

Duncan Macmillan "The Forbidden Zone", 2014



SALZBURG FESTIVAL: ECONOMIC ENGINE, EXCELLENCE INFUSION FOR THE LOCATION

The results in brief: # 183 million Euro value creation

- The Salzburg festival directly and indirectly creates value to the sum of 183 million Euro in Salzburg 215 million Euro in Austria. This study differs from prior studies which described a cumulative sales effect. Value creation orientation and the applied econometric model allow the calculation of income effects, sector effects and the increased consideration of taxes and social security contributions.
- The festival thereby secures employment in Salzburg (including year-round employees and full-time equivalent adjusted seasonal workers of the festival) of 2800 full time jobs (Austria 3400).
- Through their effect in other sectors, directly and indirectly they provide the public sector with approx. 77 million Euro of taxes and duties.
- Salzburg Festival furthermore produces difficult to measure intangible effects such as image enhancement, educational demand and competence clusters in sectors and companies, together creating a "Festival ecosystem", which is only partly recorded by calculating the tangible effects.

Festival President Dr. Helga Rabl-Stadler: "We are an economic driver beyond the Festival time, which, thanks to excellent cultural services, not only produces a great level of measurable value-creation, fiscal and employment effects. The Festival has also contributed to the development of high-quality competence in the entire Salzburg economy for close to a hundred years. We enrich the image of the city to the benefit of all sectors and are the facilitator of additional value creation with each and every Festival season."

Final Performance of the Opera Camp 2016 Don Giovanni



INTRODUCTION

In a standard work on the character of the “History of the Austrian provinces” R. Kannonier summarises the Salzburg Festival in a few sentences about its international, cultural demands and its function as the trigger of a multi-faceted value creation chain:

“... the Salzburg Festival represents a unique concentration in the European festival landscape from at least aspects. On the one hand, they were and remain an exemplary interface of politics, economy and culture. On the other, a national flagship of “world-cultural character” and an important local / regional economic factor. It would appear that at no other festival site do terms such as “world”, “nation” (Austria) and “region” and “city” flow together more naturally than in Salzburg ...”¹

Around 20 years later the lead article of the editor in chief of the “Salzburger Nachrichten” newspaper bore the following heading at the beginning of the Salzburg Festival 2016:

“What would Salzburg be without its Festival?”

The text continues:

“City and province without the greatest cultural event of Europe is unimaginable ... a body without a heart ... The Salzburg Festival is to be seen and felt everywhere. They spread across city and province ...”.²

Economy and the Salzburg Festival? This relationship was frequently reduced to mere indirect profitability for the public sector. However, the Salzburg Festival as a world-leading music and theatre festival triggers more than mere fiscal effects. As the centre of an organically grown economic ecosystem it fulfils many functions and produces effects that deeply shape the business site Salzburg overall and which extend beyond Salzburg.

¹ Kannonier (1997, p. 736).

² Perterer (2016, p. 6). This lead article was simultaneously the overture of the comprehensive (annual) Festival supplement of this medium.

Richard Strauss "Der Rosenkavalier", 2014



SALZBURG THE **BUSINESS** LOCATION

Salzburg stands out with the lowest / second lowest traditional unemployment rate of the Austrian provinces. This underscores the attractiveness as a location for work and business. The purchasing power per resident is currently the highest in Austria, the gross regional product per inhabitant at 46,100 Euro is the highest after the national capital Vienna. The export performances of the Salzburg economy are above average.

The fact that Salzburg has the fewest sick days per employee fits the outstanding image of an exceptional business location, which scores further points with its outstanding quality of life: it is a fact that the average life expectancy in the Salzburg region is considerably over 82 years. The typical Salzburg citizen therefore counts among the longest-lived Europeans. Even the physician density is relatively high: only three European capital regions are ahead of Salzburg, which can lay claim to 532 physicians per 100,000 inhabitants.

Salzburg's economy is thereby borne by – structurally well-distributed – several columns: manufacture (trades and crafts, industry, construction) across retail, services and tourism. As the site of numerous international and national headquarters, as a centre

of retail, industry and services as well as being a small but excellent finance location, many enterprises appreciate the security and quality of services in and around Salzburg as well as the wonderful quality of life.

In an analysis of spring 2016 the Salzburg Economic Chamber compared the region of Salzburg (province) with a selection of the other 172 European regions. Essentially, the 32 best (!) of all EU regions were taken as a benchmark for comparison. The other provinces of Austria were also included, which – aside from a few exceptions – also count among the group of 33 regions placed at the peak. A variety of indicators available at regional level (mostly) for 2014 provided by the European statistics office were researched.

The result held no surprises. In brief: The region of Salzburg counts – aside from cities of millions and capital city regions¹ – to the strongest economic regions of Europe of 270 that were examined. On the one hand due to the high gross regional product achieved, on the other hand due the strength of the vocation education of the Europe-wide poster-child of the so-called dual training on the job and in

¹ To prevent the non-comparable from being correlated, no generalised conclusions across all regions are made.

*“Culture encompasses the material and immaterial value of a society.
It reflects the sum of wealth, ability and behaviour of the society
as a whole.”*
(Gottschalk, 2015, S. 11)

vocational school, an above-average life-expectancy, a region very well served doctors, and despite a multitude of existing higher education institutions and a lively start-up scene a research quota with potential for further development.

