Thundering Hooves – Maintaining the Global Competitive Edge of Edinburgh’s Festivals

Leisure and Cultural Development Scrutiny Panel
7 August 2006

Purpose of Report

1 To refer a report on the key findings and recommendations arising from the Thundering Hooves Study to the Leisure and Cultural Development Scrutiny Panel.

Main Report

2 On 29 June 2006, the Council considered the attached report by the Director of Culture and Leisure detailing the key findings and recommendations arising from the Thundering Hooves Study. The Study had been commissioned to examine the competitive position of Edinburgh’s festivals in light of the expansion of cultural programmes and festival activities in other UK cities.

3 The Council agreed:

a) To note the recommendations made in the "Thundering Hooves" report as detailed in Appendix 1 to the Director's report.

b) To note the financial awards made to Edinburgh’s Festivals as an immediate response to the Thundering Hooves report’s recommendations.

c) To instruct the Director of Culture and Leisure to submit a further report with an analysis of each of the recommendations of the Thundering Hooves report and a proposal of any action he would recommend as a result.

d) In recognition of its long term and far-reaching implications, to refer the matter to the Leisure and Cultural Development Scrutiny panel to enable detailed scrutiny and input from relevant witnesses.
Recommendation

4 That the Scrutiny Panel consider the attached report.

John Sturt
Council Secretary
14.07.06

Appendix

Report no CEC/60/06-07/C&L by the Director of Culture and Leisure

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Wards affected

City wide

Background Papers

Act of Council No 19 of 29 June 2006
Thundering Hooves - Maintaining The Global Competitive Edge of Edinburgh's Festivals

The City of Edinburgh Council
29 June 2006

Purpose of report

1 To advise the Council of the key findings and recommendations arising from the Thundering Hooves Study.

Background

2 Edinburgh is internationally known for the annual festival programme which it hosts. There are now 11 festivals held on an annual basis. These are:

- Edinburgh International Jazz and Blues Festival
- Edinburgh International Film Festival
- Edinburgh International Book Festival
- Scottish International Children's Festival
- Scottish International Storytelling Festival
- Edinburgh's Winter Festivals – incorporating Edinburgh's Hogmanay and Capital Christmas
- Edinburgh International Festival
- Edinburgh Festival Fringe
- Edinburgh International Science Festival
- Edinburgh Mela
- Edinburgh International Festival

3 In addition, the city hosts a number of other festivals and events, including the MediaGuardian Edinburgh International Television Festival; Edinburgh Games Festival; Ceilidh Culture; Edinburgh Easter Festival and the Edinburgh Fashion Festival.

4 The success of the Festivals' programme brings significant direct economic benefits to the city and plays a key role in presenting Edinburgh as an internationally attractive, cosmopolitan destination for business investment, visitors and attracting talent. A report on the full economic impact of the Festivals, collectively and individually, on Edinburgh, Lothians and Scotland...
found that Edinburgh Festivals generate £184 million for Scotland's economy every year.

5 There are a large number of cities seeking to emulate Edinburgh's success in hosting festivals. In order to ensure that the city maintains its competitive advantage and pre-eminent position as the world's leading festival centre, it must continue to develop and innovate, tackling key issues facing the festivals today and in the future.

6 Edinburgh enjoys one of the richest cultural environments in the world. The city hosts an extraordinary range of festivals, unrivalled in the world, which stimulates and helps sustain an exceptionally large number of theatres and innovative theatre companies. This unique environment also contains networks of other agencies (educational, social, etc.), which recognise the value of culture for the public benefit.

7 This is a situation to be cherished and developed. However, it must also be protected. A number of English cities are currently undertaking developments which 'place culture at their heart'. Liverpool, as European Capital of Culture is clearly well positioned to do this but it is not alone. Other regional centres such as Newcastle/Gateshead, Manchester and Birmingham are also proposing development plans for cultural programmes and an expansion of festival activity, which (either implicitly or explicitly) will challenge Edinburgh. In this context, Edinburgh must work vigilantly to ensure it retains and develops its cultural pre-eminence. If it does not, there is a real risk that some of its peer cities in England will speedily 'catch up' or even surpass it as cultural centres.

8 In view of this competition, a partnership group comprising the City of Edinburgh Council, Scottish Arts Council, the Scottish Executive, Scottish Enterprise Edinburgh and Lothian, EventScotland and the Association of Edinburgh's Festivals commissioned AEA Consulting Ltd to undertake:

- A review identifying international best practice in festival development and growth;
- A scenario planning exercise to consider possible futures for the Edinburgh Festivals; and
- The preparation of a robust future development strategy incorporating an action plan comprising a prioritised shortlist of visionary joint initiative projects.

The review was given the shorthand title of "Thundering Hooves" in reference to the competing festival cities which may overtake Edinburgh.

Main Report

9 The Consultancy team examined the competitive position of the eleven festivals belonging to Festivals Edinburgh (previously known as Association of Edinburgh Festivals) and the extent to which that position is likely to be affected by:
• the burgeoning number of festivals, both in the United Kingdom and overseas, that are competing for artists, audiences and funding;

• the increasing use of cultural programming (festivals and events) as strategic devices to promote tourism and to build the brand-identity of the cities or regions where they are located; and/or

• any other factors.

10 The resulting report is informed by extensive desk research and interviews with stakeholders; a comparison of Edinburgh’s festivals with a number of international competitors; and an analysis of longer term environmental, economic and social trends. This work, which included scenario planning workshops, took place during the second half of 2005.

11 The report looks at the overall attributes of leading festival cities and the challenges that established festival cities such as Edinburgh face. Edinburgh’s own position is analysed and a recommended course of action discussed.

Findings

12 The growth in the scale and number of Edinburgh’s family of festivals has made the city a pre-eminent cultural destination over the six decades since the Edinburgh International Festival began, adding significantly to the national and international profile of the City and of Scotland, as well as contributing to their economic well-being and cultural development.

13 The wider economic impact of the festivals provide the defining context for the report’s recommendations. In Summer 2004, a study of the Edinburgh Festivals, funded by the City of Edinburgh Council, Scottish Enterprise Edinburgh and Lothian, VisitScotland and EventScotland, estimated that the Edinburgh Festivals as a whole generate £184m revenue for the Scottish economy, of which £135m directly accrues to Edinburgh and the Lothians. Of this, some £75m was attributable to the Fringe. This total was generated by c.2.5m visitors (compared to 1.25m in 1997). The Winter Festivals alone were estimated to generate £44.4m, of which £39.5m accrued to Edinburgh and the Lothians. Any fall from their pre-eminent position would have immediate economic repercussions for Edinburgh, the Lothians and the whole of Scotland.

14 Edinburgh’s festivals were established in a less competitive environment than the current one, and most developed in an organic rather than a ‘top-down’ fashion. Their evolution has served as a model for many of the world’s leading international festivals. Edinburgh has a massive built-in advantage in facing its growing competition. Its major festivals have been around a long time and have all the brand recognition associated with pre-eminence, nationally and internationally. They face growing competition from UK cities that have been encouraged by initiatives such as the European Capitals of Culture programmes sponsored by the EU, although such newer entrants will take time to develop brand recognition as world class festival cities.
The impressive levels of start-up investment that Liverpool, Manchester and Newcastle/Gateshead are spending on establishing their presence will take sustained political and financial capital to maintain. Well-established festivals such as Avignon and Salzburg are also viewing cautiously competition from cities spurred by Capitals of Culture, Olympic Arts Festivals, and strategies that use large-scale events as catalysts for programmes of regeneration and destination marketing, such as those in Barcelona and the Ruhr Valley of Germany.

Meanwhile, in the Middle East (particularly the Gulf states), Australia and Asia, festivals and art fairs are being developed as major tourist and economic magnets, as part of the strategic development of cities that are self-consciously seeking to position themselves as player’s in the global economy. China is rapidly expanding its cultural infrastructure in cities such as Shanghai, Beijing and Hong Kong, in a bid to capture a larger share of the world’s tourist market, as are ‘gateway’ city-states such as Abu Dhabi, Dubai and Singapore. As the world’s socio-economic and cultural axes – or at least the perception of them – tilt decisively towards the Middle and Far East, these represent significant potential threats to the long term international tourism market that parallel English cities’ threats to Edinburgh’s domestic tourism market.

Beyond these direct threats stand other transformational social and political forces that are profoundly affecting patterns of cultural consumption and tourism in complex and often contradictory ways – climate change, the perceived threat of terrorism, the impact of technology, competition for leisure time, and demographic change. Their cumulative impact is difficult to map but it is clear that vigilance and a conscious effort to invest in renewal are going to be critical attributes of long-term success.

Most of the consultants’ recommendations have modest immediate direct cost implications. They require a more strategic and co-ordinated approach to managing the profile and orientation of the festivals. The aggregate cost of recommendations relating to the systematic commissioning of new work and related ‘research and development’ investment, and the strategic marketing of the collective festival offer, requires the engagement of the stakeholders and individual festivals in a detailed consideration of the relevant recommendations. Those with respect to continued investment in infrastructure require a physical audit to quantify.

From a financial standpoint, one of the most significant issues for the Council is the consultants’ recommendation that it should consider increasing its current revenue spend on culture from 2.8% to 4% over time (an increase of around £8.2m) as this is what competitor cities are investing in cultural provision. However, the consultants also comment that Edinburgh’s comparatively small tax base compared with benchmark cities provides a compelling case – in the context of the beneficial economic impact of the festivals on the whole Scottish economy – for a higher level of investment in the festival scene from the Scottish Executive.
From an examination of total attendance levels and visitor numbers for Edinburgh’s Festivals, it appears that there are grounds for confidence in the short term. However, the scale of finance being made available to support new cultural infrastructure and festival activity in other cities and the rapidly developing quality of other festivals’ programmes and managements suggests that Edinburgh can not risk complacency.

AEA Ltd conclude that when viewed against the sustained development of some of the actively competitive cities over a time span of the next five to seven years, Edinburgh’s current enviable position as a pre-eminent festival city is vulnerable. A total of fourteen recommendations are laid out, supported by action areas for either stakeholders or festivals to progress individually or in partnership over the next five to ten years. These are attached at Appendix 1. Full copies of the “Thundering Hooves” report have been lodged in the political group offices.

Way Forward

A meeting of representatives of the report’s commissioning group (the City Council, Scottish Arts Council, Scottish Executive, EventScotland, Scottish Enterprise Edinburgh and Lothian) has been held recently to discuss its recommendations and how they will be taken forward. It was agreed that, in conjunction with the festivals, an action plan and associated timetable would be prepared. When this is available, I will submit a further report to the Council.

To provide an immediate response to the “Thundering Hooves” report, the Council put in place a fund totalling £1m (drawn from the City Growth Fund) to provide assistance to the festivals which is additional to their core grants. The awards relate to financial years 2006/07-2007/08. The festivals were invited to prepare bids for additional monies taking into account the report’s key recommendations. The submissions were considered by a panel comprising representatives of the Scottish Arts Council, Scottish Enterprise Edinburgh and Lothian and the Culture and Leisure Department (Chair). High quality bids were received and the awards made are detailed in Appendix 2 to this report.

The Council has previously indicated that additional funding for the Edinburgh International Festival be conditional on satisfactory arrangements being in place regarding robust and realistic business planning. This will, therefore, require to be a priority for discussion between Council representatives and the incoming EIF management team.

Recommendations

The Council is recommended to note:

(a) the recommendations made in the “Thundering Hooves” Report;

(b) that I will submit a further report when an action plan for implementing the recommendations is prepared; and
(c) the financial awards made to the festivals as an immediate response to the “Thundering Hooves” report’s recommendations.

