Value of culture

The economic value of culture

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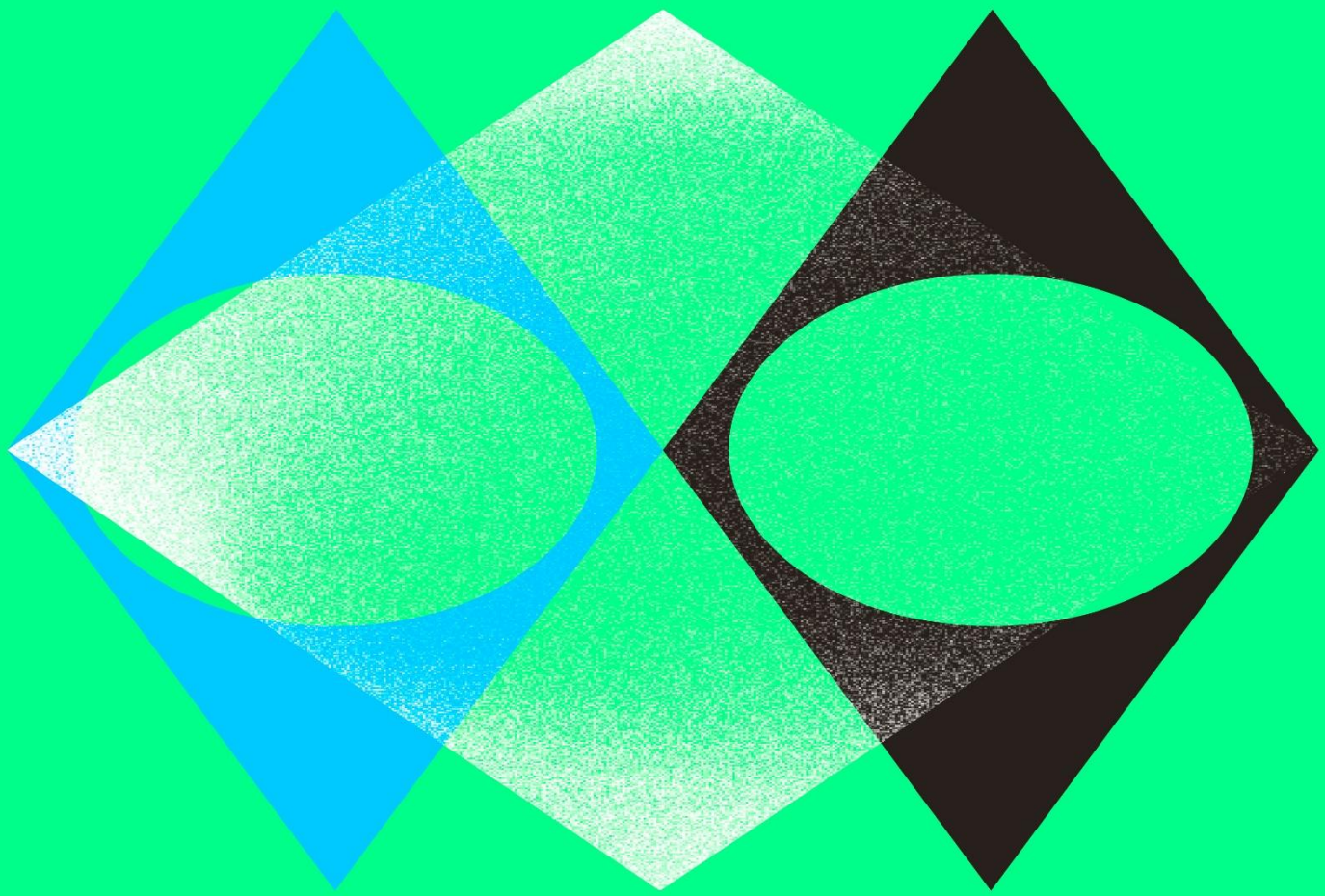
Kenniscentrum Cultuuronderzoek

Vlaanderen
verbeelding werkt



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Preliminary information regarding the methodology of this report

Based on a systematic literature review of scientific peer-reviewed articles published between 2014 and 2024, a series of reports by the Centre for Cultural Research examines what 'the value of culture' means according to the literature. The starting point was 18,013 articles that, according to a number of keywords in their abstracts, were potentially relevant to this research. Using the machine learning tool ASReview LAB – developed by Utrecht University – articles were screened in a second round based on their abstracts, leaving 198 relevant articles for this report on the economic value of culture. In a final round, the articles were read in full, resulting in the 105 references on which this report is based. The introductory report provides a more in-depth view of this method (see https://www.cultuuronderzoek.be/wp-content/uploads/2025/11/Value-of-culture-Introduction.pdf).

This report is part of a broader series on the value of culture. This series of reports adopts a holistic approach, recognising that culture's value cannot be fully understood when broken down into isolated categories. Although we discuss social, economic, cognitive and health effects in separate reports, these dimensions are inherently interrelated (Safari, Glow, Noblet, & Pyman, 2021). As Bourdieu's theory of capitals highlights, different forms of capital can be converted into one another. For example, cultural participation can foster skills with economic value, strengthen social networks, or both. Conversely, social or economic capital can also stimulate cultural engagement. For this reason, it is not ideal to consider the different values of culture in complete seperation. Yet, for the sake of clarity and structure, eeach theme is treated separately. This sub-report focuses specifically on the economic value of culture.

Attention to economic value has become a clear trend in policy. Policymakers and governments increasingly expect accountability for investments in culture in terms of measurable costs and benefits. Supporting culture purely for its intrinsic value is becoming more difficult to justify (Sacco, Ferilli, & Blessi, 2018) . Instead, culture is increasingly framed as an essential component of broader economic and social strategies. From this perspective, culture must play a visible and tangible role in society and compete with other sectors for resources and opportunities. This has led to a strong emphasis on economic output as a benchmark, given that it can be quantified relatively easily and expressed into concrete figures and statistics, which in turn facilitates comparison.

Accordingly, this report approaches culture from a market-oriented perspective. Through a review of empirical literature, it seeks to link the significance of cultural activities directly to market prices or economic benefits. In doing so, we start with the value that is perhaps furthest removed from the individual participant. Unlike the social, health or cognitive value of culture, the economic value of culture is mainly interpreted, expressed and measured at the meso and macro levels. The economic impact of culture on regional development or national economies is the most concrete and most frequently studied example of this.

1. The economic value of the Flemish cultural sector as a whole

Before turning to the literature on the economic value of culture, we briefly consider the current financial situation of the Cultural and Creative Sector (CCS) in Flanders. Beyond studies that examine the impact of specific cultural initiatives or events (e.g. European Capitals of Culture) or activities, there is also literature that attempts to quantify the general economic value of culture as a domain. Although this is not the focus of this report, we believe that a short overview provides useful context for interpreting the results on the value of specific cultural initiatives.

Two important caveats must be made. First, different authors and institutions apply different definitions to delineate the Cultural and Creative Sectors (CCS). This means that the results of different studies are, by definition, difficult to compare. In this report, we follow the approach of the Department of Culture, Youth & Media: Flemish studies are used to highlight the regional specificity of Flanders, while international studies are included to situate Flanders in a comparative perspective. Second, it is important to note that Flanders reports figures for the broader category of 'creative sectors', defined across twelve sub-sectors: architecture, audiovisual industry, visual arts, communication, PR and advertising, design, heritage, game industry, print and digital media, fashion, music, new media and performing arts. Although the cultural sector is clearly part of the creative sector, the latter is considerably broader. According to the most recent mapping by VLAIO (Flemish Agency for Innovation and Entrepreneurship) (2023), the Cultural and Creative Sectors employs 14.4% of all self-employed persons (in their main occupation; 76,680 FTE) and represents 6.2% of the total number of FTE employees in Flanders (181,673 FTE) (excluding the Brussels-Capital Region)[1] . The CCS contributes 6.17% to the gross value added (GVA[2]) of the Flemish economy. In 2021, the CCS accounted for 5.2% (13.8 billion euro) of the Flemish region's GVA and 11.4% (67.7 billion euros) of total turnover. Furthermore, there has been a clear increase in the period 2009-2021, with the number of FTEs rising by 34%, turnover by 32% and gross value

[1] See https://www.vlaanderen.be/cjm/nl/cultuur/cultuur-en-economie/de-economische-waarde-van-cultuur and https://creatievesector.be/ . The figures break down the total number of FTEs or added value into 'Core' (NACE codes that are specific enough to be fully attributed to the creative sector) and 'Satellite' (less specific but part of the value chain). The NACE code stands for Nomenclature générale des Activités économiques dans les Communautés Européennes (for more details, see: https://vlaio.be/nl/media/2326). It is the official European list of activities. Every organisation or sole trader that registers with the Crossroads Bank for Enterprises records one or more codes.