How, over the last fifty or one hundred years, the province of Salzburg and its economy (under the hardest conditions) has developed – coincidence or not – in retrospect the Salzburg Festival apparently simultaneously delivered an equally tremendous performance. Therefore it is not presumptuous to refer to a Festival ecosystem in Salzburg and beyond. Let us briefly take a step back:

Salzburg Festival: Not merely an economic motor with effects far beyond Salzburg

In 2016 the effects of the Salzburg Festival first underwent a comprehensive analysis, as to the extent to which the “Salzburg Festival” has a halo effect on the obvious sectors such as retail and tourism. The business location Salzburg per se is, as has been demonstrated also shaped by the Festival, which counts among the most valuable value creators of the country. In 2016 this comprehensive new approach selected the Salzburg

Economic Chamber Salzburg study “Ökonomische Auswirkungen der Salzburger Festspiele” (Economic effects of the Salzburg Festival), which was created by the Salzburg Economic Chamber department of Regional Economic Policy in cooperation with the Salzburg Festival.

This analysis was the first to also examine so-called intangible effects, the economic effects that cannot be evaluated on a mere monetary basis.

The following positive examples of intangible effects are therefore difficult or impossible to measure, but are most welcome for a business location:

- Salzburg’s high level hospitality could only come into being because the Festival had over many decades triggered a strong demand for sophisticated hotels and top-quality gastronomy. Salzburg’s high concentration of Michelin-starred and award-winning restaurants is proof of this.
- This ensures corresponding demand for training: the fact that Salzburg is the site of top tourism schools is no accident – but the result of culture tourism, triggered by the Festival. The Mozarteum university, an internationally renowned music

academy is also only conceivable in connection with the Festival in this form.

- The **competence and network effect** at the Salzburg location cannot be ignored. In no other city of this scale can such a program be artistically, technically and logistically mastered during the Festival season, effectively evenly distributed across the city at the various venues and stages. Salzburg has an above-average number of catering enterprises and event specialists compared to the other provinces.
- A noteworthy **identity effect** is should also be considered: due to the anchoring effect and almost hundred year tradition, the Salzburg Festival's quality demand has not only led to its becoming a cultural heavyweight, but also a stable factor in Salzburg for many years. The Siemens Festival Nights that have been held for 15 years, as well as many other activities in and beyond the Festival season in the city and province of Salzburg bring Hugo von Hofmannsthal's central theme of "the city as a stage" ever nearer to reality.
- The fact that the music economy in Salzburg bears up better than in other provinces is due to the direct effect of the Festival.
- Examples also include the taxi business, tourist guides, trades working for the Festival, the media economy and Salzburg Airport as parts of the unique "Festival ecosystem".



© Salzburger Festspiele / Monika Rittershaus

Thomas Adès "The Exterminating Angel", 2016

- The contribution to **brand development** of destinations through regular recurring larger events is especially emphasised by Scherer i.a.¹ The consequence of permanence has previously been insufficiently illuminated, because it makes a great difference to individual events. The Salzburg Festival, which has been conducted for many decades, stands for long-standing, cumulating economic effects.
- Not only tourism advertising naturally also profits from this brand effect of the world-renowned Festival, but also the tourism location as a whole ("image effect") up to congresses and trade fairs.

¹ Scherer et al. (2001, p. 298).

“Images of cities are bundled assessments and prejudices, which need not necessarily match the facts. Images develop in a slow process and consolidate over time. Images can be typologically divided into economic images, cultural images, historical images and special images, which influence each other. Cultural images refer to famous structures or persons to image-shaping areas of culture, educational and research institutions, church functions, celebrations and festivals and to the mentalities and influences of the population.”
(Grabow et al., 1995, 105ff)

Regularly occurring large-scale events create a special sustainability in the competence and image effect area, because they effectively contribute to the right account each year. Thereby the Salzburg Festival as an especially important nucleus of creativity with many further core actors including the Mozarteum University and additional partners in the higher education domain as well as from the music and culture economy, can develop into a “Music Network Salzburg”. In particular within the scope of the various programs for young talent in the artistic domain, which primarily occur during the summer in Salzburg, networks with a cross-sectoral orientation could be created (from medicine and music to young entrepreneurs, the sciences and the gaming sector). According to R. Florida, exactly this creativity at this site so powerfully “charged” with music could raise creativity, innovation and knowledge potentials for the long term. Especially knowledge-intensive companies with a digital / technical / artistic / creative focus should be able to profit from these conditions which make the Salzburg location so authentic. A Florida sees it, the second term of creativity, which not merely refers to art and culture, but also to medicine, the sciences and specialists active beyond these domains also speaks for Salzburg.

Successful regions have to take this leap towards the knowledge society, by incorporating actors who are active locally, regionally, and beyond in various activities / allowing these to incorporate themselves.

Accordingly, organisations for economic development of public offices and agencies, naturally companies, especially start-ups, educational organisations, research departments of scientific institutions due to their person contact opportunities and personal encounters (could) create a higher communication density. Knowledge transfer thereby becomes a matter of course, if this milieu contact network is (consciously) utilised, whereby the especially involved persons should have authority and special competence.¹

It is self-evident that such a milieu emergence cannot be purely planned or dictated “from above”. Exactly as there would be innovation-oriented regional development, one would have to speak of milieu-oriented regional development. “At the centre should be the effort to strengthen with the aid of regional initiators from the region itself [...]”² Such a creative milieu cannot be created on the drawing

1 Fromhold-Eisebith (1999, pp. 169–170).

2 Fromhold-Eisebith (1999, p. 173).



© Salzburger Festspiele / Marco Borrelli

Yuja Wang, Lionel Bringuier and the Camerata Salzburg

board but it could be possible to prepare the ground. It is important that trust and sympathies are united, to form a new local community group and thereby successfully counter the growing competition of a globalised world.³

This enriching of the image of Salzburg in the domain of (high) culture, music especially, tradition, historic buildings (the latter provide an exceptional image as "Salzburg world heritage historic city centre"), can occur in various ways. If these are pursued together, long-term future-oriented opportunities arise for Salzburg. The new founder initiative "Startup Salzburg" and comparable activities such as the new Open Innovation – initiative, strengthened networking work between the actors at universities and also at the interfaces of art and culture/multimedia art/

communication/gaming offer promising approaches and can make positive contributions to a sustainably "charged" image of Salzburg.

