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'QUALITY FOOD' FOR CULTURAL POLICIES.  
QUALITY ATTRIBUTES IN THE NON-MARKET  
STATED-PREFERENCE BASED VALUATION  
OF CULTURAL GOODS

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## **‘Quality food’ for cultural policies. Quality attributes in the non-market stated-preference based valuation of cultural goods**

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**Abstract:** Evidence-based policies require well-established research and reliable data. One of the major difficulties in delivering ‘good quality food’ for cultural policies lies in measuring culture. Stated preference based non-market valuation is one of the privileged tools to reveal the benefits cultural goods deliver to the society for cost-benefit analysis. The prevalent problem in this kind of research are poorly defined, ambiguous goods. The challenge lies in describing their quality attributes. The article’s goal is to review the hitherto uses of quality measurements of arts and culture in stated preference based non-market valuation research, mostly dedicated to performing arts and cultural heritage.

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**Keywords:** quality measurement, stated preferences, non-market valuation, performing arts, cultural heritage, cultural policy

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## 1. Introduction

Evidence-based policies require well-established research and reliable data. One of the major difficulties in delivering ‘good quality food’ for cultural policies lies in measuring culture, expressing its ephemeral nature in numbers and indicators, as we used to do in other sectors. Trying to do so we cannot forget that the essence of art and culture, what is really worth measuring, is quality. If we omit quality, the rest of the research could be worthless.

Cost-benefit analysis became a standard methodology used in policymaking for planning, optimising and evaluating (Organisation for Economic Co-operation and Development 2006, US Office of Management and Budget 1992, O’Brien 2010; Treasury 2018). To make cost-benefit analysis we need to know the value of benefits. Non-market character of many art and culture products and services, and the role of passive-use value in value creation in cultural sector inclines to the use of the stated preference based non-market valuation. Best practices informs that the questionnaire where the data for this kind of research come from ‘must successfully convey the nature of the good ... in a way that is plausible, understandable and meaningful to respondent’ (Carson, Flores, and Meade 2001: 178). Delivery of precise description of the good to be valued turns out to be an important issue for reliability of non-market valuations of cultural goods. What we need is information. ‘It is well known that the amount of information provided to respondents in CVM [contingent valuation method] has a critical effect on their WTP [willingness to pay] judgements, with the general assumption being that better-informed judgements are more useful than ill-informed ones’ (Throsby 2003: 3).

Noonan (2003) indicates poorly defined goods, ambiguous goods as prevalent problem in non-market valuation in cultural economics. The methodological requirement tells that the questionnaire should ask about a change, possibly measurable and expressible, in a good to be valued. Randall, Ives, and Eastman notice that ‘the nature of some goods is such that increases in quantity provided are not purely quantitative increases, but are more in nature of improvements in quality’ (1974: 133). Their case study comes from environmental economics, the origin of the non-market valuation, however the problem occurs when aesthetics come to subject. It is even more applicable to the art and culture. Moreover, according to the theory of public good, an individual do not decide over the quantity provided, but experience the existence of a good as a whole. Problem of familiarity with the cultural goods has been noticed also by Frey (2003): many of them cannot be even hypothetically commoditized.

Quality characteristics of performances turned out to be major determinants of demand for performing arts and their valuation based on consumers' preferences. In the demand model based on the existing data from three theater companies in Sydney Throsby (1990) finds price coefficients insignificant for two out of three theaters, with an unexpected (positive) sign for the remaining one, a result much weaker than for quality characteristics. Survey based utility estimation shows even more directly that quality characteristics influence demand much more than the price does (p. 174). Price of substitutes and cost of time also turns out to be less significant than quality characteristics of the theatre market (Krebs and Pommerehne 1995).

Starting from early studies, the quality of cultural heritage was indicated as an important factor of its value (Martin 1994). However, the quality of cultural heritage is usually given and do not change over time due to inner cultural reasons or cultural decisions. Stonehenge remains the same object as in times of creation, objects collected in British Museum are the same for all visitors. Once given cultural heritage is a subject of conservation or restoration. Therefore the quality discussed in non-market valuation studies devoted to cultural heritage regards rather the quality of provision or quality of experience of the good than quality of the good itself. Expressing the quality of a cultural good is a challenge also in other fields of cultural economics, not as often being the case for non-market valuation.

The article's goal is to review the hitherto uses of quality measurements of arts and culture in stated preference based non-market valuation research. The paper delivers better understanding of what can be called 'quality of art and culture' in economic studies, and how, if at all, it can be operationalized to provide the quality 'food' for cultural policies. Hopefully the achievements in one methodology of research can be useful for the studies run in the other manners. I focus on non-market valuation studies devoted firstly to the performing arts and secondly to cultural heritage, two traditional fields of research for cultural economics. I reach also for studies within the broader field of valuation of art and culture. I aim in showing relevance of the use of quality measurements for econometric models (underlying non-market valuation), their theoretical requirements, and for policy making.

Arts critics and philosophers, artists as well as their public have debated and experienced the problem of defining the quality of art and culture for centuries. Avoiding sinking in theoretical debate, I use the term 'quality' according to its uses in cultural economics. In this article the quality of art and culture is what cultural economists measure when they claim that

they measure quality.<sup>1</sup> Due to the preference-based methods used in studies in this review, quality is usually discussed from the point of view of audience and general public. If this studies are to serve for cultural policy evaluation, the quality needs to be possibly expressed in a way achievable for policy-makers. Therefore the quality discussed has to [1] have roots in what people feel the good art and culture is and [2] has potential for objectification. What I am interested here are inner attributes of a good perceived as objective characteristic of a work of art like in early aesthetic studies of Roger de Piles (1989)<sup>2</sup>.