[2] Gross Value Added is the added value of a sector (excluding taxes). In other words, it is the turnover of goods and services minus the cost of taxes.

added by 57%. These averages, however, mask strong differences between subsectors. Growth has been driven mainly by areas not strictly cultural, such as advertising, PR, and communication, while others—most notably the heritage sector—have seen a decline.

A 2023 OECD report on the CCS in Flanders, based on 18 NACE codes (a broader classification than VLAIO's 12 subsectors), yields several notable findings (OECD, 2023). For example, the OECD highlights sharp regional differences in employment within the sector. In the Brussels-Capital Region, for example, 8.8% of all employment is related to the cultural and creative sectors, well above the EU27 average of 3.7%. Moreover, between 2014 and 2021, employment in this sector grew 3.5 times faster (26.8%) than the EU27 average (7.5%). In Antwerp, even stronger growth (29.2%) was observed over the same period. For Flanders as a whole, however, growth was 6.8%, which is less than the EU27 average. In Flemish Brabant and West Flanders, employment in the sector declined by 17.5% and 11.5% respectively over the same period. These are not small differences. These figures point to increasing urban concentration of CCS activity, with major differences even within a small region such as Flanders.

This urbanisation trend does not translate into greater overall economic weight. In GVA terms, the cultural and creative sectors accounted for 3.4% of the Flemish economy in 2019, a decline of more than 10.5% since 2009 (2009: 3.8%). In line with this, the number of enterprises in the CCS also declined slightly by 0.16 percentage points, and the number of enterprises in the CCS sector in Flanders is well below the OECD average for 2018 (3.9% versus 6.7%). Taken together, these Flemish figures indicate a consolidation trend in which the cultural and creative sectors are becoming more concentrated in the (large) cities and are not keeping pace with overall economic growth. This trend is linked to declining government expenditure on the cultural sector over the period 2011-2019 (OECD, 2023)[3].

However, these general figures conceal significant differences between sectors. For instance, turnover growth between 2011 and 2019 was particularly strong in the film and television industry (10.5% annual growth; Flemish Region) and cultural education (14.43% annual growth), indicating sectors with above-average growth (potential)[4] . It should be noted,

[3] Belgium stands out in the figures because the share of public expenditure on the cultural sector is among the lowest of the OECD countries and significantly lower than the OECD average. At the same time, Belgium has the highest percentage of total expenditure borne by the community (subnational). This is a logical consequence of the fact that culture is a regional competence.

[4] There are also major differences in this area between the Flemish Region (VG) and the Brussels-Capital Region (BHG). Cultural education, for example, grew by 22.83% per year in terms of turnover in the BHG, while the film industry did not grow (0.12%/year).

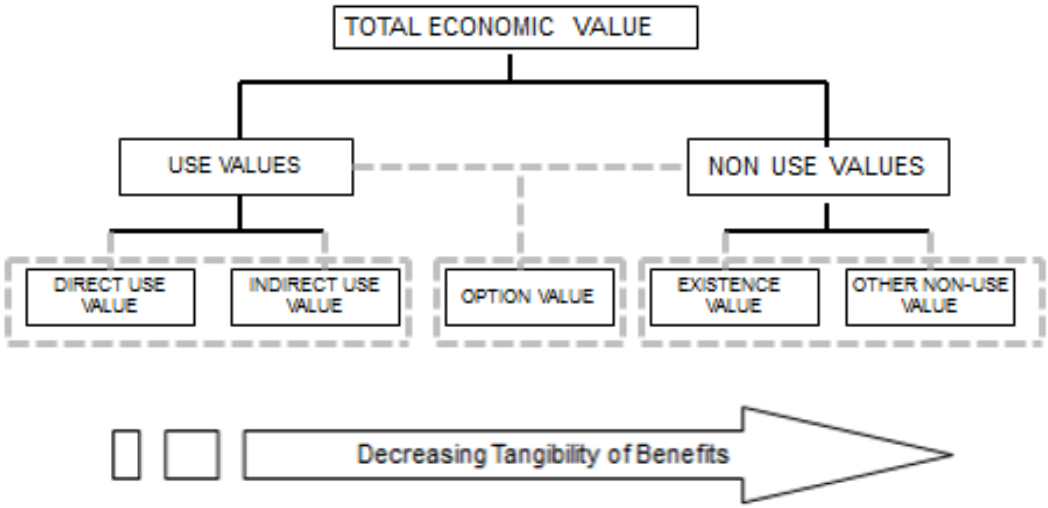
however, that both sectors account for a relatively small share of total turnover (both around 1%). Considering the broader category of 'Creative arts, entertainment, libraries, museums, etc.' – which together account for 9.4% of CCS turnover – this segment grew by an average of 6.6% per year in the Flemish Region over the period 2011-2019. Finally, the OECD warns of the precarious status of many self-employed people in the sector and recommends that Flanders provide greater support to museums to realise their ambitions in terms of economic and social impact. In this context, the OECD emphasises that, in addition to direct support through subsidies, support for museums can also include assisting with digital initiatives (which can lead to new income) and improving evaluation tools and instruments for measuring impact.

This report does not aim to provide a detailed assessment of the aggregate economic value of culture, because (1) the use of NACE codes leads to a somewhat blurred picture and (2) the focus of this report is more specific. Instead of attempting to quantify the overall economic value of culture, we will provide an overview of studies that examine the economic value of culture in very specific cases.

2. Measuring and structuring economic value

In the following section, we focus on specific forms of culture (participation) and their economic value. This raises the question of how such value can be calculated. Based on the literature, we conclude that there is a lack of uniform operationalisation in the debate on the total economic value of culture. One key challenge is determining exactly where economic value ends. Of course, there are direct economic effects, but to capture the full value of culture, one must also consider the more indirect, often less visible effects. Xxactly where to draw the line remains a matter of debate. Terms such as *'use value'* and *'direct economic value'* or *'indirect economic value'* are commonly used in studies, but their precise interpretation varies. Our approach aligns most closely with that of Serageldin (1999). He explicitly acknowledges (see Figure 1) that value creation exists on a continuum and that precise classification is of secondary importance.

Figure 1. Structure of total economic value of culture (taken from Serageldin (1999, p. 27)



Serageldin (1999) conceptualises the economic value of culture as a continuum, ranging from clearly measurable effects (left) to effects that are more difficult to quantify but no less important (right). As noted in the introduction, in this report culture is understood as a measurable activity. This encompasses activities that are mentally enriching and meaningful, but which are also bounded in time and space. Situating this within Figure 1, we consider the utility value of culture, encompassing its direct, indirect and optional economic value of culture.

The following sections focus on these specific forms of value:

1. the **direct economic value** of culture. This includes measurable financial returns such as income from tickets, merchandise or direct visitor spending, as well as measurable effects such as employment and direct investment in cultural infrastructure.
2. **Indirect economic value**, often observed through broader economic spillover effects. These include increased tourist spending, higher property prices near cultural facilities, and new employment opportunities in related sectors such as hospitality, accommodation and transport. The indirect economic value of culture also lies in its appeal to a 'creative class' and highly qualified talent who can make a region or neighbourhood more productive, earn more money, and so on.
3. The **optional value** of culture, which assesses the value of culture as a non-market good. Examples include free festivals, which, despite their free admission, have economic value because the people who attend them spend money (e.g. on food and accommodation). Non-use value is not covered in this report, not only because it is

difficult to quantify, but mainly because it contributes primarily to social cohesion and community building. The social value of culture is discussed in a separate report.

Various methods are available, each offering unique insights into the value and contribution of cultural activities. Each of these approaches has advantages and disadvantages, depending on the circumstances in which they are applied. The Appendix to this report provides an overview and brief discussion of the various methods used to measure the economic value of culture.

3. Direct economic value of culture

Direct income from culture is the most clearly defined indicator for measuring the economic value of culture. Revenue from admission fees, together with subsidies, sponsorships and fundraising, enable theorganisation and maintenance of culture. The direct economic value of culture emphasises the direct economic transactions that are tangible to its organisers. In this context, it is important to distinguish between organisers and financiers. For example, when culture is subsidised by a government agency, , it is useful to interpret the economic effects more broadly than just direct income. The following section explores this in more detail.