In the "Wirtschaftsprogramm" (economic program) 2020 of the province of Salzburg, the topic area of "Music" is listed in combination with the creative economy and "Life Sciences". So-called knowledge-spillovers i.e. transfer effects, especially occur in knowledge-wise related ("close") sectors.

"This permits the conclusion that structure-political initiatives for the differentiation of the economic basis [...] should primarily concentrate on such (new) activities that are technologically (or cognitively) related to existing activities, [...].⁴

Together with these site-political aspects, Salzburg Economic Chamber President Steindl draws the following conclusion:

"The far-reaching and correct decision of Salzburg businessmen close to a hundred years ago, to actively support the founding of the Festival, was one of the most important economic policy courses set in the history of Salzburg: It set an economic motor in motion, which has given the entire country economic momentum to this day."

³ Fromhold-Eisebith (1999, 171ff). c.f. Benner (2012, p. 34).

⁴ Firgo and Mayerhofer (2015, p. 61).

RESULTS OF VISITOR SURVEY ON 2015 FESTIVAL

The basis for the calculations published in the summer of 2016 is formed by the visitor survey on their stays for the 2015 Festival.

The most important results: 319 Euro daily expenditure, higher proportion of regular visitors, hotels preferred.

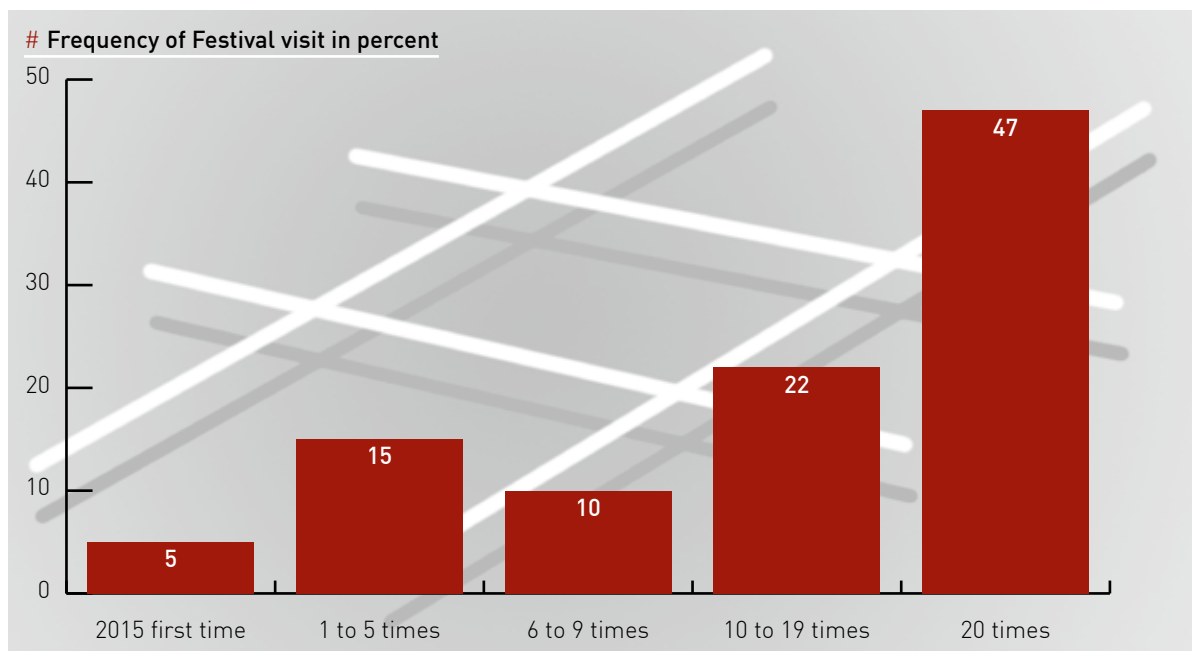
The Salzburg Economic Chamber study is based on the survey of Festival visitors from January to May 2016. 3067 visitors took part in the survey. The guest survey indicated a stable top position of the Festival when compared to earlier studies.

Summary:

- **Higher proportion of regular visitors:** Currently 80 percent of Festival visitors (2011 survey: 72.5 percent) are regular visitors. They have visited the Festival at least six times.
- **Festival as a motive for visiting Salzburg:** 95 percent of the surveyed Festival visitors visit

Salzburg purely because of the Festival. (2011: 71 percent)

- **Festival visitors stay longer.** As shown in earlier studies, external Festival guests are not merely loyal visitors of Salzburg, but also stay longer than other tourists. On average their stay in the city of Salzburg is 6 days. The overall average of all tourists spending nights in the city of Salzburg across the year is 1.7 days.
- A little more than half of the Festival visitors from abroad spend their holiday in Salzburg in pairs. On average each Festival guest visits five Festival performances.
- **The greatest visitor group comes from Germany.** A little over 41 percent of Festival visitors come from Germany, 38 percent come from Austria.
- **Reliable source of revenue for hotels:** 79 percent of Festival guests use a commercial accommodation provider during their stay (hotel, bed and breakfast). The hotel segment far outweighs B&B with 71 percent (2011: 69.5 percent).



