

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

**Economic analysis: The Case Study of the Karlovy Vary
International Film Festival**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

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Thesis title

Economic analysis : The case study of the Karlovy Vary International Film Festival

Objectives of thesis

The thesis is devoted to Karlovy Vary International Film Festival (KVIFF), one of the oldest A-list film festivals. KVIFF is considered the most prestigious film festival in all of Central and Eastern Europe. The work presents description and evaluation of communication activities of Karlovy Vary International Film Festival from 2010 to present.

The main goal of the thesis is to identify key factors that affect number of visitors of Karlovy Vary International Film Festival. This is also done by marketing and therefore, partial goals of the thesis are to identify and evaluate individual features of marketing and communication mix and examine all promotional channels of the festival.

Methodology

The bachelor thesis is divided into theoretical and practical parts. The theoretical part focuses on the definitions of the terms film, film festivals, communication, marketing mix and principles. The practical part is devoted to a detailed analyses of the past and current state of the festival and its communication and promotion activities. Methodology used in both parts include description methods with reliance on survey methods. Most important part of practical section will be done by regression method.

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Bernadette Quinn (2013). Key concepts in event management. Los Angeles


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Valck, M., Kredell, B. and Loist, S. (n.d.). Film festivals.

Website of the Karlovy Vary International Film Festival "http://www.kviff.com/en/homepage"

Zaoralová Eva., Brent, J. and Hughes, K. (n.d.). The story of a festival.



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Declaration

I declare that I worked on my bachelor thesis titled "Economic analysis: The Case Study of the Karlovy Vary International Film Festival" by myself and I used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any person.

In Prague on 14th March 2018

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Economic analysis: The Case Study of the Karlovy Vary International Film Festival

Abstract

The thesis is devoted to the Karlovy Vary International Film Festival (KVIFF), one of the oldest A-list film festivals. KVIFF is considered the most prestigious film festival in all of Central and Eastern Europe. The thesis presents a description and evaluation of communication activities of the Karlovy Vary International Film Festival.

The bachelor thesis is divided into a theoretical part and a practical part. The theoretical part focuses on the definitions of the terms film festivals, communication, marketing mix and principles. The practical part identifies the factors that influences the number of visitors to KVIFF and the relationship between them based on the regression analysis. A trend line analysis method with the aim to predict visitors can be also found. Besides, the practical part is devoted to a detailed analysis of the past and current state of the festival and its communication and promotion activities. The methodology used in both parts includes description methods with reliance on survey methods. The aim of the thesis is to identify and evaluate individual features of the marketing and communication mix and examine all promotional channels of the festival.

Keywords: film, festival, marketing, statistics, analysis, Gross Domestic Product

Ekonomická analýza: Případová studie Mezinárodního filmového festivalu Karlovy Vary

Abstrakt

Bakalářská práce je věnována Mezinárodnímu filmovému festivalu Karlovy Vary, jednomu z nejstarších filmových festivalů světa. Tento festival je považován za nejprestižnější ve střední a východní Evropě. Práce se zabývá komunikačními aktivitami Mezinárodního filmového festivalu Karlovy Vary.

Bakalářská práce je rozdělena na teoretickou a praktickou část. Teoretická část se zaměřuje na definice pojmů filmové festivaly, komunikace, marketingový mix a principy. Praktická část je věnována podrobné analýze minulého a současného stavu festivalu a jeho komunikačních a propagačních aktivit. Metodika použitá v obou částech zahrnuje deskriptivní metodu a provedené dotazníkové šetření. Praktická část dále identifikuje faktory, které ovlivňují počet návštěvníků na karlovarském festivalu, a vztah mezi nimi na základě regresní analýzy. Rovněž v této části lze nalézt metodu analýzy trendů s cílem předpovědět počet návštěvníků pro další roky.

Cílem práce je také identifikovat a vyhodnotit jednotlivé rysy marketingového a komunikačního mixu a analyzovat všechny propagační kanály festivalu.

Klíčová slova: film, festival, marketing, statistika, analýza, hrubý domácí produkt

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List of abbreviations

4 Ps	Product, price, place, promotion
8 Ps	Product, price, place, promotion, process, people, physical evidence and performance
4 Cs	Consumer, cost, communication, convenience Commodity, cost, communication, channel
PR	Public relations
KVIFF	Karlovy Vary International Film Festival
FIAPF	International Federation of Film Producers Associations
USD	United States Dolar
FIPRESCI	Fédération Internationale de la Presse Cinématographique International Federation of Film Critics
FEDEORA	Federation of Film Critics of Europe and Mediterranean
VAT	Value Added Tax
OMA	Ministry of Culture - Media and Audiovisual Section

1 Introduction

The topic of my bachelor thesis is Marketing Communication of Film Festivals: The Case Study of the Karlovy Vary International Film Festival (KVIFF). I chose it because I had the opportunity to visit the festival and experienced the true atmosphere of the festival, which both the festival's representatives and visitors rightly emphasize. This experience made me curious about further information about the festival. I was particularly interested in why Karlovy Vary International Film Festival is such a successful cultural event that attracts a large lay and professional audience every year and becomes a centerpiece for a large number of media, including foreign ones, for several days during each summer. I found the answer in marketing and in the way of its promotion.

In recent years, the festival has become increasingly visible. I believe that this is the result of a thoughtful and targeted strategy to consolidate the position of the festival as the most important international festival in Central and Eastern Europe. My work attempts to give a picture of the marketing communication of the Karlovy Vary International Film Festival. The thesis consists of a theoretical part and a practical part. In the theoretical part I present key concept of marketing such as the 4 Ps and give the definition of common marketing tools. The practical part analyzes each individual tool of the marketing mix of the festival. Significant attention is paid to the festival itself – its history, program and venue. The following part contains the questionnaire survey. The final results of the analyses are a reflection of data collected from public sources, the festival representatives and the survey.

I believe my bachelor thesis will be beneficial in dealing with marketing and promotion of film festivals thanks to its complexity.

2 Objectives and Methodology

2.1 Objectives

The bachelor thesis intends to map and then to thoroughly examine promotional activities of the Karlovy Vary International Film Festival, from the forms of communication to the evaluation of the effectiveness of marketing tools suitable for promotion of the film festival.

The thesis contains of two components – theoretical and practical. Both parts of the work are closely linked and designed to move from general to concrete application. The theoretical part focuses on the definitions of the terms regression method, trend line analysis, marketing mix and principles, film festivals and promotional tools. The practical part is devoted to a detailed analysis of the festival's communication and promotional activities.

The Karlovy Vary International Film Festival is currently one of the most important cultural events not only in the Czech Republic but also throughout Eastern Europe. As a regular visitor of the festival I decided to assess how it promotes itself. Nowadays, certain questions have appeared in association with new types of media, tools and approaches in marketing. The main goal of the thesis is to identify key factors that affect the number of visitors of the Karlovy Vary International Film Festival.

Based on this, the following hypotheses have been set:

- 1) *The main goal of the thesis is to identify key factors that affect number of visitors of Karlovy Vary International Film Festival.*
- 2) *The Karlovy Vary International Film Festival uses suitable marketing tools to reach the target audience.*
- 3) *Among these instruments, increasing tendencies of new media can be observed.*
- 4) *Thanks to the efficient use of marketing tools, increasing numbers of festival visitors can be observed.*

2.2 Methodology

In the theoretical part, the specifics of marketing communication, promotion and film festivals are outlined. Relevant literature, periodicals and internet sources were used to compile this part. The main materials include the book *The Story of a Festival 50 Years of the Karlovy Vary IFF* by Eva Zaoralová, the website of the festival and literature about marketing.

The practical part is composed of the results of a study of the elements of the Karlovy Vary International Film Festival's promotion. Each essential feature is examined in detail. The sources used include the festival's website and social media channels – Facebook, Instagram, Twitter. Significant space is given to the statistical and economic figures of the festival where regression model is used to examine the factor influence to the numbers of visitors. Many facts were collected from the Press Department of the Karlovy Vary International Film Festival, specifically from the former International Press Manager Nguyen Hong Khanh whose insights became the backbone of certain chapters of the thesis. At the end of the practical part the results of questionnaire survey are presented together with findings and suggestions.

3 Theoretical Part

3.1 Film festivals

Film festivals play a significant role in the cultural environment since they create a place to celebrate film, unite and broaden the horizons. Festivals can offer a communal, shared and unique experience, when the films, their point of views, ideas and people meet. Audiences of all ages and interests can explore and consume cinema that would be difficult to reach in standard circumstances.¹

Film festivals can be divided into several categories according to their focus:

- Competition / non-competition festivals
- Specialized / non-specialized festivals
- Festivals of feature, documentary, short, animated, student films

The International Federation of Film Producers Associations (FIAPF) is a regulator of international film festivals, including some of the world's most significant ones. Its role is to help the producers, sales agents and distributors in the management of their relationships with the festivals. FIAPF sets regulations on the basis of which accredited festivals are expected to fulfil quality and reliability standards that meet industry expectations.

The standards contain:

- Good year-round organizational resources
- Genuinely international selections of films and competition juries
- Good facilities for servicing international press correspondents
- Stringent measures to prevent theft or illegal copying of films
- Evidence of support from the local film industry
- Insurance of all film copies against loss, theft or damage
- High standards for official publications and information management (catalogue, programs, fliers)²

¹What's the purpose of film festivals in the 21st Century? *www.screendaily.com* [online]. London [2018-02-07]. Access: <https://www.screendaily.com/comment/whats-the-purpose-of-film-festivals-in-the-21st-century/5108598.article>

²International Film Festivals. *FIAPF - International Federation of Film Producers Associations* [online]. [2018-02-09]. Access: <http://www.fiapf.org/intfilmfestivals.asp>

International film festivals are divided into four categories on the basis of international agreements:

- Competitive feature film festivals – Berlin, Cannes, Shanghai, Moscow, Karlovy Vary, Locarno, Montreal, Venice, San Sebastian, Warsaw, Tokyo, Tallinn, Mar Del Plata, Cairo, India – Goa
- Competitive specialized feature film festivals – for instance Santo Domingo (First films), Cartagena (Ibero and Latin-American films), Sofia (First and second feature films), Brussels (Fantasy and science fiction films) etc.
- Non-competitive feature film festivals – Toronto, Vienna
- Documentary and short film festivals – Tampere, Oberhausen, Krakow, St. Petersburg, Bilbao³

The most prestigious film festivals in the world are generally considered to be Cannes, Berlin and Venice. These festivals are sometimes called the “Big Three”.⁴ Nevertheless, the whole category of Competitive feature film festivals with all 15 festivals including Karlovy Vary is regarded with the highest esteem.

³International Film Festivals. *FIAPF - International Federation of Film Producers Associations* [online]. [2018-02-09]. Access: <http://www.fiapf.org/intfilmfestivals.asp>

⁴BORDWELL, David. *Figures Traced in Light: On Cinematic Staging*. University of California Press, 2005. ISBN 9780520241978. p. 144.

3.2 Statistical models

3.2.1 Trend line analysis

Trend line analysis helps predict future demand based on a series of historical numbers over time. Time series allow to determine the theoretical trend line based on the least squares technique, the sum of the distances from the points representing the actual demand in the past to the trend line taken by the vertical axis. They rely on the theoretical trend line to forecast demand for the future.⁵

To determine the theoretical trend line we first need to represent past needs on the chart and analyze the trend of those data. Through the analysis, if we find that the data are rising or falling relatively regularly in a certain direction, we can draw a straight line to show that direction. If the data fluctuate in a more complex way, such as increasing or decreasing rapidly or slowly, we can use appropriate curves to describe such volatility, such as parabolic, hyperbolic, and logarithmic.

3.2.2 Liner regression model

Linear regression is one of the most common statistical methods for regressing data with dependent variables of continuous value, while independent variables can have continuous values or classified values. An independent variable (X) could be used for cases where we want to predict a continuous quantity.⁶

The simplest form of the regression equation with one dependent and one independent variable is defined by the formula $y = A + b \cdot x$, where y = estimated dependent variable, A = intercept, b = slope of function and x = the independent variable.

The regression model is used for three main purposes:

- The regression model may be used to determine the relationship between an independent variable and a dependent variable. Moreover, the model extends the level of strength of the effect that the independent variable has on the dependent variable depending on the correlation coefficient. The model can be used to answer

⁵Vẽ đường xu hướng (Trendline) để dự đoán số liệu, phân tích xu hướng. *Blog chia sẻ kiến thức* [online]. [2018-03-13]. Access from: <https://blogchiasekienthuc.com/hoc-office/ve-duong-xu-huong-trendline-tren-excel.html>

⁶LINDLEY, D.V. *Regression and correlation analysis*. Palgrave Macmillan, 1987.

questions such as what is the strength of the relationship between sales and GDP etc.