Direct income such as ticket sales, merchandising, art trading, etc. is relatively easy to measure. However, results of specific case studies are difficult to generalise due to the specific contexts of each case. Alexandrakis, Manasakis and Kampanis (2019), for instance, studied the financial returns of a number of heritage sites in Italy and Greece based on ticket revenues. They found that, depending on the site, revenue ranged from €50,000 to over €13,000,000 – for sites in popular regions such as Crete. Such studies provide a picture of the financial added value that culture can create, but do not give us any insight into how this happens The relevant variables behind these outcomes remain largely speculative. Other studies also provide insight into how culture can be valuable, but fail to generalise the results of specific cases. For example, Beynon, Jones, Munday, and Roche (2018) asked respondents about their expenditure rather than requesting data from organisers. Based on surveys conducted at fourteen different heritage sites in Wales, spending patterns were reconstructed. The researchers found that the direct economic income from the heritage sites studied ranged from £26,250 to £3,177,500. The general pattern is one in which it becomes clear that heritage and attractions have a clear economic value through ticket sales. The exact

amount of that value depends on a multitude of factors, some of which are specific to the cultural product itself.

In this section, unlike Figure 1, we also consider the optional value of culture within the context of direct economic value since the value attributed to non-market goods has the potential to generate direct economic value. We described already how Herrero, Sanz and Devesa (2011) tested people's willingness to pay for a festival that is normally free, using a hypothetical scenario. They found that people were willing to pay an average of 45.9 euros. Although this amount should be understood as a rough estimate of someone's experiential value, it also says something about the potential direct income from culture. Other examples of similar studies are presented in Table 1.

Table 1. *Additional research: Direct economic value*

Benedetto, Madau, Carzedda, Marangon and Troiano (2022)	The study of the Pradis Caves in Italy measured visitors' willingness to pay (WTP) for access, finding an average of €5.37. The price people were willing to pay ranged from €0.00 to €15.00, with most respondents indicating an amount of €5.00. The mean was slightly higher due to a few outliers reporting higher amounts, while most respondents reported amounts below the average
Süer and Sadik (2020)	These authors express value as willingness to pay minus the costs associated with visiting the free heritage site Pergamon Ancient City in Turkey. In 2019, the aggregate consumer surplus was estimated at £71,465,987.89.
Koumoutsea, Boufounou and Mergos (2023)	The average willingness to pay for the Greek dance festival Kalamata Dance Festival was €63.92. Visitors aged 20-29 are willing to pay £70.63, while visitors aged 70 and older are willing to pay as much as £104.00. However, willingness to pay does not increase linearly with age and drops, for example, significantly for the 50-59 age group. Local residents reported also lower willingness to pay, averaging €53.44. Based on an attendance of 10,000 visitors, the total willingness to pay was estimated at €639,200.

The direct economic value of culture can be determined in various ways, but results are always highly context-dependent. It is clear, however, that cultural activities such as festivals, heritage sites and events can generate tangible direct financial income. Strikingly,

there are relativelyfew scientific studies on this subject. One possible explanation is that research on the direct economic value of culture is often taken for granted. A simple cost-benefit analysis in a closed circuit is usually sufficient to gain insight, making extensive scientific research seem unnecessary. At the same time, the highly specific nature of each case makes it difficult to generalise findings to the sector or to culture more broadly. For this reason, results on the direct economic value of culture are more likely to be found in reports and accounting documents than in scientific articles.

What is clear, however, is that people are always willing to pay something. From a purely economic point of view, one could therefore argue that culture generates a considerable consumer surplus and thus has greater financial potential than is realised.

4. Indirect economic value of culture

Culture not only generates direct financial income, such as ticket sales, but also acts as a catalyst for broader economic and social effects. Although direct income is an important part of the financial impact, the main benefits of culture often lie in its indirect value. These effects extend beyond the cultural sector itself and strengthen the wider economic dynamics of a region. The financial benefits of culture are then no longer interpreted from the perspective of individual actors, but from a broader, accumulated societal level. For example, research by Sokka, Ruokolainen, and Tohmo (2023) demonstrates that residents value the permanent cultural presence in their city, such as art and cultural institutions, not only for its social and educational value, but also for its economic significance. This economic value manifests itself, among other things, in the direct financial returns generated by the contribution to local economy through job creation and regional production. Moreover, cultural institutions enhance local and regional development by increasing the attractiveness of cities, which in turn stimulates local spending. Interestingly. This appreciation extends beyond those who actively participate in cultural activities; even non-participants value the presence of culture in their communities.

Direct income, therefore, represents only one component of the total economic return. Beynon et al. (2018) illustrate this in their study of fourteen heritage sites in Wales, where direct income ranged from £26,250 to £3,177,500. Although these amounts are substantial, they constitute only a fraction of the total economic impact (Gross Value Added in this case). When looking at the total expenditure of visitors, the financial impact varies between £129,100 and £13,274,600 per site. Similarly, **Alexandrakis et al. (2019)** found that, for

heritage sites in Italy and Greece, ticket sales accounted for only a small share of total revenues. When the number of visitors is multiplied by the average length of stay and average daily expenditure, it becomes clear once again that direct costs alone are insufficient to capture the economic value of culture.

The financial impact of culture therefore extends beyond the expenditure incurred within the cultural activity itself. In this respect, culture itself is seen as a motivator, encouraging people to visit a region and engage in financial activity there. This creates a broader economic dynamic that transcends the cultural sector itself. A network of stakeholders – often locally based – benefits from the financial spillover effects created by culture (Bille, 2024) , demonstrating culture's capacity to enrich a region (Russo & van der Borg, 2010) . Domenech et al. (2022) further show that the presence of **cultural and creative activities has a positive impact on GDP per capita**. Based on data of 78 countries, 275 European regions and 518 municipalities in the Valencia region of Spain, the authors find that a 1% increase in employment within the CCIs corresponds to a 0.13%–0.19% rise in GDP per capita, depending on the data source (UNESCO or WIPO). . Tubadji, Osoba and Nijkamp (2015) also observe the same trend for the United States, where a 10% increase in cultural investment leads to a 2-3% increase in GDP per capita. Lee, Hong and Chang (2020) focus solely on growth in arts activities and GDP and find that the correlation between GDP growth and growth in arts activities is positive but statistically weak. Arts activities in the United States are therefore associated with economic growth, but there is no clear causal relationship. Other variables such as capital accumulation and technological progress have a stronger effect on economic growth than the arts.

Two primary explanations for the observed correlation between creative activities and GDP per capita emerge from the literature. On the one hand, it may result from increased employment, either through job creation by culture (Meuleman & Kraaykamp, 2023), or because cultural capital yields economic benefits in the form of access to employment (Reeves & de Vries, 2019). On the other hand, literature – mainly American – posits that this is the result of the correlation between the influx of (highly educated) knowledge workers (the creative class) and the presence of art and culture (Rushton, 2015; Srithongrung & Byrnes, 2019). The latter aligns with Florida's (2002) theoretical framework, which emphasises the importance of the creative class for urban and economic development. Florida argues that cities that combine talent, technology and tolerance become a magnet for this creative class, which consists of both artists and designers as well as highly educated professionals such as scientists and engineers. He emphasises that a vibrant culture and an

inclusive environment are essential to attract this group, leading to innovation and economic growth. However, as Polèse notes (2012), the synergy between the cultural sector and other sectors often depends on city size, with larger urban areas more likely to sustain this synergy.

In what follows, we examine how the literature reports on this indirect economic value (i.e., impact) of culture. We distinguish a number of spillover effects and analyse them across distinct sectors: heritage, museums, festivals and European Capitals of Culture.

4.1. Effects per sector

4.1.1. Heritage

Scientific literature demonstrates that cultural heritage plays a crucial role in regional economic development. In addition to the intrinsic value of heritage, increasing attention is being paid to its economic value. Bewley and Maeer (2014) note that heritage in the United Kingdom makes a significant economic contribution, generating £12.4 billion in revenue, nearly 60% of which comes from domestic visitors. This underscores the importance of heritage sites as tourist assets. In addition to direct visitor spending, these sites also have a positive impact on employment. For example, an average of 53 new jobs are created per project funded by the Heritage Lottery Fund, further underlining the broader socio-economic value of heritage. Moreover, visitor spending has a significant impact on the local economy: for every £1 spent on a visit, approximately£ 68 goes to other local businesses such as restaurants and hotels. Table 2 provides an overview of similar research.

Heritage also affects the real estate market. The influence of heritage sites on property prices is mentioned several times. In Zaanstad, the Netherlands, the value of listed buildings rose by 29.6%, and surrounding properties benefited from a 0.28 percentage point increase in value for each additional listed building within a 50-metre radius (Lazrak, Nijkamp, Rietveld, & Rouwendal, 2014). A protected cityscape also yields an added value of 27.9%. Heritage even functions as an effective marketing asset for platforms such as Airbnb: in Bilbao, heritage-promoting accommodations received 20% more reviews (Fierro & Aranburu, 2019). These findings confirm that heritage delivers not only cultural but also tangible economic benefits.