➤ **Stable daily spending:** On average, each festival visitor spends 319 Euro (excluding Festival tickets) per day (2011: 317 Euro). The costs for board and lodging add up to 191 Euro (59.9 percent) on average. 64 Euro (20.1 percent) are spent per day on high-class consumer goods (clothing, jewellery, etc.). On top of this is the expenditure for the Festival tickets of around 550 Euro per visitor.

Regular guests still strong

Around 80 percent of the surveyed guests stated that they had visited the Salzburg Festival at least six times. In 2011 the number of regular visitors, using the same survey method – but without the online

option – amounted to 72.5 percent. In fact 68 percent of guests stated that they visited the Salzburg Festival every year. The proportion of regular visitors appears to be steadily rising.

A detailed evaluation showed that considerably more than half of the visitors had visited the Festival at least ten times. A notable 47 percent had even attended at least 20 times.¹ Therefore it is quite justified to speak

¹ The result could be interpreted to suggest that exceptionally loyal customers of the Festival completed the questionnaires disproportionately often, because the loyalty effect is greatest here. All of the results should be regarded in this light. The survey also does not differentiate between the Summer and Whitsun Festival.

of a particularly high level of customer loyalty of the Festival guests.

The new customer segment is easily determined during advance ticket booking. These are deliberate, early ticket orderers, who had long-standing plans to visit the summer 2015 Salzburg Festival: around five percent of those surveyed stated that the Salzburg Festival 2015 was their first attendance. For comparison: in 2011 this value for those celebrating their “premiere” so to speak at the Festival was 8.2 percent.¹ At the 2016 survey, a total of 20 percent specified that they have visited the Salzburg Festival between one and five times previously.

Festival holiday motive

The Festival is a strong motive for paying the city of Salzburg a visit. Among the guests who spend their holiday during the Festival directly in the city of Salzburg, 98 percent specified that they exclusively came to Salzburg due to the Festival. This number may be regarded as confirmation that the Festival is a truly important driving force for summer tourism in the city of Salzburg. The effect is greatest in the four star superior and 5 star hotels.² Naturally other reasons play a role for a stay, for example in the Salzburg environs³ The Summer residence is thereby selected quite consciously by the Festival guests. As they are mostly regular visitors, they know what Salzburg and its environs have to offer as well as the corresponding range of accommodation.

¹ Gaubinger (2011).

² The first category is not represented in the provincial capital, however, it is in the surrounding areas.

³ The Festival itself lists the many options for putting together a varied holiday program on its homepage.

Festival guests stay especially long

On average the external Festival guests spent seven to eight days in Salzburg in 2015. A mere 25 percent of those surveyed stated that they spent between one and three days in Salzburg. Around 44 percent of guests spend between four and seven days in the region. Almost a third (30 percent) spend over seven days during the Festival summer in Salzburg. These include numerous guests who stay/holiday considerably longer in Salzburg and the region.

In detail it can be seen that the Festival guests who directly stay in the City of Salzburg spend on average six days in the provincial capital. Those who seek accommodation outside the City of Salzburg in the province, remain significantly longer – on average ten days – because they combine their stay with other holiday and leisure activities (golf, hiking etc.).

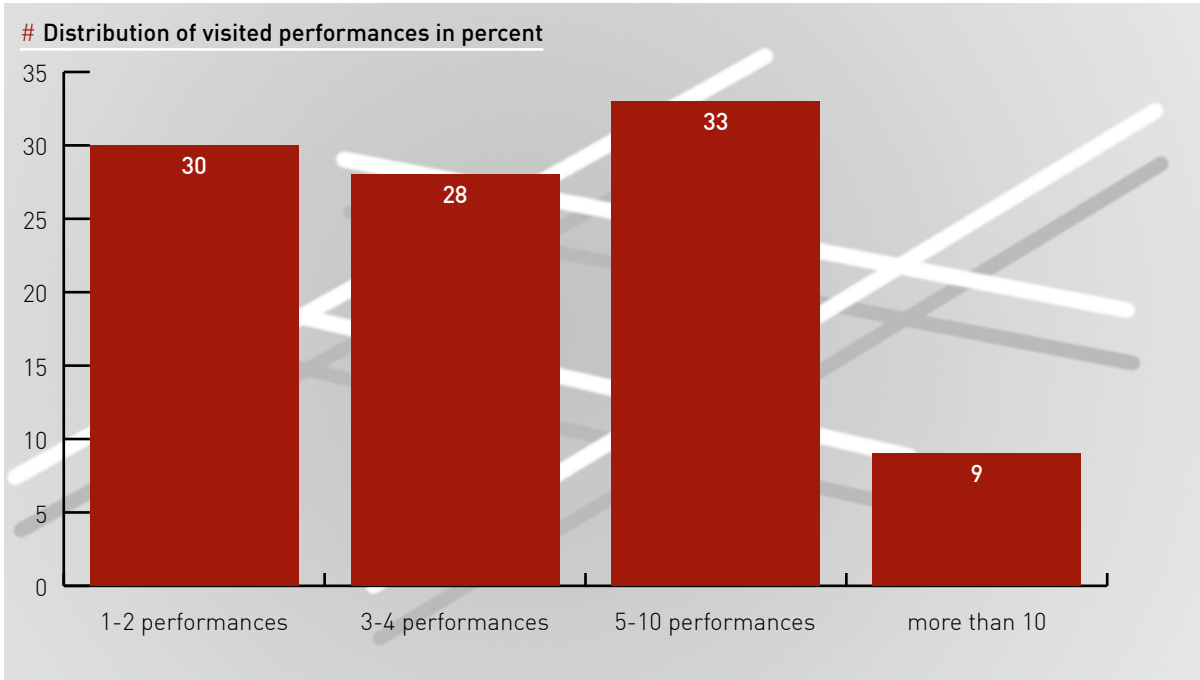
Number of visits stable

The stay length of seven to eight days is reflected by the visited performances. On average each Festival guest visits five Festival performances.