Appendices
Appendix 1 – Thundering Hooves Recommendations
Appendix 2 – Festivals Fund Awards

Contact/tel
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Lynne Halfpenny, 529 3657

Wards affected
City Wide

Background Papers
All related papers are held at Culture and Leisure Department, 23-25 Waterloo Place

Herbert Coutts
Director of Culture and Leisure
22/6/06
Appendix 1

Recommendations

Long-term Planning and Strategy:

1.27 The Festivals' development should be considered in minimum blocks of five years, and set within a longer-term strategic context of a city's long-term development and competitiveness.

1.28 The festival strategy of the city as a whole needs to be kept under review by stakeholders. The commissioning forum for this report, for example, is ad hoc in character although it offers the prospect of a model for longer term strategic oversight of the aggregate festival offer and the policy steps required to support it.

1.29 **Recommendation One:** That the Festivals and their stakeholders ensure that there is on-going forum in which the longer term health of Edinburgh as a Festival City is monitored and the investment strategy required to sustain its position *cost effectively* is articulated and overseen. The forum should include external members with a long term perspective on the internationally competitive economic and cultural standing of Edinburgh and Scotland. This need not, as a mechanism, challenge the artistic autonomy of the Festivals. It should, however, provide a context for indicative planning and early warning as to the impact of competitive trends. The Festivals and their stakeholders should, through this mechanism, become more consciously aware of the need to direct investment - whether in marketing or presenting - toward specific competitive challenges.

Investing in Quality over Quantity:

1.30 Success depends on achieving and sustaining a consistent international quality threshold for all festivals in order to ensure that the brand value of the festivals is sustained. Volume *per se* is of little intrinsic strategic value - that is, either the size or number of festivals, once some base threshold has been agreed. Careful impact assessment of any new festival to be added to an existing mix should be a requirement. This is more a question of understanding the implications (both positive and negative) of new entrants than creating a cartel of existing players.

1.31 Edinburgh's strategy as a Festival City is one of pre-eminence. It is to ensure that the brand is uniformly supported by the offer. This means that the stakeholder strategy should be to ensure that available resources for funding are focused on those aspects of the festival offer that do or can attain a degree of distinctiveness and pre-eminence within their respective art forms.

1.32 **Recommendation Two:** That stakeholders and funders take a more strategic view of their funding obligations, ensuring that the collective
impact of their resource allocation is such that those programmatic initiatives that they support have the potential to be, or already are, world class in their quality and delivery and that their ability to meet such standards clearly and explicitly informs decision-making on resource allocation.

1.33 The Edinburgh City Council should consider increasing its current cultural spend from 2.8% to 4% in the first instance and work in tandem with other public stakeholders to develop an investment plan for the festivals over the next five to seven years, based on the key investment areas highlighted in this report.

1.34 The comparatively small tax base that Edinburgh has compared with benchmark cities provides a strong rationale – in the context of its economic impact for the whole of Scotland – for the festivals funding framework to access the wider, national, tax base. The Scottish Executive should consider how the national tax base and Edinburgh’s contribution might be better reflected in the annual settlement to the City of Edinburgh Council and Creative Scotland to assist in increasing the levels of investment to both Edinburgh’s Festivals and cultural infrastructure.

1.35 **Recommendation Three:** That the Festivals, in turn, focus their planning efforts, and the articulation of those efforts, on the creation and marketing of internationally competitive programming, appropriate to their current and potential mission and aims at regional, national and international level. This should explicitly inform strategic planning and goals should be articulated and costed and progress toward them monitored as part of the standard apparatus of accountability to funders.

1.36 **Recommendation Four:** That no new festival should be embraced as part of the City’s offer unless its niche and ability to fulfil that niche in the international arena is clear.

Talented and Experienced Direction:

1.37 Visionary artistic and managerial leadership are essential, and conditions for recruitment, selection, retention and succession need to be carefully considered to attract the best talent and to support the creativity that such leadership inspires.

1.38 The Festivals are in a globally competitive market for administrative and programming talent. The quality of their curatorial and administrative leadership, together with the resourcing of that leadership, is perhaps the most important factor in retaining pre-eminence. As leadership changes take place, the Festivals’ boards’
and their stakeholders should ensure that every step is taken to attract and retain executive leadership of internationally competitive calibre.

1.39 **Recommendation Five:** The Festivals' boards' should give the closest possible attention to succession planning and ensure that the recruitment and retention of leadership is undertaken in a way that attracts the interest of the strongest pool of eligible candidates.

**Focused and Innovative Programming:**

1.40 The cultural programmes must be curatorally focused and continually innovating; investment in innovation is a prerequisite of sustainability.

1.41 For the Festivals to retain, or in some cases attain, collectively their pre-eminent international position, they need to be have the resources to invest in what in other sectors would be described as 'strategic product research and development' – that is, the commissioning, development and presentation of work that is new to their target audiences or is interpreted and presented in new ways. There is no prospect of retaining international pre-eminence without a secure budget line dedicated to this.

1.42 **Recommendation Six:** The Festivals should identify in their strategic plans their required investment strategies to ensure that their programming includes a significant element of the presentation (and as appropriate commissioning) of new work and that the rationale for that new work is articulated.

1.43 **Recommendation Seven:** The Festivals' core funders embrace the relationship between continued pre-eminence and innovation and pay particular attention in reviewing funding proposals to the need that research and development requirements are adequately funded.

**Excellent Facilities:**

1.44 Provision of world-class venues, outdoor event spaces and other festival infrastructure to accommodate world-class programmes, including the need for continuous innovative use of existing and new indoor and outdoor spaces is an attribute of successful festival cities. Edinburgh is now faced with aggressive world-wide competition in cultural facilities and supporting infrastructure. The cultural building boom of the past two decades has resulted in world class venues in even relatively small cities. Edinburgh currently has a number of first class venues but have no overall strategic plan for capital investments in the costs.

1.45 The capital resources to achieve the levels of investment required may prove to be considerable. Consideration should therefore be given to alternative sources of funding such as the introduction of a Tourism Bed Levy or casino levy or the hypothecation of Airport tax with resources raised directed into cultural and tourism infrastructure.
1.46 **Recommendation Eight:** That the City of Edinburgh Council undertake a development plan for the infrastructure (including venues) required for the success of the Festivals (drawn up jointly with relevant partners).

Strategic Promotion:

1.47 As international competition for the attention of the cultural tourist and international media increases, Edinburgh will have to work hard to retain its edge, let alone lead the pack. In order to do this, the Festivals will need to continue to work with EventScotland, VisitScotland and other relevant agencies to develop a joint marketing strategy aimed at selling Edinburgh as the world's premier festival city. Individual festivals will not be able to compete in this marketplace on their own. At the same time, tourism agencies need to acknowledge the value of the Festivals in promoting Edinburgh and Scotland as a destination.

1.48 In addition to tourism marketing, a joint message is critical for retaining UK media attention, especially in the coming years when the media will be focused on Liverpool in 2008 and London in 2012. Many media sources need quick access to information, so creating a centralised source (preferably on-line) where journalists can get information about all of the festivals will be crucial.

1.49 Many of the festival cities studied are recognising the importance of a more coherent and longer-term approach to marketing. In many cases, these strategies are developed in cooperation with local government and tourism agencies. The driver for such strategies is the desire to use festivals as a way of elevating the profile of a city. The hope is that these sorts of activities will drive tourism and result in significant economic impacts on the city.

1.50 After being named the European Capital of Culture for 2008, Liverpool unveiled an extensive plan to transform the city's cultural profile. In addition to significant investments in venue infrastructure and the creation and presentation of new work, the city has allocated nearly £3m per year to brand and market the city as a cultural destination.

1.51 As of April 1, 2005, Canada Economic Development for the Quebec Region has increased its support for national and international marketing of sporting events from C$5m to C$7m. The Just for Laughs Festival and the Festival International de Jazz de Montréal received C$2.1m and C$1.975m respectively over three years to market and promote the 2005, 2006 and 2007 festivals internationally.

1.52 Singapore is setting up an Arts Marketing Task Force to develop systematically marketing practices in the arts industry to attract more audiences and sponsors from Singapore and abroad. This will be supported by an additional fund of S$500,000 over three years.
However, this is an initiative that is being developed from above, and is not a recommended approach in Edinburgh where the Festivals themselves should take the initiative and invite other stakeholders to collaborate.

1.53 **Recommendation Nine**: The machinery and resources should be put in place under an agreed management structure to promote “Edinburgh, the Festival City” worldwide.

1.54 **Recommendation Ten**: A joint festivals marketing strategy should be developed by Festivals Edinburgh members and their stakeholders and resourced by those stakeholders that have a strategic interest in Edinburgh’s continued pre-eminence as a festival city.

**Strategic Intelligence:**

1.55 **Recommendation Eleven**: The Festivals should continue to commission joint research so they maintain a sense of who their individual and collective audiences are. They should also use this data to understand audience cross-over between festivals so they can target specific segments that are interested in programming from multiple festivals.

1.56 All publicly-funded arts organisations are under increasing pressure to demonstrate how they are expanding audiences. The Festivals have benefited from the resources of The Audience Business, a market-research organisation responsible for delivering audience and visitor research in Edinburgh. The Festivals have access to considerable amounts of market data and when funding permits, are able to commission additional high quality research.

1.57 However, not all of the individual festivals do this. Research should always be commissioned with a strong strategic direction in mind or with specific decisions linked to the outcomes. In order to develop a lasting audience for the arts in Edinburgh, the Festivals should share data more routinely and assist one another in developing strategies. This recommendation is directly linked to the preceding recommendation to develop a joint marketing strategy. The Audience Business can continue to play an important role in this regard and the Festivals should embark on the construction of a unified database of findings.

1.58 Important changes will come with the implementation of the new box office data collection ('vital statistics') system from Purple 7 towards the middle of 2006, which will allow all venues’ box office data, including the festivals, to be collated and collected on a daily basis. It will allow for sophisticated segmentation of Edinburgh audiences and will make it easier to target non-core audiences.
1.59 The Festivals have been committed in recent years to strengthen educational programmes, not only to satisfy government agencies, but to prepare the next generation of local festival goers and to develop long-term relationships with the local community. However, similar to other initiatives, they are fragmented and spread across different festivals; there appears to be limited pooling of expertise and experience between education workers and teams and no consolidated effort to coordinate and expand provision as a whole. This is a priority that requires to be addressed across all festivals, and should be a core activity of Festivals Edinburgh.

1.60 **Recommendation Twelve:** Additional collaborative projects should be developed that focus on audience and educational development. Political Will Matched by Strong Leadership and Political Independence:

1.61 Sustained policy-driven support by funders should be linked to strong leadership offered by the governing structures. Members of governing bodies should have appropriate expertise and have an appropriate balance of skills, interests and contacts to support a festival's objectives. The programme should not be influenced by political interests and the operational structures should be autonomous, characterised by strong governance. Political and operational alliances must work toward commonly agreed goals.

1.62 The Festivals' boards should be strengthened in composition, vigour of oversight and organisational articulation to overcome any impediment to long term organisational development.

1.63 **Recommendation Thirteen:** The Festivals and their stakeholders should invest in a programme of board development, ensuring that the board composition and *modus operandi* matches the aspirations and achievements of the Festivals.

Coordinated Processes of Monitoring and Evaluation:

1.64 The primary aim of monitoring and evaluation should be to promote a learning environment that encourages continuous improvement, with the acknowledgement of successes and achievements as well as problems and mistakes of the Festivals and the funders. Financial control systems should be in place to help negate adverse cost variances, as well as business planning that uses options appraisals, scenario planning and financial modelling techniques.

