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STRONGER ARTS  
AND CULTURAL  
ORGANISATIONS  
FOR A GREATER  
SOCIAL IMPACT

CREATIVE  
LENSES  
CASE STUDY  
**AALBORG  
KARNEVAL**

Author Ellen O'Hara  
Interviewee Kresten Thomsen, CEO

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Author: Ellen O'Hara  
Editor and coordinator: José Rodríguez  
Design: Therese Severinsen [www.studiomnemonic.com](http://www.studiomnemonic.com)  
Photo: Aalborg Karneval

Creative Lenses is a four-year project, running from 2015 to 2019, that seeks to make arts and cultural organisations more resilient and sustainable by improving their business models and developing their long-term strategic and innovation capacities.

To find out more about Creative Lenses and its publications, visit [www.creativelenses.eu](http://www.creativelenses.eu)



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# AALBORG KARNEVAL

<b>Location</b>	Aalborg, Denmark
<b>Website</b>	<a href="http://www.aalborgkarneval.dk">www.aalborgkarneval.dk</a>
<b>Mission statement</b>	To develop Carnival in Aalborg, carnival traditions and public collaboration
<b>Organisation type</b>	Non-profit organization
<b>Main activities</b>	Running a venue and festival

## Introduction

Aalborg Karneval is Northern Europe's biggest public carnival parade with around 70,000 "carnevalists" and 50,000 spectators. Initiated in 1983 by a small group of volunteers, the inaugural event attracted around 5,000 participants. Since then, it has seen organic growth in audience numbers and now consists of three parades: the Star Parade, International Carnival Parade, and Children's Carnival. All three parades gather in the central park of Aalborg around three stages, accessible to those that have purchased the Aalborg Karneval loyalty bracelet.

Critical to the carnival business model are 2,000 volunteers that execute the carnival locally, in-house capability in crowd management and trusted sponsors (e.g. Heineken and Redbull), who drive value through sales income and brand elevation.

Aalborg Karneval creates value for participants and audiences by delivering on its promise of a completely unique experience, and for the municipality by successfully reaching younger audiences. Furthermore, the annual event generates EUR 10m euros in revenue in the city and 10% of revenue is distributed to local clubs, creating further economic impact locally.

### Key income streams

1. Sales of loyalty bracelet (60%)
2. Revenue from bars and stalls (20%)
3. Sponsorships (10%)
4. Public funding (5%)

### Turnover 2017

EUR 1.14 million

### Surplus/deficit 2017

Surplus EUR 113,000

### Number of employees and volunteers

3 full time and 2,000 volunteers

### Artforms promoted or produced

'The carnival spirit' – create the frame for the carnival which participants fill out. They build everything around the carnival: logistics, security, music stages and the venue is divided in two parts: the streets of the parade and the Kildepark, a large public park which holds the central stages.

"IF YOU HAVE A  
PRODUCT THAT  
IS VALUABLE TO  
PEOPLE, THEY  
WILL BUY IT"



## The drivers for change

Despite attracting 40,000 people per year by 2013, the carnival hadn't developed a sustainable business model and was dying. The old model relied on revenue from ticket sales, often confirmed just 7 or 8 hours before the event itself and deeply dependent on external factors such as the weather. Coupled with a 20% reduction in public funding over four years, the carnival was in crisis and needed a radical shift to survive.

## The implementation

In 2013, external consultants were brought to undertake a wholesale review of the organisation and devise a new strategic plan, including Kresten Thomsen, who went on to become CEO and lead the change. The plan was underpinned by in-depth research to understand what impact the carnival had in cultural, social and financial terms both on individuals and on the city.

The key message was that people were very loyal to the carnival and did not realise how critical their financial support was. For instance, 90% of respondents thought that the carnival it was funded by the municipality, did not know they were not for profit or that 10% of revenue is distributed to local organisations annually, creating value locally.

The staff and board underwent a full review and restructure to ensure that they had the right competencies to execute the new vision. Activities that were not core to the organisation were outsourced and better use was made of paid interns, who

now tend to work for the carnival for up to 18 months delivering research. EUR 250,000 in expenses were cut in year one of the new plan and all contracts were cancelled and reviewed in 2017.

The team trialled a series of new ideas from new events and partnerships, to new approaches to pricing and marketing, some of which failed and some of which worked. Each project was assessed on whether it responded to customer needs, reached the intended target markets, deployed the correct channels and partners, could be executed within budget and tested what people were willing to pay.

Robust data and evidence base enabled the carnival to make calculated and intelligent decisions and navigate change more effectively. By being transparent, sharing their accounts with the public for the first time and communicating their value with the public with a targeted marketing and communications campaign, they were able to overcome resistance and criticism and secure buy-in from the public for the proposed changes. The organisation has now embedded a culture of data driven decision-making and analyse everything they do, using a combination of audience feedback, booking data, sales data, and on-going evaluation of all aspects of delivery.

Artistic vision is balanced with financial goals by having two executive roles - Artistic Director and CEO, both reporting to the board, who in turn ensure that the business strategy is in service of the artistic vision and spirit of the carnival.

"WE SELL LOYALTY"



## The solution

The major change was to shift from selling tickets for entrance to the park and to begin selling loyalty bracelets for 6 months of the year. To bridge the immediate funding gap during this transition, Thomsen took out personal loans and close partners were asked to pay upfront. Long-term collaborations (3-5-year contracts) were established to secure key partners reduce time spent on annual negotiations.

## The results

The carnival has continued to achieve organic growth of participants and repeat attendees year on year and a recent study revealed that Aalborg Karneval has developed a recognised brand nationally. Importantly, loyalty bracelet sales have increased year on year and are set to

break records again in 2018, despite annual price increases.

