

**The Economic Value of Arts & Culture Festivals/
A Comparison of four European Economic Impact Studies**

“SEMINICI”-Valladolid International Film Festival 2001 (Spain)

Brighton Festival upon Brighton and Hove 2004 (UK)

Cultural Festivals in the East Midlands of England 2002-2003 (UK)

Edinburgh's Year Round Festivals 2004-2005 (UK)

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EXECUTIVE SUMMARY

INTRODUCTION

“A discussion of the merits of artistic support that ignores the aesthetic value of the arts is surely an example of a performance of Hamlet from which the Prince of Denmark is missing”

William Baumol

On Prof. Spranzi's *Art Economics*³

The following comparative analysis took place for the purposes of the Master Thesis of Alexandros Vrettos and his Master studies: Arts & Heritage in the University of Maastricht. The period within which the analysis was realized is that of 17th April 2006 – 21st June 2006.

Due to the restricted time the specific paper is based on a constrained research concept. Specifically, the Economic Impact Studies/Analysis⁴ which are taken into consideration and in continuance those compared, are selected with main gnomon the fact that they all contained the terms: *Impact, Festival, Arts, and Economic*. The current note is made in order to distinguish the EIAs used here from those that they might be about festivals, but the term festival either is not used⁵ or it is replaced by terms like “happening”, “meeting”, “cultural institution or industry”, “biennale”, etc. **This last note implies to all the Sources of Information used for the development of the paper.**

Two more imperative matters of the present paper are the accuracy and the amount of information reached, used and presented. Many researchers and foundations/institutions of research or of cultural policies and festival productions, too, were approached in order to provide as many as possible details about their economic impact studies.

³ SPRANZI A., 2005

⁴ From now on and for brevity's sake the following substitution/abbreviation is often present: Economic Impact Study/Analysis: EIA for singular or EIAs for plural.

⁵ Possibly there are cases that a festival might be recognizable only by its name without the term festival accompanying it.

All of the contacted parts were aware of the fact that as many as possible details were needed about each particular impact study. That was defined by the question, within the 1st (& more whenever was needed) letter: “*Could you please be kind enough and inform me if it is possible to get **the full** research/analysis paper and how can I get it?*” In all circumstances a confirmation letter was sent to the organizations stating that the material was received and inquiring an affirmation about the totality of the mailed material.

I received from everyone details and by few some more. Due to this I assume that these are all the details available and that those were offered to me. In some cases it was stated that there are some more details but those were not for public use. Apart from these last cases for all the rest of them, and based on my assumption that this is the whole and definite material, the comparative analysis expands as if I had the total in amount and the right in accuracy information.

Closing, it is requisite to account that this paper goes along with the belief of Joshua Guetzkow who mentions that “*However, to the extent that the arts do potentially provide something unique, the lack of comparative studies make it that much more difficult to concretely demonstrate the unique contribution of the arts.*” (GUETZKOW J., 2002)

SUMMARY OF FINDINGS

The principle characteristic of the four EIAs of Valladolid, Brighton, East Midlands, and Edinburgh is that they could be about any kind of event; artistic or not. That happens because the studies seem to avoid or ignore any typicality of an arts & culture festival. It seems like the researchers have studied the festivals from a distanced and isolated room and no one have visited these or other similar activities with a pure interest of entertainment and curiosity. Of course such a case cannot be true, but this is what the studies reflect. With the term typicality I refer to any characteristic that makes an activity to be considered as festival or all these characteristics that make a festival special and different from a simple concert, etc. Therefore, according to the four studies we do not have any description of the Festival.

Additionally the main conclusions of the present comparative analysis are:

- The four EIAs differ in almost every part of their structure and procedure;
- Even the definitions given by each study in regard to the main characteristics of an Economic Impact Analysis are different;

- All the festivals examined are subsidized by public funds;
- All the EIAs were commissioned and financed by the state;
- Only the Valladolid case has created its own multiplier; All the rest of the studies borrowed multipliers from other sectors of the economy.
- Apart from the Valladolid study no other gives information about the way the multipliers were developed.
- The Brighton case study has created a new not specific item that they call it “*contribution*” and is different from the multipliers used in other so as to describe impacts.
- No study presents a multiplier for the employment effects;
- However Edinburgh and East Midlands seem and say that they have used one but do not present the size of it or the methodology according to which that was constructed;
- All the four EIAs come up with positive facts about the festivals and their impact in the regions. Only the Edinburgh accepts that “*the net effect can be negative*”, but still this EIA attempts to soften this negativity by referring to the positive non economical profile of the festivals.
- All the EIAs use different sample sizes in their statistics and different sizes of geographical regions.
- No study took into account and tried to give a monetary value to the negative economies of the festivals; environmental problems, noise, criminality, litter, etc.
- No further social negativities were really taken into account;
- There is no study that gives exact calculation about the food, drink and merchandizing incomes and costs within the festivals;
- As stated in the first paragraph no study has mentioned any festival typicality. Some of the most important are the special and sensitive sector of insurance contracts about the festival and their direct-indirect-and invisible costs, the cost of the free passes given to “back-stagers” and other VIPs and friends; the combination of private public funds; the measures taken for 1st aid; the cost for special licensing of security measures (only the Midlands makes a reference, but does not give calculations);
- None of the EIAs researches if the impacts occurred because a festival is artistic or only because they it was one more social event. In other words the impact of the festivals is

not seen through the perspective of arts & culture. That becomes obvious from the questions made to the audiences which are mainly about their “consumer’s behavior” while questions about the importance of the artistic program are absent.

CHAPTER I

1. Objectives of the Comparative Analysis

The objectives of the present comparative analysis are:

- a. To detect as many as possible artistic festivals that have undergone an economic impact analysis and choose for comparison those complying to certain criteria⁶;
- b. To search similarities and differences of the methodologies used and generally the concept/s applied for those economic impact analysis;
- c. To act as a base of new argumentation about the arts & culture festivals, their impacts, their evolution and support.

2. Definitions

a. Arts & Culture Festival & Event

“A festival is a cultural event which is repeated for a general public yearly or at least with a regular interval, and in which performances of theatre, and/or music and/or film are combined in a program which takes place on one or more temporary locations, between a clearly stated start and finish time.”⁷

In several occasions a festival is enhanced with more forms of art such as plastic arts and a broader content of visual & performing arts (digital videos, slam poetry, etc).

Characteristic examples are the Open Houses of the Brighton Festival or the Northamptonshire Open Studios which is included in the Economic Impact Study of the Midlands and its content is about visual arts, photography and new/digital media.

Moreover the case is that every year new festivals with emphasis to music, visual arts and new technologies are born, like the STRP Festival in Eindhoven, NL.

However, in order to be more accurate, I will agree with D. Noordman's distinction between the term “festival” and the term “event” and in particular the term “cultural event”. *“Examples of incidental cultural events are the “blockbusters”, organised by museums. These events are not recurrent and therefore are not festivals, either. Recurrent non-festival cultural events are for instance the book markets and*

⁶ See CHAPTER III, §2

⁷ NOORDMAN D., Kroes, de Graauw. *Festivals en gemeentelijk beleid* ; uitgave RISBO; Augustus 2005; NL

*photography meetings. But they do not seclude the meaning of festivity, “the feast”, “the fiesta”, the celebration. Every cultural festival is therefore a cultural event, but not every cultural event is a festival.”*⁸

Apart from all this someone might give different definitions to the above terms. It is a fact that the world of arts, culture and cultural economics has not come up to a technically certain, distinct and catholically approved definition of the arts/culture festivals and events. Someone would say that definitions are often given in order to restrict the sample of the research to be done, and as a result they make the procedure of the analysis less “painful”. This is not the case in the present comparative analysis. The definitions given above are meant to describe what is generally believed and accepted -as common- logic in regard to the sense of the festival and the event.

The fact of the compatibility between the definitions and the nature of the festivals presented in this paper does not annul the principal that *“the events which meet up with our definition of festival, but do not call themselves a festival, are considered as a festival proper. The events and activities that do not meet up with the definition, but profile themselves as festivals are left out of this analysis”*⁹.

Conversely must be always kept in mind that two of the main parameters in support of the selection of the studies presented here were the availability of the studies and the restriction of time within which the comparative analysis should have taken place.

b. Economic Impact of Arts & Culture Festivals

There is no particular definition or methodology that portrays the term/expression “Economic Impact of Arts & Culture Festivals”.

The four methodologies followed are often different and are adjusted in the local, regional and national standards. In other words the methodological approaches of the festivals’ economic impacts are mainly empirical. Moreover there is no specific definition of the “Economic Impact of a Festival” and if there was that would derive

⁸ See footnote 7

⁹ See footnote 7

from each applied methodology. Therefore a classification of the methodologies and a sole definition are nearly impossible to be reached for the time being¹⁰.

However there are evident methodologies or better, attitudes that the researchers tend to generally apply; the analysis of those is in the fourth chapter.

Note¹¹:

In principal the term *methodology* refers to a body of methods or disciplines. However the economic impact studies compared in this paper tend to use the word *methodology* as a substitute of the word *method*. The note is made because very frequently the studies present recommended practices on how to assess the economic impact and not overall and coherent procedures with set of practices, training materials, sets of methods, and finally a full methodology that can be repetitive as tactic. No matter this, they are all methodical, in their present state, and therefore this might be the reason why the pollsters and the researchers tend to prefer the *methodology* instead of the *method*.

c. Comparative analysis

As such is meant the effort to relate the EIAs by shorting out same or equivalent characteristics of them.

d. Other Definitions

Further definitions of economic impact terms are given in the Glossary, p75.

Additionally, in the Table 4, p55, are given the definitions per study of the characteristics of the economic impact.

¹⁰ For a general definition of the term *Economic Impact of the Arts* see the Glossary, p75

¹¹ The American Heritage Dictionary of the English Language; Fourth Edition; Copyright © 2004, 2000 by Houghton Mifflin Company; Published by Houghton Mifflin Company.

CHAPTER II

1. Sources of Information

a. Internet (search engines)

The searching procedure occurred as follows:

- i. Internet search engines like Google and Yahoo were used in order to check for the existence of Economic Impact Researches of Arts Festivals in random places around the world;
- ii. The languages used for this case were those of the author's knowledge;
- iii. The key words and expressions used were diverse syntactical and grammatical combinations of the expressions: *Economic Impact/s of Arts and Culture Festival/s (English)*, *Impacto/s Económico/s (de) Festivale/s Artístico/s y Cultural/es (Spanish-Español)*, *Impacto/s Econômico/s (de) Festivais/al Culturais/al e Artístico/s (Portuguese-Português)*.

Reasons for using Internet Search Engines

- The period available for the comparative analysis was that of 2 months;
- No budget existed for the comparative analysis;
- The sense that the expanded and extended use of internet not only complements other traditional paper catalogs or private and public libraries, but to a certain extent tends to replace many of their archiving functions.

b. Libraries (Online Catalogs and Paper Archives)

- i. Library of the University of Amsterdam, The Netherlands (*universal catalog*);
- ii. Library of the University of Maastricht, The Netherlands (*universal catalog*);
- iii. Boekman Library, The Netherlands;
- iv. The catalog of researches available by the European Festivals Association:
<http://www.efa-aeef.org/efahome/efrp.cfm> (*end of March*)

In the Libraries of the Universities of Amsterdam (i) and of Maastricht (ii) was found no bibliography related specifically to the Economic Impacts of Arts or Culture Festivals.

The respective libraries do have access to a great number of Journals related to Arts & Culture and the combination of those with fields of Economics and Policies.

The general reports of the just bellow listed EIA's were present in the library of BOEKMAN:

- “A report into the impact of folk festivals on cultural tourism” by the Association of Festival Organizations, UK, January 2003. However the specific report is extremely poor in economic impact analysis;
- “Festivals and the creative region; *The economic impact and social benefits of cultural festivals in the East Midlands: key findings from a study by De Monfort University, Leicester, UK*” The specific research was rich enough¹² in results, data and methodologies and a more complete paper is available through the web site of the European Festivals Association (www.efa-aef.org).

It becomes obvious that, at least in the case of the present comparative analysis the internet resources and the further communication with the relevant/respective researchers (c) were of significantly greater importance than the libraries.

Finally the use of the university catalogs were practical enough in reaching papers which are published in Journals, but that again was an internet procedure for Electronic or Paper Journals which stand online.

c. Other researchers

A communication was established with researchers who offered their knowledge about the existence or not of Economic Impact Tools and analysis about festivals which were not present in the above sources (a) & (b).

¹² See CHAPTER III, §2 and especially the *criteria of selection*.

