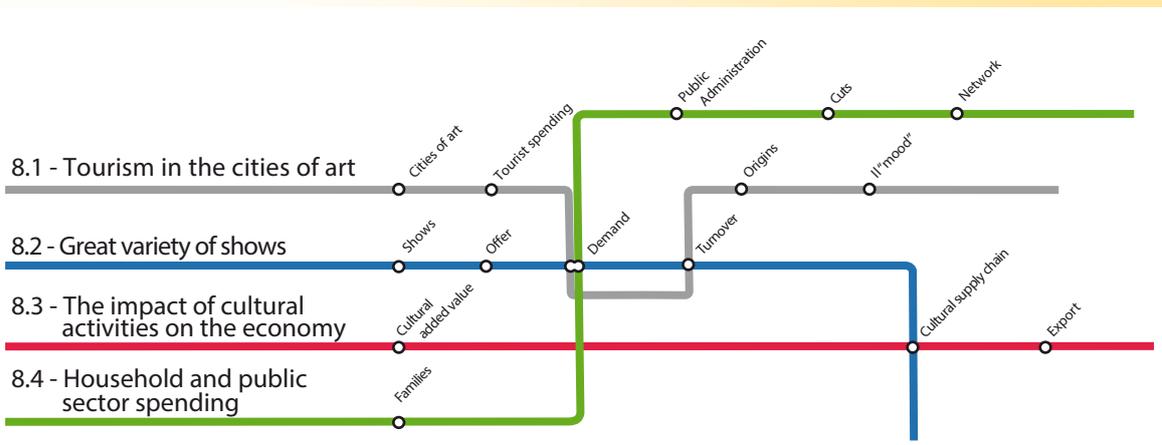


Among the dynamic forces capable of creating innovative impetus in society and the economy, a mention should certainly be made of culture, in terms of personal and economic growth. Within the vast and varied range of tourist packages offered by our region, particular appreciation is paid to the cities of art: they have been strong hubs of attraction for years; destination chosen by more than half of the tourists who arrive in the Veneto region. These are mainly Americans who, with an average of over 600 thousand arrivals per year, are steady in first place, followed by Europeans, mainly French, German and English; all well-established and historical markets.

Within the current situation of financial crisis, a positive signal has been observed in the recent revival of public interest in live entertainment: the number of shows in 2013 was almost 181,000 which is equivalent to nearly 500 shows per day. These events have attracted about 23.2 million people among residents and tourists.

In the ranking of the Italian regions, Veneto is in 6th place for number of performances, but rises up to fourth place for number of tickets sold and third for box office spending and business volume. Taking into account the economic activities that make up the cultural system throughout its entire supply chain, you can even calculate the added value produced by cultural activities: in Veneto in 2014, it was equal to 8,358 million Euros (6.3% of regional GDP).

On the side of the public sector, there are evident cuts to the budgets of the cultural sector due to recent years of crisis. First of all, the Ministry for Arts, Culture and Tourism (MIBACT) has reduced its budget by almost a third in the last ten years. The Veneto region, after the heavy cuts to the budgets in 2011 and 2012, is now returning to show a positive +4.2% in the 2013 balance sheet.



## Culture: energy for growth





## 8. Culture: energy for growth

Among the dynamic forces capable of creating innovative impetus in society and the economy, a mention should certainly be made of culture, in terms of personal and economic growth. Culture is translated just as well into material goods (architecture, visual arts, design, etc.) as into intangible assets (cultural activities, events, festivals, etc.), and this is all translated into inheritance and into a society and a community's way of having been, way of being and way of growing.

Recently, a greater awareness seems to be emerging of the possibility of reaping economic rewards (direct and indirect) through the management of cultural assets and cultural activities and, with this in mind, the traditional and essential aspect of the conservation of the cultural heritage must be adequately supported by the production of culture. In fact, culture is an important factor in building an "industry of creativity", with obvious economic implications in terms of entrepreneurship and employment, but also under the social perspective, decisively contributing to the reduction of social hardship and the active promotion of positive and inclusive behaviours.

The artistic and cultural heritage of the Veneto territory is invaluable: the poles of attraction in Veneto are remarkably varied, ranging from the great province capital cities of art to small historical town centres; from the medieval villages of walled cities to the sites of spirituality; from the beaches to the Dolomites.

Five of the 50 Italian sites recognised by UNESCO as world heritage sites are found in the territory of the Veneto region: Venice and its lagoon, the Botanical Garden of Padua, the city of Vicenza and the Palladian villas in Veneto, the city of Verona and the Dolomites. In Veneto, there are 302 museums which are almost all historic house museums, galleries and collections (281), in addition to the 19 monumental complexes and two archaeological sites. These museum institutions are very widely distributed throughout the region: in Veneto, just as in the rest of Italy, nearly one out of three municipalities is home to at least one institution, and there are 1.6 museums in every 100 km<sup>2</sup>.

