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# HOW TO DEVELOP AN EXTRA-URBAN CULTURAL DISTRICT? EVIDENCE FROM ITALIAN CASE STUDIES

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CLEACC/ACME Seminar Series

Bocconi University – Milan, February 22, 2011

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# CULTURE AND ECONOMIC DEVELOPMENT

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- Culture has acquired a fundamental role in the modern economy. Scott (2000): “capitalism itself is moving into a phase in which the cultural forms and meanings of its outputs are becoming critical if not dominating elements of productive strategy”.
  - Cultural production is strictly linked to the territorial dimension and thus the cultural district has emerged as unit of analysis in recent literature as a particular type of local production system, “defined by the production of idiosyncratic goods based on creativity, culture and intellectual property” (Santagata, 2004) and characterised by the cultural link with the local community of origin.
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# CULTURAL DISTRICTS

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- Cultural districts are becoming an important field of investigation, but most of the literature has concentrated on urban clusters, cities of art and cities of culture (Richards and Wilson, 2007; Cooke and Lazzeretti, 2008).
  - Nevertheless, in the last twenty years there has been a wide diffusion of the **extra-urban cultural district** as a development model, above all in Mediterranean Countries. It is not exclusively rural, since it contains **small towns**, usually significant in terms of heritage and tradition. Nevertheless the **countryside** distinguishes itself for the valuable landscapes and hosts **traditional** agricultural or enogastronomic **productions** often covered by a protected designation of origin. The local supply has usually developed towards **tourism services** and organisation of **events**.
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# THE EXTRA-URBAN CULTURAL DISTRICT

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- The first research step has been the study of the processes of local development in extra-urban cultural districts.
  - Results published in:
    - E. Lorenzini, ***Lo sviluppo locale nei distretti culturali***. Ph.D Thesis in Economics of Production and Development, University of Insubria, 2009
    - E. Lorenzini, ***The extra-urban cultural district: an emerging local production system. Three Italian case studies***. Working Paper SIEP, n. 648, november 2010.  
To appear in ***European Planning Studies***
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# AIMS OF THE RESEARCH AND METHODOLOGY

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- Aims:
    - defining the conceptual model of the E-UCD and identifying its levers of development
    - discussing the significance of these levers in three Italian districts selected as case studies.
  - Method: qualitative multiple case studies analysis.
    - Cases: Cinque Terre, Val d'Orcia, Ravello
    - The interviews have involved 60 among policy makers, farmers, entrepreneurs and local leaders and have dealt with the reconstruction of the local development processes, strategies and actors.
    - Documentary analysis has involved examining the policy and planning documents as well as the census data
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# CRITICAL SUCCESS FACTORS

## 1. THE PRESENCE OF SPECIFIC RESOURCES

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- The first variable characterising the model is the presence of idiosyncratic resources (Santagata, 2004) or ***cultural and territorial capital***, “an asset which embodies, stores or provides cultural value in addition to whatever economic value it may possess. It may be ***tangible***, occurring in the form of buildings, locations, sites, precincts, artworks such as paintings and sculptures, artefacts and so on”, or “***intangible***, occurring as intellectual capital in the form of ideas, practices, beliefs and values which are shared by a group” (Throsby, 2001).
  - Examples: landscape, monuments, churches etc; Brunello, sciacchetrà, Ravello town of the music
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## CRITICAL SUCCESS FACTORS 1. THE PRESENCE OF SPECIFIC RESOURCES SUSTAINABLE DEVELOPMENT IN E-UCD

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- In the last twenty years a relevant phenomenon of standardisation and delocalisation have provoked a loss of local *savoir faire* and tacit knowledge
  - In cultural districts this tendency is softened since
    - Tangible capital is not moveable
    - Intangible capital in terms of specific knowledge and *savoir faire* is hardly reproducible outside the territory of origin
    - Moreover, the growing demand for traceability pushes local actors to keep also the rest of the local produce inside the territory.
- ➔ Thus the cultural district formula is a way to keep sustainable the economic development of places.
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# CRITICAL SUCCESS FACTORS