2. **Lists of:**

a. **Available Economic Impact Analysis of Arts/Culture Festivals**

Table 1 .Examined EIAs (not compared) and basic characteristics.¹³

	TITLE EIA	REGION/ COUNTRY	COMMISSIONED	PREPARED	IMPACT STUDY FUNDED BY...	YEAR	N° FESTIV.	FESTIVAL: PROFIT MAKING /FUNDED (GOV.)	TYPE OF EVENTS
1.	Edinburgh's year round festivals 04-05	Edinburgh, Scotland/UK	-City Council Edinburgh, -Scottish Enterprise Edinburgh -Lothian -Event Scotland -Visits Scotland	-SQW Economic Development Consultants -TNS Travel and Tourism	Possibly by one or more of the commissioners	Sep 2005	17	No/Yes	12 Arts Festivals 1 Science Festival 1 Sports Festival 1 Christmas Event 2 Cultural Events with artistic program based on traditions.
2.	Economic & Cultural Impact of Brighton	Brighton, England/UK	-Brighton and Hove Council -Brighton Festival	Sussex Arts Marketing	Public Funds	Sep 2004	2	No/Yes	Performing Arts Festivals

¹³ *The specific list contains the EIAs found through the Sources of Information mentioned in the previous paragraph & refers mainly to Artistic & Cultural Festivals;*

	Festival & its Fringe Festival		-Arts Council England, South East						<i>Mostly Music & Theatre</i>
3.	The Economic & Social Impact of Cultural Festivals in the East Midlands of England	East Midlands/ England/UK	-Arts Council England -East Midlands -East Midlands Development Agency (emda) -Regional Economic and Arts Partnership (REAP)	-Christopher Maughan -Franco Bianchini De Montfort University, Leicester, UK	Arts Council England	Dec 2004	11	No/Yes	Performing 8 Arts Festivals 2 exhibition event/festivals of visual arts, handicrafts, etc 1 not defined
4.	The Economics of Festivals: Analysis of Valladolid International Film Festival	Valladolid/ Spain		-PhD Thesis; <u>Author:</u> María Devesa; <u>Contributors:</u> -Luis César Herrero; -Ángel Sanz; -Ana Bedate; Valladolid University		2001	1	No/Yes	Film Festival
5.	Economic Impacts of 97 festivals & events	Ontario/ Canada	Ontario Trillium Foundation	Hill Strategies (consultants)	-Ontario Trillium Foundation -Ontario Arts Council -Ontario Cultural Attractions Fund	Apr 2003	97	No/Yes	66 Arts Festivals & 31 of various matters: agricultural fairs, sports etc.
6.	Port Moody Festival of	City of	City of Port Moody	-Yates, Thorn &	Public Funds	Mar 2002	1	No/Yes	31 arts events/ 6 exhibitions

	the Arts	Port Moody/ Canada		Associates -Eric Vance & Associates					included
7.	2003 Festivals and Events Ontario	Ontario/ Canada	Festivals & Events Ontario	Enigma Research Corporation	Public Funds	2004	25	No/Yes	7 Arts Festivals of Arts & 18 festivals & events of diverse topics
8.	“Arts and Culture”, 1999	Edmonton Region/ Canada	-Edmonton Arts Council -Economic Development Edmonton	-Edmonton Arts Council -Economic Development Edmonton	Public Funds	Oct 2000	13 out of 101 Art & Festival Industries included in the Study	No/Yes	13 Artistic Festivals & Various arts events of differ art industries.
9.	BC Festival of the Arts	City Fort St. John/Canada	City of Fort St. John	-Yates, Thorn & Associates -Eric Vance & Associates	Public Funds	Dec 2001	1	No/Yes	1 Arts Festival. The Impact Study is included in a package of impact studies about the impact of the Events of the city. The other impacts are 4 & not related to arts.

Remarks about the *in Table 1* studies

These are the studies which within the given time was possible to be discovered, examined and then shorted out so as a comparison to take place among four (4) of them. The main remarks about the Table 1 are:

- I. All the EIAs are commissioned by State/Governmental Councils/Organizations
- II. All the EIA's are financed by State/Governmental Councils/Organizations
- III. All the EIA's are about festivals which are non-profit
- IV. All the festivals are non-profit
- V. All the festivals receive funds directly by the respective governments/regions/states/councils Etc....
- VI. All the EIAs were published in 2000-2005 and are about festivals which were organized either the same year or 1-2 years before
- VII. Four (4) EIAs were conducted by private consulting companies. One (1) EIA makes part of a PhD conclusion. One (1) EIA was conducted by independent researchers related to the De Montfort University. Three (3) EIAs were conducted by organs of the respective Arts Councils and the local Municipal Cultural &/or Tourism Departments.

Table 1 – The analysis & some more Impact Studies

Apart from the studies presented in the Table 1 exist more around the world but time was not the best ally of this comparative analysis. For that reason those are not included in this table because there was not enough material about them reached and scanned.

Some examples are:

- 'El impacto económico del Festival Internacional de Cine de San Sebastián', Capaul, M. (1988);
- 'Edinburgh Festivals Study, 1991'. Final Report. Scottish Tourist Board, Edinburgh, Scotland, UK;
- 'Edinburgh Festivals Economic Impact study', Jones Economics, November 1996.

- ‘The Economic and Social Contribution of the Wexford Opera Festival.’ O’Hagan J., Barret A. and Purdy M. (1989) Dublin: Trinity College, Ireland.
- ‘Melbourne International Festival of the Arts (1994): a report on the economic and social impacts.’ 03/1995. Ernst and Young MELBOURNE, 1994., Melbourne, Australia;
- ‘Melbourne International Festival of the Arts: an evaluation of attendance and economic impact, (1996).’ Commissioned by the City of Melbourne and MIFA, MELBOURNE, (1996). Melbourne, Australia;
- The 1990 Adelaide Festival: the economic impact. McDonald, S. (1990). Centre for South Australian Economic Studies: University of Adelaide, Adelaide, Australia;
- The Survey of “WOMAdelaide” March 4 - 6, 2005 with objective to identify: *“Characteristics of visitors; Event satisfaction; Prior and return visitation trends; and measure the economic impact of the event¹⁴”*.
- ‘Economic Impact of the Arts: Theatre Festivals in Small Ontario Communities’. Clare J.A. Mitchell. Waterloo University, Canada Social Sciences & Humanities research Council. Summer (1989); Southern Ontario, Canada.
- The economic impact of the 1997 Standard Bank National Arts Festival. Antrobus G., Webb A. and Mather D., (1997b). Department of Economics, Rhodes University, Grahamstown, S. Africa;

Common Remarks for the *in & out of Table 1* studies

- i. They are almost all contacted in “developed” countries and are about festivals of the own countries.
- ii. The ‘*Economic impact of the 1997 Standard Bank National Arts Festival*’ is contacted in S. Africa and is about a S. African Festival. The rest of the studies (with only exception the 2 Spanish of San Sebastian & Valladolid) are

¹⁴ Annette Tripodi; Operations & Program Manager WOMADELAIDE Arts Projects Australia

contacted in Britain, Ireland, Canada, Australia, and possibly are more in the US. This does not indicate that all or most of this kind of studies are contacted in *common cultures*. It mainly indicates that an increase of those studies occurs the last years in these countries.

- iii. The proportion of the studies contacted in regard to the location and origin is presented by the *Table 2*.
- iv. The oldest study is that of the San Sebastian Festival in 1988 with second the study about the theatre festivals in small Ontario communities in 1989 and that about the Wexford opera in Dublin.
- v. The majority of the studies are contacted in two time periods: one is 1994-1997 and the other is 2000-2005; and one study was contacted in 1999.

Table 2. EIAs of Arts & Culture Festivals per continent & country

AREA	No. OF STUDIES	PER CONTINENT	PER COUNTRY
EUROPE	8		
IRELAND			1
SPAIN			2
UK			5
REST OF THE WORLD	11		
AUSTRALIA			4
CANADA			6
S. AFRICA			1

b. Tools for Economic Impact Analysis of Arts/Culture Festivals

Table 3. Tools of Economic Impact Assessment

TITLE OF TOOL	Do-it-Yourself Economic Impact Kit for Festivals/Events	The Ontario Tourism Regional Economic Impact Model (TREIM)
REGION/COUNTRY	S. Melbourne/ Australia	Ontario/Canada
COMMISSIONED	Arts Victoria	Ministry of Tourism of Canada; (<i>tourism policy and research branch</i>)
PREPARED by...	<u>CRC Tourism</u> & a Consortium of: -Tourism Victoria -City of Melbourne -Victoria University -La Trobe University -Arts Victoria	The Centre for Spatial Economics of Canada
FUNDED	By the state	By the state
YEAR		Updated: Jan 2006
Made For/To....	<u>To facilitate:</u> -regional Victoria exhibitions -Melbourne & Victoria based festivals.	<i>Provide detailed economic impact analysis for various user-selected geographies</i> <u>To distribute total direct tourist spending across:</u> -Ontario Census Divisions (CDs) -Census Metropolitan Areas (CMAs) -Ontario's Tourism Regions <u>To estimate economic impact of:</u> -specific tourism events -impacts on the supply side by tourism industry sector -type of capital project at the CD, CMA -Tourism Region level of geography. <u>To review the impact at the:</u> -provincial level of supply -demand side tourism sector activity.

Table 3 – The analysis

The Table 3 presents two tools that aim to assist the researchers, but also the producers of arts, culture and other events & programs. The tools are from and developed in Canada and in Australia. The reasons of development and existence of those are presented in the last row. Extended analysis of the tools is not available through the present paper.

General Note about the Tables 1 & 3:

The just presented comments about the Tables 1 & 3 try to give indications about the most accessible Economic Impact Studies that were located with gnomon the languages spoken by the author and the bibliographies, which were scanned for the reasons of the comparative analysis. In addition, due to the time limit was not possible to search for further studies.

These comments indicate that the festivals & tools of the tables are not necessarily the only or even the main. A proper and long term analysis must take place in order to come up with more robust results. The results presented here are the most robust in relation to the circumstances that the research took place.

CHAPTER III

1. Why a comparative analysis of Economic Impact Studies of Artistic Festivals?

The main aim of this comparative analysis is to present the descriptive facts of the EIAs. Emphasis is given to facts that dominate the last years the discussions in the cultural economics and especially in festivals. Even if these EIAs might lack in reasoning from the side of the science of economics and the juxtaposed festivals' impacts, they are not in the target of this paper because of that. An extensive technical analysis of these matters demands a separate research project.

The last two decades is observed a high rise in the number of arts and culture festivals. From the side of Demand due to reasons such us: the rise of leisure time, the fall of the transportation costs, the higher income and the improved and more broadly “distributed” education, the higher tourism consumption and the cultural tourism¹⁵. Another reason especially in European Union is the turn of focus from the 1st and 2nd economic sectors (of raw materials and industrial production) to the 3rd sector of services while the biggest part of the first two sectors has been shifted to Latin America and Asia respectively.

Last but not least is the attractiveness of the comparatively low prices of the festivals, a fact that is also proved by the high degree of price elasticity¹⁶ that the majority of the cultural events present as said by the EIA of the Seminci Festival of Valladolid. However I wonder if a festival was, for instance, offered for free to the audiences would have the same popularity. This last factor/reason can be supported only under the perspective of the opportunity costs¹⁷ that the festivals might offer in relation to other activities.

From the side of supply and based for once more on the approach of the Impact Study of Seminci Festival, Valladolid I see as reasons of the high attractiveness of the

¹⁵ PRENTICE R., ANDERSEN V. (2002); FREY, B. S. (2000); FREY, B. S. (1994)

¹⁶ The elasticity is explained in the Glossary of this paper

¹⁷ The opportunity cost is explained in the Glossary of this paper

festivals reasons such as: the reducing of the Baumol's Disease¹⁸, the minimizing of the marginal cost¹⁹ and the tourist and economic lure that the festivals conform with.

Parallel to the increased number of the arts and culture festivals is the rise of the number of economic impact studies of the arts in general. The accuracy of the economic impact studies on arts and culture has often been questioned by many researchers and theoreticians of the economic and social sciences. Moreover, as we saw in the Tables 1 and 3, the EIAs about arts festivals are assigned by governmental or better political/state factors and are about festivals that are non profit making or of private interests.

Differently the EIAs are headed from the political environments towards the festivals that those environments organize or, more appropriately said, that they subsidize. On the other hand there is a great number of arts and culture festivals that are private and of grate financial and audience numbers and that, up to now, have slightly been researched or have undergone an impact study.

In addition, the majority of the studies presented here have come up with positive impacts (economic mainly) by neglecting negative effects that some productions may cause to a local or broader range such as environmental negative side effects, felony, etc²⁰. From an economic point of view not taking into consideration such side effects is extremely risky as long as the positive results of the economic impact studies could counterfactually be minimized or even be negative for the local, regional, national or international economy and therefore discourage in a macro level the support of the arts and the festivals.

In continuance it is necessary from an economic, sociological and cultural point of view to set a basis for a context within the cultural economics that will take into consideration parameters like those mentioned and will not make unintentionally, or not, abuse of the visible positive effects of festivals. By not setting this basis we jeopardize the money and the quality of life of the tax payers (as important "contributors" to the arts' subsidizing), the future of the festivals and the support of the arts. And although *"the proliferation of 'economic' impacts studies in arts and cultural advocacy can be seen as a perfectly rational response to political demand"* (MADDEN C.; 2001) also *"more*

¹⁸ A short description of the Baumol's disease is found in the glossary of this paper

¹⁹ The marginal cost is explained in the Glossary of this paper

²⁰ For an relative example see GAZEL R. (1997)

money has been spent on assessments of the impact of the arts than on any other arts policy question” (CWI D.; 1981). The last statement, meant to be, mainly, for the US and the arguments developed there about the need of state financial support to the arts. But it seems to affect strongly Europe the last decade as seen from the selected for analysis festivals’ studies of the Table 1; while, if only empirically, we place a festival like the Pink Pop in the Netherlands, the Pukkelpop in Belgium or the Reading Festival in the 90’s in UK, aside with one of the festivals or group of festivals of the Table 1 the economic figures are higher from the side of the profit making and private festivals. Or maybe not²¹?

After all *“to the extent that the arts do potentially provide something unique, the lack of comparative studies make it that much more difficult to concretely demonstrate the unique contribution of the arts.” (GUETZKOW J.; 2002)* At that point is important to explain that although J. Guetzkow refers mainly to the lack of comparative studies between the impacts of other sectors of an economy and the cultural sector, the author of the present study is “borrowing” his expression in order to refer to the lack of comparative studies of existing Economic Impact Studies on Arts and Culture Festivals. Comparisons that can create points of reference for the measuring of the impacts of the festivals.

