



Image Credit: Festival dei Due Mondi



ADVISORY  
BOARD  
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*Transforming Arts Organizations Worldwide*

# Diversifying Revenue Streams

March 2024



# Research Methodology

## Research Question:

How can festivals transition from relying heavily on one funding source to having more diversified revenue streams?

To address this question, ABA interviewed the following seven Festivals:

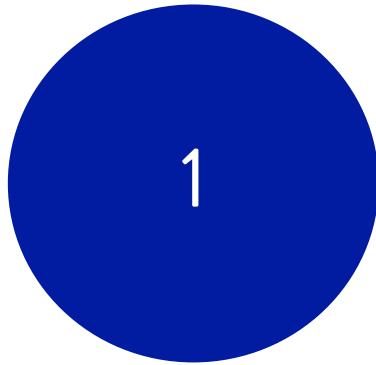


FESTIVAL  
INTERNACIONAL  
DE TEATRO CLÁSICO  
DE MÉRIDA  
DIRECTOR: JESÚS CIMARRO

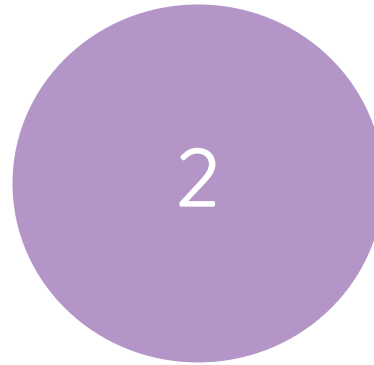


FESTIVAL  
DELLA VALLE D'ITRIA  
MARTINA FRANCA





Diversifying Revenue



Internal Changes and Practices  
to Support Revenue Growth Strategies



Case Study: Festival Internacional  
de Teatro Clásico de Mérida

# Moving from a Heavily Public-Funded Model to a More Diverse Revenue Stream Structure

Aiming for a ~50% Public Funded Model

Increasing Ticket Sales

8. Pursuing Non-Monetary Contributions: In-Kind Donations and Knowledge

7. Capturing Corporate Donors on a Local and an International Basis

6. Capturing Individual Donors on a Local and an International Basis

Increasing Private Fundraising



Increasing Other Revenue Sources

# 1.1 Attracting Diverse Audiences by Shaping the Programming

Shaping the programming to attract diverse audiences is crucial because it ensures inclusivity and relevance, catering to varied interests and cultural backgrounds. By embracing diversity in programming, festivals can foster a sense of belonging among audiences.

## Incorporation of “Mainstream” Elements

Attracting audiences who might otherwise not be interested in this type of content may be done through:

-Integrating lesser-known classical pieces with “mainstream” works.

- Verdi Festival balances its programming with less known productions of Giuseppe Verdi’s work, with more internationally known pieces, for example, La Battaglia di Legnano and Macbeth in a single edition.



- Festival Della Valle D'itria’s programming consists of unknown operas. Recently, they have been including more famous operas in lesser-known versions.

-Including well-known “mainstream” actors in specific productions.

- Not all genres are profitable for SpoletoUSA. However, hiring famous actors for certain shows increases ticket sales and helps finance other necessary but not profitable content, such as opera and chamber music.
- For this purpose, the Festival is in the process of increasing blockbuster productions to ten per edition.



## Contemporary Adaptations of Classic Content

Find –within the festival’s content spectrum– the genres that connect the most with broad audiences.

- Festival Internacional de Teatro Clásico de Mérida presents Greek and Latin plays. Among their limited repertoire, they present the most popular tragedies and comedies.



- As part of the Verdi Off series of events, Verdi’s works are reimagined and presented in novel ways that appeal to broad and diverse audiences. For instance, there are jazz concerts that draw inspiration from Verdi’s music, as well as theater productions based on his operas, such as “Macbeth, sacco al re!”

Hiring dramaturgs to reinterpret classic pieces to connect with diverse audiences through relatable language.



- Besides traditional performances, the Festival programs modern adaptations of Greco-Latin works. These have been well-received and represent a significant income.

# 1.2 Attracting International Audiences by Establishing Strategic Partnerships

Strategic partnerships are crucial to attract international audiences as they provide access to local networks, cultural insights, and marketing channels in foreign markets. Besides enhancing the Festival’s visibility, collaborating with established entities fosters credibility and trust among international audiences, encouraging their participation.

## Partnerships with Tour Operators and Attendance at Global Events

- Rossini Opera Festival's box and promotion office works closely with 50 travel agencies worldwide for international promotion activities.
- Additionally, ROF attends global tourism events such as Borsa Internazionale del Turismo in Milan and many others.



- One leading operator, “Parma Incoming” reaches Verdi Festival's regional audience, while several rooted operators reach its international audience.
- Also, the Festival attends global tourism events such as Internationale Tourismus-Börse in Berlin and at the Italian Institute of Culture of Paris.



Source: ilgiornale.it

## Partnerships with Not-for-Profit Organizations

Building solid relationships with strategic local partners facilitates processes such as logistics streamlining and event promotion

Instead of working with tour operators, Spoleto USA partners with a non-for-profit destination marketing organization, The Charleston Area Convention & Visitors Bureau, “Explore Charleston” which:

- Offers restaurant and hotel packages to the Festival attendees.
- Creates and disseminates promotional articles for Spoleto.



ARTS & CULTURE  
**Where + Wear: Spoleto Festival USA**  
 Dress in your Berlin's for Women finest and mark your calendars for two weeks full of art, culture, fashion, festivities...



CHECK IN TO CHARLESTON  
**Festivals, Farmers, & Fun!**  
 Color! Music! Flavors! Fireworks! Charleston is alive and there is excitement on the horizon!