We have 3,803 Venetian villas, 589 public libraries that, in 2012, offered 8,093 different activities.

In 2012, 593 temporary exhibitions were organised (7% of the national total) and, along with the first five regions (Lombardy, Lazio, Emilia Romagna, Tuscany and Piedmont), Veneto hosted 71.5% of all the exhibitions in Italy.

### 8.1 Tourism in the cities of art

Within the vast and varied range of things on offer to tourists in our region, particular appreciation is shown for the cities of art: they have been strong tourist attractions for years; the chosen destination of more than half of the tourists who arrive in the Veneto region (53% of arrivals in 2014 and 30.5% of regional tourist numbers). What appears to be characteristic in the cities of art is the length of the stay; relatively shorter compared to other types of destinations: the number of nights spent on average is 2.2.

The number of arrivals in the cities of art over the years is constantly growing, apart from a slight drop recorded at the beginning of the global economic crisis and, in 2014, it exceeded 8.6 million tourists. The number of tourists in the cities of art also records a continuing increase, unlike other destinations characterised by more stable trends or slight falls in number; in 2014, Veneto reached nearly 18.9 million overnight city stays.

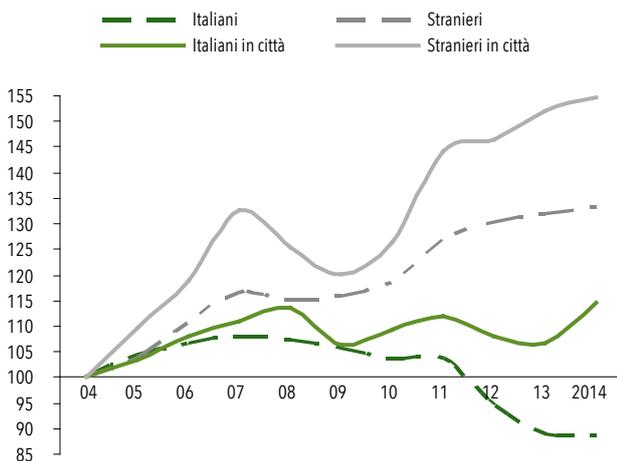
#### Cities of art always admired

A historic series that compares the evolution in tourism flows with one year, 2004, used as basis for comparison, helps us to better understand the dynamics and evolution of tourist numbers in the cities. The index number of tourists in cities of art not only confirms and underlines their success, but it also yields a positive result for Italian tourist numbers: not only have they declined less than in the rest of Veneto, but in recent years, it has stabilised and, in 2014, it started to demonstrate the first signs of recovery. The cities of art are, however, most appreciated by international tourists (almost 70% of arrivals and tourist numbers), which will ensure a future growth in demand. Especially with regard to this year, the Expo 2015 event can only be a wonderful opportunity to promote yet further our cultural wonders, in the broadest sense of the term. All this leads us to conclude that it is not unrealistic to expect that cultural tourism will continue to grow for the years to come by about 3.5%



on average per annum, which is a trend observed since the year 2000.

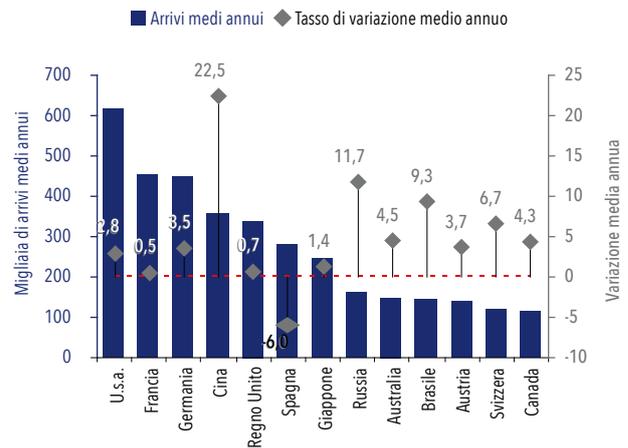
**Fig. 8.1.1 - Index number (\*) of tourist numbers based on place of origin (base year = 2004). Veneto - Years 2004-2014**



(\*) Index number = (tourists year t / tourists base year) x 100  
 Source: Veneto Region Data Processing- Regional Statistical System on ISTAT data

an average annual increase of 28.5%, 2014 has shown the first signs of stagnation in this market.

**Fig. 8.1.2 - Arrivals of foreign tourists in the cities of art. Veneto - Period 2008 - 2014**



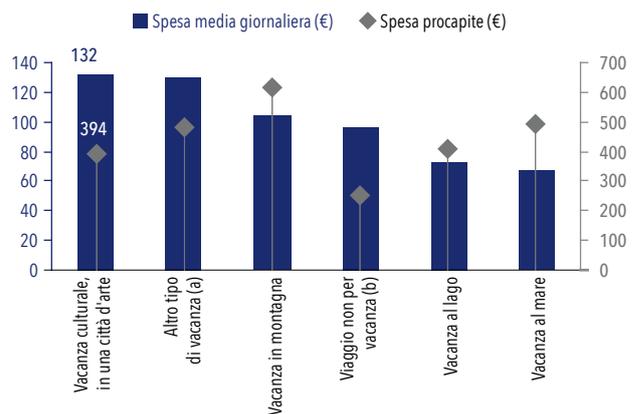
Source: Veneto Region Data Processing- Regional Statistical System on ISTAT data Source

**Not just Americans...**

But where do foreign tourists who visit our cities come from?