1.65 **Recommendation Fourteen:** The Festivals and their core stakeholders should agree the criteria, priorities and processes for monitoring and evaluation of each festival's contribution to the strategic objective of retaining the City's pre-eminent festival status and festivals
as a whole. A ‘toolkit’ should be devised that balances economic, social and cultural goals with innovation and management effectiveness suitable to the regional, national and international fit of each festival.
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Organisations

Total over two years: £2006/7 £2007/8

Thundering Hooves: Recommendations

Recommendation 1: That the Festivals and their stakeholders ensure that there is an on-going forum in which the long-term health of Edinburgh as a Festival City is monitored and the investment strategy required to sustain its position is cost effectively articulated and overseen. This need not, as a mechanism, challenge the artistic autonomy of the Festivals. It should, however, provide a context for indicative planning and early warning as to the impact of competitive trends. The Festivals and their stakeholders should, through this mechanism, become more consciously aware of the need to direct investment - whether in marketing or presenting toward specific competitive challenges. The FEWG (or a sub-committee of this group) has been suggested as a forum for this. If so then an explicitly longer term and more strategic framework for its modus operandi may need to be developed. If a sub-group is chosen then there is a strong case for co-opting external members with a longer term perspective on the internationally competitive economic and cultural standing of Edinburgh and Scotland.

Recommendation 2: Stakeholders and funders take a more strategic view of their funding obligations, ensuring that the collective impact of their resource allocations is such as to support those programmatic initiatives that they do support have the potential to be, or are, world class in their quality and delivery.

Recommendation 3: The Festivals, in turn, should focus their planning efforts and the articulation of those efforts, on the creation and marketing of internationally competitive programming. This aspiration should explicitly inform strategic planning, and goals that meet these aspirations should be articulated and costed and progress toward them monitored as part of the standard apparatus of accountability to funders.

Recommendation 4: No new Festival should be embraced as part of the City’s offer unless its niche and ability to fulfil that niche in the international offer is clear.

Recommendation 5: The Festivals boards should give the closest possible attention to succession planning, and ensure that the recruitment and retention of leadership is undertaken in a way that attracts the interest of the strongest pool of eligible candidates.

Recommendation 6: The Festivals should identify in their strategic plans their required investment strategies to ensure that their programming includes a significant element of the presentation (and as appropriate the commissioning) of new work and that the rationale for that new work is articulated.

Recommendation 7: The Festivals’ core funders embrace the relationship between the continued pre-eminence and innovation and pay particular attention in reviewing funding proposals to the need that research and development requirements are adequately funded.

Recommendation 8: A joint Festivals marketing strategy should be developed by AIF members and their stakeholders and resourced by those stakeholders that have a strategic interest in Edinburgh’s continued pre-eminence as a Festival City.

Recommendation 9: The Festivals should continue to commission joint research so they maintain a sense of who their individual and collective audiences are. They should also use this data strategically to understand audience cross-over between Festivals so they can target specific segments that are interested in programming from multiple Festivals.

Recommendation 10: Additional collaborative projects should be developed that focus on audience development.

Recommendation 11: The Festivals and their stakeholders should invest in a programme of board development, ensuring that the board composition and modus operandi matched the aspirations and achievements of the Festivals.

Recommendation 12: The Festivals and their stakeholders should agree the criteria, priorities and processes for monitoring and evaluation of each Festival’s contribution to the strategic objectives of retaining the City’s pre-eminent Festival status and Festivals as a whole. A ‘toolkit’ should be devised that balances economic, social and cultural goals with innovation and management effectiveness.
4 MAY 2006

THUNDERING HOOVES

MAINTAINING THE GLOBAL COMMITTEE

EDGE OF EDINBURGH'S FESTIVALS
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1 Background, Methodology and Recommendations

Background

1.1 This study was commissioned by the Scottish Arts Council in partnership with Festivals Edinburgh (formerly, the Association of Edinburgh Festivals), the City of Edinburgh Council (CEC), the Scottish Executive, EventScotland and Scottish Enterprise Edinburgh and Lothian. Its purpose is to examine the competitive position of the eleven festivals belonging to Festivals Edinburgh and the extent to which that position is likely to be affected by:

- the burgeoning number of festivals, both in the United Kingdom and overseas, that are competing for artists, audiences and funding;
- the increasing use of cultural programming (festivals and events) as strategic devices to promote tourism and to build the brand-identity of the cities or regions where they are located; and/or
- any other factors.

1.2 The report is informed by extensive desk research and interviews with stakeholders; a comparison of Edinburgh's festivals with a number of international competitors; and an analysis of longer term environmental, economic and social trends. This work, which included scenario planning workshops, took place during the second half of 2005.

1.3 Following a fuller account of the methodology of the study and a summary of recommendations, below, Section One of the report looks at the overall attributes of leading festival cities and the challenges that established festival cities such as Edinburgh face. In Section Two, Edinburgh's own position is analysed and a recommended course of action discussed.

1.4 Festivals Edinburgh is presently made up of eleven festivals that are held on an annual basis in Edinburgh. These festivals are:

- Bank of Scotland Children's International Theatre Festival (Imaginate);
- Edinburgh Art Festival;
- Edinburgh Festival Fringe;
- Edinburgh International Book Festival;
- Edinburgh International Festival;
- Edinburgh International Film Festival;
- Edinburgh International Jazz and Blues Festival;
- Edinburgh International Science Festival;
- Edinburgh Mela;
1.8 The growth in the scale and number of Edinburgh’s family of festivals has made the city a pre-eminent cultural destination over the six decades since the Edinburgh International Festival began, adding significantly to the national and international profile of the City of Edinburgh and of Scotland, as well as contributing to their economic well-being and cultural development.

1.6 The wider economic impact of the festival has been analysed elsewhere and is explicitly not addressed in this report. It is, however, a (perhaps the) defining context for our recommendations. In Summer 2004, a study of the Edinburgh Festivals funded by the City of Edinburgh Council, Scottish Enterprise Edinburgh and Lothian, VisitScotland and EventScotland, estimated that the Edinburgh Festivals as a whole generate £184m revenue for the Scottish economy, of which £135m directly accrues to Edinburgh and the Lothians. Of this some £75m was attributable to the Fringe. This total was generated by some 2.5m visitors (compared to 1.25m in 1997). The Winter Festivals alone were estimated to generate £44.4m, of which £39.5m accrued to Edinburgh and the Lothians. Any fall from their pre-eminent position would have immediate economic repercussions for Edinburgh, the Lothians and the whole of Scotland.

1.7 Edinburgh’s festivals were established in a less competitive environment than the current one, and most developed in an organic rather than a ‘top-down’ fashion. Their evolution has served as a model for many of the world’s leading international festivals. However, the client group is concerned about the gradual attrition of Edinburgh’s competitive position and, with it, a long term decline in its status as a cultural city in the eyes of artists, promoters, audience and media, disadvantaging both the festivals and Edinburgh alike.

1.8 The report was therefore commissioned because of a widespread perception, underlined repeatedly in interviews and workshops that this pre-eminence is under threat. These perceived threats are from other cities within the UK and internationally that have adopted investment in cultural infrastructure and cultural programming as a policy instrument for multiple civic and national goals (usually higher-end tourism, inward investment, urban renewal and city branding). The fear is that members of Festivals Edinburgh are ‘living off their capital’ rather than reinvesting in the aspects of their programming that are likely to underwrite a continued pre-eminence, whether for reasons rooted in complacency and inertia or in systemic under-funding from public funders, or some insidious combination of all of these.

1.9 Behind this lies a deeper concern that, as in many areas of global competition, second or third place – ‘silver’ or ‘bronze’ rather than ‘gold’ - represents a position that is considerably inferior to that of pre-eminence. In a ‘winner takes all’ situation, in which national and international press tend to have a limited attention span; and in which mobile, discriminating and informed audiences are interested in winners rather than the second placed, there is no stable equilibrium of ‘eminence’ between the status of pre-eminence that Edinburgh enjoys and that of being lost in the crowd of ‘also-rans’.
1.10 Edinburgh has a massive built-in advantage in facing its growing competition. Its major festivals have been around a long time and have all the brand recognition associated with pre-eminence, nationally and internationally. Whether the festivals and their funders choose to rest on their laurels or invest in growing them, they at least have those laurels. They face growing competition from UK cities that have been encouraged by initiatives such as the European Capitals of Culture programmes sponsored by the EU although such newer entrants will take time to develop brand recognition as world class festival cities.

1.11 The impressive levels of start-up investment that Liverpool, Manchester and Newcastle/Gateshead are spending on establishing their presence will take sustained political and financial capital to maintain. Well-established festivals such as Avignon and Salzburg are also viewing cautiously competition from cities spurred by Capitals of Culture, Olympic Arts Festivals, and strategies that use large-scale events as catalysts for programmes of regeneration and destination marketing, such as those in Barcelona and the Ruhr Valley of Germany. Based on our interviews, they are experiencing similar concerns.

1.12 Meanwhile, in the Middle East (particularly the Gulf states), Australia and Asia, festivals and art fairs are being developed as major tourist and economic magnets, as part of the strategic development of cities that are self-consciously seeking to position themselves as a player in the global economy. China is rapidly expanding its cultural infrastructure in cities such as Shanghai, Beijing and Hong Kong, in a bid to capture a larger share of the world’s tourist market, as are ‘gateway’ city-states such as Abu Dhabi, Dubai and Singapore. As the world’s socio-economic and cultural axes – or at least the perception of them – tilt decisively towards the Middle and Far East, these represent significant potential threats to the long term international tourism market that parallel Northern English cities’ threats to Edinburgh’s domestic market.

1.13 Beyond these direct threats stand other transformational social and political forces that are profoundly affecting patterns of cultural consumption and tourism in complex and often contradictory ways – climate change, terrorism, the impact of technology, competition for leisure time, and demographic change. The cumulative impact is difficult to map but it is clear that vigilance and a conscious effort to invest in renewal are going to be critical attributes of long-term success. This report is also drafted within the context of an increasingly focused international debate about measuring the value of public investment in culture, prompted by the growing emphasis on the need for organisations that are supported by public funds to be governed and managed in a way that demonstrably meets the strategic goals of funders and other stakeholders.

1.14 This report does not address the quality of programming of individual festivals but focuses on the collective capacity of the festivals to maintain their international competitive edge. However, it is reasonable for stakeholders and funders to expect that their individual responses to the challenges identified should take the form of robust and coherent business plans that articulate individual strategies for competitive, artistic and programmatic excellence and long term financial viability; and the benchmarks by which those successes can be measured or at least judged by third parties.
1.15 Most of the recommendations have modest direct cost implications. They require a more strategic and co-ordinated approach to managing the profile and orientation of the festivals. The aggregate cost of recommendations relating to the systematic commissioning of new work and related 'research and development' investment, and the strategic marketing of the collective festival offer requires the engagement of the individual festivals in a detailed consideration of the recommendations in this study. Recommendations with respect to continued investment in infrastructure require a physical audit to quantify.

Methodology

1.16 There were three main dimensions to the study:

- Consultation with stakeholders and review of festival literature;
- Benchmarking of Edinburgh against other festival cities in order to gauge the present state of the competition and find examples of good practice; and
- Involvement of the client group in a scenario planning process designed to facilitate long-term strategic thinking in the light of global trends.

1.17 The study of current challenges consisted of the following components:

- A desk-based review of relevant literature and data selected in consultation with the client team and festival managers. Each festival was asked to submit general information, plans or reports that that had been generated or commissioned in the past few years and five years of audited financial statements;
- A series of one-to-one interviews conducted with key individuals identified in cooperation with the client group;
- An on-line questionnaire that posed similar questions to those used in the interviews but that was sent to a broader cross-section of stakeholders; and
- An on-line questionnaire designed to evaluate current levels of collaboration between each of the festivals.

1.18 The aim of the second part of this exercise was to provide a description and analysis of the Festivals' wider competitive environment, both regionally and internationally.

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1 A list of interviewees can be found in Appendix 1.
1.19 The material was gathered through desk research and interviews. Data that was collected and analysed from each of the comparable cities included:

- General population and other demographic data;
- Quality of life data;
- Innovation status;
- Size and scope of cultural budgets;
- Transportation infrastructure; and
- Tourism data.