ARTS & CULTURE  
**Can You Spot These 9 Decorated Dwellings in Charleston?**  
 Spoleto Festival USA invites you to honor Charleston's soulful history.

Image credit: Spoleto USA



## 2.1 Developing Marketing and Communications Strategies: Building Brand and Excitement All-Year Round

Building brand awareness and excitement through festival-related events is crucial as it keeps the festival top-of-mind throughout the year, fostering anticipation and engagement among potential attendees. Additionally, these events serve as valuable touchpoints for the festival to connect with its audience, reinforcing its identity and cultivating a loyal fan base.

### Free Local Events

Hosting fresh and simple events in the local area creates expectation and positions the festival as essential to the local culture.

- Rossini Opera Festival offers 39 20-minute concerts every Saturday at 6:30 pm starting from mid-February until autumn from the balcony of Rossini's birthplace.
- This initiative attracts new audiences who, while walking down the street, get to witness a piece of Rossini.

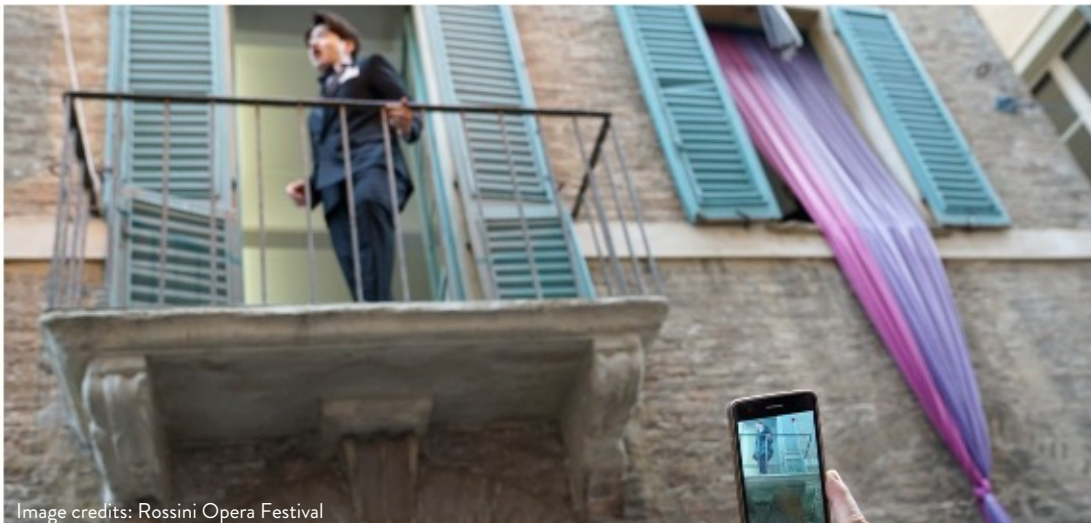


Image credits: Rossini Opera Festival

### Sporadic and Permanent Events in the Local and Surrounding Area

Besides generating year-round revenue, sporadic and permanent events in the area foster a sense of community around the Festival.

- Festival Internacional de Teatro Clásico de Mérida hosts a series of events, including conferences, courses, and workshops addressed to children, teenagers and adults throughout the 20 municipalities of Extremadura, the state where the Festival is held.
- They often collaborate with local museums, such as the Museo Nacional de Arte Romano, to curate exhibitions that remain permanent from one edition to the next.



Image credits: Festival Internacional de Teatro Clásico de Mérida

## 2.2 Developing Marketing and Communications Strategies: Making the Most Out of Ticket Sales

Developing a marketing and communications strategy around ticket sales is essential for a festival to effectively reach its target audience and drive ticket purchases. By strategically promoting ticket availability and offering incentives, the festival can maximize attendance, generate revenue, and create a buzz surrounding the event.

### Buzz around the Ticket Release

Each year, visitors eagerly await the moment when tickets go on sale, marking the beginning of an anticipated annual tradition.

- Every year, when the tickets are released, Spoleto Festival USA sends out printed programs –which their subscribers eagerly expect– all throughout the country.



SPOLETO –  
FESTIVAL USA



- Rumors around Bayreuth Festival announce a ten-year Waiting List to get tickets. Though this is still true for high-priced tickets, nowadays it is somewhat possible to purchase the less pricey ones.
- Still, the generalized desire of seeing such extraordinary –almost unachievable– operas, creates an overwhelming expectation.

Existing enthusiasm may be used to generate buzz around next year’s festival.

- Verdi Festival begins selling tickets in January, nine months before the Festival takes place in October. Their aim is to broaden the sales spectrum even further by announcing the next year’s edition during the ongoing festival. By capitalizing on people’s excitement, they can secure ticket sales for the future.



### Audiences Engagement through Ticket Sales

Most Festivals provide early access to all or some performances as part of the benefit package being donors or members. These include:

- Spoleto USA is heavily donor-funded. As a token of appreciation, donors get exclusive access to the two months of pre-sale.



SPOLETO –  
FESTIVAL USA



- Similarly, “Friends of ROF” may purchase tickets as early as the ending of February as opposed the general public who can start buying tickets until mid-April.





### 3. Expanding The Footprint of The Festival

To expand their reach, some festivals hold editions outside their venue, whether in the same city, region or internationally. This allows them to reach new audiences and cultural landscapes while enriching the Festival overall experience.

#### Festivals within the Festival

Taking the Festival to other locations while it is happening is a way of spreading its atmosphere while engaging with the surrounding communities.

- Verdi Festival hosts Verdi Off, an extension of the Festival held exclusively outside their venue yet in the host city and during the actual edition. Free performances, concerts, exhibitions, installations, DJ sets, and film screenings, among other events, are offered free of charge.



- Rossini Opera Festival organizes Salons Rossini, a cycle of concerts held in several towns in the surroundings of Pesaro to bring the festival to new audiences “in unusual and evocative surroundings”.

