



The College of William & Mary
Office of Economic Development

Developing The City of Williamsburg's Creative Economy

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*"Arts and culture are important to state economies. Arts and culture-related industries, also known as 'creative industries,' provide direct economic benefits to states and communities: They create jobs, attract investments, generate tax revenues, and stimulate local economies through tourism and consumer purchases."*¹

Nationwide, over the last two decades, there has been a growing movement linking arts and cultural assets with the economic development goals of creating jobs and wealth, connecting positive, sustained growth to the ability to create new products and services.² Communities "with high concentrations of creative workers are also characterized by strong, growing regional economies... [and a shared set] of attributes that attract high concentrations of highly, skilled creative workers...an abundance of recreational and cultural amenities, unique downtowns and neighborhoods, and widespread, visible expressions of creativity in public spaces."³ As a result, regions and communities have launched targeted efforts to retain and attract creative workers by strengthening attributes that determine where they decide to live and work, leading to a stronger, more diversified, sustainable economy.

The definition of the "Creative Economy" tends to fluctuate somewhat by community, region, or state that plans to organize, support, enhance, and promote the concept. The comprehensive view of the Creative Economy includes individuals and businesses working in the arts, culture, knowledge-based businesses, and cutting-edge technologies. For the purpose of this white paper, the scope of the Creative Economy in the City of Williamsburg encompasses all of these sectors whose workforces include artisans, musicians, actors, dancers, writers, historical interpreters, archeologists, artists, film makers, graphic artists, marketers, photographers, curators, chefs, bakers, broadcast and recorded media artists, designers and publishers, educators, performers, architects, software engineers, horticulturists, landscape architects, entrepreneurs, and researchers.

"The Creative Economy is a catalyst for the creation of new jobs in Maine communities. People who create jobs want to live in places that have a diverse cultural mix and an innovative and educated workforce. Maine will be competitive economically if we continue to capitalize on the synergies between entrepreneurship, education, the arts and quality of life." Governor John Elias Baldacci

¹ "Arts & the Economy: Using Arts and Culture to Stimulate Economic Development", the National Governors Association, 2008

² Report of Recommendations from the Blaine House Conference on Maine's Creative Economy, Maine Arts Commission, May 2004

³ The Rise of the Creative Class, Richard Florida, 2002

Creative enterprises and individuals contribute significantly to local and regional economies, fueling other sectors of the economy, through their production, distribution, and sale of cultural goods, services, and intellectual property.⁴ The total economic impact of the cultural organizations is comprised of the sum of direct spending by the cultural organizations, spending that is created by other firms that trade with the organizations, and income created by spending by visitors to the cultural activities.⁴

Across the United States the Creative Economy nonprofit arts industry including their audiences generate \$166.2 billion in economic activity each year, supports 5.7 million jobs, and returns nearly \$30 billion in government revenue every year.⁵ Arts and cultural-heritage tourism constitutes one of the fastest growing travel markets nationwide, “with 81% of the 146.4 million American adults annually who took a trip of 50 miles or more {in addition to over 10.6 million of international travelers in 2004⁶} consider[ing] themselves cultural and heritage tourists”.⁷

The Create Denver initiative, created by the Denver Office of Cultural Affairs, has “contributed greatly to Denver’s quality of life and economy by providing unique experiences to residents and tourists, improving communities, creating jobs and expanding the tax base”.⁸ Denver’s 2005 Creative Vitality Index which measures the economic vitality of its creative sector through weighted measures of economic activities found that:

- Each person in Denver spends an average of \$170 on arts-related goods and services annually (a population of approximately 555,000 or \$94.4 million in spending). Comparing Williamsburg to this ratio: population of 13,000 or \$2.2 million or, more appropriately including, due to geographic proximity, James City County’s population of 62,000 or \$10.5 million and York County’s population of 64,500 or \$11 million—for a total of potentially \$23.7 million in spending.
- 14 million people attended local Denver cultural activities in 2005, reflective of a population that supports and participates in arts and cultural offerings. (Although Create Denver does not breakdown its numbers by residents and visitors, the visitor statistics are critical to understanding the impact of tourism spending here. Visitors to Williamsburg totaled approximately 4.5 million in 2008; 63% of whom visited Colonial Williamsburg, 25% museums, and 12% art galleries.⁹ In comparison to all travelers, cultural tourists travel longer, are more likely to spend \$1,000 when traveling, use a hotel, motel, or B&B, and generally spend more on souvenirs and meals and will extend their stay to attend a specific arts, cultural or heritage event or activity.⁷ If by maximizing the number of cultural opportunities for cultural travelers as well as their awareness of the all local opportunities and participation levels were

⁴ *The Creative Economy: A New Definition*, New England Foundation for the Arts, 2007, pgs. 3 & 10

⁵ *Information Regarding the Arts and Economic Stimulus*, National Endowment for the Arts, Washington DC, January 29, 2009

⁶ U.S. Department of Commerce, 2004

⁷ “The Historic/Cultural Traveler”, *Travel Industry Association of America and Smithsonian Magazine*, 2003

⁸ *Welcome to Create Denver!* Web site, January 2009

⁹ 2008 *Consumer Research Williamsburg Area Report*, Greater Williamsburg Chamber & Tourism Alliance, September 22, 2008

even increased by an additional two per cent, spending could grow by \$9 million. With cultural travelers¹⁰ spending 36% more than the average traveler⁷, Williamsburg is in an extremely unique position to maximize visitor spending by taking advantage of its significant cultural and historical asset base. Working with local cultural entities, it must be determined what potential modifications would be required to current policies, infrastructure, marketing, support, and funding to improve the accessibility, visibility, and numbers of cultural entities and activities. The goals of the modifications should be to increase the success of the cultural entities, thereby resulting in additional local spending and revenues.

