Cultural Districts, Tourism and Sustainability

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1. Introduction

Tourism may be an important development opportunity for many regions, especially for those who do not have a solid industrial tradition but a good amount of cultural resources. These resources, in fact, can become the key attraction on which a tourist destination may be built, setting in motion a process that can offer an important contribute to the local community’s well-being. But resources are not in themselves a guarantee of success. All the most important stakeholders have to be committed to the purpose and coordinated in order to make possible the achievement of this goal. A clear and shared vision must be supported by a strong collaborative network rich in social capital.

According to this perspective, literature on destination management has flourished in the last years, drawing attention to the importance of a systemic approach to organise and promote a territory as an attractive tourist product. This approach can effectively bring to good results in terms of increase in tourist flows, with all the consequent benefits to the local economies. Nevertheless, it is not always able to ensure a sustainable development path. The emphasis on the tourist success of the destination and on the immediate economic returns to the specialized firms in the region may induce to neglect the need for an effective valorisation of cultural resources. The tendency to exploit the resources may prevail against the attention to develop their deeper potentialities.

To avoid this risk, it may be useful to employ the concept of “cultural district”, where culture is considered a potential source of attractions for tourists as well as an opportunity to enhance local human resources and increase creativity and innovation in local production systems. Since the nineties, many studies have used this term referring to local development models based on tourism and culture, but the discussion about the nature and the characteristics of cultural districts is still ongoing. A general ambiguity characterizes the debate on the subject, as different concepts are collected under the same label, thus concurring to create a lot of misunderstanding also as far as active policies for local development are concerned.

This work aims at giving a contribution to clarify the concept of cultural district as an innovative opportunity for sustainable development, on the one hand highlighting the differences with other similar models and, on the other hand, identifying its very distinctive features. A clearer understanding of the model and of its strengths can, in fact, help to define the mechanisms of value creation that it is able to activate.
The virtuous circle of a sustainable development may, actually, be realised only on condition that culture is considered not merely as a “product” to sell, but as a synergistic agent that provides all the local industries with production systems, operational contents, management tools, creative practices, symbolism and identity. In this way, culture can offer a fundamental contribution to enhance creative potential, identity and social capital, allowing the integration between various local businesses, in order to start and carry on the development of a diversified economy in the long term.

After having explored the various implications of the peculiar way cultural district can create value and spread it over the territory, we focus on the issue of the district “creation”, which is essentially the main concern for policymakers. The problem is that districts cannot be created, as they are the result of a spontaneous process where local actors progressively develop a common vision, become aware of their territorial identity and discover their mutual interdependencies. Only a full immersion of local stakeholders in the “industrial atmosphere” and the accumulation of social capital can give policymakers a concrete chance of success. On the other hand, the cultural district requires also a strong governance by an authoritative leader, able to drive the change process and create the institutional conditions to facilitate the achievement of the mission.

The final part of the work aims at exploring the delicate role of public institutions, pointing out some possible policies and actions that can be carried out in order to foster the birth of a cultural district in the territory.

2. Cultural districts as a key for local development

2.1 The concept of sustainable development

Researches related to the issue of sustainability show that sustainable development is a complex and multidimensional concept, which combines efficiency, equity and intergenerational equity. Ciegis et al. (2009) stated that economic literature offers over 100 definitions of sustainable development and cited the work of Jacobs (1995) mentioning as many as 386.

The Brundtland Commission’s brief definition of sustainable development as the “ability to make development sustainable – to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs” is surely the most famous definition.

The concept includes two goals that, despite seeming to be contradictory, have to be achieved simultaneously (Ciegis et al., 2009):

• to ensure appropriate, secure, wealth life for all people (the goal of development);
• to live and work in accordance with bio-physical limits of the environment (the goal of sustainability).

As a general concept, sustainable development encompasses three fundamental approaches: economic, environmental, and social development, which are interrelated and complementary. These three “pillars” of sustainable development were indicated in the 2002 World Summit on Sustainable Development, marking a further extension of the standard definition.
The economic sustainability seeks to maximize the flow of income and consumption that could be generated while, at least, maintaining the stock of assets or capital and safeguarding its optimal amount for the future generations. The environmental approach pays attention to stability of biological and physical systems. According to this approach, the task of economic development is to determine the natural systems limits for various economic activities. Socio-cultural sustainability concept reflects the interface between development and dominant social norms and strives to maintain the stability of social and cultural systems and their ability to withstand as stocks. It also implies preservation of social capital and shared global responsibility for the planet, including corporate social responsibility.

It was also noticed (Kates et al., 2005) that, in the wide debate on sustainable development, the concept maintains a creative tension between a few core principles and an openness to reinterpretation and adaptation to different social and ecological contexts. The original emphasis on economic development and environmental protection has been broadened and deepened to include alternative notions of development (human and social) and alternative views of nature (anthropocentric versus ecocentric). Indeed, nature and environment can be valued for their intrinsic value or for its utility for human beings and as a source of services for the utilitarian life support of humankind. The concept of development, originally focusing on economic activities and productive sectors providing employment, desired consumption and wealth, extended its scope to human development and included an emphasis on values and goals, such as life expectancy, education, equity and opportunity; on the value of security and well-being of national states, regions, and institutions as well as the social capital of relationships and community ties.

A further aspect has been recently introduced (Helm, 1998) that is to say, the institutional/organisational aspect, due to the importance and significance of institutions in the policy. Effective and properly functioning institutions and institutional capital are essential for sustainable development in the realisation of the social, economic and environmental aims set by society.

Sustainable development is an overarching objective of the European Union launched in the EU Sustainable Development Strategy in Gothenburg in June 2001 and reaffirmed in the Renewed Sustainable Development Strategy (SDS), in June 2006.

If tourism is adequately addressed toward the path of sustainable development, it can represent an effective chance to promote economic growth, employment, social progress, as well as the protection and enhancement of cultural and environmental heritage. In addition, ensuring the economic, social and environmental sustainability of tourism is also crucial for the continued growth, competitiveness and commercial success of the industry itself. In this regard, in the Communication Agenda for a Sustainable and Competitive European Tourism, the European Commission provided all actors with some basic guidelines to create “the right balance between the welfare of tourists, the needs of the natural and cultural environment and the development and competitiveness of destinations and businesses” (Comm, 2007, 621). A long term planning and a continuous reporting are recommended, as well as an integrated and holistic policy approach where all stakeholders share the same objectives.