- It can be used to forecast effects or impact of changes. That is, the regression analysis helps us to understand how much the dependent variable changes with a change in one or more independent variables. A typical question is, “how much will the sales change if GDP increases or decreases by 1%?”
- Regression analysis can also predict trends and future values depending on the regression function. A typical question is, “what will be the trend of sale next year, will it be an upward or downward trend?” or “what will be the price of gold in next 3 months”?⁷

3.3 Marketing mix

One of the basic elements of modern marketing is the so-called marketing mix. Philip Kotler defines it as a *"set of tactical marketing tools - product, pricing, distribution and communication policies that enable the company to tailor the offer according to customers' wishes in the target market."*⁸ According to the classic concept, the marketing mix includes four core areas – the 4 Ps – product, price, place (distribution) and promotion (marketing communication).

The marketing mix was originally proposed by academic and marketer E. Jerome McCarthy to provide a framework for marketing decision-making.⁹ His approach covered analysis, consumer behavior, market research, market segmentation and planning. But it was Phillip Kotler who popularized this approach and helped spread the the 4 Ps model that has been extensively adopted by both marketing academics and practitioners.

In the marketing of services, an extended marketing mix is used, usually adding additional 3 Ps – process, people and physical evidence. From time to time marketers add one more P, making it 8 Ps – product, price, place, promotion, process, people, physical evidence and performance.¹⁰

In the 1990s, the model of 4 Cs was introduced as a more customer-driven replacement of the 4 Ps. We can find 2 theories that have roots in the 4 Cs: Lauterborn's

⁷LINDLEY, D.V. *Regression and correlation analysis*. Palgrave Macmillan, 1987.

⁸KOTLER, Philip; ARMSTRONG, Gary. *Marketing*. Grada, 2004, ISBN: 8024705133, p. 105.

⁹NEEDHAM, Dave; *Business for Higher Awards*. Oxford, 1996, ISBN: 9780435285340, p. 55.

¹⁰KOTLER, Philip; *Marketing Management*. Pearson Education, 2012, ISBN: 9780273743613, p. 25.

consists of consumer, cost, communication, convenience, and Shimizu's 4 Cs are commodity, cost, communication and channel.¹¹

3.3.1 Product

Product refers to an item offered for sale that might satisfy a want or need. It can be tangible or intangible. A tangible product is a product that can be perceived by touch, such as a piece of clothing, gadget or vehicle. An intangible product is a product that can only be perceived indirectly, such as an insurance policy. Services can be broadly classified under intangible products. In connection with product, the following areas are usually discussed: product design – features and quality, product assortment – range, mix and lines, branding, packaging and labeling, services (complementary service, after-sales service, service level), guarantees and warranties, returns, managing products through the life cycle.¹²

According to De Pelsmacker, the product has three layers. The first layer is the nucleus defined as the unique basic benefit that is sold. The second layer is the physical elements of the product, something that can be grasped. For example, packaging or design. The last layer is the so-called widespread product that adds the core of attractiveness and interest for the customer. These may be additional services that are related to the product.¹³

3.3.2 Price

Price can be an important factor during the decision-making process of customers. It refers to the amount a customer pays for a product. Price also includes considerations of the value perceived by the customer, psychological costs such as the time and effort expended in the acquisition. Price is the only variable that has implications for revenue. Pricing is the process where a business takes into account the price at which it could acquire the goods, the manufacturing cost, the market place, competition, market condition, brand and quality of product.¹⁴

¹¹NEEDHAM, Dave; *Business for Higher Awards*. Oxford, 1996, ISBN: 9780435285340, p. 56.

¹²NEEDHAM, Dave; *Business for Higher Awards*. Oxford, 1996, ISBN: 9780435285340, p. 57.

¹³DE PELSMACKER, Patrick. *Marketingová komunikace*. Praha, 2003, ISBN: 8024702541, p. 24.

¹⁴KOTLER, Philip; *Marketing Management*. Pearson Education, 2012, ISBN: 9780273743613, p. 422.

3.3.3 Promotion

Promotion refers to “*the marketing communication used to make the offer known to potential customers and persuade them to investigate it further*”¹⁵ The elements of promotion are: advertising, PR, direct marketing and sales promotion. An optimal promotional plan specifies how much attention to pay to each of the elements in the promotional mix, and what proportion of the budget should be allocated to each element. There are three objectives of promotion: to present information to consumers and others, to increase demand, and to differentiate a product. The purposes of promotion include: sales increases, positioning, creation of brand equity, new product acceptance, competitive retaliations, building a brand.¹⁶

3.3.4 Place

Place is a part of the marketing mix that refers to providing customer access. It is defined as the “*direct or indirect channels to market, geographical distribution, territorial coverage, retail outlet, market location, catalogues, inventory, logistics and order fulfillment*”.¹⁷ Its purpose is to deliver the product to customers at the place and time that suits them. Distribution is concerned with ensuring that products reach target customers in the most direct and cost efficient manner. In the case of services, distribution is principally concerned with access.

3.4 Promotion

The purpose of this chapter is to provide a detailed description of promotion. It contains the tools a company uses to communicate with the target groups to support its products or image. These communication mix tools are: advertising, sales promotion, sponsorship, public relations, direct marketing, trade fairs, exhibitions, and personal sales.¹⁸

¹⁵BLYTHE, Jim *Key Concepts in Marketing*. Los Angeles: SAGE Publications Ltd. 2009, ISBN: 9781847874993, p. 170

¹⁶BOONE, Louis; KURTZ, David. *Contemporary marketing*. Hinsdale, Ill: Dryden Press., ISBN: 9780030885181, p. 50

¹⁷BLYTHE, Jim *Key Concepts in Marketing*. Los Angeles: SAGE Publications Ltd. 2009, ISBN: 9781847874993, p. 175

¹⁸DE PELSMACKER, Patrick. *Marketingová komunikace*. Praha, 2003, ISBN: 8024702541, s. 24

3.4.1 Promotional plan

The promotional plan can be understood as a set of promotional items in a certain time sequence. The plan is designed in mutual continuity and support. In the following chapters will focus on the objectives of promotion, target groups, promotional mix, and promotion effectiveness.

Objectives of promotion

Each organization or institution should have a target of promotion that would be based on its strategic marketing goals and the marketing mix, i.e. products, their prices and the way of goods and places of sale. The goal of promotion is the communication goal.

The targets can be various, they are dependent on the phase in which the product is located. When a company launches a new product, it usually offer customers incentives to try the product. The goal of the promotional product campaign is to show customers what the product is about and persuade them that it has benefits for their lives. Existing products that have already been introduced to the market appear to have plans associated with increasing product awareness. Activities that increase product awareness can include anything from sampling the product or offering the product in a new market. Companies can also increase product promotional awareness by encouraging their current loyal customer base to introduce their acquaintances to the product.¹⁹

Other objectives can be:

- To raise public interest (awareness of potential customers)
- To inform about the standing offer
- To inform about current events
- To maintain lasting awareness
- To strengthen the image

The goal of the promotion does not necessarily have to be profitability. Goals can be both short-term (attract attention, increase sales, improve attitudes), as well as long-term

¹⁹KOTLER, Philip; *Marketing Management*. Pearson Education, 2012, ISBN: 9780273743613, p. 429

(repeated purchase or attendance). However, it is always true that the more specific the goal is, the easier it is to design and coordinate individual actions to achieve that goal.

Target groups

Proper identification of the target customer group is one of the most important factors of successful promotion. The current society is very diverse and the market is made up of different types of customers with various interests and needs. Therefore, it is necessary to prepare an offer that will reach these customer groups.

Target marketing means focusing marketing resources on a specific market that is more likely to buy from the organization than other markets. This is a much more affordable, efficient, and effective way to reach potential clients and generate business.

There are several steps that each company should consider during targeting:

- Monitoring the current customer base
- Knowing the competition
- Analyzing the product/service
- Appointing specific demographics to the target (age, location, gender, income level, marital or family status, occupation, ethnic background)
- Studying the psychographics of the target group (personality, attitudes, values, interest/hobbies, lifestyles, behavior)
- Evaluating the decision²⁰

Promotional mix

Promotional mix represents a blend of promotional variables chosen by marketers to help an organization reach its goals. An optimal way of allocating budgets for the different elements within the promotional mix can help to achieve the best marketing results, and the challenge for marketers is to find the right mix of them. The following elements will be studied:

Advertising

²⁰How to Define Your Target Market. *Inc.com* [online]. [2018-02-18]. Access: <https://www.inc.com/guides/2010/06/defining-your-target-market.html>

Advertising is a form of communication that employs an openly sponsored, non-personal message in order to promote or sell a product, service or idea. It can have an audio or visual structure. Advertising is communicated through assorted mass media: traditional media such as newspapers, magazines, television, radio, outdoor advertising, direct mail; new media such as search results, blogs, social media, websites or text messages.

From the point of view of the film festival, advertising is very helpful as a communication tool. Thanks to advertising, the festival gets to the attention of the general public, whether through billboards, posters, or television and radio spots. An extensive advertising campaign is also a picture of the whole event.

Advertising has a power to reach many people, although at the same time it is still impersonal and one-sided. A potential visitor or customer is not forced to pay attention or respond to it. In addition, it requires great effort in the planning and decision-making process regarding which of these forms of advertising should be included, because some, such as radio advertising, can be purchased with a minimum budget as opposed to television commercials, which are very expensive nowadays.²¹

Personal selling

Personal selling is the process of helping and persuading customers to purchase a good service or to act on any idea through the use of an oral presentation, for instance in a face-to-face manner or by telephone. Personal sales have an advantage over the above mentioned advertising in that they require personal interaction between people. The sales person should be able to adapt to the desires of the individual customer. The relationship between vendor and buyer plays an indisputable role here. A properly qualified merchant should always follow the rule: my customer, my responsibility.²²

On the other hand, personal selling is one of the most expensive communication tools, whether because it is a long-term matter or because of the necessity to spend money on each contact.

As mentioned above, it is personal contact between the two sides which is very difficult in relation to the film festival. This tool of communication is more suitable for consumer products.

²¹KOTLER, Philip; *Marketing Management*. Pearson Education, 2012, ISBN: 9780273743613, p. 430

²²KOTLER, Philip; et al. *Moderní marketing*. Grada publishing, 2007. ISBN 9788024715452, p. 1048

Sales promotion

Sales promotion is one of the elements of the promotional mix. It uses both media and non-media marketing communication types to increase consumer demand in a short time. Sales promotion is implemented to attract new customers, to retain present customers, to counteract competition, and to take advantage of opportunities that are revealed by market research.

Examples of consumer sales promotion types are:

- Price deal/sale
- Loyalty programs
- Freebies
- Coupons
- Sampling
- Bonus pack deal²³

Public relations

Public relations, also abbreviated as PR, is one of the most fragile areas of the promotional mix. It depends on careful planning and precise execution. Public relations means to build and maintain good relationship with target groups and to have a good image. This can be achieved through good publicity. The aim of public relations is to inform the public, prospective customers, investors, partners, employees, and other stakeholders and ultimately persuade them to maintain a positive or favorable view of the organization, its leadership, products, or political decisions. Public relations may include an organization or individual gaining exposure to their audience using topics of public interest and news items that do not require direct payment. This differentiates it from advertising. The communication is more authentic and close to the customer than classical commercial ads. This is mainly because the information about a product is given in the form of news.²⁴

PR involves communication with the media, writing news releases and public speeches, organizing press conferences, preparing annual reports, supporting charity or sponsorship, writing website and social media content, managing company reputation (crisis management), managing internal communication, event management.

²³KOTLER, Philip; et al. *Moderní marketing*. Grada publishing, 2007. ISBN 9788024715452, p. 1048

²⁴Career Overview: Public Relations. *Wetfeet* [online]. [2018-02-22]. Access: <https://www.wetfeet.com/articles/career-overview-public-relations>

PR activities are widely used by the film festival. Due to the fact that this is not a long-term event, it is necessary to have these activities well prepared, whether it is a debate with the main representatives or the preparation of the festival. I am convinced that public relations is one of the most important communication tools for a cultural event such as a film festival.

Direct Marketing

Direct marketing is a form of advertising where organizations communicate directly to customers through a variety of media. This type of communication has to elicit an immediate reaction. Appropriate means are: e-mail, telephone, fax, database marketing, fliers, catalog distribution, promotional letters.

The biggest advantages are:

- The message is personal and individual.
- The message can be customized to be attractive to a particular customer.
- Direct marketing is attractive by being driven by a dialogue between customer and communicator, it can respond to customer needs.

