Economic & Social Impact Assessment:

a creative momentum project

Northern Finland Creative Sector

Northern Periphery and Arctic Programme 2014-2020
EUROPEAN UNION
Investing in your future
European Regional Development Fund
Whitaker Institute
OÉ Gaillimh NUI Galway

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About *a creative momentum project*

A three year (2015-2018), transnational project co-funded by the EU Interreg Northern Periphery and Arctic Programme, *a creative momentum project* focused on the development of the creative industries sector in regions across Europe's Northern Edge. This report emerged from the 'Intelligence and Influence' aspect of *a creative momentum project.* For information more visit: https://mycreativeedge.eu/

Disclaimer: This report is prepared on behalf of a creative momentum project partnership. Every effort has been made to ensure the information it contains is correct. We cannot assume responsibility or have liability to third parties arising out of or in connection with this information being inaccurate, incomplete or misleading.

Contents

"It is possible to argue that the longer-term dynamic effects of culture – such as the creation of a favourable milieu that attracts people, companies and investments – are more important than economic impact"

Extract from 'Understanding the value of arts & culture: The AHRC Cultural Value Project', Crossick and Kaszynska (2016) p.99.

1. Introduction and overview

Assessing the value of the creative sector[1] is a complex task. It not only has economic value, which in itself is difficult to measure, but in particular, its cultural sub-sectors strongly contribute to social and cultural development. This impact assessment presents key economic estimates, but perhaps more importantly, our analysis goes beyond traditional economic measures to also encompass a wider socio-economic focus. To do this, we combine existing knowledge and statistics, with online survey data and in-depth interviews with creative sector entrepreneurs from the Northern Finland region[2].

1.1 Creative sector impact

Total direct sales of craft, cultural and creative produce amounted to €271.3 million in 2016. Average company sales differ across the sub-sectors. The creative industries reported average sales close to twice that of their craft and cultural counterparts. The average number of employees per firm equals 4.01 persons.

A range of wider socio-economic contributions from the creative sector in the Northern Finland, driven by its distinctive characteristics include:

- **Place-based impacts**
  - The creative sector is locally embedded, facilitating strong local economy value capture. But it is also internationally and globally focused, supporting economic growth.
  - The creative sector can contribute to re-inventing perceptions of peripheral regions as attractive, creative places to live, work and visit.
  - The qualities of creative sector entrepreneurs are an asset that facilitate harnessing of local opportunities, such as from place-based resources like culture, traditions, landscape and heritage.
- **Human and social capital impacts**
  - Inter-sectoral mobility of creative labour, as well as strong knowledge transfer to emerging talent and other entrepreneurs, strengthens the human resource capacity of the region.
  - The open and collaborative approach of creative sector entrepreneurs builds a supportive entrepreneurial environment.
  - Creative sector entrepreneurs also contribute to positive social and community impacts.

[1] Defined here as the following creative sub-sectors: Advertising, Animation, Architecture, Craft, Cultural Facilities, Design, Film, Games, IT and Computer Services, Marketing, Music, Performing Arts, Photography, Publishing, Radio, Software, TV and Visual Arts.

[2] See Appendix 1 for more details on the methodology applied.

1.2 Northern Finland

The Northern Finland region includes two provinces - Lapland and North Ostrobothnia. The provinces share similarities, but also many differences. North Ostrobothnia is smaller in land area, but has a larger population (410,000 versus 182,000 approx.) and is more densely populated than Lapland. North Ostrobothnia's population density is 11.36 per square kilometre and 11.7% of Finland's land area. Lapland is a vast province with a large land area (30.5% of Finland) and lower population density (1.97 per square kilometre). Population is growing in the North Ostrobothnia region while decreasing in Lapland (0.64% versus -0.27% average annual growth from 2006-16 respectively) (OECD, 2017a; OECD, 2017b).

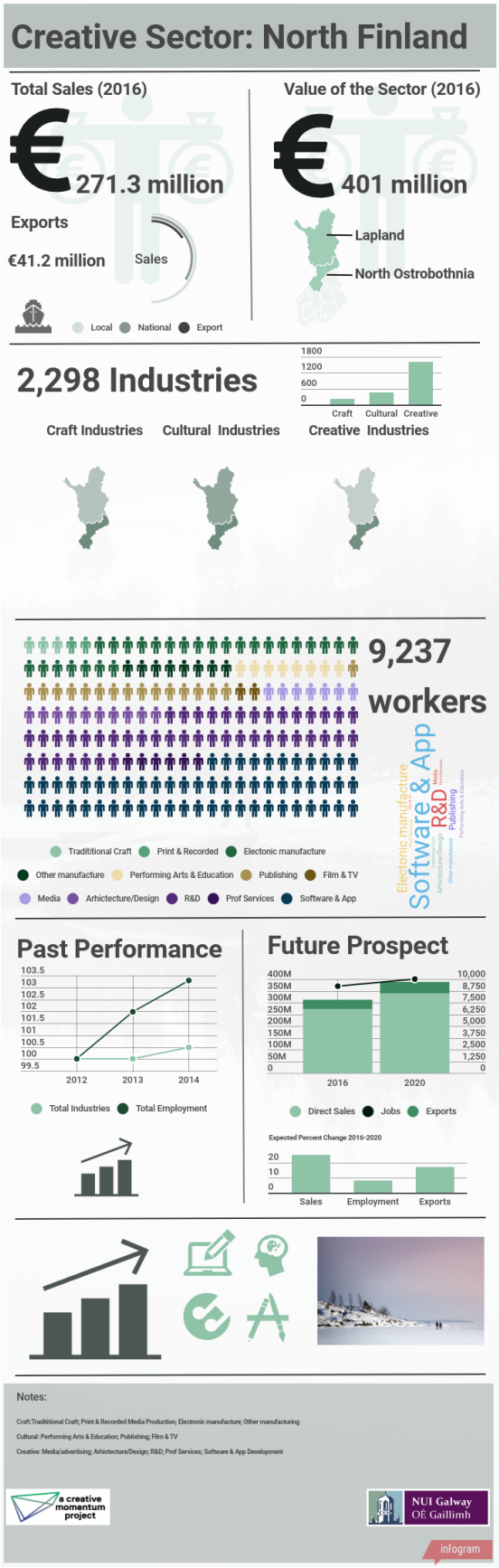
Natural resources provide an important source of economic activity in Northern Finland and the economy is specialised in the areas of mining and quarrying. Tourism also performs strongly in the region. Employment is most concentrated in the public sector, followed by wholesale, retail and manufacturing (OECD, 2017a; OECD, 2017b).