1.20 The data were obtained by extensive desk research. Sources included statistical agencies, official city websites, city surveys, city cultural strategies, city tourism strategies and city budgets and accounts.

1.21 In addition, for each comparator city, three festivals were selected for their similarity to specific Edinburgh Festivals or their overwhelming importance for the local festival ecology. The cities and festivals are detailed in the Table 1.

<table>
<thead>
<tr>
<th>City</th>
<th>Festival 1</th>
<th>Festival 2</th>
<th>Festival 3</th>
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<tr>
<td>Amsterdam</td>
<td>The Holland Festival</td>
<td>Ulteriort</td>
<td>Amsterdam Roots Festival</td>
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<td>Barcelona</td>
<td>Barcelona Gras</td>
<td>Soner</td>
<td>Barcelona International Jazz Festival</td>
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<td>Manchester</td>
<td>Manchester International Festival</td>
<td>Manchester Comedy</td>
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<td>Melbourne</td>
<td>Melbourne International Arts</td>
<td>Melbourne Writers Festival</td>
<td>Melbourne Fringe Festival</td>
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<td>Montreal</td>
<td>Montreal International Jazz Festival</td>
<td>Just for Laughs</td>
<td>Montreal International Festival of New Cinema and New Media</td>
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<td>Newcastle</td>
<td>Newcastle Science Festival</td>
<td>Newcastle Meats</td>
<td>The Source of the Tyne Festival</td>
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<td>San Francisco</td>
<td>San Francisco Jazz Festival</td>
<td>San Francisco Blues Festival</td>
<td>San Francisco Fringe Festival</td>
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<tr>
<td>Singapore</td>
<td>Singapore Arts Festival</td>
<td>Singapore Writers Festival</td>
<td>Singapore Art Show</td>
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1.22 In the third leg of the exercise, a two-day workshop was developed to explore potential positive and negative scenarios for the future of the Edinburgh Festivals. The results can be found in at Appendix 4. These sessions were used to identify the critical factors likely to affect the current national and international standing of the Festivals and the Festivals’ ability to secure audiences, artists, funders and media attention. Contact was maintained with representatives of the bodies that commissioned the study, drafts of chapters were circulated and their comments and questions were considered in the drafting of the final report.
Recommendations

1.23 From an examination of total attendance levels and visitor numbers for Edinburgh's Festivals, it appears that there are grounds for confidence in the short term. However, the scale of finance being made available to support new cultural infrastructure and festival activity in other cities and the rapidly developing quality of other festivals' programmes and managements suggests that Edinburgh can not risk complacency. The longer term changes in this report – demographic, technological, and governmental trends – also require careful on-going monitoring. The non-profit cultural sector throughout western democracies is undergoing profound changes and the festivals, by virtue of their reliance on, and relationship to, the 'global' cultural economy are sensitive to those changes.

1.24 Competition between cities in relation to their festivals tends to be evaluated simplistically on the basis of profit (sales), prestige (media profile), size (numbers of events), often translated into numbers of visitors and attendances, extent and value of media coverage, and scale of economic value-added impacts. There is evidence, especially in the UK, of local and city government supporting and even directly instigating and managing particular festivals themselves to achieve local or regional economic objectives, often defined very narrowly (sales, jobs, tourists). There is also a growing number of smaller more local community-based festivals and events in cities, most often supported by local councils, that have been spawned partly as a reaction to larger festivals that have become prime economic-drivers. Such community-based festivals often try to re-claim cultural ground based on their social, educational and participative value.

1.25 Following an examination of the data, our conclusion is that when viewed against the sustained development of some of the actively competitive cities over a time span of the next five to seven years, Edinburgh's current enviable position as a pre-eminent festival city is vulnerable. In Chapter Two we identify the distinguishing characteristics of successful festival cities – some 20 in total. Edinburgh enjoys many of these characteristics, though not all.

1.26 Below we identify those areas where we believe action needs to be taken, based on analysis outlined in the body of the report.

Long-term Planning and Strategy:

1.27 The Festivals' development should be considered in minimum blocks of five years, and set within a longer-term strategic context of a city's long-term development and competitiveness.

1.28 The festival strategy of the city as a whole needs to be kept under review by stakeholders. The commissioning forum for this report, for example, is ad hoc in character although it offers the prospect of a model for longer term strategic oversight of the aggregate festival offer and the policy steps required to support it.
1.29 **Recommendation One:** That the Festivals and their stakeholders ensure that there is on-going forum in which the longer term health of Edinburgh as a Festival City is monitored and the investment strategy required to sustain its position cost effectively is articulated and overseen. The forum should include external members with a long term perspective on the internationally competitive economic and cultural standing of Edinburgh and Scotland. This need not, as a mechanism, challenge the artistic autonomy of the Festivals. It should, however, provide a context for indicative planning and early warning as to the impact of competitive trends. The Festivals and their stakeholders should, through this mechanism, become more consciously aware of the need to direct investment - whether in marketing or presenting - toward specific competitive challenges.

**Investing in Quality over Quantity:**

1.30 **Success depends on achieving and sustaining a consistent international quality threshold for all festivals in order to ensure that the brand value of the festivals is sustained.** Volume per se is of little intrinsic strategic value - that is, either the size or number of festivals, once some base threshold has been agreed. Careful impact assessment of any new festival to be added to an existing mix should be a requirement. This is more a question of understanding the implications (both positive and negative) of new entrants than creating a cartel of existing players.

1.31 **Edinburgh's strategy as a Festival City is one of pre-eminence. It is to ensure that the brand is uniformly supported by the offer.** This means that the stakeholder strategy should be to ensure that available resources for funding are focused on those aspects of the festival offer that do or can attain a degree of distinctiveness and pre-eminence within their respective art forms.

1.32 **Recommendation Two:** That stakeholders and funders take a more strategic view of their funding obligations, ensuring that the collective impact of their resource allocation is such that those programmatic initiatives that they support have the potential to be, or already are, world class in their quality and delivery and that their ability to meet such standards clearly and explicitly informs decision-making on resource allocation.

1.33 The Edinburgh City Council should consider increasing its current cultural spend from 2.8% to 4% in the first instance and work in tandem with other public stakeholders to develop an investment plan for the festivals over the next five to seven years, based on the key investment areas highlighted in this report.

1.34 The comparatively small tax base that Edinburgh has compared with benchmark cities provides a strong rationale – in the context of its economic impact for the whole of Scotland – for the festivals funding framework to access the wider, national, tax base. The Scottish Executive should consider how the national tax base and Edinburgh's contribution might be better reflected in the annual settlement to the City of Edinburgh Council and Creative Scotland to assist in increasing the levels of investment to both Edinburgh's Festivals and cultural infrastructure.
Recommendation Three: That the Festivals, in turn, focus their planning efforts, and the articulation of those efforts, on the creation and marketing of internationally competitive programming, appropriate to their current and potential mission and aims at regional, national and international level. This should explicitly inform strategic planning and goals should be articulated and costed and progress toward them monitored as part of the standard apparatus of accountability to funders.

Recommendation Four: That no new festival should be embraced as part of the City's offer unless its niche and ability to fulfil that niche in the international arena is clear.

Talented and Experienced Direction:

Visionary artistic and managerial leadership are essential, and conditions for recruitment, selection, retention and succession need to be carefully considered to attract the best talent and to support the creativity that such leadership inspires.

The Festivals are in a globally competitive market for administrative and programming talent. The quality of their curatorial and administrative leadership, together with the resourcing of that leadership, is perhaps the most important factor in retaining pre-eminence. As leadership changes take place, the Festivals' boards' and their stakeholders should ensure that every step is taken to attract and retain executive leadership of internationally competitive calibre.

Recommendation Five: The Festivals' boards' should give the closest possible attention to succession planning and ensure that the recruitment and retention of leadership is undertaken in a way that attracts the interest of the strongest pool of eligible candidates.

Focused and Innovative Programming:

The cultural programmes must be curatorially focused and continually innovating; investment in innovation is a prerequisite of sustainability.

For the Festivals to retain, or in some cases attain, collectively their pre-eminent international position, they need to be have the resources to invest in what in other sectors would be described as 'strategic product research and development' – that is, the commissioning, development and presentation of work that is new to their target audiences or is interpreted and presented in new ways. There is no prospect of retaining international pre-eminence without a secure budget line dedicated to this.

Recommendation Six: The Festivals should identify in their strategic plans their required investment strategies to ensure that their programming includes a significant element of the presentation (and as appropriate commissioning) of new work and that the rationale for that new work is articulated.

Recommendation Seven: The Festivals' core funders embrace the relationship between continued pre-eminence and innovation and pay particular attention in reviewing funding proposals to the need that research and development requirements are adequately funded.
Excellent Facilities:

1.44 Provision of world-class venues, outdoor event spaces and other festival infrastructure to accommodate world-class programmes, including the need for continuous innovative use of existing and new indoor and outdoor spaces is an attribute of successful festival cities. Edinburgh is now faced with aggressive worldwide competition in cultural facilities and supporting infrastructure. The cultural building boom of the past two decades has resulted in world class venues in even relatively small cities. Edinburgh currently has a number of first class venues but have no overall strategic plan for capital investments in the costs.

1.45 The capital resources to achieve the levels of investment required may prove to be considerable. Consideration should therefore be given to alternative sources of funding such as the introduction of a Tourism Bed Levy or casino levy or the hypothecation of Airport tax with resources raised directed into cultural and tourism infrastructure.

1.46 **Recommendation Eight:** That the City of Edinburgh Council undertake a development plan for the infrastructure (including venues) required for the success of the Festivals (drawn up jointly with relevant partners).

Strategic Promotion:

1.47 As international competition for the attention of the cultural tourist and international media increases, Edinburgh will have to work hard to retain its edge, let alone lead the pack. In order to do this, the Festivals will need to continue to work with EventScotland, VisitScotland and other relevant agencies to develop a joint marketing strategy aimed at selling Edinburgh as the world’s premier festival city. Individual festivals will not be able to compete in this marketplace on their own. At the same time, tourism agencies need to acknowledge the value of the Festivals in promoting Edinburgh and Scotland as a destination.

1.48 In addition to tourism marketing, a joint message is critical for retaining UK media attention, especially in the coming years when the media will be focused on London in 2008 and Liverpool in 2012. Many media sources need quick access to information, so creating a centralised source (preferably on-line) where journalists can get information about all of the festivals will be crucial.

1.49 Many of the festival cities studied are recognising the importance of a more coherent and longer-term approach to marketing. In many cases, these strategies are developed in cooperation with local government and tourism agencies. The driver for such strategies is the desire to use festivals as a way of elevating the profile of a city. The hope is that these sorts of activities will drive tourism and result in significant economic impacts on the city.

1.50 After being named the European Capital of Culture for 2008, Liverpool unveiled an extensive plan to transform the city’s cultural profile. In addition to significant investments in venue infrastructure and the creation and presentation of new work, the city has allocated nearly £3m per year to brand and market the city as a cultural destination.
1.51 As of April 1, 2005, Canada Economic Development for the Quebec Region has increased its support for national and international marketing of sporting events from C$5m to C$7m. The Just for Laughs Festival and the Festival International de jazz de Montréal received C$2.1m and C$1.975m respectively over three years to market and promote the 2005, 2006 and 2007 festivals internationally.

1.52 Singapore is setting up an Arts Marketing Task Force to develop systematically marketing practices in the arts industry to attract more audiences and sponsors from Singapore and abroad. This will be supported by an additional fund of S$500,000 over three years. However, this is an initiative that is being developed from above, and is not a recommended approach in Edinburgh where the Festivals themselves should take the initiative and invite other stakeholders to collaborate.

1.53 Recommendation Nine: The machinery and resources should be put in place under an agreed management structure to promote "Edinburgh, the Festival City" worldwide.

