**Non-market value of theater: Performance of benefit transfer   
across Denmark and Poland**

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In many countries, including those in Europe, culture and particularly so-called high-arts are considered as public goods that should be broadly accessible to society. The provision of the goods naturally requires public funding. Performing arts, such as theater, are one of the cultural sectors most often supported by governments (Towse, 2010), although at the same time theater is viewed as the most elitist and not available to an average citizen (e.g., due to financial or educational constraints). This contrast suggests that a large part of the value of theater may lie beyond the actual seeing of performances. This study aims at measuring the theater value monetarily.

The general objective of this article is to contribute to the development and use of non-market valuation methods as a tool for assessment of culture-related policies—particularly, benefit transfer for performing arts. The novelty of our investigation lies in transmitting research approaches from a broader literature on non-market valuation, applied in other contexts (e.g., environmental goods), into an understudied and underrepresented area of performing arts. To the best of our knowledge, benefit transfer has never been implemented for performing arts. Our specific objective is to examine the possibility of employing the benefit transfer method to obtain valid and reliable value estimates of performing arts. The empirical case here concerns theater. Based on data collected from non-market valuation studies of theater offers in Denmark and Poland, we test the validity and reliability of the benefit transfer when applied to performing arts.

We believe the study contributes to the existing literature by addressing substantial research gaps. These include: (1) a paucity of non-market valuation studies for cultural goods such as performing arts despite an obvious need for the value estimates (e.g., for optimally allocating public funds to the cultural goods); (2) hardly any applications of benefit transfer in this field despite its significant usefulness and common application in other areas (such as environmental economics; Johnston et al., 2018); and (3) an unexplored question of the value of performing arts to society, which receive a substantial support from public budgets.

Stated-preference methods constitute one of the flagship non-market valuation techniques (e.g., Bishop et al., 2017). They help estimate the economic value of goods not traded in markets (that is, those without a market price, which could indicate their value), such as many public goods, including cultural goods. The value estimates provide inputs to cost-benefit analyses, which are a standard method of assessment of effectiveness of public policies, including provision of culture, among (many) others. Valuation of cultural goods has been slowly gaining interest since the 1980s. Although undoubtedly needed for the efficient (social-welfare maximizing) provision of the goods, studies assessing the value of cultural goods constitute only a small fraction of the broad non-market valuation literature. Many applications of the methods take place in environmental or transportation areas (Carson, 2011). Performing arts, including theater in particular, have been a subject of non-market valuation inquiries even to a smaller extent than other cultural goods (e.g., Baldin and Bille, 2018; Wiśniewska, Budziński, and Czajkowski, 2020).

Primary stated-preference valuation studies require the use of advanced surveying methods and considerable research budget, placing time and money constraints on the valuation studies. In the light of these challenges, a benefit transfer method appears as an attractive alternative. Benefit transfer enables using empirical estimates from existing studies at one site (called a study site) to approximate welfare estimates at another, usually unstudied, site (called a policy site). It is useful when resources like time, funding or data are missing or insufficient to run a primary research at the policy site. Benefit transfer has been used in large-scale cost-benefit analyses in the US, EU, and elsewhere—though, to the best of our knowledge, not yet much in the domain of culture and not at all for performing arts.

This article examines and compares stated-preference-based value estimates of performing arts, focused on theater offer, for two European countries: Denmark and Poland. The investigation is based on data collected within two separate but very similar surveys: one conducted in 2019-2020 in Denmark and the other one in 2018 in Poland. Both surveys were administered to representative samples from each country of 2,000-4,000 respondents, and they involved similar questions concerning the value of the offer of theaters in a respective country.

We perform benefit transfer across the two countries. Putting it simply, the value of theater estimated for the Danish case on the basis of the Danish database is transferred to estimate the value of theater in Poland and vice versa. For transferring the values, we apply three most common approaches: simple unit value transfer, income-adjusted value transfer and benefit function transfer. Simple unit transfer assumes transferring the average value from one country to another. Former benefit transfer studies suggest that adjusting the transferred values by income may improve the transfer validity and reliability, and thus it is considered here. In turn, transferring based on the functions allows for controlling the effects of additional variables. For this reason, we consider a set of socio-demographic characteristics. Once the three types of transfers are performed for each country, we evaluate their performance. The possibilities for benefit transfer will be critically assessed based on theoretical considerations as well as our empirical results. These results will be furthermore assessed along two criteria commonly applied in other areas of non-market valuation literature (Bishop and Boyle, 2019): validity and reliability. Validity is assessed by the equality in the value estimates across the countries, while reliability is measured by percentage transfer errors, expressing how “far” the transferred estimate is from the true value.

This study contributes to critical assessment of the possibilities for popularizing application of non-market valuation techniques to cultural goods, focusing on performing arts. It is an extremely underrepresented topic within cultural economics and non-market valuation literature, however, at the same time, largely significant from the point of view of public expenditures and cultural policies. Given no application of the benefit transfer approach to performing arts so far, the article opens a new path for valuation in this area. The benefit transfer examination proposed here is based on two nation-wide databases collected from carefully designed surveys in Denmark and Poland in recent years. The nation-wide level of the valuation study for each country significantly extends a typical scope of cultural valuation and distinguishes this work from the hitherto valuation studies within cultural economics. Similarities of the theater systems across Europe offer an opportunity for further generalization of our findings to contexts beyond the two countries considered.

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