Wood harvesting near Rovaniemi, Lapland

Image sourced from Lapland Material Bank. Photographer Terhi Tuovinen

North Ostrobothnia's economy is more diversified than the average in similar regions in northern Europe. A technology cluster in Oulu is an important strength of the region. While it has experienced decline in recent decades, it does possess human capital that can support new growth in related areas such as in the bio-economy. Local start-ups are expected to play an important role in supporting this transition. North Ostrobothnia is also an urbanised province with 48% of the population concentrated in the capital Oulu. Building stronger linkages between Oulu and rural areas of the province, as well as improved broadband infrastructure in these areas, will be important for more balanced future growth (OECD, 2017b).

In contrast Lapland's technology sector is under-developed and is highly specialised in mining and quarrying. However compared to other similar regions in Finland it performs strongest in the tourism sector. Low levels of innovation and enterprise creation are observed as well as the need for development of business linkages outside the region to promote future economic development. Its tradition in forestry is also expected to be important to future economic growth, such as exploitation of new opportunities in areas such as the bio-economy. Forestry is an important employer in rural areas but structural changes have resulted in reducing job numbers in certain areas. Unemployment among older workers, as well as low-skilled youth population, is an issue in the region. These are difficult issues to address in peripheral regions. Population is dispersed across the region, private sector job opportunities are limited and skills needs difficult to predict (OECD, 2017a).


Creative Sector: North Finland
Total Sales (2016)
€ 271.3 million
Exports
€41.2 million
Sales
Local
National
Export
Value of the Sector (2016)
€ 401 million
Lapland
North Ostrobothnia
2,298 Industries
1800
1200
600
0
Craft
Cultural
Creative
Craft Industries
Cultural Industries
Creative Industries
9,237 workers
Traditional Craft
Print & Recorded
Electonic manufacture
Other manufacture
Performing Arts & Education
Publishing
Film & TV
Media
Arhictecture/Design
R&D
Prof Services
Software & App
Past Performance
103.5
103
102.5
102
101.5
101
100.5
100
99.5
2012
2013
2014
Total Industries
Total Employment
Future Prospect
400M
350M
300M
250M
200M
150M
100M
50M
0
10,000
8,750
7,500
6,250
5,000
3,750
2,500
1,250
0
2016
2020
Direct Sales
Jobs
Exports
Expected Percent Change 2016-2020
20
10
0
Sales
Employment
Exports
Notes:
Craft: Traditional Craft; Print & Recorded Media Production; Electronic manufacture; Other manufacturing
Cultural: Performing Arts & Education; Publishing; Film & TV
Creative: Media/advertising; Arhictecture/Design; R&D; Prof Services; Software & App Development
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infogram

2. Economic impact

2.1 Industry characteristics

The creative sector in Northern Finland consists of a large number of small enterprises. The average number of employees per firm equals 4.01 persons. This differs slightly between the sub sectors of craft, cultural and creative industries. The creative sector is also a young sector, 43% of all operations surveyed were less than five years old. Close to 12% of operations were in existence for less than one year. The relative youth of the sector can help explain that 24% of survey respondents do not work in the creative sector full-time (50% of these engaged in other paid employment). One final defining aspect of the sector is the relatively tight geography of spend. On average, 52% of spend on goods and services by creative sector enterprises took place locally (a further 30% was spent within Finland).

Figure 1: Creative sector geography in Northern Finland

2.2 Sales

Total direct sales of craft, cultural and creative produce amounted to €271.3 million in 2016. Making use of a multiplier to derive the total value of the sector to the region we see the value of the creative sector to Northern Finland as €401 million. Average company sales differ across the sub-sectors. The creative industries reported average sales close to twice that of their craft and cultural counterparts.