1.54 Recommendation Ten: A joint festivals marketing strategy should be developed by Festivals Edinburgh members and their stakeholders and resourced by those stakeholders that have a strategic interest in Edinburgh’s continued pre-eminence as a festival city.

Strategic Intelligence:

1.55 Recommendation Eleven: The Festivals should continue to commission joint research so they maintain a sense of who their individual and collective audiences are. They should also use this data to understand audience cross-over between festivals so they can target specific segments that are interested in programming from multiple festivals.

1.56 All publicly-funded arts organisations are under increasing pressure to demonstrate how they are expanding audiences. The Festivals have benefited from the resources of The Audience Business, a market-research organisation responsible for delivering audience and visitor research in Edinburgh. The Festivals have access to considerable amounts of market data and when funding permits, are able to commission additional high quality research.

1.57 However, not all of the individual festivals do this. Research should always be commissioned with a strong strategic direction in mind or with specific decisions linked to the outcomes. In order to develop a lasting audience for the arts in Edinburgh, the Festivals should share data more routinely and assist one another in developing strategies. This recommendation is directly linked to the preceding recommendation to develop a joint marketing strategy. The Audience Business can continue to play an important role in this regard and the Festivals should embark on the construction of a unified database of findings.
Important changes will come with the implementation of the new box office data collection ('vital statistics') system from Purple 7 towards the middle of 2006, which will allow all venues' box office data, including the festivals, to be collated and collected on a daily basis. It will allow for sophisticated segmentation of Edinburgh audiences and will make it easier to target non-core audiences.

The Festivals have been committed in recent years to strengthen educational programmes, not only to satisfy government agencies, but to prepare the next generation of local festival goers and to develop long-term relationships with the local community. However, similar to other initiatives, they are fragmented and spread across different festivals; there appears to be limited pooling of expertise and experience between education workers and teams and no consolidated effort to coordinate and expand provision as a whole. This is a priority that requires to be addressed across all festivals, and should be a core activity of Festivals Edinburgh.

Recommendation Twelve: Additional collaborative projects should be developed that focus on audience and educational development.

Political Will Matched by Strong Leadership and Political Independence:

Sustained policy-driven support by funders should be linked to strong leadership offered by the governing structures. Members of governing bodies should have appropriate expertise and have an appropriate balance of skills, interests and contacts to support a festival's objectives. The programme should not be influenced by political interests and the operational structures should be autonomous, characterised by strong governance. Political and operational alliances must work toward commonly agreed goals.

The Festivals' boards should be strengthened in composition, vigour of oversight and organisational articulation to overcome any impediment to long term organisational development.

Recommendation Thirteen: The Festivals and their stakeholders should invest in a programme of board development, ensuring that the board composition and modus operandi matches the aspirations and achievements of the Festivals.

Coordinated Processes of Monitoring and Evaluation:

The primary aim of monitoring and evaluation should be to promote a learning environment that encourages continuous improvement, with the acknowledgement of successes and achievements as well as problems and mistakes of the Festivals and the funders. Financial control systems should be in place to help negate adverse cost variances, as well as business planning that uses options appraisals, scenario planning and financial modelling techniques.
Recommendation Fourteen: The Festivals and their core stakeholders should agree the criteria, priorities and processes for monitoring and evaluation of each festival's contribution to the strategic objective of retaining the City’s pre-eminent festival status and festivals as a whole. A ‘toolkit’ should be devised that balances economic, social and cultural goals with innovation and management effectiveness suitable to the regional, national and international fit of each festival.
PART ONE:
THE WIDER CONTEXT
2 Why festivals matter

2.1 Festivals have become a major growth market across different continents; and a major component of this market is cultural festivals that span different or multiple artistic disciplines, celebrate local customs and history, or mark special occasions and events. Although there is no verifiable source that lists all such festivals that take place world-wide, a considered estimate is that there are more than 10,000 cultural festivals, of which half can demonstrate some degree of international recognition.

2.2 In the context of urban development, from the early 1980's there has been a process that can be characterized as 'festivalisation', which has been linked to the economic restructuring of cities, inter-city competitiveness, and the drive to develop cities as large-scale platforms for the creation and consumption of 'cultural experience'. Although the key period of the development of international cultural festivals in Europe was following the Second World War, a large number of cities around the world continue to create international festivals and events as important catalysts for renewal and image-making, linked with an increasing pre-occupation with the realisable impact of festivals in hard economic terms, and in certain cities also in relation to softer social inclusion and education objectives.

2.3 Enhanced means of communication, the ease of travel, the dramatic rise of tourism in domestic and international markets, and improved standards of education have all contributed to the festival boom. Festivals are no longer seen as matters of fashion, offering 'background conditions' for cities, or as playgrounds for culturally-minded minority publics; increasingly festivals have become critical elements of broad and integrated local, regional and national development strategies.

2.4 The phenomenon described as world "festivalisation" cannot be evaluated solely by the increase in the number of festivals taking place (although there has been growth of about 30% in the number of recorded cultural festivals over the last ten years in particular), but by the seriousness with which cities are now actively competing to attract, sustain and expand their roles in hosting and promoting cultural events of all types, with high levels of investment in both hardware (infrastructure) and software (people, talent and projects). At its simplest, with mass travel cities have become homogenised and commodified. Festivals are one of the mechanisms by which cities distinguish themselves and move from commodity to brand, in order to attract and retain inward investment, tourism and a skilled work-force.

2.5 Most of the cities included in this study have embarked on renewed and sometimes aggressive efforts to use festivals as a key component of city re-positioning and economic development. Montreal, Barcelona, Singapore, Melbourne and Amsterdam are all making such efforts (as are cities like Shanghai, Hong Kong, Chicago and many others not included). In the UK (excluding London with its Olympian vision), cities like Manchester and Newcastle/Gateshead (and Birmingham, Liverpool and Bristol, which are not case-studies for this particular report) are investing heavily in their existing festivals and creating new ones.
2.6 Some of these cities are currently benchmarking themselves against Edinburgh, copying some of its models, headhunting talent, creating rival events with large amounts of public and private 'venture capital,' re-branding their cities as leaders in the competitive realm of the creative and experience economy, and allocating substantial funds for large-scale international marketing to help guarantee the success of re-positioning efforts.

2.7 Successful festivals that can be sustained over time (say, more than ten years) tend to be those that are able to respond to the particular and changing contexts of the cities in which they operate. This focus on context is beginning to prompt a 'reconsideration' of the value of festivals primarily as tools for economic regeneration and platforms for city marketing to a broader view where festivals simultaneously promote and help achieve significant cultural and social goals. One only needs to look at the recent successful bids of Liverpool Capital of Culture 2008 or the London Olympics in 2012 to recognize the strength of commitment to multiple (not all economic) objectives and agendas. This broader canvas of expectation applies as well to existing cultural festivals, and is creating complexities for both large and smaller festivals that are struggling to meet overlapping and often conflicting priorities of different political bodies, funders, sponsors, diverse audiences and artists, and often doing so within declining public resources and limited development.

2.8 In spite of increasing tendencies to respond to the local contexts in which festivals take place, there is an equal drive to position more and more festivals as 'international', as symbols of their standing and eminence. This is leading to an increase in scale and sophistication of a developing competitive international festivals market-place. A global festival infrastructure has been created, with specialised networks, venues, presenters, producers, critics and audiences.

2.9 There are informal (cultural) league tables assessing the standing of different festivals around the world. At the 'top' of such international cultural leagues are mainly festivals that are creating their own artistic capital, measured in terms of new productions, exclusive projects (even if in collaboration with associated groups of co-producers), attracting culturally diverse publics, developing newly built or reconstructed performing and exhibition venues, and making 'exceptional' discoveries of combinations of talent that are unexpected and unpredictable. For cultural festivals of international standing, such league ratings are based not on the scale of visitors, but on critical reaction from informed and specialist groups of critics and opinion-formers. Success is generated through an alchemy that combines enlightened vision, a strong creative process, effective leadership and management, astute communication and marketing, and 'risk-taking' impulses.

2.10 Festivals that enjoy long term critical and popular success are those that invest in their own development and in their relationship to their community, that go 'that little bit further' than their competitors. When the competition begins to reproduce the success and starts to catch up, the leading festivals use their inventive and risk-taking capabilities to move up or across in order to set a new standard. A similar pattern exists in all creative sectors where development and innovation capacity (not only sales) become critical factors of sustained achievement.
2.11 Richard Wagner referred to "the extraordinary event, in an extraordinary place at an extraordinary time"; leading festivals share such characteristics. This "extraordinariness" is no longer based exclusively on the attraction of talent from outside (the great performers, artists, film-makers etc), but on an integration between global and the local ("glocal") creativity, and on the imaginative relationships between 'foreign presence' and the 'local cultural ecology and place'. The current and certainly next generation of festival directors and organisers will grapple with the subtlety of ensuring such synergies as a condition of making cultural festivals 'extraordinary'.

2.12 However, this is a relatively recent revelation in the traditional world of cultural festivals. The current tools of evaluation are still pre-occupied primarily with the quantifiable and the economic. Despite the developing prominence of issues that inform the debate about social inclusion and multiculturalism, when it comes down to the key criteria against which to assess large festivals, the combined attributes of linking the local with international contexts, discovery, scholarship, risk, invention, imagination and integration remain under-valued in terms of arguments for increased support.

2.13 When examining the expansion of festivals internationally, we discern the following trends:

- There is a shift from viewing festivals as 'single attractions' to the development of the 'culture of cities' (including its festivals) as an integrated 'product' (usually at certain times of the year), linked to broad destination marketing strategies;
- Festivals are often viewed from one or a combination of perspectives, often summarised as 'arts-focused', 'urban development focused' and 'livable cities focused';
- There is an increase in highly specialised festival producers and managements, and global circuits;
- There is a steady growth of one-off 'cultural blockbusters' (Cultural Capitals, themed years, special expos and exhibitions, etc), in parallel with newly established recurring festivals; and
- With some notable exceptions (certain UK cities being one), proportions of public funding for festivals are reducing internationally when compared to other sources of income (sponsorship, ticket sales, merchandising/catering income, etc.).
2.14 The perspective of this study is focused on leading festival cities from an international point of view. Perhaps it is anodyne to suggest that a leading festival city is a city that has leading festivals. What appears to be the case from evaluating the comparative data is that from a competitive point of view a leading festival city will foster a leading strategic context for all of its festivals to operate within. It will embrace its festivals where there is evidence of success and help them maintain and extend their positions as leaders. Where there is insufficient evidence of current success or disturbing trends that suggest that particular festivals are losing or have lost the leading edge, the city will support the means of re-building or re-structuring the festival’s capacities, unless there are clearly limited development prospects when evaluated against basic supply-demand criteria, or where no one can be identified with vision to embark on a new direction.

2.15 Such actions require astute and considered approaches to long-term strategic investment in expanding a festival’s organisational, creative and managerial capacities, and also in festival infrastructure development and important supporting services. This strategic approach is substantially different from one that focuses primarily on the practice of offering annual grants to individual festivals (plus some additional in-kind support), where each festival is evaluated only in its own terms in relation to its own priorities and problems, and where new initiatives are prompted largely by opportunistic annual budget bids. This does not foster an integrated and mutually supportive operating environment for festival development.

2.16 From our research, it is clear that there is no guaranteed template for a successful leading festival city that can be sustained over time. However, there are a number of apparent critical success factors and our research suggests that a leading festival city will be able to demonstrate the following twenty attributes:

- Long-term Planning and Strategy: Festivals development should be considered in minimum blocks of five years and set within a longer-term strategic context of a city’s long-term development and competitiveness;
- Importance of context: The historical, physical, social and cultural context of a city is a major source of the uniqueness of each festival;
- Distinctiveness of location: The location must be ‘attractive’ in terms of beauty, geology or distinctiveness;
- Appropriate Timing: The dates of key festivals must be set to enable both strong programming and to attract a required and expanding number of visitors (both local and tourists);
- Diversity of Cultural Ecology: The city should offer a wide range and variety of year-round cultural activities, and the festivals should be well-integrated into this ecology through networks, relationships and projects at local, regional and national levels. The festivals should be an integral part of their host cities’ cultural life, with deep relationships to their local communities, and not have the feel of being grafted onto them;
- Coordinated Action: Opportunities for collaborative initiatives should be explored and maximised, making linkages with and across different facets of the cultural systems at play;
In invading and interacting with the city, events should be 'audience friendly' and 'safe', but at the same time energizing and continually surprising, creating a 'spirit of excitement' or 'buzz'.