As real-world experience has shown, however, achieving agreement on sustainability values, goals, and actions is often difficult and painful work, as different stakeholders values...
are forced to the surface, compared and contrasted, criticized and debated (Kates et al., 2005).

2.2 The role of culture in local development

Culture may play a main role in supporting sustainable development processes, not only because it can provide some important tourist attractions which can help to enhance the competitiveness of a territory, but also because of its social implications. Indeed, cultural development is generally considered to be an essential part of social development, and cultural diversity provides sources for creative expression that are increasingly being harnessed by players in the creative industries.

One definition of “culture” given by Throsby (2001) refers to the set of attitudes, practices and beliefs that are fundamental to the functioning of different societies and groups defined in geographical, political, religious, or ethnical terms. Culture thus finds its expression in a particular society’s values and customs, which evolve over time as they are transmitted from one generation to the next. Accordingly, culture is both tangible and intangible. The stock of tangible cultural capital assets consists of buildings, structures, sites and locations endowed with cultural significance and artworks and artifacts existing as private goods, such as paintings, sculptures, and other objects. Intangible cultural assets includes the set of ideas, practices, beliefs, traditions and values which serve to identify and bind a given group of people together, however the group may be determined, together with the stock of artwork existing as public goods in the public domain, such as certain instances of literature and music.

Several recent studies emphasize that the field of culture and creativity is launching a much needed boost to economic activity and employment dynamic in all advanced economies (KEA, 2006). Moreover, it seems to be at the basis of the exponential growth processes that Asian economies have being registered over the last decades (Yusuf & Nabeshima, 2005).

Research has also emphasised the potential of these industries in developing countries (UNCTAD, 2004). Creativity, more than labour and capital, or even traditional technologies, is deeply embedded in every country’s cultural context. Excellence in artistic expression, abundance of talent, and openness to new influences and experimentation are not the privilege of rich countries. With effective nurturing, these sources of creativity can open up new opportunities for developing countries to increase their shares of world trade and to “leap-frog” into new areas of wealth creation. Because the marriage of technological application and intellectual capital provides the main source of wealth in this sector, continuous learning and a high degree of experimentation are key to achieving sustained and cumulative growth. This mixture can produce very fast growth.

The cultural sector is a powerful driver of development, through the attraction of businesses and talented people (Florida, 2002). This concept focuses on a further dimension of culture, as location factor in attracting skilled and creative people and promoting social cohesion, which can stimulate or increase the dynamics of personal and business networks.

So culture makes the difference and can produce important opportunities for local development, as the cultural paradigm is the tool which redefines the significance of place in terms of identity, territoriality and functionality (Battaglia & Tremblay, 2011). This result
can be achieved only if the territory is able to find effective forms of self-organisation which enact the virtuous circle of a local development based on cultural resources. Recent literature agrees that the model of cultural district can be a good answer to this problem.

2.3 Cultural district

Cultural district emerges as an innovative model of sustainable development where renewable resources as culture have been assigned a role in the production of income and employment. In a general meaning, cultural district is a conceptual model to build up a local development strategy based on the cultural dimension and inspired by the logic of sustainability.

Cultural district is an innovative concept for land use planning based on the set of values that characterise the local identity and transform cultural heritage into a tool for the community development, targeting decisions, planning, investments. The recognition of belonging to a specific local culture is a prerequisite to enable networks and projects, within the cultural sector, aiming to harness the potential hidden in the territory (Carta, 2002, 2004).

Culture enhancement can be driven by cultural managers in traditional ways, nevertheless contributing to creation and development of other productive activities of the cultural sector: such as research, cataloguing, custody, implementation of educational practices, exhibition activities (Valentino, 1999). In a broader sense, the enhancement of cultural resources is conceived as a tool to attract tourists in a territory and, as a consequence, to increase the demand for goods and services that caters to the local market. In this case, the enhancement process works as a policy measure; it involves a greater number of stakeholders and economic activities, but requires a context of higher quality (architectural and relating to landscape, but also social) as well as an adequate supply of hospitality services and infrastructure.

The artistic and cultural heritage is the factor of production enabling the formation of a cultural district as High Cultural Local System (Lazzeretti, 2001) and its enhancement is an investment to create network and learning economies. Art City is considered (Lazzeretti, 2001) as ”an incubator of new entrepreneurship, as the link between economic and social community, as the connector between the different cultures “ and then ”as a possible form of organisation of socio-economic-territorial space within which different sectors are characterised by spatial proximity and cultural organisation of work” where research has to focus issues of governance and identify key players, measuring the density and discovering the shapes of the networks.

The identification of urban cultural district as a cluster of buildings and spaces dedicated to arts, cultural services and production of goods based on culture (Santagata, 2005) is also reflected in a large field of studies pointing on the use of artistic and cultural services to tackle the industrial and economic decline and draw a new image of a city capable of attracting visitors and leveraging on tourism to boost the local economy.

In this case, the district is also the result of an urban planning favourable to the arts and cultural activities (museums, libraries, theatres, art galleries, concert halls), enabling industrial activities based on culture (film studios, rooms music recording, television stations), as well as activities traditionally addressed to the attraction and reception of
visitors and tourists (restaurants, bars, gift shops and gift items, high quality clothing). Cultural quarters and creative quarters\(^1\) are the product of interactions between urbanisation, culture and creativity, especially if we pay attention to the role of networking activities and clustering processes in specific urban areas. A regeneration process based on cultural quarters can be significant and has to be supported by an official objective of development, regarding social and economic concentration of actors which are interested in boosting culture and creativity, and their impact within local contexts (Landry, 2000; Santagata, 2002; Roodhouse, 2006). They increase the strategy of regeneration and renewal of complex of buildings and of depressed urban areas, supporting social inclusion and territorial cohesion as the main driving forces of socio-territorial innovation processes (Tremblay et al., 2009).

Local development arises in a new urban landscape made by powerful regional economies based on the city, where creativity and cultural production play an essential role in sustaining economic growth. Within this context, the importance of the proximity of individuals emerges, enabling the human act to produce creative thoughts and innovation (Bucci & Segre, 2009). By allowing the knowledge of one individual to spill over onto others, the productivity of the others is improved in a virtuous circle. Furthermore, the widespread diffusion of knowledge derived from knowledge spillovers enhances productivity not only among individuals working within the same sector, but also across different and sometimes apparently very distant sectors, creating a process of cross-fertilization.