Table 2. Additional research: Indirect economic value of heritage

Campoy-Muñoz, Cardenete and Delgado (2017)	The Mosque-Cathedral Mezquita of Córdoba attracts a large number of tourists. In 2013, approximately 30% of tourism in Andalusia was culturally motivated. As a well-known cultural reference, the Mezquita

	made a major contribution to the local economy (transport, accommodation, hospitality).
Del Mármol and Santamarina (2019)	Ethnographic research (2006-2016) shows that heritage policy and cultural initiatives stimulate both economic growth and social cohesion. In the Catalan Pyrenees, European funding programs, such as LEADER grants, led to the opening of more than ten rural hostels and an increase in tourism. In Valencia, promoting the region as an 'authentic' destination strengthened the cultural sector and tourism. These projects promote both local economies and the appreciation of regional identity.
Seidl (2014)	Surveys at Tirana Airport reveal that tourists spend an average of €1,118 per visit. This results in annual revenue of between €760 million and €1.1 billion. Respondents were also asked about their willingness to pay more. According to the survey, this could generate an additional €410 million per year.
Murzyn-Kupisz (2013)	Based on fourteen in-depth interviews and regional data on employment, tourism expenditure and tax revenue, it has been shown that the (private) restoration of palaces in Polish Silesia is financially beneficial to the local population, leading to increased employment and higher sales of local products.
Zeng, Shen and Gu (2023)	Based on data collected in 242 Chinese cities over a period of 14 years (2004-2017), this study shows that the recognition of heritage sites as UNESCO World Heritage sites can stimulate substantial economic growth, with an average GDP increase of 3.8% per capita in Chinese cities. These effects are largely attributed to an increase in tourism, investment in R&D and local employment.
Kee and Chau (2020)	Based on a *hedonic price analysis* of 43,240 property transactions (over 10 years) located less than 100 metres from heritage sites in Hong Kong, it is found that heritage conservation has a significant positive impact on property prices in the vicinity of heritage sites. Specifically, the presence of heritage can increase property prices in a neighbourhood by an average of 10%.
Bertacchini and Frontuto (2024)	Based on the *willingness to pay* of 875 potential visitors to industrial heritage sites in Shanghai, preferences regarding reuse strategies are surveyed. Respondents were willing to pay an average of $6.03 for the protection of iconic monuments and $5.10 for experiential heritage services, such as interactive simulations and guided tours. Less valued

	elements, such as ordinary factory buildings and machinery, showed a lower willingness to pay of $3.51 and $2.20, respectively. Highly educated and more affluent groups show the greatest willingness to contribute, with differences in willingness to pay reaching up to $12.05.
Tan and Ti (2020)	Based on residential sales in Singapore between 1997 and 2017, the authors find that the conservation status of heritage has a positive impact on average sales prices per square metre, with the highest returns for homes located between 800 metres and 1.6 kilometres from the sites.

4.1.2. Museums

Museums are traditionally valued for their intellectual, social and physical contribution to the well-being of individuals. Yet, their economic impact is also significant. The Guggenheim Museum in Bilbao is a well-known example of how a cultural institution can act as an economic engine by creating jobs and transforming the local economy. Plaza (2010) found that its opening created about 1,100 new jobs, mainly in tourism-related sectors. Museums therefore play a role not only as custodians of cultural heritage, but also as catalysts for economic growth and urban development (Plaza, Galvez-Galvez, & Gonzalez-Flores, 2011). Similarly, Bryan, Munday and Bevins (2012) observed a positive (socio)economic impact from the Amgueddfa Cymru-National Museum Wales. Visitor statistics, expenditure and stakeholder perspectives were analysed. In 2008-2009, the museum generated £41.5 million in output, of which £26.8 million was gross value added (GVA). It supported 842 full-time jobs, including 560 direct jobs. Visitor expenditure of £41.41 million generated £26.08 million GVA and a further 1,179 jobs.

Falk (2022) illustrates how museum experiences yield measurable financial benefits, including those stemming from their positive impact on well-being (see also the report on the Health Value of Culture). Falk calculated that an average one-day museum visit generates a health value of $417 when expressed in financial terms. Depending on the specific context, this value varies from £376 to £446 per person[5]. For institutions with large visitor numbers,

[5] Data was collected from visitors of five different museums in the United States, Canada and Finland. Respondents completed a survey in which they rated the value of eight different well-being-related outcomes, each on four levels of intensity. This meant that they had to indicate how valuable a particular outcome was, depending on the duration of the effect, such as an hour, a day, a week or longer. The respondents' data was then combined to calculate an average score for personal, intellectual, social and physical well-being. These scores were multiplied by the perceived monetary value for the duration of the improved well-being outcomes. The total economic value for each respondent was calculated by adding up the values of all four dimensions of well-being.

such as the Toronto Zoo, these experiences generated a total value of hundreds of millions of dollars per year.

Table 3. Additional research: Indirect economic value of museums

Heidenreich (2015)	The renovation and expansion of the Museum Folkwang in Essen, at a cost of €55 million, attracted 800,000 visitors in its first year after opening – a significantly higher number than before the renovation. Although the economic value of this museum was not spectacular, it contributed to tourism, social networking and regional identity. The value of culture lies not only in economic figures, but also in its ability to connect communities and create a positive vision for the future.
Llop and Arauzo-Carod (2012)	The study analyses the economic impact of the Gaudí Centre in Reus, Catalonia, as a case study. This cultural centre was examined using an input-output subsystem analysis to measure the direct and indirect effects on production and employment. The data used, such as visitor expenditure, operating costs and personnel costs from 2009, was combined with input-output tables from Catalonia. The results show that the Gaudí Centre generated a total output of €18 million, of which 68.4% was in the service sector (such as tourism and hospitality) and 31.6% in the non-service sector (such as agriculture and food production). The multiplier effect was €1.94 per euro invested. In terms of employment, the centre created 191 full-time jobs, of which 114 were direct and 77 indirect. Most of the effects were concentrated in the service sector, but the links with non-service sectors highlight the broader economic impact.
Carey, Davidson and Sahli (2013)	The study found that the opening of the Museum of New Zealand Te Papa Tongarewa in 1998 had a strong positive effect on tourism growth. For every 1,000 additional visitors to the museum, 280 additional overnight stays were generated. However, the museum itself did not extend the length of tourists' visits to the city. It is therefore possible that it replaced other activities.

4.1.3. Festivals

Cultural festivals not only bring communities together but also generate significant economic and social impact. In rural regions, such as the Scottish Orkney Islands, arts festivals strengthen the local economy by stimulating spending and employment (Gamble, 2022). The play a key role in fostering 'cultural economy' that supports the local economy.

The local and temporary nature of festivals also creates opportunities to showcase local products and services, which can be particularly beneficial in rural areas. More than other sectors, the festival sector relies heavily on volunteer involvement. In addition to paid employment, which creates economic added value for workers, there is therefore also a large amount of unpaid labour that creates economic added value for the organisations (Gibson, Waitt, Walmsley, & Connell, 2010).

Table 4. Additional research: Indirect economic value of festivals

Gamble (2022)	Fourteen interviews were conducted on the impact of arts festivals on the economic development of rural communities, with a specific focus on the Orkney Islands in Scotland. The economic impact mainly includes local spending, increased demand for local products and services, and job creation.
Gibson et al. (2010)	This study surveyed 480 respondents, including organisers and visitors of cultural festivals in non-metropolitan Australia. The creation of employment, the impact of free labour provided by volunteers, and the strengthening of the local economy through local cooperation are central themes.
Aguado, Heredia-Carroza and Arbona (2024)	Based on surveys and an input-output analysis, the financial added value of the Petronio Álvarez Festival is determined. Employment and spending in the local economy are identified as the main forms of impact.
Shakya and Vagnarelli (2024)	Field visits, interviews with local stakeholders and the analysis of secondary sources show how economic, social and cultural value is created for two cultural festivals in rural areas. Thousands of visitors lead to more overnight stays and local spending. Guided tours and games that introduce tourists to local history and traditions create employment.
Collins and Fahy (2011)	A case study of Galway, Ireland, based on in-depth interviews with key figures from the city's cultural and commercial sectors, concludes that culture has played an important role in Galway's economic and social development, particularly by integrating the cultural sector into broader economic activities such as tourism and the creative industries. The Galway Arts Festival is an important example of how culture can contribute to urban identity while generating economic benefits, such as increased tourism and employment. Furthermore, it appears that spatial culture — particularly public events such as street festivals — is a determining factor in branding Galway as a creative city. These events not only contribute to local identity,

	but also to the economic vitality of the city by attracting tourists and investors.
Bracalente et al. (2011)	Research into the 2007 Umbria Jazz Music Festival in Perugia demonstrates the economic impact of cultural events. The festival attracted 30,217 visitors from outside the region, 19,810 of whom came specifically for the event. Visitors spent an average of €104 per day, resulting in more than €3.5 million in total expenditure. Using a bi-regional input-output model, it was calculated that the festival generated a gross value added (GVA) of €4.16 million, of which €1.98 million remained within the Umbria region. Public subsidies had a multiplier effect: every euro invested generated €2.65 in local economic value. The greatest benefits were seen in the hospitality and retail sectors, while organisational spending also stimulated other sectors.