## 2. AGGLOMERATION AND INTEGRATION

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- *Firms' agglomeration* around the idiosyncratic resources.
    - Their core business is mainly related to the valorisation of cultural capital, for instance through tourism services, that are frequently the first thrust to development, as happened in the Cinque Terre district. Tourism development could also come as the result of specialisation in wine and food production as in Val d'Orcia. In Ravello, tourism development and cultural productions combined with one another.
    - After the first step the process of valorisation can involve different complementary sectors and new activities contribute to make the economic structure more complete and widen the opportunities for development.
  - *Productive integration*: the main feature that distinguishes a mature extra-urban cultural local production system
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## CRITICAL SUCCESS FACTORS 2. AGGLOMERATION AND INTEGRATION

# WHAT KIND OF INTEGRATION?

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- Upstream and downstream linkages: few examples in the E-UCD. This type of integration characterises especially industrial production
  - Cooperation within the same sector: the predominance of firms of small dimensions requires the development of cooperatives and consortia in Val d'Orcia and in the Cinque Terre. In Ravello, where the social capital is weaker, cooperative behaviour is less frequent and this is one of the reasons for the depressed condition of farming.
  - Capacity of the system to start up activities in different but complementary sectors: the most relevant for the local development of E-UCD (Attention to which activities!)
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## CRITICAL SUCCESS FACTORS 2. AGGLOMERATION AND INTEGRATION