The usefulness of cultural district regardless of its ability to generate profit for itself is affirmed by Sacco and Pedrini (2003), who stated that this model has value and meaning because of its ability to complement other sectors of the local system, resulting in innovative synergies otherwise unattainable. The competitive ability is linked even more to orientation towards innovation; so, culture is assuming an increasingly strategic role as a synergistic agent that provides other sectors of the production system with contents, tools, creative practices, value added in terms of symbolic value and identity. That induces many local systems to invest more heavily in offering not only culture, but also in allowing a deeper integration between culture and the various aspects of social everyday life.

Many cities have sought to create cultural districts, directed primarily at attracting suburbanites, tourists, and conventioneers. But most cities already have cultural districts, neighbourhood-based cultural clusters that have emerged without planning or massive public investment. What is more—because they are complex ecosystems that combine artistic production and consumption and a mix of institutional forms, disciplines, and sizes—they have a degree of sustainability that a planned cultural district is unlikely to achieve.

\(^1\) Evans (2009) suggests a classification of cultural quarters and creative quarters, defining specific features depending on an economic, a social and a cultural framework. The first type is founded on a process of local economic development with a high range of place-making branding, where the zoning and the regeneration, in terms of “culture”, are key elements of orientation. These cultural quarters have a high level of historic preservation and conservation and are identified as festival and cultural centers in cultural city. The second type of creative quarter is mixed-used, with more diversity and urban design quality in terms of buildings, facilities and landscapes. They have an area of polarization and attractiveness expanded on the city-region and they are based on the knowledge economy. They produce new high-technology services, creative products as well as innovation spillovers. Often cultural and creative characteristics are present in the same creative and cultural clusters which develop a multi-dimensional identity and multi-functional uses.
Recognizing the importance of natural cultural districts to the metropolitan arts world turns our understanding of cultural planning and policy on its head. The goal of policy and planning should be to nurture grass-roots districts, remove impediments that prevent them from achieving their potential, and provide the resources they need to flourish.

The identification and involvement of key stakeholders was also identified as pivotal; consensus-based decision making importance has been widely recognised also in the tourism literature (Bramwell & Sharman, 1999; Jamal & Getz, 1995) as well as the role of information sharing for the attainment of both short and long term objectives.

Anyway, the concept of cultural district is very wide and ambiguous, as it covers a wide range of different meanings which reflects its multidisciplinary origins and its heterogeneous practical applications. A possible classification distinguishes five typologies based on the different cultural resources which play the focus role within the district (Santagata, 2005):

- **industrial cultural districts** of material culture, based on the production of goods and services of material culture, enhanced through a wise use of institutional rules;
- **museum cultural systems**, usually located in the historical urban downtown and based on a process of urban planning act to enhance the artistic and historical heritage by using an innovative network capable of producing a very strong collective image (brand);
- **tourist cultural districts**, characterised by the supply of traditional cultural services (heritage, folklore, museums, spas), a high concentration of hotels and hospitality-related activities and a local production of craft art and material culture;
- **cultural heritage systems**, taking the form of a circuit or network that connects individual sites or monuments, characterised by a common identity, reinforced by the production of collective services;
- **urban cultural districts**, also known as “American Cultural Districts”, that is to say a cluster of buildings and spaces dedicated to arts, cultural services and the production of goods based on culture, aiming at revitalizing declining urban areas by developing artistic and cultural services.

This distinction shows that the term “cultural district” in a broad sense may become an “umbrella expression” where many different kinds of local clusters of organisations can be included, from the classical industrial district up to the more recent forms of metropolitan quarters. This “ecumenical” approach can belittle the interpretative value of the concept of cultural district, as “in the night all cows are black”.

A narrower definition of the concept, which emphasises its differences with the other kinds of districts (specifically industrial and tourist districts) may help to highlight its peculiar characteristics that make it an innovative model capable of showing new and original development opportunities.

### 3. Similarities and differences among cultural, industrial and tourist districts

The term “district” is a very fashionable label used to categorise several successful economic experiences based on the aggregation of many small enterprises sharing the same geographical space of action. The expression “industrial district” - first used by Alfred
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Marshall in his *Principles of Economics* (original edition in 1890) – was rediscovered by Italian industrial economists in the 1980s to explain the success of Italian SMEs located in some dynamic regions in the North of the country (Becattini, 1987, 1989; Bellandi, 1982; Dei Ottati, 1986; Brusco, 1989). The district model perspective outlined the importance of intangible values, such as “industrial atmosphere” or tacit knowledge sharing, as key factors to foster the competitiveness of all the companies included in the local cluster. This became a model even for other countries, to find an alternative to the tradition of Fordism and mass-production (Piore & Sabel, 1984).

Despite the fact that globalisation has recently cast many doubts on the fitness of the model for the new challenges of international competition (Varaldo, 2004), the success of the term has been proven by its diffusion in other economic industries and contexts, so that now we have “technological districts”, “tourist districts” and “cultural districts”, just to mention the more common labels derived from the original conception of “industrial districts”. In fact, the semantic ambiguity caused by the abuse of this terminology is very high, as the same words are often applied to describe very different conditions.

We have just described the large variety of different theoretical understandings of the concept of “cultural districts” and we can say that the situation is not less intricate with regard to the other typologies. Nevertheless, it is possible to point out some features of these models which can contribute to a clearer definition of the peculiarities of each of them. In particular, the concept of “cultural district” may be enlightened by a comparison with the other closest ones, that are those of “industrial” and “tourist” districts. This comparison does not aim to entrap the theoretical fluidity of this issue into a rigid framework; on the contrary, the purpose is to use some ideas commonly shared by scholars in order to reduce the space of ambiguity and gain a better understanding of the phenomenon.

