

MEASURING THE ECONOMIC IMPACTS OF HERITAGE

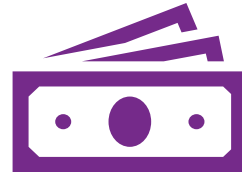


Kelly Hill
Ontario Heritage Conference
Goderich
May 31, 2019

ECONOMIC IMPACT: BRAIN TEASER (SIMPLIFIED EXAMPLE)



Organizing a heritage
conference



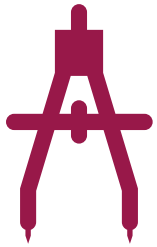
80 people register
@ \$250 each
= Sales of \$20,000



Costs

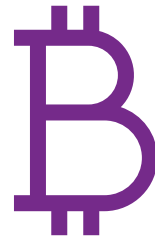
Venue rental and food: \$7,000
Travel and accommodation:
\$4,000
Speakers' fees: \$3,000
Program and web design:
\$1,000
= **Costs of \$15,000** (plus staff
time)

WHAT IS THE CONFERENCE'S DIRECT ECONOMIC IMPACT?



\$35,000

= \$20,000 sales +
\$15,000 costs



\$20,000

= total sales



\$5,000

= \$20,000 sales -
\$15,000 costs

ARTS RESEARCH INFORMATION

Hill Strategies combines rigorous and reliable research on the arts and culture with clear and effective communications.

ABOUT HILL STRATEGIES

ARTS RESEARCH INFORMATION

Les recherches rigoureuses et fiables alliées aux communications claires de Hill Stratégies font le point sur les arts et la culture.

INFORMATIONS SUR LES ARTS

Hill Strategies Research

HillStrategies.com

- Kelly Hill, founder and President
 - Started HSR in 2002
 - Rigorous and reliable research
 - Specializing in arts and culture



www.hillstrategies.com

ARTS RESEARCH MONITOR

Synopses of qualitative and quantitative research findings in the arts, culture and heritage

- 1-page summaries (not just our own projects)
- Funded by Ontario Arts Council & Canada Council
- Categorized and searchable
 - E.g., search for “heritage” within the “Economic impacts” category

QUICK SEARCH

-Economic impacts

heritage

October 25, 2017

ARTS AND HERITAGE ACCESS AND AVAILABILITY SURVEY 2016-2017

Arts Research Monitor

Based on a survey of more than 2,000 Canadians (including substantial samples of youth and Indigenous residents), this report highlights information about arts and heritage attendance, personal arts participation, as well as perceptions of cultural a...

[VIEW THIS RESOURCE](#)

December 9, 2011

THE ECONOMY OF CULTURAL HERITAGE AND LANDSCAPE

Arts Research Monitor

This study developed the “Florens Index” as a means to compare the cultural and creative sector between eight countries and between Italian regions. The index examines four key elements: Cultural and environmental capital, which includes cultural and...

[VIEW THIS RESOURCE](#)

October 31, 2018

TOURISM AND CULTURE SYNERGIES

Arts Research Monitor

Based on online surveys of World Tourism Organization (UNWTO) Member States and cultural tourism experts around the world, this report examines definitions, recent trends, and potential policy objectives related to cultural tourism. The UNWTO has ado...

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STATISTICAL INSIGHTS ON THE ARTS

KEY INDICATORS OF ARTS, CULTURE, AND HERITAGE PARTICIPATION

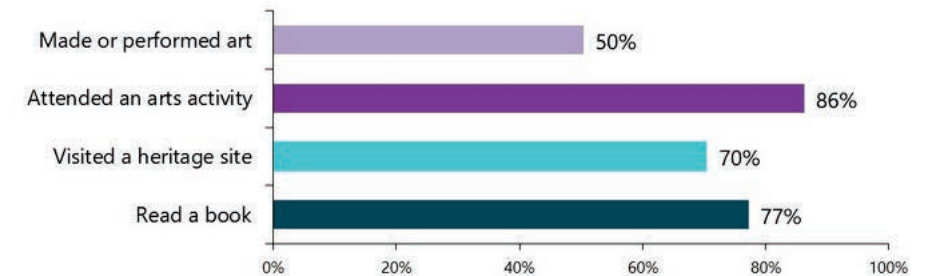
While 99.5% of Canadians participated in culture in 2016, this broad indicator includes, for example, someone who read a newspaper, watched a movie, or listened to music at any point in 2016. The participation rates for each of these activities are all above 90%, when digital and analog formats as well as all locations are taken into account (newspapers: 94%; movies: 93%; and music: 91%).

Figure ES1 provides more specific indicators of arts, culture, and heritage participation by Canadians 15 or older in 2016:

- Exactly one-half of Canadians (50%) made or performed art (crafts, music, visual arts, writing, dancing, etc.)
- 86% attended an arts activity, such as a performing arts event or artistic or cultural festival (68%), an art gallery (39%), or a movie theatre (71%)
- 70% visited a heritage site, such as an art gallery (39%), another type of museum (35%), a historic site (50%), or a zoo, aquarium, botanical garden, planetarium, or observatory (46%)
- 77% read a book in print or electronic format in 2016

Figure ES1: Summary indicators of arts and heritage participation

(Percentage of Canadians 15 or older participating at least once in 2016)