2.3 Exports

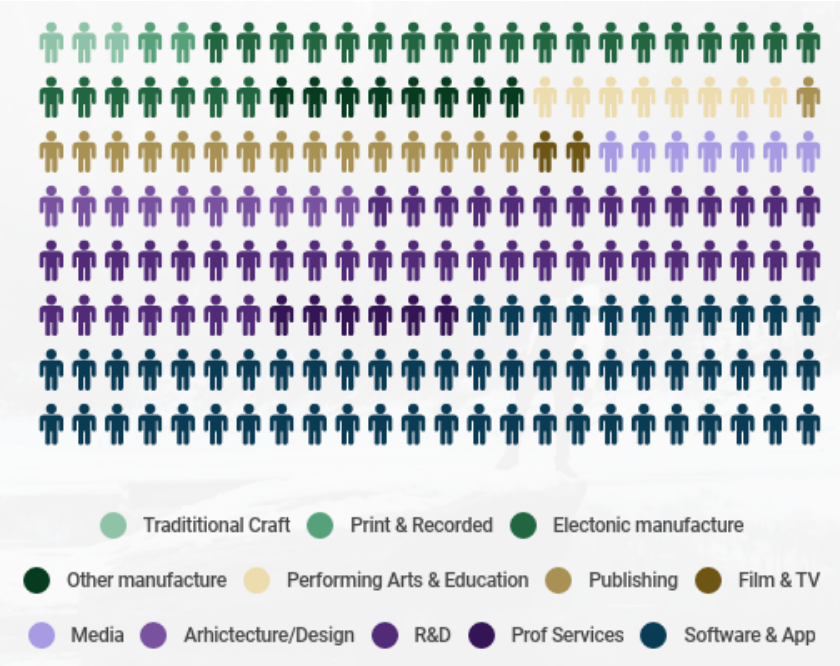
62% of survey respondents derived a portion of their sales from exports. Across the sector this accounts for 15% of direct sales or €41.2 million. Again there are differences across the sectors, but more notable is the difference in organisation size with younger companies least likely to export their produce. When questioned as to the main reasons for not exporting respondents referred to the issues of scale and desire to export.

2.4 Employment

Data from Statistics Finland indicate that a total of approx. 9,237 people were employed in creative sector in the region in 2015. A greater proportion of employment is concentrated in creative (66%, 6,145) rather than the cultural (14%, 1,228) and craft (1,865, 20%) industries. Geographically, employment is concentrated in the south of the region (North Ostrobothnia). The results of the survey suggest that employment in the creative sector has experienced healthy growth in recent years. With

variations at the sub-regional level, overall employment in the sector increased by 2.3% in Northern Finland from 2012 to 2015.

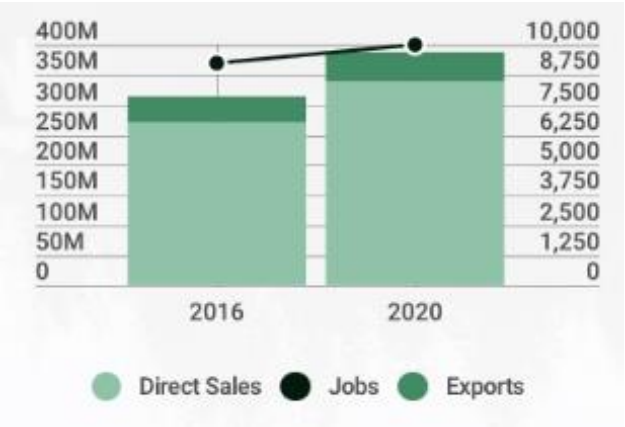
Figure 2: Creative sector employment breakdown in Northern Finland



2.5 Future prospects

Future prospects reported by survey respondents predict a rate of growth in employment up to 2020 of 8%. On this basis, employment in the creative sector of Northern Finland could reach 9,977 by the end of the decade. Predicted future sales growth reflects a more positive rate of change, reaching €339 million in direct sales for the region by 2020 with exports touching €48 million in the same year.

Figure 3: Future prospects



SOCIO-ECONOMIC IMPACTS OF THE CREATIVE SECTOR IN PERIPHERAL REGIONS

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GLOBALLY ENGAGED

CO-EXISTENCE OF LOCAL EMBEDDEDNESS AND GLOBAL ENGAGEMENT THROUGH EXPORTS

LOCALLY EMBEDDED

EMBEDDED IN THE LOCAL ECONOMY THROUGH LABOUR SOURCING AND SPEND ON GOODS AND SERVICES

CULTURE OF COLLABORATION

ENTREPRENEUR COLLABORATION STRENGTHENS THE BUSINESS ENVIRONMENT

KNOWLEDGE TRANSFER

TRANSFER OF KNOWLEDGE STRENGTHENS THE HUMAN RESOURCE CAPACITY OF THE REGION

UNLOCK LOCAL RESOURCES

CREATIVE ENTREPRENEURS VALUE, HARNESS AND STRENGTHEN PLACE-BASED RESOURCES SUCH AS LANDSCAPE AND TRADITION

POSITIVE PLACE PERCEPTION

RE-INVENT PERCEPTIONS OF PERIPHERAL REGIONS AS ATTRACTIVE, CREATIVE PLACES

DYNAMIC & FLEXIBLE

ADAPTABLE MULTI-SKILLED ENTREPRENEURS AND WORKFORCE EXISTS IN THE CREATIVE SECTOR

COMMUNITY ENGAGEMENT

ENTERPRISES INVOLVED IN VOLUNTARY ACTIVITIES SUPPORTING SOCIAL AND COMMUNITY DEVELOPMENT

3. Socio-economic contribution

Beyond what is traditionally understood as economic impact, studies have found the creative sector has a range of wider benefits and spill-over impacts (Tom Fleming Creative Consultancy, 2015; Crossick and Kaszynska, 2016). Such benefits are difficult to measure precisely, but our assessment suggests their contribution is significant. These impacts have important positive implications for regional development.