In the next section stated-preference based non-market valuation is presented as a tool for research-based cultural policy. Section 3 delivers the review of the usage of quality measurements in the economics of performing arts, economics of cultural heritage and in the other fields of cultural economics and cultural policy. The paper ends with summary and some recommendations for future research.

## **2. Food for cultural policies**

### **2.1. Non-market valuation**

The challenge is to choose a tool for evidence-based cultural policies that would be sound and theoretically structured (scientifically admitted) as well as relevant to cultural policy making, operational though (Mazzanti 2003: 551; Mourato and Mazzanti 2002). The choice could have a far-reaching consequences, while ‘once something has been quantified, the figures tend to become ‘truths’’ (Bille and Olsen 2018: 244).

Although value of culture has many dimensions (symbolic, societal, cultural etc., see Throsby 2001 for extended summary), the economic value has gained broad interest being measurable and expressible in monetary terms potentially comparable with expenditures on culture. Cultural sector used to react with the anxiety and hesitation to economic valuations of culture, expressed in monetary terms. However, avoiding economic valuation diminishes likelihood that value of culture will be considered in economic decision-making, which is crucial for cultural sector, at least in Europe highly financially dependent on public support.

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<sup>1</sup> ‘Now what do the words of this language signify?—What is supposed to shew what they signify, if not the kind of use they have?’ According to Wittgenstein the only way to explain the notion of a term is to show how the term can be used in different contexts. Any philosophical or metaphysical concept would not be able to tell more about the sense of the term than the ways we try to use it in natural language (Wittgenstein 1958: note 10, p. 6)

<sup>2</sup> However, ‘essentially, all attempts to operationalize the objective perception of quality have failed’ (Bille and Olsen 2018: 238).

As Bakhshi et al. (2015: 2) states ‘Robust valuation of cultural goods and services, [...] allows cultural institutions to demonstrate in quantitative terms the value that they create for society’.

Economic value is not equal to market value. Cultural goods and services has a public good characteristics. The view of picturesque castle on the hill is not rival in the sense that the experience of this view gained by an individual does not reduce the benefits of other viewers; it is not excludable, while nobody can prohibit looking and there is no reasonable way to price it. When cultural goods and services share these characteristics only partially, we include them into the category of mixed-goods, together with health care or education, which can be a subject of market exchange, but are often provided by public sector. Throsby describes culture as mixed goods: ‘joint production of a private-good component enjoyed by individual attendees and public-good component deriving from the value of the arts and culture to society at large’ (1994: 9). There is also broad evidence for dual nature of cultural goods in aesthetic literature with very early distinction between value arising from the disinterested experience of beauty and value from objects that serve the self-love of individuals common e.g. for Earls of Shaftesbury, Francis Hutcheson, David Hume and Adam Smith (Hutter and Throsby 2008: 2). Cultural institutions are often freely (or comparably cheaply) accessible with nominal fees (not related to the true costs of producing and providing cultural goods) and highly subsidised. Therefore, the observation of market transactions do not give full insight into people’s choices. This is possible if a non-market valuation method is used.

Growing literature examines whether non-market valuation aimed at eliciting people’s preferences over cultural goods, partly referred in this paper, is relevant to cultural policy making. According to the rule of consumer sovereignty, crucial idea for this studies, governmental expenditures borne by people (i.e. through taxes that public budget consists of in general) are justifiable if they do not exceed benefits gained by them thanks to these expenditures. Mazzanti comments cultural heritage policy-making: ‘[Valuation] matters to the extent that assessing and comparing the political jurisdiction with the economic jurisdiction is relevant [...], where the political jurisdiction is the level of government making the provision of the good (local, regional, national, global), and the economic jurisdiction includes all individuals receiving the cultural heritage benefits’ (2003: 552). The aim of non-market valuations is not to find an ‘optimal’ equilibrium of supply and demand in cultural market. It only measure benefits connected with a possible situation in this market with respect to current status quo.

## 2.2. Stated preference based methods

Benefits provided by non-market goods are usually divided into use (direct) and passive-use (non-use) values. The term ‘passive-use value’ was first used to encompass different concepts of value that people can assign to goods even though they do not use them in a direct way (in 1989 American court decision; Carson 2011). The idea came from environmental economics, starts with early article by Krutilla (1967), and it was used to indicate that not only visitors (users) gain some benefits from nature.

Passive-use value of culture and performing arts in particular was noticed in early studies of cultural economics, however sometimes mixed in discourse with external effects. Throsby and Withers identify: ‘option demand’ – the source of option value gained by people who ‘wish to retain the option of attending the performing arts even if they do not at present attend’ (1979: 170) and ‘collective benefits’ (namely: ‘provision of public creative ideas and aesthetic standards, social improvement of participants themselves, development of national feeling and identity, provision of social comment and criticism’; p. 176), both discussed as passive-use value sources (see: Throsby 2001). Morrison and West (1986) investigate the nature of benefits that inhabitants of Ontario (Canada) have experienced from performing arts even as non-users. They identify option value (“anticipated future use”) and passive-use value (e.g. “welfare of future generations”). Bille (1997) divides use, passive-use (called in the research ‘non-use’) and option value more accurately in the study devoted to non-market valuation of the Royal Theater in Copenhagen. She finds out that total value of the Royal Theater in Copenhagen consists of option value in 29%, passive-value in 64% and use value (private consumption) in 7%, what indicates the importance of passive-use value in performing arts. While culture generates both use and passive-use value, the aim of the valuation tool is to capture both.