4.1.4. European Capitals of Culture

Due to the extensive amount of research on European Capitals of Culture (ECoC), these events deserve special attention. The ECoC programme is designed to encourage cities to organise cultural events, with the aim of generating both short-term and long-term effects on the economy and the community. Research shows that hosting a European Capital of Culture (ECoC) has substantial economic and social impacts. Gomes and Librero-Cano (2018) show, for example, that GDP per capita in host cities increases significantly and that this increase remains measurable for years to come. Falk and Hagsten (2017) find that the number of overnight stays in host cities increases by an average of 8% in the year of the event. Furthermore, the programme contributes to the visibility of the creative sectors and offers new opportunities for collaboration for cultural entrepreneurs (Bergsgard & Vassenden, 2011). The ECoC programme combines economic benefits with cultural dynamism, making it a unique model for regional development. To examine the impact of culture-led urban regeneration from the ECoC programme held in Liverpool in 2008, Liu (2019) conducted repeated surveys with 3,052 residents from different neighbourhoods of Liverpool between 2008-2018, as well as surveys of 123 creative professionals and 312 volunteers, complemented by a media analysis of more than 7,500 articles. Liu's research shows that Liverpool's status as ECoC in 2008 led to a significant urban and cultural transformation (Liu, 2016, 2019). The programme attracted 553,000 international visitors in 2008, a number that grew to 839,000 in 2017, making Liverpool the fifth most visited city in the United Kingdom. Investments were made in both events and infrastructure, such as the Arena and Convention

Centre Liverpool (ACCL) and the Museum of Liverpool, resulting in an increase in cultural activities and an improvement in the city's image, with 71% more positive media coverage between 2007 and 2008. The number of grassroots cultural initiatives grew by 43% between 2005 and 2018. Programmes such as *Creative Community* and *o8Welcome* reached more than 160,000 participants, which also increased engagement in disadvantaged neighbourhoods. Table 5 shows similar studies.

Table 5. *Additional research: Indirect economic value of ECoC*

Bergsgard and Vassenden (2011)	Approximately 13% of respondents from the creative and cultural sector indicated that the ECoC Stavanger2008 programme had a significant impact on their activities, such as increased visibility, which resulted in new customers and collaboration partners.
Gomes and Librero-Cano (2018)	For 52 ECoC events, the GDP and sector-specific value added of the ECoC cities were compared with those of unsuccessful candidate cities. GDP per capita increases significantly for ECoC cities and remains measurable for up to five years after the event.
Falk and Hagsten (2017)	Based on data from 34 ECoCs, it was found that host cities experience an average increase of 8% in the number of overnight stays in the year they host the event.
Dogramadjieva and Tylko (2023)	A survey of 444 respondents revealed a generally positive perception of ECoC initiatives. The most widely recognised positive effects were related to the city's cultural life and the opportunities created for local artists to perform. However, the economic impact was viewed with more scepticism, as respondents expressed concerns about rising prices and questioned whether the benefits outweighed the costs. The study found significant differences in perceptions based on demographic characteristics, such as educational attainment and personal involvement in the ECoC, with higher educated respondents being more critical of the economic benefits.

The economic impact of culture goes beyond direct income from ticket sales and merchandising, as demonstrated by case studies on heritage, museums, festivals and major cultural programmes such as the European Capitals of Culture. Cultural activities act as catalysts for broader economic networks and create indirect economic added value through various spill-over effects.

Several key findings emerge. First, cultural venues and events stimulate tourism and local spending. Visitors generate expenditure in surrounding sectors such as hospitality, accommodation and retail. Research shows that this expenditure is often a multiple of direct income, demonstrating culture's broader economic role. In addition, culture leads to job creation, both directly within the sector itself and indirectly in supporting sectors such as construction and retail. Furthermore, the proximity to cultural facilities and heritage has a demonstrable positive impact on property prices, contributing to the economic development of cities and regions.

However, the most important economic value of culture seems to lie in the small case studies that have a clear impact at the local level and can offer a region clear added value. For example, Loukaitou-Sideris and Soureli (2012) show that cultural tourism in ethnically diverse neighbourhoods of Los Angeles not only stimulates economic growth but also fosters stronger social engagement. This emphasises that the true value of culture lies not only in large-scale marketing, but (above all) in initiatives that embrace the intrinsic meaning of culture. This will be discussed in more detail in the next section.

Second, culture plays a crucial role in regional development and urban transformation. Cultural programmes such as the European Capitals of Culture increase the visibility of cities, attract new investment and stimulate innovation. This makes culture a strategic lever for urban economic growth. Furthermore, studies emphasise the ability of culture to make a region more attractive to visitors, investors and highly educated professionals, also known as the 'creative class'. This group, consisting of knowledge workers and artists, contributes to economic progress by promoting innovation and productivity.

An urban environment often provides a stimulating, motivating, challenging and inspiring setting for creative individual. As a result, culture and the creative industries tend to be relatively concentrated in cities (Mossig, 2011). This aligns with the observation that in Flanders, too, cultural activities are increasingly gravitating towards the central cities. First and foremost, it is the urbanised areas that benefit most from the indirect economic value created by culture. The literature also suggests that it is mainly the largest urban areas that are consistently able to support thriving arts communities (Polèse, 2012). Moreover, it has been observed that culture-based metropolitan strategies are often not beneficial for smaller cities (Lysgård, 2012). On the other hand, the literature makes clear that this does not mean that investments in tourism and the cultural sector in less urbanised areas cannot be productive. When investments are tailored to the specific context, they are often even more productive in terms of gross value added (GVA) and employment. Local cultural projects ften

possess a stronger identity and face less competition, resulting in greater multiplier effects (Gamble, 2022; Joun & Kim, 2020; Shakya & Vagnarelli, 2024). The presence of culture and the arts therefore has a favourable economic impact on the ecosystem in which they operate. This can partly be explained by the correlation between knowledge workers and culturally vibrant regions, especially in metropolitan contexts. At the same time, local case studies highlight specific dynamics that enable regions to prosper economically when culture is present. The following section explores these dynamics and the factors that contribute to the economic success of culture in different contexts.

5. Culture as regenerator

In the literature, art and cultural activities are positioned as key sources of innovation, both in rural and urban developments. They offer new perspectives and creative solutions to social and economic challenges. For example, art and culture projects can help in various ways to repurpose infrastructure in cities or neighbourhoods, or rural areas (Strom, 2020). This is one way in which economic value is created. The visual and performing arts, for example, often excel in transforming former industrial buildings into functional spaces that are difficult to repurpose outside the arts. Large halls, high ceilings and good lighting or acoustic properties make these locations attractive for cultural activities. As Bourdieu (1983) notes, artists are ideally suited to breathe new life into these seemingly obsolete spaces. Their capacity for 'cultural consecration' enables them to elevate the *mundane* to the *sacred,* or to upgrade forgotten factories and neighbourhoods into attractive exhibition spaces and meeting places.

However, revitalisation goes beyond simply repurposing vacant buildings for cultural use. It also involves using culture to revive neighbourhoods and regions that have suffered a loss of image and are experiencing social and economic decline as a result. Debicka, Olejniczak, Sluchocka and Nadolny (2023), for example, show how street art can change the image of a city or neighbourhood, literally highlighting (historical) social structures and thus creating a sense of community that contributes to the general perception of a neighbourhood or city.

In what follows, we divide revitalisation through culture into two forms: regeneration of real estate and regeneration of regions. The division is mainly introduced for the sake of clarity. In practice, the two elements cannot be understood separately. Both pursue the same goal, namely the enrichment of a region. However, they differ in terms of resources.

5.1. Regeneration of real estate through culture

Urban revitalisation refers to the process in which urban spaces are revitalised by means of socio-cultural, economic and infrastructural interventions, often with a focus on strengthening community identity and innovation. Their economic value lies mainly in the repurposing of buildings, which are often outdated. Based on 87 heritage sites around the world, Wright and Eppink (2016) conclude that the value assessment of heritage that is actively reused – rather than simply maintained – is significantly higher. A clear example of this are the four former industrial sites, including an old military factory, in Lisbon, studied by Cantú, Gomes and Silva (2023). The repurposing of the buildings into co-living spaces, workshops for creative professionals or collaborative spaces not only emphasises the economic value they create. They also, and perhaps more importantly, strengthen community identities, create platforms for innovation and focus attention on urban challenges such as sustainability and social cohesion. Moreover, the initiatives are changing the face of neighbourhoods and, once again, appealing to a target group that is financially strong and can have a positive impact on the local economy. Although studies consistently emphasise the social added value, the aim of these renovations is clearly predominantly economic in nature. As shown in Table 6, the literature frequently refers to financial feasibility. In doing so, research mainly reports on large-scale projects financed by institutions that are far removed from the regions in question.