3.1 Place-based impacts

3.1.1 Locally embedded

Sectors that have greater levels of embeddedness in the local economy support stronger regional development. Our findings suggest the Northern Finland region's creative sector is strongly embedded in the local economy. The majority of spend by creative sector enterprises on goods and services is local (see Figure 4). Strong internal connections within regional economies facilitate capturing greater value from the flow of goods and services.

Figure 4: Percentage spend on goods and services (excluding labour costs) by location

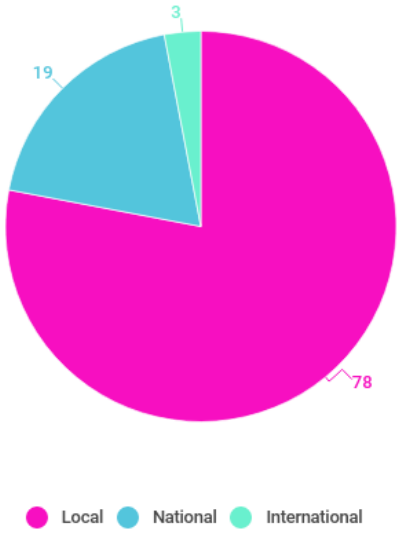
Building linkages in local and national supply chains also emerges as part of the values underpinning creative sector businesses interviewed in the Northern Finland region.

> *"They have diluted their brand, they are now made in China…I have my own studio now…if I do get some increase in business I'd rather keep the production in Finland" (Interview 2).*

> *"There is a reason why we choose the wood we have, there is a technical reason, we know that it comes from…mid-Finland…we know the way they work and their values" (Interview 1).*

Creative sector businesses are also focused strongly on local employment. This observation is supported by our survey findings where the vast majority of labour is locally sourced (see Figure 5).

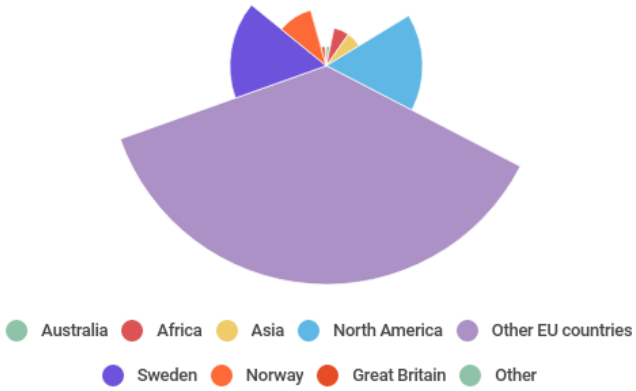
Figure 5: Percentage of labour sourced from different locations



3.1.2 Globally engaged

The co-existence of local embeddedness and global engagement is important for the development of companies in peripheral regions (Dubois and Hedström, 2015). Small local markets limit enterprise growth. Based on our survey findings from Northern Finland it is estimated while 50% of sales occur in the local market, 35% are national and 15% international. Almost two thirds of the creative sector enterprises we surveyed said they exported (62%). Export destinations were diverse, but European countries were the most significant export region (see Figure 6). Most survey respondents (58%) reported a pattern of increasing exports in recent years.

Figure 6: Main export regions – Creative sector enterprises in the Northern Finland region



The activities of individual creative sector entrepreneurs further illustrate the local embeddedness but international focus of creative sector enterprises. For example:

> *"The common way in Finland is that most of the clients would be here locally…we are trying to also focus more internationally. We have a TV series going on with an American producer…we try and be an international production house, more than just making commercials here for Finnish people" (Interview 3).*

> *"We have a few local regular clients. Those are also international companies that are… regulars from year to year…it is at the same time a very local business and very international business" (Interview 4).*

3.1.3 Positive place perception

Creative sector entrepreneurs view the Northern Finland region positively and appreciate its qualities. Our survey found that 91% indicated quality of life and 96% indicated that the natural environment was either good or very good. Creative sector entrepreneurs can be attracted to live and work the Northern Finland region because of these characteristics, but they also have an important role in shaping the region's image and complement it. Interviews with creative entrepreneurs further illustrates this:

Image sourced from Lapland Material Bank. Photographer Markus Kiili

> *"Having retreats and things like that…that's why I emphasise that I'm from Lapland, this place has brand value already. People come here to relax and enjoy the quiet life, doing crafts and art fits well into that" (Interview 2).*

Creative sector entrepreneurs are also strong advocates of the talent and potential within their region. For example, the following comments help to illustrate:

> *"We have a unique landscape…it feels like people don't really know that these kinds of services available in Finland…we need more attention on that, we can offer these services…the commercial from England…they came to Finland where there is lots of snow and a Christmas landscape. That is one of the strengths that we have here" (Interview 3).*

The Northern Finland region is already strong in terms of quality of life and natural environment. Creative sector entrepreneurs contribute an additional dimension to the region's attractiveness and help to position it as a creative place, further strengthening regional competitiveness.