Based on all this I have decided to proceed in this comparative analysis. It is not more than a paper and thoughts, which all need a lot of future work in order to finally avoid the drawbacks of the economic impact studies of the arts festivals. And; maybe these impact studies will be more efficient or if needed even terminated in order to support festivals and arts in a different way from the perspective of the economic science.

2. Methodology of the Comparative Analysis

Criteria of Selection of the compared Economic Impact Studies

²¹ Independently if bad management; HR development; insurances’ contracts & other reasons might force a profit making festival to bankrupt

The Table 1 presents the number of the EIAs that were located in several parts of the world. Because of technical and thematic reasons not all of them were selected to be compared here.

More specifically these technicalities and thematic restrictions were:

a. The availability of the material

For some of the studies was possible to be found in the given time that the comparative analysis should have been realized, while for others was not.

b. The amount of information provided based on certain characteristics

Some EIAs provided more information about the main characteristics of an economic impact study, which in the case of the arts and culture festivals are:

- The Definition of the Geographical Area to be examined;
- The Locality or not of the Sample/Audience;
- The Inspection of the Reasons of Presence of the Audience/Sample in the Festival. That is if they have been in the area with the purpose to attend the festival or not; It is of importance to reassure that those who attended the festival were there for this purpose and not accidentally because otherwise the calculation might conclude to a plasmatic increase of the real impact created by the festival. In other words it is essential to know if the festival defined their decision to be in the area;
- The Clear Distinction between the use of Economic Multipliers (Quantitative Approach) or of Qualitative points of reference;
- The Existence of Definitions of the differ impacts²²: Direct, Indirect, Induced, and the clear connection of those with the procedure of the evaluation and the results of it;
- The consideration and calculation of alternative costs.

c. Assumption of possible tension of cross cultural convergence in the assessment of EIAs within the European Union

²² See: Glossary p.75

d. The Irrelativeness of the EIAs with Arts & Culture Festivals

Studies that were examining groups of festivals, which in their majority were not related to arts, were excluded.

The Economic Impact Studies of Arts and Culture Festivals who met the just mentioned requirements were selected and secluded in this comparative analysis.

CHAPTER IV

Comparison of the Methodologies of the four Economic Impact Studies

In general all the studies follow the same methodology that is the quantitative with the use of multipliers, but we have variations.

a. Impact Studies without multipliers²³??

“Seminci” – Valladolid International Film Festival (Spain)

The EIA of Seminci is quite special because is divided into two succeeded methodological phases. The direct, indirect and induced impacts have the same definition in both phases therefore are the same items. The total impacts also have the same definition. However in the first phase there is an assessment of the total impact through a claimed “qualitative” method and there is not an assessment of the induced impact. In the second phase is assessed the induced impact with the multipliers’ method. At this phase is calculated and presented the total induced impact.

The special characteristic in the case of Valladolid is not the fact of “calculating”/measuring through a “qualitative” method the direct and indirect impact, neither that later on the total induced effect is calculated with a multiplier. The special characteristic is the emphasis given to the “qualitative” method. This emphasis springs from the fact that the economic impact study of the Seminci (DEVESA M., Herrero L., Sanza A., Bedate A. 2002) was published in advance of the induced total impact method and through this was presented as a stand alone fact, independently of the existence or not

²³ See: Glossary p.75: Multiplier

of the induced impact. On the other hand the majority of the economic impact studies emphasize on the induced impact and each study is published as a total at a first and only place. If we would like to express it differently, there is not in the “qualitative” method of Valladolid any special qualitative characteristic than in the rest of the studies apart from the fact that is not published yet the part of the induced impact.

For that reason it is mentioned here a part of the text of the *Economic Impact of Cultural Macroeconomic Festivals using input-output multipliers* (HERRERO L. C., Sanza A., Devesa M. Universidad de Valladolid; 2004) in which participated the three of the researchers of the Valladolid study. “Some authors focus on the effects on local, regional and national economies, namely on the multiplying effects on the economic system: while others address more qualitative issues: such as the increase of the human capital of the society, the improvement of the quality of life of citizens or the appeal of new activities and jobs.” (HERRERO L. C., Sanza A., Devesa M.; Universidad de Valladolid)

In accordance to the listed qualitative issues included in that abstract no related signals are contained within the EIA of the Valladolid International Film Festival.

b. Impact Studies with multipliers

In this paragraph are compared all the four EIAs including the case of the Seminci. The festival of Valladolid is included for the simple reason that finally the specific study concludes to the Total Induced Economic Impact, too, hence will be compared with the other three.

The comparison is based on the paragraph *III.2.b. The amount of information provided based on certain characteristics*; p.25.

i. Differences in the definition of the Geographical/Reference Area (local economy)

A multiplier is strongly related to the geographical area, thus the size of the area, it is of crucial importance to define as specifically as possible the geographical area to be examined. In case of an opposite action the results might be misleading in a more than logically positive way due to the presence of a multiplier that is functionally connected with the region. The bigger the region is the less is the

leakage²⁴ of expenses made to the local economy. Especially, by the time that the festivals studied here are subsidized by state programs this must make us very careful. The general observation is that all the four studies pay attention to the geography of their assessments and most of all they make this clear to their final reports.

The Valladolid gives a not very specific description of the geographic area through the sentence: “... *we have separated expenditure made in the geographic reference area (the city of Valladolid) from that made outside it...*” (DEVESA M. & others. 2002) In conclusion the area under inspection should be that of the Valladolid’s institutional boundaries.

The Brighton case refers to the geographical restrictions of their impact study in a direct way in the introduction by explaining that the study is focusing on the local economy of Brighton and Hove. Therefore the assumption can be that the local economy is defined geographically by the institutional borders of Brighton and Hove. In addition, when is calculated the secondary spend, a reference is made to the local audiences as if they were those from an up to 30 minutes driving distance. The final report included a map of the Brighton and Hove area.

The East Midlands study gives a quite specific and clear definition of the geography of the local economy to be examined. That was defined as “*a radius of 10 miles from the location of the festival or, in the case of a county wide-event, evidence that a member of the audience had traveled more than 20 miles in the course of visiting one or more artists’ studios.*”(MAUGHAN & BIANCHINI 2004)

The Edinburgh study also, provides indication of the geographic area, by defining that for the total economic impact were examined addresses to the areas of

²⁴ See: Glossary p.75

Edinburgh, the Lothian and Scotland. For that reason is also provided a graphical presentation through a map of the region.

The overall conclusion of the analysis about the Geographical/Reference Area is that not only all the studies use different methods to define their geography but they also conclude to different sizes and of course characteristics. With gnomon that fact the studies become, automatically, almost incomparable as we cannot compare not similar items.

ii. Differences in the Origin of the Sample/Audience

An economic impact study needs some points of reference; as already presented one is the geographical region which is affected by certain economic activities; and the second but equally important are the factors which act economically, that is those who contribute so as an economic impact to arise. In the case of the festivals these factors are represented by the festival production, the audience, the local businesses, the capacity of the local market in relation to the geography and of special categories depending on the case study. For instance, the EIA of the Festivals of Edinburgh takes into consideration the effects caused by the large number of the journalists who visit the festivals through the year. These factors are respectively responsible for the three categories of impacts; direct (festival production), indirect (audience & *journalists*) and induced (local business, capacity of local market).

By the time that economic multipliers are used in all the cases (attendees, journalists, performers, production, etc) it is necessary to specify the samples. *“Multipliers are designed only to measure the impact on GDP...”* (Or the local-regional gross income) *“...of increases in demand that do not require substitution from other sectors. In economic terms, this means they measure the effects of demand increases caused by exogenous increases in wealth, such as an injection of money from outside the economic system”* (here by the festival audiences or/and journalists in the case of Edinburgh). *“Only then can the impact be seen as*

extra wealth 'generated' by demand increases in particular sectors."(MADDEN C. 2001). In other words only the audiences/journalists/etc outside the area of reference should be included in the studies since spending by the locals cannot be considered as *an injection of money from outside the economic system.*

The Valladolid study first of all considered as net cash flow to the city the one contributed by the non local audiences. In order to succeed this, the researchers were asking the audience members about their usual place of residence. Moreover, and in order to be more accurate, about the money really spent because of the festival, they asked the non-local attendees a question about the purpose of their trip to Valladolid: *"If the primary purpose was the festival, we assign 100 per cent of the expenditure to it; if the festival is only one of purpose among others, we only assign 50 per cent; and finally, if the festival did not played any role in visitors' decision-making –although they attended it– no expenditure is counted."* (DEVESA M. & others; 2002) In addition to this the Valladolid study introduced four (4) criteria in order to succeed higher accuracy in relation to the spending and consumption models of the non-local attendees.

First was the length of stay in the area of reference and second the origin of the non-local attendees, which means, from how far have they traveled to reach Valladolid. The third criterion was if the attendees where overnights or not and the fourth examined the purpose of the visit to Valladolid or in other words the level of importance that the festival had for the audience in order the latter to be in the city.

Due to this procedure they came upon the following results. The most important attendees in terms of spending were the overnights; the number of attendees having as main purpose of the trip the festival was more than double than that of those who had it as secondary purpose and almost ten times more than the attendees' who were not influenced at all. Interesting is also the fact that those who traveled especially for the trip had significantly higher (than the secondary reason of traveling) average spending in sectors related to the festival and at the

same time have pre-calculated how to save money from expenses like the city transport.

The Brighton study does not make any distinction between the local and non-local audiences in relation to their contribution of “really new money” to the local economy; or at least such a case is not obvious in the final report of their EIA, (SUSSEX ARTS MARKETING, 2004). On the contrary the way that the final report is contacted gives the impression that the expenses made by the locals might have been included in the assessment. I state so because of the emphasis given to the average spend of locals and non-locals in regard to the core festival of Brighton and from the absolute absence of the “local audience” and “non-local audience” in the assessment of the impact of the Fringe Festival of Brighton. However this last statement resembles mostly to a hypothesis as long as exists a reference to economical models used for economic calculations and is possible those to contain restrictions for the origin of the audiences.

The East Midlands distinguishes between the impact of the locals and non locals by considering the latter as the real or else the “*Economic Impact adjusted*” (MAUGHAN C., BIANCHINI F. 2004).

As presented before in the section about the East Midlands in the paragraph of the definition of the geographical area (p.28, §4), the Midlands EIA firstly recognizes as non locals those traveling more than 20 miles and as locals those who have traveled 20 miles (return journey).

Moreover it is stressed that they decided to focus on visitors from outside of the local economies where the cultural festivals have been located and based on that criterion they conclude in two (2) types of Economic Impacts; the unadjusted and the adjusted.

In line with the first, the impact (unadjusted) is: “*the total of all three sources of impact is £11,393,944 which would be impressive if all the audience came from a different local economy and all festivals’ expenditure was made within its own local economy.*” (MAUGHAN C., BIANCHINI F. 2004)

In line with the second the impact (adjusted) is: “*the total when local audiences and non-local expenditure made by the festivals are removed and that reduces the total calculated impact to £5,289,739*” (MAUGHAN C., BIANCHINI F. 2004).

The Edinburgh study aims to present in net figures the contribution made to the economy’s output, income and employment. Thus they “*exclude the activity that would have taken place without the Festivals. In other words, these figures represent the difference that the Festivals make. For that reason they want to exclude the expenditure of residents, visitors or performers who would have been in the city anyway.*” (SQW Ltd & TNS TRAVEL AND TOURISM, Sep. 2005). Within this frame the concept is to classify the level that each Festival was itself the main reason for the trip of the non-locals. The distinguishing part of this concept is the awareness of the need to differentiate between results based on simple attendance figures and those based on the motivation to visit a festival (similarly thought and the Valladolid study).

Other special characteristics of the Edinburgh study are the following:

- The distinction between visitors and number of attendances. Both cases refer to non-locals; three analysis were made for the latter; one about the audience, one about the journalists and one about the performers. Because of the large number of the journalists and the performers who are present in the Edinburgh Festivals the study incorporated these special impact assessments for all the three (3) categories.
- The exclusion of locals, but also of these non-locals who would have been in the area of reference anyway, e.g. for holidays.
- The displacement factor. The study like stated before has as areas of reference or interest the: Edinburgh, Lothian, rest of Scotland. For that reason is calculated the opportunity cost of the alternative spending in different areas. For instance, and through a simplified example can be said that the concept of the calculation would be like this: if £5 were to

be spent in the rest of Scotland due to holidays, but they are spent, because of a festival, in Edinburgh, then these £5 are the opportunity cost of the rest of Scotland for the alternative spending in Edinburgh which finally is calculated as income of the city. That factor was counted for the cases of the audience, the journalists, performers and the festival organizers.

- The “additionality”; “*At a UK level, “additionality” (the extent to which the activities add to the output or employment) will effectively be determined by its impact on the “supply side”* (SQW Ltd & TNS TRAVEL AND TOURISM, Sep. 2005).

Note:

For any of the cases that the local spending was calculated, no matter if it was added in the impact to the area of reference, and for the cases that a local, regional or national funding were included in the assessment no analysis was made to determine if the local spending would have been otherwise made and how. And in what way the locals financed their spending, e.g. by their salaries or by savings in banks of local interest, loans for consumption etc. (see: SEAMAN B. A., 1990). However it was regarded “*whether the sponsorship or other income attracted by the Festivals has been displaced form other projects*” (SQW Ltd & TNS TRAVEL AND TOURISM, Sep. 2005).