These are mainly Americans who, with over 600 thousand arrivals on average per year, are stable in first place; and Europeans, mainly French, German and English, all well-established and historical markets. It is important to note that, in recent years, new markets full of potential have come into play, in particular China and Russia. Since 2013, China has taken 2nd place, outclassing, compared to its 7th place in 2008, France, Germany, the United Kingdom, Spain and Japan. In 2014, over 589,000 Chinese (95% of the total Chinese arrivals in Veneto) have visited our cities; this number has more than tripled since 2008, with an average annual growth of 22.5%. Overnight stays have reached 762,000, an average annual increase of 19.5%. Cities of art are the destination of almost all Chinese who visit Veneto (nearly 95%). The Russian market also seems to appreciate cities of art in particular, the chosen destination for 70.6% of visitors. However, whilst from 2009 to 2013 the number of Russian visitors recorded considerable growth, with

**Fig. 8.1.3 - Spending of foreigners staying in accommodation in Veneto for leisure travelling (\*) Year 2014**



(\*)Expenses for accommodation, restaurants and bars, shopping, transport in the visited country and other services are included. The cost of the two-way journey is not included. (a)Food & wine, countryside, sports holidays, for cultural or sports events (b) Holiday including at least one overnight stay in accommodation for business, study, shopping, visiting relatives or friends, health purposes, religious events, honeymoon, etc.  
 Source: Veneto Region Data Processing- Regional Statistical System on ISTAT data Source.

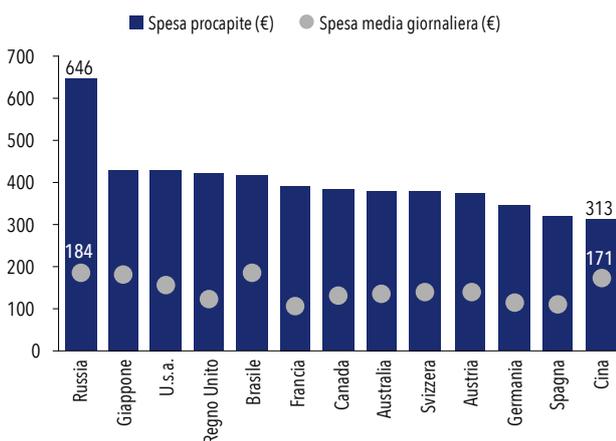


Those who visit the cities of art have greater economic resources: if a foreign tourist spends on average 100 Euros per day in Veneto in 2014, he/she will reach 132 Euros for a cultural holiday. This equates to 45.9% of the total expenditure of foreign travellers staying in Venetian guest accommodation.

The majority of expenses are for accommodation (42%), 23% for food, 18% for shopping, 10% for on-site transport and the remaining 7% for other services, including entrance fees to visit museums, watching live shows, guided excursions, car rentals, etc. The per capita spending of foreign tourists is almost 400 Euros and the estimated spending for 2014 is greater than 1.9 billion Euros.

In a classification based on the spending inclination of tourists who mostly visit the cities of art in Veneto, it is clear that Russians are well ahead of Japanese and American tourists, who hold a joint 2nd place. In fact, once they reach destination, Russians spend more than 600 Euros during their holiday, as compared to the figures for other nationalities, which hover around 300/400 Euros. The Chinese also spend a significant daily amount (about 170 Euros), but their holiday stay is shorter.

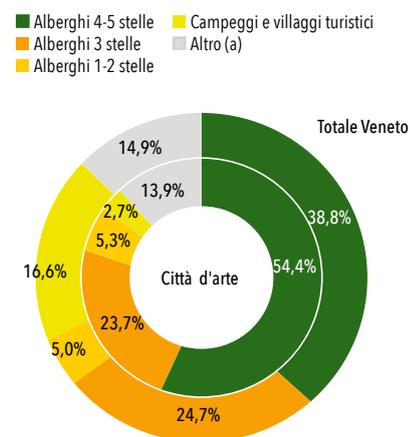
**Fig. 8.1.4 - Average spending per capita and per day of foreign tourists on a cultural holiday (\*) – Year 2014**



(\*) Expenses for accommodation, restaurants and bars, shopping, transport in the visited country and other services are included. The cost of the two-way journey is not included. Source: Veneto Region Data Processing- Regional Statistical System on ISTAT data Source

Another indicator of good economic resources available to foreigners visiting our cities is the accommodation choice: more than 54% choose to stay in 4 and 5 star hotels (38.8% in the case of generic Veneto destinations) and another 23.7% stay in 3 star hotels.