In the case of direct marketing, it is possible to have individual access to each customer, which is not suitable for most of the festival performances. The only appropriate use of direct marketing is an e-mail preceded by the customer's request (either by subscribing to a newsletter or by establishing contact via a communication channel).²⁵

New Media

Many new publications include new media among marketing tools. New media represent new information opportunities that open the door for a dialogue between the buyer and the seller. Attention is therefore paid mainly to advertising on the internet. Many companies and institutions now deal with the issue of the effectiveness of advertising campaigns conducted via the internet.²⁶

We can say that new media are forms of media that are native to computers, computational and relying on computers for distribution. Some examples of new media are

²⁵Harrell, Gilbert D. *Marketing: Connecting with Customers*. Chicago Education Press. 2008 ISBN 9780979830402, p. 286.

²³KOTLER, Philip; et al. *Moderní marketing*. Grada publishing, 2007. ISBN 9788024715452, p. 1090

websites, mobile apps, virtual worlds, multimedia, computer games, human-computer interface, computer animation and interactive computer installations.²⁷

Another new component of new media are the so-called social networks that create virtual space. Marketing guru Philip Kotler also admits that the next phase of marketing can be the use of social networks and building customer relationships through them.²⁸

Promotion effectiveness

This complex concept needs to be seen in a comprehensive way. When monitoring the effectiveness of promotion, it is worthwhile to take several factors into account:

- Sale,
- Knowledge of the brand,
- Linking marketing with brand (product),
- Traffic to websites,
- The number of calls on a special customer line,
- Preview of the brand image (product),
- The perceived value of the brand (product)
- Involvement of customers in the action (e.g. when the customer submits a questionnaire, something gets / goes into the draw - subsequent use of the questionnaire),
- Distributors' interest in the product.²⁹

²⁴KOTLER, Philip; et al. *Moderní marketing*. Grada publishing, 2007. ISBN 9788024715452, p. 1091

²⁵KOTLER, Philip; et al. *Moderní marketing*. Grada publishing, 2007. ISBN 9788024715452, p. 1091

²⁹KOTLER, Philip; et al. *Moderní marketing*. Grada publishing, 2007. ISBN 9788024715452, p. 1099

4 Practical Part

4.1 About the Karlovy Vary International Film Festival

4.1.1 Basic information

*“Karlovy Vary is a sumptuous affair, an energetic, youthful and lively film celebration with no national competitor in sight.”*³⁰ Those are words of Israeli film critic Dan Fainaru who has visited the festival many times. Karlovy Vary International Film Festival (KVIFF) is no doubt the most prestigious event in the Czech Republic, or even in Central and Eastern Europe. It benefits from the geographic location between Western and Eastern Europe.

Each year the festival presents more than 200 films from around the world. It is an event both for film professionals and the general public, and offers the audience a thoroughly designed program, useful facilities and extensive range of services. The festival has exceptional appeal both for filmmakers and the general audience. The KVIFF is one of the few festivals in its category open to the general public. The KVIFF public is made up of thousands of devoted film fans who create an unforgettable ambiance of spontaneity. Thanks to these young “backpackers”, the atmosphere of this well-known spa town during the festival is remarkable. And it is not just young people who stand in line for tickets, but also the older generation and dozens of people who plan their vacations in order to attend. Without its audience, the Karlovy Vary IFF would never have become the festival it is today. All those who come to Karlovy Vary agree on this point. Even the world’s biggest film stars value the energy and vibe that audience and visitors bring to the festival.³¹

The Karlovy Vary film festival is a traditional symbol of the early summer holidays and film fans could not imagine the first half of July without it. The otherwise peaceful spa town becomes one of the most sought-after places in Central Europe for several days. The festival period brings not only economic advantages but also a break from monotony.

³⁰ZAORALOVÁ, Eva. *The Story of a Festival 50 Years of the Karlovy Vary IFF*. Film Servis Festival Karlovy Vary, 2015. ISBN 9788026080527. p. 210

³¹Festival description. *Karlovy Vary International Film Festival* [online]. [2018-02-10]. Access: <http://www.kviff.com/en/about-the-festival/festival-description>

4.1.2 A brief history

The roots of the festival date back to 1946 when the first year took place in Mariánské Lázně. The festival moved to Karlovy Vary in 1947, and the following year The Crystal Globe, which is a permanent part of the festival today, was unveiled and the festival became competitive. In 1956 the festival was included in category A by the International Federation of Film Producers Associations (FIAPF) thanks to which its prestige increased. Unfortunately, following the establishment of the International Film Festival in Moscow and the decision to hold only one festival of this kind in the socialist countries per year, the Karlovy Vary Festival was forced to alternate with the Moscow Festival from 1958 to 1993.³²

The Karlovy Vary festival spent 40 years operating under political pressures in socialist Czechoslovakia. The political situation was reflected in the festival program, the prizes awarded (including, for example, prizes for peace, work or social progress), as well as in the attending guests. In 1994, a new team headed by well-known Czech actor Jiří Bartoška and leading film journalist Eva Zaoralová took over the festival's organization and decided to reshape the stagnating festival into an film forum deserving of international attention. Until 1997, the festival was organized by the Karlovy Vary Film Festival Foundation, after the change of the law, Film Festival Karlovy Vary, a.s. became the only organizer and is headed by the president of the festival Jiří Bartoška. Thanks to the new programming and organizational approach implemented by Bartoška and Zaoralová the festival regained its previous level of prestige and won back the interest of film professionals and the general public.³³

With the beginning of the new millennium, an age of balance and self-confidence came to the Karlovy Vary IFF. Changes were made to the organization and the production team but the foundation remained. Under the leadership of Jiří Bartoška, new members were trained to become essential parts of management of the festival. This applies to Kryštof Mucha, who holds the function of Executive Director. and Petr Lintimer as

³²Festival description. *Karlovy Vary International Film Festival* [online]. [2018-02-10]. Access: <http://www.kviff.com/en/about-the-festival/festival-description>

³³Festival description. *Karlovy Vary International Film Festival* [online]. [2018-02-11]. Access: <http://www.kviff.com/en/about-the-festival/festival-description>

Production Manager. Similarly, Karel Och became the successor of Eva Zaoralová and took over the artistic leadership for the program section. The festival can also count on a great number of permanent workers who work with the program section, press department, industry office, VIP guest service, and other specializations. Thanks to the collaboration of all necessary components the festival is acknowledged on both the domestic socio-cultural scene and the international stage.³⁴

4.1.3 Program

Each year the festival presents about 200 films from all over the world. Many of the films are only screened at the festival, while others come to Czech or foreign distribution, to television, or to other festivals thanks in part to their presence in Karlovy Vary. According to Karel Och, the Artistic Director of the festival: *“A key role for any film festival is helping moviemakers, especially those just starting out in their careers, by creating the best conditions for presenting their work, providing an opportunity for them to discuss their movies with audience, and helping them find the right, most effective path through the jungle of the film industry.”*³⁵

With the exception of retrospectives, all films are shown in the Czech Republic for the first time, and a number of them have their World, International or European premiere in Karlovy Vary.

The competitive sections include:

Official Selection – Competition

A non-specialized international competition of feature-length films presented as World or International premieres.

³⁴ZAORALOVÁ, Eva. *The Story of a Festival 50 Years of the Karlovy Vary IFF*. Film Servis Festival Karlovy Vary, 2015. ISBN 9788026080527. p. 192

³⁵ZAORALOVÁ, Eva. *The Story of a Festival 50 Years of the Karlovy Vary IFF*. Film Servis Festival Karlovy Vary, 2015. ISBN 9788026080527. p. 195

East of the West – Competition

An international competition – first and second films from Central and Eastern Europe, the Balkans, Greece, the countries of the former Soviet Union and the Middle East presented as World, International or European premieres.

Documentary Films – Competition

An international competition of feature-length documentary films presented as World, International and European premieres.³⁶

Non-competitive sections includes:

Horizons and Another View: A selection of the most remarkable contemporary films.

Imagina: Films with an unconventional approach to narration and style, distinctive and radical visions of film language.

Out of the Past: Classic, cult, rare and unfairly overlooked films, screened in their original or restored versions.

People Next Door

This thematic section was co-created by the Karlovy Vary IFF and the Sirius Foundation, whose program reflects the ideas underlying the Walking People campaign (Chodící lidé). The aim of campaign is to show the majority public how to communicate with people with disabilities and how to interact with them.

Future Frames: Ten New Filmmakers To Follow

Ten directors, an upcoming generation of young European filmmakers, present their student films. The project is organized in cooperation with European Film Promotion.

³⁶Programme sections. *Karlovy Vary International Film Festival* [online]. [2018-02-11]. Access: <http://www.kviff.com/en/about-the-festival/programme-sections>

Variety Critics' Choice: Ten extraordinary films selected by the critics of the prestigious Variety magazine.

Midnight Screenings: A selection of the latest horror and action films, works that look at their genres in new, often humorous, ways.

Czech Films: A representative selection of current Czech films.

In addition to the regular programme sections showcasing the work of the world's leading filmmakers and promising new creative talents, festival visitors can also look forward to watching films included in retrospectives and specialised sections.³⁷

4.1.4 Awards

Awards for films in the Official Selection are:

- Grand Prix – Crystal Globe for Best Feature Film (USD 25,000)
- Special Jury Prize (USD 15,000)
- Best Director Award – can be awarded jointly
- Best Actress Award – can be awarded jointly
- Best Actor Award – can be awarded jointly

The jury may also award up to two Special Mentions for merits clearly defined. The Grand Jury cannot confer more than two awards to a single film.

Awards for East of the West Selection are:

- The East of the West Competition Grand Prix is USD 15,000.
- The East of the West Special Jury Prize is USD 10,000.

Grand Prix for Best Documentary Film

- The prize for the best feature – length documentary film is USD 5,000.

³⁷Programme sections. *Karlovy Vary International Film Festival* [online]. [2018-02-11]. Access: <http://www.kviff.com/en/about-the-festival/programe-sections>

- Documentary Special Jury Prize

Crystal Globe for Outstanding Artistic Contribution to World Cinema

Each year the Karlovy Vary IFF recognizes at least two exceptional figures who have made an indelible mark on the development of world cinema.

Festival President's Award

Each year the Festival President's Award is given to figures of cinema world who have contributed in a fundamental way to the development of film, not merely in their own countries but around the world.

Non-statutory Award

The following awards of the non-statutory juries are also awarded at the festival each year: The FIPRESCI Jury Award, The Ecumenical Jury Award, The FEDEORA Jury Award, Europa Cinemas Label Jury Award.

Právo Audience Award

Sponsored by widely read daily newspapers Právo, the Audience Award is one of the most important awards that can be won at the festival. The votes and rankings of the festival audience can suggest the first impressions of how successful the film will be in domestic and international cinemas. After each festival screenings the audience have the opportunity to rate the film by tearing the rating on their voting ballot (1 – excellent, 2 – good, 3 - average, 4 – poor). The ballot is handed to a hostess or left in the ballot box when leaving the cinema. The results are continuously published in the official festival newspaper, on the festival website and on the festival circuit TV as they come in. The Audience Award is usually awarded during the festival closing ceremony.³⁸

4.1.5 Film personalities at the festival

As stated above, each year the festival presents a Crystal Globe for Outstanding Artistic Contribution to World Cinema to a leading personality of world cinema, whereby

³⁸Awards. *Karlovy Vary International Film Festival* [online]. [2018-02-11]. Access: <http://www.kviff.com/en/about-the-festival/awards>

the festival recognizes actors and filmmakers for their distinguished work in the field of international cinema.

Important past recipients of the award are actors Robert Redford, Robert de Niro, Michael Douglas, Danny DeVito, John Malkovich, Harvey Keitel, Morgan Freeman, Liv Ullmann, Judi Dench, Susan Sarandon, John Travolta, Mel Gibson, Richard Gere, Willem Dafoe, Jean Reno, directors William Friedkin, Miloš Forman, Stephen Frears, Nikita Michalkov, Roman Polanski, Ivan Passer, Oliver Stone, Carlos Saura, Franco Zeffirelli, Charlie Kaufman, and producers Saul Zaentz and Robert K. Shaye.³⁹

4.1.6 Industry section

The objective of Industry Office is to connect film professionals at the festival, to allow producers and directors to promote their films and to provide them with a space for buyers, distributors and representatives of other film festivals. The KVIFF welcomes 800 attending distributors, sales agents, producers and festival programmers each year.