The result of the section about the origin is summarized as follows: The studies of Valladolid, East Midlands and Edinburgh do make a distinction between the local and non local attendees and the importance of those in relation to the economic

impact. The Brighton does not. Moreover the three studies, which make the distinction, do have differences in the way they perceive the meaning of local or not local. No study mentions the importance of the backstage attendees either locals or non locals. This last category mentioned here refers mostly in the “free passes” category and as such I define the one including all those people who receive free passes to attend the festival and very often have access to the backstage (*all areas access*). In continuance these “all area access” people gain the privilege to provide free passes to local or non local attendees and often make free use of catering and other services. The result is a great loss of income that firstly is not mentioned by any study and secondly not categorized by any study in terms of sample’s origin. Consequently for once more becomes difficult to really compare the four (4) studies. Maybe we can refer to their only common part, that of the *loss caused to free passes*.

iii. Reasons of Presence of the Audience/Sample in the Festival;

This section has a double-sided objective.

From one side, tries to discover if the EIAs distinguished the non-local visitors, which have been planning to visit the area of reference, independently if that was in order to meet friends, family or for other cultural and professional reason, but eventually they extended or adjusted, their time planning in order their main motives to concur with the festival period.

From the other side tries to find out which studies took into consideration the members of the audience that have been already in the area, but decided instead of following their initial plan to visit the festival/s.

A crucial characteristic of Valladolid was the part of the market segmentation that the study created. For that reason, and mostly in order to discover the importance-significance of the different spending it was used a software statistical-marketing tool, the ANOVA. The whole procedure resulted to dismiss the factor of the non-

locals who do not stay overnight as it was of low quantitative importance (6% of non-locals).

The study did not take into consideration any spending made by “*people who declared that the festival had not contributed to their presence in the town*” (DEVESA M. & others; 2002). Additionally, the Valladolid case counts the spending of the non-local attendees whose reason of attending the festival was not of no priority and of course those that had it as first priority. The exceptional fact is that these two calculations of spending are each one clearly presented. In the end of the assessment is stated that the “*tourists who take part in Seminci have a limited value for the economic and social viability of the event, but their attendance helps to boost the city’s fame and spread a positive image of it as a tourist and cultural destination.*” (DEVESA M. & others; 2002)

Concluding we see that the Valladolid’s assessment had considerations related to the Reasons of Presence of the Audience/Sample in the Festival, but is “foggy” the distinction between the “tourists” and the attendees for whom the festival was not a high priority.

On the other hand the Brighton assessment does not take into consideration any individuality that might be related to the objectives of this section of the comparative analysis. This conclusion is based on the information provided through the final report of the study. (SUSSEX ARTS MARKETING; 2004)

The East Midlands report gives a hint about the reasons of attendance of a part of the attendees in the statistic table of the “Audience’s Motivation for Attendance”. This is the motive entitled: “*Visiting the Area*” (MAUGHAN C., BIANCHINI F.; 2004). But the specific motive signifies that the reason for visiting the area is minor in importance than attending the festival/s and consequently does not really count for the present occasion of this paragraph.

The Edinburgh barred from the counting of the impacts these non-locals who would have been in the area of reference anyway, e.g. for holidays.

For that reason the following questions and their possible answers were all included in the sample questionnaire which makes part of the final report of Edinburgh:

- *“How would you describe this stay away from home?”* with possible answers: *“I am on holiday, I am taking a short break, I am on holiday visiting friends and relatives, I am visiting friends and relatives for another reason, I am on business/working/ conference”*. (SQW Ltd & TNS TRAVEL AND TOURISM; Sep. 2005)
- *“And how important were the Festivals in your decision to visit, Edinburgh, Scotland?”* with possible answers: *Only a small reason; of no importance at all*. (SQW Ltd & TNS TRAVEL AND TOURISM; Sep. 2005)

One more indication is given by the results of a table: *“Type of trip at the Summer, Winter and Spring and Autumn festivals”* where the categories: *“Holiday, Short break, Holiday, visiting friends or relatives, Visiting friends or relatives for other reasons, On business/ At conference”* (SQW Ltd & TNS TRAVEL AND TOURISM; Sep. 2005) demonstrate a certain concern about those attendees who although present in the areas of reference for other reasons, they finally visited the event/s. What is not analyzed is if the visitors went to the festivals after changing their schedule or if they attended the festivities in parallel with their main purpose of presence in the area.

Concluding there is no study taking into account the size of the audience which probably adjusted or changed their program because of the festivals, but there are two out of four studies (Valladolid and Edinburgh) that try and do a market segmentation based on criteria of the significance of presence of their audiences to the festivals. However these two studies are also following different methodology and different reasoning for this market segmentation.

iv. The Multiplier, definition, description & calculation

*The multiplier is the measure of the number of times a Euro/Pound will “turn over” (will be multiplied) in a defined geographic area before it leaves the economy or it is transformed into savings. The multiplier is generally higher in a large metropolitan area because many goods and services can be purchased in that area before the Euro/Pound leaves it. In a small town that has a simple, undiversified economy, the multiplier can be expected to be lower.*²⁵ In our case it represents the increase in a community’s total income per Euro/Pound of the expenditure made by the visitors of the festivals. The calculation of the multiplier is a difficult and complicated, thus expensive matter. Moreover according to the same theory, just above; *“Ideally a multiplier is determined through extensive research that results to a construction of a model from which the multiplier for a specific activity in a certain area can be determined. Because of the complexity and cost of developing such models based on arts spending in a particular area, those are rarely developed”*. This phenomenon is extensively common in the impact studies compared in this paper where the researchers often make use of multipliers from related areas like the tourism. Of course there is always the risk the multiplier from a relative area not to be the most accurate that is a cause for possible miscalculating and later on for mistaken policies. *“There is no nationwide arts-spending multiplier that is applicable to all the localities”*. (Economic Impact of the Arts: A Sourcebook; 2nd printing; 1990)

“Estimating the multiplier requires the researcher to trace the degree to which any spending “circulates” around the local economy and has indirect effects on spending by other people and industries. The primary determinant of the size of that term is the magnitude of leakages form the local economy; the greater the leakages, the smaller the magnified multiplier effect. (SEAMAN B. A., 1990.) Consequently the bigger is the local economy or geography the most possible to have greater magnified multiplier effects. The leakage is in general the amount of money spent in other economies than the one examined; the local. This

²⁵ *Economic Impact of the Arts: A Sourcebook; 2nd printing (1990)*

can have the form of spending such as the “salaries” of non-local artists, the services bought by a sound production company out of the local economy, etc.

It is worthy mentioning, that the several difficulties in the development of correct and truthful multipliers and their delicate influence to the policies indicated by a multiplier’s size, forced the economists to realize that the “*extensive research in order to improve the understanding of these processes*”²⁶; and the results of these efforts were many improvements in the microeconomic basis for some of the macroeconomic conclusions; that ...in general have greatly reduced the magnitudes of the multiplier effects (SEAMAN B. A.; 1990). Because of this someone must be skeptical, indeed, when great impacts appear in all the Economic Impact Studies and when not extended information about the nature of the multiplier are provided to the broad public and maybe not even to the authorities that have commissioned the relevant impact studies.

In practical terms the multiplier or income multiplier is a ratio and is resulted by the comparison between the direct spending with the indirect and the induced spending. If within the reference area the multiplier is 1.3 then spending of €1 creates €0.3 of additional spending.

The Valladolid case results to the following total multiplier:

$\text{Total Multiplier} = \text{Total Induced Impact} / \text{Direct} + \text{Indirect Expenses}$
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The multiplier was created with the method of the Input-Output tables which is the method used in the case of the study of Salamanca Capital of Culture 2002 (HERRERO L. C., Sanza A., Devesa M., Bedate A., María José del Barrio; 2002)²⁷. ... “*the approach of the input-output analysis, in which sectoral multipliers derived from the Input–Output Tables (IOT) are used to estimate the*

²⁶ Processes of multiplier’s development

²⁷ The citation of the Case-Study of Salamanca stands here after the statement of Mrs. Devesa M., the principal researcher of the Valladolid Impact Study, that the methodology followed for the case of the Valladolid in regard to the multipliers is the same as in the case of the study of Salamanca Capital of Culture 2002. A quotation of the Input-Output Tables used in the Salamanca Research and a second definition of these tables are presented in the next two paragraphs.

impact of the overall spending generated by Salamanca 2002, both in the regional and national economies, and abroad” (HERRERO L. C. & others; 2002). The multiplier was produced by the team of the EIA of the Seminci festival of Valladolid. Then based on that multiplier the team calculated all the sectoral repercussions (or induced impacts) of the direct and indirect impacts. In general the EIA of Valladolid seems to have calculated in detail the direct & indirect expenses, then the total expenses and after all this, the Multiplier which finally was used for the effects. In relation to the leakages we presuppose that these were not calculated in the final effect as long as they have already been subtracted through the methodology followed in the calculation of the expenses of the audience and the production in regard to the locality or not of their character. Above all stands the fact that the complete analysis and especially the extended analysis of the Valladolid research which contains the study of the multipliers is not published yet²⁸ and because of this it is not possible any verification of the implementation of the Leontief W.²⁹ method on the Tables provided by the already published paper. On the other hand this verification is not the priority of this comparative analysis due to the restricted time and tools.

At this point is important to provide a more extended, still simple, analysis of the Input-Output Tables (IOT). According to the Deardorff's Glossary of International Economics³⁰ *“an Input-output table is a table of all inputs and outputs of an economy's industries, including intermediate transactions, primary inputs, and sales to final users. As developed by Wassily Leontief, the table can be used to calculate gross outputs and primary factor inputs needed to produce specified net outputs.”*

Based on that, the research team of the Economic Impact Study of Salamanca-Cultural Capital of Europe, 2002, and in continuance the researcher and the research contributors of the Seminci Economic Impact Study, give their

²⁸ The data presented here are from: (DEVESA M., Herrero L., Sanza A., Bedate A.; 2002) and a short discussion with Mrs. Devesa M. about the final results connected to the multiplier. The total analysis is to be presented in the upcoming edition of Mrs. M. Devesa's PhD dissertation: DEVESA, MARÍA (2006): "Economía de los festivales Culturales: la dimensión económica y social de la Semana Internacional de Cine de Valladolid". Fundación Autor, Madrid.

²⁹ See next §§

³⁰ <http://www-personal.umich.edu/~alandear/glossary/i.html>

approach to the Input-Output Tables (IOT). *“The IOT are an economic instrument which allows us to record the economic structure of a territorial economic structure, and to detect the relationship between the different economic agents which act in the system. The IOT are made up of three major sections or matrixes: (a) the Matrix of Intermediate Demand, which synthesizes the exchanges produced between the different productive branches of the economy; (b) the Matrix of Primary Inputs, which is made up by the wages and profits; and, (c) the Matrix of Final Demand, which reflects the final destinies of the produced resources, namely the resources not consumed by the different activities branches. The most important matrix for the input–output analysis and for the determination of the multipliers is the Matrix of Intermediate Consumption, because it reflects the inter-sectoral relationship between the different activities branches of an economy.”*

The Brighton case mentions that in order to ensure the robustness of their outcomes they “based” their “multipliers directly upon the primary information taken from a sample of approximately 1,500 interviews with ticketed event and free outdoor event attendees. This information was then modeled against the data held by Brighton Festival Box Office, which records each transaction for the main ticketed events and parts of the Fringe” (SUSSEX ARTS MARKETING; 2004). This is the main information provided by the final report of the EIA of the Brighton Festival in regard to the calculating procedure of the multipliers and the induced effects of the core Festival.

Besides this it is presented in the final report the following equation-relation that corresponds to the “contribution” of the festival according to the “Brighton Method”:

For every £1 spent on tickets by festival goers, the Brighton Festival created an additional spend of £22.26 in the city’s economy.

Sponsorship + Public Sector Grant Aid + Secondary spend to Brighton Festival ticketed and free events – Leakage / Brighton Festival Box Office = Contribution

(SUSSEX ARTS MARKETING; 2004)

The “*contribution*” that resulted by the above financial and mathematical relation could be considered as a/the multiplier due to the meaning of the word contribution and the presence of the subtracted leakage. However it is impossible to proceed in an extended analysis of the contribution as if it was a multiplier, because a multiplier does not usually exceed the 1.6.

On the other hand the calculation of the secondary spend and therefore its influence to the multiplier-contribution is under questioning if someone checks the proportion of the samples that the Brighton study uses: 1000 interviews out of 59,779 ticketed event attendees and 500 out of 198,000 estimated attendances on the Free Festival Events. Even if we suppose that the Free Event attendees are more because these events attract also people with no money it is still under question the fact that these people had the opportunity anytime to hung around in the city and be potential consumers.

Not to forget mentioning that the expression “*secondary spend to Brighton Festival ticketed and free events*” indicates spending made into the festival and not into the region and can raise many questions about the nature of the calculated secondary expenses.

Moreover there are not any more details available about which method was followed (Leontief or other) for the calculation of the partial data of the mathematical relation. Besides we do not know which the net are and which the gross amounts or which the implication of the taxes is if it exists such one and for the end which is the segmentation between the expenses and the incomes. Finally it is generally very abstract the presentation of the above “*Contribution*” relation when it secludes all the received amounts and from the expenses only the secondary spends without the direct one and above all stands the risk of double-counting when the tickets bought by the attendees are included in their expenses.

The East Midlands’ EIA main characteristic is that it emphasizes on the potentialities of the multiplier. Often, are used expressions that demonstrate the potential multiplying impact of the festival. For example: “*By using a multiplier tailored to the economic characteristics of the East Midlands, it is possible that*”

this could have contributed a further £570,000 to the regional economy.”
(MAUGHAN C., BIANCHINI F. 2004).

The study did not create the own multipliers, but made use of multipliers created by a global information solutions company. The company is based in Nottingham and in the past has had created an economic model for the region in cooperation with the East Midlands Development agency, which was one of the partners of the EIA study of the East Midlands (MAUGHAN C., BIANCHINI F. 2004). The multipliers were primarily created for the “*area around York and Yorkshire*” (MAUGHAN C., BIANCHINI F. 2004). The multipliers, which were finally used were 1.19 & 1.59 and corresponded to the direct and induced impact respectively.