**Fig. 8.1.5 - Percentage of foreign tourist arrivals according to accommodation type – Year 2014**



(a) Agritourism locations, holiday homes, B&Bs, hostels, room rental, etc. Source: Veneto Region Data Processing- Regional Statistical System on ISTAT data Source

Overall, stays in 2014 were judged to be very satisfactory, with an average review rating of 8.6 on a scale of 1 to 10. Most highly appreciated were, in fact, the cities and works of art (9.3), but also landscapes and the natural environment (9.1), safety and security (8.6), meals and cuisine (8.5), hospitality and friendliness of the locals (8.3), hotels and other accommodation options (8.2), tourist information and services (8.2) and the quality and variety of products in shops (8). The only aspect for which the Veneto region receives a barely sufficient average rating is that related to prices and the cost of living (6.2).

### The tourist 'mood' as perceived from their posts

The digital revolution and, in particular, the great development of social networking, also leads to new types of analysis. For example, the semantic analysis

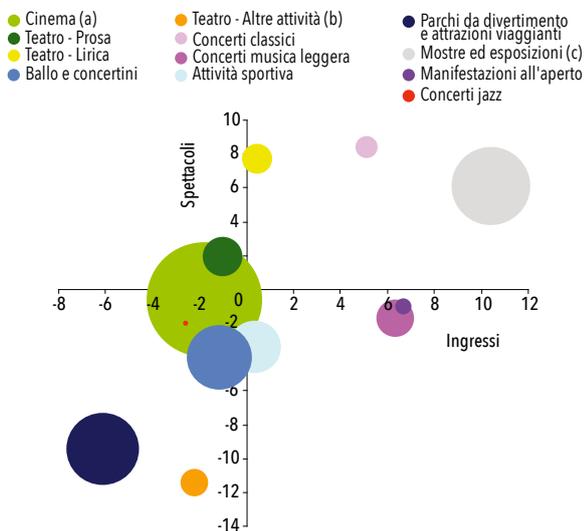




million admission tickets, the most popular activity is cinema, followed by exhibitions (3.8 million) and by amusement parks (3.5 million including moving attractions). Another great peculiarity of our region is the fact that it is the world's leading manufacturer of amusement park rides.

In the last five years, an offer that altogether recorded a sharp decline (-10.6% of the number of shows in Veneto) was accompanied also by a slightly drop in demand (-1.9% of admission tickets), but positive signs started to be noticed in 2013 with a +0.1% in shows and a +3.5% in tickets. Turnover continued to grow until 2012, when it abruptly stopped and then resumed in 2013: spending at the box office<sup>2</sup> increased by 9.6% in 2013, reaching almost 284 million Euros; the turnover, which also includes the spending on various the services required, as well as other income such as advertising performance, grew by 5.3% and exceeded 636 million Euros<sup>3</sup>.

**Fig. 8.2.1 - Shows and admission tickets (size of the bubble) according to type of event. (Veneto – Average annual variation rate 2008-2013)**



(a) Shows at the cinema are counted in terms of days open (b) Includes revues and musicals, ballets, puppet and marionette shows, variety and various arts, the circus (c) Includes cultural exhibitions and shows for business purposes including trade fairs, excluding visits to museums Source: Veneto Region Data Processing-Regional and Statistical System Section on SIAE data

In this overall scenario, the film sector is crucial for industry statistics, scoring alone 34.4% of the admission tickets sold for shows offered in Veneto in 2013. Over the years, the flow of spectators to our cinemas, beyond the peak of tickets sold in 2010 in conjunction with the release of 3D films, showed a constant fall reaching a loss of 8.7% of tickets in the last five years together with a corresponding drop of 7.8% of spending at the box office. In 2013, new positive signs started to arise again (+3.9% of the admission tickets) thanks to a careful policy of reducing the prices of tickets.

Looking into other types of entertainment is surely worth the time.

**Drop of admission tickets to amusement parks since 2011**

A peculiarity of the Veneto region is linked to amusement, theme and water parks, which make

up the greatest portion of spending at the box office, equal to about a quarter of all events. In the last five years, the attendance at these parks dropped by 27.2%, - starting in 2011, - with a consequential reduction in spending at the box office of 8.5% despite the average 4 Euro increase of the ticket.

Conversely, the whole theatrical sector in the last year showed signs of recovery in terms of spending which, for the first time, touched nearly 56 million Euros. The prose, genre that makes up half of all theatrical events, albeit an increase in the shows offered, suffered a drop in demand. Positive signs come from the opera that sees a broadening of the choice of entertainment opportunities (one and a half times more compared to 2008) and is earning back the number of admissions tickets sold in the pre-crisis period. Even classical and modern ballet is becoming of greater interest (+1.9% of admission tickets and +34.7% in spending during the last 5 years) and offers a greater entertainment offer (+21.2% in shows).

