

# **From a film festival city to an entrepreneurial ecosystem in the audiovisual industry: the case of Cannes**

## **Abstract**

The role of festivals in urban regeneration and regional development has been extensively explored in the literature, with a strong focus on place branding and tourism. However, their potential in fostering entrepreneurial ecosystems remains underexamined. This paper investigates the emergence of an entrepreneurial ecosystem in the cultural and creative industries (CCIs), using Cannes as a case study. Cannes, widely recognised for its prestigious film festival, provides an interesting case of how a globally renowned event can contribute to the development of a sector-specific entrepreneurial ecosystem—in this case, the audiovisual industry.

Drawing on literature on festival and territorial development and entrepreneurial ecosystem theory, we examine how a film festival, typically regarded as a cultural and tourism asset, can serve as a foundation for entrepreneurial activity. The study employs a longitudinal case study approach, integrating qualitative methods such as documentary analysis, semi-structured interviews with key stakeholders, and participant observation at industry events. Findings suggest that the emergence of an entrepreneurial ecosystem in Cannes' audiovisual sector is not a purely organic, bottom-up process, as often assumed in entrepreneurial ecosystem literature. Instead, it is strongly shaped by institutional commitment, strategic branding, and targeted cultural policies. The municipal government, in particular, plays a central role in orchestrating this ecosystem, leveraging Cannes' global reputation to attract investment, foster industry collaboration, and provide dedicated infrastructure for entrepreneurship in the audiovisual industry. The results challenge traditional entrepreneurial ecosystem frameworks by demonstrating that CCIs, due to their reliance on symbolic capital and cultural policy, often require a more interventionist approach to ecosystem development.

## **Introduction**

The existing literature on festivals has predominantly focused on their role in economic development and urban regeneration, with a strong emphasis on place branding and their potential in boosting the local economy, particularly through tourism-related sectors. However, the entrepreneurial potential of festivals within a territory remains largely overlooked. Cannes, a globally recognised film festival city, offers a compelling case for examining how the international prominence of a festival can contribute to the emergence of an entrepreneurial ecosystem within a specific sector of the cultural and creative industries, namely the audiovisual sector which aligns closely to the festival's scope.

In this paper, we seek to answer the following question: How does an entrepreneurial ecosystem in the CCIs emerge in cities with a strong brand name in a specific sector? Furthermore, how and why does a cultural policy action—such as organising a film

festival- evolve into entrepreneurial activity ? By examining Cannes as a case study, where the film festival serves as a central asset, we aim to explore how festivals, often viewed through the lens of tourism and branding, can also serve as a foundational element in fostering entrepreneurial ecosystems.

Our paper contributes to two key strands of literature: the literature on festivals and territorial development, and the emerging research on entrepreneurial ecosystems, specifically in how such ecosystems take shape within the cultural and creative industries. Through this analysis, we provide insights into how a festival, beyond its cultural significance, can be a driver of entrepreneurial activity, influencing both local and international stakeholders, and shaping the broader economic landscape of the territory.

## **Literature review**

Our theoretical background relies on two bodies of research. First, we explore the literature on festivals and regional development, highlighting the dominance of studies on place branding, public diplomacy and economic perspectives, particularly those linked to tourism. Second, we draw on entrepreneurial ecosystem theory to develop a framework that explores the mechanisms fostering both start-up and established entrepreneurship within a specific sub-industry of the broader cultural and creative industries.

### ***1/ Festivals and regional development***

Festivals have become central to the economic development and place branding strategies of cities, serving as key drivers for regeneration and development, placemaking, city branding, and cultural diplomacy. As cities experience the phenomenon of "festivalisation," where cultural events become integral to their social fabric and economic activity, festivals play an essential role in transforming urban spaces into vibrant cultural hubs (Gold and Gold, 2020; Richards and Palmer, 2010). Adler (2024) argues that place brands act as "localisation economies," where the city's symbolic meanings and values become reflected in the products and experiences associated with its festivals. This dynamic can transform a city into a recognised brand, enhancing its global standing and making it more appealing for investment and tourism. The strategic use of events and festivals as cultural diplomacy and symbolic connection between the territory and its inhabitants and communities have also been key areas of exploration for decades (De Brito & Richards, 2017; Jarman, 2018; Kolokytha, 2022; Sassatelli & Delanty, 2011).