In detail, around 30 percent of Festival guests visit one or two performances. A further 28 percent view three to four and around 33 percent attended five to ten performances. The proportion of those who complete an “Art Enjoyment Marathon” at the Salzburg Festival and attend over ten performances lies at round 9 percent.

A Festival guest seldom comes alone

A little more than half (53 percent) of the Festival visitors from abroad spend their stay in pairs. 14 percent each of guest come as a party of three or alone to Salzburg. A significant proportion of almost



one fifth of all surveyed attended the Festival with over two additional persons.

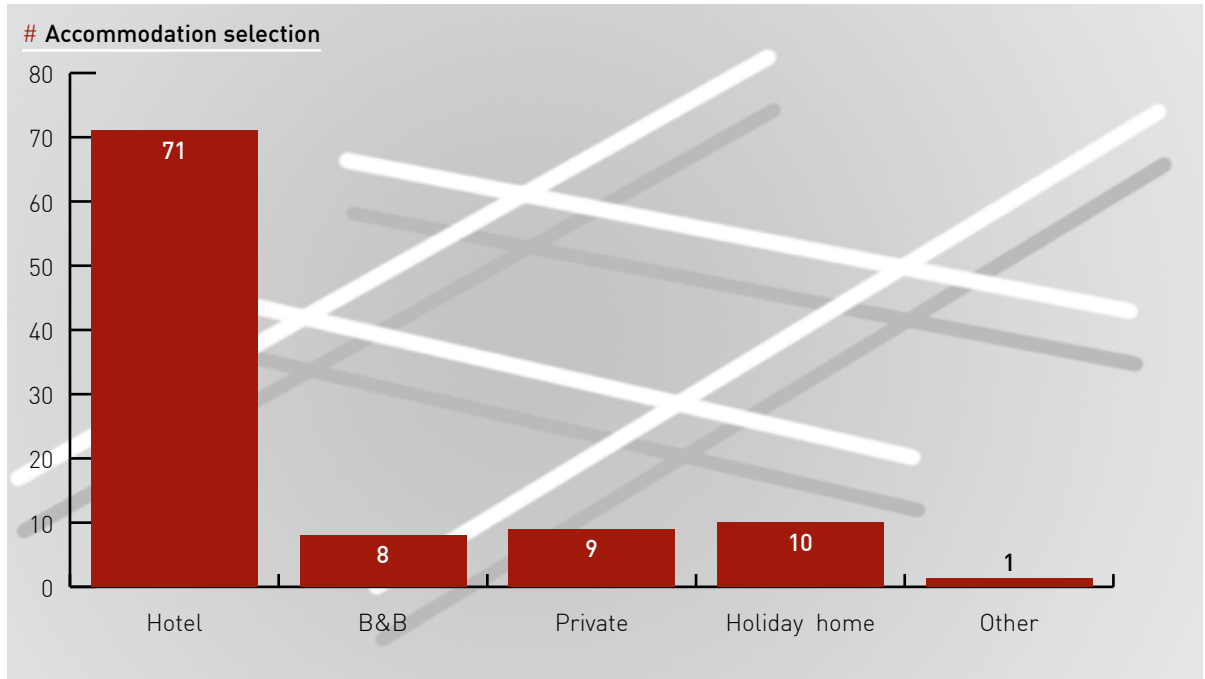
The Festival visitors from the Salzburg region state that they purchased tickets on average for three further guests from the province of Salzburg and five guests from outside the province of Salzburg and passed these on.

The visitors with a permanent residence outside the Salzburg region state that they purchased three further tickets on average for Festival visitors from the province of Salzburg and four for guests from outside the province of Salzburg. The local Festival

visitors therefore on average purchase one ticket more for friends and guests as the above-mentioned visitors with a permanent residence outside the Salzburg region.

Accommodation selection

Around 79 percent of Festival guests use a commercial accommodation provider during their stay, i.e. a hotel, or to a lesser extent, bed and breakfast. The hotel segment far overweighs B&B with 71 percent. Ten percent of guests are quartered in holiday homes / apartments and around nine use “private” accommodation. A small segment, approximately two percent uses uncategorized accommodation during



the Festival stay, for example their own mobile home. The same proportions across different categories result for regular customers of the Festival.

Regarding board at the lodging, 21 percent of external guests stated that they had not booked any board. 73 percent included breakfast with their bookings, four percent booked half board and two percent booked full board.

35 percent of surveyed Festival visitors stated that they drive from their full time residence to the performances. These are not only residents of Salzburg, but also guests from neighbouring Upper Austria (i.e. up to the Linz greater area) or Bavaria,

some of whom arrive by railway. Experience shows that these guests from within a 70 to 100 km radius of Salzburg also select Salzburg as a shopping destination outside the Festival season and therefore are an important customer base for local retailers and gastronomy.

Most pass the night in the city of Salzburg

65 percent of outside Festival visitors stayed in the UNESCO world heritage city of Salzburg during their Festival stay. This again represents an increase of 60 percent compared to 2011. A further 24 percent (2011: 21 percent) stayed outside the city, in the province of Salzburg. Thereby close to 90 percent select a holiday location in the region. A mere ten

percent of surveyed visitors reside outside the province of Salzburg during the Festival season, for example in Upper Austria or Bavaria.