Non-market valuation techniques have been developed within the micro-economic framework since the 1960s in response to problems with estimating benefits gained by consumers of public and mixed goods. These methods can be divided into two categories with respect to the type of data analyzed: revealed preferences (actual choices made by consumers in the market – what people do, RP) and stated preferences (declared choices that would have been made by a consumer in a hypothetical situation described in a questionnaire – what people say they would do, SP).

Stated preference based non-market valuation tools enable the researcher to learn about passive-use values, what is one of its biggest advantages (Carson 2011). It is a way to measure

what was before treated as unmeasurable. SP studies deliver the possibility to value hypothetical situations that are not already available for consumers, what is a usual situation of dividing public resources between cultural institutions. Decisions are made *ex ante* on the basis of hypothetical cultural program. Moreover, SP based valuations offer relative ease in gathering proper data, direct monetary valuations and straightforward aggregation across individuals (Carson 2012; O'Brien 2010).

Stated preference methods are well established in economics. Guidelines for quality research have been developed for decades (Arrow et al. 1993; Bateman et al. 2004; Champ, Boyle, and Brown 2003; Hensher, Rose, and Greene 2005; Hess and Daly 2014; Kanninen 2007) and are employed in thousands of applications (Carson 2011). However, still some biases can affect the results. Hypothetical bias points out possible overstatement or understatement of true preferences due to hypothetical situation a respondent reacts for (not a real situation). Embedding and scope effect points that the scope of change, which counts for costs and decisions in real life, can be omitted in hypothetical situations: financing additional temporal exhibition in a year can be valued differently when presented alone or as a part of broader cultural program. People's responses can differ also with the payment mechanism introduced in hypothetical scenario (whether it is additional tax or voluntary payment).

In surveys conducted for the need of this kind of valuation respondents are asked how much they are willing to pay for a given good treated as an 'indivisible whole' (in this case the method is called contingent valuation, CV) or to choose the preferred option from a given set of choices (choice experiment, CE, then). CE is currently more popular with growing number of usage (Carson 2011; Lloyd-Smith, Zawojka, and Adamowicz 2018). It overcomes some of the problems that CV shares. It avoids explicit elicitation of willingness to pay (WTP) and relies on choices between presented alternatives where financial or cost characteristic is only one among other attributes of a given good. It diminishes the exposition of the respondent to monetary issues, underlining other characteristics of a good. It also limits starting point bias, that appears in CV studies where any value is indicated as reference, and 'protest zeros' (refusal to pay anything for the hypothetical program because of general dislike of paying higher taxes or other aspects that are not directly connected with an evaluated good) (Snowball 2008; Tuan and Navrud 2007). CE allows to value not only the single good ('holistic' evaluation), but many attributes of a good described as a bundle of characteristics, which is in line with Lancaster's (1966) theory of goods. It gives insight into tradeoffs and weights attached to the components of the value derived from different attributes (Mazzanti 2002: 546). Description of an art piece



as a bundle of its characteristics is a common feature of economic as well as aesthetic theories. In the field of aesthetics the roots of this concept lies in Aristoteles's definition of tragedy and was more recently continued by Beardsley (1958) or Dickie (1988) (see also Ginsburgh and Weyers 2008). Moreover, respondents that pick the most preferred alternatives in sequences of choice tasks, usually a few, deliver large amount of preference information from an individual, what reduces the sample sizes needed.

The non-market valuation of cultural goods has been gaining interest from 1980s. However, studies of cultural resources are only a small fraction of the entire bibliography of non-market valuation studies. CV has been employed to the broadest extent. In 2002 Noonan (2002) annotates to 35 studies conducted since 1972 and includes another 37 in a meta-analytic review a year later (Noonan 2003). In 2003 Mazzanti (2003) indicates no hitherto application of CE concerning cultural goods. Some appeared in the next years (Choi et al. 2010; Morey and Rossmann 2003, Willis and Snowball 2009, Grisolia and Willis 2012, 2016, 2011, Wiśniewska and Czajkowski 2017). Growing number of CE studies in economic literature should be treated as a forecast for further development of non-market valuations within cultural economics.

### **3. Quality characteristics of culture**

#### **3.1. Quality characteristics of performing arts**

There are a few stated preference based non-market valuations of performing arts only. Demand studies provide broader range of quality measurements in the field of the economics of performing arts. Division into studies devoted to demand and valuation is weak. A few studies present a data collection scheme and estimation techniques typical for non-market valuation limiting the results to the analysis of the characteristics of demand without expressing economic value of performing art piece or institution examined. The following literature review contains both valuation studies and demand studies. Quality measurements derived from supply-side data are presented first followed by expressions of subjective perception (derived from reviews and so called words-of-mouth) and attributes based mostly on simple division into art genres.

##### Supply-side features

One of the ways to express quality in the economics of performing arts is to use supply-side features: expanses on different elements of a performance and labor involvement as well as compilation of repertoire of own and guest performances. Zieba (2009, 2011) and O'Hagan (O'Hagan and Zieba 2010) tested variables created with the use of production data for theaters

in Germany, Austria and Switzerland. 'Cast size' performs the most stable results and was used also by Werck and Heyndels (2007) with similar significant and positive effect on demand. Professionalism plays also positive role for the audience in comparison with amateur background of performers (Willis and Snowball 2009). Statistical significance of 'technical ability of artists' (measured in expenditures on artistic personnel per artist), 'technical standard of design' (expenses for décor and costumes per production or divided by number of artists employed) and 'theatre reputation' (the share of guest performances in repertoires) differ from study to study.

