



Use value of cultural events: The case of the Christmas markets



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H I G H L I G H T S

- A Christmas market is a cultural and retail event that creates a recreational value.
- Visitors mainly attend to relax, to enjoy the Christmas atmosphere, and to spend time.
- The consumer surplus of Christmas markets conveys benefits for the society as a whole.
- The recreational value is higher for one-day visitors.
- Studies in different countries and Christmas markets are needed to compare the value for visitors.

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A B S T R A C T

The Christmas market in Meran (Italy) is one of the top 27 European Christmas markets, attracting around 2000 visitors a day for 50 days. The Christmas market is a cultural and retail event that creates a recreational value for visitors. This paper, using the travel cost method, estimates the recreational use value of the Meran Christmas market for one-day and multiple-day visitors. The aim is to estimate the economic or social value (consumer surplus) of the Christmas market to understand in what way the event creates a benefit for society as a whole. The empirical data were collected via a survey administered at the end of a visit at the Christmas market during the 2011–2012 season. The empirical findings highlight that the use value differs—other than according to travel costs—according to the type of visit experience and to the perceived authenticity.

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1. Introduction

In recent years, a visit to a Christmas market has become a Christmas tradition for many Europeans (CRR Research, 2014). In 2014, there were 157 main Christmas markets and 2634 smaller markets in Europe, which attracted 493.7 million visitors who spent £4450.4 billion (CRR Research, 2014). A Christmas market is a

street market with market stalls selling Christmas decorations, local traditional food and drinks, artisan products, toys, and other local traditional products related to Christmas. A Christmas market is not only a shopping occasion but also provides an experience for the whole family with the site especially decorated for Christmas, music, performances, and other features aiming to create a Christmas atmosphere.

Not surprisingly, most of the research related to Christmas markets has investigated visitors' expenditures (e.g., Brida, Disegna, & Osti, 2013a, 2013b; Brida & Tokarchuk, 2015). The main goal of these studies is to understand what makes visitors spend and to increase their spending to increase economic value of the event to

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the hosting community. However, Christmas markets are an event that creates value for the visitor as well. Research has shown that tourists attend Christmas markets in order to relax, enjoy the Christmas atmosphere, spend time with family and friends, and sample local products (Brida, Disegna, & Osti, 2012). Shopping is generally a secondary motivation for tourists attending Christmas markets. The growing importance of Christmas markets in the tourism industry has created the need to estimate the value for visitors of the experience at a Christmas market that goes beyond a mere shopping occasion.

Describing the value of event experiences remains a challenge for event research. Recently, use value has been successfully applied to event valuation, drawing on extensive research and a validated methodology from culture economics. Accordingly, the economic impact of cultural tourism can be analyzed from the two main perspectives, which include macroeconomic and microeconomic levels (Brida, Meleddu, & Pulina, 2013c, chap. 2.14). On the micro-economic level, the economic value of cultural tourism considers the benefits for society. On the macroeconomic level, the value is reflected in the stimulation of other economic branches through direct, indirect, and induced effects.

The total economic value incorporates use value and non-use value; non-use value is composed of the option value, existence value, and bequest value. The use value is related to the mode of use (or to an equivalent value in cash) and not to any intrinsic value of a certain good or service, and accounts for the satisfaction that one obtains by consuming the good or service.

The methodologies for assessing these values are broadly classified into two categories: stated preference methodologies (e.g., contingent valuation and contingent choice modeling methodologies) and revealed preference methodologies (e.g., hedonic and travel cost methodologies). The main difference between the two categories lies in the way consumers reveal their preferences. The stated preference technique relies on asking people what they would hypothetically be willing to pay or be willing to accept for a given good or a commodity bundle. Respondents are asked to choose the 'best' alternative from among a set of hypothetical scenarios, which are described by a set of attributes generated from an experimental design. However, as pointed out by Diamond and Hausman (1994), these surveys potentially suffer from drawbacks such as strategic behavior, protest answers, response bias, and respondents ignoring income constraints. In contrast, revealed preference methods use observations about actual choices made by people to measure preferences, and the primary advantage of these methods is reliance on actual choices, which avoids the potential problems associated with hypothetical responses such as strategic responses or failure to properly consider behavioral constraints. This is why in this work a revealed preference method is applied.