Table 6. *Additional research: Regeneration of real estate through culture*

Di Liddo, Morano and Tajani (2023)	The article presents a step-by-step method for assessing the financial feasibility of projects that breathe new life into religious heritage. The church of San Barbaziano in Bologna is used as a case study. The article emphasises the importance of striking a good balance between economic feasibility, heritage preservation and generating benefits for local communities during revitalisation projects.
Farashah (2023)	Based on interviews with experts, it is demonstrated how the repurposing of textile production heritage sites in Yazd (Iran) has a positive impact on the local economy by creating economic value and improving the urban macroeconomy. Repurposing generates employment and supports the well-being of the community through the active utilisation of heritage sites. Furthermore, revitalisation efforts can increase property values in the surrounding areas, as evidenced by the transformation of the Dorakhshan factory.

Chau, Davies, Lai and Lennon (2023)	The study analyses the role of museums in economic and heritage value creation, focusing on the *Cattle Depot Artist Village* (CDAV) in Hong Kong, originally a slaughterhouse that has been transformed into an arts centre. An empirical case study and a *hedonic pricing method* were used to investigate the impact of CDAV on surrounding property values. The study analysed more than 500 property transactions from 1991 to 2021, taking into account variables such as transaction prices, distance to the museum (DIST), and renovation initiatives (such as in 1999 and 2011). The study shows that the renovation of the CDAV in 1999 led to an average increase of 36.4% in property prices in the immediate vicinity. This also reduced the negative stigma associated with the building's original function as a slaughterhouse.
Kee (2019)	*Hedonic pricing* is used to determine how the repurposing of three historic buildings in Hong Kong generates economic impact. To this end, 933 property transactions within a radius of 100 metres of the locations were analysed. The results show that repurposing not only preserves heritage value but also increases property prices (between 12.03% and 22.13%) and strengthens community involvement.

5.2. Regeneration of regions through culture

Culture also plays an important role in the regeneration of neighbourhoods by stimulating economic activity, revitalising public spaces and promoting social cohesion. Some of this literature is discussed in the report on the social value of culture.

Unlike regeneration through property development, the initiatives discussed in this section are much closer to the neighbourhoods and regions in which they are being developed. Their bottom-up approach ensures that, in addition to generating economic value – for example; by supporting creative talent (developing individual artists' careers), enhancing attractiveness, and attracting visitors with a positive economic impact on hospitality and accommodation – above all the projects function as social motivators. As shown in Table 7, they create inspiring regions where a sense of community is fostered, and social connections are strengthened. Reference has already been made, for example, to the research by Debicka et al. (2023), which, based on a survey of 200 residents from six Polish cities, shows how even small bottom-up cultural initiatives such as street art contribute to the creativity of cities

and regions and strengthen urban identity and attractiveness. Street art has the potential to make urban spaces more accessible and attractive to different population groups.

The distinction made between bottom-up and top-down initiatives is primarily intended to highlight that achieving a balance between the two is a challenging task. This does not imply, however, that projects involving both institutional bodies and local partners are impossible. Research by Blessi, Tremblay, Sandri and Pilati (2012) shows, for example, how the creation of TOHU – i.e., a centre for circus arts and culture, in collaboration with Cirque du Soleil – transformed the Saint Michel neighbourhood in Montréal economically and socially. TOHU created 2,000 jobs ranging from logistical functions to creative roles. In addition, the centre offered training courses and workshops to support the local population in entering the cultural sector, which contributed to the development of human capital. TOHU also played an important role in strengthening social cohesion, with 40% of residents reporting that their social networks had grown through participation in the centre's activities. Free events, such as forty festivals and ten art exhibitions each year, made cultural participation accessible. Enhanced accessibility attracts a larger audience, thereby generating increased economic activity in the areas where events are hosted. This, in turn, fosters a stronger sense of community and pride among residents. Although challenges such as the full integration of all community members remain, TOHU serves as an inspiring example of how institutionalised culture can be used to promote more inclusive and sustainable neighbourhood development. Table 7 provides further examples of a similar kind.

***Table** 7. Additional research: Regeneration of regions through culture*

Savchenko and Borodina (2020)	This case study focuses on Plyos, a small town in the Ivanovo region of Russia. Plyos serves as a tourist attraction in an otherwise economically disadvantaged region. The study concludes that cultural tourism can be a powerful tool for the sustainable regeneration of disadvantaged regions. The researchers do emphasise, however, that although Plyos is clearly benefiting economically from this development, the impact on surrounding areas remains limited.

Grodach (2011)	Based on a series of interviews with directors, artists and policymakers involved in arts centres in Dallas-Fort Worth, it is concluded that arts and culture centres play an important role in urban development by strengthening communities, supporting artistic production and promoting cultural consumption. Not only do they organise hundreds of events each year with a financial impact on their immediate surroundings, but art centres also serve as important incubators, providing space and technical support to local artists. In addition to facilitating artistic production, this also supports career development, with 75% of artists reporting that the centre has contributed to their professional growth. However, the move towards commercial activity remains very limited.
Potter, Johanson and Molan (2024)	Based on policy documents, observations and six interviews, this study analyses how two grain silo art projects in Australia can serve as revitalisers for rural areas. For instance, the large-scale murals increased visitor numbers by 400%, and local businesses such as cafés and accommodation providers experienced a renewed boom. The researchers also emphasise the importance of working with local artists to generate social value.
Foster, Grodach and Murdoch (2016)	Based on 259 arts organisations in 188 neighbourhoods in New York City, the study confirms that culture – in this case in the form of arts organisations – can break down barriers between diverse population groups and promote inclusion when it is accessible to broad audiences, especially in neighbourhoods with high diversity. In neighbourhoods with high racial diversity, where economic disadvantage increases by an average of 2%, Foster et al. (2016) found that arts organisations can mitigate this negative effect, reducing the disadvantage by 1.34%. However, the impact of arts organisations is often limited to neighbourhoods where they are physically present. The research shows that this is mainly in neighbourhoods with average racial and high income and industrial diversity, while it is precisely disadvantaged neighbourhoods that are most in need of these effects.

Empirical literature emphasises how cultural initiatives act as catalysts for economic and social transformation. This impact is visible at multiple levels. In summary, the literature emphasises that culture creates economic value by revitalising real estate and regions, promoting social cohesion and generating spillover effects in sectors such as tourism,

hospitality and real estate. The true value of culture lies not only in large-scale projects, but also in local initiatives that contribute to community building and regional development.

The delicate role that policy plays in regeneration is particularly striking. On the one hand, bottom-up initiatives tend to be closely attuned to local residents, as they are initiated by people who directly experience the tangible challenges and, by virtue of their local knowledge, understand the community's needs. On the other hand, these same people often lack the resources to engage in large-scale regeneration. The success of regeneration projects depends on finding the right balance between local needs and external funding. This issue will be revisited in the conclusion.

6. Culture as an academic and creative stimulator

In the preceding sections, the theoretical framework of Florida (2002) has been referenced several times. This framework posits that culturally vibrant regions act as magnets for the affluent creative class. In this section, we explore this further by highlighting studies that examine the spillover effects of creativity originating in cultural sectors. Beyond their aforementioned appeal, such effects can also enhance resourcefulness and efficiency of non-cultural enterprises, thereby generating additional economic value (Bucci, Sacco, & Segre, 2014). If we extend this line of reasoning, this section could also include studies that examine the (positive) effect of cultural consumption on results within a school context. After all, such effects lead to a more highly educated society and subsequently have a direct impact on income. The latter aspect – the influence of cultural capital on school results – will be discussed in the report on the cognitive value of culture. Here, the focus is on the influence of culture on creativity and innovation.

Earlier in this report, we discussed how the cultural and creative sectors (CCS) contribute to the GDP of a country or region. In this section, we broaden the interpretation and examine the extent to which culture stimulates creativity and innovation beyond the cultural sector. After all, creativity is regularly regarded as the mediator of culture's influence on innovation and economic growth (Cerisola, 2019; LaMore et al., 2013). In addition to artistic creativity, which contributes to the arts, creativity can also take the form of scientific or economic creativity. The literature refers to this as creative problem-solving thinking or creativity that leads to innovative, market-oriented ideas. Santoro, Bresciani and Papa (2020) show that informal collaborations with Cultural and Creative Industries (CCIs), such as interactions during conferences and networking events, have a significant impact on the turnover of new

products and services at Italian companies. This quantitative study, conducted among 187 companies across various sectors, emphasises that informal collaborations offer companies a flexible and efficient way to access the creative knowledge and ideas of CCIs, which in turn directly enhances their innovation performance. In addition, LaMore et al. (2013) found that among STEM alumni who graduated from *Michigan State University Honors College* between 1990 and 1995, there is a strong positive correlation between arts and crafts experience and starting a business or owning a patent. The researchers collected data on participation in various art forms at three stages of life: childhood, young adulthood and adulthood. The involvement appeared to have an impact mainly during childhood. STEM graduates who had practised artistically challenging activities such as photography, woodworking and ceramics during childhood were more likely to excel in their field later in adulthood. According to the researchers, this can be attributed to the artistic problem-solving approaches – such as imagination, intuition and analogies – that these alumni employed alongside more scientific approaches.