As Zieba (2009) explains supply-side data based variables are not necessarily related to quality of a performance. Modest monodrama obviously characterized by low expenditures on artistic personnel and physical production could also have high artistic quality. Tobias (2004) confirms this observation. He finds that inputs (capital and labor) can shape merit effects of performing arts production (measured by the aggregated expert opinion) only in some market sectors (opera and ballet, not theater) and only to some degree. Moreover, the assumed positive judgement of guest performances inclusion in repertoire is questionable. Their role depends highly on the organizational features of the venue. Audiences of repertory theatres often assign the value to the venue in relation to in-house productions that dominate in repertoire. Colbert, Beauregard, and Vallée (1998) find significant and positive result for willingness to rise the subscription in 5% for in-house productions. On the other hand, specialization in guest performances that does not tell much about the quality of shows presented can indicate commercial characteristic of the venue (the case of Broadway) and result in higher demand (Urrutiaguer 2002).

Colbert, Beauregard, and Vallée (1998) and Krebs and Pommerehne (1995) used the length of staging (whether shorter or longer than average or some assumed threshold) as a proxy of the success in performances' general appeal. Authors of a latter study assumes that popular performances (being staged long with commercial success) provide low artistic quality, while they answer low-brow taste.

### Perception of quality

Performing arts pieces are experience goods, therefore their quality is not known before it is experienced. Perception of performance expressed in reviews, word of mouth, and recognition of artists involved in the production (author, play itself, director, producer and cast, whether they are known or unknown) is important for potential viewers regarding uncertainty

connected with a visit to the theater. Therefore expressions of the perception of quality were often included as 'quality variables' in previous research with significant results. However, they are rather indicators of a performances' merit content rather than merit characteristics themselves. Reviews were the source for the evaluation of standard of performance (its source material, production, acting and design valued on 5-levels scale from very poor to very good) included in the study of box office data of theatres in Sydney (Throsby 1990). Recognition of author as well as overall measure of standard of the performance turned out to be significantly important for demand. Turkish case provides additional information about importance of authors recognition rather in less developed cities (Akdede and King 2006). Abbe-Decarroux (1994) shows that positive reviews (valued on 6-level scale) as well as recognition of broader group of creators (author as well as cast and producer) play an important role in limiting the uncertainty of the quality and therefore rise demand. Corning and Levy (2002) confirm positive impact of reviews. Willis and Snawball (2009) – of director and producer recognition in the South African context.

The use of ex-post opinions (of experts or viewers in general) in stated preference based non-market valuation studies devoted to hypothetical (ex-ante) experiences is questionable. Grisolia and Willis (2011, 2012) try to include reviews and 'words of mouth' as attributes of theatre performances to be valued in CE. Authors investigate how they impact the willingness to pay for performances in Northern Stage theatre in Newcastle-upon-Tyne. They set up four levels of both attributes ('average', 'very good' and 'must-see' with 'poor' as a base level). Reviews as well as words of mouth turned out to be highly significant, the more positive the opinion the higher the willingness to pay. The result is not surprising. It reveals that people think that they prefer to see what is found positive by experts and viewers in general. Social desirability bias can impact this result significantly (Schwarz and Sudman 1992). Study by Throsby (1990) shares the same problems. In the valuation study based on survey among audience, run in a manner of CE, he uses simple merit attributes of performances: appeal and overall standard, both with three levels of attribute ('of little interest', 'moderately interesting', 'extremely interesting' for appeal and 'poor', 'average' and 'excellent' for standard) and both being statistically significant. Changing appeal from low to high level makes three times higher difference than lowering price from high (15 AUD) to low (5 AUD). It shows the importance of perceived quality. But its value as quality food for policy making is limited. People are willing to pay for performances that will gain their interest. The opposite result will be

extremely surprising! However, how can decision makers know what people are interested in regarding performing arts?

Moreover, the impact of reviews in real situations can be much more complicated than preferences revealed with the use of hypothetical scenario. Inclusion of opposite subjective opinions in the reviews was identified as the reason for low statistical significance of the variables used in studies examining theatre demand with the use of existing data. Deeper insight shows that the impact of reviews depends on high- or lowbrow tastes of the audience. Urrutiaguer (2002) made a lot of effort to find a way for aggregating the evaluation of performances hidden in reviews. He assumes that reviewers prefer highbrow repertoire. Highbrow repertoire receives more reviews and audiences of highbrow performances take them into account. But in the same time we observe theatres (presenting lowbrow repertoire presumably), where negative reviews (or lack of them) indicates higher demand. Bille and Baldin (2017) show that experts' evaluation is not correlated with audiences' evaluation. They go in opposite directions and therefore 'performances liked particular by the reviewers are definitely not the same performances liked by the audience' (p. 6). What is more, the percentage of seats occupied in Royal Theatre in Copenhagen increase with positive audiences' evaluation, but remains independent to reviews.

#### Type of performance

Baumol and Bowen (1966) undertakes the first economic study of performing arts dividing them into art forms: theatre (divided further into Broadway, off-Broadway, regional theatres), symphony, opera and dance. Morrison and West (1986) follows similar attitude in the early study of economic valuation of the art. They inquire performing arts sector in division into theatre, opera and ballet. Throsby and Withers (1979) describe the economics of performing arts with the use of Australian data, what enables (and requires) division of the performing arts market into theatre (drama), symphony (music), opera and ballet. The taxonomy of types of performances differ from study to study. It is highly contingent on site and time of a research and the level of observation (whether it is the whole performing arts institution, particular title or performance, or individual artistic experience itself). 'Repertoire classification', 'genre' and 'type of a play' – these terms are used interchangeably to indicate similar taxonomies based on two sources of information: time in which the play was written and general drama classification rooted in ancient division into tragedy and comedy. Table 1 shows different meanings of these categories and their inner taxonomy in the literature.