3.1.4 Unlock local resources

Creative, cultural and craft entrepreneurs can harness value from cultural place-based features of the location itself, such as heritage, traditions, landscape and nature, which inspire and fuel creativity. Interview evidence from the Northern Finland region helps to illustrate this pattern:

Traditional Looms, Taito Lappi, Rovaniemi, Lapland

> *"Finland I guess already has a good reputation as a design country…destination…textile design…I have one loom…a lot of people are giving them away, like Grandma's old loom…I got mine donated from a school…in Lapland…when the sun is shining…that makes the colours really bright, almost unnaturally bright. I take a lot of photos and look at them and pick colours" (Interview 2).*

> *"Last Christmas we had a crew from England, they made…a Christmas commercial but they weren't happy with the studio decoration, it didn't look like Christmas, actual snow, snowy trees. They came to Finland to shoot it again and we took care of the production, helped them out them to get hotels, transport, the crew and the cameras" (Interview 3).*

> *"I think for all of us, most important is the surroundings here in Lapland and all the hobbies you can do here, skiing, snowboarding but of course you need to see and feel something else also. Other people, all the happenings from other cultural content…you need to be curious" (Interview 4).*

Creative sector entrepreneurs show an ability to change direction and adapt to serve new market demands. They are innovative and try new things, as well as being tolerant of uncertainty and have determination to succeed. They take a measured approach to change and investment. Interviews help to illustrate these points:

> *"It started off with a really tricky project, we had to do that from scratch to being ready in 3 weeks…we had never done anything like that…at the same time we are curious to try new things" (Interview 1).*

> *"I try and think outside the box…I basically started my business as an experiment…I am not investing money in it so much anymore. I invest whatever I make, and time. I couldn't take the risk of investing any money into this, it would be a gamble" (Interview 2).*

> *"We have been growing slowly here for roughly 6 years and there's now around 5 people working in the company…We started to write the movie maybe four or five years ago and it takes a lot of convincing these funding groups and organisations…the shooting has been postponed for a few years…finally this year it is going to happen" (Interview 3).*

> *"That is a project that is very typical to us, before we did it we didn't know exactly how to do it but we knew that there was equipment available…we went forward…it is important for us that we are testing new forms of storytelling…we don't see ourselves as a production company only…we do a lot of creative work for our clients…like typical advertising agency work sometimes, others it's more like we are taking care of the whole process from idea to distribution" (Interview 4).*

The Northern Finland region's creative sector entrepreneurs are also aware of the importance of building strong relationships to success in the creative sector. Entrepreneurs know the value of being adaptable, personable and reliable. This helps to build new business opportunities and unlock local resources. For example:

> *"We'll draw on our partner network to back us up …that is how we have done quite a few things as well, through contacts and good friends…you have a level of trust…and respect." (Interview 1).*

This evidence highlights how the qualities of creative sector entrepreneurs are also an asset that facilitate harnessing of local opportunities.

3.2 Human and social capital impacts

3.2.1 Dynamic, flexible entrepreneurs and workforce

Developing human capital is important to regional development. Based on our survey, the majority of respondents from the Northern Finland region (76%) indicated that their work in the creative sector was their full-time occupation. However for those (24%) where creative sector work was not a full-time occupation, 50% engaged in other paid employment. Other occupations cited were work in sectors such as education. The results indicate an adaptable multi-skilled workforce exists in the creative, cultural and craft industries, not reliant on one sector of employment and is flexible with regard to inter-sectoral mobility. Interviews also help to illustrate this point:

> *"I have a degree as an art teacher and I became unemployed…I started studying again, international business…I became more interested in entrepreneurship and I have always been a crafter…but I am not living off this work" (Interview 2).*

> *"In my earlier job…I learned from that…I've done my own research…I mainly have collected these skills by myself" (Interview 7).*

Wider research has identified creative sector industries, and the skills of creative professionals, as an important source of innovative ideas, as well as distinct qualities such as imagination and intuition. Creative workforce mobility is also important to increase the innovation potential within the wider economy (Crossick and Kaszynska, 2016; Kimpeler and Georgieff, 2009; KEA European Affairs, 2009).

3.2.2 Knowledge transfer

Businesses operating in the creative sector actively transfer knowledge to others in the Northern Finland region and contribute to skills development. Over two thirds (70%) of respondents indicated that they were involved in education, mentoring and training activities. The type of activities most common (43%) were giving talks, training or workshops to the public and students. Creative sector enterprises are also engaged with the education sector to help update and shape courses in line with current needs. Based on our findings, 15% are involved in these activities. Entrepreneurs also actively

share knowledge with other businesses and emerging talent. According to our survey, 15% had provided mentoring or advice to other businesses, 7% had provided internships and 11% provided training for employees. More than 50 hours were devoted to education and training activities in the past year by 31% of respondents.