Although festivals often generate entrepreneurship opportunities- particularly in the creative and cultural industries- by providing a platform for local entrepreneurs to showcase their products, services, and innovations or contributing to the economic and social development by promoting industry specific cultural consumption and cultural pride (Kang, 2017) or being catalysers for global innovation (Colombo and Richards, 2017),, the entrepreneurial aspect has been largely overlooked in the academic literature. Nevertheless, scholars have recognised the importance of relationships within the festival economy— among artists, local business owners, policymakers, and tourists—as crucial for fostering collaboration and sustaining a vibrant economic ecosystem (Jarman et al., 2014). Despite this, a significant research gap remains in understanding how festivals can actively stimulate positive

entrepreneurial dynamics, as noted also by Hjalager and Kwiatkowski (2018). Moreover, while festivals have been recognised as multifunctional policy tools (Richards and Leal Londoño, 2022), the role of policy in fostering entrepreneurial activity around festivals, has received little attention. For this reason, we propose to look into the entrepreneurial ecosystem framework to better understand such dynamics.

## ***2/ Cultural and creative industries and entrepreneurial ecosystems***

The concept of entrepreneurial ecosystems has gained prominence as a framework for enhancing the conditions necessary for entrepreneurship and innovation (Acs, 2017). This approach draws upon ecological concepts such as diversity, selection, related diversification, resilience, and adaptation, offering valuable insights into the dynamics that shape successful entrepreneurial environments (Auerswald & Dani, 2017; Boschma, 2015). Emerging from the literature on entrepreneurship, business strategy, and regional development, the entrepreneurial ecosystem concept has become a distinct and evolving area of study within entrepreneurship theory (Acs et al., 2017). Stam (2015) underlines that the entrepreneurial ecosystem concept emphasises that entrepreneurship takes place in a community of interdependent actors and distinguishes the concept from other cluster or regional economic development approaches by placing the entrepreneurial individuals at the core of analysis as pivotal actors in the creation and maintenance of the system's vitality and effectiveness. Theodoraki et al (2022) have also underlined that building sustainable entrepreneurial ecosystems is reflected by the dynamics and connections within the ecosystem for value co-creation.

As noted by O'Connor and Audretsch (2021), while entrepreneurial ecosystems share a unified theoretical framing, they are uniquely configured depending on their context. Contrary to clusters, the literature on entrepreneurial ecosystems explains that they are not created through top-down interventions but emerge from the collective and individual actions of various actors (Spigel et al., 2020). This decentralised nature of ecosystem formation allows for the organic development of interconnected networks, where actors collaborate, innovate, and share resources. While economic geographers, who pioneered the cluster literature and even connected it with entrepreneurship (Delgado et al, 2010) acknowledge that entrepreneurial ecosystems represent a significant shift in the global capitalist economy, they also critique the oversimplified distinction often drawn between clusters and entrepreneurial ecosystems in the entrepreneurship literature (Harris and Menzel, 2023). Here we chose to explore our case through the entrepreneurial ecosystem lenses to explore the “set of interdependent actors and factors” (Stam, 2015: 5) that share the same objective of fostering entrepreneurship within a specific geographic location (Theodoraki, Messeghem and Rice, 2018).