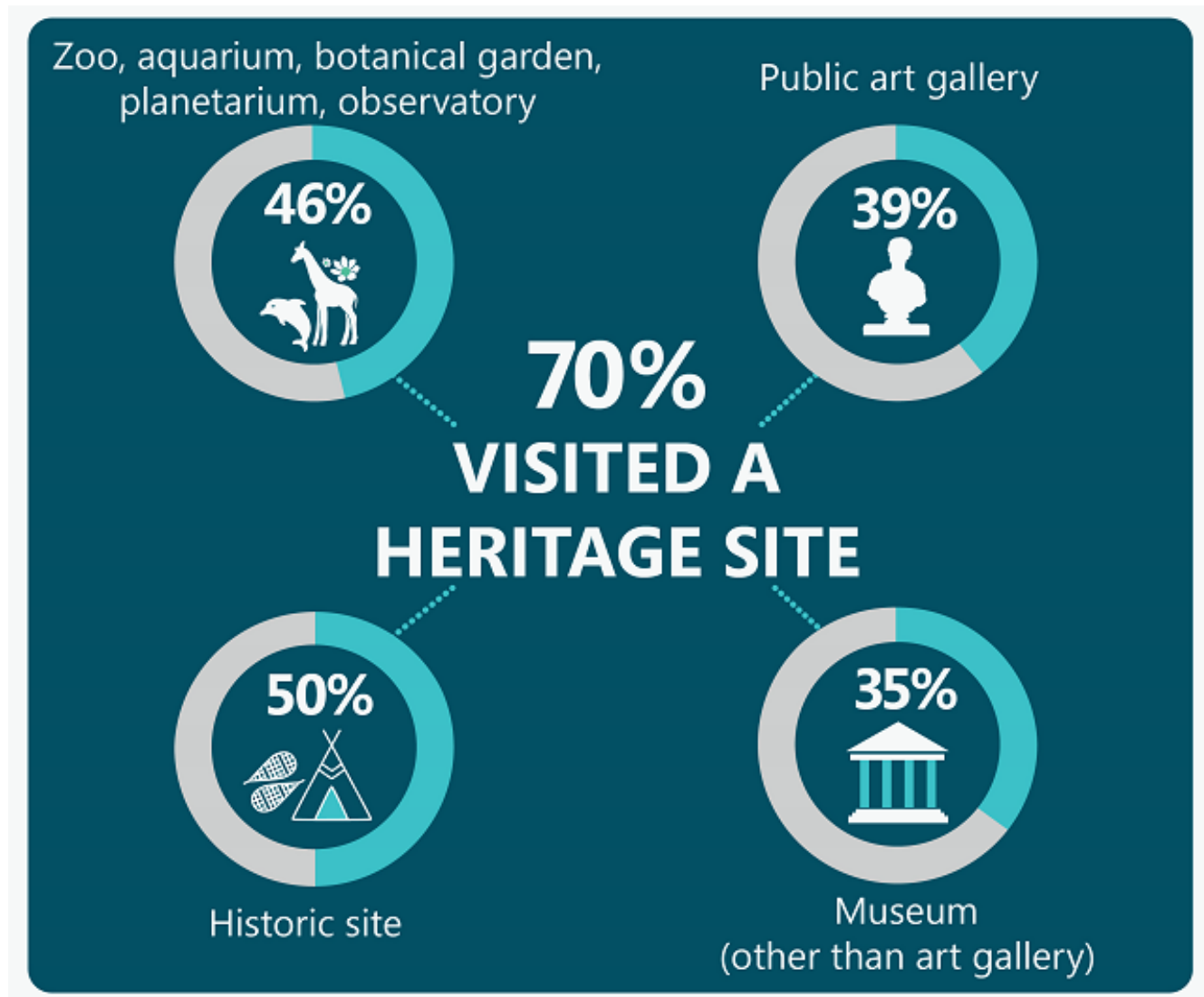


Source: General Social Survey, Cycle 30: Canadians at Work and Home, 2016

In-depth exploration of Canadian arts data

- >25-page reports w. many tables and charts
- Funded by Ontario Arts Council, Canada Council & Department of Canadian Heritage
- *Canadians' Arts, Culture, and Heritage Participation in 2016*
- *Arts, Culture, and Heritage Participation in Canada's Provinces and Largest Census Metropolitan Areas in 2016*