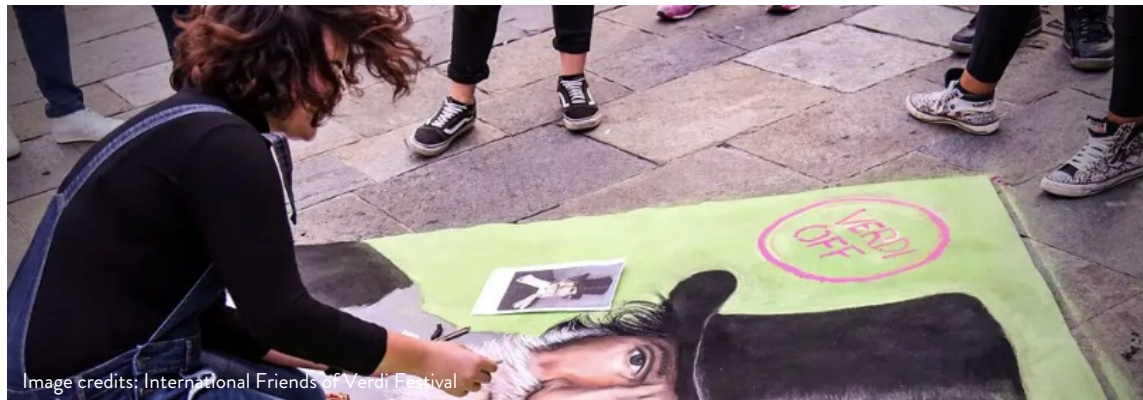


Image credits: International Friends of Verdi Festival

#### Festivals Beyond the Festival

Hosting editions of the Festival in other times and locations raises awareness and underscores its regional and global impact.

Besides its core edition in Hay-on-Wye, Hay Festival hosts:

- A winter edition for a weekend in Hay Castle and St Mary's Church in the center of Hay-on-Wye.
- A series of Festivals worldwide, including Colombia, Mexico, Spain, and Peru.



FESTIVAL INTERNACIONAL DE TEATRO CLÁSICO DE MÉRIDA  
DIRECTOR: JESÚS CAMARRO

- Beyond Spain, the Festival has been presented in cities such as Buenos Aires, Brussels, Vienna, and New York.



Image credits: Hay Festival

## 4. Increasing Revenue Generation On-Site

Providing enjoyable spaces for people to sit, drink, eat, or shop builds brand, increases visitors' satisfaction, and may attract new audiences. Also, it is an opportunity to foster the festival's relationship with the community by allowing local businesses to economically benefit from the Festival as well.

### Official Merch and Other Products

Setting up shops with official merch and festival-related products builds brand while generating revenue.

Hay Festival sets a series of commercial options for their visitors to purchase:

- Bookshop: represents their highest on-site revenue.
- Merch shop: Stationary, T-shirts, hoodies, notebooks, gift vouchers, etc.



Offering activities that align with the essence and theme of the Festival is a creative way to engage broader audiences and generate additional revenue.



- Festival Internacional de Teatro Clásico de Mérida offers several activities including an Alexander the Great themed Escape City Box.

For 20€, players are invited to solve riddles and challenges throughout the city.

### Stands and Booth Rentals

Renting out stands and booths to local businesses provides the festival with an additional source of revenue while supporting local commerce.

At the Hay Festival, visitors can relax in comfortable gardens and family spaces, while local businesses can rent stands and showcase their products.



- Exhibition stands: Local products, such as vintage clothing, jewelry, magazines, handcrafts, etc.
- Food Hall: A variety of food and beverage options.



Image credits: Hay Festival



# 5. Increasing Memberships and Subscriptions

Boosting memberships and subscriptions is essential as it represents a steady annual income for the Festival. Additionally, understanding the demographics of members and subscribers facilitates the implementation of tailored strategic initiatives that resonate with them.

## Effective Communication

If done properly, targeted communications on a large scale are useful for generating interest and raising awareness around the Festival.

Rossini Opera Festival developed a targeted newsletter sharing updates on the Festival all year round.

- The newsletter has 11,000 subscribers and a 50% reading rate.
- Every month, approximately 25 newsletter subscribers become members through their membership scheme “Friends of ROF”.
- “Friends of ROF” is composed of 250-300 friends who each contribute 200€- 25,000€ to the Festival.



Image credit: Rossini Opera Festival

## Memberships in Line with Audiences and Programming

Provide Early Access to Stakeholders and Members

- As an incentive to purchase a membership, Hay Festival offers its members exclusive early access to the program and tickets. This way, when they add “big names” to the program, membership buyers increase exponentially.
- The Festival has perceived a slow but steady change in the composition of its audiences, moving from 60+ white middle-class individuals to diverse families with children.
- As a response, besides single and double memberships, they offer an upgrade which includes a priority booking period for the Hay Festival Families program, at an additional cost of £10.



Image credits: Hay Festival



## 6. Capturing Individual Donations in a Local and an International Basis

Besides increasing revenue, establishing a funding base through contributions from a diverse range of international and local individual donors strengthens the Festival's presence and ties with diverse communities worldwide.

### Multiple Giving Schemes

Design inclusive giving schemes that cater to a wide range of age groups. While maximizing contributions, audience diversity will be fostered as well.

- Bayreuther Festspiele has around 4,500 members in their association “Society of Friends of Bayreuther” who normally contribute with around 10% of the total operating budget.
- The “Society of Friends of Bayreuther” offers a young membership for those under 35, which costs 100 euros annually. Though the Young Friend’s contribution is not as significant, these practices nurture a comprehensive donor base for the future.



The greater the donation, the greater the benefits.