Table 8. Additional research: The influence of culture on creativity and innovation

Cerisola (2019)	Data from 103 Italian provinces (2001-2004, 2011-2014) show that cultural heritage stimulates artistic and scientific creativity, especially in regions such as Tuscany with a high density of heritage sites. This attracts artists and researchers, leading to innovations in art and science. Economic creativity, such as new businesses, is less directly affected. However, the synergy between artistic and scientific creativity plays a crucial role: collaboration, such as between artists and technology experts, leads to innovations such as interactive exhibitions. These initiatives contribute to employment growth, increasing it by 0.32 standard deviations, as observed in cities like Florence and Bologna, where cultural institutions and universities jointly stimulate economic dynamism.
Cerisola and Panzera (2021)	Based on data from 186 European cities, research is being conducted into how cultural cities and a creative economy influence the broader regional economy. This shows that regional GDP is positively influenced by cultural vitality, especially when the level of cultural participation is high. The presence of cultural sites alone does not lead to significant spillover effects. The presence of creative jobs also contributes to regional economic growth. However, this economic impact remains limited to the cities.

7. Conclusion

This report is the result of an extensive systematic literature review on the economic value of culture. The results of a total of 105 studies show that culture plays an undeniable role in stimulating economic growth and regional development (Castellani, 2019; Li, Park, & Selover, 2017; Maridal, 2013). Culture generates direct economic value through ticket sales and merchandising, and indirect economic value through its appeal and spillover effects (i.e., culture attracts people to certain places where they spend money). In addition, the economic value of culture manifests itself at both the individual and collective levels. Individually, for example, culture contributes to career opportunities through its positive influence on academic performance, while at the societal level, it creates value through, among other things, the revitalization and socio-economic enrichment of regions. In other words, there is no doubt that culture has economic value. A simple thought experiment —imagining a region entirely devoid of culture— clearly illustrate this point: such a region would be far less attractive to both residents and tourists. Empirical research clearly shows that one does not have to participate in culture to appreciate its presence, including in economic terms. While

each individual study highlights the economic value of culture, the overall picture is more complex. Several important issues emerge when these studies are viewed from a broader perspective.

First**, (1) the more indirect the effects of culture are, the more difficult it becomes to make** valid **scientific observations**. As a result, many of the economic effects of culture remain unrecorded. This is in line with what is shown in Figure 1 in the introduction. While the direct economic value of culture can be clearly identified and, in many cases, causally estimated, assessing its indirect value is far more challenging. Studies that attempt to capture the indirect economic value of culture operate within a complex system in which the effects manifest themselves. Consequently, the methodologies used must allow for interpretation and discussion regarding the precise magnitude and causality of the impact. The precise economic value is difficult to determine in such cases because it can be expressed in different outcomes and studied over different time periods. This is important, because it is intuitively clear that the indirect economic value of culture is at least as significant as, if not greater, its direct economic value. The elusive nature of the indirect economic value of culture has two clear consequences in the literature, both of which make it difficult to communicate effectively about the economic value of culture. First, it is striking that the interpretive flexibility is sometimes used by researchers as a pretext for conducting rather superficial analyses. Results are then presented with little nuance, and counterarguments and critical analyses remain scarce. In some cases, this creates the impression that the impact of culture tends to be somewhat overestimated. Although the initiatives examined clearly generate a (local) impact, and it has been repeatedly demonstrated that their added value is widely perceived, some studies—consciously or not—create the impression that cultural initiatives are powerful enough to address structural inequalities. In addition, the challenge posed by this interpretive flexibility is reinforced by the ongoing debate about the appropriateness of the methods used. This discussion stems in part from the different ways in which the concept of 'culture' is interpreted, the wide variety of forms of culture, and the very diverse contexts that are studied. Research into the economic value of culture consists mainly of specific case studies, which makes it difficult to develop cumulative knowledge in this field. The latter illustrates a more general point: precisely because case studies are so often used, the economic value of culture remains a largely underexplored field of research.

The variety of methods (and proxy variables) further demonstrates how difficult it is to measure indirect effects. Studies often employ their own indicators, such as the number of overnight stays, the change in GDP per capita, property prices, etc. This variety illustrates

once again that culture and economy influence each other, lbeit through a complex web of pathways. Although many studies are very valuable in themselves, it often remains unclear to what extent the findings can be generalised. This is especially true when we take into account that the impact of culture is also highly dependent on contextual factors such as urban infrastructure, policy frameworks and local communities.

In addition (2), it is necessary to distinguish who benefits from culture. Based on previous research, culture clearly has economic value. However, there is less consensus in the literature about who benefits from this value. An important observation here is that the literature shows a clear trend in the way culture has been viewed in recent decades. This trend is described in the literature as *the commodification of culture.* This literally means that culture is not an end in itself but a means to, in this case, economic objectives. While this approach is legitimate, it also has an important implication. When culture is approached from an economic perspective, it increasingly loses its exclusive role as a historical or social phenomenon and is used as a strategic instrument for, among other things, economic growth (e.g. for neighbourhood or city branding), encouraging cities and regions to behave like businesses. In this context, creativity is often reduced to an instrument for economic growth (Cudny, Comunian, & Wolaniuk, 2020).

The debate about the desirability of commodifying culture dates back to the early forms of Marxist thinking. Although we will not explore this in detail here, it is clear—and important for our purposes—that the commodification of culture has influenced research into its economic value. As demonstrated in this report, research generally shows a positive economic return on investment in culture. However, this literature review also reveals that this economic value depends on the perspective from which it is viewed. This implies also that the different values of culture can not be seen as completely independent of each other.

In some cases, economic value and social value reinforce each other. This is evident, for example, in the revitalisation projects discussed, where the buildings studied often symbolise a culture or shared history that is falling into disrepair along with the heritage. The revitalisation projects therefore not only put the buildings back in the spotlight, but even more so the shared history that prevails there (Dalmas, Geronimi, Noël, & Sang, 2015). In addition to the (economic) revival of a neighbourhood or site, this has a positive impact on social cohesion and strengthens a sense of community. However, the literature also shows the opposite relationship, whereby an exclusive focus on maximising the economic value of culture damages other forms of capital (Doyle, 2010; Reher, 2020). Giovanangeli (2015), for example, found that although Marseille accelerated its urban development as European

Capital of Culture in 2013, many residents did not feel represented in the cultural image that was presented (see also: Jancovich and Hansen (2018) and Srakar and Vecco (2017)). On the other hand, Ellwood and Greenwood (2016) note that measuring the economic value of heritage increases transparency and accountability, but may reduce its cultural value. Creating economic value for one group can thus impede the socio-cultural value of another group. The same is true for the restoration and/or commercialisation of heritage where financial gain is the only motivator. Social cohesion that originates from a shared (local) culture may be lost.

A similar dynamic is observed in cultural regeneration. For example, residents may feel alienated from revitalised neighbourhoods. Based on document analysis and participatory observations during ECoC programmes in eight Central and Eastern European cities, Lähdesmäki (2014) concludes that although the programme serves as a policy instrument to stimulate economic, social and cultural development, in post-socialist areas it is often presented as a process of 'Europeanisation'. While the ECoC criteria encourage cities to emphasise their unique local characteristics, they are also expected to adapt to standardised European values and urban aesthetics. The latter has the perverse effect of homogenising neighbourhoods and regions (socially and economically). This clearly illustrates how the economic value for one group does not always outweigh the – often lasting – impact on urban infrastructure and cultural identity that affects another group. Another example is the contrast between former factories and the new creative *hubs* that are being created from them for the (highly educated) *creative class,* which in some cases causes a bitter feeling among economically less well-off groups. Strom (2020) notes that although it is difficult to argue that artistic production is responsible for the decline of the urban industrial labour market in North America or Europe, successful investment in culture may in some cases have led to gentrification, displacement or an unequal distribution of resources. Although gentrification often attracts new cultural consumers, it threatens to displace economically vulnerable groups. This also applies to artists and other creative professions. Glow, Johanson and Kershaw (2014) note that gentrification can lead to a decrease in affordable work and exhibition spaces for artists because many former industrial buildings are being converted into residential properties. This underscores the need to balance between attracting new residents and preserving local cultural characteristics; otherwise, social polarization and a fragile creative ecology may result, where cultural production risks being replaced by cultural consumption. The foregoing leads to a key conclusion: when studying the economic value of culture, it is important to clearly indicate *for whom* the value is generated.