One of the criteria of this selection was the proximity of York and Yorkshire to the area of reference of the impact study. That makes sense in order the multiplier to have been created of data with similar to the reference area economic and cultural characteristics; An other criterion was that at the time of the development of the EIA have not been calculated economic multipliers for the East Midlands.

The study calculated and presented data for 10 out of 11 festivals, because the 10 provided data for their own expenditures and also calculated and presented data for direct, indirect, and induced impact.

More information about the reasons why these multipliers have been finally selected is not given. It is only given the statement that the researchers decided and they also took into consideration the advice of the information solutions company.

It is important to note two features of the study. First that “*a distinction was made between the ancillary expenditure made by local residents i.e. people who have not traveled more than 20 miles (return journey) from those visitors who have traveled more than 20 miles and who are therefore from a different local economy.*” And second that, “*after discussion with the festivals we also made an estimate of the expenditure made by the festival within and outside of its*

local economy, 50% to both.” (MAUGHAN C., BIANCHINI F. 2004) In regard to this segmentation no further details are provided within the research.

Finally there is a statement which seems contradictory to the rest of the information just presented above. In the “*Summary of findings*” of the EIA of the East Midlands it is stated that “*The total spent by the festivals was just under £990,000. By using a multiplier tailored to the economic characteristics of the East Midlands, it is possible that this could have contributed a further £570,000 to the regional economy.*” (MAUGHAN C., BIANCHINI F. 2004) The opposition or disagreement stands on the fact that the researchers used multipliers that were not “*tailored to the economic characteristics of the East Midlands.*”... “*At the time of this research economic multipliers for the East Midlands had not been calculated, but on advice from Experian we decided to use those (1.19 and 1.59) it had developed for the area around York and Yorkshire.*” (MAUGHAN C., BIANCHINI F. 2004)

More information about the methodology of the creation of the multipliers is not available through the specific research apart from the note that:

“Nottingham-based cultural researcher Jim Shorthose, who collaborated with this project, observes that the use of mechanical input-output models to calculate the economic impact of culture-led regeneration initiatives often fails to account for the hidden and informal aspects of the local cultural economy, including the plethora of informal participants, from independents who activate many creative projects but formally appear in the employment statistics of other industries, to the large numbers of volunteers who organize and run many cultural events.”

(MAUGHAN C., BIANCHINI F. 2004) Gazing at this last thought someone can say that further analysis about the socio-cultural factors of an impact analysis of arts and culture festivals is present in the EIA of East Midlands, but for the time being this is not into the scope of this comparative analysis.

The Edinburgh Year Round Festivals impact study distinguishes two types of multiplier effects because of the increase of the economic activity due to the Festivals; One is the “supplier effect” and is related to the need for more supplies

from the business side because of their increased sales and the other is the “income effect” and is related to the increase of the income of the employees or of the employment due to the increased economic activities of the businesses. In this section we are going to see those matters which are connected to the “supplier effect” and the relevant multipliers.

The researchers of the Edinburgh study did not create new multipliers for the purpose of the festivals’ research. The multipliers that they used were those provided by the Scottish Tourism Multiplier Study (STMS) for the tourism sector. These were the sectoral multipliers for Edinburgh & Scotland. For the reason that the Edinburgh Research included in the reference area of study and the wider Lothian area the research team made the assumption that the multiplier value of the Lothian area was “6% of the difference between the Edinburgh and Scotland. This is based on the rest of Lothian’s share of rest of Scottish GDP” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005). The Scottish Tourism Multiplier Study (STMS) for the tourism sector was conducted in 1991 and the EIA of the Edinburgh Festivals was about the Year Round Festivals of 2004-2005 and was published in 2005.

In the Edinburgh study is presented a clear segmentation of the implementation of the multipliers for the several market sectors that the researchers studied: Accommodation; Food and Drink; Entertainment; Shopping; Transport. This segmentation is used to calculate the multiplier effects in the cases of: the audience, the journalists and the performers. For the journalists the study applied sector specific multipliers and “*calculated the overall new expenditure generated by journalists attending the Edinburgh Festivals*” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005). The special characteristics of this method were three. First, were not taken into account journalists that would have been in the city anyway, like those from local TV Channels and local newspapers. Second, the expenditure of the journalists was fragmented in proportion to the number of the journalists which were accredited to each festival. Thirdly, the main part of the survey took place in the summer because that is the period when the majority of journalists visit the festivals.

The research recognizes the fact that there are no local multiplier values for non-tourism expenditure “*and the values will vary between different geographical areas and economies*” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005). Because of that, the following syllogism was tracked: The multipliers are usually between 1.2 & 1.6. “*The SE Project development guidance suggests that a combined local multiplier would be around 1.15 and regionally between 1.32 – 1.65. Given the high proportion of Edinburgh and Scottish based contractors, the multiplier value for this expenditure is likely to be fairly high. On this basis we have used an Edinburgh multiplier of 1.25, 1.3 for the Lothians and 1.5 for Scotland. The income and employment multipliers for organizer spend are based on the input output tables for Scotland. The Edinburgh and Lothians figures are estimates*” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005). An important part of the methodology, of Edinburgh, about the multipliers is that the multiplier effects were applied on net results or else on net expenditure. In order to achieve the implementation on net numbers the research developed firstly all the possibilities of occurrence of displacement³¹, leakage, deadweight³² and substitution effects and then applied the multipliers “*in the form of output or expenditure and income to each of the geographical areas and employment.*” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005)

The last and most important feature of the EIA of Edinburgh is that is the only one of the four that discovers and publishes not positive results of the festivals. I use the expression “not positive” because at the same time the final report attempts to soften this negativity by mentioning the positive non economical profile of the festivals. Specifically the research concludes to these facts:

- *The expenditure to stage the festivals is predominantly raised either locally or generally in Scotland;*
- *Much of the cost is paid to performers outside Scotland;*

³¹ See Glossary, p.75

³² See Glossary, p.75

And the same study concludes to “*Several of the Festivals show a negative value, but this should be seen in the context of the overall positive impacts generated by visitors and performers*” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005).

As a result we see that; one study, that of Valladolid, has created a multiplier based on their analysis and by following guidelines of the economic science³³. Two studies: Edinburgh and Midlands borough regional multipliers of other studies; Edinburgh used multipliers for specific categories of spending made for the tourism sector and Midlands regional multipliers made by the East Midlands Development Agency. One study; that of Brighton; makes a calculation of a number/item that is named “*contribution*” and not multiplier. The “*contribution*” is calculated through a mathematical relation presented in the final report of the respective study. The Brighton study does not really provide reasoning of the parts of the mathematical relation and the contribution number seems to be that of 22.6 or if a printing error has occurred: 2.26. In any case if it was a multiplier it could not be more than 1.6.

v. The Employment Multiplier

In general a cultural activity engenders income that is calculated by the income multiplier, but also creates potentialities for employment and the two factors of income and employment are indissolubly connected between them but also with the whole idea of the economic impact. A festival’s impact to the incomes of the area of reference it is possible to increase demand of new employees. The employment multiplier shows how many jobs are created because of the festival. The employment multiplier is a ratio. For instance, if the multiplier is 1.4 then for each job within the area of reference equals 0.4 more jobs because of the Festival.

The important question (apart from the number of the new positions) is if we talk about permanent or non permanent jobs and if this fact is reported or not

³³ To the extend that we are informed until now as long as the complete study is not published yet.

in the Impact Studies. According to personal experience³⁴ in the cases of subsidized or not festivals which are, all, from their nature, once-off productions there were not substantially many permanent jobs added per year. Also the already “taken” paid working places were not usually more than 10 in the most optimistic case. The most common phenomena were two:

- Overtime work of already existed personnel close and after, but especially during the festival period;
- Seasonal hiring of specialists or not for the needs of the festivals a couple of months/weeks/days before, until analogous period after the end of the festival;

According to the Valladolid Impact Study the Seminci Festival “*has a permanent team of five employees throughout the year, plus a large number of temporary staff during the months immediately prior to the event, especially September and October.*”

Apart from this allusion to the employment related matters of the Seminci no more information is provided in the first published part of the Impact Study of the Valladolid International Film.

The Impact Study about the Brighton Festival and its Fringe contains no information about the employment factor and its connection with the festivals and their impacts to the area of reference.

In accordance with the East Midlands study:

From the *Summary Findings*:

- “*total spend was £990,000 which may have contributed a further £570,000 to the East Midland’s economy - equivalent to 29 full time jobs*” (MAUGHAN C., BIANCHINI F. 2004). At this point it is not clear if the study talks about the 29 that might have already been in

³⁴ Rockwave Festival Athens, Greece; International Festival of Marionettes, Bilbao, Spain; Vilar de Mouros, Portugal; Eject Festival, Athens, Greece;

existence or if they are added jobs. The possibilities are more for the first alternative; the jobs to have already been in existence, because if it was to mean the potentially added jobs then the study would express this through a hypothesis and not a possibility.

- *“£7 million was spent by audiences through local shops and other businesses in the festivals’ host areas. The economic impact of this spending may have generated a further £4 million to the region - equivalent to 213 full time jobs” (MAUGHAN C., BIANCHINI F. 2004), for that reason the “213 full time jobs” are possibly to be created jobs because of the £7 million secondary spending by audiences through local shops and other businesses.*

At this point it is meaningful to transfer some extended unedited parts of the study of the East Midlands.

The researchers of the study have divided the impacts in:

1. *“The festivals’ direct expenditure and its economic impact”*

“The total spent by the festivals was just under £990,000. By using a multiplier tailored³⁵ to the economic characteristics of the East Midlands, it is possible that this could have contributed a further £570,000 to the regional economy. Similarly, by utilizing an East Midlands average weekly wage figure it is possible to conclude that direct expenditure by the festivals plus the indirect and induced effects could have supported 78.81 full-time equivalent (FTE) additional jobs in the region.” (MAUGHAN C., BIANCHINI F. 2004) –

Because of this specification it is stronger the belief that the 29 jobs which are mentioned in the Summary Findings are those already existed in the region due to the festivals’ needs.

³⁵ See: p.43, §1 about the contradiction related to the “tailored”

2. “The ‘customer effect’ expenditure by audiences and its economic impact”

“Money spent by audiences contributed almost £7 million to the economies of the places hosting the eleven festivals. By applying the same multiplier and average weekly wage used for the festivals' expenditure, the authors of this study concluded that the amount spent by audiences may have generated a further £4.22 million additional income for the regional economy. Taken together the direct, indirect and induced effects of this expenditure could have supported 574.86 additional FTE jobs.”

(MAUGHAN C., BIANCHINI F. 2004)

The ‘customer effect’ of this paragraph differs with the corresponding one of the “Summary Findings” of the East Midlands’ study to the number of the additional full time jobs. While in the summary the additional jobs are 213 in the later paragraph of the ‘customer effect’ these are 574.86. In both cases the syntax (grammar) used is expresses and hypothesis; a potentiality. However in the ‘customer effect’ paragraph it is made clear that the direct, indirect and induced effects of the expenditure would support 574.86 jobs and consequently this calculation should better not be at the section of the secondary effect of the audiences’ expenditure; unless the EIA of East Midlands distinguishes also within the ‘customer effect’ direct, indirect and induced effects and not only in the general perspective of the definitions of the respective effects.

In both cases it is used a multiplier of the East Midlands for the income effects and another multiplier for the employment effects. The calculations conclude to full-time additional jobs, thus possibly permanent, but the average weekly figure and the details of the procedure are not given. The proportion between the spending in the region and the number of new jobs seems empirically logical. However we are not sure if the already existing working places are used effectively, that means it is not proved if exists overtime work as usually happens during a festival’s period by the already permanent personnel and due to this the

new jobs to be created would not be really full-time. Another common element of the “customer effect” and the “festivals’ direct expenditure” is that they emphasize on the potentiality of the new jobs; “*could have supported*”.

Closing the section of the impact made by the festivals or the “customers” the study provides one more version of the employment impact caused by the festivals’ & audiences’ expenditure but this time adjusted to the location of suppliers and the audience travel. In the explanation notes of the respective statistical table the Total Adjusted Economic Impact is £5,289,739 and is connected to an “*equivalent of 291.79 full-time jobs with an average weekly wage of £381.16*”; and continues ...”*Had the local economy been able to benefit from the higher figure of £11,973,581 then this could have created 653.67 full-time jobs, within specific local economies and the region as a whole.*”(MAUGHAN C., BIANCHINI F. 2004). The “*higher figure*” corresponds to the total Unadjusted Ancillary Expenditure of the same version and I do not, indeed, understand the reason of existence of such a statement by the time that the best that can provide in such cases any Unadjusted Expenditure is a plasmatic result; unless the study wanted to express an unfulfilled wish.

On the other hand the EIA of the East Midlands is aware of the limited capacity of the festivals to create internally new full-time jobs or even to already have internally many of this type of jobs. That is clear when they state that: “*The staffing levels of all the festivals are small and the emphasis in recruitment and selection will be upon recruiting the best person for the job so their ability to reflect the demographics of the area in which they are based may be limited.*” By recognizing this they do one step beyond in relation to the employment impact that the festivals might generate by trying to implement a demographic segmentation based on special characteristics of the potential employees or the already hired ones. It is one step beyond in the economic analysis, too, because apart from the social character of the concept there are also the macroeconomic effects that such policies might have due to money saved from costs of other social programs. However it is only an “optical” ascertainment the one presented and not a thoroughly investigated part of the research.