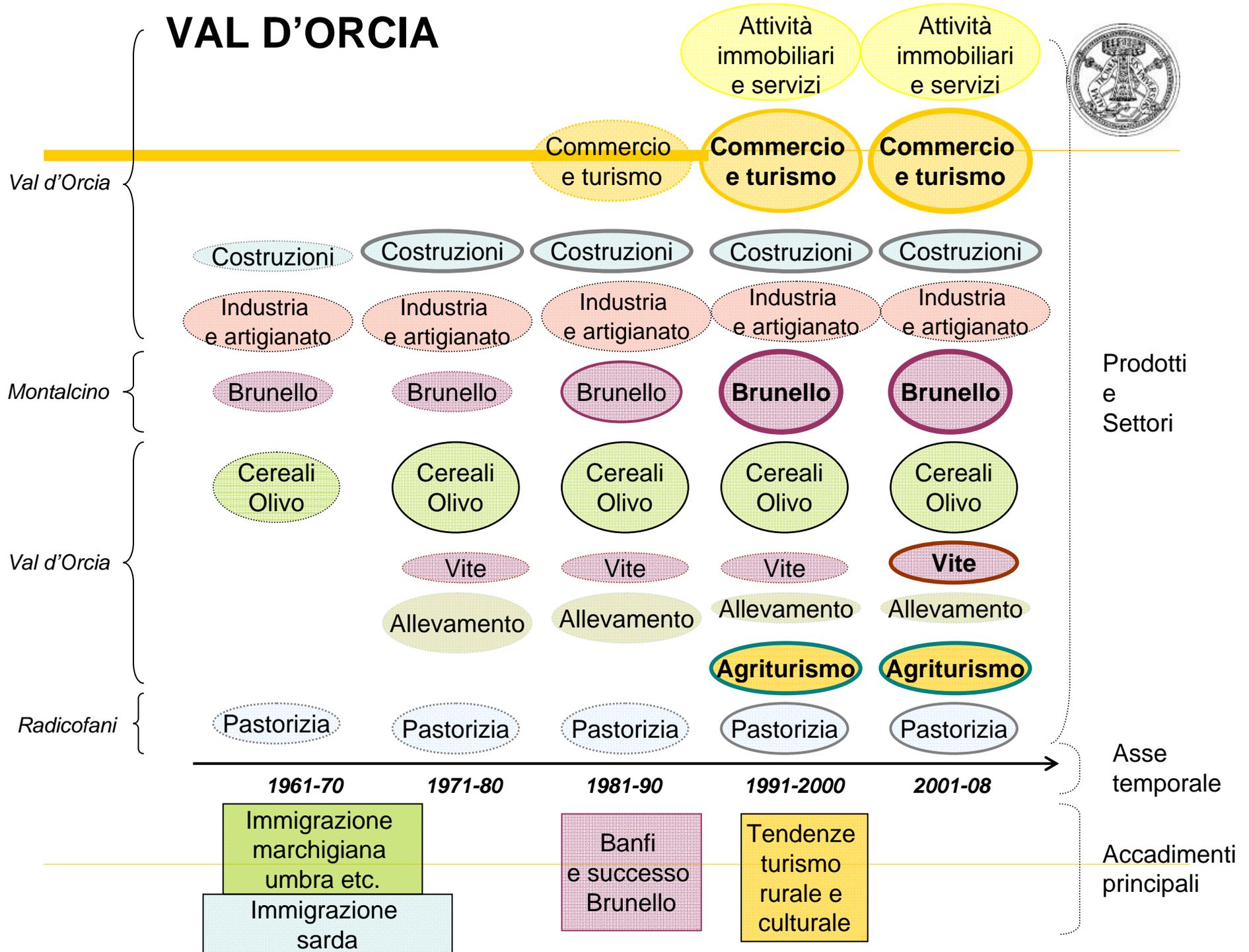
### SOME EXAMPLES: VAL D'ORCIA

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- Val d'Orcia In the Eighties was an underdeveloped rural area.
  - The settlement of Banfi in Montalcino launched the production of Brunello and wine tourism
  - Many linkages have occurred in the last twenty years between tourism, agriculture, handicrafts, the construction industry, and services. The system is thus able to produce a good part of the inputs necessary for satisfying the needs of tourism services and the community, as well as for exporting.
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# VAL D'ORCIA