In the context of cultural and creative industries, the entrepreneurial ecosystem has proven to be a useful lens for understanding how specific industries, such as the cultural and creative sector, operate within larger entrepreneurial landscapes. Loots et al. (2019) applied a sub-ecosystem perspective (Malecki, 2018), focusing on the local creative and cultural industries sub-ecosystem of Porto as part of a broader entrepreneurship ecology. This perspective highlights the value of focusing on specific industries while maintaining an understanding of their place within the larger entrepreneurial ecosystem. Brydges and Pugh (2021) applied the EE in their study on a specific CCI, Toronto's fashion ecosystem, aiming to highlight both the

strengths and limitations of applying the EE concept to the CCIs. They underlined that the concept has been largely tailored to high-tech industries, while entrepreneurial activity in the CCIs is concentrated in unconventional spaces and practices, showcasing a more porous and fluid boundary between personal and professional environments. Magkou (2024) also used the EE framework in a study about the emergence of a translocal ecosystem of CCI support organisations in the European level and also called for an adaptation of the EE framework to better account for the distinct characteristics of CCIs, their varied geographies and their vocabularies. Nevertheless, while the literature on entrepreneurial ecosystems (EEs) emphasises their multilayered nature, comprising diverse actors such as entrepreneurs, investors, support organisations, and institutions (Stam, 2015; Spiegel, 2017), the case of cultural and creative industries (CCIs) reveals still a strong dependence on public policies. With this in mind we move into our case study to explore the initial research question.

## **Methodology**

The study adopts a case study methodology (Yin, 2014; Priya, 2021). It is based on a longitudinal study of the emergence of an audiovisual entrepreneurial ecosystem in Cannes, adopting an evolutionary approach (Mack and Mayer, 2016; Spiegel and Harrison, 2018). In order to ensure a comprehensive analysis, we integrate qualitative and documentary research methods, drawing from multiple data sources to allow triangulation. First, administrative documents, including official reports, policy papers, and municipal development plans, were analysed to examine institutional support mechanisms, funding initiatives, and governance structures facilitating the growth of the audiovisual industry in Cannes. Semi-structured in-depth interviews were carried out with 20 key actors, including policymakers, public administration staff, Cannes festival organisers, industry stakeholders and entrepreneurial support organisations (note: some interviews are still underway). Additionally, 15 interviews were conducted with entrepreneurs operating in the creative and cultural industries (CCIs), capturing their experiences within Cannes' emerging entrepreneurial ecosystem. A review of local press articles and recorded media interviews of key stakeholders over the last 15 years was also conducted to trace public narratives and industry perspectives on Cannes' evolving role in the audiovisual entrepreneurial ecosystem. Finally, participant observation was undertaken at major audiovisual industry events beyond the Cannes Film Festival, allowing for an assessment of interactions between entrepreneurs in the audiovisual industry, policymakers and other stakeholders in real time.

## **Results and discussion**

The evolution of Cannes' entrepreneurial ecosystem in the audiovisual industry reflects a broader evolutionary approach to policy developments, where strategic interventions have progressively shaped the city's economic and creative landscape. Initially, from the establishment of the Cannes Film Festival in 1946 until the early 2000s, the festival primarily functioned as a cultural diplomacy tool, positioning Cannes as a premier global destination for cinema (Bart, 1997; Beauchamp and Béhar, 1992; Billard, 1997; Bresson, 1981; Leclair, 2016). During this period, the local economy largely revolved around the festival's tourism-driven impact, with the hospitality sector benefiting from the influx of international visitors. By 2001, Cannes began to expand its economic development strategies beyond festival-related tourism, laying the groundwork for a more orchestrated development in the audiovisual industry. This shift was marked by the establishment of the Technopole de

l'Image, an initiative aimed at fostering technological and creative innovation in the sector. The city also solidified its role as a hub for major industry events in audiovisual content markets (MIPTV and MIPCOM), which complemented the film festival and attracted a broader range of creative professionals and investors, reinforcing Cannes' position as a year-round business destination for media and entertainment professionals.

The entrepreneurial turn became more pronounced around 2014, with the launch of Bastide Rouge, a hub dedicated to the cultural and creative industries and offering to startups and more established enterprises access to training programs, working spaces, production facilities and networking opportunities. This initiative signaled a more proactive approach to fostering entrepreneurship in the sector, providing emerging firms with infrastructure, funding opportunities, and networking platforms. While in principle Bastide Rouge is open to entrepreneurs from various cultural and creative industries, these are predominantly focused on the audiovisual industry.