One more impact is presented about the raise of employment, but in an abstract form. For instance the fact that the time when the study was contacted, used to exist in Leicester a comedy club and comedy was one of the reasons that many venues were sustained in that town. However it is not proved that the comedy club existed as a side effect of the festivals and because of hypothesis to claim that other new job positions can be attributed to the festivals.

Finally it must be recognized that the East Midlands Study gives a very important advice to the local authorities in regard to the results affected by the multipliers in general. *“For carnivals/festivals/open studios where the proportion of non-local audience is high then the economic impact can be substantial, especially on accommodation, bars and restaurants. The same applies where a festival is able to source the majority of its own needs from within its local economy. However, due to the high proportion of locally-based attendees and the estimated 50% of their own expenditure that was made outside of their own local economy, our advice to festivals’ organizers and their stakeholders is to use the lower figures as these are more defensible.”* (MAUGHAN C., BIANCHINI F. 2004). As seen in the income multipliers’ section of the comparative analysis the researchers of the EIA of East Midlands *“made an estimate of the expenditure made by the festival within and outside of its local economy, 50% to both.”* (MAUGHAN C., BIANCHINI F. 2004). At this last section we understand that such estimation has been made also for the attendees’ expenditure. Apart from the uncertainty (about the results and their clarity) reflected in the advice of the research towards the organizers and stakeholders it is of fundamental importance the “ethical practicality” demonstrated by that.

The Edinburgh Year Round Festivals study estimates that the Edinburgh Festivals 2004/2005 have generated 3,200 Full Time Jobs in Edinburgh and 3,900 in Scotland. The output stands for all businesses within the geographical area of interest and the employment is illustrated as Full Time Equivalent jobs for one

year³⁶. However it is not clear if the final result from all the geographical area of interest is the sum of the 3,200 & 3,900.

In order to calculate this, all the figures that were taken into account were net figures. This implies that they excluded expenditures of visitors, residents and performers who would “*have been in the city anyway*” and also made the calculations after the factors of displacement & additionality have developed their effects.

The researchers encountered that increases in sales of businesses lead either to increased income of the already employed personnel or to an increase in employment.

The employment generated is calculated with employment multipliers. The sources for these were:

1. For Edinburgh the figures from the Scottish Tourism Multiplier Study³⁷. The study was conducted in 1991. The tool for getting these figures was the Retail Price Index of 1991. Emphasis must be given to the fact that “*for the Lothians we have reduced the figure per job by 6% to allow for the bigger geographical area.*”
2. “*At a Scottish level we have used the Scottish Input Output Tables from 2000 and taken one employment multiplier for hotels, catering and pubs because corresponding sector specific values are not available. Inflating this to 2004/05 prices gives a net output per job of £26,156 for 2004.*” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005)

Therefore the Edinburgh study was based on the input-output table method. From that point of view the final report of the study provided the multipliers of Output

³⁶ “Full Time Equivalent (FTE) jobs which are defined as employment year round for more than 30 hours a week”. (SQW Ltd & TNS TRAVEL AND TOURISM, 2005)

³⁷ “The Scottish Tourism Multiplier Study was carried out by the Surrey Research Group on behalf of Scottish Tourist Board, Scottish Enterprise, Highlands and Islands Enterprise and the Scottish Office in 1991. It provides supplier and income multipliers for the tourism industry.” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005)

& Income³⁸ for Accommodation, Food and drink, Entertainment, Shopping and Transport and also for the three geographical areas of interest; Edinburgh, the Lothians, Scotland. The use of these multipliers concluded to the Output per Job calculated in (£) pounds.

In terms of organizer spending the income and employment multipliers were also extracted by the input output tables for Scotland, while “*the Edinburgh and Lothians figures were estimates*” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005). Finally, the employment effect is calculated for the organizers spending, also in monetary value (£) or in Full Time Equivalent that is calculated for a time horizon of 10 years.

In the final stage of the analysis of the audience expenditure the Edinburgh study estimated the generated by the audience expenditure employment. The calculation was done for each festival. The employment is calculated in Full Time Equivalent per year. In order to accomplish this, the researchers implemented each different multiplier for the respective type of expenditure; Accommodation, Food and drink, Entertainment, Shopping and Transport. Nevertheless the employment multipliers figures are never presented in the study. The same procedure is followed for the journalists’ and performers’ expenditure and their effects in employment.

Moreover the study calculated that the 3,900 supported jobs for a year indicate a cost per job of £7,690 per Full Time Equivalent (10 years equivalent). In general the Edinburgh study tried to calculate the jobs created and supported by the economic activities taken place in the reference area due to the existence of the festivals; Based on that the figures of cost per job are only for one year 2004/2005. The figures of Full Time Equivalent are for 10 years. Consequently the question that arises from this approach is: Which was the methodology of estimating long term effects about the employment in monetary values and in real numbers of job placements? With the same concept and with analogous

³⁸ “Output represents the total value of output generated by all businesses within the geographical area. Income is the measure of wages, salaries and profits retained within the economy as a result of the expenditure generated by the Festivals. Employment is shown as Full Time Equivalent jobs for one year.” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005)

calculations are presented, from time to time, within the study, the employment effects per year or per 10 years either in monetary values or in net numbers of Full Time Equivalent jobs, but the principle of this research is always that the FTE are for 10 years and the monetary expressions are for one year.

For the end it should be noted that the Final Report of the Edinburgh Festivals provides a list of tables with the final results for each festival separately.

The general conclusion from the analysis of the *employment multiplier* paragraph is that: The two (2) studies of Valladolid and Brighton did not take into consideration *employment effects* with a methodological perspective. The Midlands provides numerical results of the potentially created new job and states that a multiplier was used for these calculations, but the size of the multiplier or the way it was created are not presented. The Edinburgh study provides results of employment effects, but the sizes of multipliers or their calculations are not provided here, either. Both the studies of Midlands and Edinburgh measure the jobs created or those possible to have been created in FTE³⁹ while at the same time try to give estimations about the cost of the FTEs in (£) pounds.

³⁹ See: footnote 36

vi. Definitions per EIA

Table 4. Definitions per Economic Impact Study

Festival	Valladolid	Brighton	East Midlands	Edinburgh
Objectives of EIA	<p><i>“Describe & analyze the monetary flows generated by a specific cultural activity;</i></p> <p><i>Analyze the relationships between culture and other activity sectors; Make it clear that public and private aid is not unidirectional, but that it stimulates lively circulation of funds among all the economic agents”</i></p>	<p><i>“1. The primary purpose is to place a monetary value on the Festival & Fringe, focusing in particular on the economic impact it has on the local economy of Brighton and Hove</i></p> <p><i>2. Objective is to collect and analyze robust data on the impact of the 2004 Brighton Festival and its Fringe. This comprises the entire main Festival program, including the outdoor events, as well as the myriad of Fringe events.”</i></p>	<p><i>“- Assess current information gathered on festivals throughout the East Midlands region.</i></p> <p><i>- Gather & research other relevant material that will lead to an accurate assessment of the economic and social impacts of an indicative selection of cultural festivals on the localities where they take place and on the East Midlands as a whole.</i></p> <p><i>- Identify the factors which would encourage sustainable growth and better regional connectivity within the festivals' network</i></p> <p><u>Key Tasks</u></p> <p><i>- Make contact with relevant organizations involved in festivals development and promotion from both the tourism and the cultural sectors and with other relevant organizations that benefit from the ripple effects of the festivals.</i></p> <p><i>- Establish assessment techniques to examine the economic impacts of the chosen festivals”</i></p>	<p><i>“- Identify and quantify the full economic impact of each Festival on Edinburgh, Lothian and Scotland, including the number of jobs created & supported</i></p> <p><i>- Develop a profile of the audiences for each of the Festivals, and for all the Festivals as a whole</i></p> <p><i>- Obtain consumer perceptions of the Festivals from both local residents and visitors.”</i></p>
Impact Assessment	<p><i>“Aim to measure the impacts that a specific cultural activity has on a given geographic area & at a given period of time: in our case the activity is a film festival”</i></p>	<p><i>“Collection of Primary Data & Use of ‘multiplier’ where every pound spent at the theatre, gallery, etc, generates £x in expenditure on food, accommodation, etc.”</i></p>		<p><i>“Economic impact is interpreted within this report to mean the contribution made to the economy’s output, income & employment. This can be presented as a gross figure, which is the total economic activity associated with the Festivals regardless of whether some of it</i></p>

				would have occurred anyway, or as a net figure, which takes into account the activity that would have taken place without the Festivals”
Direct Impacts	“The festival organization’s own expenditure in the reference area”	Not mentioned/stated	“Expenditure by audiences (ancillary expenditure) and by the festival itself”	Not mentioned/stated
Indirect Impacts	“Spending by the audiences at the festival”	“.....”	“Expenditure by employees of the companies which have provided goods and services to the festival”	“.....”
Induced Impacts	“Repercussions of the previous two on the local economy”	“.....”	“Expenditure by suppliers to the festival on other companies for goods and services”	“.....”
Multiplier/s	Multiplier Effects “...However, the effects do not stop there; they cause further repercussions once the money starts to change hands.” ⁴⁰	“...where every pound spent at the theatre, gallery, etc, generates £x in expenditure on food, accommodation, etc.”	Were used : Two economic multipliers – one for indirect and one for induced impact Use of Employment Multiplier not mentioned. Effects on employment are mentioned.	“Multiplier” effect 1: “Supplier effect - an increase in sales in a business will require that business to purchase more supplies. A proportion of this ‘knock-on’ effect will benefit suppliers in the local economy.” “Multiplier” effect 2: “Income effect - an increase in sales in a business will usually lead either to an increase in employment or an increase in incomes for those already employed. A proportion of these increased incomes will be re-spent in the local economy.”

It becomes obvious, from the Table 4 that the definitions given by each EIA of the four (4) festivals to the main elements of an economic impact study are either different or not exactly given, not the same or finally are adjusted to the needs and the methodology used by each EIA. Even if we think that some definitions are similar the way that finally these are used within the context of each EIA is different as seen from other paragraphs of this chapter. This happens due to cultural differences between countries, regions of the same country or any other reason. Therefore it cannot stand a practical or eventually an accurate comparison between them.

⁴⁰ The up to date published part of the Valladolid Study does not contain the multipliers’ analysis. However the total study is expected to be published within the 2006.

vii. Conclusions over the EIAs with Multipliers

The general conclusions about the EIAs compared in this paper and their relation to the multipliers theory can be summarized as follows:

The size of the Geographical/Reference Area is different for each study and is also calculated and defined in different ways. In regard to the origin of the EIAs' samples (audience, performers, etc....) it is proved that studies like these of Valladolid, East Midlands and Edinburgh do make a distinction between the local and non local attendees and the importance of those in relation to the economic impact while the Brighton study does not. Moreover even the three that make this distinction have different perception about the meaning of local or not local and also examine different categories of attendees (journalists, general audience & performers).

No study mentioned the importance of the "backstage attendees" either locals or non locals and the cost of their free presence in the event. Accordingly becomes for once more difficult to compare the four (4) studies as the only really common characteristic is the omitted part of the *loss caused to free passes*.

Further there is no study that takes into account the size of the audience which possibly adjusted or changed their program because of the festivals. Two out of four studies (Valladolid and Edinburgh) try and create a market segmentation based on criteria of the significance of presence of their audiences to the festivals. However these two studies are also following different methodology and different reasoning for this market segmentation.

In regard to the creation of the multipliers there is one study (Valladolid) that has created a multiplier based on their analysis and by following guidelines of the economics. Two are the studies (Edinburgh, Midlands) that borough regional multipliers of other studies; from the tourism sector and the East Midlands Development Agency, respectively. One study; that of Brighton; calculates the "*contribution*" of the festivals to the reference area, but this item (contribution) does not seem to be a multiplier.

As for the effects caused to the employment the two (2) studies of Valladolid and Brighton did not take into consideration *employment effects* based on multipliers and in general did not make any special reference to the matter of employment. The Midlands' study provides numerical results of the potentially created new jobs and states that a multiplier was used for these calculations, however the size of the multiplier and the description of its development are not presented. The Edinburgh study behaves in a similar way to the Midlands' study in relation to the employment effects. Both studies (Midlands, Edinburgh) measure the jobs created or those possible to have been created in FTE while at the same time try to give estimations about the cost of the FTEs in (£) pounds.

The final conclusion of this section is that the assumptions used by each study force a comparison between them to be equally assumptive. In other words a robust comparative analysis of these studies can exist only as a comparison of meanings and not as a comparison of results and methodologies. Based on that fact the studies become automatically incomparable as we do not finally compare similar items. Differently said, such EIAs are still incompatible and the only means to avoid this pitfall is to create prior to the comparison a full model that with axiomatically settled criteria will be the point of reference of the comparison.

CHAPTER V

1. Difficulties & Solutions in the Comparison of Arts Economic Impact Studies

a. Comparison of Similar Facts & Methods

The idea on which the present analysis is based is that of the comparison between similar objects. Meanwhile the majority of the EIAs were assuming or presenting different axioms or different definitions for their case studies in regard to the local or no local samples to be analyzed, different philosophical or technical approaches on the direct, indirect and induced impacts, different approaches of the financial outcomes influenced by the respective tax systems.

b. The number of the festivals

There are cases of EIAs within this comparison, which refer to a group of festivals or to one festival. After comprehensive study it was noted that no matter which the number of the festivals under inspection was, the methods applied tended to be similar. Above all the EIAs of many festivals were managed as if they were analyzing one item, that is the group of festivals. As a result I assumed that all the EIAs are equal as regards their relation to the number of festivals.

c. The clearness of the objectives of each EIA

It was confusing, indeed, to distinguish which were the studies that have been comprehensively distinguishing between economic impact and socio-cultural impact and at the same time were clearly presenting the interdependence of these focus areas.

d. The cross-country comparison of cultural statistics and the “restrictive” solution of the *ceteris paribus*.