Northern lights, Lapland

Image sourced from Lapland Material Bank. Photographer Antti Pietikäinen

Evidence from interviews helps to highlight the value of knowledge transfer, such as improving productivity, spin-off business development and introduction of new ideas to the business community:

> *"Nokia downscaled here in Oulu quite a lot, that meant a lot of people from Nokia had really high knowledge and education around computer technology. They started their own companies and many games companies have been born out of that" (Interview 3).*

> *"It's much more productive when you have other people to feed off" (Interview 1).*

> *"This is a kind of an old-fashioned town. I think my business, from when I started to where I am now, I have educated people to work on stories and customer experience and things like that" (Interview 7).*

Evidence from interviews helps to shed light on the motivations for involvement in education and training. Northern Finland region creative sector entrepreneurs want to develop local talent not just for the benefit to their business, but also for its wider impact. For example:

> *"I would love to have an apprentice at some point. I feel like I need to give back because I was taught that way" (Interview 2).*

3.2.3 Culture of collaboration

Cooperative relationships between creative sector enterprises are common in the creative sector and important to its functioning. This culture of collaboration strengthens the business environment for entrepreneurs. Our survey evidence suggests the creative sector in the Northern Finland region is dominated by micro businesses and self-employed entrepreneurs. Evidence from interviews shows that this structure also breeds a culture of cooperation among entrepreneurs. For example:

> *"We have very good partners….tourism and travel marketing…companies that are working more around design….there are also partners in the technical world, it can be a question of distribution online, we are not experts in that…also coding so when we are*

making websites for our clients they are a very good partner because we don't have any coding skills in-house" (Interview 4).

"I use a lot of people who have a sole trader status, like for sound services, whenever I need extra hands…the same people that I studied with were also part of my first feature film…the director of photography and sound designer were my old school-mates with who I'm also making these commercials from time to time" (Interview 6).

"I work with other people with other skills, mostly in the cultural field, but also in other fields. Sometimes people help me for free and then I help them too for free" (Interview 7).

3.2.4 Community engagement

The Northern Finland region's creative sector does not just contribute to the local economy, but is also socially embedded in communities. Over half (57%) of survey respondents indicated they were involved in voluntary activities that support social and community development. Voluntary activities were identified in the advertising, cultural facilities, film, music, photography, performing and visual arts sub-sectors of the creative industries. The type of activity most common (52%) was projects with their local community where they had voluntary involvement. Support for non-profit organisations is also significant, 24% worked on projects with these types of organisations, while 10% provided support through donations or sponsorship. The amount of time devoted to these activities was also significant – 18% indicated they spent more than 50 hours and 27% between 40 and 50 hours on voluntary activities in the past year. Evidence from interviews helps to illustrate this point:

"There's a lot of requests from non-profits to get help with their marketing so we started a…project that…asked for applications from non-profit companies…we picked one and made content for them for free" (Interview 4).

Creative sector entrepreneurs also show civic engagement, such as being actively connected to local policy-makers and organisations. For example:

"Right now I've made sure I'm connected with the city officials…other artists…both universities…the local [craft] organisation…be smart, everything it may seem random but everything is very calculated" (Interview 2).

4. Case studies

In this section we develop a number of case studies to help illustrate specific impacts of particular activities within the broader creative sector.

4.1 Indigenous culture impacts: Sámi traditions in Inari, Lapland

The Sami people's homeland spans across parts of Sweden, Norway, Russia and Finland. The distinctive culture of the Sami people is harnessed in Inari, Lapland with a range of socio-economic impacts in the area.

Ijahis idja: A Sami meeting point harnessing indigenous musical heritage

Performance at Ijahis idja in 2013

Image sourced from Lapland Material Bank. Photographer Jan-Eerik Paadar / Paadar Image

Since 2014 every August, the Ijahis idja festival takes place in Inari, a town in the north of Lapland. The festival attracts around 3,000 visitors who enjoy both traditional and contemporary Sámi music concerts, as well as wider cultural content such as theatre performances and workshops. Around 50 volunteers come on board to support the festival each year. It is organised by and for the Sami community and acts as an important meeting point. Each year the festival focuses on a theme. For example, the diversity of local styles that form part of the Sami music tradition 'Joik' were celebrated in 2017. Sami artists from across the Sami homeland participate in the festival. Ijahis idja harnesses funding from local partners, but also generates the largest portion of its revenue from festival ticket sales (approx. two thirds of total revenue).

Skabmagovat Film Festival 2017

Image sourced from Lapland Material Bank. Photographer Terhi Tuovinen

Film celebrates Sami culture and stimulates cross national collaboration with other indigenous peoples

Also in Inari, the Skábmagovat Indigenous Film Festival brings together films made by indigenous people across the world, such as from Australia, Tibet, Russia and Arctic Canada. Screenings take place in a number of locations including the candle-lit, snow structure the Northern Lights Theatre. The festival in recent years has been attended by over 3,000 visitors and celebrates its 20th year in 2018. It sources funding from a range of bodies such as the Arts Council of Lapland, the Nordic Culture Fund and the Sámi Parliament.

Future potential also exists to further harness value from Sami cultural assets. For example the Arctic Indigenous Film Fund brings together partners from Alaska, Canada, Greenland, Norway, Sweden, Finland and Russia. The fund emerged from the Arctic Film Circle pilot project and will support development and production of indigenous film projects in the Arctic creating a platform for indigenous filmmakers to collaborate. The fund aims to self-sustain into the future from returns on investment in film productions. Analysis of the creative and cultural industries by the Nordic Council of Ministers (2018) finds potential for increased growth of indigenous film in Arctic regions, with supports such as the Arctic Indigenous Film Fund important to facilitate this.