Key indicator: Heritage attendance in 2016

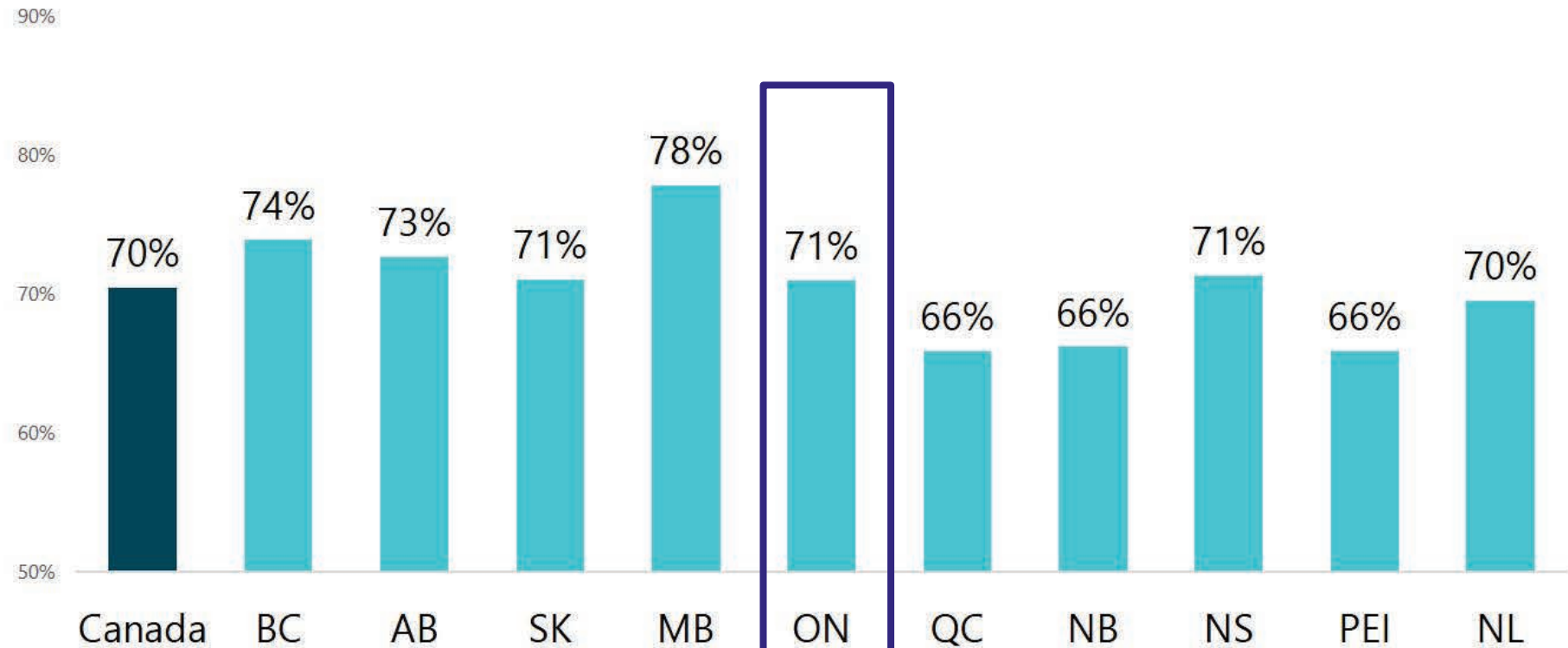


Source: *Canadians' Arts, Culture, and Heritage Participation in 2016*, Hill Strategies Research Inc., November 2018

Provincial heritage attendance rates

Heritage attendance, Canada and the provinces

(Percentage of residents 15 or older attending at least once in 2016)

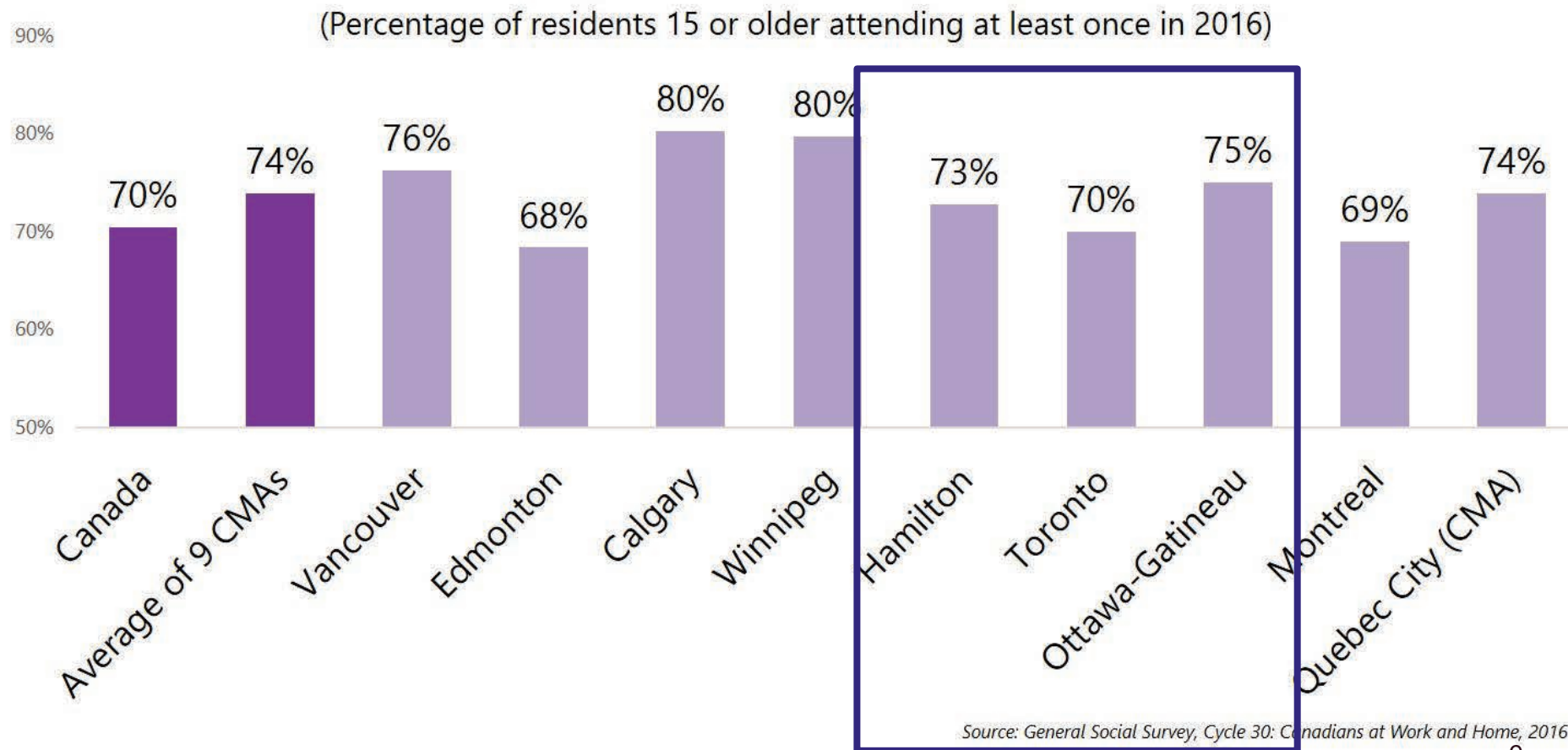


Source: General Social Survey, Cycle 30: Canadians at Work and Home, 2016

Source: *Arts, Culture, and Heritage Participation in Canada's Provinces and Largest Census Metropolitan Areas in 2016*, Hill Strategies Research Inc., March 2019

Local heritage attendance rates

Heritage attendance, nine Census Metropolitan Areas



Source: Arts, Culture, and Heritage Participation in Canada's Provinces and Largest Census Metropolitan Areas in 2016, Hill Strategies Research Inc., March 2019

ECONOMIC IMPACTS OF HERITAGE



www.hillstrategies.com



2019 Ontario Heritage Conference

May 30 - June 1, 2019

Municipalities of Bluewater & Goderich

MEASUREMENTS OF ECONOMIC IMPACT

*Most
common*



*Least
common*

- **Direct**

- Direct spending on goods and services in the business / organization / sector
- Definition used in most sectors and by Statistics Canada
- Measures overall Gross Domestic Product (GDP) and avoids double-counting

- **Indirect**

- Re-spending of payments to suppliers

- **Induced**

- Re-spending of wages earned by workers and suppliers' workers

- **Ancillary / tourism spending**

- Visitors' spending on restaurants, hotels, shops, other retailers

*Least
difficult*



*Most
difficult*

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Usually via
macro-economic
models ("Input-
Output" tables)

Usually via custom
survey of visitors.