Improved cashflow has enabled better forward planning and by continually refining the planning and execution process, Aalborg Karneval has been able to reallocate resources to test new approaches and keep innovating.

The vision for 2022 is to become 100% self-sufficient, generating EUR 3m in revenue, reaching an audience of 100,000 and increasing the percentage of audience members that purchase loyalty bracelets and enter the park from 55% to 65% of attendees. 40% of the new growth is set to come from producing other events of 10,000 or more, as well as delivering consultancy services to other large events.

### Lessons learnt and advice

Thomsen invites cultural leaders to continually question how they might create cultural value and grow revenues, by interrogating which aspects of your business have the potential to generate revenue and which do not. In this case, the Children's Carnival and International Parade can never be profitable and so must be cross subsidised through other revenue generating activities.

The loyalty bracelet embodies the spirit of carnival - friendship, harmony and love - and Tomsen highlights the importance of telling their supporters how much they love them to reward loyalty and grow support.

The process of innovation takes time and requires investment so they had to agree to use their own reserves to drive this forward.

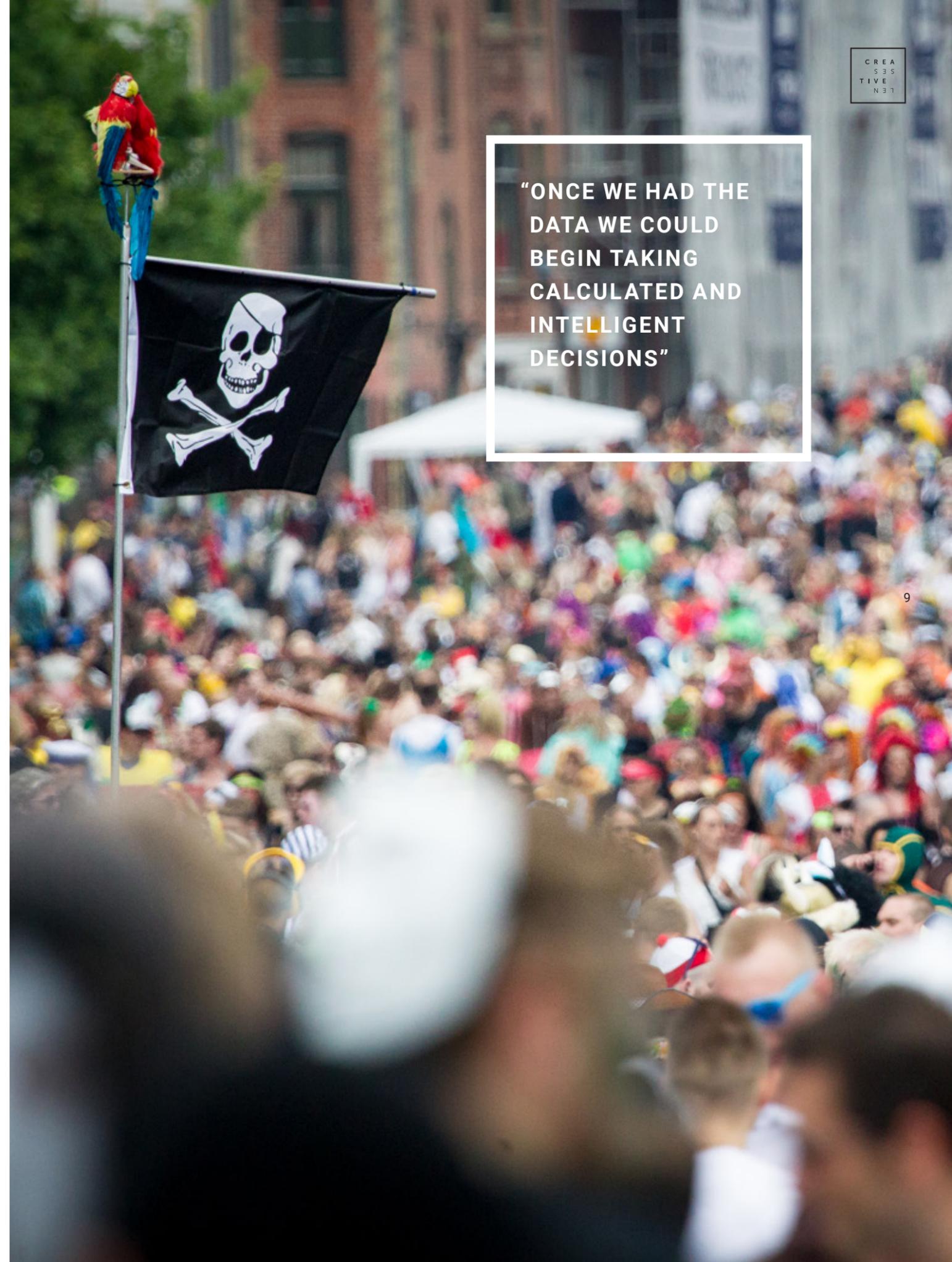
Start with several small ideas. What people say in surveys is what they do in real life can be experiment with small pilots and learn by doing.

Moving from gut feeling to evidence is a huge cultural shift, but an essential one. Understand the value that your organisation creates and what motivates your audiences, customers and stakeholders.

### ABOUT THE AUTHOR

**Ellen O'Hara** is an independent coach and consultant in creative and cultural enterprise with 18 years experience spanning the private, public and third sectors. She has designed and delivered enterprise and business development programmes for Nesta and Arts Council England (Digital Arts & Culture Accelerator), Innovate UK (Enterprise Skills for grantees), British Council, Creative United, and the Clore Leadership Programme.

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