The concert sector knows no crisis. In particular, the

**Growing interest in concerts, exhibitions and outdoor events**

great increase of classical concerts offered (+47.9% of shows in five years) has aroused the

interest of the public (+27.3%) and tripled turnover. Even light music concerts are becoming increasingly successful (+35.9% of tickets during the last 5 years) which, alongside an increase of ticket costs of 6 Euros on average, generated a 65.3% increase in expenditure.

<sup>2</sup> Shows at the cinema are counted in terms of days open.

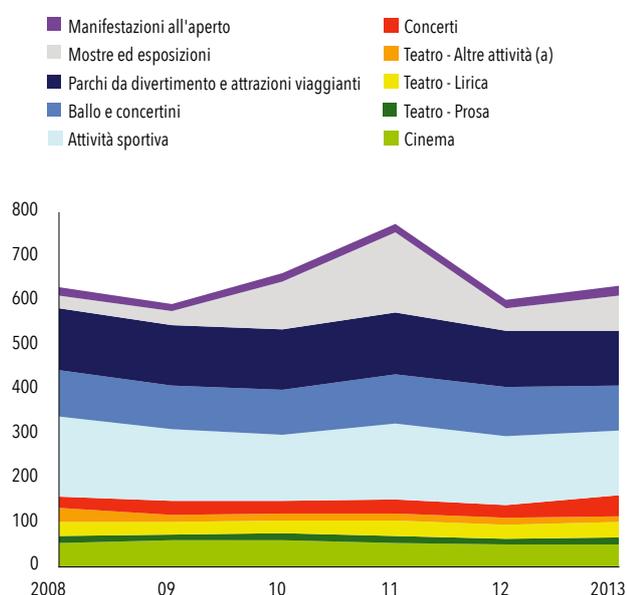
<sup>3</sup> Spending at the box office includes the amounts paid for the purchase of tickets and passes.



Opportunities to visit cultural exhibitions<sup>4</sup> are growing as well together with trade fairs and exhibitions for business purposes (+34.5%), which is highly appreciated by the public (+63.9%).

Considering the entire spectrum of shows among the regions in Italy, Lombardy is in first place for number of shows, tickets and turnover. Veneto is in 6th place in terms of offer, but rises to fourth place for number of tickets and third for spending at the box office and turnover.

**Fig. 8.2.2 - Shows turnover (\*) according to type of event (millions of Euros). Veneto – Year 2013**



(\*) In addition to the spending at the box office, other spending by the public is included in the turnover (pre-sales, reservations, cloakroom, drinks at the bar) and other income (revenues due to advertising services, sponsorships, public and private financing, television coverage, etc.) (a) It includes: revues and musicals, dances, puppet and marionette shows, variety and various arts, the circus. Source: Veneto Region Data Processing. Regional and Statistical System Section on SIAE data

The latter is the most appropriate indicator to estimate the ancillary industry of entertainment activities, since it includes not only the proceeds resulting from the purchase of tickets or subscriptions (box office spending), but also other expenditure items such as the pre-sale of tickets, table reservations, cloakroom service, drinks at the bar and the income that organisers earn from other bodies who take part in

the organisation of the show (advertising services, sponsorships, public and private financing, television coverage, etc.). The strength of the economy of the entertainment sector observed in recent years is based on areas that prove to have a certain stability over time and others that are booming. Among the latter, there are the concerts, whose turnover grows by an average annual rate of 12.3%, the exhibitions for business purposes including trade fairs, whose generated proceeds, while following a somewhat fluctuating trend, have been growing at an average rate of 21.8%, outdoor events, whose revenues continue to grow.

### 8.3 The impact of cultural activities on the economy

To define the impact that culture has on the economy of an area, it is necessary to widen the scope to all activities that have to do with it<sup>5</sup>. To this end, 4 types of activities were taken into account:

- 1) Historical-artistic heritage: the activities carried out in the form of enterprise, having to do with conservation, the use and development of the historical and artistic heritage (museums, libraries, archives, management of sites or monuments);
- 2) Performing arts and visual arts: the activities which, by their nature, do not lend themselves to a model of industrial organisation, or because they have to do with intentionally non-reproducible goods (Visual Arts), or because they have to do with live events that can be enjoyed only through a direct participation;
- 3) Cultural industries: activities linked to the production of reproducible goods, related to the major artistic activities featuring a highly creative content in which businesses operate according to industrial logics (motion pictures, television, publishing and the music industry);
- 4) Creative industries: all those productive activities that are not strictly cultural but which draw creative nourishment from culture and which contribute to convey meanings and values in the production of goods and services. Design, architecture and communication are all part of this.