Often excludes
spending by local visitors

INDICATORS OF ECONOMIC IMPACT

- **Gross Domestic Product:** market value of all final goods and services
 - newly produced within an economy during a fixed period of time
 - Sum of all direct GDP impacts will be equal to actual provincial / national GDP
 - In the UK, this is referred to as GVA – Gross Value Added.
- **Jobs:** impact on employment
 - Usually a headcount, not full-time equivalent
- **Output:** calculation of all sales by all organizations in the supply chain
 - Not the best indicator: Includes “double counting” (suppliers’ sales are part of your own sales figures)
 - Sum of output in all sectors will be much larger than actual GDP
- **Taxes:** sometimes calculated as part of impact models
 - Taxes on products (consumption) and production (property taxes, fees, etc.)

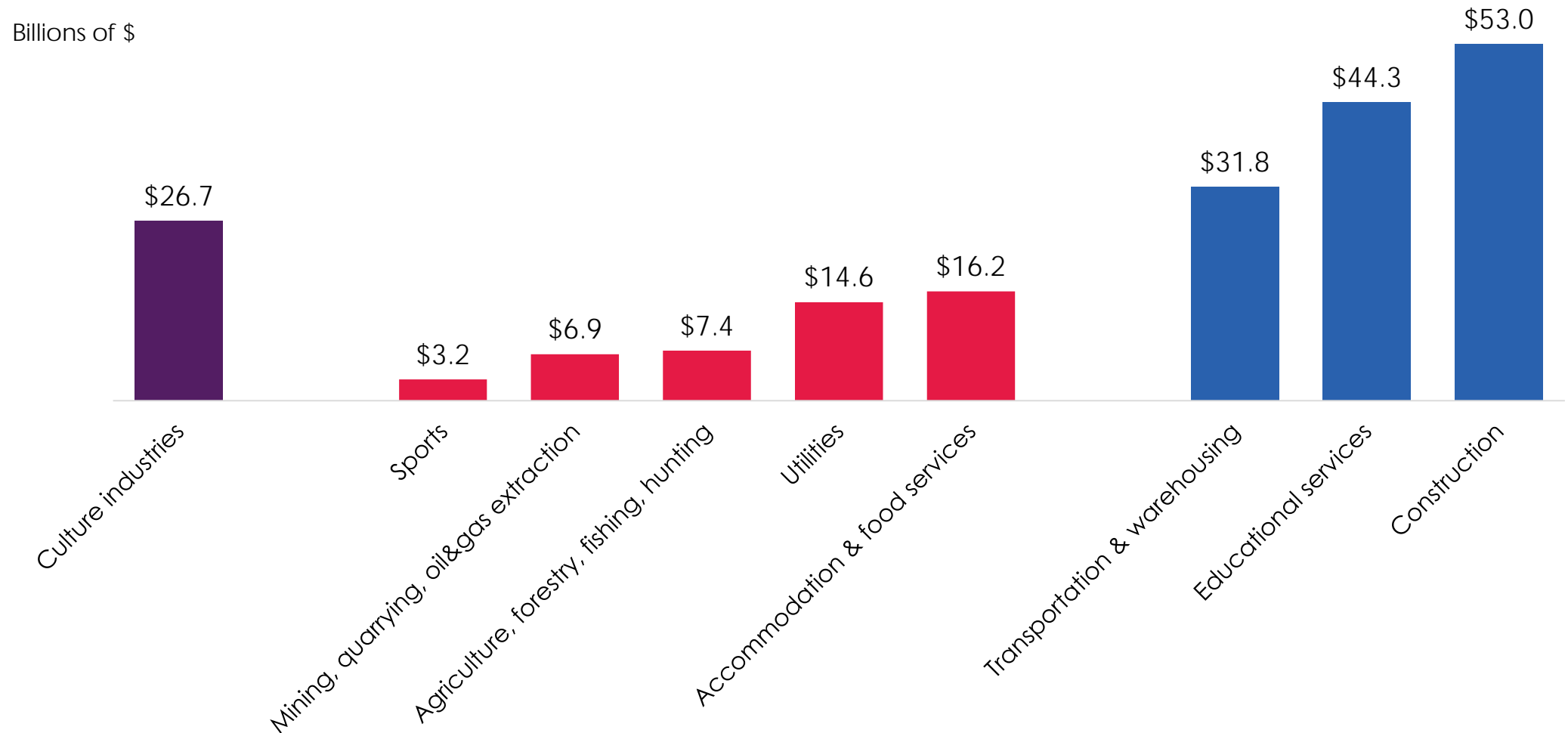
DIRECT ECONOMIC IMPACT OF ARTS, CULTURE AND HERITAGE INDUSTRIES IN ONTARIO

- \$26.7 billion direct impact on Ontario's GDP in 2017
- \$1,900 per capita
- 300,400 jobs directly related to culture industries
- 4.1% of all jobs in the province

Source: *Provincial and Territorial Culture Indicators, 2017*, Statistics Canada, April 25, 2019.
Per capita and comparative analysis by Hill Strategies Research.