Besides organizing various informal events, workshops, and panel discussions, every year the Karlovy Vary IFF hosts the **“Works in Progress”** platform for a presentation of the most promising new films from Eastern Europe, the Balkans, Turkey, and the countries of the former Soviet Union. All the participating films are in post-production or are just being completed; they do not have an international sales agent and their official premiere will be after the conclusion of the Karlovy Vary IFF. The festival gives them a space to present themselves. The **“Pitch & Feedback”** event gives the creators of new Czech and Slovak films-in-development a unique opportunity to receive feedback from various experts and to find co-production partners. **“Docu Talents from the East”** presents the most notable original documentaries from Central and Eastern Europe.⁴⁰

4.1.7 Venue

As stated above, during its long history, the festival moved numerous times. When still in Mariánské lázně, the main festival symbol was, as indicated by period sources, the

³⁹Festival description. *Karlovy Vary International Film Festival* [online]. [2018-02-11]. Access: <http://www.kviff.com/en/about-the-festival/festival-description>

⁴⁰Programme sections. *Karlovy Vary International Film Festival* [online]. [2018-02-11]. Access: <http://www.kviff.com/en/about-the-festival/programe-sections>

Casino cinema. After moving to Karlovy Vary Grandhotel Pupp became the main representative center of events, at that time known as the Moscow Hotel. In 1978 this function was taken over by the newly built complex of the Thermal Hotel, which symbolizes one of the epochs of the spa town Karlovy Vary. This stage is a milestone in the history of the KVIFF.⁴¹

Hotel Thermal

Hotel Thermal has become a symbol of the festival. The authors of the architectural design are Věra and Vladimír Machonin. The investor of the construction was initially Čedok, who was expecting a new spa center to attract mainly American clientele. After the political events of 1968, the building was taken over by the Československé státní lázně (Czechoslovak state baths) and completed as a modern sanatorium for the working class and eastern unionists. At present, Thermal Sanatorium is owned by the state.

Thermal excels at its timeless functionality. It offers a unique combination of relaxation with a view of the entire spa center. It has 273 rooms, one of the largest congress centers in Western Bohemia. The total capacity exceeds 2,000 conference seats. The complex is designed to meet the demands of the festival. Besides Grand Hall with 1,148 seats, the Hotel Thermal features 2 other halls and several lounges; all having variable arrangements. The Grand Hall serves not only as a cinema, but also for the opening and closing ceremony of the festival, which is broadcasted live on the Czech TV. Thermal also has space for a large amount of offices for the festival team and for journalists who attend the festival.⁴²

Festival cinemas

The festival films can currently be screened in 13 cinemas with a total of 3,549 seats. More than 50% of the seats are located in Hotel Thermal, which confirms the importance of the hotel. A very remarkable spot is a reconstructed open air theatre cinema on the outskirts of Karlovy Vary. The festival uses the cinema as a place where award-winning stars can meet and greet with fans before the special screenings of their films.

⁴¹ZAORALOVÁ, Eva. *The Story of a Festival 50 Years of the Karlovy Vary IFF*. Film Servis Festival Karlovy Vary, 2015. ISBN 9788026080527. p. 35

⁴²ABOUT HOTEL. *Thermal.cz* [online]. [2018-02-12]. Access: <http://www.thermal.cz/en/thermal-hotel-karlovy-vary/>

Cinemas in Hotel Thermal:

- Grand Hall
- Small Hall
- Congress Hall
- Cinema A
- Cinema B
- Cinema C

Other cinemas:

- National House
- Cinema Drahomíra
- Cinema Čas
- Karlovy Vary City Theatre
- Husovka Theatre
- Pupp
- Lázně III⁴³

Accompanying events

The KVIFF is not only a celebration for film fans and filmmakers, it is primarily a social event. For many visitors and predominantly locals, its accompanying program is the main attraction. On the other hand, the organization of events is a useful tool for festival partners and sponsors to show their brands and reach target groups. Accompanying events can be divided into several categories. One of the categories would surely include concerts and public screenings in front of the Thermal Hotel. In the last three years, the tradition of festive opening concerts with a symphonic orchestra has become a source of entertainment for the audience.

The activities of the ČEZ Group, the General Partner of the festival, contain a series of concerts merged into ČEZ ENERGY FEST, another tradition that usually takes place at Poštovní dvůr for holders of festival passes.⁴⁴

⁴³Informace a program filmového festivalu Karlovy Vary 2017. *Blesk.cz* [online]. [2018-02-12]. Access: <http://www.blesk.cz/festival-karlovy-vary-2017-informace>

Thanks to the historical landmarks of Karlovy Vary, there are many buildings suitable for artistic purposes such as exhibitions or fashion shows. One of such places is for example Mlýnská kolonáda with its unique atmosphere that has witnessed many charitable events during years.

The KVIFF is also accompanied by a number of press conferences and other meetings with the authors and filmmakers. Since 2008 the so-called Master Classes – KVIFF Talks have been organized within the festival. This is a series of moderated meetings with directors, producers and actors. The audience has an unusual opportunity to talk with the guests about their work. During the ten years of KVIFF Talks' existence, a large number of filmmakers have shared their experience, such as actors Harvey Keitel, John Malkovich, Christopher Lee and Michael Shannon or directors Todd Solondz, Michel Gondry, Charlie Kaufman or William Friedkin. KVIFF Talks are open to the general public without any tickets or festival badges and are held in English.⁴⁵

4.1.8 Financing the film festival

This subchapter provides the description of the festival's financing. The data was collected from an interview with Petr Lintimer, who is the production manager of the Karlovy Vary International Film Festival. I was able to look at the finance plan but in order to protect the festival from its competition and also because of business secrets contained in the contracts with its partners, I am only able to provide the general overview of revenue and costs in the following form.

The financing of the festival is multi-sourced. It draws both from public and private sectors. There are three sources of funding of the festival: subsidies from public sources, contracts with partners and revenue from primary and secondary activities including sales of tickets, accreditations and festival promotional items.

The budget of the festival is regularly around 140 million Czech crowns. Organizers try to keep it at the same level every year without significant changes. Modifications are necessary only in the event of changes in the price level of the Czech Republic as a whole.

⁴⁴Festival description. *Karlovy Vary International Film Festival* [online]. [2018-02-13]. Access: <http://www.kviff.com/en/about-the-festival/festival-description>

⁴⁵KVIFF Talks. *Karlovy Vary International Film Festival* [online]. [2018-02-13]. Access: <http://www.kviff.com/en/about-the-festival/festival-description>

According to Petr Lintimer, the KVIFF is an exception in the Czech environment of film festivals and film events, its budget is stable and the festival does not have any debts.

Income

Organizers have fixed income from public sectors and multiyear contracts with partners. Variable income comes from sales of tickets, accreditations and promotional items. Estimated turnout (total number of visitors) is essential factor in the process of creating the financial plan of the festival, which is done on the basis of the previous years. In general, the following factors have an impact:

- Visibility of the venue
- Media coverage
- Range of venue
- Attracting movie stars
- Weather
- Ticket prices and other offers

The revenue from tickets and paid accreditations is around five to six million Czech crowns. The organizers keep the price of tickets at an ever-stable amount, with price increases made only as a reflection of any VAT changes that have occurred. The current price of a regular ticket is 80 Czech crowns. For students, pensioners and disabled people, the price is sixty Czech crowns. With the purchase of an accreditation, one entrance to the cinema is just thirty Czech crowns. The organizer's strategies are such that they want to maintain the opportunity for visitors to get to the screening at a low cost.

Income from the public sector

Ministry of Culture - Media and Audiovisual Section (OMA)

Financial income from grants of the Ministry of Culture of the Czech Republic generates the highest items of public revenue in the budgets of Czech festivals. Companies representing festivals must apply for grants within the framework of a call for tender, which is announced once a year.

Requirements for events that OMA supports:

- Publicly beneficial character of the event
- Movie program with quality / accessibility to viewers

- Contribution – development of Czech / European cinematography
- Expanding cultural offerings in the region
- Benefit for viewers – the spread of film culture and the development of film literacy of the audience, making films that are missing from classical distribution, specific focus
- Working with viewers, especially young people
- Program level for professionals / accompanying program

The KVIFF is exempt from the compulsory participation in the grant procedure even though it receives funding from the Ministry of Culture. This is not about OMA budget funding, but about finance directly from the budget of the Ministry of Culture. The amount is about 30 million Czech crowns.

Local authorities

The city of Karlovy Vary and the Karlovy Vary Region are among the main sponsors of the KVIFF. According to Jan Kopal, a spokesman for the Karlovy Vary municipality, the city has been helping the festival for several years with the same amount, 8 million Czech crowns.⁴⁶

ČEZ Group

The general partner of the festival is the partially state-owned enterprise ČEZ, which is the largest sponsor along with the Ministry of Culture of The Czech Republic.

Income from the private sector

The KVIFF is an exception among Czech film festivals, having about thirty-five permanent partners and sponsors. The festival uses companies which become its official suppliers in their specialized field. For example, the official beverage is Korunní, the official coffee is Nespresso, and other brands also have a unique position during the festival – the possibility of promotion when they are the only supplier.

⁴⁶Financování festivalu? Důležitá je podpora státu, hvězdy neplatíme, zní z Varů. *Český rozhlas* [online]. [2018-02-23]. Access: http://www.rozhlas.cz/kv/zpravodajstvi/_zprava/1738896

Table 1: Partners from private sectors

Titles of partners	
General partner	ČEZ Group
Main partners	Vodafone Czech Republic a.s.
	innogy
	Pivovary Lobkowicz Group
	City of Karlovy Vary
	Karlovy Vary Region
Partners	UniCredit Bank Czech Republic and Slovakia, a.s.
	UNIPETROL, a.s.
	KKCG investment group
	Czech Chamber of Commerce
	MALL.cz
Official car	BMW
Official coffee	Nespresso
Supported by	CZECHOSLOVAK GROUP
	Česká zbrojovka, a.s.
	Seznam.cz
Partner of the People Next Door section	Sirius Foundation
Official beverage	Karlovarská Korunní
Official champagne	Moët & Chandon
Official drink	Finlandia Vodka
Official make-up artist	Douglas
International shipping partner	DHL Express (Czech Republic), s.r.o.
Festival awards supplier	MOSER, a.s
Supplier	JT International spol. s r.o.
Hardware supplier	Fujitsu
Software solutions	Microsoft
Consumer electronics supplier	LG Electronics
Partner of the festival Instagram	PROFIMED
Main hotel partners	SPA HOTEL THERMAL
	Grandhotel Pupp
	Augustine, a Luxury Collection Hotel, Prague
Partner of the No Barriers Project	innogy Energie
Partner of the Industry Pool	Barrandov Studio
Wine supplier	Vino Marcincák
GPS technology supplier	ECS Invention spol. s r.o.
Official bike	Specialized

Source: Final Press Release of the 52nd Karlovy Vary IFF

Financial performance

From the festival's perspective, financial performance to its partners includes the following services: presentation through media partners, placement of logos on festival promotion materials, websites, and room for partners during the festival special events / projections, the possibility of partner representatives being in the presence of stars during the festival, VIP accreditation, accommodation and overall care during the event.

Material fulfillment

Material non-financial performance is in the form of lending of technical equipment, cars or the venue for the event. For example, BMW lends cars for the whole duration of the event.

Sale of advertising

Another possible source in the festival's budget is the sale of advertising in the festival prints (program, catalog, festival daily) or web pages.

Costs

The structure of spending is the same for all festivals, it differs only slightly. Expenditure can be split into year-round and one-off. The year-round expenses are the wages of the workers involved in year-round organization, administrative expenses, taxes and charges. The one-off expenditures are connected directly to the duration of the festival. The biggest expenses of the KVIFF are amounts for accommodation capacities for guests and staff, guest tickets and staff costs.

4.1.9 Social and economic importance of the Karlovy Vary International Film Festival

In the early days of film festivals, their importance was closely intertwined with the interests of the individual states and their major representatives. This illustrates not only the situation of the KVIFF in the early 1950s, but also much earlier in 1932 in Venice. The film festival in Venice was intended primarily to promote and legitimize Mussolini and his fascist government.