The features common to the three models, which justify the use of the same label of “district”, are those referable to the Marshallian theory (Belussi, Caldari, 2009) which represents the main reference for the majority of scholars in the field. These factors allow the network externalities which are the main distinctive characteristics of districts:

- the role of “industrial atmosphere” as a cultural glue, able to put together the economic and social actors of the local community;
- the presence of a qualified and specialized workforce;
- the free circulation of tacit knowledge;

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2 The explicit reference to the concept of “district” within tourism industry has been introduced by Santarelli (1995), who used it to describe the specific situation of the Adriatic Coast of Romagna and Marche. Antonioli Corigliano (1999) applied the concept to food and wine tourism, where the boundary between tourism and manufacturing activities appears, moreover, particularly ambiguous. In 2001, then, ACI-Censis study has provided a systematic mapping of the Italian “tourist districts” (ACI-Censis, 2001). The term district is present in Anglo-Saxon literature (Stansfield & Rickert, 1970; Judd, 1993; Pearce, 1998), but generally refers to a neighborhood of a metropolitan area (*urban district*) in a different meaning from that used in most of Italian literature, where the regional scope is much broader and refers to the concept of a tourist destination. Other similar territorial models of systemic approaches applied to the tourist industry are that of *tourist milieu* (Michalkó & Rátz, 2008), deriving from the French and Swiss literature, or that of *tourist cluster* (Gordon, Goodall, 2000; Van Den Berg et al., 2001; Svensson et al., 2006), inspired by Porter’s work (1998).
• the sharing of common values;
• the proximity of complementary companies;
• the mutual trust among local people.

If these factors are common to every kind of district, it may be useful to distinguish other features among the three typologies we are comparing. These are:

• the “catalyst” of the district, that is the component capable of activating local resources, combining them with each other in such a way as to make possible the development of the network externalities which, as we have seen, are the lifeblood of any district;
• the role played by territory, that can be expressed with a “metaphor” in order to synthesize its function towards the district;
• the “mission” of the district, that is the reason why it exists, according to the point of view of its economic actors;
• the model of governance, that is the mix of solutions adopted to coordinate the strategies and the actions of the local actors.

It is possible to point out the differences among industrial districts, tourist districts and cultural districts by focusing on these four features.

3.1 Industrial district

In the case of industrial districts, the role of catalyst is played by a specific manufacturing activity in which local businesses develop a meaningful and productive specialisation. It becomes increasingly part of a tradition that involves all local stakeholders: firms, public institutions, non-profit organisations, training agencies, professionals, individual residents. Everyone contributes to consolidate and develop the system of skills, facilities, infrastructures which innervate the district, determining its identity. In this case territory is experienced as a “factory”, an open and fragmented space, where production lines are replaced by a network of small and independent businesses, while many small firms, serviced by a few skilled workers, take the place of crowded manufacturing plants. This perspective reflects the thought of Marshall, who theorized the district as a mode of organising production alternative to the large enterprise, where network externalities are used to compensate for the loss of economies of scale.

The mission of the district is the competitiveness of local enterprises, which is pursued through different levels of awareness by the various stakeholders acting in the system. Entrepreneurs aim to reinforce the competitiveness of their own enterprises, but the mutual interdependencies existing within the network make it clear that each firm can be more competitive only if the same happens to the other complementary firms belonging to the same district. The same can be said even for other stakeholders, such as public institutions, educational organisations or nonprofit associations, which tend to give a particular attention to the needs and requirements expressed by local enterprises, as they know that the well-being of the local community depends on the success of the industrial district. The system relies on the action of an “invisible hand” that binds individual to collective interests into a unique network of interdependencies.

The model of governance of the industrial districts is generally based on a tendency to spontaneous coordination, typical of polycentric networks lacking in a leader subject.
Informal relationships and rules, often implicit, ensure the proper functioning of the system. Even if there is the emergence of a leader - usually a more dynamic and competitive enterprise - the district still tends to rely on traditional spontaneous coordination mechanisms (Lazerson & Lorenzoni, 1999), while local institutions tend to have a secondary role, aiming at facilitating the dynamics of the district rather than driving them, according to a model of “heterarchical” governance (Sacchetti & Tomlinson, 2009).

3.2 Tourist district

In the tourist districts the role of catalyst is carried out by “destination”, where this term is intended to mean more than territory itself. The destination is, in fact, a physical space, but also a “mental space”, which corresponds to the image of the area as perceived by its stakeholders (first of all, the visitors, but also all the operators and the residents themselves). The perceived image of the destination becomes the point of reference for the efforts of the actors in the district, all committed to consolidating and fostering this perception. So, for instance, if the cultural district has taken root, all restaurateurs, hoteliers and operators will adopt behaviors and attitudes consistent with the destination image, aware that the success of their companies depends on that of the whole territory.

Here territory acquires the connotations of “product”, as it is not only the location where the production is organised, but also the heart of the supply system. While in the industrial districts territory is just a place of production, ignored by the majority of those who use the manufactured goods produced in that place, in tourist district there is the physical and temporal coincidence of production and consumption. Thus, territory changes its function: consumers become part of the system and play a main role within the process of integration which produces the network externalities. Territory is not a simple back-office for production activities, but the focal point where the “moment of truth” takes shape (Normann, 1984), thus becoming the core issue for the destination marketing mix.

Therefore, the mission of tourist district is the increase in the flow of tourists, which is the vital condition of any possible development process. All the stakeholders in the territory are, in fact, focused on providing services which can enhance the capacity to satisfy the tourist demand. Everyone is important, as the overall experience of a visitor is determined by the combination of a large amount of little events occurring during the visit. Everybody and every situation he meets during his experience, may offer a positive or negative contribution to his perception, influencing his level of customer satisfaction. The stakeholders must cooperate to deliver an effective response to user requests, even sacrificing their immediate interests to contribute to the overall competitiveness of the destination. This is the only effective way to guarantee the attractiveness of the territory in order to increase the tourist traffic, with clear benefits for the local economic system.

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3 Even Marshall in his first conceptualization stresses the importance of time for the spontaneous development of a district, a place where “the mysteries of the trade become no mysteries; but are as it were in the air, and children learn many of them unconsciously” (Marshall, 1920, p. 271). Only time may contribute to the birth of a district, while planning intentions cannot play a key role.