## CRITICAL SUCCESS FACTORS 2. AGGLOMERATION AND INTEGRATION

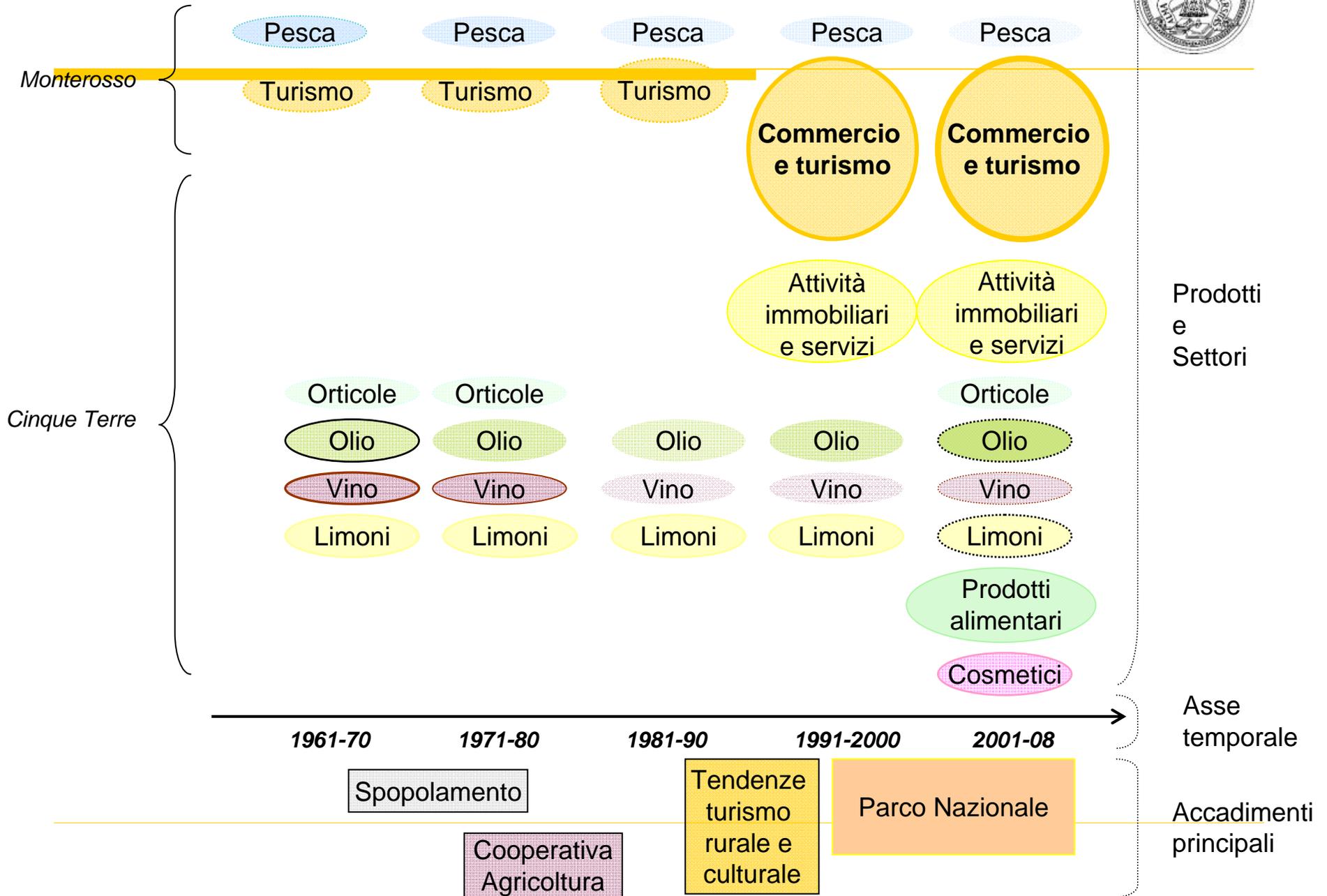
### SOME EXAMPLES: CINQUE TERRE

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- In the Seventies, subsistence farming and fishing were the sole activities
  - In the Eighties the first “post-modern” tourists arrived and many bed & breakfasts spread in the area
  - In 1999 the National Park was created. This institution has been promoting a development based simultaneously on both innovation and tradition.
    - The local *savoir faire* has been recuperated and the two products that symbolize the area, the sardines of Monterosso and the *sciaccetrà* (a liqueur) have obtained the “presidium Slow food” certification.
    - The Park manages the natural and cultural attractions and functions as a destination management organization in support to agricultural activity, conceived as strategic for environmental balance
    - It has supported the start up of laboratories of transformation of agricultural products (Cosmetics, sardines salting, etc.)
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# CINQUE TERRE