Investing in Quality over Quantity: Success depends on achieving and sustaining a consistent international quality threshold for all festivals and not on the number of festivals. Careful impact assessment of each new festival to be added to an existing mix should be a requirement. This is more a question of understanding the implications (both positive and negative) of new entrants rather than creating a cartel of existing players.

Talented and Experienced Direction: Visionary artistic and managerial leadership are essential, and conditions for recruitment, selection, retention and succession need to be carefully considered to attract the best talent and to offer platforms and solid operational frameworks that can support the creativity that such leadership inspires.

Focused and Innovative Programming: The cultural programmes must be curatorially focused and be continually innovating; investment in innovation is a prerequisite of sustainability.

Effective Marketing and Branding: Marketing and branding should operate within a co-ordinated strategy on several integrated dimensions, with clear responsibilities agreed between partners and adequate resourcing taking into account the competitive environment.

Political Will Matched by Strong Leadership and Political Independence: Sustained policy-driven support by funders should be linked to strong leadership offered by the governing structures. Members of governing bodies should have appropriate expertise and have an appropriate balance of skills, interests and contacts to support a festival's objectives. The programme should not be influenced by political interests and the operational structures should be autonomous, characterised by strong governance. Political and operational alliances must work toward commonly agreed goals.

Wide Public Engagement: There is a balance between the involvement and engagement of resident and visiting publics, with the former being the dominant sector.

Adequate Resources: The combined sources of finance must be sufficient to enable appropriate levels of quality, volume and breadth of festival activity in a city, with sufficient opportunity for new development and risk-taking.

Many Financial Stakeholders: There needs to be an appropriate balance of resources offered by different stakeholders from both public and private sectors, and a means of 'brokering' the particular interests and needs of each. It is often the public sector that must take the responsibility to coordinate and facilitate discussions, which need to involve players at all levels (local, regional, national and international).
The Public Sector has a Key Role to Play: Investment by the public sector should offer a measure of confidence in each festival and to the festivals' system as a whole, to help lever other forms of support and partnership development. The public sector has a prime responsibility for supporting the development of festival infrastructure, in the delivery of publicly-managed or public-private partnership projects, and in the setting of priorities and offering incentives to the private sector. In addition, the public sector should take the major responsibility for ensuring longer term impacts of festivals and their sustainable benefits, based on end-user research and engagement, are monitored and understood;

Developed Festival Infrastructure for All Visiting Publics: This includes high quality information, accommodation, transport and visitor services when compared to competitors;

Excellent Facilities: Provision of 'world-class' venues, outdoor event spaces and other festival infrastructure to accommodate 'world-class' programmes, including the need for continuous innovative use of existing and new indoor and outdoor spaces;

Wide Media Support: World-wide press and media must be attracted because of the quality and stature of the events and be sufficiently motivated to ensure that the coverage is extensive and prominent. Indeed the ability to attract national and international press coverage is critical to success. The prospect of press coverage enables a festival to secure performers at lower rates than would otherwise be the case, affecting benignly the underlying business model. Press coverage tends, given scarce resources (and inertia), to focus disproportionately on the top one or two events. A failure to secure press coverage has a correspondingly adverse impact on both the ability to attract and retain performers at competitive rates and, because of the obvious benefits of free publicity, the level of effective demand; and

Coordinated Processes of Monitoring and Evaluation: All interested parties should agree the criteria, priorities and processes for monitoring and evaluation of each festival and festivals as a whole. A 'toolkit' should be devised that balances economic, social and cultural factors with innovation and management effectiveness. The primary aim of monitoring and evaluation should be to promote a learning environment that encourages continuous improvement, with the acknowledgement of successes and achievements as well as problems and mistakes of the festivals and the funders. Financial control systems should be in place to help negate adverse cost variances, as well as business planning that uses options appraisals, scenario planning and financial modelling techniques.
3 Global Trends

3.1 Cultural organisations and their funders rightly wish to understand the factors that are likely to impact the size and composition of audiences, the character and availability of cultural programming and the underlying economics of the arts in the coming years. Many of the factors that are likely to have the most critical effect on the cultural sector lie, of course, not in the vagaries of the funding system, but in wider economic, technological, environmental and social trends that affect the whole of society. Identified below are some of the trends that are likely to have an impact on the Scottish arts scene over the coming quarter century. They have been organised according to four themes: Economy, Technology, Environment, and Society. Each trend is described and unpacked and the potential implications for the arts and cultural sector in Scotland are then outlined.

Economy

3.2 Trend: In the UK and other highly industrialised nations, average household income is rising higher than the cost of living. There is more disposable income to spend on leisure activities; consumers are becoming more selective about how they choose to spend their time and money.

3.3 Potential Implications:

- Cultural organisations are facing pressure to find out how they can position themselves to offer experiences that are viewed as high value for money and time and appeal to consumers seeking a wide variety of leisure activities at a range of price points; and

- The increased appetite for 'relaxing' activities may make it more difficult for those creating and presenting challenging work.

3.4 Trend: National cultural products are being sold and consumed in an international marketplace. At the same time there has been a backlash against what some see as the homogenisation and exploitation by large corporations of cultural assets and a defensive reterritorialisation of local cultures and customs.

3.5 Potential Implications:

- The Festivals will likely experience the effects – both positive and negative – of being part of a 'global village'; and

- The Festivals may benefit from the dominance of the English language worldwide but an understanding and openness to other cultures and languages is likely to help those seeking a true international presence.

3.6 Trend: Low-cost airlines are offering more flights to more places for less. At the same time, the instability of oil prices suggests that this trend may be reversed in the long-term.
3.7 Potential Implications:

- Accessibility and transportation ease are likely to become even more crucial factors for Scotland’s arts scene securing a place on the global map; and
- If energy prices make long-haul and budget travel uneconomic, artists and organisations may again become reliant on domestic markets.

3.8 Trend: The creative industries have been recognised internationally as a competitive growth market. Scotland’s creative industries are a growing proportion of the national economy.

3.9 Potential Implications:

- The Festivals may only benefit in coming years from government policies which aim to support the creative industries if and in so far as their economic contribution is understood; and
- Artists may increasingly need familiarity with the workings of the marketplace to ensure their success in the cultural sector.

3.10 Trend: Governments are increasingly keen to use culture to achieve domestic and international policy aims and put pressure on those who receive funding to show value for money.

3.11 Potential Implications:

- Championing aesthetic value as the primary benefit of the arts may become more difficult;
- The Festivals may need to diversify their income sources and reduce dependency on the public purse in order to be able to pursue and fulfil their core missions effectively; and
- Cultural organisations may benefit from becoming more proactive in defining indicators for ‘value’ in terms that are meaningful for them.

Technology

3.12 Trend: Digital media and the internet are playing increasingly important roles in the way the arts and culture are created, distributed and consumed.

3.13 Potential Implications:

- It is likely that arts organisations will face increasing pressure to use the virtual networks and digital technology available to reach consumers;
- The authority of informal blogs and other peer networks is replacing official websites and critical voices. The Festivals can and should explore ways to use this to their advantage; and
- Improved real-time access to remote sites may depress cultural tourism but give unprecedented opportunities for artists to make virtual connections throughout the world.
3.14 Trend: Due to increased production and expanded distribution networks, consumers have an increasing number of choices of how and what to consume and are increasingly choosing to do so in the comfort of their own home.

3.15 Potential Implications:

- Arts that depend on the presence of an audience (museums, theatres, opera houses, festivals) may increasingly need to make a convincing argument for the unique value of the live experience;
- Visitors may expect a more unique, intense, all-consuming experience when they do venture out and not be satisfied with a high-quality show or exhibition alone — something the context of a festival provides; and
- Non-media based arts organisations may have greater opportunities to reach additional audiences through taking advantage of reformatting.

Environment

3.16 Trend: Global warming and cyclical environmental trends are causing more erratic weather worldwide. This has meant hotter and wetter weather in the British Isles.

3.17 Potential Implications:

- Tourism in Scotland may suffer if weather patterns become more extreme;
- Culture may find public and private funding diverted away to crisis causes; and
- Demand for environmentally-friendly tourism may increase, in which case cultural hotspots which are seen as 'green' choices in addition to entertaining ones may have a competitive advantage.

3.18 Trend: Intense global crises are more likely. Widespread global travel is increasing the risk of the spread of epidemics. Religious and ideological conflict is manifesting itself on a global scale.

3.19 Potential Implications:

- Artists and arts organisations may need to develop a plan for weathering sudden drops in international tourism caused by global configurations;
- Programmes which address global issues may become enticing for producers but their presentation will require great sensitivity to avoid political fall-out; and
- International programmes may become more difficult as a result of restrictions placed on travel from or to security-conscious states.
Society

3.20 Trend: The population of Scotland is expected to shrink and age, in contrast to the US, Asia and much of the developing world.

3.21 Potential Implications:
   - Segments of the cultural sector that appeal to older audiences may benefit in the short term from an ageing population; and
   - Policies that focus on attracting and retaining young talent and audiences for Scotland are critical to the survival of many of the more experimental and ground-breaking art forms and creative industries.

3.22 Trend: Existing health inequalities, alcohol abuse, poverty and growing obesity may continue to perpetuate Scotland’s reputation as the ‘sick man of Europe.’

3.23 Potential Implications:
   - Scotland’s government may face increasing pressure to tackle these social issues head on, which may cause diversion of funds away from the arts. At the same time, failure to address these issues will hold Scotland back in all areas, including the cultural sector.

3.24 Trend: Immigration is increasing and tourists are coming from a wider variety of places. China in particular has emerged as a major source of tourists.

3.25 Potential Implications:
   - The Festivals may increasingly need to acknowledge diverse audiences and cultural forms. Traditional ‘high art’ organisations may find their claims to uniqueness and primacy will not resonate automatically with more demographically diverse populations.

3.26 Trends: Hierarchies, boundaries and categories of culture (art forms) are increasingly blurred, flexible and fluid, including the boundary between artist and audience.

3.27 Potential Implications:
   - Amateurs may pose increasing challenges to professional artists;
   - Audiences may look for more participatory experiences; and
   - The demand for traditional venues, often heavily capitalised, may decline, as may the interest in the art forms that are tied to them and require their infrastructure.
PART TWO:
EDINBURGH - THE CURRENT SITUATION
4 Edinburgh in Context: The Experience of Benchmark Cities

4.1 The report draws upon AEA’s analysis of eight competitor cities and 24 comparator festivals. The aim of the benchmark study has been to identify threats to Edinburgh’s position as a world-class festival city and to explore examples of best practice in other cities.\(^1\)

About the Data

4.2 The research is based on desk research and consultation with festivals. Each city was analysed around a set of key criteria and benchmark ratios designed to rank the cities according to their relative competitiveness. These criteria were: economy, cultural offer and cultural spend, infrastructure, levels of innovation, workforce skills, quality of life, and new development projects.

4.3 This has resulted in the production of a great deal of data which can be viewed in the case studies. However, the lack of agreement around international statistical definitions, not to mention gaps in the data, makes quantitative ranking a fraught task. Intelligence gathering through discussions with key informants was a complementary source of data collection.