Nowadays, film festivals represent global cultural events. This fact results in a positive development of tourism especially at the venue of the festival. Each year the festival attracts more than 13,000 visitors, and thanks to them it is very beneficial from an

economic point of view to organize the festival. It increases the income of entrepreneurs in the region. Furthermore, thanks to the media promotion of the KVIFF, the city of Karlovy Vary is also promoted, thus increasing the awareness of the region and tourism in Karlovy Vary outside the Czech Republic.⁴⁷

4.2 Economics analysis of the Karlovy Vary International Film Festival

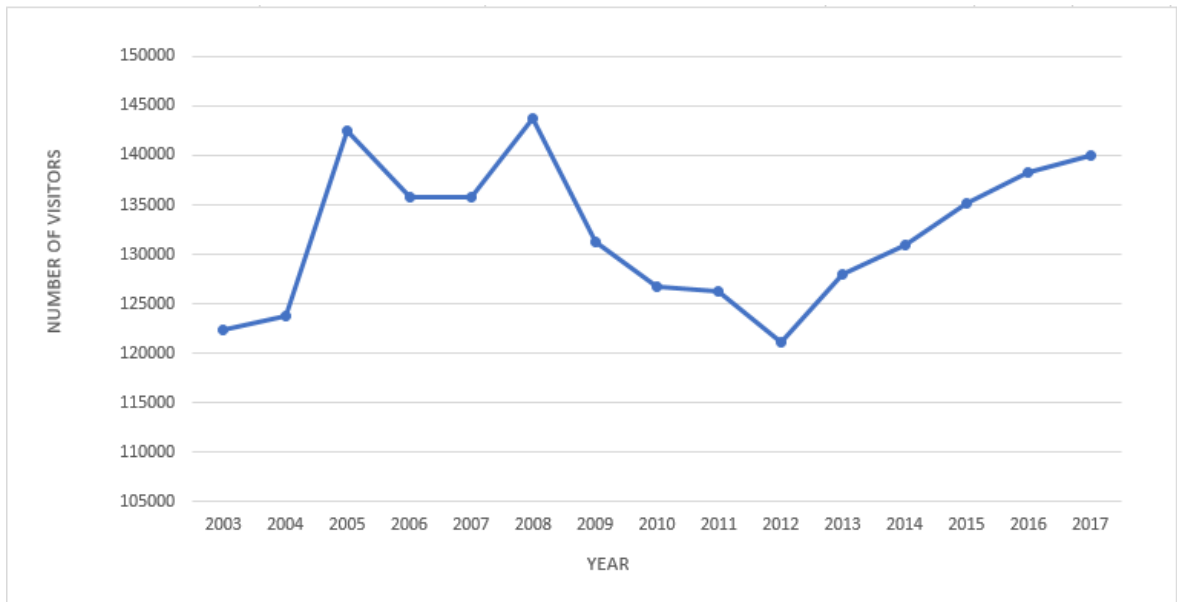
4.2.1 The numbers of visitors to Karlovy Vary IFF

The Karlovy Vary IFF is one of the biggest film festivals held in the Czech Republic every year. It is also famous as one of the oldest film festivals in the world which attracts thousands of visitors, not only filmmakers, film industry professionals, famous actors and actresses from all around the world, but also a large amount of movie fans.

The bar chart below showed the changes in the visitor numbers during the period from 2003 to 2016. Overall, the Karlovy Vary IFF visitor rate fluctuated till 2012 and then saw an upward trend over the recent period. It is observed that in 2003 the numbers of visitors stood at 122,440 and increased significantly, reaching 142,506 thousand in 2005. From 2006 to 2007, there was a slight decrease, before reaching the highest point at 143,781 in 2008. In contrast, over the following four years, the number of visitors decreased rapidly by almost 40% and hit the lowest point in 2012 at 121,070 people. However, the data recorded an improvement during the last 5 years.

⁴⁷Financování festivalu? Důležitá je podpora státu, hvězdy neplatíme, zní z Varů. *Český rozhlas* [online]. [2018-02-23]. Access: http://www.rozhlas.cz/kv/zpravodajstvi/_zprava/1738896

Figure 1: Evolution of the number of visitors to the Karlovy Vary IFF from 2003 – 2017

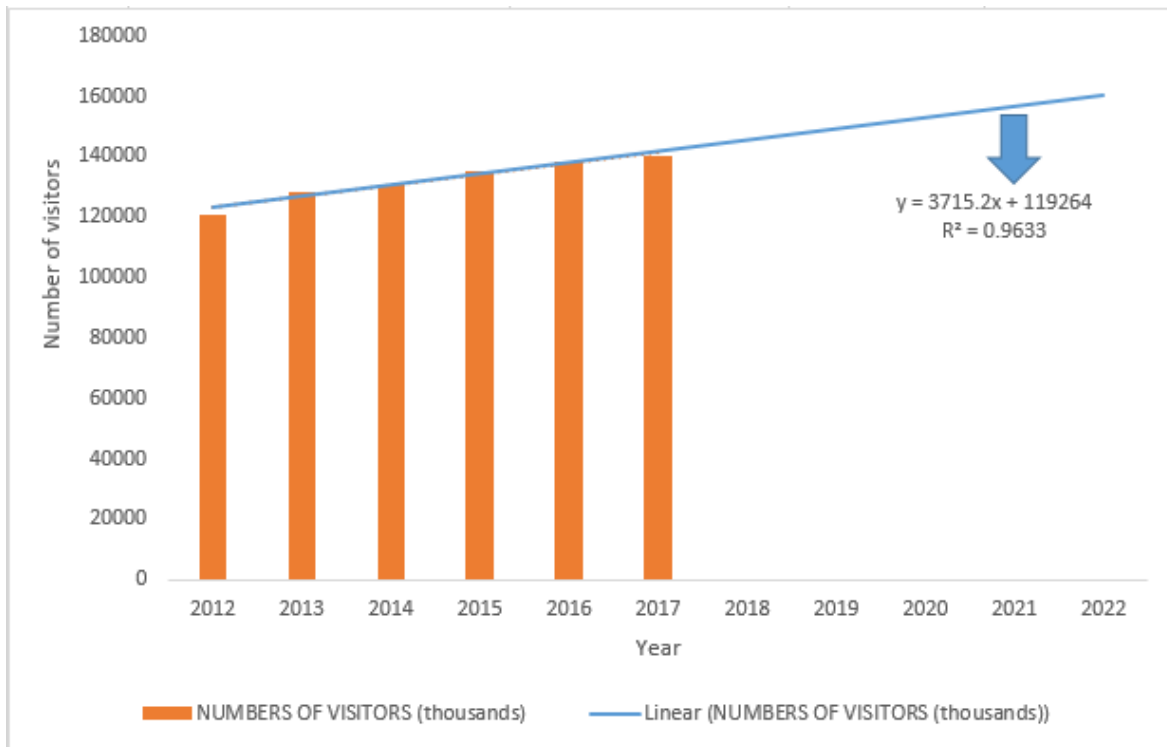


Source: Kviff, 2018; own processed

4.2.2 Prediction of the number of visitors to the Karlovy Vary IFF forecast using the trend line analysis

Based on the historical data I have from figure 1, the period from 2012 to 2017 showed a trend by using the time series analysis and I believe that the trend line will extend into the future. It is clear that the main purpose of the trend line function, which is one of the most common analysis tools used to predict or estimate future value. Following this principle, I was able to use the trend line to make the forecast and answer the question “How many visitors will come to the Karlovy Vary IFF in next 5 years?”

Figure 2: Prediction the number of visitors' number to the KVIFF (in thousands)



Source: Kviff, 2018; own processed

The result of the trend line analysis is a slope which presents the average may increase in the amount of visitors by about 3,715 people per year. The function of the trend line has the following equation: $Y = 3715.2x + 119264$ and $R^2 = 0.9633$ is close to 1, meaning that the equation is fairly accurate and reliable. Theoretically, we can apply the trend line function in order to create a forecast for the next 5 years after 2017. Based by the prediction shown by the figure below, it is predicted that the visitor number of the KVIFF will increase significantly and could reach the new highest point of 160,131 people in 2022.

Figure 3: Prediction the number of visitors to the KVIFF from 2018 - 2022

Year	NUMBERS OF VISITORS (thousands)	Forecast trend
2012	121070	122979
2013	128031	126694
2014	130987	130409
2015	135105	134124
2016	138341	137840
2017	140067	141555
2018		145270
2019		148985
2020		152701
2021		156416
2022		160131

Source: Kviff, 2018; own processed

4.2.3 The evolution of the Karlovy Vary International Film Festival

Recently, Karlovy Vary IFF has become an increasingly more famous film festival in that attracts thousands of visitors. It is clear that the evolution of the KVIFF brings many positive effects to the development of the world and especially the Czech Republic. This chapter evaluates the main factors contributing to the development and success of the KVIFF based on the collected data on the number of visitors, journalists and festival passes, film premieres, and the Czech Republic's GDP.

The number of film premieres factor

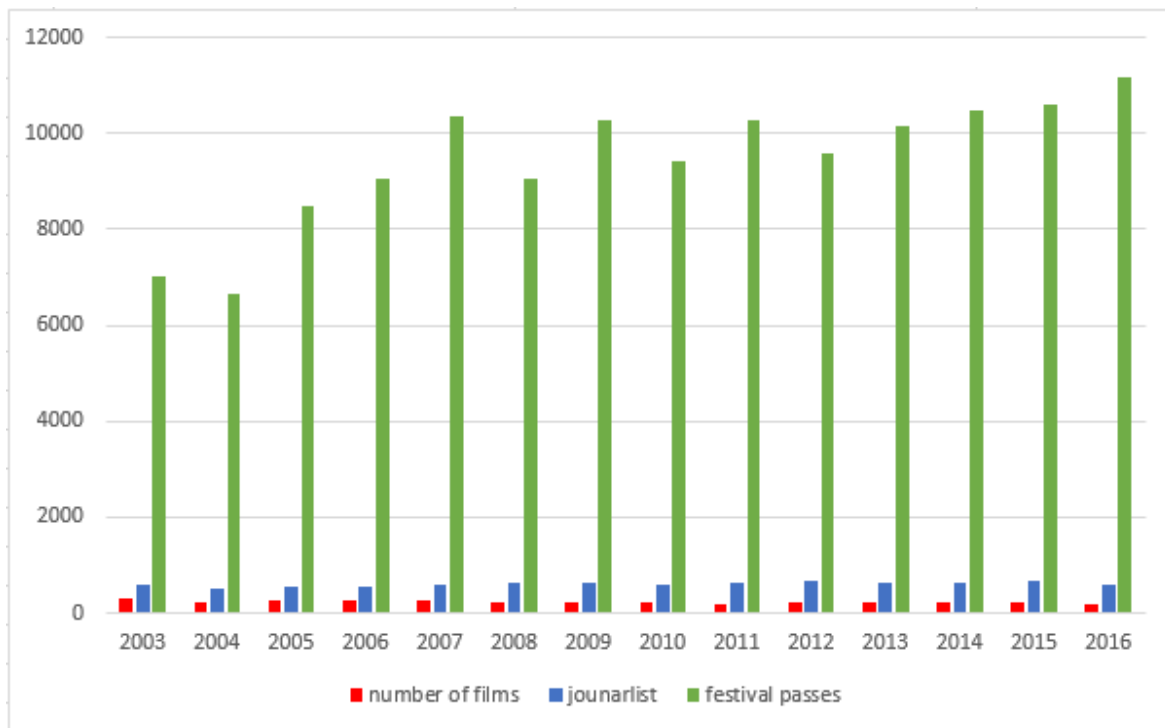
The bar chart shows the changes in the number of film premieres during the festival compared to the changes in the amount of journalists and also festival passes. The main goal of this comparison is to determine the factor which caused the changes in the numbers of festival passes. Moreover, the value and the attraction of the Karlovy Vary IFF over each period will be evaluated based on that.

It could be noticed from the chart that the amount of movies remained almost the same during the period from 2003 to 2007; roughly 270 movie premieres every year. In addition, a similar trend can be seen in the data on journalists who came to the KVIFF, which stayed unchanged over a period of 14 years, approximately 600 people. By contrast,

the rate of festival passes resembles a wave. In the beginning, the number of festival passes increased rapidly and reached a high of 10,357 passes in 2007. In the following 4 years, this upward trend was suddenly broken and then the festival passes sale transformed into a fluctuating trend. Since 2013, the number of passes sale has climbed continuously and reached the highest number of passes sold the last year at 11,177. Interestingly, although the number of films declined by about 30% in 2016 compared to 2003, the number festival passes increased to a double of the 2003 amount.

It can be clearly observed that the factor “number of film premieres” has no effected on the number of journalists or number of movie fans. On the contrary, the number of people who are addicted to the KVIFF was increasing even the amount of films was decreasing. It means that the Karlovy Vary IFF has become prestigious film festival which receives high respect and support from the public.

Figure 4: The effect of the number of films to the number of visitors



Source: Kviff, 2018; own processed

The effect of the movement of the Czech Republic's economy

Every year, the KVIFF is supported by the public sector and also the private sector. The question is, could the development of the economy affect the evolution of the KVIFF? And how does it affect it? In order to answer this question, this chapter will apply the regression method to test the relation and evaluate the level of relationship between the KVIFF and the economy development based on the changes in GDP and the number of visitors from 2003 to 2017. Moreover, if there is a relationship, I will expand the analysis by using the regression model to present how much the number of visitors to the KVIFF changes if the Czech GDP increases or decreases by 1%.