## CRITICAL SUCCESS FACTORS 2. AGGLOMERATION AND INTEGRATION

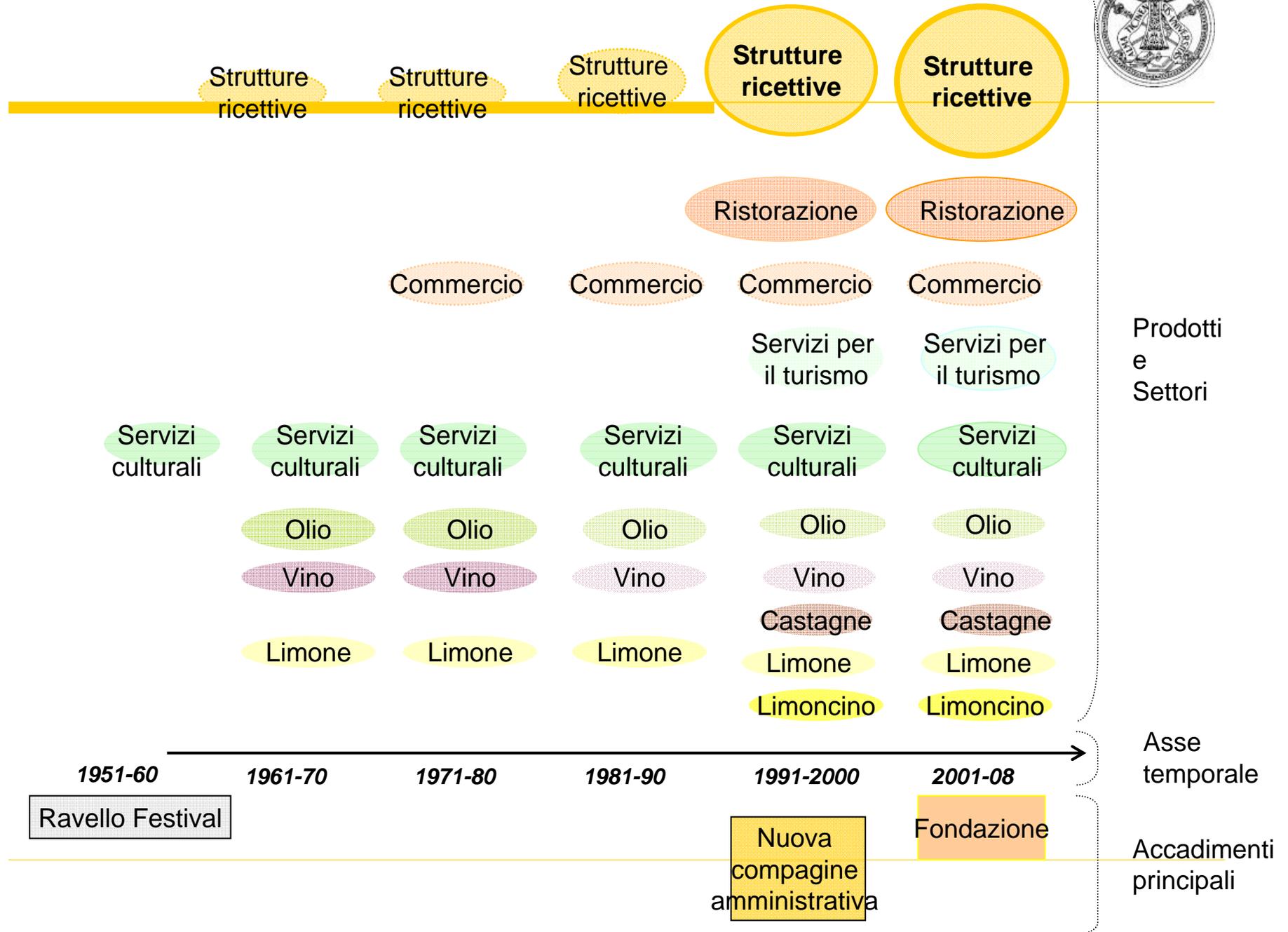
### SOME EXAMPLES: RAVELLO

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- In Ravello, there is still much to work to develop and integrate agricultural productions into the cultural local production system. Although the whole Costiera Amalfitana is the land of origin of typical products such as the lemon “sfusato”, the *limoncino* and a variety of good wines, agricultural activities are facing some difficulties due to a lack of cooperation. This results also in danger for the environmental equilibrium.
  - A further missing link in the value chain is the integration between local producers and restaurants and wine bars
  - On the contrary, a good integration exists between cultural activities and service sector. Some new service provider companies are born in the area, linked to the needs of the Ravello Foundation.
  - Furthermore, a Consortium among the hoteliers and the businesses involved in tourism activities has recently been established after years of efforts, demonstrating that the local society is moving the first steps in the direction of the creation of trust and social capital
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# RAVELLO



# THE RELATIONSHIP BETWEEN INTEGRATION AND QUALITY

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- The main territorial product can be considered a “**total cultural experience**”, which is the result of the combination of cultural services and products, tourism services, local-product tasting, availability of typical products, effective transportation system. The quality of each of these elements affects the perceived quality of the “total cultural experience” and the reputation of a product depends on the quality of all its components as well as of the territory where it is produced.
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# THE RELATIONSHIP BETWEEN INTEGRATION AND QUALITY