Taxonomy based on the time in which the play was written turned out to be insignificant in most cases, at least for some theaters included in the research, e.g. in the analysis of South African performing arts festival (Willis and Snowball 2009). Plays written before 1900, ‘classics’ turned out to be the preferable choice of audiences only in one of three theatres in Sydney examined by Throsby (1990), remaining insignificant for the other one.<sup>3</sup> Abbe-Decaroux (1994) creates repertoire classification of performances in one of the biggest theatres in Geneva according to the period the play was written using additionally the information whether the author is still living. Results are similarly weak. Coefficients for modern and contemporary plays are insignificant (classic plays being the base level) with only ‘atypical’ plays influence on theatre attendance.

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<sup>3</sup> Not all types of repertoire described by Throsby (1990) appear in all theatres under question; e.g. plays written before 1900 appear in repertoire of two out of three venues only.

**Table 1. Type of play and similar taxonomies. Literature review**

study	category	Taxonomy
Throsby 1990	repertoire classification	written before 1900 ('classic') written after 1900 by well-known author written after 1900 by little-known or unknown author entertainment, revue, musical
Abbé-Decarroux 1994	repertoire classification	'classic' play (written before 1900) 'modern' play (written after 1900 – deceased author) 'contemporary' play (written after 1900 – living author) 'atypical' play (circus, revue, collective creation...)
Urrutiaguer 2002	repertoire classification	'classics': author died before 1900 plays written before 1980 by author who died in 20th century plays written in French by an author who is still alive, and those written in French by author now dead, but published after 1980 plays written in foreign language by an author belonging to the contemporary category
Corning and Levy 2002	genre	comedy drama musical Shakespeare "Tommy"
Willis and Snowball 2009	genre	classic modern known playwright modern unknown playwright
	production type	comedy drama musical
Grisolia and Willis 2011, 2012	repertoire classification/ type of a play	comedy drama modern experimental/adaptation of a classic play
Grisolia and Willis 2016	type of play	drama comedy musical opera
	context	written before 1900 written after 1900 Royal Shakespeare Company
	type of production	modern traditional
Wiśniewska and Czajkowski 2017		entertainment drama children's experimental

In some cases taxonomies are developed by cultural context: language of the play or place of the author's origin. Urrutiaguer (2002) adds division into French and foreign plays in the study focused on public French theatres. The significance of repertoire classification differs between theatres where audiences opinions go in line with critics (foreign language of the play is negative indicator of the demand) and those where audience do not share judgements of reviewees (classics raise demand, while contemporary French plays decrease it). Flemish origin of the author as well as his or her age turned out to be insignificant for demand in Flemish theatre, however Flemish or Dutch language of the play influence demand positively (Werck

and Heyndels 2007). Author's nationality has no significant impact on the quantity of tickets sold also in the study of Turkish public theatre (Akdede and King 2006). South African context of the setting increases the utility driven from the performances presented in National Arts Festival in South Africa compared to those with a 'western' context, as do the context of other developing countries (Willis and Snowball 2009).

Simple drama classification rooted in the division into tragedy and comedy remains the most significant within the hitherto studies, and is commonly used in few CE in the field. Historical division into tragedy and comedy is, of course, not sufficient. First of all, it seems that we experienced a shift in the meaning of term 'drama': in literature studies this term describes a genre of literature without indicating anything about content, yet in common speech drama is connected with something sad and comedy with something happy. Moreover, there are some performances difficult to assign to a simple happy/sad distinction and it is probably the reason for inclusion of additional types of plays in the studies.

Willis and Snowball (2009) include 'musical' as a base level lowering the utility of audience compared with comedies (no significant difference between dramas and musicals was noticed). Corning and Levy (2002) adds 'Shakespeare' and 'Tommy' categories to indicate performances based on Shakespeare plays and an annual highlight of three theatres of The Pacific Conservatory of Performing Arts, USA, unveiling strong single-institution context of the study. The preference for 'Tommy' among subscribers is evident in two of the venues, while the other findings differ between theatres with no significant evidence for preference of any genre in Severson. Category "Royal Shakespeare Company" included by Grisolia and Willis (2016) as one of 'context' variable (together with time of origin: before or after 1900) underlines problem with strong preference towards Shakespeare among British audience. Local-specific is also type 'comedy involving music and dance' used by Akdede and King (2006). Grisolia and Willis (2011, 2012) started with broader division of repertoire classification and types of play indicated by attendees of focus groups merged on the stage of econometric model construction. Finally they use only three categories: 'comedy', 'drama' and 'modern experiments/adaptation of a classic play', all statistically significant and positively contributing to the utility estimated in CE. Adaptation of known piece is used also as a separate, however insignificant, binary variable in the study of demand for Flemish theatre (Werck and Heyndels 2007). The last stated preference based valuation in performing arts (Wiśniewska and Czajkowski 2017) develops simple division into comedy and tragedy ('entertainment' and 'drama' respectively) with two categories: 'children's' and 'experimental', all categories being

statistically significant determinants of willingness to pay for broader accessibility of theatres in Warsaw, Poland, when included in the hypothetical program of performances supply. Division into four categories is rooted in local context. It turned out to be easily understandable for respondents of the survey underlying the study as well as recognizable for policy makers. It ‘offers a simple way to differentiate theaters that aim at entertainment, classical repertoire, the youngest audience or experimental forms’ (p. 5).

#### Never exploited comprehensive list of criteria

The use of quality characteristics of performing arts hitherto defined in the literature is limited. One example is worth mentioning. Throsby (1990) lists criteria of quality judgements gathered in five categories:

- source material (i.e. repertoire classification, recognition of the author of the play),
- technical factors (i.e. standard of performance, production, design and of house),
- benefits to audience (e.g. entertainment or intellectual stimulation),
- benefits to society (e.g. promotion of social evaluation and cultural preservation),
- benefits to the art form (e.g. innovation and training of artists).