Traditional EE frameworks suggest that ecosystems emerging through top-down interventions tend to be less functional, as organic, bottom-up dynamics are seen as essential for fostering sustainable entrepreneurial activity (Isenberg, 2010). However, in the context of CCIs, public intervention often plays a crucial role in mobilising and structuring the ecosystem to enable entrepreneurial activity. The Cannes entrepreneurial ecosystem in the audiovisual industry is shaped by a combination of strong institutional commitment and the strategic positioning of key actors. The city's commitment to its brand power is evident in the role of municipal leadership, particularly the Mayor of Cannes and the Palais des Festivals staff, who actively promote Cannes as an audiovisual hub. This dedication is also embedded in local administration, where decision-makers and other public sector staff demonstrate a deep-rooted attachment to the festival and its broader symbolic economy. A distinctive feature of the ecosystem is the presence of actors with multiple roles, often individuals who are already convinced of Cannes' potential and engage in various initiatives to support its development. Financial resources invested by local state actors play a crucial role as a microfoundation of the ecosystem (Wurth et al., 2022), ensuring sustained investment in infrastructure and creative projects. Entrepreneurs who choose to establish themselves in Cannes do so for diverse reasons—some are native to the region or have family ties, while others relocated post-COVID, seeking alternatives to Paris' competitive environment. Furthermore, over the last years, the entrepreneurial ecosystem in Cannes is marked by a well-articulated interest from multiple stakeholders, including universities, and other educational and training institutions such as ESRA focusing on audiovisual professions, which support talent development and industry collaboration. Additionally, the cultural and creative industries have been positioned as a national priority, with a number of state-funded initiatives reinforcing the stimulation of the audiovisual sector, from which the wider Cannes ecosystem has been benefiting. While the ecosystem is still under construction, these interconnected elements indicate a dynamic process of institutional and entrepreneurial co-evolution, laying the groundwork for long-term industry growth.

## **Conclusion**

Cannes' transformation from a film festival city to an emerging audiovisual entrepreneurial ecosystem underscores the complex interplay between cultural policy, economic

development, and entrepreneurial activity. These insights contribute to the broader literature on both festival economies and entrepreneurial ecosystems, emphasising the need for a more nuanced understanding of how festivals can act as long-term economic drivers. The case of Cannes demonstrates that entrepreneurial ecosystems in CCI may not emerge solely from organic, bottom-up processes but often require institutional commitment, strategic branding, and targeted policy interventions. This finding challenges conventional entrepreneurial ecosystem models, suggesting that in cultural industries, state and municipal actors play a more central role in orchestrating ecosystem development. While the ecosystem studied is still emerging and Cannes presents a unique case due to its strong global brand, its experience offers valuable lessons for other territories seeking to leverage cultural assets for economic and entrepreneurial development. Nevertheless, the specificity of Cannes' global reputation complicates its generalisability, prompting the need for comparative studies that examine how emerging entrepreneurial ecosystems in CCIs take shape in different territorial contexts. Future research should consider comparative cases to determine whether and how emerging entrepreneurial ecosystems in CCIs follow similar trajectories. By addressing this challenge, future studies can refine the entrepreneurial ecosystem framework to better account for the distinct dynamics of CCIs.