Several reasons make the comparison of statistical data created-collected in different countries either difficult or even jeopardizing and impossible. I present the most characteristic of those which arose during the creation of this paper.

▪ The differences in the questionnaires and the access to those

In general the festivals compared in this paper measured many similar facts. However either the samples of the questionnaires were not available for all the cases or some questions that were described within the texts of the impact studies presented great differences. Additionally some studies were based on face to face interviews with the audiences when others on occasion interviews through phone and post. Moreover I am not aware of the format of the questionnaires (as the only case that included a sample in the final report was that of the *Edinburgh’s Year Round Festivals 2004-2005 Economic Impact Study*). Because of that an accurate comparison of the statistic results was not possible. Finally the time horizons and the year/period that each study took

place were not the same. The slightest difference in the statistic analysis can cause a comparison with statistic errors so extended that it would make extremely difficult any such comparison to be considered as reliable. But are not only technical the problems in such a comparison. The principal cultural differences of the audiences and the way those define moral standards, customs and consumption behaviors are factors already strong enough for an unreliable comparison of cross cultural statistics.

- Contextualization

The contexts within which exist the statistical data of each study are not comparable mainly because of the political, cultural and political differences of each country. In addition to this, all the studies included here do not provide themselves a methodology according to which adjustments, or better said; prerequisites can be constructed so as a cross cultural comparison to occur in a practical way⁴¹. On the contrary, although none of the studies of the claimed that the data which they indulged with could be cross-nationally comparable, the fact that the contexts are not described or methodologies for further use are not suggested I considered as safer not to include any statistical comparison, until further studies of social statisticians might prove the appropriateness of a different behavior.

- Conclusion & the *Ceteris Paribus* approach

According to M. Skaliotis (SKALITIS M. 2002) “*the development of Harmonized European cultural statistics is still in its infancy*” and “*At EU level, we speak about cultural action (not cultural policy) and cultural co-operation (not community decisions)*”. From this it becomes more obvious that, according to the same researcher, the decision centers for the development of the cultural statistics have more a national character than a cross-national one.

⁴¹ Overall thought-outcome from the:

- a. (MADDEN C. 2004)
- b. (BELFIORE E. 2004)

In view of all these problems of the cultural statistics the comparative analysis places in the spotlight the methodological approaches pursued in each case rather than entering in the field of statistical comparison of the numerical results of the examined EIAs. Of course there are discussions about numerical results which meanwhile object to present extends of distortion, alteration and diversification reflected in the outcomes by changes which occur over similar methodologies.

The selected solution was the approach of “*ceteris paribus*” or else *all other things equal*. Particularly the main idea of the comparison is to present the relation of the different EIAs as if factors like the cross-national statistic comparison were neutral. That happens in order to try to isolate the strictly economical part of the studies under inspection. Although the Arts & Culture Festivals can not be seen out of a socio-political context and statistical analysis that affect, consciously or not, the impact analysis, however in some cases of economic parameters I tried to see if those were standing as independent theories or they were affected, indeed, by other aspects; possibly of the socio-political area.

This is very important if we think that according to the Table 1 the EIAs were assigned by “governmental”, thus political organs and were about non-private and non-profit making festivals. The abundance of EIAs the last years is, undeniably, a result of political demand or else by “*arts friendly*” political organs according to van Puffelen⁴². Moreover the economic impact studies of the arts demand an extended knowledge and interest for the arts by the researchers and therefore the idea of a pure economist or statistician contacting such studies is not always the most suitable. The main reason can be the fact that an economist or statistician analyzes and measures intangible phenomena of culture with traditional impact tools of the economic theory. These impact tools are built to measure tangible items and are likely to conclude, to “false alarms” or false “motivation” of the governments which “support” the festivals. In other words “*the corollary is that art and culture*

⁴² (PUFFELEN, van, F. 1996)

are not means to economic ends (as advocated by ‘economic’ impact arguments), but that the economy is a means to artistic and cultural ends”⁴³.

- Press & Economic Impact

Press & Media costs do not seem to interfere in the Valladolid study.

The Brighton EIA studied the monetary worth of the press and media editorial coverage and considered that these do not have a direct economic impact, but they do have a value. This value was counted in “*terms of opportunities to see*” and “*equivalent spend to achieve the same level of coverage*”. The definition given for this concept is: “*Opportunities to see (OTS) defines the total possible number of people reading, listening or viewing a specific item on the day or in the time period in question.*” (SUSSEX ARTS MARKETING, 2004)

The East Midlands EIA included in its survey toward the festival productions matters about the media coverage and its value. For that reason it is mentioned that “*only two festivals made an attempt at costing the value to them of the media coverage they received*” (MAUGHAN C., BIANCHINI F. 2004) and goes further by suggesting methods for the calculation/estimation of this value. The important hint here is that the East Midlands study points the local authorities as the main factor to precede in this calculation in the future in case that the festivals are not capable enough to do it themselves.

The Edinburgh EIA estimated the related to the Summer Festivals values of press and broadcast coverage at £11,500,000 in UK and makes clear “*that this cannot be added to the economic impact measures but is an indication of the level of media coverage.*” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005)

Finally the comparative analysis had as principle to search for and analyze the concepts that appear in the production of economic impact studies of arts and

⁴³ Christopher Madden. 2001. “Using ‘Economic’ Impact Studies in Arts and Cultural Advocacy: A cautionary note.” Media International Australia incorporating Culture and Policy. *Quotation from: Qizilbash, Mozaffar 1998. ‘The Concept of Well-Being’; Economics and Philosophy; vol. 14, pp. 51–73.*

culture festivals and less the economic and econometric technicalities applied in each study which although very important demand an extended comparative research.

2. **Recommendations or “food for thought”?**

Due to the restricted time within which the present comparative analysis took place it is not possible to proceed in further analysis of the four EIAs or to develop arguments in regard to more tangible or intangible advantages or disadvantages of the Economic Impact Studies and specifically of Impact Studies related to the arts and culture festivals.

However the recommendations paragraph consists of some further thoughts in relation to the content of the four EIAs of this comparative study:

- **The public & private spending**

Considering the fact that the funds provided to cultural activities spring from the gathering of the taxes paid by the citizens it is not appropriate to consider these funds as a booster of exogenous increase in the wealth. *“Multipliers are designed only to measure the impact on GDP of increases in demand that do not require substitution from other sectors. In economic terms, this means they measure the effects of demand increases caused by exogenous increases in wealth, such as an injection of money from outside the economic system. Only then can the impact be seen as extra wealth ‘generated’ by demand increases in particular sectors.”*

(MADDEN C., 2001). The input of Madden applies certainly to the public funds. But what happens to the private funds provided to festivals?

In that case I consider as crucial the concept of the alternative or opportunity cost. Specifically we must try to find out if the money offered to a festival in form of private funds would anyway be spent to the same region for other reason/s. In that case it would be wise not to count that spending as an addition to the impact caused by the festival.

The Valladolid study states that *“public and private aid is not unidirectional, but it stimulates lively circulation of funds among all the economic agents.”* (DEVESA M. & others 2002) and it is also added that *“the justification*

for public support to culture is not the economic value of artistic goods, but their cultural value.” No further explanation is given in regard to the calculation of the public or private funding as part of or influence on the economic impact of the Seminci Festival. An interesting characteristic of the Seminci study is that according to the diagram which explains the flow of money/expenditures due to the festival the Administrative Subsidies are €1,150,867 while the local taxes paid by the festival are €0. The private funding is €431,527. Further the diagram indicates by arrows that there is a flow of taxes from the “Individuals”, e.g. audience, employees of the festival etc, and the “Private Economy” e.g. technical providers towards the Public Administration, but the level of these taxes is not indicated.

The Brighton study calculates the private and public funding as part of the contribution to the local economy through the relation:

$\begin{aligned} & \text{Sponsorship + Public Sector Grant Aid + Secondary spend to Brighton} \\ & \text{Festival ticketed and free events – Leakage / Brighton Festival Box Office} \\ & = \text{Contribution} \end{aligned}$
--

More specifically the Brighton Study considers the Private and Public Sector funding to the festival as investment and calculates the return of those, while at the same time does not include any tax analysis in the final report: *“The contribution of £500,000 that Brighton and Hove Council makes to the Brighton Festival helps lever an additional £19,868,858 spend in the local economy by attendees to these events, sponsors, grant making bodies and by the redistribution of this support to local suppliers. This is a factor of 39 times on their investment. And “The contribution of £400,000 that Arts Council England, South East makes to the Brighton Festival helps lever an additional £19,968,858 spend in the local economy. This is a factor of 49 times on their investment. And finally “The contribution of £416,924 that the private sector makes to the Brighton Festival*

helps lever an additional £19,951,934 spend in the local economy. This is a factor of 47 times on their investment” (SUSSEX ARTS MARKETING, 2004).

The East Midlands study considers the public and private funding to the festivals as income of the latter. A special characteristic of the Midlands study is the calculation in monetary units of the economic impact generated by the “use” of volunteers.

The Edinburgh final report makes a distinction between the funding that would have anyway been provided for another project within the geographical area of interest if the festivals have not taken place and that part of funding which would be offered only to the festivals. For instance: *“The Scottish Arts Council support would have been spent in Scotland anyway so is not “new” expenditure in the Scottish economy”* (SQW Ltd & TNS TRAVEL AND TOURISM, 2005). As regards the sponsorship the EIA of Edinburgh had a more sophisticated approach. The sponsorship offered by small Scottish companies is not calculated in the incomes and expenditure with the concept that is from a fixed budget that one way or another would have been offered to some alternative activity. On the contrary the sponsorship by large corporate sponsors was included in the income calculations under the prism that if it had not been offered to the festivals it would flow out of Scotland independently if the headquarters of the corporation/s were within the region of the festivals. Another special characteristic of the Edinburgh study is the use of the term *fund* also for the income of the tickets.

- Negative Effects and other costs

Apart from the positive effects on the income or the society, etc, the festivals are likely to cause negative effects in or for the geographical area of reference. For instance, cost for increased security measures or for traffic control by the police; increased noise in specific areas that in combination with other factors might be one of the reasons for some of the local residents to move away from the festivals’ area during the events. In return this exit of the locals might have

negative contribution to the economic impact of the festivals as long as the first will spend their money in other areas (SNOWBALL J. D. & ANTROBUS G. G. 2002). In addition to all this, negative environmental impacts are likely to occur and depending on the size of those, long or short term negative economies/externalities⁴⁴ might appear in the region. The list can extend. However we can see which the thoughts of the EIAs about such cases were.

The Valladolid study makes no reference to such side effects.

The Brighton study makes no reference to such side effects.

The East Midlands study recognized that a festival in general might cause some general negative social effects, but also costs “*related to policing, cleansing, crime, traffic congestion, and noise and air pollution*”. Moreover the study noted the risk of increased costs to appear in the future because of the “*professionalization*” of festivals and the enlargement of administrative costs. The same study mentions also the increased costs in health, safety and access and expressed the question “*how are these cost going to be funded?*” (MAUGHAN C., BIANCHINI F. 2004) Important is, too, the consideration of the increased costs of licensing and of the impact of the “*new legislation around public safety and catering*” (MAUGHAN C., BIANCHINI F. 2004) and the environmental costs. Nevertheless no effort has been made to calculate or estimate the monetary value of these negativities and above all the specific study stated that “*This research should be used as part of a sustained advocacy strategy, aimed especially at local authorities, to illustrate the benefits of festivals and increase levels of funding*”(MAUGHAN C., BIANCHINI F. 2004). The final statement was made just after the expressed need to calculate all the pre-mentioned costs.

Closing, it is worthy to mention that within the survey made towards the local businesses, the East Midlands study recognized and mentioned in the final report some negativities caused to these businesses: “*some businesses indicated*

⁴⁴ See: Glossary p.75

that festivals were not important (23%) and were even disruptive (20%), as shown in reduced number of customers during the time of the festival. A similar result was evidenced by the fact that the percentage of those who replied who did not think of festivals as a source of new business (45%) was substantially higher than the percentage of those who did (33%)” (MAUGHAN C., BIANCHINI F. 2004).

The Edinburgh study makes no reference to such side effects.

The common phenomenon of the four studies is that they usually make links between the increased number of visitors and the positive impacts that these visits bring in terms of spending.

This last phenomenon (that does not refer solely to the present EIAs) should be used in the future as “food for thought” about the catholic or holistic righteousness of the festivals in terms of economic impact. I do not claim that the festivals are negative. On the contrary; I have the sense that they are positive indeed for the society and the arts, but the importance here is hidden behind the reason why we want to consider the festivals as positive. Is it because we are really warmhearted for the arts, their curative, educative and entertaining character or is it because they are the promoters of other more self-interested and calculating interests?

- Missed Important Calculations?

Based on personal experience both as attendee or member of production teams of arts festivals and events I have noticed that a great size of income comes not only from tickets but by the consumption of drinks, food, merchandising, parallel facilities within the festival, etc.

The Valladolid does not make any reference to the in-the-festival consumption. It only counts that the out-of-the-festival meals are one on the greater expenses of its attendees.

The Brighton study recognizes that restaurants outside the festival are one of the most benefited sectors, but makes no comment about the level of the internal consumption.

The East Midlands study included in the items list of the analysis of ancillary expenditure by the audiences the category “*In venue: drink/food*”. The analysis of the specific expenditure was analytically presented among the other items in the expenditure analysis per festival.

The Edinburgh study included in the audience survey a question about the level of spending of food and drinks at accommodation and a question about the level of spending of food and drinks “*excluding at accommodation but including at venues*” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005). In the final presentation of the spending of audiences the two items were summed and presented as total under the title “*Food and drink*” (SQW Ltd & TNS TRAVEL AND TOURISM, 2005).