Economy

4.4 The strength of Edinburgh’s economy helps to maintain parity with its festival city competitors; in the short term, the economic growth of competitors does not pose a threat to Edinburgh’s Festivals. However, the comparatively high cost of Edinburgh’s accommodation and associated living costs threatens its position as a competitive destination for visitors in the medium to long term. (The Fringe, in particular, is therefore critically dependent upon the availability of university accommodation out of term time, and would be correspondingly vulnerable to any change in its availability from, for example, a change in the academic calendar.)

4.5 Edinburgh rates among the smaller of the festival cities benchmarked with 450,000 within the city and 780,000 people in the surrounding region. Singapore has over 4m inhabitants within its metropolis, Barcelona over 4.6m, Melbourne 3.6m, Montreal 3.5m, and Manchester 2.5m. Edinburgh’s international comparator cities all have significantly larger financial resources available due to their scale, thereby generating substantial sources of income that could be applied to festival development should this become a priority for the city. The population and economy of comparator cities are all growing, even though certain cities, like San Francisco and Montreal, have had recent dips.

\(^1\) Detailed case studies on each of the 8 cities can be found in Appendix 2.
4.6 The comparatively small tax base that Edinburgh has compared with benchmark cities provides a strong rationale — in the context of its broad economic impact — for its funding framework to access the wider, national, tax base. (This point does not appear to be reflected in discussions about the balance of public funding between the local, regional and national.) Edinburgh is, however, enjoying its own economic renaissance. It is the fastest growing economy in the UK after London (although Manchester and Newcastle are close behind); at 2.9% it has the lowest unemployment rate of all the comparative cities (Amsterdam 6.1%, Montreal 7.5%), which is particularly impressive when compared to UK cities (Manchester is experiencing a 9.1% unemployment rate and Newcastle is 8.4%). It has a competitive GDP per capita rate and an educated workforce: 32.8% of the workforce has a higher education degree. This is lower than San Francisco, the most educated workforce in the US, where 48% of its population over 25 has a university degree, but it compares well with Newcastle/Gateshead (25.1%) or Manchester (24%).

4.7 Edinburgh’s average weekly wage (£467) is fractionally lower than the UK average (£476). Despite considerable increase in research and development, per capita spending is lower in Scotland than the rest of the UK. Edinburgh runs the risk of being a victim of its own success. Visitor and performer accommodation costs in Edinburgh have risen 120% since 1997, against a 27% rise in ticket prices for festival events.

Infrastructure

4.8 Edinburgh’s enviable size and geography helps to create a festival atmosphere that cannot be replicated in any of the cities studied. However, Edinburgh’s transport infrastructure does not compare well with those of its competitors. In addition, other cities either have developed, or are proposing to make, significant improvements to cultural venues and infrastructure, and Edinburgh does not compare favourably with any of the chosen non-UK competitor cities. Edinburgh is progressing plans for tram lines serving the city centre, airport and the waterfront. Approximately £535 million has been committed to date, with the first trams scheduled to be running in 2010. A rail link to Edinburgh Airport is also being considered by the Scottish Parliament. This would provide direct rail services between the airport and towns and cities across Scotland, as well as to Edinburgh itself. Without investment of this scale, in infrastructural terms Edinburgh will fall behind UK competitors.

4.9 Compared to San Francisco, Montreal, Amsterdam and Singapore, Edinburgh’s air passenger capacity is tiny. Within the UK, Manchester’s airport is the 11th largest in Europe and 46th largest in the world with 95 airlines serving 180 destinations. Lonely Planet, for example, encourages visitors from Europe to fly in to London and take the train to Edinburgh.
4.10 Within the city, public transport is limited although the size of the centre makes travel by foot and cycle more palatable than in bigger cities such as San Francisco. Nevertheless, other cities provide a wider variety of transport. Amsterdam, for example, in addition to buses and trams, runs a metro and a public boat service and is investing in extensive new metro lines. Melbourne has one of the world’s most extensive tram networks, almost 300 bus routes and a train system with 15 lines. The Edinburgh bus system does not link festival venues especially well, and timetables do not take into account the late evening/early morning transport requirements during the festival period.

4.11 No data exist that allows for clear comparison of volume and quality of the cultural venues in each city. Cities are building performance and exhibition venues to focus cultural attention. Gateshead has built The Sage and the Baltic; Manchester built a new stadium for the Commonwealth Games; Amsterdam has recently completed the 1,850 seat Van den Ende theatre; Montreal is proposing to build a massive entertainment complex that will open in 2010/2011; and Singapore possesses the recently completed ‘Esplanade – Theatres on the Bay’ and is currently planning a series of new museums. Barcelona has invested substantially in renovating and building new cultural venues since the 1990s to reinforce its pre-eminence as a world class cultural destination. A 15,000 to 20,000-seat performing venue has been mooted for construction in San Francisco. The Edinburgh Festival Theatre was extended in the early 1990s, with work completed in 1994, and the renovation of the Usher Hall is underway.

4.12 Taken as a whole, Edinburgh’s small city centre and stunning topography help to promote a festival atmosphere, a quality impossible in larger, more diffuse cities, such as San Francisco or Manchester, where a number of the festivals do not take place in the centre (e.g. the Wigan Jazz Festival). It is striking that the San Francisco Jazz Festival does not seek to generate a festival ‘atmosphere’. Melbourne has suffered from the same problem, but is taking steps to remedy it. It has just built Federation Square to provide an area that will allow the festivals to succeed in their aim of ‘setting the city on fire’. Without question, Edinburgh’s uniqueness as a ‘festival platform’ remains unrivalled, although other historic cities (such as Prague, Budapest, Aix en Provence, Cracow) operate as excellent centres of festival activity at certain times of the year.

Public Funding

4.13 Edinburgh’s overall cultural budget appears lower than comparator cities on the basis of per capita spending. The majority of festivals receive subsidy from public bodies, but the extent varies dramatically from festival to festival.
4.14 Edinburgh City Council’s culture and leisure spend (£19.2m in 05/06)\(^3\) is 2.8% of total budget (£684m in 05/06). Cities all define ‘culture’ differently and therefore budget figures should not be used as comparative tools. However defined, there appears to be, amongst the cities studied, a budget threshold for ‘culture’ of around 4% of the overall municipal budget. Amsterdam, Montreal and San Francisco have cultural budgets of approximately 4%. Edinburgh City Council should work towards achieving a 4% threshold for “Culture” if it is to reflect comparator cities, it may even consider it appropriate to exceed this target in view of the competition expected over the next five to seven years. Had this been the case in 2005/06 the City Council would have invested £27.4m into festivals, theatres, visual arts and other cultural services. In recognition of the relatively small tax base of Edinburgh compared to that of the competitor cities such as Amsterdam, Montreal and San Francisco, the Scottish Executive should consider increasing its allocation of funding to the Edinburgh festivals.

4.15 The level of public municipal funding differs by city and by festival. A number of festivals withhold details of income, which prevents conclusions about the average public funding for the festivals under discussion. Publicly available city budgets rarely offer festivals as a separate cost centre. However, public subsidy is the norm. For example, of the three festivals surveyed in Amsterdam, there was a high level of public subsidy (performers at the Utmarkt are unpaid as there is no ticketing so all has to be funded). Several of Singapore’s festivals are run and funded almost entirely by the National Arts Council, a government agency. The Manchester International Festival (due in 2007) will be subsidised in the first years (almost 75% public funding); whether this will be sustained in the long-term is unknown. The Manchester Comedy Festival was, until this year, subsidised, but is now being part-funded by smile.co.uk. It is difficult to make meaningful generalisations about San Francisco. Its fringe has a small subsidy (9%), it raises 11% privately and the rest is earned – performers, however, receive 100% of box office income – while the Jazz Festival enjoys a suite of income streams, including memberships, patrons, merchandising, sponsorship, business support, and municipal support – a model of diverse revenue generation. Manchester Comedy and International Festival, Singapore Festivals, and the Newcastle festivals are most notable examples of new public investment in festivals.

Festival Offer

4.16 For the number and range of large festivals, Edinburgh’s festival season in August is unrivalled in the world. In terms of festival days per year (calculated by adding the length in days for each festival found in each city), Edinburgh’s offer is not exceptional. No one city can completely match Edinburgh’s offer exactly, but most of Edinburgh’s festivals have equivalents in other cities.

\(^3\) This figure includes expenditures for the Winter Festivals and the Science Festival. This figure does not include direct expenditures for Parks and Sport.
For the number and range of large festivals, Edinburgh’s festival season in August is not rivalled by the benchmark cities. In that month Edinburgh is the Festival City. In the winter period, none of the comparator cities except Montreal have exploited the Christmas/New Year experience in festival terms on the scale of Edinburgh, although Singapore undertakes major promotions that focus on shopping in the November-January season directed at Asian markets. Other cities, however, maintain a less seasonally specific offer, providing festivals throughout the year. Montreal and Melbourne are examples of this kind of city with a greater spread throughout the year and Barcelona’s summer festivals and fiestas (May through October) in total offer a large critical mass of activity.

In terms of festival days/year, Edinburgh’s offer is not exceptional. At 251 festival days per year, Edinburgh’s festival offer is far larger than its UK rival Manchester at 134 festival days, but is not especially imposing when compared to its international comparators. Barcelona presents 226 festival days/year, Melbourne 281, San Francisco 264 and Singapore 234. Only Amsterdam, which presents 177 festival days/year, is significantly smaller, while Montreal, at 397 festival days/year is very much bigger. (London, Paris and New York were not included in this study.)

Such a calculation cannot convey the intensity of programming within the city. The fashion of labelling theatre or music seasons as ‘festivals’ often masks the ordinary or sporadic nature of the programming schedule that lies behind them. Festivals by most standards provide multiple performances per day. A thorough analysis of performance numbers in the festivals offers the chance to compare the programming ambition in each city. Our preliminary analysis suggests the following insights. It is clear that the number of productions at Edinburgh Festival Fringe far outstrips Montreal and San Francisco’s Fringes combined. Indeed, when contrasted with a suite of festivals, Edinburgh Festival Fringe offers unbelievable choice and activity. Festival atmosphere, when understood as directly related to the number of performances per day during the festival, is made by Fringe events. When compared to other international arts festivals, the Edinburgh International Festival’s performance per day ratio is mid-way between Singapore (largest) and the Holland Festival (smallest). Among the jazz festivals, it is Montreal that is way ahead of the pack in terms of performances.

No one city can match Edinburgh’s offer exactly. Montreal has six festivals that match Edinburgh’s with any exactness (a children’s theatre festival, a jazz festival, a fringe festival, a new film festival, a literary festival, and a storytelling festival) and markets itself as a ‘city of festivals’ as actively as Edinburgh. Melbourne has five major festivals in common with Edinburgh’s (a jazz festival, a fringe festival, an international arts festival, a film festival, and a literary festival), and is beginning globally to promote its festival cluster. Across the range of cities, jazz festivals and arts festivals stand out as the most common. Barcelona, Manchester, Melbourne, Montreal and San Francisco all have jazz festivals (Amsterdam has a World Roots Festival); while Amsterdam, Barcelona, Manchester, Melbourne and Singapore all have festivals comparable to Edinburgh International Festival, at least in terms of number of productions and performances, and in certain cases attendance figures. (A comparative evaluation of programming quality, on the basis of expert opinion, was not part of this study.)
4.21 Film festivals are also common. Montreal, Barcelona and San Francisco provide throughout the year a large number of relatively small film festivals that celebrate subgenres and interest groups. In a sense, these cities might be considered film festival cities in a way Edinburgh is not. However, the Edinburgh International Film Festival does not look to the particular set of cities chosen for this study as its direct industry comparators. Many of Edinburgh’s festivals have a broadly comparable festival in one of the festival cities. The Children’s Theatre Festival is matched by Les Coups de Theatre Le Forum International des Arts jaune Public of Montreal; the International Science Festival has a comparator in Newcastle’s Science Festival; the Fringe has equivalents in Melbourne, Montreal and San Francisco; Newcastle has a Mela; the International Storytelling Festival is matched by the Quebec Intercultural Storytelling Festival. None of the cities had a Tattoo or a Hogmanay, although Barcelona is replete with calendar festivals, usually saints’ days. (The study embarked on a city-to-city comparison. There may be value in further festival-to-festival comparisons, not necessarily in the currently benchmarked cities.)