The paper aims at estimating the economic use value, primarily recreational, of a particular outdoor recreation activity, the Christmas market in Meran, Italy. Valuations based on revealed preferences are derived from the prices paid for goods or services. To infer the value derived from the direct use or interaction with cultural services for recreation purposes, we apply a travel cost model (TCM), which has been used to value non-market goods and outdoor events (Armbrecht, 2014; Bedate, Herrero, & Sanz, 2004; Poor & Smith, 2004). A misspecification arises if individuals' trips consist of different trip purposes. In case of ignoring this misspecification bias may occur. This is why the study includes visitors whose aim is to visit the Meran Christmas market and focuses on estimating the economic value of the event in terms of consumer surplus. The novelty of the study is the attempt to estimate the economic or social value (consumer surplus) of the Christmas market as distinct from the economic impact that is a change in expenditure that could be assessed via other methodologies (e.g., input–output

analysis).

In Section 2, we discuss previous studies on Christmas markets, and in Section 3, we provide an overview of the travel cost method. In Section 4, we describe the Meran Christmas market and the survey methodology and present key socio-demographic characteristics of respondents. In Section 5, we provide additional details about the modeling process and focus on the important role that authenticity plays, as highlighted in the literature, in the decision to attend the Christmas market. In Section 6, we present the results and the computation of the consumer surpluses. Finally, in Section 7, we conclude.

2. Literature review

Academic research on Christmas markets has covered several aspects related to this special event. One of the main themes of research related to Christmas markets is the study of the perceived authenticity of the event. Castéran and Roederer (2013) found that visitors who perceive a Christmas market as authentic are more likely to repeat their visit to the event, thus relating the perceived authenticity of a Christmas market to its financial value. Brida et al. (2013a) investigate the relationship between the authenticity of the event and products for sale at Christmas markets and visitors' expenditure. They demonstrate that tourists who perceive the event and products as more authentic have higher willingness to spend at a Christmas market. Brida et al. (2013b) further investigated visitors' expenditure at Christmas markets. In this study, the researchers provide a list of factors that influence visitors' propensity to spend and spending at a Christmas market. Brida and Tokarchuk (2015) investigate spending intentions and the actual expenditure of Christmas market visitors. This study demonstrates that most visitors are ready to spend more than what they actually spent at Christmas market, which suggests the management of Christmas markets should pay closer attention not only to satisfaction but also to visitors' expectations.

Brida et al. (2012) studied the categorization of visitors to Christmas markets based on their motivations leading to the identification of six groups of visitors. For all groups, sampling local products was the most important factor followed by enjoying the Christmas atmosphere, relaxing, and visiting the city. Shopping was found to be relatively important for two of these groups while for one group shopping had little importance. This study shows that although academic research is concentrated on commercial aspects of Christmas market, visitors value other things created by the event, which are the opportunity to sample local products, enjoy the unique Christmas atmosphere, relax, and visit the city. To the best of our knowledge, no study has investigated consumer surplus generated at a Christmas market. Prayaga, Rolfe, and Siden (2006) measure the economic value for consumers of a four-day special event Gemfest in Australia. Comparing data from 1998 to 2000, they find that the value of the event decreased over the period. Investigating the reason for this decrease, they found that in 2000 the event attracted fewer participants and visitors came in larger groups that led to the distribution of travel costs among a larger group of people. This study showed the managerial importance of measuring consumer surplus for events.

As pointed out by Smith, Suárez de Vivero, and Agardy (2015), measuring social value is difficult because there is no consensus on its definition yet. We can rely only on the Marshallian concept of consumer surplus rehabilitated by Hicks and made measurable during the 1970s. It was the result of the development of what is now known as duality theory, including the demonstration by Hurwicz and Uzawa (1971), chap. 6 of a theoretically rigorous yet practical numerical procedure. This approach identifies the specific utility function underlying any given system of demand equations

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