INFLUENCE OF CULTURE ON ECONOMIC DEVELOPMENT

Contribution of culture to tourism (as a part of creative industries)
Introduction

The major source of tourism growth in recent decades is caused by the mutually beneficial relationship between tourism and culture. This relationship is quite obvious and understandable, since for many people visiting a different country is very often a great occasion to get familiar with its history, heritage, and culture. For example, it is estimated that the number of museums in Spain has increased by 100% over the past 20 years. Barcelona has targeted cultural tourism as a major growth area, and as a result, saw attendance at cultural attractions rise from 4 million a year in 1994 to 13.2 million in 2005. Tourists now account for 71% of all visitor admissions at cultural attractions in the city. However the nature of this beneficial relationship between tourism and culture has started to change almost parallelly to the development and recognition of a culture and creative industries. As it was recognised in an OECD report, “The Impact of culture on tourism report”, there is a significant shift from a tangible heritage approach towards tourism based on intangible heritage and contemporary creativity. Finding and arranging travel to a desired destination has never been so easy. The internet, social and mobile tools have created limitless possibilities for individuals to plan and execute fit-to-measure, experience-based, engaging tourism, without the help of traditional intermediaries. This new approach has caused destinations to seek a competitive advantage through developing engaging creative content and experiences, supporting innovation, and helping to make places more distinct and attractive.

As the creative economy has become the heart of many government development and competitiveness strategies, correlation between CCI and tourism has also gained importance. As it was already pointed out, culture and creative industries have changed the way people approach tourism as well as what the destination offers. CCI are responsible for value creation, therefore they foster tourism growth by:

- developing and diversifying tourism products and experiences.
- revitalising existing tourism products.
- using creative technology to develop and enhance the tourism experience.
- adding atmosphere and “buzz” to places.
- overcoming the limitations of traditional cultural tourism models.

Creative industries have changed the relationship between tourism and culture from
heritage-orientated towards creative tourism, which is knowledge and experience oriented. Creative tourism as a phenomenon was identified as a specific niche of tourism in 2000\(^6\). Since then creative tourism has emerged from being niche to a full scale movement that can be characterised and understood as:

- production related - creative producers using their skills to develop creative experiences,
- consumption related - creativity being used as a means to attract tourists to a destination,
- community related - creative tourism as a stimulus for community development\(^7\).

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6 Greg Richards and Crispin Raymond - Tourism which offers visitors the opportunity to develop their creative potential through active participation in courses and learning experiences which are characteristic of the holiday destination where they are undertaken

7 ATLAS, Creative Tourism Trend Report
Facts and Figures

- International tourist arrivals were 25 million in 1950. In 2011 this number was up to 980 million and is expected to reach 1.8 billion by 2030.

- Tourism accounted for over 9% of global GDP and almost 3% of employment in 2009 (UN World Tourism Organization/UNWTO 2011).

- The UN World Tourism Organization estimates that cultural tourism accounts for 40% (2007) of international tourism, which equates to 375 million trips.

- In Europe, income from tourism represents 5% of GDP and comprises 5.2% of the total workforce (EC 2010).

- Cultural tourism is seen as a desirable market by many countries and regions because it is generally high-spending tourism, usually undertaken by highly educated individuals who stimulate cultural activity at the destination.

CASE 1

**SXSW - South by Southwest Festival**

**Context**

SXSW is recognised as one of the most successful festivals in music, film, and interactive media. Held in Austin, Texas, SXSW began as a music conference and festival in 1987 and added a film and interactive media festival in 1994. SXSW attracts the world’s leading creative professionals to Austin for an unparalleled event that includes a conference, trade shows, and festivals. For the past 30 years, SXSW has successfully helped creative people achieve their goals while catapulting Austin onto the world stage each March by transforming the city into a global mecca for creative professionals. The event is a launch pad for innovative content with new media presentations, music showcases and film screenings providing exposure for creators and compelling entertainment for attendees. Music, film, and interactive conference sessions present a forum for inspiration and learning, while business and networking opportunities thrive at the SXSW Trade Show and beyond.

**The Challenge**

The goal of SXSW was to create an event that would act as a tool for creative people and companies to develop their careers, to bring together people from a wide area to meet and share ideas.