4 Literature on touristic districts is strictly connected to the mainstream of Destination Management (DM), flourished in the 1990s (Ritchie, 1993; Buhalis, 2000).
Concerning the need for coordination, it is adopted a *model of governance* based on the leadership of a subject which assumes the responsibility of guiding the system, as the “product territory” must be organised and put at the center of an effective marketing mix, oriented to the expectations of a well-defined target market. This role of leadership can be taken by public or private bodies, including aggregations of operators, as in the case of consortia. The leader which acts as a “Destination Management Organisation” (DMO) can have a more or less strong relationship with other subjects of the territory, according to different contexts and institutional arrangements that define specific powers, responsibilities and limits of delegation. Usually the effectiveness of a DMO’s action depends on its legitimacy: if it is accepted by the majority of the local community members, it can do a good work. Otherwise, its efforts risk to be vain, as demonstrated by the failure of the attempts to impose a subject intended to fill this role, without creating the conditions to sustain its legitimacy.

### 3.3 Cultural district

In cultural districts the *catalyst* of local development processes is “culture” itself. The enhancement of local cultural resources are considered as a basic element of any dynamic evolution of the territory, while the success of local industries and tourist activities may be seen as a possible consequence of culture. The difference may seem very blurred in practice, but it has a decisive impact on the criteria adopted to establish priorities and define economic policies. Putting culture at the heart of the development model means accepting that times are those of culture, rooted in past centuries, with processes of change which can take decades to achieve visible results. It also means not to focus on a single aspect that reveals a side of that specific culture (a product or a tourist attraction), but try to get all the possible dimensions, exploring new fields of application and new forms of cultural manifestations. It is much more than just exploiting local resources: it deals with using culture as a great opportunity to support durable and sustainable process of growth, which combines economic, social and environmental benefits.

The role of *territory* may be effectively expressed with the metaphor of “source”. Indeed, it is not just a region fit for a particular industry or a destination for incoming tourists, but a source of values and opportunities that can foster different developmental processes. The fundamental difference is that a dynamic view prevails, where territory is not only a physical place, but a “space of possibilities”, which can evolve in multiple directions depending on a dialectical relationship with the people who inhabit it. Success depends on the richness and abundance of “source territory”, but also on the ability to address the potential energy residing in the cultural resources towards effective purposes, by activating virtuous circles in the local social system.

In this context, the *mission* of the district is the increase in value of cultural resources, where the expression “increase in value” should be considered as something more complex than just using tourist attractions to generate touristic flows (as in tourist districts) or leveraging local competences to support competitive enterprises (as in industrial districts). It is, instead, a process that can include all these factors, but it can and should go much further, up to promote indirect effects, involving the activation of creative resources of the territory and, generally speaking, determining rise in quality of life.
In cultural districts the model of governance is generally “hybrid”, as different conditions and styles of leadership coexist. The resources to be involved in the development process are, in fact, usually managed by different parties, in both the public and the private sector. On the public side, there is often a mix of overlapping responsibilities involving different authorities with territorial or specialised competences, often in a conflictual relationship, as they pursue different objectives (local development, protection and conservation, promotion, etc.). On the private side, there are different organisations, belonging to the profit or nonprofit sector, which give contributions to local culture and have a specific interest in taking part to the decision-making process. This situation requires the recourse to models of “public governance”, where the institutions are called to trigger a virtuous relationship with other regional actors, overcoming the reasons for conflict and enhancing the initiatives to meet the expectations of all the stakeholders involved.

3.4 The originality of cultural districts

The proposed considerations allow us to draw an overall picture, sketching a conceptual positioning map of the three models, where the cultural district seems to be located in an intermediate position between the industrial district and tourist district (Fig. 1).

![Conceptual positioning of the models of industrial, tourist and cultural districts](image_url)

Fig. 1. Conceptual positioning of the models of industrial, tourist and cultural districts

While the latter, in fact, reveal a clearer identity, which emerges from the different focus in terms of catalyst, vocation of the territory, mission and governance models, cultural district seems to be characterised by a more nuanced profile, consisting of elements drawn from both, in varying combinations, which may reflect the peculiarities of the territories. In some cases, the district may take cultural characteristics closer to those typical of the industrial district, as happens for the “material cultures of the districts”, while, in other cases, it will tend to converge toward the model of the tourist districts, when it is developed around highly attractive resources (Santagata, 2005).
This ambivalence does not mean that cultural district is just a “variant” of the other two models, without a specific identity: in this case, it could be considered as an unnecessary complication, which adds little to the understanding of the phenomenon. On the contrary, it has a specific profile that can be effectively outlined through the reference to the central role of culture as a catalyst of the local system. Culture is more important than immediate industrial or touristic success of the territory, as local stakeholders accept to invest on an intangible asset which can become a source of opportunities in the medium term. To escape the risk of trivializing the concept and emphasise its full sense of originality, some authors have added the word “evolved” after “cultural district”, marking thus a clear distance from those who tend to provide a narrower perspective (Sacco & Pedrini, 2003).

According to this view, cultural district is an original socio-economic model for local development which shares some elements with the other two types of districts (industrial atmosphere, informal relations between SMEs, spontaneous circulation of knowledge, sharing of values rooted in the territory, etc.), but, at the same time, it is based on a different vision about the process of value creation related to the resources of territory. The basic assumption of the model is, in fact, that the value generated by the local “cultural resources” is not only connected to their immediate economic impact originated by the local typical product sold or by the money spent by tourists during their visits, as there are other sources of value, connected to possible derivate of culture, such as individual liberty, innovation, creativity or quality of life, which can support processes of growth perhaps less fast but usually more sustainable.

4. The process of value creation based on cultural resources

The analysis of the dynamics of value creation based on cultural resources allows us to fully understand the specific features of cultural district model, as described in this work. In particular, it can help to highlight the differences with respect to the model of the tourist district, which is the main point of comparison, given that we intend to evaluate the contribution that cultural district can offer to a perspective of sustainable tourism.

To fully understand the dynamics of economic and social characteristics of cultural district, it is necessary to grasp the relationship existing between culture and value in all its nuances: this is a complex time and space relationship that takes years to express its most significant effects, often escaping attempts to quantify them.

The first factor of complexity is, of course, the fact that institutions and cultural activities have direct impacts at different levels: cultural, social, economic, fiscal, employment, environmental, real estate. As a result, to evaluate the effects of a resource or initiative in the field of culture, we should provide ourselves with different interpretations and tools, capable of measuring the effects in all the fields, even in contexts where it is difficult and questionable any attempt to quantify.

