

Culture and Market

Economic and socio-economic factors

„... it is necessary to commemorate with explicitness where the economic system that brought us growing material wealth over decades and generations receives its own energies from: that is the interaction of values of community-based culture and its historical concretisation in our socio-cultural environment.“

Peter Bendixen

- The cultural sector contributes significantly to GDP and to the chain of value added in a region
- Cultural activities develop the cultural identity of the people of a region
- Cultural activities are a main part of the infrastructure of a region and thus an important factor of the region's image
- Culture is the most important marketing tool of a region
- Every cent invested in the cultural sector pays back interest through multiplier effects; cultural projects activate supplementary economical effects

Economic factors:

The mentioned economic factors have to be considered in conjunction with the chain of added value. The process of cultural activities brings various benefits to other fields. It leads to a “socio-economic return on investment”.

Image of the region

The image of a region is the sum of subjective impressions and opinions of the inhabitants and the visitors, always in process. It is based on different factors like landscape, people, language, nature and others – hence culture in a wider sense. It is this characteristic, specific, unique image – in marketing language: the *unique selling point* – that makes the region attractive for visitors. Culture and events are main factors of the infrastructure of a region, thus highly influencing the image of the region.

Location factor for business

The image of a region can affect the decision of entrepreneurs on where to locate their businesses. Every entrepreneur seeks to get a perspective advantage from the choice of the location. In former industrial times, when production was the main business, entrepreneurs decided on the basis of production factors (such as connection to transport infrastructure, water and gas supply, costs of labour). Nowadays, where mostly service is provided, the investment has to take into consideration the quality of life provided for their employees. Art and culture are a decisive factor for quality of life. Therefore their availability and grade will be taken into consideration for sustainable efficiency of manpower.

Location factor for tourism

Visitors are choosing their targets by attractiveness of the region. The attractiveness is made up of cultural heritage like monuments or nature, but depends on actual cultural events and facilities too. Persons willing to participate in cultural events have to show up in person. It is virtually an export of culture that is received locally with the “external money” spent in the region.

Effect on consumption

Inhabitants and visitors spend parts of their available income on cultural events. This consumption is local, thus provides direct revenue for the local economy (state and individual). It is literally a reflation programme for the local market.

Economical multiplier effect

Cultural activities lead to economic multiplier effects through the operational expenses of the cultural organisation, the salaries for the employees and the fees for the cultural activities itself. Furthermore the production of a cultural event as well as the attraction of the participants produces supplementary external consumption (accommodation, gastronomy, travel).

Effect on employment

Every cultural activity entails the need of work to be done. The effect on employment while carrying out cultural activities is intensive because most of the work cannot be substituted by machines; manpower is needed. This again leads to higher consumption possibilities of the employee.

Revenues to the state budget

The state budget receives the following direct revenues through taxation of goods and services initiated by organisers of cultural activities and events.

a. Preliminary sector

- goods and services related to cultural activities from printing houses, binderies, manufacturers and traders (technical equipment, machines and other devices)
- salaries for employees
- rent for venue spaces (theatres, galleries, concert halls etc.)
- attraction of tourists to cultural events, including their expenses on travel, accommodation and gastronomy

b. Executive sector

- revenues from ticket prices, membership fees etc.
- revenues from sale of products (books, catalogues, artwork etc.)

Socio-economic factors:

Identification with the region

Cultural activities have an effect on social development and identity building. Culture has socio-political signification because it contributes to the socialisation process. The value of cultural impact cannot be measured by economic outcome only. The building of a complex socio-cultural community as an economic, social and cultural process is decisive. Cultural activities have the potential to foster identification of the inhabitants through the region's cultural attractiveness.

Quality of life

As already mentioned in the context of location factors, art and culture are aspects of quality of life. They provide the inhabitants and visitors with the possibility to choose from a range of leisure activities and are an integral part of the infrastructure of a region – also for those who are not actively taking part at the cultural events. A variety of cultural activities ensures that various wishes of the diverse groups are satisfied.

Social multiplier effect

The image of a region is highly influenced by multiplier effects because it is based on indirect impressions and opinions too: people who have never been to the region but heard about it also have an opinion of it. This is a chance but also a challenge. If the chance is used sensibly, cultural events are having multiple positive effects on the image of a region.