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- Therefore, integration causes three other effects:
    - Strengthening of quality and reputation, both of the individual product or service and of the territory as a whole, owing to the virtuous circle generated by the reciprocal link;
    - Consumer's loyalty. The more the district is able to produce quality goods, the more visitors will come back not only for holidays but also to buy typical products;
    - Repeated consumption of typical products not only during the holiday but also in the places of residence. This will also allow expansion of the classical distribution channels and the identification of new ways to reach clients, for instance through e-commerce.
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# CRITICAL SUCCESS FACTORS

## 3. GOVERNANCE, INSTITUTIONAL LEADERSHIP, PARTICIPATORY PLANNING AND COLLECTIVE ACTION

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- Some cultural district strategies are the product of a top-down local authorities' intervention in the local environment. Some experiences, instead, start as spontaneous forms of local development, while others are a combination of the two (Le Blanc, 2010).
  - Whichever origin cultural districts have, **institutional leadership** is crucial to address a development path based on quality, integration and sustainability (see the Cinque Terre National Park example). At the same time, **stakeholders participation** is as well decisive, at least to implement the development strategy, if not to plan it.
  - Nevertheless it is easier to advocate participation than to achieve it, especially in peripheral localities with low socio-economic conditions, where voluntary action is uncommon (Gedikli, 2009).
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- **Intermediate institutions**, such as local development agencies, consortiums, and other public-private entities, also play a decisive role in sustaining and supporting the governance of the territorial systems, fostering sustainable development and innovation (see the example of the Ravello Foundation).
- **Participatory governance** is facilitated by the presence of social capital, a territorially rooted immobile relational asset that underwrites the existence of networks, collaborative relations and institutional capacities which are of increasing importance in providing competitive advantage (Amin and Thrift, 1994; Cooke and Morgan, 1998; Storper, 1995; all cited in Evans and Syrett, 2007).

## CRITICAL SUCCESS FACTORS 3.GOVERNANCE... COLLECTIVE ACTION ACTIVITIES

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- A final factor we have emphasised is the importance of collective action activities, such as
    - Collective marks and indications of origin
    - Territorial brands, “clubs”
  - They play important functions
    - Informative and guarantee function about the quality of the produce
    - Increase the premium price and differentiate the products
    - Organisational function for the adhering firms and institutions
    - Cultural function of “preservation” of cultural processes and heritage → increasing their value at the eyes of the local community
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# THE CONTRIBUTION OF QUALITY AND TERRITORIAL BRANDS TO TOURISM DEVELOPMENT

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- A following step in the research activity has been an attempt to measure the contribution of quality and territorial brands to local development, in particular to tourism development.
  - Results published in:
    - Lorenzini E., Calzati V. and Giudici P. (2011), **Territorial brands for tourism development: a statistical analysis on the Marche Region.** *Annals of Tourism Research* 38(2), pp. 540-560
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# AIMS OF THE RESEARCH AND METHODOLOGY

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- Aim: understanding which variables impact on the tourism development of a destination, with particular attention to the role of cultural heritage, quality and territorial brands.
- Case study: 79 touristic sites (< 15000 inhabitants) of the Marche Region (Italy), of which 16 belonging to the Association *I Borghi più belli d'Italia* (The Most Beautiful Villages of Italy)
- Methodology: correlation and linear modelling

# THE DATA

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- Target variables
    - Standardised number of overnight stays/number of inhabitants
    - Variation between 2001 and 2008 of number of overnight stays/number of inhabitants
    - Standardised number of overnight stays/arrivals
    - Variation between 2001 and 2008 of number of overnight stays/arrivals
  - Explanatory variables
    - Accommodation structure variables
    - Economic development variables
    - Cultural and environmental capital variables
    - Context variables (the number of inhabitants in a place, the average income of the population, the proximity to the sea and thus the climate)
    - Territorial brands
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# RESULTS FROM THE REGRESSION ANALYSIS