Mobility of Festival guests

When it came to the choice of means of transport for travel to Salzburg for a Festival visit, 67 percent of outside guests opted for a car¹ (2011: 68 percent). Trains and buses are still used by around 20 percent of guests. Considerably over ten percent of external Festival guests use aeroplanes.

67 percent of the guests with a permanent residence in the Salzburg region also use a car for attending the performances. Train and bus were taken by 17 percent. Taxis are pleased with great popularity at 13 percent.²

The average daily expenditures of Festival visitors amount to 319 Euro without the Festival tickets. The costs for board and lodging add up to 191 Euro on average. As the evaluation shows, in addition to the cultural highlight there is still enough time for shopping: a noteworthy 64 Euro are spent on average by Festival guests per day on clothing, leather goods, jewellery, souvenirs etc. The expenditures for culture and leisure time (13 Euro) demonstrate that, aside from the Festival, museum visits, golf and other leisure options are utilised. The means of transport are included in the daily expenses at ten Euro. Buses and taxis are the most popular means of transport among Festival guests. Personal services include

¹ Or motorcycle.

² Taxis are naturally a popular means of transport for external Festival guests, to allow rapid individual movement within the city or from the surrounding communities.



© Salzburger Festspiele / Forster

Giuseppe Verdi "Il trovatore", 2014

visits to the hairdresser, cosmetics, massages, spa activities etc. In addition to these are the expenditures for the Festival tickets of around 550 Euro per visitor.

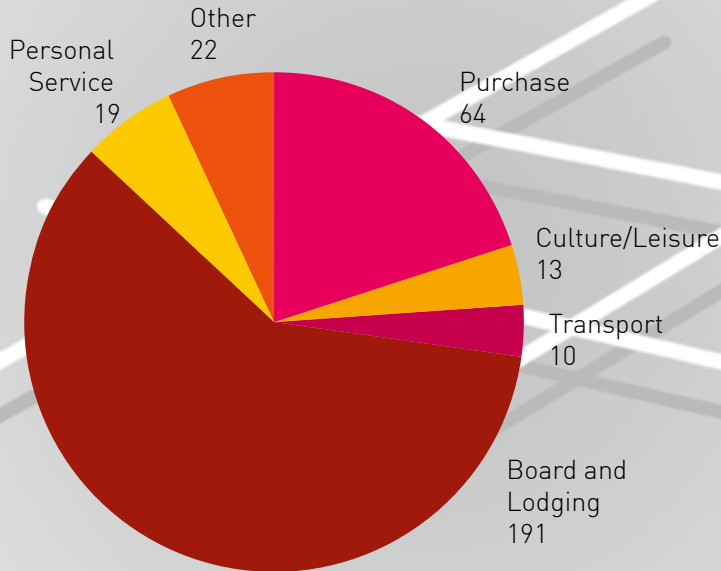
Worldwide halo of the Festival – Distribution of guest countries or origin

The response rate deviated slightly from the regional / global distribution of guests themselves: a slight preponderance of responses from Austria (52.7 percent) and Germany (37.18 percent).

According to the ticket reservation figures, the Festival visitors from Austria and Germany have stabilized to a level of a little over / under 40 percent (Germany: 41.83 percent / Austria: 38.20 percent) over the course of the festivals.³ Approximately equal order addresses were in Switzerland and Japan

³ Engel (2016).

Daily expenditures of Festival visitors



[2.7 percent each], 2.3 / 2.2 percent in the United States and Great Britain, orders from France were slightly below this level.

Service and Information of the Salzburg Festival

Customers are generally very satisfied with the services of the Salzburg Festival. Organisation, Information and Staff all do very well overall.

If Festival guests wish to inform themselves about innovations etc. they normally do this via the Festival publications (67 percent) and the homepage of the Salzburg Festival (51 percent). 42 percent inform themselves via the publications of the Friends of the Salzburg Festival. 25 percent of guests inform

themselves about the Festival via daily newspapers. Radio and TV are behind this at seven percent. The result indicates professional communication management with regard to the multimedia customer loyalty program of the Festival.

Use of survey results for calculation of economic effects

For the calculation of the value creation of the Salzburg Festival, the direct demand originating from Festival operation and the expenditures of the visitors are calculated. In total, the subject research is on the basis of 263,500 sold tickets.¹ Of these sold

¹ Engel (2016).

tickets, taking into account the evaluated data from the survey, a 20 percent share of customers from the Salzburg region were contacted. The remainder are customers with a full-time residence outside the Salzburg region.

The turnover from the expenditures of visitors of the Festival is projected on the basis of the calculated external and local visitor figures. In total a turnover of 129 million Euro results from the survey results on the expenditures of visitors in combination with the estimated number of visitors. This is distributed as follows across the surveyed areas of expenditure:

Board and lodging	
(in gastronomy and retail):	77 million Euro;
purchases:	26 million Euro;
culture and leisure time:	5 million Euro;
personal services:	7.5 million Euro;
transportation:	4 million Euro;
other:	9 million Euro.

To determine the value creation effects the VAT still needs to be deducted from these values. For this, a tax rate of 10 percent / 20 percent is assumed in the various categories.²

The expenditures for Festival tickets and thereby the turnover impulses resulting from the production of the Salzburg Festival should also be taken into account. To achieve optimal data quality for the model, the values of the expenditures of the Salzburg Festival can be utilised. The expenditures for Festival tickets are therefore not generally assigned to

² The old VAT rates of 2015 apply here.