Figure 5: GDP of the Czech Republic 2003 – 2017

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GDP of Czech Republic (billion usd)	99.30	118.98	135.99	155.21	188.82	235.20	205.73	207.02	227.95	207.38	209.40	207.82	185.16	192.92

Source: World Bank 2018; Own processed

Figure 6: Independence of the number of visitors on the Czech Republic's GDP

SUMMARY OUTPUT							
<i>Regression Statistics</i>							
Multiple R		0.167585378					
R Square		0.028084859		R	0.167585		
Adjusted R Square		-0.052908069					
Standard Error		7425.641456					
Observations		14					
<i>ANOVA</i>							
		<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>	
Regression		1	19120229.37	19120229.37	0.346757	0.566874597	
Residual		12	661681812.3	55140151.03			
Total		13	680802041.7				
<i>Coefficients</i>							
		<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 99.0%</i> <i>Upper 99.0%</i>
Intercept		126138.8978	9435.592905	13.36841247	1.44E-08	105580.507	146697.289
GDP of Czech Republic		29.51143646	50.11615871	0.588860703	0.566875	-79.68229311	138.705166

Source: Own processed

Figure 6 shows the correlation coefficient “R”, which presents the level of relationship or the strength of the relationship between two variables, bound correlation between -1 and 1 ($-1 < r < 1$). As can be seen from the output of the regression model, R= 0.167585 which is close to 0.1, representing a very weak relationship. Moreover, the P-value = 0.566875, which is greater than the alpha value (0.5), means that there is no significant relationship between GDP of the Czech Republic and the number of visitors.

4.3 Analysis of the marketing communication of the Karlovy Vary International Film Festival

The main goal of promotion is the visibility of the film festival. Therefore, the effort of the festival is to familiarize the general public with the festival offer. In particular, to convince the public that the KVIFF is the best choice among other film festivals, or other cultural festivals. The objectives of the promotion must correspond to the target groups. The aim of the promotion is to provide a communication mix and adequate promotional tools so that advertising of the festival to the general and professional public is achieved.

4.3.1 Target Groups

The festival has to attract many target groups on whose favor the festival is dependent. On the one hand, the program must be sufficiently interesting to attract the general public. As a result, with many satisfied visitors, the festival becomes an interesting partner for commercial entities, who will have the opportunity to reach their target groups through the festival and promote their brands. In this sense, the festival is a platform for connecting with target groups. At the same time, the festival's budget is made up of money from public sources, so it the festival's aim is to spread the good reputation of the Czech Republic, or Karlovy Vary and the Karlovy Vary region as well. With the public money, the festival can offer cheaper screening tickets and an accompanying program for free, making the festival more affordable for the general public, which can attracts other sponsors. Therefore, it cannot be said unequivocally which target group is more important to the festival, because they are all in balance and success with one affects another.

There are five main targets groups:

- Lay people – this group can be further divided into regular and occasional visitors
- Professional public – in the case of the KVIFF, the film industry – these are producers, representatives of other festivals, distributors, investors and others.
- Filmmakers, actors and other special guests of the KVIFF
- Press – Media and journalists
- VIP guests – A-list stars
- Sponsors
- Politically exposed persons

4.3.2 Communication Tools

Advertising

The following forms of advertising are used for promotion: print (advertisement), radio (spots), OOH (billboards, city lights), TV, internet. The festival only advertises with its media partners with whom it has signed contracts. Due to business secrets, I cannot give details of the text of the contracts, although I am familiar with the principle as it was explained to me. Performance is based on a barter agreement where media partners provide advertising space in exchange for exclusive news from the festival. If a major movie star arrives at the festival, media partners are the first choice to get interviews with the star.

The only paid advertisement are the internet banners in foreign media, called Trades: Hollywood Reporter, Variety and Screen. These are international media writing about the film industry where great space is devoted to film festivals. The festival usually pays for the following items:

- Hollywood Reporter – two weeks banners in the Business section
- Screen – two weeks banners on the homepage
- Variety – 4 eDailies (eNews that are sent to festival guests and readers of Variety during the festival)

The following table lists the media partners and the relevant media types used:

Table 2: Media partners of Karlovy Vary International Film Festival

Media Partners	Media Type	Form of collaboration
Czech Television	Television	Special issues about the KVIFF, interviews with stars and organizers, broadcasting of press conferences.
Czech Radio Radiožurnál	Radio	Special issues about the KVIFF, interviews with stars and organizers, radio spots.
PRÁVO	Daily newspaper	Special issues about the KVIFF, interviews with stars and organizers, advertisements.
Novinky.cz	Website	Special section about the KVIFF, interviews, program news, advertisements.
REFLEX	Weekly magazine	Special section about the KVIFF, interviews, special articles about stars, advertisements.
JCDecaux Group	Billboards, citylights	Advertisements, competition for the general audience - voting for the best movie posters of the films the in main competition.
ELLE Magazine	Monthly magazine	Special issues about the KVIFF, articles about stars connected to the festival, photos, and lifestyle themes.
TV Star magazine	Bi-weekly magazine	Special issues about the KVIFF, articles about stars connected with the festival, program news.
Radio 1	Radio	Interviews, program news, radio spots.

Source: Final Press Release of the 52nd Karlovy Vary IFF

Creative concepts

In the chapter on advertising, it is very important to mention each year's creative concept that is the cornerstone of the visual communication of the festival. Every year, the main poster is modified and is never the same as the year before. All other visuals, including advertisements for prints, billboards, citylights, are then designed in creative consistency with the main poster. The festival has been collaborating with the Studio Najbrt since 2001, which proposes a new creative concept each year. The collaboration has always been fruitful and pleasant for both sides. The following picture includes samples of each year's creative visuals.

Festival trailers

Since 2008 it has become a tradition that the festival films a new festival trailer with one of the Crystal Globe laureates for Outstanding Artistic Contribution to World Cinema. Till this day, the audiences can see trailers with Harvey Keitel, John Malkovich, Danny DeVito, Miloš Forman, Jude Law, Helen Mirren, and Mel Gibson. Věra Chytilová, Josef Somr, Jiří Menzel. Andy Garcia, Antonio Banderas. The trailers contain playful riffs on the idea of what happens to the large, heavy trophy when it leaves the Czech Republic. What happens to the award after the recipients get home? Stars do not take themselves too seriously in the trailers, nor do the promos act too reverential toward the festival's lifetime-achievement award, which is often subject to a fair amount of abuse at the hands of its recipients. One of the trailers is shown before every film at Karlovy Vary (more or less randomly, though the most recent one gets the biggest amount of screen time), and it invariably draws a healthy round of applause. They become one of the symbols of the festival.

Sales Promotion

The sales promotion tool certainly includes various competitions with prizes such as tickets to various festival screenings that precede the festival, promotional items, festival passes. These competitions take place on Facebook or Instagram. According to the Press Department, which is in charge of festival's social media, the aim of the competitions is to gain more followers and to build a relationship with fans.

Another important part of sales promotion are festival passes that enable visitors to get the most out of what the festival offers. The festival pass includes: up to 3 free tickets to 3 different festival presentations daily, the possibility of SMS reservations of festival tickets, admission to the accompanying program, and admission to cinema films without tickets – the organizer or the cinema coordinator decides about the available seats. Available seats will be offered to a set number of visitors with valid festival passes 5 minutes before the start of the presentation.

The last but no less important component of sales promotion are promotional items and souvenirs. Promotional items change each year in accordance with the given creative concept.

Public relations

Public relations is one of the most demanding forms of communication. For the festival, the development of good relationships with diverse entities and their subsequent preservation is one of the most important communication activities. PR for the festival is managed both in the Czech Republic and abroad by the Press Department. There are several activities related to PR, not all of them are ensured by the Press Department. I mention individual departments that are in charge of these activities:

Government relations

Because of the funding of the festival from the Ministry of Culture of the Czech Republic, close cooperation with the City Hall of Karlovy Vary and other state bodies, having correct relationships is necessary. The festival invites important representatives of the public sphere to the festival including the Minister of Culture, selected diplomats and public figures. The guests are provided with VIP treatment – accommodation, festival accreditation and assistance during the festival ensured by the Sponsor & Guest Relations department.

Sponsor relations

Maintaining good relationships with sponsors is one of the pillars of sponsorship. Representatives of sponsors are also the invited guests of the festival and are entitled to free accommodation and accreditation all ensured by Sponsor & Guest Relations department.

Public affairs

Maintaining good relations with the non-profit sphere contributes to the good image of the festival; the festival co-operates annually with charity or endowment organizations. Each year, one organization acquires “festival status”. The festival then supports the selected organization by providing space for presentations, ads, and acquiring financing during the festival. The selected non-profit is then asked to cooperate with the KVIFF, primarily with regards to organizing the public cultural events that make up the important accompanying events (such as organizing concerts, etc.) . In previous years, the festival

has supported: The Alliance of Women with Breast Cancer, Jedlička Institute Foundation, DebRA ČR, Helping Paws n.g.o., Firefly Project of the Czech Radio Endowment.

Media relations

Good relations with press are the basis for success in building a strong name that would attract sponsors. The KVIFF attaches great importance to this area and provides journalists with a great range of services to make their work easier. The Press Department, which is in charge of media relations, consists of PR Manager Uljana Donátová (handling media partners, writing press releases), Press Coordinator Zuzana Janáková (Czech journalists, social media), International Press Coordinator Jan Najman (international journalists) and the press assistant.

Before the festival starts, the Press Department provides journalists with the necessary information and press releases that are usually published when the KVIFF announces program news or names of stars that are set to arrive at the festival. The festival uses a publicly available software for sending electronic press releases to more than 5,000 contacts that are in festival's database. The festival also issues press accreditations that enable holders to access press screenings, get a free brochure and catalogue, free entry to Media Party and informational service from the Press Department.

Festival distinguishes two types of press – invited and paid. Paid press has to pay for the accreditation. The invited press are usually representatives of media partners or favorable journalists whose works in film reviewing is significant. The invited journalists are then entitled to free accommodation and accreditations. They become guests of the festival will all benefits that come from the status. Each year the invited journalists amount to more than 200. Usually, 50 Czech journalists receive the invitation letter from the Press Department, and 150 international journalists. Selected number of international journalists also receive plane tickets. When asking about why the festival has this invitation policy, I was told that the festival realizes that Karlovy Vary is a picturesque town, but for some journalists the journey to Karlovy Vary and the costs associated with it is not feasible. Therefore by offering free accommodation and accreditations, and in some cases paying travel fees, the festival wants to support those who are interested in covering festival for respectable media outlets.

Media relations are also closely connected with press conferences. In April, the festival organizes the first press conference in partner hotel in Prague, where it usually

reveals the main visual concept for given year. In June there are 2 more press conferences related to the program. During the festival, press conferences are held each day in the press hall on the ground floor of the Thermal Hotel.

Once the festival starts, holders of press accreditations can take advantage of the following services:

- Press department – helpful staff who provide information about the festival or setting up interviews with festival guests.
- Press center– technical facilities for working at the festival.
- Information service – SMS, Newsletters
- Press conferences – free entry
- Photography – using official photos free of charge
- Video and audio service – hiring of TV and audio equipment and possibly a crew, use of audio and visual materials from the festival

After the festival ends, the Press Department collects media coverage from the media involved. According to the representatives of the festival the number media articles is around 5,000 each year, 4,000 for Czech and 1,000 for international press. The highlighted articles are selected to be presented to partners and sponsors. Media monitoring is provided to partners and sponsors according to individual contracts.

Direct Marketing

The festival uses the possibility of sending direct marketing very often. Sending the electronic newsletter is the most effective and also the easiest way to inform about news. The festival sends electronic newsletters to the contacts it has collected during its lifetime. These contacts are not just fans who register on the festival's website, but also journalists, film industry people, sponsors and partners. Emails are sent both before and during the festival. There is also the possibility to send news via SMS (which is used mostly during the festival – for example, when changes are made to press conferences, changes in screenings, etc.).