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- Positive impact of
    - Economic development variables
    - Cultural Heritage indicator (museums and libraries, historical and artistic assets, theatres, natural reserves)
    - Tourism services variables
  - Tourism development does not seem to depend on
    - Belonging to the Association Borghi
    - Indicator of quality and typicality - Territorial brands
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# OUTPUT FOR OVERNIGHTS/NUMBER OF INHABITANTS



Explanatory variables	Estimated regression coefficient	T value	Pr (> t )
<b>Indicator of heritage</b>	0.037	2.221	0.030
Internal mountain	0.062	1.644	0.105
<b>Employees in Manufacturing</b>	-0.107	-2.271	0.026
Employees in Construction Industry	-0.055	-1.748	0.085
Employees in Commerce	-0.042	-1.382	0.172
Employees in Hotels and restaurants	-0.070	-1.725	0.089
<b>Total Employees</b>	0.178	2.048	0.044
<b>Hotel beds 2001</b>	0.090	2.791	0.007
<b>Non-hotel lodging beds 2001</b>	0.096	5.141	2.44e-06



## OUTPUT FOR AVERAGE LENGTH OF STAY

Explanatory variables	Estimated regression coefficient	t value	Pr (> t )
Indicator of heritage	0.067	1.960	0.054
Indicator of quality and typicality	0.040	1.361	0.178
<b>Average income</b>	-0.168	-2.777	0.007
Internal hills	0.100	1.423	0.159
Internal mountain	0.119	1.441	0.154
Indicator of economic development	0.087	1.557	0.124
<b>Employees in Agriculture</b>	0.074	2.161	0.034
Employees in Real estate	-0.057	-1.608	0.113
<b>Hotel beds 2001</b>	0.212	3.413	0.001
<b>Hotel beds 2007</b>	-0.143	-2.307	0.024
<b>Non-hotel beds 2001</b>	0.122	4.154	9.44e-05

## POLICY AND RESEARCH IMPLICATIONS

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- Methodological problems
    - It would be useful to collect a broader set of indicators to estimate tourism development, such as the average tourist expenditure or data on excursionists, currently not available for the Italian municipalities. Similar data could help gain a deeper understanding of the tourism dynamic characterising destinations like the *Borghi* whose development model is based on quality rather than mass tourism
    - Secondly, the number of territorial brands should be accompanied by other independent variables such as promotion expenditures
  - Territorial planning: the achievement of the territorial brand is often an isolated action, not followed by an adequate process of planning, organisation and management.
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# POLICY AND RESEARCH IMPLICATIONS

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- Tourist awareness
    - awareness of the importance of quality as indicated by the presence of territorial brands is not yet fully developed in tourists. Mass tourism remains an extremely popular vacation option (Sharma, 2005) and appropriate promotional campaigns are necessary to spread awareness of the different quality labels.
    - the present study confirms the findings of recent research which identifies the **need to consolidate regional networks of certification programmes** (Hamele, Kusters, Sanabria & Skinner, 2007). After a period of development of bottom-up locally based, capacity building certification programmes, it appears that the current certification brands are not sufficiently powerful to influence customer choice (Font & Wood, 2007), while networking efforts at regional or at least national level could improve their effectiveness both in terms of the achievement of higher quality standards and of customer awareness.
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## NEXT RESEARCH STEPS

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- Study of the relationship between individual and collective reputation, in cultural and touristic districts
    - Case study 1 (with prof. P. Giudici, University of Pavia): the cultural and agri-food district of **Valtellina**, a territory characterised by a reputation of quality production and high interdependence among organisations. Aims:
      - i)* understanding the contribution of the different economic sectors to the collective reputation; *ii)* understanding the impact of individual behaviour on collective reputation
    - Case study 2 (with prof. M. Alderighi, University of Aosta Valley and Bocconi University): the touristic destination **Valle d'Aosta**. Aim: understanding how the quality of the different areas determines the collective reputation of the Region as a touristic destination using data from a survey with more than 3,000 observations
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