<https://www150.statcan.gc.ca/n1/daily-quotidien/190425/dq190425b-eng.htm>

DIRECT ECONOMIC IMPACT: ONTARIO COMPARISONS



DIRECT ECONOMIC IMPACT OF ARTS, CULTURE AND HERITAGE INDUSTRIES IN ONTARIO

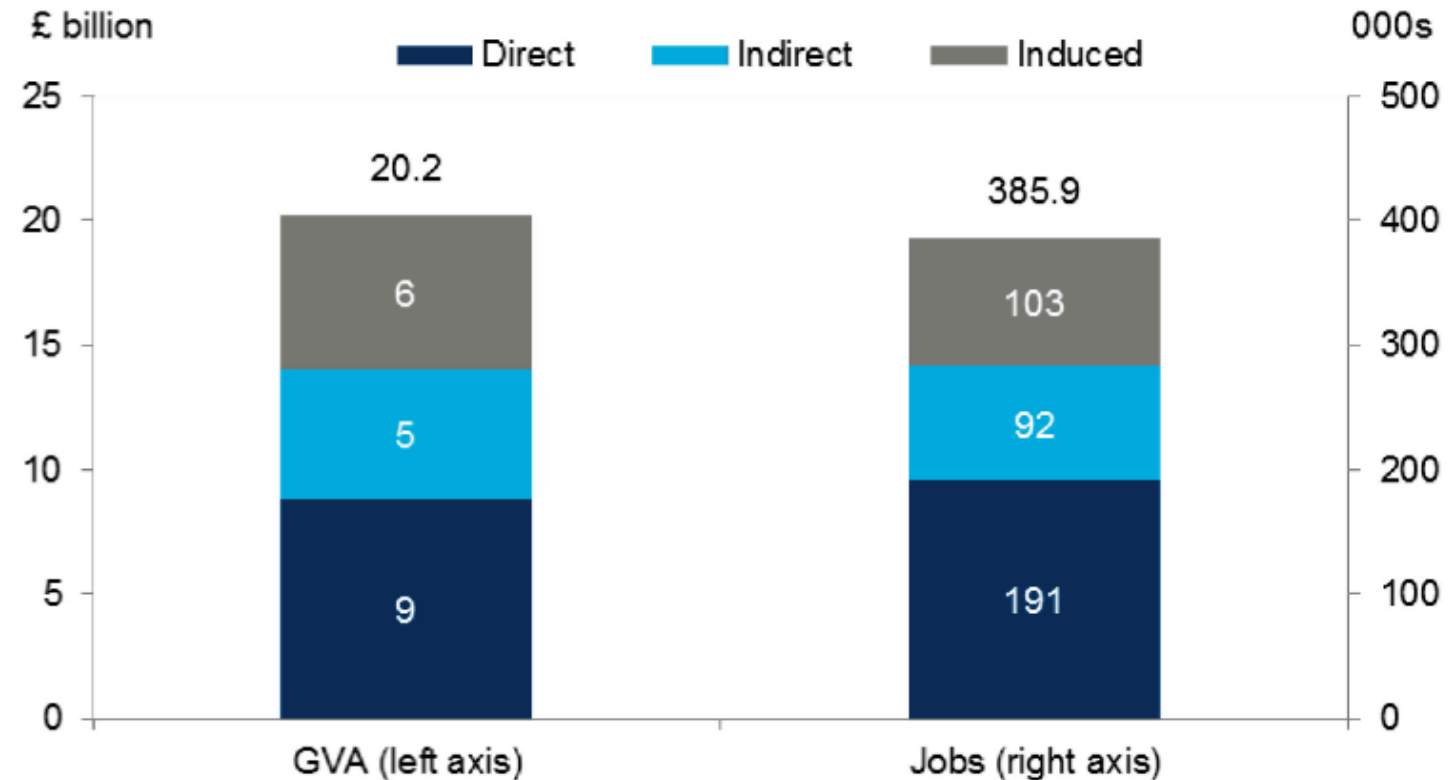
- What about **heritage** specifically – separate from arts and culture?
- Statistics Canada's "heritage and libraries" category only includes **privately-owned** heritage and library facilities
 - \$144 million direct impact on GDP in Ontario
- **Government-owned** heritage and library facilities are included in a broader category ("Governance, funding and professional support")
 - \$3.3 billion direct impact on GDP

MEASUREMENTS OF ECONOMIC IMPACT

- **Direct**
 - Direct spending on goods and services in the business / organization / sector
- **Indirect**
 - Re-spending of payments to suppliers
- **Induced**
 - Re-spending of wages earned by workers and suppliers' workers
- **Ancillary / tourism spending**
 - Visitors' spending on restaurants, hotels, shops, other retailers

HERITAGE ECONOMIC IMPACT EXAMPLE (U.K.)

Fig. 12. Direct, indirect, and induced gross value added and jobs supported by the heritage tourism sector, 2015