Last but not least is the omission to calculate or estimate the real or alternative cost of the free passes offered for each event. And I mean *all* kinds of free passes offered to all the kinds of attendees. Usually the highest number goes to the VIPs⁴⁵ (politicians, sponsors, governmental/state factors, journalists, artists, agents, etc). These categories do not receive one personal invitation for one or two people, but is often accustomed to be offered some tenths. Then are the friends of the production members and often the fun clubs which receive packets of tickets in special prices (reduced prices). Therefore it is not exaggerating to say that in a festival day of a ticketed event with capacity of 15.000 the free passes can be 2%-7% of this capacity if it is certain that the event will sell many tickets. If the event does not sell then that number can rise up to 10% or 15%. Often many of these hundreds of people are potential consumers of food and drinks, etc, which are items not extendedly measured as seen before.

⁴⁵ VIP: Very Important Person/s

Annex A

Table 5. Overall Multiplier Analysis per Study*

Festival	Year Fest/EIA	Multiplier Definition/Description	Direct Impact	Indirect Impact	Induce Impact (repercussions)	Multiplier Value
Valladolid (Seminci)	2001/2002	Calculated by the research team. Total Multiplier = Total Induced Impact / Direct + Indirect Expenses	€1.662.005	€63.722,94	€2.258.450	1,333698
Brighton (core & Fringe)	2004/2004	Core festival analysis: Based on Primary Data Fringe festival analysis: Based on estimations <i>Sponsorship + Public Sector Grant Aid + Secondary spend to Brighton Festival ticketed and free events – Leakage / Brighton Festival Box Office = Contribution</i> <u>Is it the/a multiplier?</u>	£1.300.605	£17,895,521 <i>The total is said to be 20,368,858, but sum of direct + indirect gives £19,196,126</i> <i>Excluded from total: secondary spend by Urban Art Trail & Open House attendees; & purchases in district by Fringe & any subsequent leakage; Fringe sponsorship or grant aid</i>	---	---
East Midlands festivals	2002-03/2004	Developed by Experian for the region of York & Yorkshire & in cooperation with the East Midlands Development Agency - Experian is a <i>global information solutions company</i>	£5,289,739 Contains ancillary (audience's) expenditure & the festivals' expenditure <i>Adjusted: without non local expenditure</i>	Not Clear. There is a reference of £4,220,000 additional income because of the audiences' spending & after the implementation of multiplier	Not presented. There is reference to induced effects which when added to the indirect and direct provided the total.	1.19 & 1.59 Induce & Indirect Impact <i>Calculation of Impact on employment with average weekly wage of £381.16 combined somehow with direct, indirect & induced impacts</i>

Festival	Year Fest/EIA	Multiplier Definition/Description	Direct Impact	Indirect Impact	Induce Impact (repercussions)	Multiplier Value
Edinburgh festivals	2004-05/2005	Provided by Scottish Tourism Multiplier Study. Based on Tourism Sector. Sectoral Multipliers for Edinburgh & Scotland. Assumption for Lothian: <i>multiplier value is 6% of the difference between the Edinburgh and Scotland values. This is based on the rest of Lothian's share of rest of Scottish GDP.</i>	Output: just under £170,000,000 in Edinburgh & £184,000,000 in Scotland New Income: £40,000,000 in Edinburgh & £51,000,000 in Scotland Full Time Equivalent Jobs (<i>10 year perspective</i>) for a year: 3,200 in Edinburgh 3,900 in Scotland	Net additional visitor expenditure: £93,600,000 in Edinburgh Net additional performer expenditure: £11,305,173 for all the area of reference	Net expenditure of the Festivals after multiplier effects: £3,060,679	<u>TOURISM MULTIPLIERS</u> <u>Edinburgh</u> <u>Output Multiplier</u> Accommodation 1.52 Food and drink 1.70 Entertainment 1.55 Shopping 1.54 Transport 1.39 <u>Income Multiplier</u> Accommodation 0.33 Food and drink 0.42 Entertainment 0.50 Shopping 0.33 Transport 0.31 <u>Lothian</u> <u>Output Multiplier</u> Accommodation 1.53 Food and drink 1.70 Entertainment 1.56

Festival	Year Fest/EIA	Multiplier Definition/Description	Direct Impact	Indirect Impact	Induce Impact (repercussions)	Multiplier Value
						Shopping 1.56 Transport 1.40 <u>Income Multiplier</u> Accommodation 0.35 Food and drink 0.45 Entertainment 0.53 Shopping 0.35 Transport 0.33 <u>Scotland</u> <u>Output Multiplier</u> Accommodation 1.74 Food and drink 1.94 Entertainment 1.78 Shopping 1.93 Transport 1.53 <u>Income Multiplier</u> Accommodation 0.51 Food and drink 0.52 Entertainment

Festival	Year Fest/EIA	Multiplier Definition/Description	Direct Impact	Indirect Impact	Induce Impact (repercussions)	Multiplier Value
						0.67 Shopping 0.34 Transport 0.36 <u>TOURISM MULTIPLIERS</u> <i>(combined)</i> <u>Edinburgh</u> Output 1.25 Income 0.5 <u>Lothian</u> Output 1.3 Income 0.53 <u>Scotland</u> Output 1.5 Income 0.65

Annex B

Table 6. Overall of Characteristics of the Multiplier Analysis per Study*

	Valladolid	Brighton	East Midlands	Edinburgh
Geographical/Reference Area	Not very strict description. Seems to be the area of the city as this is defined by the official state divisions of Spain	Focused in the local economy of Brighton & Hove. Provides as point of reference the local attendees from 30 min. driving distance. Map presented.	Specified as a radius of 10 miles from the festival location; & in case of county event driving distance more than 20 miles.	Defined as the areas of Edinburgh, Lothian & Scotland. Graphic description through a map
Locality of Sample	No expenditure counted for those accidentally present in the festival. No locals included. Question about their usual residency.	Fuzzy. Not specified if the locals are included indeed or not.	Locals are those who traveled 20 miles (return journey). The locals' expenditure is not included in the calculations.	Local audiences, performers & journalists are excluded by the calculation of the economic impact.
Reasons of presence of the Audience/Sample in the Festival	Market segmentation through statistic/marketing software: <i>ANOVA</i> . Final segmentation criterion: " <i>motive for attending</i> "	No individuality which might be related to the objectives of this section of the comparative analysis is taken into consideration	No distinction is made in regard to the motives for attendance.	High level of concern about the reasons of presence of the audiences is demonstrated through the questionnaire
The size of the Multiplier	Presented in the multipliers' table	Presented in the multipliers' table	Presented in the multipliers' table	Presented in the multipliers' table
Employment Multiplier	No comment about multiplier effects on employment ⁴⁶	No comment about multiplier effects on employment	<u>Hazy Results</u> <u>Argued:</u> - 29 jobs permanent (existed or created?) due to total spend - 213 full-time jobs due to audience spending in the region (potential) - 78.81 full-time jobs due to direct, indirect & induced effects (potential) - 574.86 full-time jobs due to	Argued: 3,200 full-time jobs in Edinburgh & 3,900 in Scotland. Not specified if in total 7,100 or 3,200 in Edinburgh plus 700 equals to 3,900 in Scotland.

⁴⁶ The rest of the research will be printed within the year 2006.

	Valladolid	Brighton	East Midlands	Edinburgh
			<p>“customer effect” = expenditure by the audience & its economic impact (potential)</p> <p>- Also mentioned: 10 of 11 Festivals: paid employment for 20 people for the whole year, approx. 50 during festival period, 200 employed volunteers for whole year & 300 the festival period</p>	

* The data presented in the tables are those provided by the final report of each Economic Impact Study. The placement of each group of data in the respective column was based on a generalized perception of what seems to be more appropriate for each column. There is still long way until the moment that homogenized forms of impact studies and respective definitions will be available. If of course it is feasible and needed such a homogenization.

* Tables 5 & 6 Based on: (SNOWBALL J. D. & ANTROBUS G. G. 2002)

GLOSSARY

Baumol's Disease: The non increasing productivity in the arts and culture activities to grow with the same (or bigger) pace as the costs do with result the arts (*the performing in principal*) to depend more and more on financial support by the governments. ⁴⁷⁴⁸

Ceteris Paribus⁴⁹: Other things being equal. Economists use this Latin phrase to cover their backs. For example, they might say that “higher interest rates will lead to lower inflation, ceteris paribus”, which means that they will stand by their prediction about inflation only if nothing else changes apart from the rise in the interest rate.

Deadweight⁵⁰: Refers to outcomes that would have occurred anyway. For example, a proportion of those attending the Festival may have been in Edinburgh anyway. We would certainly expect this to be the case for residents.

Direct Impact⁵¹: Expenditures by Arts Institutions and related households in their transactions with local vendors. For example the fee a festival production pays to a printing company for their promo material is a direct expenditure or equally the expenses for paper material made by the board of the festival for the everyday function of their office.

Displacement⁵²: Effects that occur when the activities of the Festivals generate benefits at the expense of activity elsewhere. For example, visitors to the Festivals may have visited Glasgow otherwise or taken a tour of the Highlands. This might represent a net gain to Edinburgh, but at a Scottish level, this would simply represent displacement from one city to another.

Economic Impact of the Arts⁵³: The sum of the direct, indirect and induced expenditures related to the arts activity or activities under study. Ideally, the economic impact is based on a defensible multiplier that is rooted in a model and developed using appropriate scientific research.

⁴⁷ First indicated by W. Baumol; See: BAUMOL W. J. & BOWEN W. G. (1966)

⁴⁸ Often in Impact Studies for state funded arts projects. However do not many references to not subsidized arts projects were located.

⁴⁹ Economics A-Z from the www.economist.com

⁵⁰ (SQW Ltd & TNS TRAVEL AND TOURISM, 2005)

⁵¹ *Economic Impact of the Arts: A Sourcebook*; 2nd printing (1990)

⁵² (SQW Ltd & TNS TRAVEL AND TOURISM, 2005)

⁵³ *Economic Impact of the Arts: A Sourcebook*; 2nd printing (1990)

Elasticity⁵⁴: A measure of the responsiveness of one variable to changes in another. Economists have identified four main types.

Price Elasticity⁵⁵: Measures how much the quantity of **SUPPLY** of a good, or **DEMAND** for it, changes if its **PRICE** changes. If the percentage change in quantity is more than the percentage change in price, the good is price elastic; if it is less, the good is **INELASTIC**.

Externalities (Positive/Negative Economies)⁵⁶: An economic side-effect. Externalities are costs or benefits arising from an economic activity that affect somebody other than the people engaged in the economic activity and are not reflected fully in *PRICES*. For instance, smoke pumped out by a factory may impose clean-up costs on nearby residents; bees kept to produce honey may pollinate plants belonging to a nearby farmer, thus boosting his crop. Because these costs and benefits do not form part of the calculations of the people deciding whether to go ahead with the economic activity they are a form of *MARKET FAILURE*, since the amount of the activity carried out if left to the free market will be an inefficient use of resources. If the externality is beneficial, the market will provide too little; if it is a cost, the market will supply too much.

Indirect Effects/Impact⁵⁷: The multiplier effects of direct expenditures. For example, if the music director of a symphony orchestra purchases music in a music store and the store manager later pays part of the heating bill for the store with part of the dollar expended by the music director, part of the money expended for fuel is an indirect expenditure related to the arts.

Induced Impact⁵⁸ (or **repercussions**): Economic effects that are related to the presence of an arts activity but that are not directly attributable to that activity. For example, a person traveling to an arts activity may purchase food and gasoline. In addition, that person may hire a babysitter and pay for parking. These effects, although attributable to the arts activity, are often difficult to measure and allocate specifically to the arts activity itself. For example, if a person travels to a state and particularly in summer music festival but also visits state parks and purchases Christmas gifts in area stores, the part of that spending directly attributable to the arts activity is difficult to measure and must be estimated with a defensible method.

⁵⁴ Economics A-Z from the www.economist.com

⁵⁵ Economics A-Z from the www.economist.com

⁵⁶ Economics A-Z from the www.economist.com

⁵⁷ *Economic Impact of the Arts: A Sourcebook*; 2nd printing (1990)

⁵⁸ *Economic Impact of the Arts: A Sourcebook*; 2nd printing (1990)

Leakage: Leakage is in general the amount of money spent in other economies than the one examined; the local. This can have the form of spending such as the “salaries” of non-local artists, the services bought by a sound production company out of the local economy, etc.

Marginal Cost⁵⁹: The increase in cost that accompanies a unit increase in output; the partial derivative of the cost function with respect to output.

Multiplier⁶⁰: The increase in a community’s total income per Euro/Pound of direct expenditure. The multiplier is the measure of the number of times a Euro/Pound will “turn over” in a defined geographic area before it leaves the economy or it is transformed into savings. The multiplier is generally higher in a large metropolitan area because many goods and services can be purchased in that area before the Euro/Pound leaves it. In a small town that has a simple, undiversified economy, the multiplier can be expected to be lower.

Opportunity Cost⁶¹: The cost of something in terms of opportunity foregone. The opportunity cost to a country of producing a unit more of a good, such as for export or to replace an import, is the quantity of some other good that could have been produced instead. *‘Or Alternative Cost or displacement cost’*

⁵⁹ Deardorff's Glossary of International Economics; ©Alan V. Deardorff, 2000, 2001

⁶⁰ *Economic Impact of the Arts: A Sourcebook*; 2nd printing (1990)

⁶¹ Deardorff's Glossary of International Economics; ©Alan V. Deardorff, 2000, 2001

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