- Like other Festivals, Hay offers several donation schemes as shown below. In 2022, they generated £976,000.03 million in donations and legacies.<sup>1</sup>

<p>Hay Festival Single Membership</p> <p>Priority booking and queuing for one person</p> <p>£36</p>	<p>Hay Festival Single Membership plus Family</p> <p>All Member benefits for one adult plus priority benefits for HAYDAYS events</p> <p>£46</p>	<p>Hay Festival Double Membership</p> <p>Priority booking and queuing for two people</p> <p>£60</p>	<p>Hay Festival Double Membership plus Family</p> <p>All Member benefits for two adults plus priority benefits for HAYDAYS events</p> <p>£70</p>	<p>Gift Membership</p> <p>Send the gift of Hay Festival Membership to friends or family</p> <p>from £36</p>	<p>Hay Festival Patron</p> <p>£1,000</p>	<p>Hay Festival Benefactor</p> <p>£10,000</p>
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### Personal Donations

Building a community of donors fosters a sense of belonging. Donors who feel personally invested in an organization are more likely to stay engaged and become “ambassadors” for the organization within their own networks.

- Verdi Festival’s not-for-profit organization partner, “International Friends of Verdi” hosts exclusive events for its high-level donors biannually during the Verdi Festival and for the “Friends of Festival Verdi Weekend,” typically held in New York.<sup>2</sup>
- Besides raising significant funds, \$657,009 USD in 2022<sup>3</sup>; these events create a strong international community.

In memoriam gifts are a good way of creating meaningful connections between the Festival and its visitors by allowing them to honor their beloved ones through a noble cause.



- Spoleto USA offers Honorary and Memorial Gifts, in which donors have the opportunity to honor a dear person by making a donation in their name. The Festival offers to notify the honoree (or their family) of the donor’s contribution while keeping the gift amount confidential.

- Similarly, Hay Festival offers in Memoriam donations, publicly recognizing them on their website and on-screen at the Festival.



<sup>1</sup> <https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/3950893/financial-history>

<sup>2</sup> <https://www.iffv.org/>

<sup>3</sup> <https://projects.propublica.org/nonprofits/organizations/822366906>

# 7. Capturing Corporate Donations in a Local and an International Basis

Corporate support fosters mutually beneficial relationships between businesses and festivals, enabling companies to align their brand with the values and ethos of the event while gaining exposure to diverse audiences.

## Recognition and Visibility

Both the Festival and the corporate sponsor may benefit from increased brand recognition and visibility.

- Festival Internacional de Teatro Clásico de Mérida has a strong partnership with Renfe, the biggest train company of Spain. As one of the Festival's "official transport," they have had diverse and mutually beneficial collaborations over the years, including travel packages and discounts.
- In terms of brand visibility for the Festival, promotional materials, such as headrest banners, are placed on trains annually. In return, Festival Internacional de Teatro Clásico de Mérida includes their logo in several promotionals, brochures, press releases etc.



## Tailoring Donations to Corporate Needs

Customizing proposals for each corporate donor –whether nacional or international–is crucial. Clearly delineate the advantages of partnering with the organization, emphasizing the reciprocal benefits that their contribution will bring to both the Festival and their company.



- Spoleto USA is "committed to providing unparalleled customer service to its corporate partners" by providing tailored sponsorship packages to meet every sponsor's business objectives.
- These donations make up around 600,000 per year, which represents around 6% of their annual operating budget.



Image credit: Spoleto USA

# 8. Pursuing Non-Monetary Contributions: In-Kind Donations and Knowledge

Creating partnerships based on in-kind donations is as important as fostering monetary contributions partnerships, as they both play a vital role in addressing diverse needs within the Festival and amplifying the impact of philanthropic efforts

## In-Kind Donations

An alternative to monetary fundraising are in-kind donations.



- Festival Internacional de Teatro Clásico de Mérida has around 25 sponsors that offer in-kind donations only.
- For example, Reale Seguros, a company dedicated to the insurance business, provides the Festival with insurance policies.

Spoletto Festival USA has several donors who provide in-kind donations such as:

- College of Charleston, who lets the Festival use their dormitories (for a very low price and offering credit).
- Partnerships with law firms who give them legal counsel pro bono and others such as hotels who offer preferential rates.



## Knowledge Contributions

Collaborating with universities or not-for-profit organizations can provide valuable data-based assets for effective decision-making.

- Spoleto's non-for-profit destination marketing organization partner, The Charleston Area Convention & Visitors Bureau, "Explore Charleston" develops customer surveys for the Festival.
- These instruments help Spoleto understand the composition of its visitors and make strategic decisions accordingly.

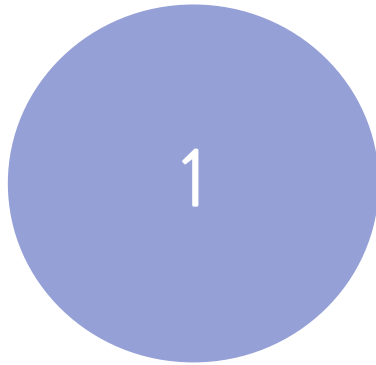


- The University of Parma, thanks to the permanent observatory for the Verdi Festival, conducts scientific research and analyzes Festival data, which leads to its yearly report.



Image credit: Unsplash

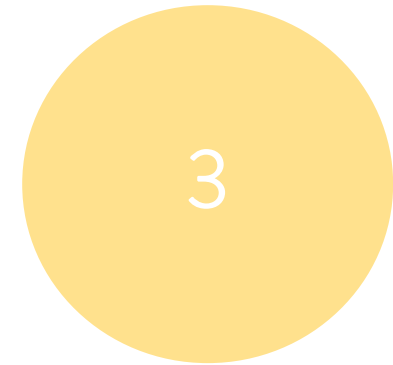




Diversifying Revenue



Internal Changes and Practices to Support Revenue Growth Strategies



Case Study: Festival Internacional de Teatro Clásico de Mérida

# 1. Align around the Vision and Mission

Grounding the Festival's diversification strategy in its mission and vision while engaging in partnerships that share these is essential. By establishing coherent partnerships and decision-making processes, the Festival can promote genuine engagement and shared values within the community.