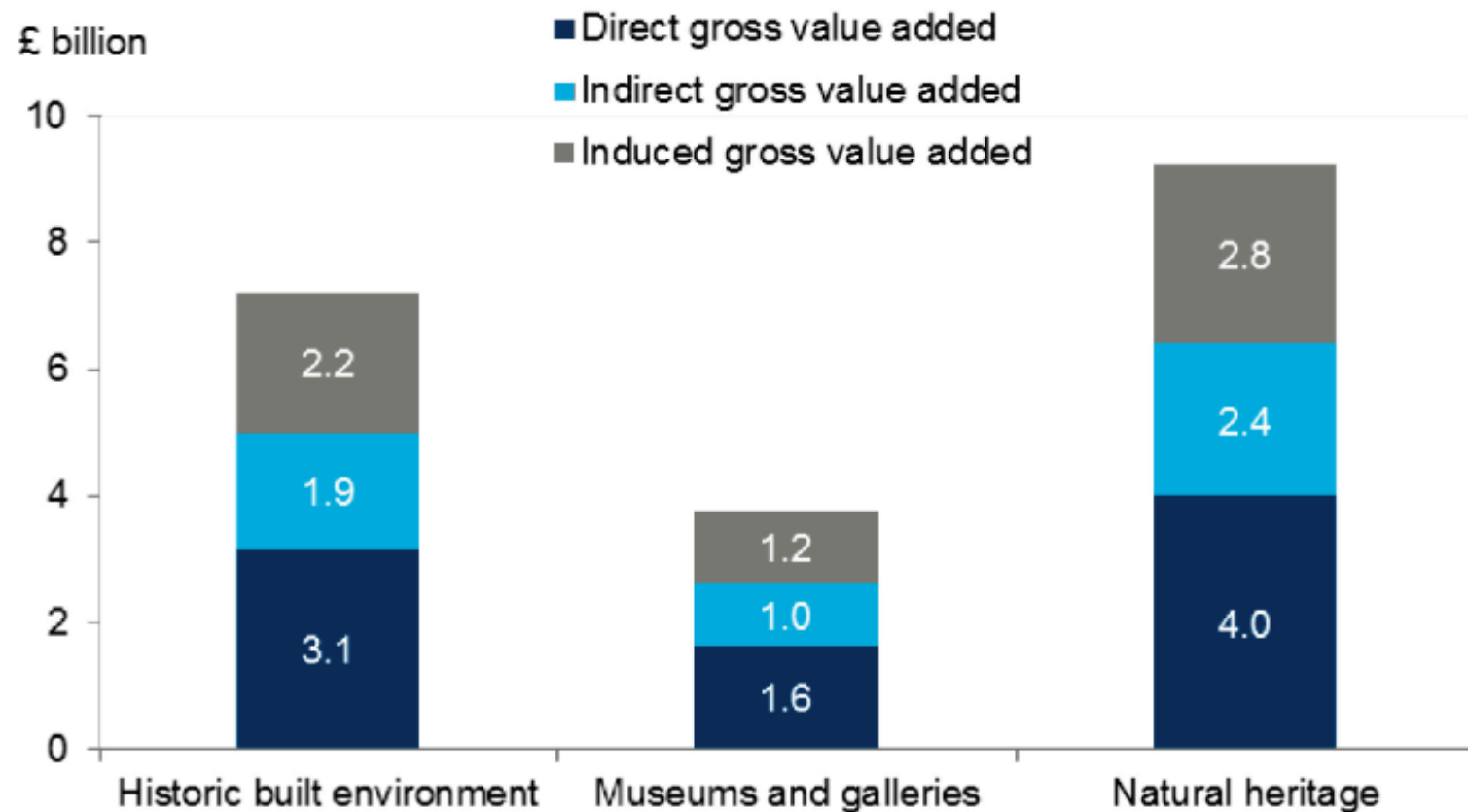


Source: Oxford Economics

Source: The impact of **heritage tourism** for the UK economy, Oxford Economics, 2016, p. 20

HERITAGE ECONOMIC IMPACT EXAMPLE (U.K.)

Fig. 13. Direct, indirect, and induced gross value added by type of heritage attraction

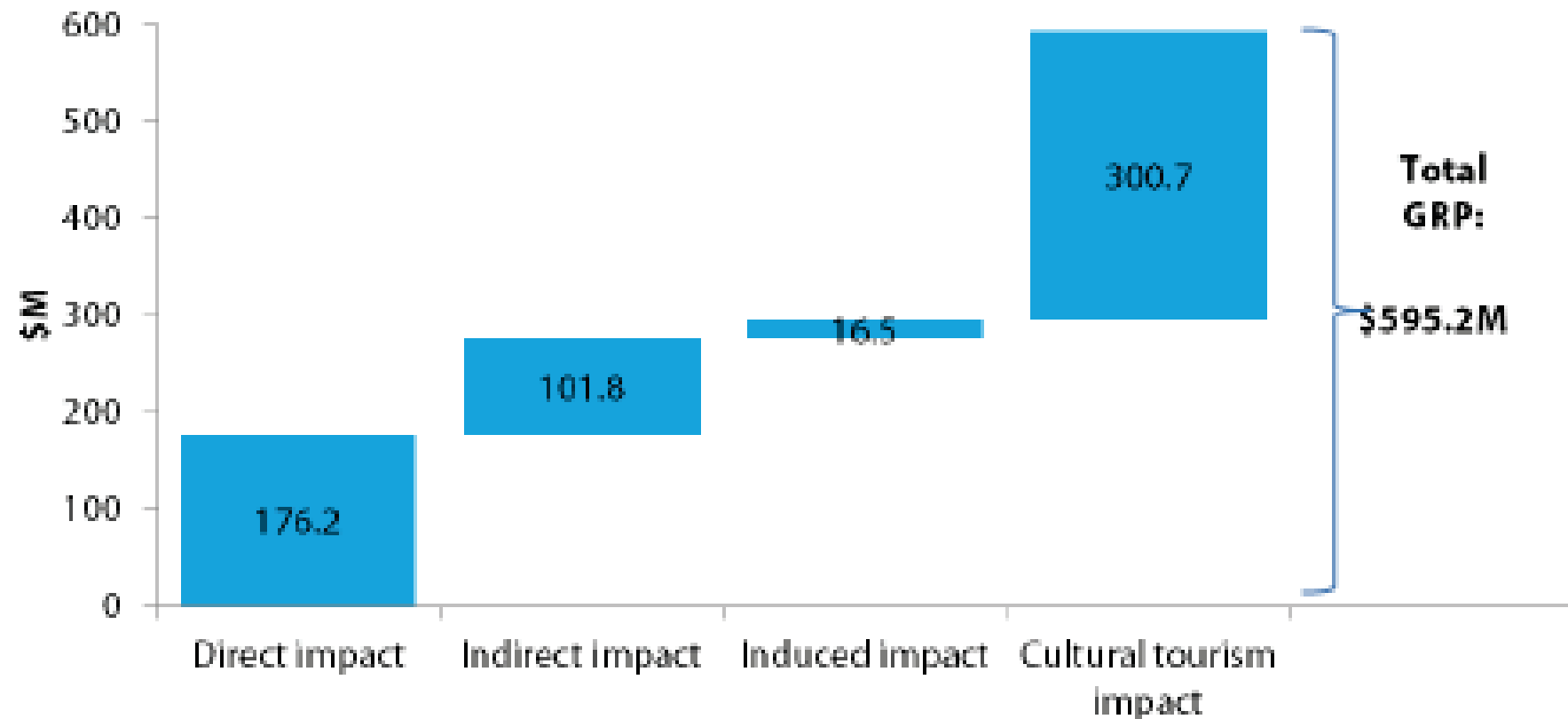


Source: The impact of heritage tourism for the UK economy, Oxford Economics, 2016, p. 20