## REFERENCES

- Acs, Z.J., Stam, E., Audretsch, D.B. *et al.* (2017). The lineages of the entrepreneurial ecosystem approach. *Small Business Economics*, 49, 1–10
- Adler, P. (2024). Brand on the run: place brands as judgement devices and sources of local advantage in the music industry. *Regional Studies*, 58(10), 1904–1920.
- Auerswald, P.E., Dani, L. The adaptive life cycle of entrepreneurial ecosystems: the biotechnology cluster. *Small Business Economics*, 49, 97–117 (2017).
- Auerswald, P., & Dani, L. (2022). Entrepreneurial opportunity and related specialization in economic ecosystems. *Research Policy*, 51(9), 104445.
- Beauchamp, C., & Béhar, H. (1992). *Hollywood on the Riviera: The Inside Story of the Cannes Film Festival*. New York: W. Morrow and Co.
- Billard, P. (1997). *Le Festival de Cannes D'or et de Palmes*. Découvertes Gallimard Cinéma 314.
- Bart, P (1997). *Cannes: Fifty Years of Sun, Sex & Celluloid: Behind the Scenes at the World's Most Famous Film Festival*. New York: Hyperion.
- Brydges, T. and Pugh, R. (2021). Coming into fashion: Expanding the entrepreneurial ecosystem concept to the creative industries through a Toronto case study. *The Canadian Geographer / Le Géographe canadien*, 65: 346-367
- Colombo, A. and Richards, G. (2017) Eventful cities as global innovation catalysts: The Sónar Festival network. *Event Management*, 21(5), 621-634

Delgado, M., Porter, M. E., & Stern, S. (2010). Clusters and entrepreneurship. *Journal of Economic Geography*, 10(4), 495–518.

Gold, J., & Gold, M. (2020). *Festival cities: Culture, planning and urban life*. Routledge.

Harris, J. L., & Menzel, M.-P. (2023). Entrepreneurial ecosystems and clusters: How can economic geographers advance debates for regional development? *Progress in Human Geography*, 47(6), 813-832.

Hjalager, A-M. & Kwiatkowski, G. (2018). Entrepreneurial implications, prospects and dilemmas in rural festivals, *Journal of Rural Studies*, Volume 63, 2018, Pages 217-228,

Jarman, D. (2018), "Festival community networks and transformative place-making", *Journal of Place Management and Development*, Vol. 11 No. 3, pp. 335-349.

Kang, T. (2017). Bricolage in the urban cultural sector: the case of Bradford city of film. *Entrepreneurship & Regional Development*, 29(3–4), 340–356.

Kolokytha, O. (2022). Bottom-up cultural diplomacy in the Greek periphery: The city of Chania and Dance Days Chania festival, *City, Culture and Society*, Volume 29, 100448,

Lecler, R. (2016). La montée des marchés à Cannes Le circuit des échanges audiovisuels internationaux, sa chronologie et ses trajets professionnels. *Réseaux*, n° 200(6), 209-242.

Loots E, Neiva, M., Carvalho, L., Lavanga M. (2021). The entrepreneurial ecosystem of cultural and creative industries in Porto: A sub-ecosystem approach. *Growth and Change*. 2021; 52: 641–662.

Magkou, M. (2024). A creative hub for creative hubs or the emergence of a translocal entrepreneurial ecosystem for cultural entrepreneurs. *Revue de l'Entrepreneuriat / Review of Entrepreneurship*, Vol. 23(2), 115-140.

Malecki EJ. (2018). Entrepreneurship and entrepreneurial ecosystems. *Geography Compass*. 12359.

Richards, G., & Palmer, R. (2010). *Eventful cities: Cultural management and urban revitalisation*. Routledge.

Richards, G., & Leal Londoño, M. del P. (2022). Festival cities and tourism: challenges and prospects. *Journal of Policy Research in Tourism, Leisure and Events*, 14(3), 219–228.

Spigel, B. (2017). The relational organization of entrepreneurial ecosystems. *Entrepreneurship Theory and Practice*, 41(1), 49-72

Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. *European Planning Studies*, 23(9), 1759-1769

Theodoraki, C., Dana, L. P. and Caputo, A. (2022). Building sustainable entrepreneurial ecosystems: A holistic approach. *Journal of Business Research*, 140: 346-360.

Priya, A. (2021). Case Study Methodology of Qualitative Research: Key Attributes and Navigating the Conundrums in Its Application. *Sociological Bulletin*, 70(1), 94-

Yin R. (2014). *Case study research and applications: Design and methods* (6th ed.). SAGE Publications.