*SXSW’s goal is to gather the world’s creative community under one tent, but as a result over 30 years we helped spark a hospitality industry boom that created countless Austin jobs from construction to transportation to dining and more. The lodging industry alone currently employs more than 75,000 people.*

- Mike Shea, SXSW Executive Director
Results and Impacts

SXSW continues to be the single most profitable event for the City of Austin’s hospitality industry:

- SXSW in 2016 included 13 days of industry conferences, a 4-day trade show, 8 exhibitions, a 6-night music festival featuring more than 2,200 bands, and a 9-day film festival with more than 460 screenings. In 2016, SXSW directly booked 14,415 individual hotel reservations totaling over 59,000 room nights for SXSW registrants. Direct bookings by SXSW alone generated $1.8 million in hotel occupancy tax revenues for the City of Austin.

- The openings of the Hotel Van Zandt and Holiday Inn Express, as well as the continued increases in registrants and short-term rental bookings, helped expand Austin’s lodging capacity and contributed to longer SXSW visits. In 2016, the SXSW registrant hotel stay averaged 5.2 nights each, an increase from 4.9 nights in 2015.

- Despite increased lodging inventory in Austin, demand for accommodations during SXSW continues to outstrip supply by a significant margin—a situation that drove the average nightly hotel rate for SXSW-booked rooms to an all-time high of $350 in 2016. The trend of hotel rate hikes – a 60% rise between 2011 and 2016 – will prove unsustainable as additional guest-room inventory enters the market and lower room rates bring some relief to future attendees.

- SXSW Conference and Festival participants, defined below to include Registrants and Single Admission Ticket Holders, totaled nearly 140,000.

- SXSW Guest Pass and Consumer Attendees attracted an additional 203,800 participants. These popular free-to-the-public events included the 3-night Outdoor Stage concerts at Lady Bird Lake, the 2-day Digital Creative Job Market, 3-day Flatstock poster art show and Music Gear Expo, 1-day Education Expo, the 3-day SXSW Gaming Expo, SXSW Create, and SXSW MedTech Expo. In 2016, SXSW distributed 119,500 Guest Passes.8

The Austin Convention Center greatly enjoys our partnership with SXSW, the largest event our facility holds annually. We are excited each year to see the innovation and growth that the event brings. This is reflected in the consistent increase of SXSW’s economic impact to the City of Austin.

- Mark Tester, Director of the Austin Convention Center

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8 SXSW Analysis of the economic benefit to the city of Austin from SXSW 2016
CASE 2

Hallyu - The Korean Wave

Context

The phenomenon of Korean Wave, also known as Hallyu started in the mid-90’s and it refers to Korea becoming the most important cultural force in Asia and beyond. Korean television dramas, and later television programmes, have become very popular in China, Taiwan, Japan, and Hong Kong. The amount of TV programmes and shows exported to those markets grew from USD $5.5 million in 1995 to USD $150.9 million in 2007. Later, Korean pop-music (K-pop) became the catalyst for the tremendous growth enjoyed by Hallyu, which took the hearts of fans in Asia and, later on, worldwide. Also, many Korean-originated movies have been remade by Hollywood, resulting in an increase of export of USD $7 million in 2000 to USD $76 million in 2005. Korean pop-culture content, such as dramas, movies, and K-pop, became a key driver for creative tourism development, due to strongly relatable aspects as:

- Participating in live concerts performed by K-pop stars.
- Visiting sites or being attracted by the stories related to TV dramas and movies made in Korea.
- Purchasing products related to Hallyu.
- Enjoying Korean food and culture.

*Over the past decade, South Korea, with a population of around 50 million, has become the Hollywood of the East, churning out entertainment that is coveted by millions of fans stretching from Japan to Indonesia.*

- Lara Farrar, CNN World

The Challenge

This positive tendency of growing demand for creative tourism is the trend that Korean officials wish to continue. The Hallyu effect is not only responsible for tourism development, but it is also equally important for job creation. Hallyu for a long time was a private sector driven initiative, but since it became a worldwide phenomenon, in order to sustain this tendency, the Korean government decided in 2012 to launch the Hallyu Culture Promotion Task Force. Policymaker’s goal was also to promote traditional Korean culture, such as traditional food, arts, or fashion, and use it as the new driving force behind the Hallyu effect.