## Internal Alignment

All internal decisions and actions must align with the mission and vision of the festival.



- Hay Festival has a subsidized ticket model that comes from fundraising. The true cost of a ticket is around 35, but they offer them at 12-15.
- This aligns with Hay's mission, which sees the festival as "...a catalyst for change and a community that is open and accessible to everyone."

- Once the Festival Internacional de Teatro Clásico de Mérida releases the tickets, they offer a 30% discount to the general public for the first two months.
- This allows more people to afford the tickets while fostering the public nature of the Festival.



Image credits: Hay Festival

## Alignment with Partners

It is important for partnerships and stakeholders to align with the festival's mission and vision, as these alliances should help enable the festival's goals.

Festival Internacional de Teatro Clásico de Mérida partnered with Fundación CB and Ibercaja to increase accessibility to the Festival. Together, they developed:



- Audio description for visually-impaired persons.
- Live subtitles for hearing-impaired persons.
- Vibration backpacks so audio-impaired persons may feel the music through vibrations.
- Offering "touch tours" where visually-impaired persons may touch the scenery, costumes, etc.



Image credit: Festival Internacional de Teatro Clásico de Mérida

## 2. Understand the Value the Festival Brings to the Community

Understanding the value the Festival brings to the community through data-driven analysis is helpful not only as an internal assessment practice but also to strengthen relationships with stakeholders and bring new ones in.

### Monetizing Social Impact

Social Return on Investment (SRoI) measures the added value for society based on the investments made. Since this method aims to portray the Festival's social impact in financial terms, it is particularly useful to strengthen relationships with stakeholders or build new relationships.<sup>1</sup>



- Since 2019, Verdi Festival with their partner the University of Parma started to measure SRoI.
- This study has had a very positive reaction from the Festival's stakeholders.

#### SROI Valori specifici

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REPORT 2023 52

	SROI	RISORSE	Comunità cittadina	Settore dello spettacolo dal vivo	Operatori economici	All stakeholder
2023	3,1	€ 5.564.248	€ 7.141.581	€ 2.393.415	€ 7.781.228	€ 17.316.224
2022	3,1	€ 6.198.826	€ 9.331.725	€ 2.043.288	€ 7.751.123	€ 19.126.135
2021	1,9	€ 4.047.149	€ 4.136.618	€ 1.673.923	€ 1.716.797	€ 7.527.337
2020	1,7	€ 2.655.892	€ 3.612.151	€ 613.703	€ 289.162	€ 4.515.016
2019	2,5	€ 6.303.475	€ 7.202.819	€ 201.485	€ 8.354.383	€ 15.758.687

2

### Measuring Impact Beyond Economic Value: Most Significant Change

The Most Significant Change (MSC) method is a qualitative approach that helps to monitor and evaluate specific programs. This storytelling-based method involves collecting and selecting stories of change that highlight the emotional nuances of the program's activities, conveying their reality and complexity and showcasing the outcomes generated ultimately revealing a more comprehensive picture of a program's impact.<sup>3</sup>

- For the first time and also in collaboration with the University of Parma, Verdi Festival developed an impact assessment study around Verdi Off using the MSC method using artistic projects as a case study.



#### SENTIMENT - CONTENT

##### INSEGNANTI

- Immedesimazione nei bambini
  - Interesse
  - Interruzione della routine

#### OUTCOME

- Sviluppo delle competenze e nuove esperienze
- Arricchimento personale
- Riduzione dello stress

"Non è così facile che i bambini facciano esperienze così interessanti"  
 "Vedere da vicino gli strumenti musicali e gli artisti li ha entusiasmati"  
 "Abbiamo imparato cose nuove attraverso metodologie alternative. Lo rifaremo anche in classe"

##### GENITORI

- Serenità e divertimento
- Emozioni e fantasia

- Riduzione dello stress
- Coesione familiare

"Mi sono sentita anche io una bambina"  
 "Anche i più timidi si sono lasciati andare"  
 "Ci siamo sentiti sereni e uniti come famiglia"

##### ARTISTI/ORGANIZZATORI

- Soddisfazione
- Condivisione e orgoglio

- Crescita professionale
- Autorealizzazione e autostima

"I bambini ti costringono a porti delle domande"  
 "È stimolante lavorare coi bambini: cresco con loro"  
 "Aiutarli a crescere ci rende non solo artisti, ma anche persone migliori"

2



### 3. Build Marketing, Communication, and Fundraising Skills Internally

The strategy behind the Festival’s revenue stream diversification should at least include three departments: Marketing, Fundraising, and Development. Since these departments rely on each other in several ways, cohesion is crucial for a successful strategy.

#### Strategic Job Enhancements

Enhancements are often necessary to enable employees to effectively carry out the strategic plan for diversifying revenue streams.



- As an internal strategy, Hay Festival promoted the Box Office Manager to Commercial Manager, which encompasses a much broader vision around marketing. This position includes overseeing ticketing, merch, book sales, and food & beverage on-site.
- Along with more responsibilities, job enhancements come with additional training, recognition and a compensation increase.



Image credit: Creative Boom

#### Strategic New Hires

Diversifying the revenue stream often requires internal structural additions



- Rossini Opera Festival decided to diversify its revenue stream, partly through fundraising.
  - For this purpose, they designed a role called *Responsabile Marketing e Sviluppo*, which sits on top of the marketing, fundraising, and development teams and ensures that the fundraising strategy runs smoothly across the organization.
- 
- Spoleto Festival USA sees potential in diversifying its revenue stream through foundation grants.
  - However, they do not have a staff member dedicated to filling out applications and following the processes these types of gifts entail. A new employee will be needed if they pursue this path.