4.2 Tourism impacts: Harnessing creative and cultural assets in Lapland

Lapland is strongly focused on tourism development and the sector is experiencing growth in the region. Snow tourism and the culture associated with Santa Claus are key assets underpinning tourism growth. There were 2.66 million overnight visits (of which 1.21 million were international) to the region in 2016, representing growth of 13% on the previous year (18% growth in international visits). The overall national tourism growth rate was just 3% highlighting Lapland's tourism boom (House of Lapland, 2017). Part of Lapland's vision for its tourism market is that by 2025 the region is a year round, international travel destination (Regional Council of Lapland, 2017). What has also been important in Lapland's tourism success are not just its core tourism assets, but also developing wider experience tourism activities targeted at visitors (Regional Council of Lapland, 2017). Creative sector businesses have begun to capitalise on experience tourism opportunities. With continued growth in Lapland's tourism, the creative sector will likely continue to feed into this, and to a greater extent.

Creativity is a tourism enabler

Creativity and tourism can be combined in a number of ways. Creative sector businesses can combine tourism services as part of their broader business model. For example designer makers Ilahu, who are producers of snow surfboards, also facilitate a Pow Surf tour which combines finishing your own snowboard and then putting it to use in snow-covered Lappish mountains. Others combine creative skills with tourist experiences as their core service. For example Beyond Arctic Photography Expeditions is a tour company specialising in photography, coordinating small group excursions in the heart of Lapland, also offering photography equipment rental.

Cultural assets are a strong contributor to visitor numbers

Cultural assets attract large numbers of visitors to the Lapland region. For example the Santa Claus Village near Rovaniemi attracts over 300,000 visitors annually (Rovaniemi Tourism and Marketing, 2018). Museums are also a significant cultural attraction. In 2016, the Provincial Museum of Lapland in Rovaniemi had 94,711 visits and the Sámi Museum Siida in Inari 58,796 (Statistics Finland, 2016). The presence of a variety of such attractions in a region helps to keep visitors in the area for longer, increasing local tourism revenues (OECD, 2017a).

Festivals also provide important temporary sites of visitor attraction. For example, established in 1986 the Midnight Sun Film Festival attracted over 30,700 visitors in 2017 to Sodankylä, a town two hours north of Lapland's capital Rovaniemi (Statistics Finland, 2017b). Festivals can also help to maintain tourist numbers outside of the peak season.

Lapland is also rich in cultural heritage, which can also be built on to further boost tourism potential. For example the region has a significant volume of cultural heritage sites (see Figure 7). It has been suggested, in the era of climate change for more sustainable tourism development in Lapland diversification of its offering is important (Nebasifu and Cuogo, 2017). The unique, authentic culture and creativity of this region provides an important resource to facilitate this.

Figure 7: Selected cultural heritage sites in Lapland

Data source: Statistics Finland, 2017a

5. Conclusion

Our analysis suggests the creative sector has significant economic and social value in the Northern Finland region. However, the most important impacts generated by the creative sector are perhaps not solely economic, but its interlinked socio-economic impacts that contribute wider benefits to regions. The socio-economic impacts of the creative sector appear to be mutually reinforcing supporting a creative sector ecosystem in the region (see Figure 8). Wider evidence also suggests the creative sector must be understood as an ecosystem, with sub-sectors closely connected and interdependent. The relationships and patterns within the overall system enable it to function (Crossick and Kaszynska, 2016).

Figure 8: Mutually reinforcing impacts build a creative sector ecosystem

The evidence we present here highlights the important role of the creative sector in supporting more balanced, sustainable development in peripheral and rural regions. Its structure, composed of small locally engaged businesses, is also an important part of its value, enabling the creative sector ecosystem to function. Regional competitiveness is no longer just measured on factors such as rent levels, office space and accessibility. The importance of soft factors such as amenities, cultural scene and tolerance levels of the population are increasingly recognised (Bontje and Musterd, 2009). Creative sector entrepreneurs recognise this and play an important role in shaping soft factors influencing the Northern Finland region's image and competitiveness.

Placing the creative sector as part of a regional development strategy can support a move away from reliance on service and primary sectors and towards a more diversified economy focusing on new sources of economic competitiveness (e.g. as argued by Petrov, 2014). Primary sectors such as agriculture, forestry and fishing are a vital part of the rural economy, but rural areas can improve competitiveness by developing a variety of industry sectors, exploitation of local assets and previously under or unused resources for increased sustainability (OECD, 2012). Synergies between the burgeoning creative sector and other indigenous industry sectors, such as agriculture, the marine and tourism, provide avenues for exploration to support future sustainable growth (OMC-EWG-CCI, 2012). Tourism has been identified to have significant potential, by capitalising on existing tourism markets,

but also generating new tourism demand (OECD, 2014). Our findings also highlight the importance of creative tourism development in the Northern Finland region.

