

ALEKSANDRA WIŚNIEWSKA, WIKTOR BUDZIŃSKI, MIKOŁAJ CZAJKOWSKI

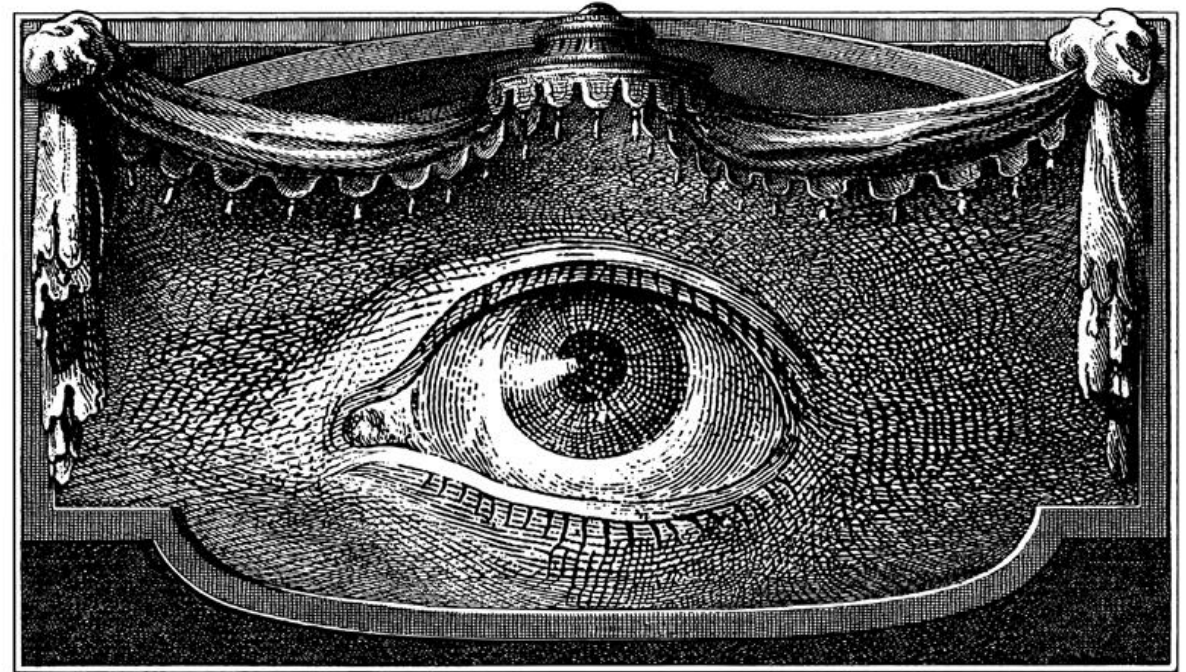
MELPOMENE IN NEED

Site choice model | Case study: theatres in Warsaw

19th International Conference on Cultural Economics
Young Researchers' Workshop
Valladolid, 21.06.2016

The research was supported by National Science Centre (PRELUDIUM grant 2014/15/N/HS/4/01441)

Introduction



1. Deviding public budget on the base of peoples' prefernces: practical issue.
2. Demand-led and consumer-oriented research: the role of public suport is broadening access to the culture.
3. System of institutions: substitutability.



1. Policy-relevance case study: theatres in Warsaw



2. Site choice model: WTP to avoid the loss of access



3. Embedding effect

Being a practitioner...

Theatres in Warsaw



		Theaters	Subsidy (PLN)
Public	National	2	99 149 000.00
	Regional	4	32 353 461.00
	Local	18	83 180 000.00
Private		8	6 486 667.00
NGO		10	
Total		42	221 069 128.00

- heterogenous market
- about 40 recognisable institutions

Non-market valuation | site choice model

- random utility model:

$$U_{ij} = V_{ij} + e_{ij} = \alpha p_{ij} + (\beta x_{ij}) + \gamma_j + e_{ij}$$

p – cost: ticket price + travel cost
 α - parameter denoting cost sensitivity

γ - alternative specific constant

- base alternative: no choosing any theater
„Additional utility individual obtain from visiting theater j instead of not going anywhere”

No non-cost characteristics in the model

- welfare measure: willingness to pay to avoid the loss of access to given theater or set of theaters.
- substitutes impact on welfare changes: the WTP to avoid loss of access grows as the number of substitutes decline.

Empirical results

Responents choices:

- 42 theaters with number of indications from 1 to 90
- WTP to avoid loss of the access to each theater: 0.04 – 3.5 PLN per 1 visit
- no pattern of belonging to the top or bottom of the WTP ranking

Table. Willingness to pay for subsets of theaters (PLN):

	net WTP per 1 visit	net average WTP per 1 visit per 1 theatre
Mean WTP to avoid loss of access to all theatres of given organization		
NGO	13.06	1.31
Private	8.72	1.09
Public-Regional	4.77	1.19
Public-City	27.65	1.46
Public-National	5.12	2.56
Mean WTP to avoid the loss of access to all theaters		
All theaters	104.98	2.44

Policy implications

	WTP per year (PLN)	WTP per year rank	subsidy (PLN)	subsidy rank
Komedia	201 509.93	1	640 000.00	14
Rampa	134 407.19	2	4 100 000.00	9
Teatr Narodowy	130 825.98	3	24 173 000.00	1
Ateneum	116 521.83	4	6 200 000.00	6
Powszechny	90 918.35	5	1 300 000.00	12
Na Woli	70 441.31	6	4 500 000.00	8
Lalka	50 010.38	7	2 550 000.00	10
Dramatyczny	31 660.36	8	13 700 000.00	2
Żydowski	25 033.38	9	6 632 000.00	5
Studio	14 391.81	10	7 200 000.00	3
Baj	11 488.31	11	2 360 000.00	11
Rozmaitości	5 046.44	12	7 000 000.00	4
Nowy	4 690.44	13	4 600 000.00	7
Scena Prezentacje	2 803.79	14	1 200 000.00	13
Mean WTP to avoid the loss of access to all theatres				
All theaters	223 975 279.30		221 069 128.00	

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Conclusions

Accessibility of theaters – service provided by public sector by subsidising theaters.
– feature of cultural market generating benefits

Cost-benefit analysis:

- closure of any theater means disutility for potential viewers,
- WTP in case of any single public theater is smaller than costs,
- closure of all theatres would cause bigger losses in utility than the cost of maintenance (current subsidy for whole market).

Findings meaningful for cultural policy:

- subsidy is distributed much more unequally than benefits
- significant exclusion of non-public theatres

Thank you for your attention!

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