Brand

4.22 No city provides greater visibility to its festivals than Edinburgh, although Montreal and Melbourne are aspiring to do so. This relationship is being made even more explicit in the current marketing campaign around ‘an inspired Edinburgh’ which draws explicitly upon the festivals for that inspiration.

4.23 The Edinburgh City Region Brand - Edinburgh Inspiring Capital was launched in May 2005 and is the destination brand of the city region which is being used to attract tourists, inward investment and talent to the area. It provides a coherent visual identity and messages for the city region and for all the sectors in the area, acting as an umbrella brand. The cultural sector and, in particular, a number of the festivals were involved in the development of the brand. The brand pyramid below summarises the various elements of the brand.
4.24 The brand is intended to work in synergy with all the festivals and over time should add value to their promotion as the marketing plan for the brand is implemented.

4.25 Nearly all the festivals choose to specify their home city in their title — the San Francisco Blues Festival, the Singapore Arts Festival, and so on. There are exceptions, such as Sónar in Barcelona, or the Festival of New Cinema and New Media in Montreal. Nevertheless, there is little evidence of a city brand dominating the city’s festivals or any attempt to integrate festival brands within each city. Newcastle/Gateshead’s ‘2005 Alive’ brand has been introduced to represent Newcastle/Gateshead as a festival location, but, being date specific, does not offer long-term potential as a brand. It serves to promote disparate events that hitherto had no umbrella or relationships to one another.

4.26 The quality of city websites differs greatly. Amsterdam and Montreal provide the best city websites and link quickly to the festivals. Others are surprisingly poor. Barcelona and Singapore are instances of websites that provide inadequate insights into their respective festival scenes, although Singapore has plans to construct a new comprehensive gateway tourism portal.

4.27 The level of promotion for the festivals differs between cities but there are no cities that are placing festivals right at the forefront of their cultural offer to the exclusion of other events. Even Montreal, which asserts that it ‘parties longer, harder and way more often than any place on earth’, and may indeed have the most festival days in the world, does not provide its festivals with exceptional visibility on its website. Indeed, Amsterdam, with a smaller festival offer, nevertheless makes its festivals equally visible. The website edinburghfestivals.co.uk is unique and is to be commended, although it can be much further exploited and developed.

Management, Governance & Collaboration

4.28 Many festivals in the comparator cities experience similar governance challenges to those evidenced in Edinburgh. There are instances of occasional collaborations between festivals in other cities but over all the evidence of collaboration among festivals within cities is modest. There is increasing ‘talk’ in most cities of the need for increased collaboration but few signs of concrete actions being taken.

4.29 Festivals remain largely independent of one another. However, there is evidence among the newer entries into the festival scene, such as Newcastle and Manchester, that municipal councils are being interventionist and trying to encourage collaboration between festivals. For example, amongst the various ‘Festivals of the River and the Sea’ (an umbrella sub-brand of Newcastle’s 2005 Alive festival campaign) the Source of the Tyne Festival and Festival of the Coast collaborated on their marketing campaigns with one another and with an assortment of music festivals.
4.30 There is no example of a city-specific umbrella organisation independent of local government that coordinates festival strategy or festival ticketing although certain cities, such as Amsterdam, have developed festival strategies within a broader city cultural strategy. In terms of governance, many festivals studied have articulated problems: large and unwieldy boards, political interference, difficulties in recruiting skilled artistic directors; unclear divisions of responsibility. In most festivals, the Artistic Director remains the key figure within the organisation, although the styles of direction vary enormously. Friction between Directors and their Boards, or Boards and their public funders are often concentrated on poor performance at the box office or negotiations over levels of public subsidy.

4.31 There is little evidence of significant bilateral collaboration between festivals, let alone collaboration among festivals within cities. An exception is Singapore. Some of Singapore’s festivals are directly funded and run by the National Arts Council – the festivals are produced in house and therefore necessarily are a product of collaboration. Singapore Arts Festival has operated as a receiving house for programmes conceived or put on first by the Hong Kong Arts Festival. It has also collaborated with the Melbourne International Arts Festival. The Holland and Amsterdam Roots Festivals have collaborated with one other; the Roots Festival obtained use of Holland Festival’s greater spending power and Holland Festival got the benefit of higher attendance numbers. Yet the collaboration ended last year as the directors felt it was too burdensome. They are prepared to work together again but only on specific projects.

4.32 In no city did festivals appear to share overheads or marketing responsibilities with one another. In the first instance festivals appear drawn to comparable festivals in the region, rather than festivals within the city. Hence, festivals are represented by umbrella networking organisations such as the Asia Pacific Arts Festival Organisation, International Jazz Festivals Organisation, Jazz Festivals Canada or European Festivals Association.

4.33 The Holland Festival is advertising for new partners but this is exceptional. The lack of evidence for collaboration between festivals may be the result of singular importance of the uniqueness of festivals, or at least the appearance of uniqueness. Brand alliances appear unheard of.

Programming

4.34 Most festivals claim, predictably, to have innovative programming. The majority of festivals offer a little of the old and the new to appeal to a wide audience and almost all of them place an emphasis on being cutting-edge. There are exceptions, such as the San Francisco Blues Festival, but most cultivate the image of experimentation. Singapore Arts Festival is trying to introduce contemporary and cutting edge Asian art. Sónar in Barcelona and the Festival of New Cinema and New Media in Montreal are aspiring to be genuinely leading-edge festivals.
4.35 Manchester International Festival, due to open in 2007, is presenting exclusively newly commissioned work, a policy it contrasts to the programme policy of the Edinburgh International Festival. Such an emphasis on innovation does not guarantee happy critics or visitors, as Avignon Festival has discovered in recent seasons. All festivals studied strive to develop a programming policy that allows them to pursue an artistic mission whilst expanding audiences and revenues. When examining mission statements and policy documents of festivals, there is often little differentiation in the language used. It is the interpretation of the policy in terms of selecting the programme that gives each festival its distinction. However, there appears to be an increasing homogenisation in the programmes of similar types of festivals, which claim they are distinctive, but are clearly not so when viewed alongside their peers, as the market for presentations becomes increasingly global.

4.36 Festivals endeavour to harness local talent as well as introduce locals to the best of international talent. The Ulitmarkt, for example, presents a largely Dutch-speaking programme using local talent. Between the various fringe festivals risk is allocated differently. In Edinburgh, the performers take the financial risk; in the Manchester Comedy Festival, by contrast, the performers are paid by the festival, which takes the financial risk. In San Francisco, fringe performers are chosen by ballot and they take all receipts at the door. The expense of performing at the Edinburgh Fringe (let alone paying for accommodation) risks becoming a disincentive to groups with little money irrespective of artistic ambition.

4.37 Perhaps surprisingly, city festivals have not linked their programmes with city theme years. Amsterdam has been keen to use themed years to drive up visitor numbers (they have recently completed a Rembrandt year), but the festivals do not appear to have been affected by this. Barcelona has adopted a similar strategy (Gaudi year, year of design, etc).

Ticketing

4.38 Edinburgh has probably the most sophisticated ticketing operation among all the festival cities. There is no evidence of exceptional ticketing practices in other cities, although certain cities (Montreal, Singapore, Melbourne) are exploring new ticketing initiatives. Whether Edinburgh’s lead remains in the future is a question of speculation, but there is increased discussion in other cities of introducing enhanced ticketing operations. The Edinburgh Festival Fringe’s website, which allows customers to view the programme and, through linked access to festival sites, to buy tickets online, is particularly impressive. There is no evidence of exceptional ticketing practices in other cities and at present no dedicated festival portal of the kind supported by Edinburgh.

4.39 No city tourist portals offered ticketing services directly under their own brand, although offered links to ticketing websites. Many festivals offered online ticketing facilities. Most festivals provided a range of ticketing portals, including dedicated ticketing companies (like Ticketmaster) telephones, integrated box office, venue box offices, and newsagents, post offices and related stores (e.g. record shops for the San Francisco Blues Festival).
4.40 Although a number of cities have the equivalent of the Edinburgh Pass, a card allowing discounted and free entry to a wide range of attractions, none of these city passes allowed access to festivals (e.g. Amsterdam card). Nor is there among any cities a Festival Ticket, allowing discounted or priority access to the city’s festivals.

4.41 A number of festivals, such as the Uitmarkt in Holland, are free entry.

Visitors

4.42 Edinburgh’s tourism figures are at a level similar to those of its comparators, impressive given the city’s relative size, small airport and weather. Its figures cannot, however, compete with the most popular tourist destinations. Edinburgh’s flagship festivals have competitive attendances. New UK festivals may compete better with Edinburgh in terms of attendance in the near future. Firm conclusions are difficult as a result of inconsistencies in data collection and a lack of detailed segmentation within festival visitor statistics available.

4.43 The different means employed by the cities in measuring visitor numbers makes comparison difficult. It appears that Edinburgh, with 13m bed nights per year, fares relatively well next to its comparator cities: Barcelona receives 10.1m and Amsterdam 8m. Other cities, such as Melbourne (19.5m), receive considerably more. Edinburgh is well ahead of its UK festival competition in this respect, and at present looks healthy, with visitor numbers increasing. As a percentage of total tourists, the level of overseas tourists to Edinburgh is at present declining.

4.44 Edinburgh’s flagship festivals are well attended in comparison to their international counterparts. Edinburgh International Festival’s ticketed attendance of 153,000 (average, 2000-2004) compares well to that of the Holland Festival, which has 50,000 (2005), and the Barcelona Grec, with received 166,000 (2004). A comparison with Singapore’s Arts Festival is potentially misleading as the latter’s attendance figure, 601,000 for 2005, includes 400 free events. The Edinburgh Fringe’s ticketed attendance of 1.25m (2004) dwarfs that of both the Melbourne Fringe (191,000 free and ticketed visitors in 2004) and the San Francisco Fringe (6,629 visitors in 2004). Montreal’s Jazz Festival and Just for Laughs Festival exceed the Edinburgh Fringe’s numbers, with 1.9m and 1.65m patrons respectively, although these figures include free events. Edinburgh’s festivals may be threatened in terms of size by new UK festivals – the Manchester International Festival, to begin in 2007, has aimed to reach an attendance of 160,000 in its first year and 270,000 in subsequent year. The Newcastle Science Festival, founded in 2003, whose attendance doubled to 41,000 in 2005, is chasing the Edinburgh International Science Festival’s 77,000 (2005).
Economic Impact

4.45 Edinburgh’s festivals have a significant and beneficial economic impact. Many cities are trying to capitalise on this. Data on the economic impact of festivals is sporadic.

4.46 That festivals bring significant economic benefit is undeniable. Sonar is estimated to generate €47m for the Catalonian economy, creating 216 jobs; and the Melbourne Fringe has an estimated total economic benefit across Australia of A$18.1m and 118 jobs. A study conducted into the economic impact of the cultural sector in Montreal concluded that the cultural sector generated a real economic impact of C$4.7bn, of which an estimated 82% share stayed in Montreal, exceeding the tourism sector’s figure of 69%. The Edinburgh Festivals 2004-5 Economic Impact Survey estimates that the Edinburgh summer festivals generate £126.5m for Edinburgh, support 2,500 jobs, and contribute £134.7m for Scotland as a whole. Other cities which are not traditionally known for staging festivals are increasingly aware of the economic and tourism-related benefit of festivals, and are taking steps to increase their offer. The Manchester International Festival is projected to generate £34m for Manchester in return for £3.65m public investment. Newcastle is making use of festivals as part of its tourism strategy.