There is no well-established list of benefits that theater brings to viewers, society and art itself, both, in cultural economics and theater studies. The reason is, for sure, the fact that it’s a very delicate matter, but also heterogeneity of theater itself. Once formulating Throsby never exploited fully this list but source material and technical factors, continued in many studies. The most interesting, from valuation point of view, are the remaining sets of criteria: benefits to audience, society and the art form. Audiences benefits, together with two foregoing criteria, “are of most direct relevance and are certainly likely to predominate in the private demand decisions of consumers” (p. 166). Benefits to society and benefits to the art form indicate social dimension of performing arts existence and operation, therefore, “are likely to play an important role in choices made by funding bodies” (*ibid.*).

### **3.2. Quality characteristics of cultural heritage**

Cultural heritage being the purest example of public good within cultural goods and services, often non-marketable and available for broad public by definition and political pursue, is the most obvious subject for non-market valuation studies. In comparison with valuation of performing arts presented before these studies deliver more comprehensive view on the cultural sector. Researchers embed wide range of cultural heritage objects and institutions: all museums



in Quebec, Canada (Martin 1994), sets of historic buildings located in five areas of Grainger Town in Newcastle, UK (Garrod et al. 1996), up to one hundred shipwrecks, submerged maritime cultural resources (Whitehead and Finney 2003), broad range of marble monuments in Washington, D.C., USA (Morey and Rossmann 2003) or four cultural heritage sites in Armenia (Alberini and Longo 2006). Some of them provide an attempt of comparison with similar valuation in other places enabling generalization of results: Sanz, Herrero and Bedate (2003) in the study about National Museum of Sculpture in Valladolid, Spain, or Baez-Montenegro et al. (2012) in valuation of cultural heritage in Valdivia, Chile, compared with other studies devoted to Global South.

On the other hand the hypothetical situation to be valued is sometimes limited to simple choice between availability of *status quo* (that require constant subsidies) or it's loss. Sanz, Herrero and Bedate (2003) estimate willingness to accept for the closure of the National Museum of Sculpture in Valladolid. Choi et al. (2010) reveals willingness to accept the limitations of the provision of cultural heritage represented by Old Parliament House in Canberra, Australia. Potential loss of current level of subsidies for historical buildings and monuments in Napoli, Italy is evaluated by Santagata and Signorello (2000). Del Saz Salazar and Montagud Marques (2005) presents opposite strategy to evaluate the shift from status quo of no cultural heritage to gain of entire piece of cultural heritage: old Arab Tower in Spain that needs the restoration from scratches.

As noted in the introduction, the quality discussed in non-market valuation studies devoted to cultural heritage regards mostly the quality of provision or quality of experience. Congestion can strongly limit the quality of visit in a museum. Maddison and Foster (2003) estimates congestion costs in British Museum being 0,05 penny per one visitor's accompany more. Air pollution damages historical buildings and monuments that in result require regular restoration. Morey and Rossmann (2003) evaluate programs of preservation for monuments in Washington, D.C. distinguished by how they affected the air pollution injury time line (increase in 25%, 50% or 100%). Multi-attribute description of Galleria Borghese by Mazzanti (2003) also regards mostly provision of the exhibition (visit hours, additional services like interactive presentation of collection). It includes also the level of conservation and restoration activity that is the most related to the quality of collection itself, and temporal exhibitions which can be interpreted as zero-one availability of given additional quality of cultural heritage (with significantly positive result for both attributes). Alberini and Longo (2006) set similar list of provision attributes for cultural heritage sites in Armenia: [a] enhancement of cultural

experience (delivery of interpretive materials, creation of small museum by cultural heritage sites), [b] infrastructure improvements (repairing local roads, bathrooms and rest facilities, waste management) and [c] tourism-related services (restaurant, cafes, shops, tourism information). Limitation in facilities turns out to be the most severe potential loss in utility for Australian inhabitants valuing Old Parliament House, even though the study includes also attributes related more to the quality of cultural heritage itself (e.g. relation of original to replicas displayed where display of replicas mean lower quality of experience, but higher conservation level) with insignificant results.

Lundhede, Bille and Hasler (2013) provide one of the most interesting finding in the study about wetland restoration project which aims to preserve archaeological artefacts from Stone Age villages which are presently buried within the topsoil. The project includes two types of possible advantages for inhabitants of Denmark: protection of biodiversity (environmental angle) and protection of ancient artifacts (cultural angle). Even though biodiversity is an attribute that could be experienced by people during recreational visits, and protected artifacts could not be visible nor usable by current generation (there is only a chance that in the future they could be moved to museum), hidden cultural heritage is valued higher (regardless the level of protection) than recreational opportunities.

In general lack of quality measures for cultural heritage, authors try to familiarize respondents to non-market valuation surveys with notion of quality of goods indicating the location. For Alberini and Longo (2006) it is well enough to ask respondents about recognizable cultural heritage sites with the use of their names: Garni, Haghardzin, Khor Virap, and Tatev (especially understandable for on-site surveys). Similar strategy is used by Garrod et al. (1996), who define the hypothetical program of renovation of historical buildings by inclusion of five areas of Grainger Town that differ in terms of richness of cultural heritage and the condition of the heritage. The place is the quality itself.