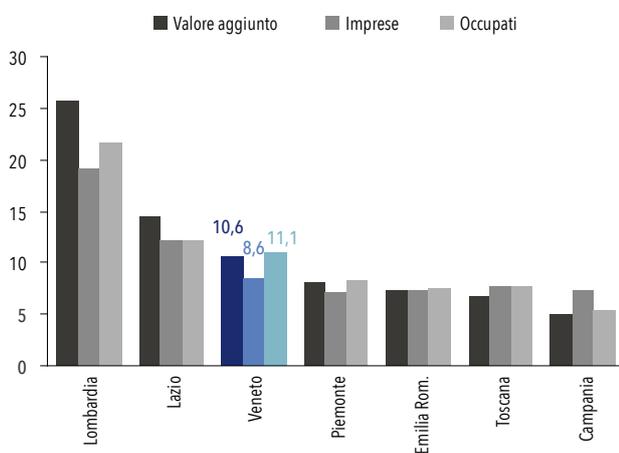
Taking into account the economic activities that make up the cultural system throughout its entire system, it is possible to calculate the value added generated by culture: it amounted to 8,358 million Euros in Ve-

<sup>4</sup> Visits to museums are not included in these statistics.  
<sup>5</sup> Based on "Io sono cultura" 2014-2015. Quaderni di Symbola.



neto in 2014. Practically, in Veneto, cultural activities produce 6.3% of the regional GDP and 10.6% of the GDP generated by culture at national level, which places Veneto in third place among the regions in Italy for production of wealth generated by the cultural industry. In Veneto, the businesses developing economic activities that constitute the system were 38,272, meaning 8.6% of the national cultural system and, also in this case, Veneto ranks third place among the Italian regions.

**Fig. 8.3.1 - The first Italian regions for percentage of added value, businesses and employees in the cultural industry - Year 2014**



Source: Veneto Region Data Processing. Regional and Statistical System Section on Fondazione Symbola data

There are 158 thousand people employed within the Veneto culture system, 11.1% compared to the national figure which confirms again its ranking in third place.

On the other hand, there are almost 11 thousand people employed in the "core" activities strictly linked to culture, i.e. organisations who manage conferences and exhibitions, artistic performances and their support activities, artistic and literary creations, museums activities, management of art facilities, historical sites and buildings and similar attractions, activities of the botanical gardens, zoos and nature reserves.

We observe that in recent years, contrary to the labour market as a whole which sees a decline in terms of employment, this specific sector is growing: from 2012 to 2013, the number of workers increased by over

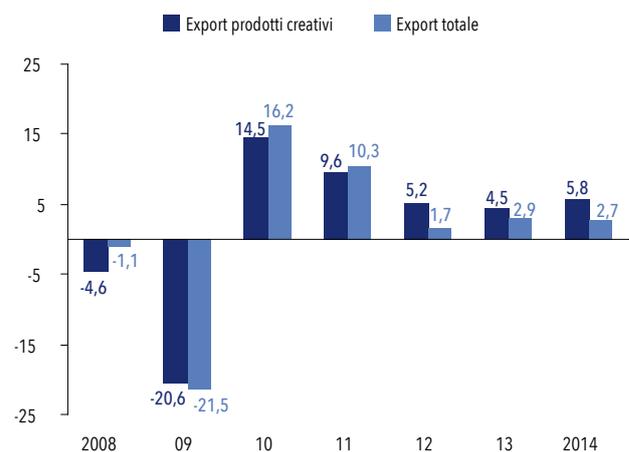
3,000 units. At this point the Veneto region, along with the Marche region, appears to have the highest expertise in this sector, employing 7.1% of the total against the 5.9% of the national average.

**Cultural products exported all over the world**

Wanting to analyse the value of the exports specifically related to the cultural production system, the analysis was limited to certain types of goods which, to summarise, were grouped into 7 categories: visual arts, performing arts, publishing, audio-visual, media, design and crafts<sup>5</sup>.

Altogether, in 2014, this cultural production system exported from the Veneto region goods for 5.9 billion Euros, accounting for 10.9% of the total value of exports of the Veneto region, contributing to the national cultural export for a quota of about 8-9%. The economic influence of the exports of the Veneto culture system is greater than that of entire nations such as Great Britain, Germany, United States and Japan. Moreover, the growth in exports of these goods in the past three years was higher than that of the overall goods sold abroad by Veneto.

**Fig. 8.3.2 - Percentage variations of the total of Veneto exports and of the production related to the creative component. Years: 2008-2014**



Source: Veneto Region Data Processing. Regional and Statistical System Section on ISTAT data

It is interesting to discover which part of the world is the demand for this type of asset coming from:

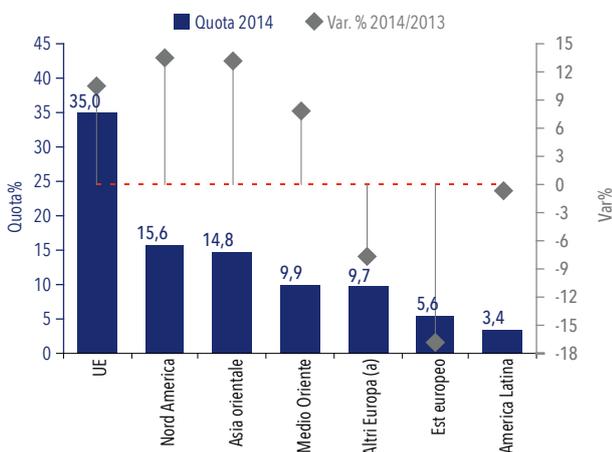
<sup>5</sup> UNCTAD Classification. Visual arts: antiques, paintings, photography, sculpture; Arts and entertainment: music and musical instruments; Publishing: books newspapers, etc.; Design: furniture, fashion, jewellery, glass and ceramics, toys; Crafts: yarn, carpets, artefacts; Audio: CDs, DVDs, films; Media: media players, video games.



if more than one third is demanded by countries of the European Union, a good share involves North America (15.6%), East Asia (14.8%, mainly China) and the Middle East (9.9%).

Then, when you take a look at how the demand for cultural varies according to each region, we learn that the European one returns to grow (+10.4%) along with the territories furthest away geographically and culturally: in the last two years, exports grew by over 13% in North America and Eastern Asia, and by 7.9% in the Middle East.

**Fig. 8.3.3 - Share and annual percentage variation of Veneto region exports of creative products by region. Veneto - Year 2014**



(a) Switzerland, Norway, Iceland and Turkey Source: Veneto Region Data Processing. Regional and Statistical System Section on ISTAT data

## 8.4 Household and public sector spending

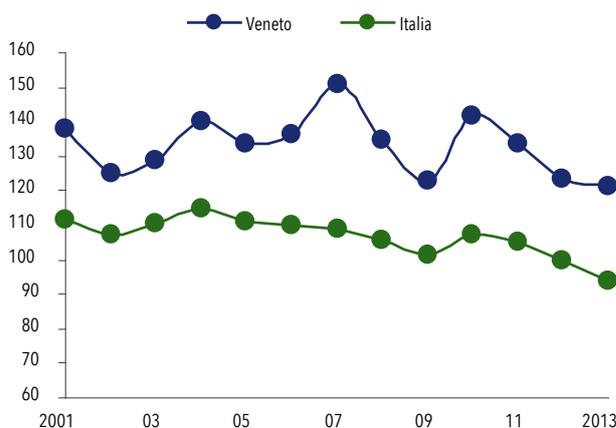
In these years of crisis, public funding allocated to culture has dropped, as well as household spending dedicated to this field.

**Families are spending less and less...**

On the one hand, families that, despite everything, are still spending (although less). The economic burdens starting from 2008, year in which the crisis began, have decreased household consumption as a

whole and, more importantly, the spending intended for recreation, culture and sports has dropped as well. In Veneto, however, the amount that families spend on a monthly basis in these activities is 121 Euros, higher than the Italian average which is 94 Euros.

**Fig. 8.4.1 - Average monthly spending by families for leisure, culture and games (in Euros). Veneto and Italy Years 2001:2013**



Source: Veneto Region Data Processing. Regional and Statistical System Section on ISTAT data

In fact, Venetians continue to attend cultural performances. In 2013 the highest percentage of participants took place in cinemas: almost half of the Venetians claim to have seen a film at the cinema, about a third to have visited a museum or exhibition, a quarter to have attended a performance in a theatre or a concert of light music and, finally, a tenth to have attended a classical music concert.

There is no doubt that in recent years of economic distress, some of these events have suffered a drop in attendance, but if we compare the figures of the last four years (2010-2013) to the previous four-year period (2006-2009), we can observe a growth for almost all types of events considered (with the exception of classical music concerts). An increase in demand is also expected in the coming years.

**The effort of the public sector<sup>7</sup> ...**

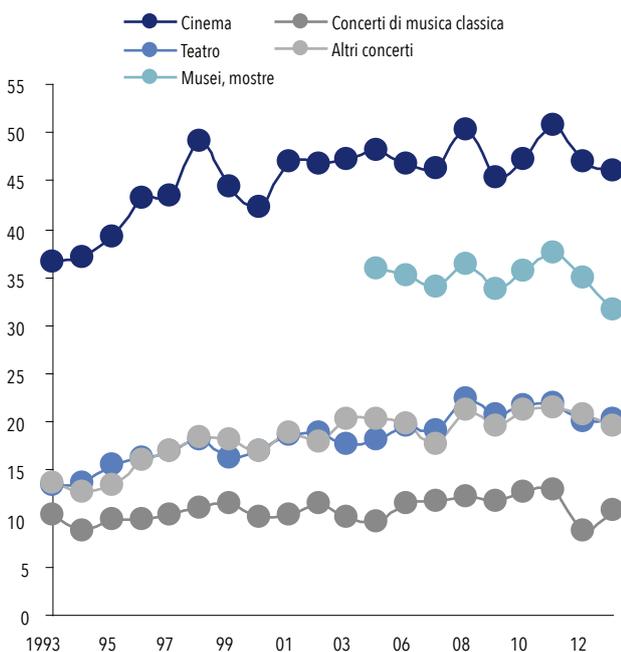
On the other hand, the public sector: government budgets prove without a doubt a period of deep crisis for the cultural sector. First of

<sup>7</sup> Based on "Veneto cantiere cultura: energia creativa. Atlante Veneto della Cultura" of the Veneto Region with Federultura.



all, Ministry of Arts, Cultural Activities and Tourism (MIBACT), in ten years has cut its budget by almost a third and, in particular, from 2011 to 2013 cut funds to the Veneto Region by 17%.