The preceding arguments bring us to the final point, **(3) the delicate role that policy plays in steering the economic value of culture**. The success of the economic value of culture lies in its ability to combine economic and social benefits. Research shows the crucial role that policymakers play in finding this balance (Flew, 2010). This is evident, for example, in the research by Xu and Hampden-Thompson (2012). They show that, and this is important for our purposes, the extent to which cultural consumption and participation influence school performance (see also the report on the cognitive value of culture) is largely determined by the context (i.e., type of welfare state) and thus by the general policy pursued in a country or region. Cultural policy is only a very small part of that general policy.

This complex interaction between general and cultural policy, or between local and general policy, is also reflected in cultural regeneration. Bottom-up initiatives often focus on local needs, as they are initiated by residents who experience tangible tensions and understand local requirements. However, these actors typically lack the resources to work on regeneration on a large scale. For regeneration projects to succeed, the right balance must be found between local needs and external funding, between general and cultural policy. The difficulty here lies in aligning local needs with the expectations of the external financier, which often boils down to finding a balance between economic and social returns. The impact of policy is clearly demonstrated in a study by Neducin, Krkljes and Gajic (2019). This study on the uncoordinated urban development of Laze Telečkog Street in Novi Sad, Serbia, shows how regeneration based on culture, combined with a lack of government involvement, can be a hindrance. The transformation of Laze Telečkog Street went through three distinct phases. In the first phase (2000–2005), the street flourished as a spontaneous cultural haven, driven by alternative bars and underground art initiatives without government interference. This created a unique, non-commercial atmosphere and turned the street into a socio-cultural crossroads. In the second phase (2006–2010), growing popularity led to commercialisation. Private investment increased property prices and positioned the street as a bohemian entertainment district. This resulted in signs of gentrification. In the third phase (2011–present), the street was dominated by *turbo-folk culture*, which boosted economic activity but replaced the original cultural identity with a more commercial and less diverse dynamic. An active role on the part of the government is therefore essential for successful revitalisation. In a free market, the balance between economic and social goals will easily tip towards the former (Flew, 2010). Somoza-Medina and Monteserín-Abella (2021) provide a similar insight in the context of industrial heritage redevelopment in peripheral regions of Europe, with case studies from Almadén and Sabero in Spain. Their study shows that although the local economy benefits from the 10,000 to 15,000 new visitors each year, this is not enough

to compensate for the structural economic decline. According to them, the sustainability of regeneration projects is highly dependent on external subsidies and institutional support. Success factors such as UNESCO recognition or inclusion in the European Route of Industrial Heritage are crucial.

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9. Appendix: measuring the economic value of culture

In this section, we provide a brief overview of the most common methods for determining the economic value of culture. The direct economic value of culture is the easiest to measure. This is mainly done using ***Input-Output Analysis.*** This analysis attempts to express how much money a cultural activity generates, minus the capital invested in it. This analysis can be carried out clearly within the accounts of a defined entity, weighing up the pure costs and revenues.

Moving further to the right in Figure 1, we arrive at (2) indirect economic value. **Input-Output Analysis** is also frequently used in the literature for indirect economic value. In this case, the cultural activity (e.g. organising a festival) involves several organisations. To obtain a complete picture of the economic value of the activity, one must gain insight into the value of the financial network associated with it. However, defining the boundaries of this network is often complex. In such cases, the focus is on mapping the relationships between different sectors of the economy. The focus is on the broader economic impact of culture, such as visitor spending, changes in purchases between different industries and the effects on, for example, employment and local businesses. This method measures the direct and indirect value of cultural events, providing a comprehensive picture of their total economic impact. Attanasi, Casoria, Centorrino and Urso (2013), for example, calculated the increase in demand for local economic sectors such as accommodation, catering and transport as a result of the 'La Notte della Taranta' festival, an annual music and dance event in the Salento region of Italy. Using this method, the short-term local economic impact was estimated to be more than three times higher than the cost.

The input-output analysis of larger networks requires extensive data collection. Because such data is not usually available, **proxy variables** are often used to indicate changes in an economic system. For example, the *number of overnight stays* in a region is much easier to measure and define and is therefore often used as an indicator of the economic impact of cultural events, especially in tourist contexts (Falk & Hagsten, 2017). By collecting data from accommodation providers, it is possible to determine the expenditure of tourists, which contributes to the local economy. Another commonly used proxy is the increase in *employment* resulting from cultural investments and events. By quantifying the number of new jobs in the cultural sector or related sectors, the economic contribution of culture can be further determined (Gibson et al., 2010).

Another method for measuring indirect economic value is the **Difference-in-Differences (DiD)** method. This determines the impact of an event by comparing changes in outcomes between an experimental group or context (in this case, a context in which an event took place) and a control group (a similar context without an event) over time. This is applied, for example, by Gomes and Librero-Cano (2018) to determine the difference in GDP per capita growth between the European Capitals of Culture and the cities that applied but did not receive the title. Unlike an input-output analysis, which focuses on estimating the total economic impact of an event (including indirect value), the DiD method focuses on identifying the causal effect of an event by comparing it with a control group. While an input-output analysis considers the economy as a static system and looks at sectoral interactions, DiD is an econometric method that examines changes over time in specific outcomes. It therefore does not provide insight into the full economic impact but is suitable for determining the net contribution of an intervention by keeping other factors constant. Both methods complement each other and can be used together to gain a broader understanding of the effects of cultural events.

The **elasticity of GDP per capita** indicates the percentage change in GDP per capita resulting from a change in a specific variable, such as the share of cultural and creative sectors (CCS) in the economy. This metric provides insight into how sensitive GDP per capita is to changes in certain factors. The method is often used in econometric analyses to estimate causal relationships. For example, the study by Domenech, Molina and Köster (2022) examines how CCIs (Cultural and Creative Industries) contribute to GDP per capita at different levels of aggregation, including countries, regions and municipalities. The results show that a 1% increase in the share of CCIs leads on average to an increase in GDP per capita of 0.13%-0.19% at the national level, 0.17% at the regional level and 0.05% to 0.09% at the municipal level. These elasticities indicate a significant economic contribution from CCIs, with the effect being stronger in more developed regions.

The **hedonic pricing method** assumes that the price of a good (e.g. a house) is determined by its characteristics, including its proximity to cultural facilities such as museums, theatres or historical monuments. By examining price differences between comparable goods in different contexts, the implicit value of cultural characteristics is derived. This method is particularly suitable for quantifying the indirect economic benefits of culture (e.g. the opening of a concert hall, museum, heritage site), such as the impact of culture on property prices in a particular region.

The above methods can be used if culture can be expressed in tickets or contributions expressed in financial terms. However, this is not the case for all forms of culture. Part of the cultural offering consists of (3) optional values or non-market goods: goods that are not directly traded and therefore difficult to put a price on. Think of free events, freely accessible archaeological sites or natural phenomena. However, this does not mean that they have no economic value. The most commonly used method for measuring the value of such non-market goods is **contingent valuation analysis.** Surveys and questionnaires are used to assess people's willingness to pay for things that cannot normally be expressed in financial terms. In the literature, this method often uses the ***concept of** willingness to pay (*WTP). This method measures the (maximum) price that individuals would be willing to pay for cultural events or services. Herrero et al. (2011), for example, use willingness to pay to estimate the financial value of a free festival in Santiago de Compostela. The focus here is therefore on individual appreciation and the non-market value of culture. The total economic value of a cultural activity is estimated, including benefits that cannot be directly expressed in monetary terms, such as social and emotional benefits.

Another closely related method is ***choice modelling***. This method examines how people choose between different alternatives when presented with a range of options with different characteristics. Instead of simply asking about their willingness to pay, *choice modelling* simulates choice scenarios in which respondents set priorities or make compromises. For example, a choice experiment might ask people to choose between two hypothetical cultural events, each with specific characteristics such as location, accessibility, cost, and added social or educational value. By analysing how people make choices, researchers determine which characteristics are most valuable and how these can be translated into economic terms.

Süer and Sadik (2020) use the **Zonal Travel** Cost method, a specific approach within the broader Travel Cost Method. This valuation method is also used to estimate the value of non-market goods, such as heritage sites. The method divides the geographical region around, for example, a heritage site into concentric zones (e.g. based on distance). Visitors from each zone are grouped together, assuming that people who live further away incur higher travel costs. Data is then collected on the number of visitors from each zone and their travel costs (e.g. transport costs and accommodation costs). The value of a (free) site is derived from the consumer surplus, calculated by reducing the willingness to pay by the travel and spending patterns of visitors according to the zone to which they belong.