences co-produced by tourists themselves (Di Bella, 2023, p.81.*")

A well-planned and managed tourism strategy is essential for ensuring sustainable, long-term benefits to destinations and their inhabitants. This strategy should encompass 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. The festivals also recognise challenges related to increased hotel prices during the event.

Some festivals actively engage with **the local tourism sector to enhance their events and promote collaboration with the surrounding territories**. However, there are challenges due to difficulties **aligning with tourism companies that must share the festivals' environmental values and reluctance from certain accommodation partners.** Some festivals strategically collaborate with hotels,

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[17] Di Bella, A. (2023). Boutique festival e innovazione turistica: il caso della Sicilia. Rivista Geografica Italiana, CXXX(1), 75-93. https://doi.org/10.3280/rgioa1-2023oa15438

travel agencies, and local corporations to promote their host destinations. They establish agreements to sell festival tickets bundled with accommodation and seek partnerships with brands to amplify the attractiveness of their locations. The festivals aim to serve as ambassadors for their regions, attracting visitors and contributing to the local economy. They have deals and local agreements, like shuttle buses directly from the airport. It provides economic diversification, reducing dependency on single industries and making economies more resilient to external shocks.

SUSTAINABLE BUSINESS MODEL: SELF-ASSESSMENT QUESTIONS

The research by SMA! suggests that festival organisers adopt diverse approaches to creating sustainable business models. As mentioned, King (2019) highlights that '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.** 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 is a model that can inspire and guide festival organisers globally to create impactful and enduring cultural hubs.

From the research, certain foundational aspects should be considered irrespective 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?

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?

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: **while financial sustainability is vital, these festivals also prioritise their social and environmental missions**. Often, it stems from a passion for music and an aspiration to bring people together in a harmonious and democratic environment with the funding necessary to organise line-ups, provide electricity, hire staff, and ensure safety. Their stories unravel nuanced strategies for expertly navigating geographic and cultural challenges. 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.**

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 in many festivals is manifested in a hybrid organisation that combines the efficiencies of for-profit operations with the inclusivity of non-profit goals. 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."

Fostering an entrepreneurial spirit, engaging local communities, and committing to artistic innovation are intertwined throughout the 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. The interdependency of these segments demands a carefully orchestrated strategy to ensure each one's satisfaction. These festivals display a multifaceted operational approach, skilfully managing diverse income sources, engaging international and local communities, and cultivating an entrepreneurial mindset. **By embedding accessibility and sustainability into their core operations, they advocate for social equity and responsible consumption and actively contribute to their areas' economic, cultural, and environmental vitality.** They embody social impact and cultural identity, striving to align with the Sustainable Development Goals (SDGs)[18] 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.

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

- **A memorable experience** for festivalgoers.

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[18] Center for Music Ecosystems. (2021). Your guide to music and the SDGs: Executive summary. Center for Music Ecosystems. https://www.centerformusicecosystems.com/sdgs

- **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 communities.**

Integrating with the tourism sector is a significant potential strategy. This would amplify the festivals' economic, social, and cultural impacts and work closely with local tourism boards and businesses to create packages that enhance the festival experience while benefiting the local economy. Successful navigation of this integration can fortify their business models and substantially contribute to sustainable regional development.

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. Conduct regular audience feedback sessions to

understand changing preferences and incorporate these insights into festival planning.

- **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 sensitivities.

Adopt and promote sustainable practices such as waste reduction, recycling programs, and using 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.

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, all while fostering artistic innovation and social inclusivity.** While grounded in local specificity, it is a model that can inspire and guide festival organisers globally **to create impactful and enduring cultural hubs.**

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We aim to develop guidelines and inspire sustainable business practices for small and medium-sized festivals in peripheral areas.

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