**Fig. 8.4.2 - Percentage of people aged 6 years and over who claim to have attended to a show at least once in the past year. Veneto - Years 1993:2013**

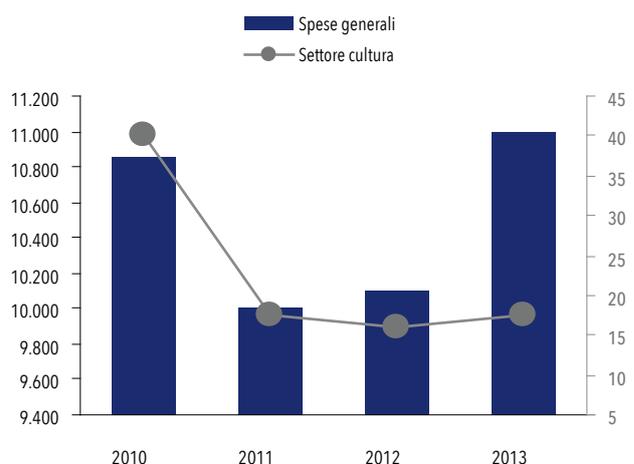


Source: Veneto Region Data Processing. Regional and Statistical System Section on ISTAT data

In this context, the Veneto Region, during the expenditure planning phase, was forced to take into account the general crisis, the decrease in Government funding and the necessity to cut down on public spending. 2011 was the year that disrupted the trend of growth recorded until then: the budget intended for the culture sector was reduced by 56%, falling from nearly 40 million to 17.5 million in commitments for 2011. In 2011, culture was 0.18% of the budget (0.37% in 2010) and most of the resources were allocated to cultural activities and live performances. In 2012 the adjustment in terms of cutting resources intended for culture continued (-7.6% compared to 2011), while 2013 recorded a recovery of Regional commitments increasing by +4.2%, bringing the total to just below 17 million.

The choice made in these years by the Veneto Region was to spread most of the resources allocated to fund and support sites, activities and cultural events throughout the local territory: it was 85% in 2011 which then became 88% of the total included in the budget in 2013.

**Fig. 8.4.3 - Resources allocated for culture and general expenses. Veneto Region - Years 2010:2013**



Source: Veneto Region Data Processing. Regional and Federculture Statistical System Section on Veneto Regional data

The very high population density appears to be a significant feature as well: 80% of regional resources are allocated to provincial capital cities, particularly Venice. A better allocation of resources was sought in the following years later years so in 2012 the other municipalities managed to collect 24% and 31% in 2013. In view of the reduction and the shortage of available resources, the regional strategy developed as a network, encouraging the territory planning and promoting the excellence of the Veneto region in order to unite the ideational and productive efforts of the cultural activities and initiatives to enhance the effects in terms of spread on the territory, public attraction and benefits for the population. In the current condition of crisis, it is crucial to find new energies, ideas and skills to imagine and create a new model of development. People stand at the base of this. Jobs involve wages and family incomes to spend on the domestic market thus giving impetus of development to the entire community.



Fortunately, after two years of decrease, employment started to recover again in 2014 in Veneto: compared to the previous year, + 1.1%, about 22 thousand more people were called to work, while the number of unemployed persons, 167,059, reduced by 0.5%. As a consequence to this, employment rates started to rise, particularly for women and, albeit slightly, unemployment started to decrease, in contrast with the national figure which instead increased by 0.6 %. Once again, the Veneto region confirms being among the leading Italian regions and, in 2014, had the sixth highest employment rate for those aged 15-64 years (63.7% compared to 55.7% of Italy) and the second lowest overall unemployment rate (7.5% against 12.7% average Italian rate, and youth unemployment rate (18% for those 15-29 years of age compared to Italy's 31.6%. There are also fewer NEETs (Not in Employment Education or Training) in our region (young people not engaged in a working activity or included in any education or training program): in this past year, the boys in this condition decreased by 8% and, in 2014, was 16.8% of young Venetians between 15-29 years of age, i.e. just above 118 thousand; the second lowest rate in Italy.

Education, as always, plays a very important role: spending energies in education is convenient as the higher the qualifications are, less the unemployment will be, less the risk of loss of jobs and higher wages.