*We will focus on three areas — traditional culture, contemporary culture and other hallyu related industries. As the first step, we established creative strategies to boost our traditional culture.*

- Choe Kwang-Shik, Culture Minister

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9 The Korean Wave, A New Pop Culture Phenomenon
10 The Korean Herald
Ten specific plans were introduced:

- establishing guidelines for traditional patterns to be used on governmental buildings and state-funded firms to be built;
- creating a high quality Korean lifestyle model;
- storytelling of Korean traditional culture;
- developing value-added products through collaboration projects between traditional artisans and contemporary designers;
- adapting traditional culture into contemporary cultural genres;
- combining the latest CT and IT technologies with traditional performances and rituals;
- starting a quality certification process for “hanji,” or Korean traditional paper;
- urging governmental officials to wear hanbok in official events and opening a hanbok promotion center;
- establishing an organization in charge of development of traditional houses for tourists;
- expanding education on traditional culture.

The idea policymakers had was to foster cross-collaboration and generate synergies between tourism and CCI in order to keep tourism growing, as well as to have Koreans recognize the importance of traditional culture and form a consensus about its application in everyday life. For the new task force to spearhead strategies to achieve the creative development of traditional culture, the Korean ministry dedicated $29.8 million of the budget for 2012 and introduced plans to inject an additional $200 million for 2013 and 2014.

**Results and Impacts**

Hallyu contents have been made available abroad through broadcasting, the internet, mobile media and theatre to generate increased interest in Korea, ultimately increasing the number of visitors. The economic effect of Hallyu tourism was estimated to be around $6.4 billion in 2012 and supporting 67,000 jobs, and growing to $18.1 billion and 120,000 jobs by 2015. The tourism industry created 24,520 jobs; the gaming industry produced 24,308; the food and beverage industry generated 16,758; and the cosmetics industry gave 4,201. The number of jobs in the cosmetics industry rose 57 per cent year-over-year, the highest of all the industries. Exports of cultural content and consumer goods stood at $6.16 billion abroad in 2014, an 8.4 per cent increase from the previous year, the data showed. The increase is 2.3 per cent higher than the country’s total export growth in 2013, indicating that Hallyu led in overall exports as the main pillar of the Korean economy.

Korean creative tourism is strongly related to the creation of new jobs, fostering cross-collaboration between traditional tourism and CCI, as well as developing sustainable
tourism by introducing traditional Korean culture and values to the wider public, based on the interest generated by its pop-cultural dimension. As it is underlined in an OECD Tourism and Creative Economy report, this would not be possible without recognition of the following factors:

- Reinforcing creativity in the private sector.
- Revitalising creative tourism without a border between industries.
- Reinforcing cooperation between government authorities and private-public cooperation.
- Expanding R&D budgets.
- Expanding investment in tourism start-ups.
- Constructing a profitable model of a new tourism company.
Summary

As it was argued, for many people the main reason to travel around the globe as a tourist is a curiosity for different cultures, visiting remarkable heritage sites or famous museums. In past decades there has been a significant change in terms of how culture impacts tourism. This change may not seem obvious since it is strongly related to the digital and creative shift, and affects other areas of our lives as well. However, the transition from cultural tourism to creative tourism is strongly related to the development of CCI and their cross-sectoral operating nature. Technological development, new digital tools, a shift from being simply a consumer of various goods to becoming an active co-creator (prosumer), and, finally, a strong demand for experience-related products, are all factors that constitute creative tourism. Creative tourism may seem like a niche, but it is rather a large number of different niches that all together are creating a massive movement. On the one hand, this can be exemplified by the SXSW case where different creative professionals from around the globe, as well as individuals simply interested in what is new in CCI, gather all together in one place to exchange experience and knowledge. On the other hand, there is the Korean Wave effect, that thanks to CCI’s involvement became a global phenomenon. In both cases the final effect is a growing number of creative tourism, as well as socio-economic development.

Recommendations

- The mutually beneficial relationship between tourism and CCI must be recognised and supported by policy makers, preferably by the creation of dedicated development strategies.
- CCI industries’ products are export goods and at the same time can generate tourism growth.
- CCI’s digital products, such as mobile apps or social media tools, can play a crucial role in generating tourism growth.
- Culture and creative tourism are generally high-spending tourism, usually undertaken by highly educated individuals who stimulate cultural activity at the destination.
- Recognition and supporting CCI’s creative role in tourism can easily leverage the number of visiting tourists.
Additional Resources

Council of Europe, Impact of European Cultural Routes on SMEs’ innovation and competitiveness

OECD, The Impact of culture on tourism

OECD Studies on Tourism, Tourism and Creative Economy (2015)

South by South West Festival
https://www.sxsw.com/

Cultural Heritage Counts for Europe

Korean Wave
http://kstore.korea.net/publication/list?keywordId=A160600