### **3.3. Quality characteristics in the other fields of culture**

Non-market valuation studies devoted to less inquired than performing arts and cultural heritage sectors of culture can deliver fresh insight into quality attributes. Finn, McFadyen and Hoskins (2003) estimated the value of Canadian Broadcasting Corporation programming policies. The research questions regard preferences towards Canadian vs. foreign programs and local vs. national news. The division into different kind of TV programs is used as attributes in the econometric model (including children's programs, Canadian drama and film, national

news and local news, among others). Nearly all of the categories contribute in the value of TV broadcasting availability, with sports, Canadian drama and film and national news having the biggest impact. This strategy of describing qualitative features of cultural good is similar to those undertaken in the valuations of performing arts.

The early study by Randall, Ives and Eastman (1974) is not even assigned to cultural economics, while it was written in times of the creation of the discipline. But as long as it treats about aesthetic damages it delivers very early (and successful) way of inclusion of aesthetic attributes to non-market valuation research. Authors estimate the benefits of abatement of aesthetic environmental damages associated with the four corners steam electric generating plant (at Fruitland, New Mexico, and Navajo mine). Hypothetical scenario tells about three possible states of damages and is accompanied by visual material. Visual material presents also possible states of renovation of the plaza in Belfast in the study by Alberini, Riganti and Longo (2003). Prospects are supported by detailed definition of major characteristics of urban site: height of the buildings around the plaza (the same or higher than at the time of the study), relative amount of open space in relation to build space (no change or +/- 50%) and split between residential and retail usage (possible options: 50/50, 25/75, 75/25). All of the attributes turned out to be statistically significant with positive impact of greater residential usage of the space and increase in open space and negative impact of higher buildings. In case of physical objects very precise descriptions are possible and worth inclusion. Both articles show successful use of visual material to indicate the quality of cultural or aesthetic goods. It is easier in case of physical objects, but it should be taken into consideration when intangible and more ephemeral goods are valued. Especially if the survey is run with the use of technical devices enabling not only presentation of pictures, but also sound and video, that could help to understand e.g. the nature of performing arts.

### Quality Metrics

The use of quality characteristics of art and culture in non-market valuation studies is rooted in broader discussion about quality judgements and measurements in aesthetics as well as cultural policy. Artists, scientists and policy-makers negotiate the value of art and culture. A lot of this value lies “beyond price” as the title of the book by Hutter and Throsby (2008) announces. This discourse brings more descriptive way of including quality into the scientific research. For example, Behr, Brennan and Cloonan (2016) try to understand act of valuing of diverse live music events in Queen’s Hall in Edinburgh by the audience. Not surprisingly they find that cost of an event influences only the decision whether to attend. Once we decide to

attend, an event can meet or not the threshold of expected quality. There is no “good price” for the experience below this threshold, and no sense to discuss it. If the event exceeds the threshold, the experience is usually recognized as “good value for money”, does not matter what was the cost. Therefore, valuation process is closely connected with quality characteristics. Authors define these features that can be valuable and joyful with the use of verbal descriptions: intimacy vs spectacle, unique atmosphere and character of the venue, predictable, smooth and comfortable running of the show, possibility of surprise and unexpected, enjoyment of confirmation of already held tastes, becoming immersed, inward participation, outward physical participation. As authors conclude: ‘Our respondents were clear that they went to music to forget about monetary concerns and to have a transcendent experience.’ (p. 416).

In the age of sophisticated measurements of impact of public policies in different sectors, for which the cost-benefits analysis dominance in cultural policies’ evaluation is just a manifestation, policy-makers worked hard on quality measurements of arts and culture. Two projects are the effect of this work: “The public Value Measurement Framework – Measuring the Quality of the Arts” (Government of Western Australia 2014) and “Quality Metrics – Measuring Quality in the Cultural Sector” run by Arts Council England (Knell and Whitaker 2016). Both aimed at finding expression for quality dimension that would be relevant for three actors: artists themselves (for self-evaluation), peers, i.e. people from the art world, and public. Conducted separately, but in similar Anglo-Saxon cultural context, the projects brought similar lists of quality dimensions gathered in Table 2.

**Table 2. Quality dimensions from two projects.**

Quality dimension	Description
Relevance (A/E)	It had something to say about today's world. / the world in which we live.
Captivation (A/E)	It was absorbing and held my attention.
Originality (A/E)	It was ground breaking.
Distinctiveness (A/E)	It was different from things I've experienced before.
Excellence – global (A/E)*	It was amongst the best of its type [in the world]*.
Excellence – local (A/E)*	It was amongst the best of its type [in Australia]*.
Risk (A/E)	The artists/curators really challenged themselves with this.
Rigour (A/E)	It seemed well thought through and put together.
Presentation (E)	It was well produced and presented.
Challenge (E)	It was thought-provoking.
Enthusiasm (E)	I would come to something like this again.
Local impact (E)	It is important that it's happening here.
Concept (E)	It was an interesting idea.

\* A – Australian project, E – English project. Division into global and local excellence appears only in Australian list of quality dimensions, English quality dimension is simply 'excellence'.

Source: Government of Western Australia (2014), Knell and Whitaker (2016).

The idea of the projects was 'to produce data and insights that not only tell a better story ... of the full value of arts and cultural activities to the public, but which are also regarded as relevant, credible and useful to artists and cultural practitioners across the state to plan and develop their practice' (Government of Western Australia 2014: 4). The projects were run across different cultural sectors, that promised the possible comparisons between art forms. However the operationalization of quality dimensions found is questionable. Bille and Olsen (2018) point out problem of applying static indicators for dynamic art. Therefore indicators rather consolidate existing understandings of quality than being a tool for judging novelty. It is also possible that 'a work of art can be extremely distinctive and original and still be a rubbish – uninteresting, incoherent, simply of low quality' (Bille and Olsen 2018: 243) – distinctiveness and originality can have nothing in common with quality. It seems also that indicators are more suitable for professional critics than general public, as assessments by peers exhibit greater variation, while the assessments of public do not fluctuate much: 'audiences are evaluating their general satisfaction with the cultural experience rather than its quality in relation to specific parameters' (*ibid*, p. 245). Still the list of quality dimensions as well as the list of benefits invented by Throsby (1990), presented in previous sections, can serve as a wording for descriptions of cultural goods to be valued.