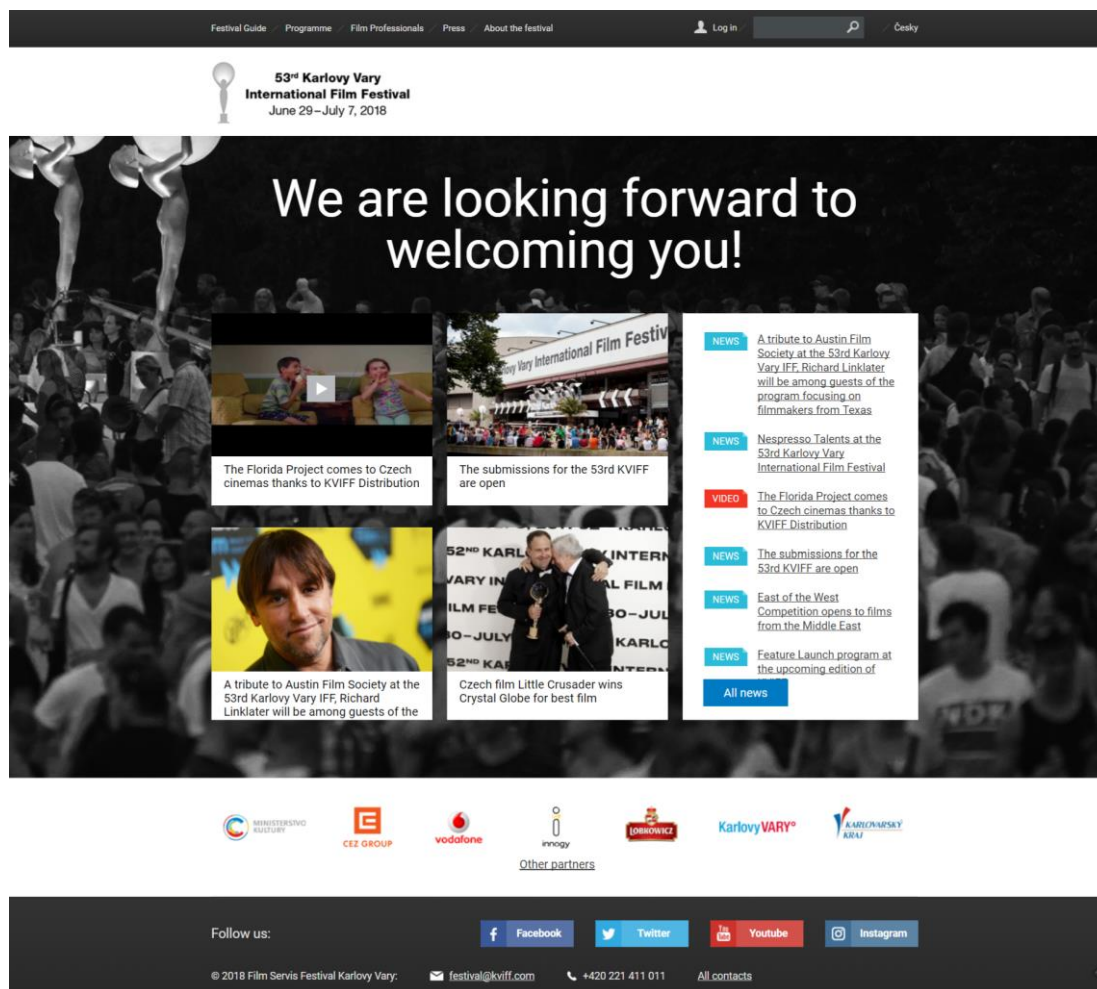
New Media

This chapter will discuss forms of new media: website, Facebook page, Twitter channel, Instagram account and YouTube channel.

Website

It is hardly possible nowadays to imagine an organization without a website. The festival introduced its website back in 1997. Over time, the site has been redesigned several times, most recently in 2015. The festival's website serves primarily to inform the public about news and providing the necessary information about the festival. We can find there a section for visitors, a section for press, for industry people, and also festival history together with statistics and an extensive photo gallery. The visitors section contains important information about the festival such as festival passes, tickets, accommodation or transport. In the press section we can find press releases for downloading or information about services for journalists. The film industry information can be found in the Film professionals section.

Picture 1: The festival's website



Source: Karlovy Vary International Film Festival, 2018

Facebook

The festival's Facebook page has been running since 2009. Until 2014, Andrea Szcuková, a former head of the industry office, took care of it. Since 2014 it has been under the Press Department. According to the management of the festival, there was no comprehensive strategy for Facebook or other social networks. The Press Department has set the tone and strategy for managing social networks. The festival uses Facebook to build a relationship with fans. In the pre-festival time, Press Department publishes posts about the program, stars and guests who will participate or have participated in the festival in the past, or various curiosities that have taken place. Posts about stars or the 2 leading representatives of the festival, namely the President of the festival Jiří Bartoška and the artistic consultant Eva Zaoralová, have recorded major successes. During the festival season, posts are published more often, sometimes even several times a day, to meet the needs of fans. In addition to posting about festival life, it is necessary to mention the

activities related to answering questions via instant Messenger. The festival keeps the standard of responding in the shortest possible time. As of 27 February 2018, the Facebook page of the festival has a total of 56,826 likes and 55,335 followers. This is an increase of 30,000 likes compared to 2014. According to the management, this is mainly due to the systematic and strategic work with the fans on this platform. However, even though it is an international festival, the number of followers and the number of likes is mainly from the local audience. It is precisely because of them that the posts are drafted in the Czech language. On closer analysis, I found that the posts published in English are mainly those for film professionals and concerning the industry department.

Picture 2: The festival's Facebook page

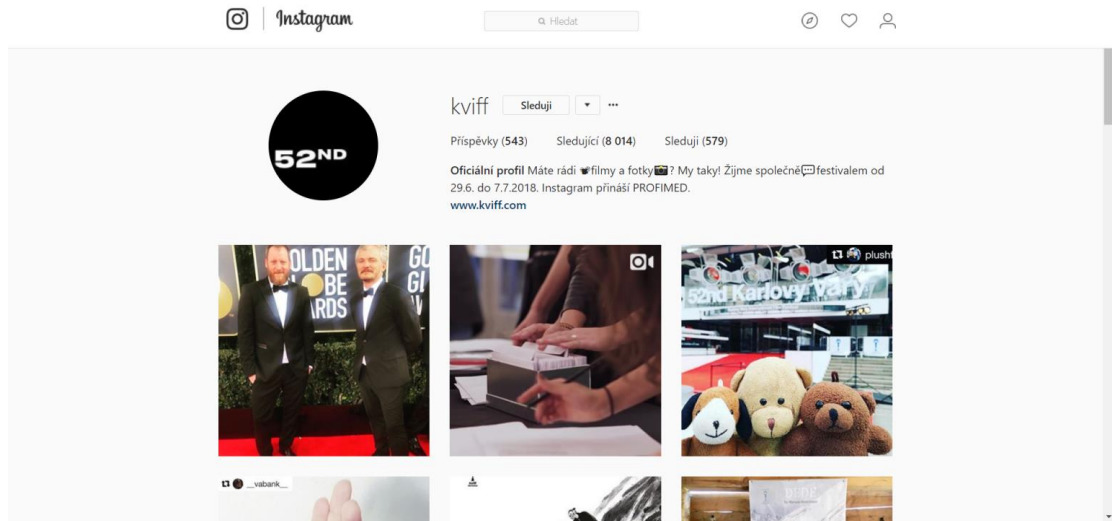


Source: Karlovy Vary International Film Festival, 2018

Instagram

In contrast to Facebook, this social network primarily serves to deepen the image of the festival as a place that lives thanks films and culture. The frequency of posting is not as high as on Facebook, but it keeps a certain regularity. According to the festival, there are 1-2 published photos per week. As of 27 February 2018, a total of 8,014 followers and 543 postings have been recorded.

Picture 3: The festival's Instagram account



Source: Karlovy Vary International Film Festival Instagram account, 2018

Twitter

The twitter account represents an additional channel for the festival, through which it can quickly inform about news. It is very useful especially during the festival period, when the KVIFF can instantly tweet about the arrival of stars or unexpected changes in the program. The account is also managed by the Press Department. As of 27 February 2018 it has a total of 4,039 followers and 2,880 published tweets.

Picture 4: The festival's Twitter account



Source: Karlovy Vary International Film Festival Twitter, 2018

YouTube

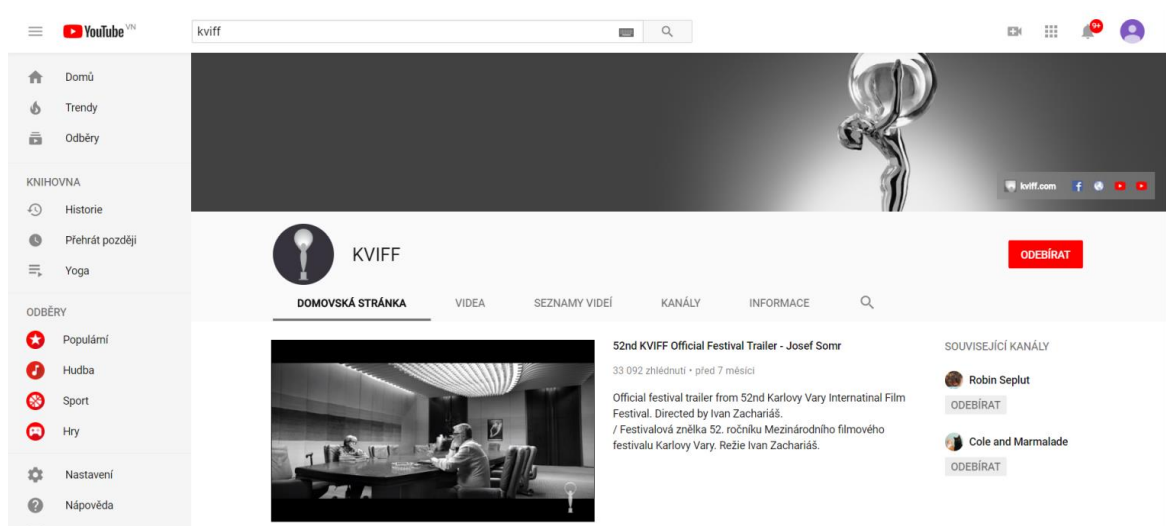
The KVIFF's YouTube channel started on 23 May 2008. The channel serves primarily to publish videos that can be shared on other social networks such as Facebook or Twitter.

The videos can be divided into several categories:

- Interviews with creators
- Festival trailers
- Image videos - short cuts of festival moments and atmosphere

The total number of views is 5,624,023 as of 1 March 2018. The number of views is different for each video. The most successful ones have around thousands of views. The videos are shot and edited by an externally hired company, but the channel itself is managed again by the Press Department.

Picture 5: The festival's YouTube account



Source: Karlovy Vary International Film Festival Youtube, 2018

4.3.3 Questionnaire Survey

The practical part of the bachelor thesis also contains a questionnaire survey. During February 2018, data from 326 respondents were collected. The aim was to find out how the respondents learned about the festival and what form of the festival's promotion had the greatest success. I also wondered if they visited the festival and what was the main reason why they decided to visit the festival. Prior to questioning, I conducted a preliminary screening to see if each given respondent knew the Karlovy Vary International Film Festival. If the answer was yes, I then included the respondents in the survey.

Respondents

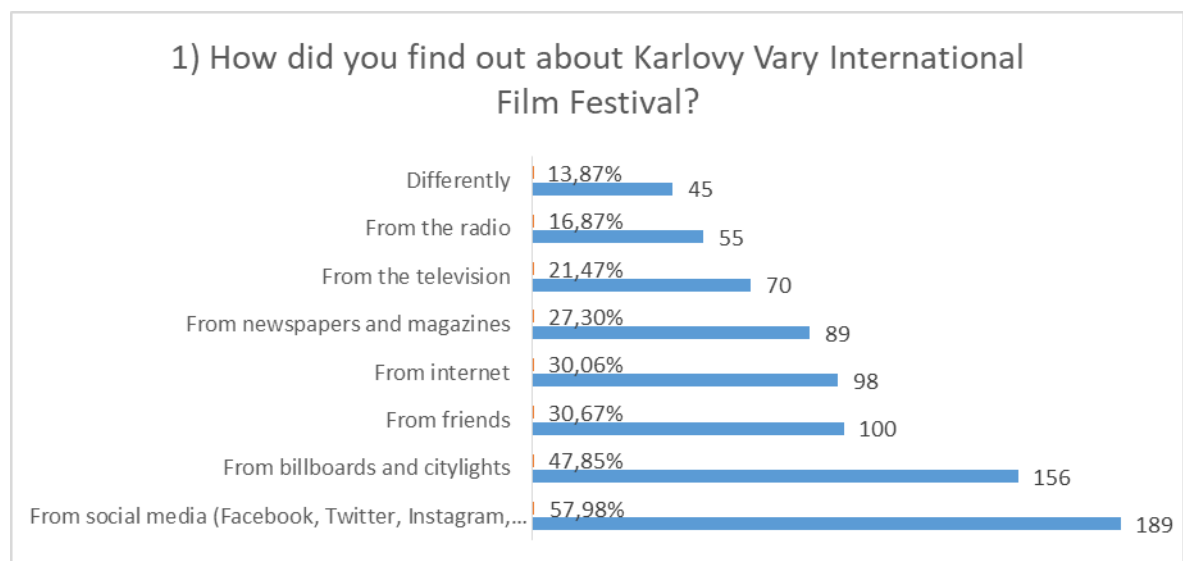
Total: 326 (100%)

Residence: Prague (176/54%), other regions (150/46%)