Moreover, it should not be overlooked that very different economic activities can be considered as “cultural”, from the organisation of a music festival to the management of an archaeological site or a museum, from the provision of tourist routes to the preparation of a library, up to the staging of theater shows. It is obvious, as each type of cultural activity can generate different dynamics of value creation.
However, the typical perspective of cultural districts, which tends to a comprehensive interpretation of cultural resources and territory, highlights the limitations of a reductive approach, focused on the analysis of economic flows that relate to an individual asset or a single cultural initiative. Instead, it appears better to expand the scope of the analysis, by adopting a broader concept of “economic impact”, which - going beyond the boundaries of the individual organisation or initiative - extends to all the economic effects arising from the presence of a group of sectors, companies or cultural institutions. In the latter sense, the focus of the analysis is mainly on the quantification of the “contribution” rather than the quantification of the “impact” of culture in terms of production, employment, exports, etc. (Throsby, 2004).

A large literature has analysed the economic impact assessment produced by cultural heritage in a specific territory, pointing out four main effects:

- the generation of permanent (i.e. museums) or temporary (i.e. exhibitions and festivals) employment;
- the generation of revenue for companies belonging to the supply chain of services related to culture and heritage (protection, conservation, fruition) and for their suppliers of products and services (office furniture, security devices, hardware, software, storage products, construction materials and services, audio guides, merchandising, etc.).
- the attraction of tourism-related institutional initiatives and other cultural activities, which may function as attractions in themselves, calling tourists even during the low season and improving the image of the territory;
- the attraction of public investment, due to the presence of significant cultural resources that gain more attention from policymakers, encouraging the concentration in the territory of funding for the creation of infrastructure and the start of local development projects, with benefits disseminated to all stakeholders.

If we limit the analysis to economic effects, generally there are three levels of impact: those of direct spending, indirect spending and induced spending. This is the basis for the assessment of the value created by culture, but it is not enough. Actually, if we completely accept the perspective of cultural district in its “evolved” meaning, we should also focus on the size of the social impacts of cultural activities, which do not produce immediate economic results, but can trigger processes for development in the medium to long term and make a most significant contribution to lasting value creation.

Many are, in fact, the non-economic benefits linked to the cultural heritage of a territory: the education of young people, the strengthening of the identity processes, the inclusion of disadvantaged social groups or minorities and immigrants, the development of a culture tolerance and human dignity based on the knowledge and protection of cultural diversity (EU, 2007). Culture is also a means of social re-integration or inclusion, because it gives people the opportunity to initiate and carry out their new projects and acquire new skills.

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5 Even this distinction is characterized by a large ambiguity: in fact, numerous studies, especially abroad, have given rise to a variety of models and estimation procedures, which do not always agree on the definition of the types of expenditure. For instance, it has been pointed out how it should be considered separately in the analysis the expenditure made by visitors from that sustained by the organisers (IRrR, 2006, pag. 35).
that restore confidence and self-esteem. Culture nourishes the human personality; it is the basis of educational processes and enriches the endowment - concepts, images, information, emotions - available to individual and community, thus facilitating reasoning, logic and semantic associations, analogies and contamination and providing people with more opportunities and a general ability to find solutions to problems as well as a flexible attitude in dealing with the “new”.

These processes enacted by culture can create value for individuals, organisations and territories, due to the virtuous interactive connections which can be established between culture and creativity. The impact of culture on creativity and, indirectly, on the potential of economic and social innovation of a local community has been explored by recent studies which have highlighted all its many implications (KEA, 2009). According to these studies, culture can offer a crucial contribution to the development of new products and services, (including public services), driving technological innovation, stimulating research, optimising human resources, branding and communicating values, inspiring people to learn and building communities. In other words, it is a key resource for the competitiveness of a territory. Furthermore, the presence of cultural amenities can contribute to attract creative talents, who, once gathered in a specific place, will create synergies and fruitful collaborations, thereby fostering further creativity (Florida, 2002).

In order to reflect this important opportunity of value creation specific to cultural district, the analysis of economic impact must go beyond the levels associated with the direct, indirect and induced effects, typically considered in the literature, to embrace an additional “layer” of benefits, which reflects the process of development of the area triggered by cultural resources through the power of creative potential, local identity and social capital. This fourth level of economic impact can be described as the “spread value”. It is very difficult to detect immediately, as it does not generate clearly identifiable expenses as economic benefits for local actors, but it builds up through long-term processes, gradually spreading and consolidating in the territory, turning out to be a decisive asset for local development opportunities (Fig. 2).

The focus on the “spread value” is decisive to understand the prescriptive relevance of cultural district model, whose utility relies on its capacity to “use” culture as an opportunity to produce development. Usually, investments on culture cannot be justified by their immediate economic returns, but the consideration on the “spread value” of culture may change the perspective, as it could prove that this kind of investments is affordable even according to an economic rationale, at least in a long-term view.

This is particularly true if we consider the purpose of sustainability with regard to tourist destinations. An excessive emphasis on the immediate economic returns connected to the first three layers of the value creation model may induce to stimulate flows of visitors even by exploiting local cultural resources. These are perceived as mere attractors of tourist

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6 “Culture-based creativity is an essential feature of a post-industrial economy. A firm needs more than an efficient manufacturing process, cost-control and a good technological base to remain competitive. It also requires a strong brand, motivated staff and a management that respects creativity and understands its process. It also needs the development of products and services that meet citizens’ expectations or that create these expectations. Culture-based creativity can be very helpful in this respect” (KEA, 2009, p. 5).
interests and not as sources of creativity which must be integrated in complex processes of interaction with the local community to unveil all their potential of “spread” value creation. Consequently, they are treated as dead objects that belong to the past and are presented to visitors as a quality pieces of an “open air” museum, which have nothing to do with the present or with the future. This approach may produce good outcomes in the short, as the local community may take advantage of the economic effects of tourist flows, but it can be very risky in the long term, as the cultural assets of the region are not renewed and may be reduced by an excessive exploitation.

Fig. 2. The process of value creation enacted by cultural resources

The model of cultural district suggests a very different way to draw development paths based on the resources of the territory. It considers culture as a vital value, which must be put in the center of social and economic processes, but not just as a tourist attraction. It has to become much more: a real engine for local society, capable to mobilize the best energies of the community in order to support a sustainable development process. Tourists are important, but citizens too. Culture is a “stock” of historical resources accumulated in the past centuries, but it is also a “flow” of new resources which can become tomorrow’s stock.