# 4. Facilitate the Donation Process

Facilitating the donation process is necessary to ensure donors have a smooth and positive experience, which encourages continued support. Additionally, efficient donation enhances transparency and trust, crucial elements for building strong relationships with donors and maximizing the impact of their contributions.

## Tax Exempted Donations

Some Festivals have “Friends of...” organizations that gather funds for them.

- Since these are constituted as charities, not-for-profits, etc., donations made to them are generally tax-deductible.



- Verdi Festival incorporated “Art Bonus” a fiscal incentive that allows donations to be tax-deductible for up to 65% of the gift, providing the donor with a tax credit.

Other festivals have adjusted their practices to cater to the requirements of specific international donors.

- The festival attracts a significant number of visitors from the United States, making them the fourth largest group in attendance. To simplify tax deductions specifically for US donors, the Festival has established a Fund with the Myriad USA (formerly King Baudouin Foundation United States – KBFUS) to receive donations.



## Facilitating Donations Payment

Easing the donation process as much as possible can significantly increase the likelihood of receiving donations.

- Since 1997 the Festival had a sister not-for-profit association, “Amici del ROF” who collected donations on their behalf. Today the name still stands for Rossini’s membership program –managed by Festival.
- Aware that not all potential donors necessarily wish to be members, they facilitated a fast and straightforward online payment option on their websites that does not require a subscription.



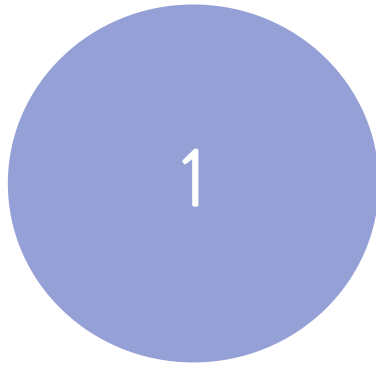
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- Among its facilities, Spoleto USA offers the option of paying the donation in quarterly or monthly installments.

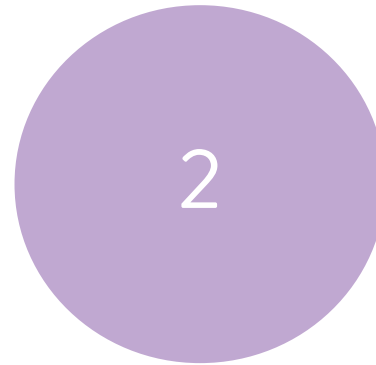
The screenshot shows a three-panel donation form. The 'My donation' panel has 'One-off' selected and 'Monthly' as an option. It includes a message: 'Your donation is vital to our growth and development.' Below are buttons for donation amounts: €25, €75, €150 (marked 'most popular'), €500, €1,000, €5,000, and €10,000. A 'Choose your own amount' button is at the bottom. The 'My details' panel has fields for EMAIL, FIRST NAME, LAST NAME, ADDRESS 1, CITY, and COUNTRY (set to ITALY). The 'My payment' panel features an SSL logo and text: 'Highly secure payments using 256-bit SSL encryption method, the highest security standard.' It offers 'PAY BY CARD' (selected) and 'SET UP A DIRECT DEBIT'. Below are fields for 'PLEASE ENTER YOUR CARD NUMBER' (1234 1234 1234 1234), EXPIRY DATE (MM/YY), and SECURITY CODE (CVC). A 'DONATE' button is at the bottom right.

Image credit: Rossini Opera Festival

\* Required Fields



Diversifying Revenue



Internal Changes to Support  
Revenue Growth Strategies



Case Study: Festival Internacional  
de Teatro Clásico de Mérida



# Festival Internacional de Teatro Clásico de Mérida: from Bankruptcy to Profitability



The festival went through an incredible transformation period of 10 years to place it where it is now in 2024.

## The Festival in Numbers

- Mérida Classical Theatre International Festival is a 90-year-old theatre festival.
- The program of the festival is exclusively devoted to Greek and Latin plays (around 50 works).
- The main stage of the festival is the amphitheater of the Archaeological Ensemble of Mérida (UNESCO site).
- It takes place annually in July and August.
- Currently the annual operating budget of the festival is 3M€.
  - 50% contributed income (1,5M€ of public funds)
  - 50% earned income
    - 16% Box Office
    - 16% Corporate Sponsorships in kind (for this case not considered contributed income)
    - 16% Investment of the private company managing the festival



- Mérida is the capital of the province of Badajoz in Extremadura.
- The region is not a summer destination, and it is one of the less populated areas in Spain.
- Temperatures hit 45 °C in summer which might give a sense of how attractive that city is in summer.

# 1. Changing the Business Model: the Perfect Public&Private Marriage

## The City Council Decides to Outsource it



### Circumstances in 2012:

- From its inception, the festival was a public entity owned by the city council of Mérida with its own budget and staff.
- The festival wasn't able to make enough revenue to keep it going.
- It was facing a 4M€ debt carried over several years, and the deficit kept growing in each edition of the festival.

### Solution:

- The city council decided to outsource the festival so the artistic and financial direction could be managed by a private entity.
- Some figures of 2012
  - The festival was run for 6 weeks.
  - It had 52K attendees
  - Performances were held only in one site.

## The Bid Winner Proposes Changing the model



### Sharing the costs:

- 50% financed by public entities (coming from 5 different government bodies at several levels).
- 50% financed by the company that won the bid.