#### 4. Summary

Not a long history of non-market valuation of cultural goods deliver quite a long bibliography of the usage of quality measurements and indicators that served to convey the nature of the good. However, their plausibility, understandability and meaningfulness to respondents of questionnaires is questionable as well as its relevance for econometric models (underlying non-market valuation), their theoretical requirements, and for policy making.

First of all, it seems very difficult to find common way to express quality for different cultural phenomenon. Two major kinds of cultural goods appear: [1] ephemeral, timely and delivering diverse products i.e. performing arts and similar (broadcasting, film) and [2] cultural heritage which is given as a whole and do not change over time.

Up to date studies devoted to performing arts developed the understanding of demand and some quality determinants of their valuation by society; however most of variables used to capture the quality leave much to desire. The significance of measurements created on the basis of supply-side data is vague. The most important (in significance and value) variables based on *ex-post* subjective opinions (reviews, words of mouth and recognition of artists) has limited utility for cultural policies. There is little chance to determine the evaluation of productions, either by experts or viewers, of the future program for theatre repertoire. Conditioning *ex ante* subsidies for theatres on future reviews or words of mouth is highly risky. What can help are rather determinants of positive opinions than opinions themselves. Therefore own features of performances rather than perception of performances could serve better for policy making. Repertoire classification that seems to be the most influential quality characteristic of a performance serves only as an indicator of preferences towards sad or happy content and suffers from the necessity of adjustment to local cultural context. However, a simple division into performance types seems remaining the best compromise between simplicity (to be understandable for respondents) and objectivity (to be usable for policy-makers). Inclusion of more venues into the studies can be a way to overcome local contexts, as a lesson from cultural heritage studies deliver. When the offer includes diverse products, it is worth to check their contribution into the value of cultural venue or service. Positive value of all types of products should not surprise. It would be surprising if theatre, music hall or broadcasting company would deliver offer of no value for people. What is interesting is the relation between the value of products with different quality characteristics.

The lists of criteria defined by Throsby as well as quality dimensions from projects like “Quality Metrics” can be used to specify merit characteristics of theater performances. They can help in verbal communication with respondents from different backgrounds (audiences, artists and stakeholders). Connected with different types of cultural products their use can show what are the crucial dimensions of quality for diverse goods.

Cultural heritage consists of real, physically located objects mostly. Their quality don't differ much when time passes. What can differ is the quality of provision and experience. Therefore the studies focus on these aspects of quality of cultural heritage, remaining the quality of the objects not evaluated. Non-market valuation studies of cultural heritage deliver also some experience with the use of visual materials as a tool to indicate qualitative characteristics, a well-established practice in other fields of economic research (e.g. environmental economics). They could be used more broadly in cultural economics, maybe together with audio-visual content easily available for respondents when electronic devices are used to support interviews with respondents.

Even limited use of quality variables in up to date stated preference based non-market valuations enable formulating some policy recommendations, mostly limited to the particular institution. Throsby (1990) notices high heterogeneity among visitors of different venues what results in different elasticities of demand. He also advised theaters to pay particular attention to the quality when aiming to increase the number of audience. Willis and Snowball (2009) find econometric evidence for demand heterogeneity what is interpreted in terms of omnivore taste (Peterson 1992) and support current policy of repertoire choices of the festival researched. Grisolia and Willis (2011) find ‘words of mouth’ as important as reviews. They also deliver the valuation of performances with different level of reviewers’ judgements and genre of a play. It might serve as a source of directions on how to build a repertoire for a theater manager (marketing decisions), however he or she has little impact on reviews. The subsequent study (Grisolia and Willis 2012) develops an investigation into heterogeneity of viewers with the use of a latent class model. Some recommendations for public policy regard engagement of a younger generation, which constitutes mostly the latent class called ‘popular’: smallest and focused on entertainment. Subsequent study about Royal Theatre in Newcastle (Grisolia and Willis 2016) justifies public support for Royal Shakespeare Company and shows significant differences in peoples’ WTP for different types of play with drama being the most valuable. The study by Wiśniewska and Czajkowski (2017) supports an increase in the provision of discounted theater tickets (quasi-public good), particularly in venues that specialize in

experimental, children's and drama performances. Authors note that the passive-use values of theatre recognized by the society of Warsaw could be a reason for difference between theatergoers' preferences for subsidy distribution and audience ticket-buying behavior.

Non-market valuations of cultural heritage deliver simpler yes-no answer for the questions about justification for public expenditures for particular sites or objects (however the way the hypothetical scenario is expressed is far from current state-of-art non-market valuation guidelines). Policy-makers and managers and cultural heritage venues get also knowledge about consequences of possible changes in the provision of the goods (including the level of restoration and conservation).

The problem to convey the nature of the good in a plausible, understandable and meaningful way lies not only in art and culture itself or researchers abilities to express it, but also in cultural experiences of general public. The problem of experience is stronger than in other markets due to experiential way of acquiring cultural goods. There is a risk that people who do not participate enough are not enough informed anyhow we describe the good. A way to solve a problem may be in acceptance of well-enough-informed preferences instead of fully-informed preferences. Still, the better the expression of quality of cultural goods we achieve, the better-informed preferences we reveal.



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