Wolfgang Amadeus Mozart "Così fan tutte", 2016

© Salzburger Festspiele / Ruth Walz

the "Art, entertainment and recreation" economic sector³, but a more precise assignment to individual sectors is possible.

In total the Salzburg Festival 2015 and its guests generate a demand amounting to 141 million Euro (excluding VAT).

The resulting value creation as well as the employment effects are presented in the next chapter.

³ Statistik Austria (2016).

CALCULATION OF **VALUE CREATION,** **JOBS AND INCOME**

For the calculation of value creation and job effects a model from the Gesellschaft für Angewandte Wirtschaftsforschung (society for applied economic research) [GAW, 2015]¹ is used. The data basis for the model is formed by the national account as well as the input-output tables supplied by Statistik Austria. The effects triggered directly and indirectly by this festival, but also induced effects in the value creation area are central to the analysis of the economic effects of the Salzburg Festival. The Festival held place in summer in Salzburg, including the Whitsun Festival, as shown in the following, trigger a substantial additional employment volume and additional income in Salzburg and in Austria.

General results

The Salzburg Festival, which has existed for almost 100 years, creates special cultural, but also calculable economic values (tangible effects), year after year.²

¹ The SAREMO macroeconometric regional model illustrates the regional economic connections.

² Of equal importance are the previously described so-called intangible effects: multifaceted competence and network effects, image effects etc.

Significant value creation and income effects of the “Salzburg Festival”

- Festival visitors trigger an additional turnover impulse of approximately 129 million Euro.
- Including Festival ticket revenue and the revenue resulting from the production of performances and an aliquot investment part, the Festival provides a **turnover impulse of 141 million Euro** (excluding VAT).
- A single Festival year – in this case 2015 – with induced wave effects in the following years to 2019, generates **additional value creation to the sum of 183 million Euro in Salzburg** alone according to the GAW macroeconomic model. One Festival season brings Austria a total of 215 million Euro of value creation.
- Just in the province of Salzburg the Festival thereby permits an income effect of 104 million Euro, and 122 million Euro in Austria.
- They thereby create / secure approximately 2800 jobs (including the Festival) in Salzburg, 3400 in Austria.

Finally, the Salzburg Festival and its economic effects also bring a 77 million influx of taxes and duties for the public sector and the social system.

The results

The generated demand of approximately 141 million Euro becomes effective in 2015 and forms the basis for the model calculation. Thereby for this year the effects on gross value creation of around 146 million Euro and the estimated additional available income of 83 million Euro are greatest.

The demand generated by the Festival operation thereby causes additional value creation in the province of Salzburg, totalling around 183 million Euro. The additionally available income thereby reaching citizens of Salzburg is estimated at 104 million Euro. Looking at the gross value creation and the thereby available income, it can be seen that a large part thereof is brought to the province of Salzburg by foreign Festival guests.

The effects on employment in the province of Salzburg are calculated at a total of 2434 jobs, measured in year-round full time equivalents. The Salzburg Festival staff are not included here. The festival itself triggers an employment volume of a total of 400 full-time equivalents (year-round staff, seasonal staff, temporary staff). This does not take into account the measurable volume in working hours for the performances in summer of the approximately 3500 participants (choirs, orchestras, etc.).

The positive effects that naturally occur for the economy beyond the country borders e.g. due to

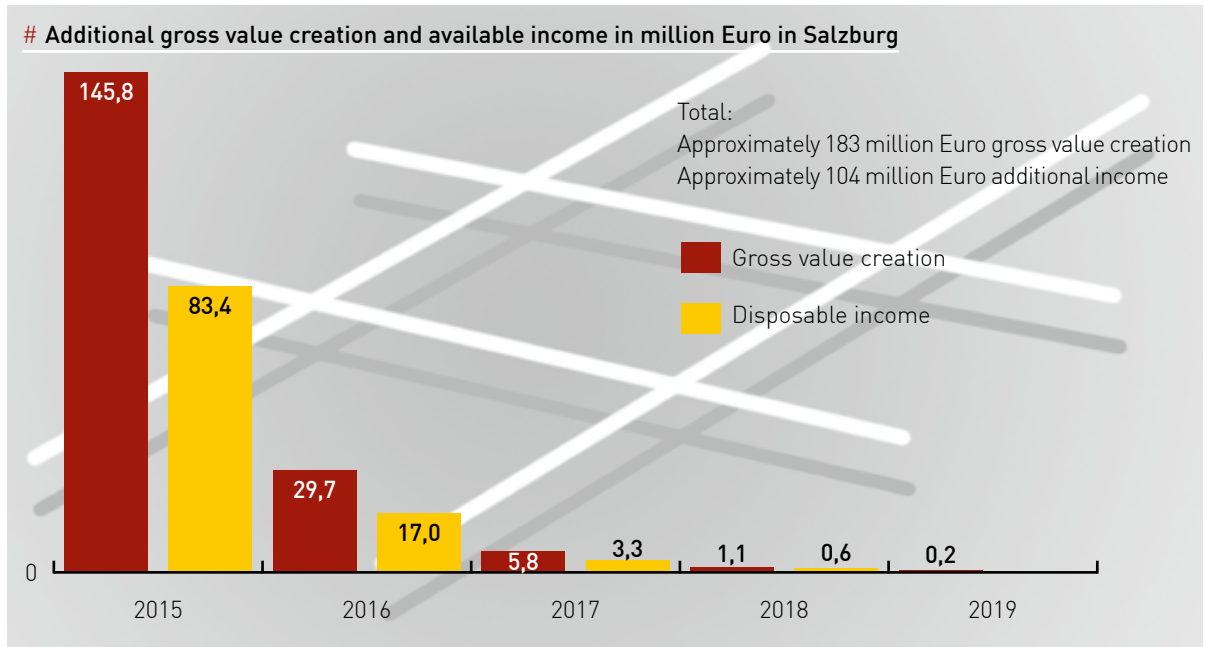


© Salzburger Festspiele / Marco Borrelli

Anne-Sophie Mutter, Riccardo Muti and the Vienna Philharmonic Orchestra

preliminary work or the use of additional income of private households. For Austria (Salzburg included) this could be estimated as additional value creation of approximately 215 million Euro.