Age: 18 - 35 years

1) *How did you find out about the Karlovy Vary International Film Festival?*

Chart 1 Questionnaire Survey question 1

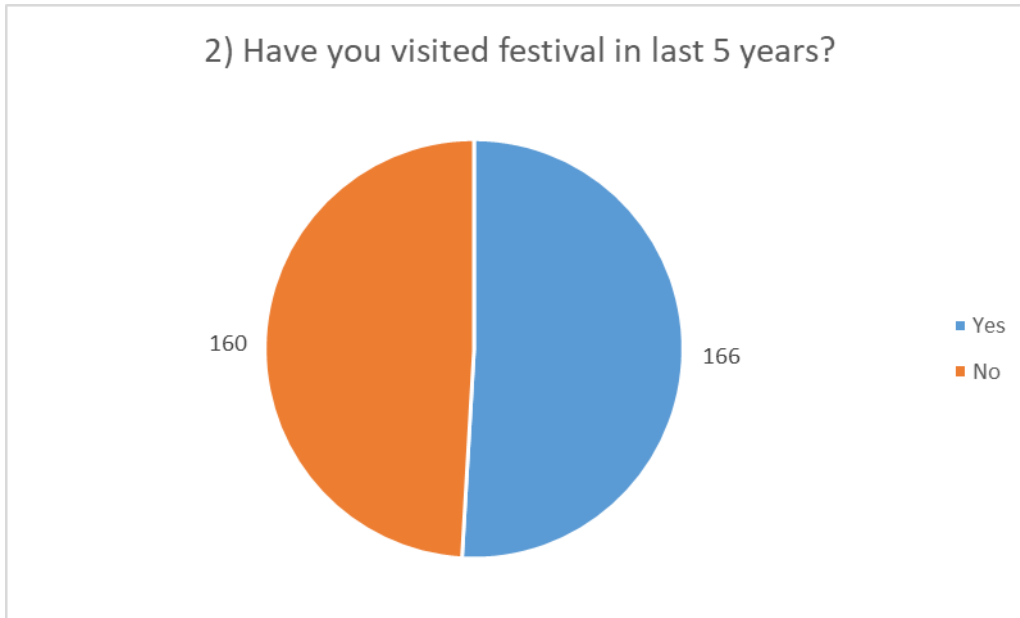


Source: Own processed

From the chart we can see that most respondents chose answers *from social media*, *from billboards and citylights* and *from friends*. In contrast, the least number of respondents said *from the radio*, *from television*, or *differently*. All 326 respondents answered the question, they could pick out more than one answer.

2) *Have you visited the festival in the last 5 years?*

Chart 2 Questionnaire Survey question 2

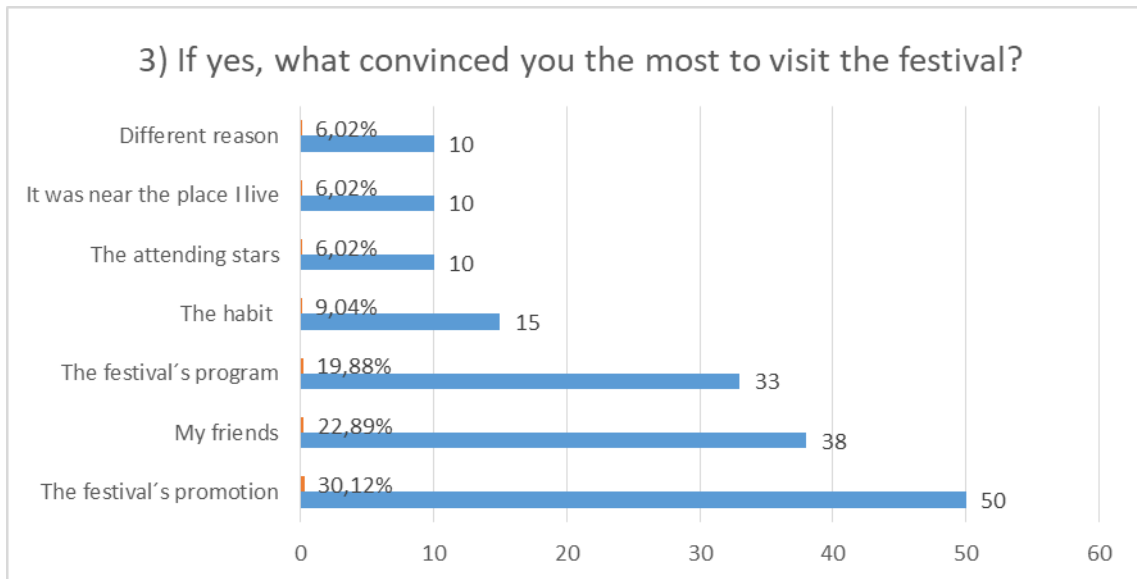


Source: Own processed

All 326 respondents answered this question. 166 of them said they had visited the festival in the last 5 years. There were 160 negative responses, which is 49%. The next question 3 follow up on this question and therefore the number of respondents in the third question is different – 166 respondents represent 100 %.

3) *If yes, what was the main factor that convinced you to visit the festival?*

Chart 3 Questionnaire Survey question 3



Source: Own processed

This question was aimed at finding out what was the main reason why respondents who answered the previous question positively decided to attend the festival. The answers show that most of the respondents were convinced by the festival promotion, their friends' recommendations and the festival's program. From this it can be deduced that festival promotion fulfills its function and can convince the public to visit the festival.

4) *Have you noticed some form of festival promotion?*

Chart 3 Questionnaire Survey question 5

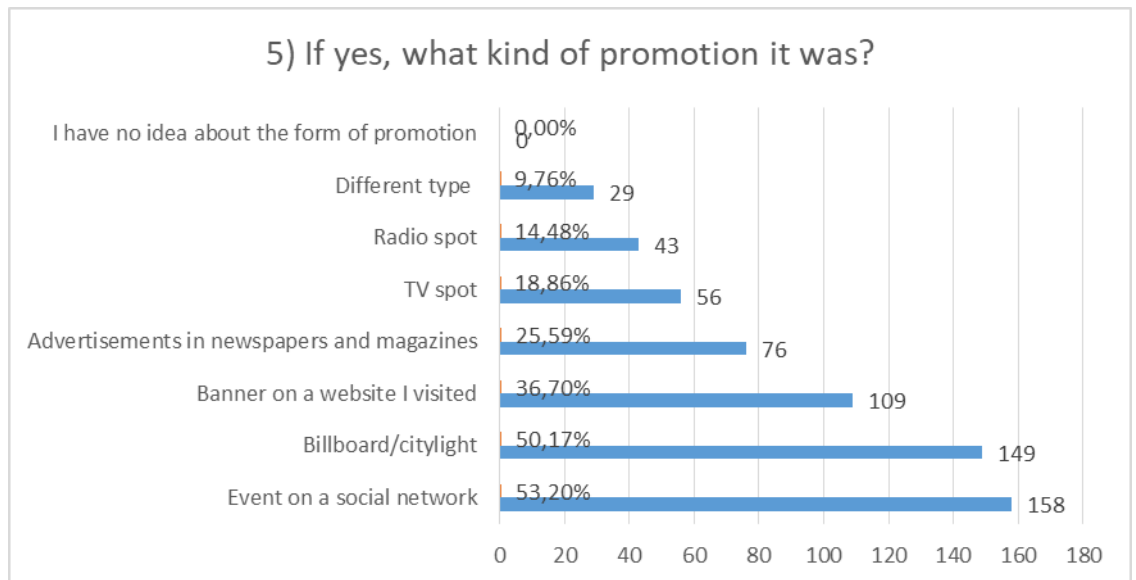


Source: Own processed

Of the total number of 326 respondents, 297 responded positively. This figure will represent 100% in the follow-up question.

5) If yes, what kind of promotion was it?

Chart 3 Questionnaire Survey question 5



Source: Own processed

Question 4 shows that 297 respondents noticed some form of festival promotion. Out of these 297 positive respondents, most people noticed *events on social networks, billboards and citylights and banners on websites visited*.

The survey of awareness of the promotion of the KVIFF among the lay public thus confirms the new media has a priority position among the marketing communication mix tools.

4.4 Results and Discussion

The purpose of this chapter is to evaluate the current promotion of the KVIFF and its impacts. The classification of individual hypotheses results from the monitoring of the KVIFF's activities. The aim of this part of the bachelor thesis is not only to confirm or disprove the hypotheses established but also to propose a solution that will improve the current situation.

In chapter devoted to the festival's statistics, the results show that the number of visitors is not affected by GDP of the Czech Republic nor the festival's program. As

further analysis suggests, the number of visitors is dependent on marketing communication. Here I present a clarification of the hypothesis.

Hypothesis no. 1 *The thesis is to indentify key factors that affect number of visitors of Karlovy Vary International Film Festival*

This hypothesis can be confirmed according to subchapters 4.2.3. As the examined from the regression function, it clearly that the movement of the economy is not one of the most important factor influence on the number of visitors to KVIFF. We also know that the festival attraction has no affect by the number of films premiers as well.

Hypothesis no. 2 *Karlovy Vary International Film Festival uses suitable marketing tools to reach the target audiences.*

This hypothesis can be confirmed based on subchapters 4.3.1. Target groups and 4.3.2. Communication Tools - Public Relations. The festival has several target groups that it is dependent on. From subchapter 4.1.8. Financing the festival we know that the festival is funded from both public sources as well as money from private entities. Therefore, it must have a clear communication strategy towards the state and the commercial partners. To do so, it must have a program interesting enough to make the number of visitors attractive to the partners. Based on interviews with the festival management, we know that the funding has been stable for several years, otherwise the festival could not have been organized. We also know that the festival has different way of communication with each individual target group as described in subchapter 4.3.2. Communication Tools - Public Relations. The festival is managed as a firm and is divided into departments that are in charge of communicating with different target groups.

Hypothesis no. 3 *Among those instruments, increasing tendencies of new media can be observed.*

I can confirm this hypothesis on the basis of subchapter 4.3.2. Communication Tools - New Media, in which contains the analysis of festival's new media channels. Until 2015, the festival did not have a unified strategy for social media. Since 2015, when social

media and website started to be managed by the Press Department, the following has occurred:

- increase in the number of likes on the Facebook (much of the communication with the public takes place on this social network)
- increase in the number of followers on Instagram
- the website has been redesigned and is well-arranged
- the YouTube channel has become more transparent

***Hypothesis no. 4** Thanks to the efficient use of marketing tools, increasing numbers of festival visitors can be observed.*

Chapter 4.2. economics analysis of the Karlovy Vary International Film Festival's offeres a view of the festival with numbers of visitors from 2012. We can see that the numbers are increasing. This trend is supported by the results of the questionnaire survey in which the respondents who had visited the festival in the last 5 years were mostly convinced by the festival's promotion. From the interviews with the festival's management, we also know that since 2015, the festival has been very strategic about promotion on social networks and the web. This fact completes the veracity of the hypothesis.

5 Conclusion

The aim of the thesis was to analyze the key factor influence on the number of visitors which is communication tools of the Karlovy Vary International Film Festival and their specifics. Its promotion and promotional tools should be used to obtain the most effective results. The theoretical part focuses on the clarification of essential marketing terms on which the practical part is founded.

The practical part introduces the KVIFF, its origins, the program and the overall functioning system. Significant space is devoted to explaining the funding of the festival, which comes from the support of public and private commercial sources every year. Its own economic gains would not be enough to keep it the way it is today. This is closely related to the statistical data chapter, which explores important indicators such as number of visitors, number of film premieres and the relationship of the festival to GDP of the Czech Republic. The results of the analysis show an increase in the number of visitors in the last 5 years, which were not influenced by GDP of the Czech Republic or the number of films that are shown at the festival. This indicates that the festival's attendance depends on other factors, which are explored in the chapter about marketing communication of the festival. I came to the conclusion that the number of visitors is affected by marketing communication. Every important channel the festival uses to communicate with its target groups is studied in the practical part, as well as the way the festival gets its stakeholders. The KVIFF must attract both the general public and important state institutions to obtain subsidies, and commercial entities to obtain the necessary resources. It must be engaging enough to offer to each group what they want. We see this happening. The general audience is addressed through traditional and new media at minimal cost. Thanks to the questionnaire survey, it was found that the respondents who had visited the festival in the last 5 years were convinced by festival's promotion. Relations with representatives of important state institutions and commercial partners are considered essential for the functioning of the festival and lead to mutual satisfaction. This means that the festival rewards the partners with extraordinary care. Thus, the key to the successful operation of the KVIFF is primarily its well-chosen marketing communication strategy towards the target groups.

The conclusion of the practical part is thus to clarify hypotheses. The Karlovy Vary International Film Festival has shown that it is able to keep up with modern marketing, while constantly convincing people to attend and demonstrating its value. It is an important film show for Central and Eastern Europe, helping to build the name of the Czech Republic, or the city of Karlovy Vary, as a culturally developed place, and last but not least, together with its partners, it engages the general audience through an unforgettable experience. Thanks to the KVIFF, Karlovy Vary, for the first ten days in July, becomes a centre of the film universe, a red carpet and "backpackers" heaven.

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