### Sharing the profits (when there are):

- Until 2019:
  - 80% of the profits go back to the public treasure.
  - 20% of the profits go back to the company.
- From 2020 on:
  - 95% of the profits go back to the public treasure.
  - 5% of the profits go back to the company.
- It took 10 years for the public entity to cancel its debt. They did it through the profits the Festival gave them back.
- Compared to 2012, the number of attendees in 2023 increased significantly from 62k to 160k.

## 2. Be Relevant to your Community: Hire Locally

The private company that won the bid through its proposal made some strategic decisions to make the festival relevant to the community where it takes place and to revitalize the cultural industry of the region. This boosted its reputation at a local and regional level.

### Bringing Out of the Region Suppliers



- Due to the difficulty in finding theatre companies with a Greek and Latin theatre repertoire, the festival tended to hire companies from bigger and more populated cities where supply was larger and, therefore, the prices were also lower.
- Hiring outside technicians was also a common practice as it was difficult to find lighting and sound companies willing to produce in an archaeological site due to the limitations imposed by both the small space of the stage and the government.

### Conscious Decision of Hiring Local Suppliers



- One of the first decisions Pentación Espectáculos made was to extend the period of the festival from 6 to 8 weeks, so their presence was longer, and it gave them more opportunities to hire more suppliers.
- Right now, the festival hires around 20 to 25 regional theatre companies, plus local and regional production suppliers.
- They went from performing exclusively in the Roman amphitheater to performing at 5 more venues: 4 different archeological sites in the region plus a theatre in Mérida.
- As a way to keep year-long interest, they also perform in Madrid throughout the year to promote the festival off-season.



### 3. Create Partnerships: Cash for Operations Is Not Always the Solution

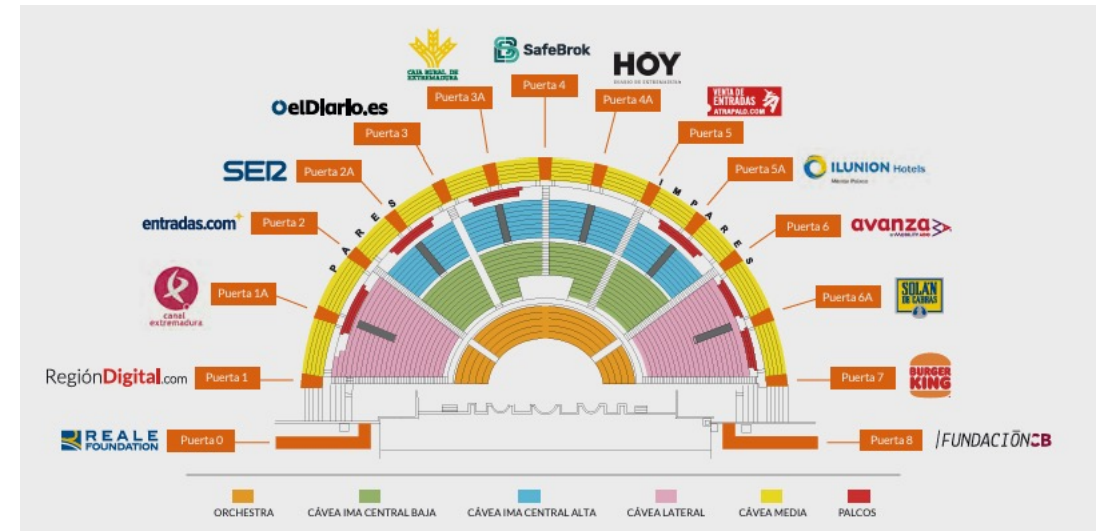
The Festival doesn't have a development and fundraising team *per se*, as it is a private company. Instead, what they do is promote sponsorships that are aligned with promoting culture, tourism in the region of Extremadura, and the Spanish Roman heritage.

#### No Sponsorships

- In 2012, there were only a few collaborations with corporations.
- The festival didn't fundraise from individuals. It remains like this.

#### 25 Companies Make *in Kind* Donations

- Pentación Espectáculos decided to explore corporate *in-kind* collaborations as a way to align national companies to the values of the festival: promoting the region and the Spanish heritage.
- A few examples:
  - Travel Agencies
  - Insurance Companies
  - Hotels and Restaurants
  - Entertainment Companies
  - Wineries
- It represents 16% of the income of the festival (around 480k€)



The image above shows the map of the Roman amphitheatre. Each sponsor owns its own entrance at the theatre so that helps them to bring its clients or other stakeholders to enjoy the festival.

# 4. Invest in Marketing & Communication

Under the motto “What you don’t communicate doesn’t happen” they decided to radically transform the way the Festival was communicated.

## No Significant Investment in Marketing and Communication before 2012

- Very little staff was devoted to communication, which mainly meant a press office.
- There was a press conference before and after the festival. No significant public reporting work except for the artistic program.
- No marketing strategy in place.
- No staff was devoted to marketing and promotion.

## Communicating the Change



- One of the first challenges they faced was to explain the community and the arts industry that the festival had changed.
- To do so, apart from changing the strategy they decided to invest in marketing and in communication both creating a team and increasing the expenditure of advertisement and marketing in the budget (250K€ is devoted to promoting the festival annually).

## Marketing Strategy



- Even though it sounds obvious having a clear plan of where you are and where do you want to be in a 3-5 year period is crucial.
- The Mérida festival had to make tough decisions to transform it. Some of those decisions were:
  - The Roman theatre has 3,100 seats so the most important thing was to fill it: putting in place plays that were familiar to the public boosted the popularity of the festival.
  - For being popular the festival involves dramaturges to adapt the language to nowadays language.
  - They include in the cast TV show actors and actresses.
- Apart from plays the festival programs talks, seminars, a summer camp, off-site performances and theatre training.