- Denver’s public and private annual investment in arts and culture was \$120.8 million in 2005 and relied heavily on support from a variety of government funds “The Create Denver plan includes policy recommendations, programmatic initiatives, technical assistance and advocacy as they relate to the growth and stability of the creative sector in Denver.”⁶ It has been determined that the initiative has increased volunteerism in Denver and its quality of life and acted as an important factor in the location of new businesses and individuals. An increase in property values has also been attributed in part to cultural organizations.

The City of Williamsburg currently has a significant base of Creative Economy-related assets that contribute to many facets of the local economy. A 2005 Economic Impact of Cultural Organizations in Hampton Roads, Virginia Report¹¹ focused on the cultural impacts to the economy of the region. Fifty-five respondents, including two from the City of Williamsburg, (for a 15% response rate, accounting for over 90% of the region’s cultural economic impact) provided information that led to the following conclusions:

- Each dollar cultural organizations spend in Hampton Roads has a multiplier effect of 2.47.
- Williamsburg showed the largest income source of earned income, 76% of the total of \$222,523,869 and also was the recipient of 64% of the total reported Contributions.
- Taxes paid to the City of Williamsburg by the two reporting cultural organizations including property tax, permit tax, and the 1% sales tax yielded a total tax revenue for Williamsburg of \$1,972,367.40.
- In the City, meal tax and room tax revenues associated with cultural organizations were estimated to be \$8,870,000.
- Directly, visitors attracted to the City (90% of whom are from out-of state) spent \$193,395,695 that is directly attributable to cultural activity.

The report concluded that “cultural organizations in Hampton Roads collectively represent a growing and significant sector of the Hampton Roads economy”.¹¹ The result of which has been an increase in volunteer time, payroll, local spending, and grant income.¹¹

¹⁰ Cultural travelers are a significant component of Williamsburg tourism as heritage areas are defined as “places where natural, cultural, historic, and recreational resources combine to form a cohesive, nationally distinctive landscape arising from patterns of human activity shaped by geography.” National Heritage Areas Leverage Significant Public and Private Investment, National Park Service Heritage Areas Program, 2003

¹¹ Economic Impact of Cultural Organizations in Hampton Roads, Virginia, Economics Department, College of Business and Public Administration, Old Dominion, November, 2005, pg. 2

Williamsburg's creative sector contributes greatly to the City's quality of life, community vitality, and economy by creating jobs, providing significant revenue, and offering unique and enlightening experiences and attractions for both residents and visitors. To maximize the impact creative enterprises could have on Williamsburg, assistance needs to be provided to these not-for-profit and for-profit creative entities. The most effective way the City could enhance the success of the local Creative Economy would be to proactively provide strategic leadership to assist in establishing an innovative vision and plan, developing stronger, more collaborative relationships among the private and public sectors, and maximizing the use of its economic development tools and policies. It will be essential for the City to be the catalyst with all local creative forces to ensure the appropriate focus, organization, and support results in the development of a self-perpetuating, significant, and synergistic plan that drives arts growth. Separate cultural entities, acting disparately, will not maximize the creative community's potential impact.

The City must establish for itself a sustainable commitment to collaboratively support the organization of a creative coalition. First the City should act as a catalyst to develop a database of creative stakeholders, such as individuals, businesses, organizations, networks, and cultural and natural amenities in the area as well as at the state level. Next a survey of them should be conducted to identify their needs, issues, and current infrastructure which will then provide a quantification and prioritization of their support requirements targeted to enhance the growth of the Creative Economy in Williamsburg. All creative and cultural artists, art organizations, businesses, and audience elements should then be brought together at Creative Economy forums to network, discuss the survey results, problem-solve, brainstorm, identify opportunities, and act as a venue to test new approaches. It will be critical for City resources to facilitate the development of partnerships among the players. The next critical step will be the development of a plan that includes a mission, a vision, goals, strategies, objectives, tactics with priorities, and timeframes, and measurements of results (ROI) that could also engage non-culturally based businesses. The plan must result in a commitment by all who participate to jointly as well as individually execute, organize, and promote a variety of cultural initiatives at different levels with defined capacity and activity and a core of innovative, analytical thinking about future cultural opportunities. Throughout this process, creative sector leadership must be developed and supported and self-initiation encouraged. Ongoing support from the City for promotional and public education activities to increase visibility of cultural entities and activities, educational opportunities, business self-assistance (e.g., legal, marketing, etc.), and research and grant assistance will be required to ensure a high level of success for the plan. The City itself should incorporate the arts into community development plans and local and state tourism strategies, consider cultural enterprise zones or communities, and support the development of arts spaces. Additionally, the Williamsburg Economic Development Authority should explore its own means to enhance assistance for the creative sector including tool development and enhancing marketing plans.

The end result of such an investment by the City of Williamsburg would include a self-driving economic force that can provide increased visitor numbers and therefore increase

tax revenues, revitalize entrepreneurship, enhance community awareness, and foster partnerships and cooperative initiatives among local businesses and private and public entities.