Source: Oxford Economics

LOCAL CULTURE IMPACT EXAMPLE

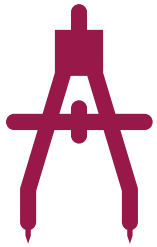
Figure 28: Summary of total economic impact of cultural sector in Niagara, 2011, GRP



Source: Economic Impact Assessment of the Cultural Sector in Niagara Region, Nordicity, 2013, p. 53

Source: Nordicity estimates based on data from online survey, Statistics Canada and CMPA, Profile 2011

WHAT IS THE CONFERENCE'S DIRECT ECONOMIC IMPACT?



\$35,000

= \$20,000 sales +
\$15,000 costs

Output



\$20,000


= total sales

GDP



\$5,000


= \$20,000 sales -
\$15,000 costs



WHAT ECONOMIC IMPACT DOES *NOT* USUALLY CAPTURE

- Intangible benefits of heritage
- Non-use values
 - **Existence value:** benefits associated with the knowledge that a heritage site has been conserved, even if a consumer does not intend to visit it themselves
 - **Option value:** benefits derived from having the option to visit a heritage site in the future
 - **Bequest value:** value gained from knowing that a heritage site can be bequeathed to future generations

Source: The Economics of Heritage: Integrating Costs and Benefits into Government Decision-Making, Australia Department of the Environment and Energy, n.d., p. 2



WHAT ECONOMIC IMPACT DOES *NOT* USUALLY CAPTURE

- Social / non-monetary / hard-to-capture benefits
 - Aesthetic value
 - Educational benefits
 - Civic pride / community cohesiveness
 - Attraction of businesses and workers
 - Creativity / innovation
 - *Health and wellbeing*

A FEW USEFUL SOURCES RE: ECONOMIC IMPACT

- **Culture, Arts, Heritage and Sport Economic Impact Model**
 - Department of Canadian Heritage
 - <https://www.canada.ca/en/canadian-heritage/corporate/publications/general-publications/culture-arts-heritage-sport-economic-impact-model.html>
- **The Basics of Economic Impact Analysis**
 - Canadian and US researchers / economic development professionals (SlideShare)
 - <https://www.slideshare.net/SASKECDEVASSOC/the-basics-of-economic-impact-analysis>
- **Arts Research Monitor, economic impacts section**
 - Hill Strategies Research
 - <https://hillstrategies.com/arm-search-results/?wpv-armcategories=economic-impacts>

HERITAGE PARTICIPATION: CONNECTED TO INDIVIDUAL WELLBEING?



HERITAGE ATTENDANCE AND WELLBEING (2010 STATISTICS)

- Heritage attendees compared with non-attendees

Arts, culture and heritage activities	Indicators of health and wellbeing
People who did something 0 times	Average health level (etc.)
People who did something at least once	Average health level (etc.)

18 ARTS, CULTURE AND HERITAGE ACTIVITIES

Museums & galleries
Art gallery
Other museum
Performing arts & festivals
Theatre
Classical music
Popular music
Culturally-specific performance
Other performance
Cultural festival

Film, video, audio
Movie
Video
Listening to downloaded music
Listening to music on CDs

Heritage activities
Historic site
Zoos, aquariums, botanical gardens, planetariums or observatories
Conservation area / nature park
Reading
Newspaper reading
Magazine reading
Book reading