Employment also benefits across Austria, as the jobs of approximately 3000 employees in total are secured or created by the additional demand from the Festival. Thereby the Salzburg Festival plays a valuable contribution to employment in Austria as a whole. The above-mentioned 400 full time equivalents are not shown here, which would result in an employment effect of approximately 3400 full time equivalents.



The results in detail

As the value creation analysis of the department of Regional Economic Policy demonstrated, the additional gross value creation for the province of Salzburg is distributed across the 2015 Festival and especially across years 2015 to 2019, whereby it is again highest in the first year, i.e. approximately 146 million Euro and in the second year (2016) at approximately 30 million Euro. This steadily reduces by six million in 2017 until 2019. The additionally available income behaves in the same manner, estimated at approximately 83 million Euro in 2015 and 17 million Euro in 2016.

The effects of a one-off demand impulse naturally reduce over time. When interpreting these numbers it is therefore important to bear in mind that the Salzburg Festival is an annually occurring cultural festival. The effects described here are cumulative to a certain extent. In one year, it is not only the effects of one festival year that are decisive, but of the festivals of preceding years, which are not taken into account in this analysis of the 2015 festival event. As the results show, the demand resulting in within the framework of the festival has verifiable effects for several years thereafter. In the analysis of the effects of the Salzburg Festival on the gross value creation in the province of Salzburg, the effect on the various economic is demonstrated: the accommodation and



© Salzburger Festspiele / Ruth Walz

Wolfgang Amadeus Mozart "Le nozze di Figaro", 2016

gastronomy sectors benefits especially, to the sum of approximately 50 million Euro, whilst retail benefits to the sum of approximately 35 million Euro. It can also be clearly seen how the direct demand for example is distributed across, and affects accommodation and gastronomy but also other sectors (retail, manufacture).

The detailed results for employment in year-round full time equivalents also provide an interesting insight. Again, it can be seen that the demand effective in 2015 also ensures value creation and thereby employment in the following years. The effects in the first year with 1961 full time equivalents naturally stand out. However, the results of the following years, especially 2016 (3821) and 2017 (74) should not be ignored.

1 Year-round full time equivalent

Observing the various sectors, in addition to accommodation and gastronomy (683) as well as retail (472) a considerable employment effect occurs in the arts and entertainment sector (359). Construction (259) and manufacturing (200) also profit from the orders for the Festival and the resultant income of citizens of Salzburg. (The "arts and entertainment" sector includes galleries as well as museums and other cultural institutions, which directly attract many Festival visitors during the Festival time. From the outset, festival guests belong to the group of culture tourists who like to take advantage of other cultural offerings during their stay in Salzburg. There are also so-called coupling effects in this domain, not only for fashion retailers, ladies' and gentlemen's tailors, hairdressers and the above-mentioned other sectors).



© Salzburger Festspiele / Hans Jörg Michel

Vincenzo Bellini "Norma", 2013



Hugo von Hofmannsthal "Jedermann", 2016

SUMMARY

In this culture-economic view it should be noted that beyond the significant effects of the Festival on value creation, employment and income, this cultural flagship enterprise plays a significant role in the world heritage site of Salzburg for the entire Salzburg region and beyond that – also for its image:

Aside from this, the Salzburg Festival itself may be regarded as an infrastructure facility, in any case a mention-worthy contribution to the relevant site factor of infrastructure through the resultant value creation: distributed across several years a “Salzburg Festival” in the Summer yields a total of 183 million Euro of value creation, 104 million Euro income and

an employment equivalent of in total 2800 full time jobs in the province of Salzburg.

Each invested Euro thereby yields multiple returns

The Salzburg Festival is a sustainable initiator from many points of view: with its culture production, with which it is a world leader, and which triggers many image effects, with its economic networking effect, allowing the tremendous value creation at a high level, and with its competence effects, which ensure know-how quality in companies and institutions. The Salzburg Festival provides an annual “excellence infusion” for Salzburg.

“... Gaisbergstraße¹, (Groß-)Glocknerstraße², Festspielhaus³... no, Franz Rehr (Note: visionary governor of Salzburg (1922–1938)) did not build this all himself. But all of this would never have been built without him! [This] shows that even the best ideas cannot leave the starting blocks without significant personalities and effective alliances. And it demonstrates that without fantasy, enthusiasm and risk-taking, nothing is possible ...” (W. Haslauer, November 11th 2016).

1 The Gaisbergstraße road leads up the scenic Gaisberg mountain (completed 1929).

2 The (Groß-)Glocknerstraße High Alpine Road is the highest surfaced mountain pass road in Austria (built 1930–1935).

3 The governor of Salzburg, Franz Rehr, initiated the first building called “Festspielhaus” in 1925. The Large Festival Hall (Grosses Festspielhaus) in Hofstallgasse was built from 1956 to 1960 planned by the architect, Clemens Holzmeister. It is one of the Salzburg Festival’s most impressive venues.

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Blick über die Jedermann-Bühne am Domplatz