## 5. Increase Sales Smartly: Growth and International Presence

Even though the Festival is managed by a private company, it remains public and thus with a strong commitment towards affordability. The solution the Festival pursued for increasing revenues through ticket sales was through extending the Festival (and trying to scale the subsequent increase of the costs).

### From 2012...



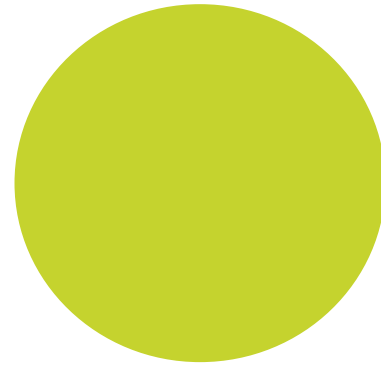
- Some figures in 2012:
  - The festival was run for 6 weeks.
  - It had 52K attendees
  - Performances were held only in one site.
  - No extra activities apart from the plays
  - 2K early bird tickets sold
- Festival *persona* in 2012:
  - +64 year old
  - Coming from the region.

### ... To 2023



- Some figures from the summer of 2023:
  - The festival was run for 8 weeks.
  - It had 170K attendees (it tripled).
  - 40K early bird tickets sold (around 40% of the tickets).
- Festival *persona* in 2023:
  - +40 year old
  - 35% from the region 65% from the rest of Spain.
- Flexible subscriptions: the customer decides which plays attend (big discounts)
- Strong effort on accessibility: They offer assigned places for people with reduced mobility. Their families/accompanies may sit near them.
- International promotion:
  - Presenting the festival in several countries (Portugal, USA and growing).
  - An international touring exhibition is organized with the local museum on the topic of Roman spectacles and leisure.



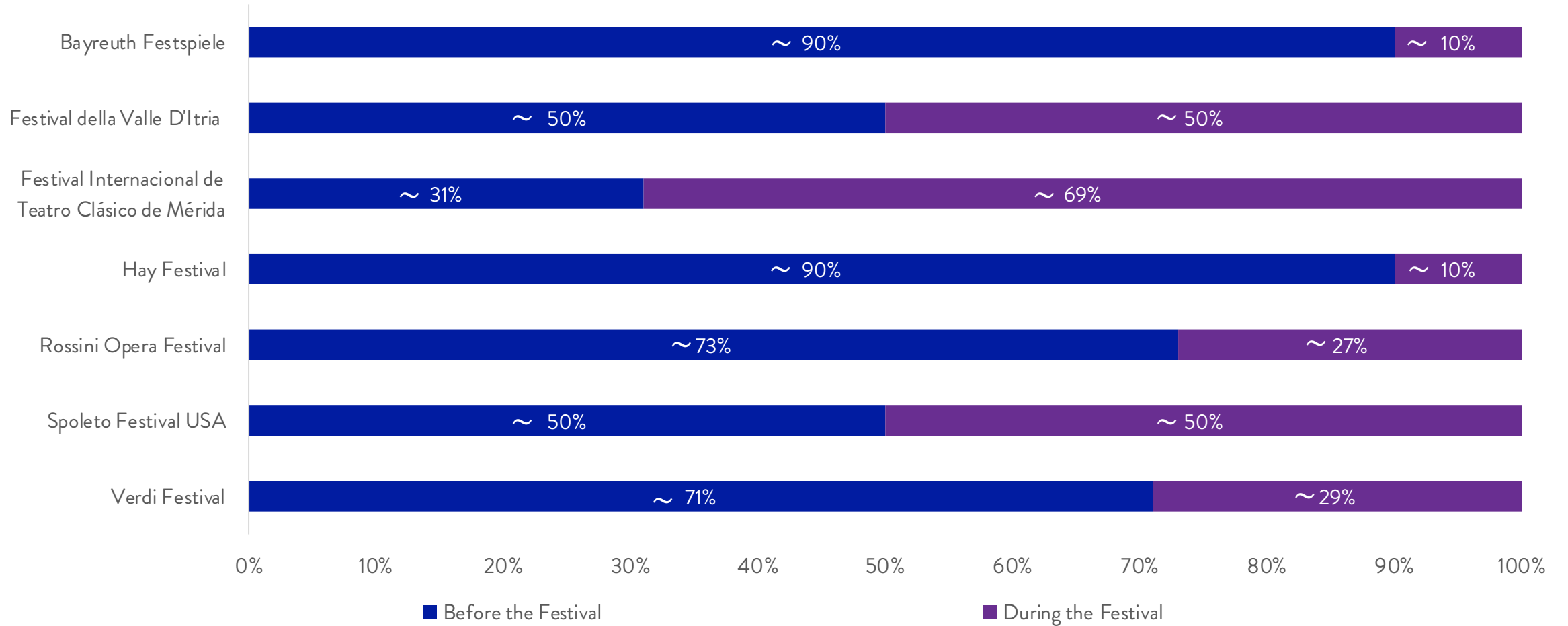


## Appendix

# Festivals Benchmarks

Festival	Country	Operational Budget	Tickets sold per season	All year staff	Seasonal Staff
Festival Internacional de Teatro Clásico de Mérida	Spain	3 million €	170k	10 (March-Sept)	100-700 (July-August)
Bayreuther Festspiele	Germany	30 million €	60k	60-65	~700-800
Festival Della Valle D'itria's	Italy	1.7 million €	10k	5 (3 employers, 2 contractors)	~145
Festival Verdi	Italy	6-8 million €	19k	72	682 (some of the Festival employees are also hired for the lyric season)
Rossini Opera Festival	Italy	8 million €	13k	20	~600
Spoletto Festival USA	United States	10 million USD	50-75k	25	~350
Hay Festival	United Kingdom	5 million £	185k	18	~200

# Ticket Sales before and during The Festival



\*These are approximations of how sales tend to look like for organizations. These proportions may vary from year to year.





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