8 INDICATORS OF HEALTH, WELLBEING AND SOCIAL CONNECTEDNESS

Indicators of health and wellbeing

Self-reported health

Self-reported mental health

Volunteering

Feeling trapped in a daily routine

Stress level

Knowledge of neighbours

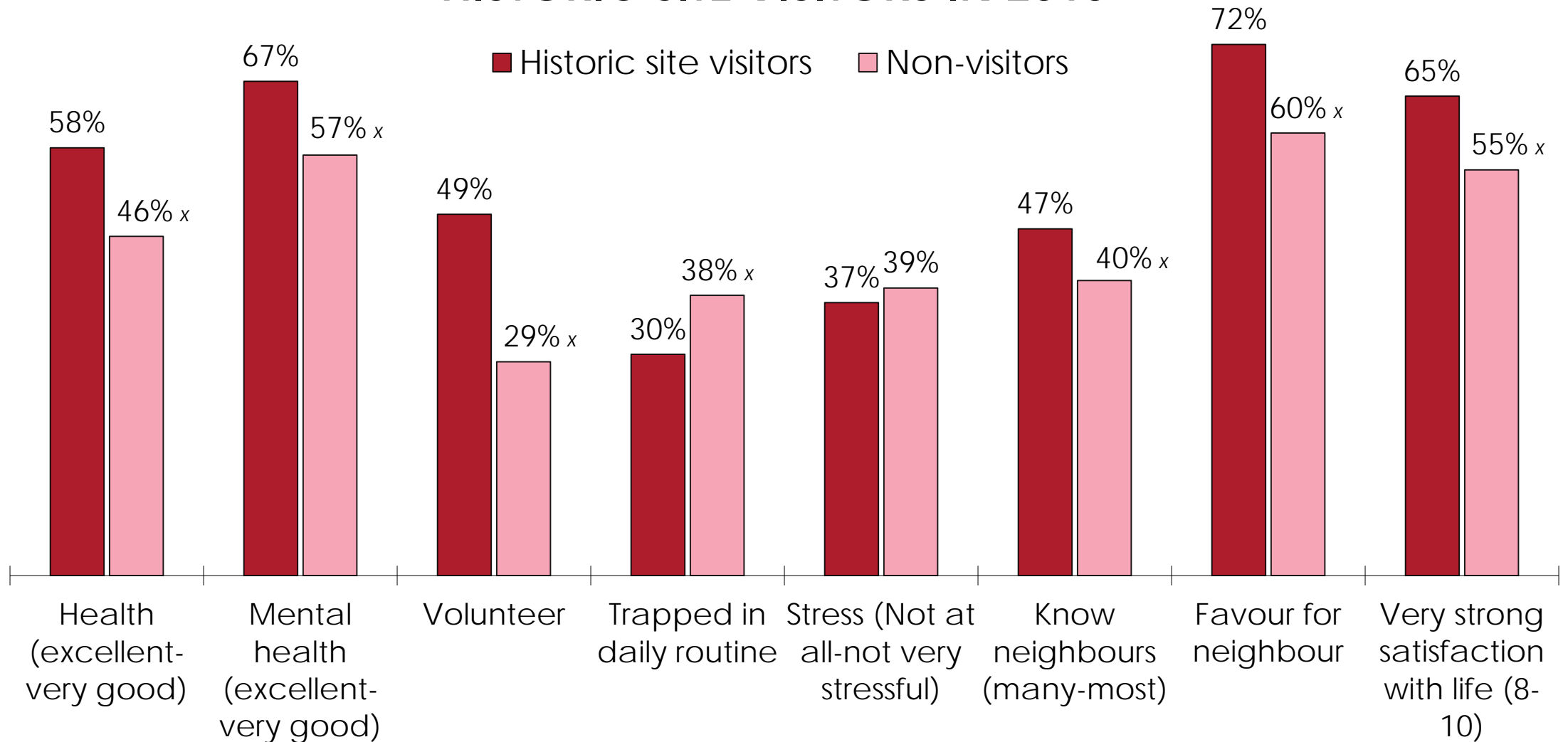
Doing a favour for a neighbour

Self-reported satisfaction with life

WELLBEING OF HERITAGE VISITORS

- **Historic sites**
 - 46% of Canadians 15 or older visited at least once in 2010
 - Significantly better results for 7 of 8 well-being indicators (compared with those who didn't visit an historic site)
- Same result for visitors to **zoos, aquariums, botanical gardens, planetariums or observatories**
 - 42% of Canadians 15 or older visited at least once in 2010
 - Significantly better results for 7 of 8 well-being indicators (compared with non-visitors)

HEALTH, WELL-BEING AND SOCIAL CONNECTIONS OF HISTORIC SITE VISITORS IN 2010



Note: "x" denotes statistically significant differences.

Source: Statistics analyzed by Hill Strategies Research based on Statistics Canada's 2010 General Social Survey.

EVIDENCE OF A CONNECTION TO WELLBEING

- 8 social indicators
- x 18 cultural activities
- = 144 potential connections
- Arts, culture and heritage attendees have significantly better results than non-attendees on 101 of the 144 social connections
 - 70%

ARTS CORRELATIONS: MORE ROBUST STATISTICAL ANALYSIS

Arts activities	Indicators of health and wellbeing
Art gallery attendance	Health (excellent or very good)
Theatre attendance	
Classical music attendance	Very strong satisfaction with life (8-10 on scale)
Popular music attendance	
Arts / culture festival attendance	Volunteered in the past year (yes / no)
Book reading	

CONTROLLED FOR OTHER SOCIO-ECONOMIC CHARACTERISTICS

- Level of education
- Household income
- Age group
- Sex
- Child(ren) at home (yes / no)
- Household language
- Region of residence (BC, Prairies, Ontario, Quebec, Atlantic)
- Urban / rural residence
- Aboriginal person
- Visible minority person
- Immigrant
- Physical activity in the past week

CORRELATION RESULTS: THEATRE ATTENDEES

- 32% more likely to have very good or excellent health than non-attendees
 - (Confidence interval: 18% - 48%)
- 30% more likely to have very strong satisfaction with life
 - (CI: 16% - 46%)
- 89% more likely to volunteer
 - (CI: 67% - 113%)

CORRELATION RESULTS: ALL ARTS ACTIVITIES

Summary of statistical correlations	Better (self-identified) health	Stronger (self-identified) satisfaction with life	Higher volunteer rates
Art gallery visits	Significant	Not significant	Significant
Theatre attendance	Significant	Significant	Significant
Classical music attendance	Not significant	Significant	Significant
Pop music attendance	Significant	Significant	Significant
Cultural festivals attendance	Significant	Significant	Significant
Reading books	Significant	Significant	Significant

LIMITATIONS

- Activity at least once in a year = low threshold
- Repeated or deeply engaged cultural experiences may generate stronger social connections
 - US study: “the more cultural activities people reported attending, the better was their self-reported health”.
- Potential factors not accounted for in the models
 - E.g., Smoking and alcohol consumption were not asked about in the 2010 General Social Survey

Anna V Wilkinson et al., *Are variations in rates of attending cultural activities associated with population health in the United States?*, BMC Public Health, 2007, 7:226,
<http://www.biomedcentral.com/1471-2458/7/226>

LIMITATIONS

- Does arts participation **always** foster or strengthen social ties?
- Reverse causality possible
 - Do people have a higher quality of life because they participate in the arts?
 - Or do those with a higher quality of life tend to participate more in the arts?
 - Or are they mutually reinforcing?
- Social inequality could lead to differential arts participation, which could reinforce health disparities in the population



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PRESENTATIONS

Communicating and distributing insightful arts research information

- Today's presentation is now available

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MEASURING THE ECONOMIC IMPACTS OF HERITAGE

Thanks! Questions?
Thoughts? Concerns?

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