5. Creating a cultural district: The requirements puzzle

Even if you agree with the idea that cultural districts may represent a useful chance to support sustainable and durable development, especially in areas that are poor in terms of economic resources but rich in terms of cultural heritage, nevertheless the passage from this belief to the effective “creation” of a cultural district is not an easy step. As a matter of fact, it
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requires a long term perspective and a strong commitment of all the main stakeholders in the territory, but the most complex issue is the search for a balanced mix between top-down planning and bottom-up spontaneous inventiveness. As stated before, the development of a cultural district requires a "hybrid governance", where a clear vision of a leader, responsible for planning, coordinating, stirring the local initiatives within a coherent framework, must coexist with a pluralistic and unstructured network of projects and casual actions, activated by local stakeholders.

Top-down programs aimed at creating districts where the "ground" is not ready have no hope of success, as well as the expectation of a completely spontaneous development, which may turn out to be a frustrating experience. A cultural district may emerge only from a process where an inspired strategy meets the interests and intentions of the most significant actors of the local community, planting its roots in a solid background of traditions and cultural assets. Therefore, those public administrators committed to the start-up of an experiment on a cultural district must focus their attention on facilitating the conditions for its development rather than on wasting time in accurate planning efforts which leave the community out.

Local policies should try to create these conditions which compose the ideal "humus" for the development of a cultural district. Sacco and Ferilli (2006) identify ten of these policies (which are also functional characteristics of the system): 1) Quality of the cultural offer; 2) Capacitation and training of the local community; 3) Entrepreneurial development; 4) Attraction of external companies; 5) Attraction of talent (artists and intellectuals); 6) Management of social and marginalization problems; 7) Development of local talent; 8) Participation of citizens and local community; 9) Quality of local governance; 10) Quality of knowledge production. It is a good - even though not exhaustive - list of ingredients but not an ultimate recipe, as an ultimate recipe does not exist. Actually, every policy must be driven by a deep knowledge of the specific territory and of the dynamics which can help to convert cultural assets into creative processes in order to support sustainable development.

In a general vision of the functioning of cultural districts, the creative value chain starts from the cultural and artistic dimension and, then, drives economic systems into the field of applied research and creative production. Within this context, the pure cultural artistic dimension of the district and the creativity diffusion process which arises from it represent the key explaining factors of culture-led economic development. An effective strategy has to encourage investment in human and financial resources to prepare individuals to meet the challenges of the rapidly evolving post-industrial, knowledge-based economy and society. At the heart of this effort there is the identification of the vital linkage between art, culture and economic systems: the diffusion of knowledge is greatly influenced by cultural production, which originates in socially and economically embedded creative processes.

Some key elements are considered as fundamental to activate development dynamics:

- research and discovery of a shared social identity based on culture;
- production of innovation, knowledge and human capital through educational experiences, formal and informal networks, projects;
- dissemination of knowledge and cross-fertilization among productive sectors, in order to develop diversified economic activities and generation of new entrepreneurship;
- a view of the development of the territory as the ability to reach sustainable economic and social performances;
• strategic planning, with a strong involvement of local stakeholders.

The common cultural identity becomes the prerequisite for building specific development strategies for the territory based on the cultural dimension and inspired by the logic of sustainability. Social identity is one of the positive externalities associated with the processes of valorisation of cultural heritage, together with the production of research, innovation and knowledge which, if exploited in the area, through appropriate scale integration processes, increase the value produced by the region.

The enhancement of cultural assets targeting local stakeholders enables the recognition and strengthening of the local cultural identity. This is a set of values to rediscover and strengthen: they are related to the structure and features of the tangible and intangible cultural heritage and they also depend on social traits of identity, in terms of participation and empowerment of the community as well as educational experiences, information networks, sustainable development demands: the district is, therefore, the “future project” the local community aims to achieve by policy makers.

Local networks are unanimously recognized as a basic element and condition of possibility for the realization of the effective district, even when the main factor of production is culture that generates new business through the activation of productive connections among the economic actors. Districts as clusters are obviously studied for different purposes and by means of different methods in respect to districts as projects for local development; therefore, networking measures can be used as a proxy of the degree of consolidation and strengthening of a district.

Tourism flows are also a proxy of level of development as well as of sustainability, but the management of tourist flows is, in many cases, a completely different issue, which concerns the protection of natural and cultural resources by human impacts, eventually too hard or too concentrated in time.

The concept of value chain of cultural heritage is sometimes used to identify actions creating a stronger integration between the production processes of different firms and economic activities, paying attention to the constraint of ensuring the necessary economies of scale to ancillary industries and a demand for their products.

Although the enhancement of cultural resources presents enormous potential for local development, some areas are struggling to obtain significant results, in spite of substantial investment and it is necessary to focus further on the other elements useful to understand the reason of it. Regional development policies may implement measures that are mainly focused on enhancing the attractiveness of local culture for tourism. A limited effectiveness can be caused not only by the management of cultural resources, but also by the difficulty in optimising the other elements of the tourism product provided by the destination (accessibility services, accommodation, catering), their quality levels or, still, the aspects related to their communication. Conversely, all the components and cultural attractions of the area should be integrated within a distinctive image of the tourist destination, properly passed through traditional and innovative marketing channels.

In addition, although cultural tourism is considered a phenomenon that will grow strongly in coming years, tourists are always more demanding and paying attention to the continuous renewal of cultural activities and events through which destinations seek to
sustain competitiveness. They are also sensitive to the sustainable management of territories and of natural environment, as well as to authenticity and creativity in tourism experiences (Richards & Wilson, 2006). In this view, the availability of cultural resources is not the only determinant for the success of the destination; the originality of the mixture of cultural resources, the ability to continually renew the cultural program, and appropriate targeting and communication give destination a lasting competitive advantage. It is, in short, the ability to link cultural heritage to cultural industries that allows usable and marketable production, new wealth and job creation. New business initiatives can start-up, based on a creative use of culture and heritage embedded in the historical, artistic and human resources.