This is a one off report based on limited evidence. Across the EU, available data and the complexity of measuring creative sector value mean impact studies have limitations and likely underestimate value (KEA European Affairs, 2015). Statistics Finland produces a range of cultural statistics. This includes annual estimates on culture and media enterprises both at national and regional levels. Regularly published official statistics measuring key socio-economic indicators of development within the wider creative, cultural and craft industries by region and creative sub-sector would have a strong value for regional development. Stakeholders need evidence to make comparisons, observe trends over time and design interventions that meet local needs. Better evidence can also help to identify benefits of particular creative sub-sectors so local agencies can focus on sectors that support and address specific local development needs.

Appendix 1: Methods and data

Our primary research for this report takes a mixed methods approach, using quantitative and qualitative data. This combined research interviews and an online survey of the creative sector. We also draw on relevant, existing statistics and research. This approach allowed us to combine the strengths of both, deriving traditional economic indicators and broad statistical observations, as well as measures of impact illustrated by individual experience. Debate and research is ongoing around methods to evaluate the complete value of the creative sector (see for example: Crossick and Kaszynska, 2016). That said, our impact assessments provide a comprehensive overview of estimated creative sector impacts in *a creative momentum project* regions.

The online survey was carried out between March and August 2017. Respondents were gained through a combination of direct email requests and wider promotion through *a creative momentum project* mailing lists and social media. A request to complete the survey was sent by email to 272 creative sector businesses in Northern Finland on April 4th 2017. A follow up reminder email was sent on April 18th 2017. Wider promotion of the survey resulted in 41 respondents engaging with the survey using an anonymous link. The greatest number of observations to any question was 42, but respondent numbers vary across the survey. Low response rates are not unusual in surveys of this nature requiring detailed information. They tend to be low because of this burden on respondents (Bryan et al., 2000).

We do not rely on the survey for our economic impact analysis (section 2) and supplement the survey data with other available statistics from Statistics Finland. We present descriptive statistics from the online survey in our socio-economic (section 3) analysis. While based on a low number of respondents, these findings include observations from creative, cultural and craft sub-sectors[3]. However, the games, IT and computer services, marketing, radio and software sub-sectors are not represented. Interviews with 7 creative professionals to gain insights on the wider socio-economic impacts of the creative sector in the Northern Finland region also inform the findings.

[3] Respondents were asked to identify themselves as part of one of 18 main creative sub-sectors (Advertising, Animation, Architecture, Craft, Cultural Facilities, Design, Film, Games, IT and Computer Services, Marketing, Music, Performing Arts, Photography, Publishing, Radio, Software, TV and Visual Arts)

Appendix 2: Multiplier

The multipliers chosen for the analysis stemmed from a review of several analyses and economic impact assessments related to the creative sector in several (both European and non-European) countries. These included:

Bryan et al., (2000) work off of the approach of DiNoto and Merk (1993). This latter analysis examined the economic importance of non-profit arts organisations in Idaho by using the US Department of Commerce's Regional Input Output Modelling System (RIMS II) supplemented by survey-based data from approximately 100 organisations, including general arts organisations, performing groups (both opera and theatre), and visual arts groups, which included museums and galleries. They estimated an arts output multiplier of 1.7, i.e., for a dollar of new output a further 70 cents of output would be required in other sectors through multiplier effects. Gazel and Schwer (1997) also use an input output model approach to estimate the economic impact of a series of theatre performances in the Las Vegas region; this produced several sector output multipliers from just under 1.6 for bars, restaurants, and stadium food and beverages, to just over 1.8 for gifts, souvenirs, and gas stations. Within Europe, Senior and Danson (1998) use a multiplier of 1.25 to estimate the economic benefit generated by a once off convert event in a region of the UK. Bryan et al. (2000: 1398) find that multipliers "vary considerably by arts and cultural sector and reflect the level and nature of direct and indirect local purchases and labour intensities". For various arts and cultural sectors they calculated multipliers ranging from 1.31 to 2.47.

Often in the UK, the multiplier impacts of the arts and culture are estimated using input output models. These can be used to find out which sectors arts and culture industries purchase their inputs from, identifying its economic impact through supply chain relationships. However, the data or resources required to carry out this procedure are limited, it is typical for a multiplier value to be approximated through reference to multiplier values evident in the literature. In this study, we cite several analyses which calculate a multiplier value for the creative sector of a given region. Our multiplier is decided with these in mind. Below is a table of multipliers calculated by different studies. In cases where more than one multiplier value is shown, this indicates a range of different multipliers calculated for different creative sectors in the region.

Study	Country & Year	Multiplier
UK Arts Council Study	UK, 2013	2.43
An Approach to the Economic Assessment of the Arts and Creative Industries in Scotland	Scotland, 2012	1.24-2
Dunlop et al 2004	Scotland, 2004	1.43-2.8
Assessment of Economic Impact of the Arts in Ireland	Ireland, 2009	1.28
Kunin, 2016	Nainaimo, Canada, 2016	1.64
Momer, 2010	BC, Canada, 2010	1.36
Nesta, 2017	Wales,	1.99

For the regions in our study, we chose to apply a blanket multiplier of 1.5. This represents a conservative value but one which is not contrary to the general findings of other studies in the literature. A more detailed input-output multiplier calculation for each region would of course be a superior approximation, but given the capacity for variation in multipliers across time, regions and sectors, a general and conservative aggregate figure, based on several other studies, is a reasonable approach to take.

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