Furthermore, culture is a cross-functional input to all productive sectors - like research and information technology - and the pattern of penetration is not predictable a priori. Therefore, the more cultural marketing actions target the residents rather than tourists, the more they represent a long-term investment rather than a quick return promotion of the territory. Nevertheless, the conditions for sustainable development accrue, depending on collective learning, inter-generational transfer of skills and generation of new businesses as innovative cultural experiences.

The high levels of uncertainty that firms producing cultural products typically face in final markets accentuate the network or transactions-intensive character of production, as uncertainty tends to induce high levels of vertical disintegration as a way of reducing intrafirm misallocation of resources (Scott, 2006). Anywhere, there is “little or no room in the analysis … for claims that advanced forms of creativity in cities can be induced simply by making them attractive on the consumption side for individuals with high levels of educational attainment and “talent”. Such individuals are incontestably necessary for the effective functioning of creative cities in the modern era, but they by no means represent a full set of sufficient conditions as well. Creativity and its specific forms of expression in any given city are induced in complex socio-spatial relationships constituting the local creative field, which in turn is centrally rooted in the production, employment, and local labour market dynamics” (Scott, 2010).

Building cultural entrepreneurship has the advantage of captured local markets, but it must also be outward-looking, both regionally and globally (UNCTAD 2004). Specific attention has to be paid to the identification and involvement of key stakeholders; although legitimate stakeholders having the right to be involved in a collaboration “must also have the resources and skills (capacity) needed to participate” (Jamal & Getz, 1995, p. 194), the enrolment process should be broad-based, to include all possible categories of stakeholders, but mediated through institutional representatives (e.g. trade and industry associations, mayors of local municipalities, cultural bodies) and fact-building, showing the potential benefits for each stakeholder as well as threats and weakness discouraging unrealistic expectations (Arnaboldi & Spiller, 2011).

6. Conclusion

Cultural district emerges as an innovative model for local development, with a precise conceptual and practical identity, well distinct from other similar forms of territorial clusters which share the same label of “district”, such as industrial or tourist districts.
This work highlights why the peculiarities of this model – culture as a catalyst of local resources, territory as a source of creativity, a mission focused on increase of values and cultural assets, a hybrid governance which combines centralized and spontaneous coordination – are distinctive elements that can become key factors in supporting a long term process of sustainable development. In particular, it may be stressed the central role played by culture as the trigger of a virtuous circle which can produce creativity-based innovation and “spread value” for all the stakeholders.

This emphasis on culture overshadows other important purposes in local development, such as the commercial success of local companies or the increase in touristic flows. These are considered as natural outcomes of a successful cultural district, but not as its priorities, as the basic idea is that cultural resources are the heart of the system: a heart that pumps blood throughout the territory, ensuring its survival and growth. This approach requires a long time to express all its potential, but has the indisputable advantage of ensuring the best conditions for a durable and sustainable development, which combines economic and social well-being with environmental protection.

In this sense, the model of cultural district seems to be an ideal solution, particularly fitting for those regions where a rich endowment of cultural resources goes with a lack of business ventures. The problem is that the creation of a cultural district is very awkward, due to the fact that cultural district cannot be “created”. They can only emerge as a match between a wise top-down strategy inspired by a long term vision and the bottom-up inventiveness of local stakeholders, which both must found their action on the cultural assets of the territory.

Policymakers should, therefore, avoid the excess of planning which often distinguishes their work and try to take on a less assertive methodology, more respectful of the local community. In this effort they could be inspired by recent theories of strategic management, which have given up the myth of strategic planning, accepting the idea that the formalisation of strategy is a sense-making event that helps to rationalize past decisions, where emergent actions prevail on deliberate intentions (Mintzberg & Waters, 1985). Another good input that policymakers can draw from strategic management theories is the focus on resources and capabilities rather than on abstract plans. Since the 1980s a wide literature on resource-based view (Wernerfelt, 1984; Rumelt, 1984; Barney, 1991) has assumed that the basis for a competitive advantage of a firm lies primarily on the application of the bundle of valuable resources at the firm's disposal, while most recent studies (Teece et al., 1997; Teece, 2007) have pointed out that in a rapidly changing environment the durable success of a firm depends on its dynamic capabilities, that is “the capacity of an organization to purposefully create, extend, or modify its resource base (Helfat et al., 2007). If this is true for firms where hierarchy can ensure a stricter coordination among people, it is much more appropriate for territories where competitive processes are managed by complex networks of independent and heterogeneous organisations.

A strategic plan can never be imposed to a territory as a top-down decision. Policymakers have to understand that a path of sustainable development cannot be the fruit of a wishful desk work that brings into being an abstract design of the future of their territories. They have to carry on a long-term process driven by a strong vision to consolidate and increase the key resources of their region, those which can sustain their competitive advantage,
starting from the building of a clear community identity and a solid social capital, the two main components of successful cultural district, together with some distinctive cultural assets. They must create the best conditions to enact the virtuous circle which links together culture, creativity and innovation, as this “circle” will also ensure the development of those dynamic capabilities which can maintain the competitiveness of a territory along time. A region where culture is the lifeblood of the local community will, in fact, be ready to “sense” and “seize” the best opportunities, addressing a continuous “transformation” process in order to keep a strong stock of competitive resources. Creativity and innovation will be a stable attitude within all the district, so that everybody will give a contribution to sustain and renew the overall competitiveness of the system.

The development of effective conceptual models and useful management tools that can help policymakers to interpret the dynamics of the process of generation and functioning of a cultural district may be a challenge for practitioners but also for future research. Actually, if the first aim of policies must be the “facilitation” of these process, the decision-makers cannot face such a task without a deep understanding of the phenomenon, which is not yet provided by present theories.

7. References


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7 In Teece’s theoretical model, sensing, seizing and transforming are actually the three fundaments of dynamic capabilities, which can allow a firm to develop and consolidate its resource base (Teece, 2007). Of course, this approach may be extended to the territorial strategy too.


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Today, it is considered good business practice for tourism industries to support their micro and macro environment by means of strategic perspectives. This is necessary because we cannot contemplate companies existing without their environment. If companies do not involve themselves in such undertakings, they are in danger of isolating themselves from the shareholder. That, in turn, creates a problem for mobilizing new ideas and receiving feedback from their environment. In this respect, the contributions of academics from international level together with the private sector and business managers are eagerly awaited on topics and sub-topics within Strategies for Tourism Industry - Micro and Macro Perspectives.

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