Economic & Social Impact Assessment:

a creative momentum project

North East Iceland 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

research for: a creative momentum project

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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/

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"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 North East Iceland[2].

1.1 Creative sector impact

The creative sector in the North East region of Iceland consists of a large number of small and micro enterprises that total 209. A total of approx. 516 people were employed in creative, cultural and craft enterprises in North East Iceland region in 2015. Total direct sales of craft, cultural and creative produce amounted to 429.1 million ISK 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 North East Iceland as 643.7 million ISK. Exports are estimated at 73.9 million ISK.

A range of wider socio-economic contributions from the creative sector in the North East Iceland, 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 facilitates 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 among 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.

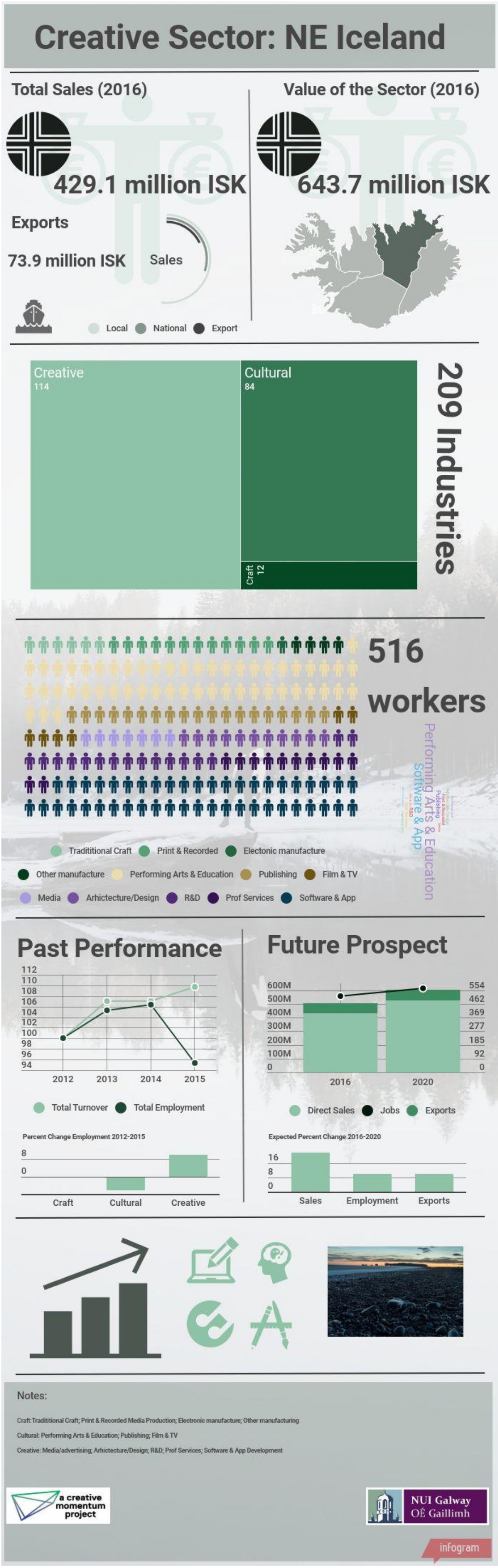
1.2 North East Iceland

In the context of this report, the North East Iceland region is made up of 13 municipalities (1.Akureyri, 2.Norðurþing, 3.Fjallabyggð, 4.Dalvíkurbyggð, 5.Eyjafjarðarsveit, 6.Hörgársveit, 7.Svalbarðsstrandarhreppur, 8.Grýtubakkahreppur, 9.Skútustaðahreppur, 10.Tjörneshreppur, 11.Þingeyjarsveit, 12.Svalbarðshreppur, 13.Langanesbyggð). The region has a population of approximately 30,000, which is around 9% of Iceland's total population. Two thirds of North East Iceland's population is concentrated in the largest urban centre Akureyri. Overall in the 2010 to 2015 period the population of the North East Iceland region grew by 1%, however when analysed at the sub-regional level there was 3% growth in Akureyri and a decline of 2% in other North East Iceland municipalities (Statistics Iceland, 2016).

Along with its nearby towns, Akureyri is the largest urban area outside of Iceland's capital region. It is the centre of trade in Iceland's north. The traditional, indigenous sectors of agriculture and fisheries are important to the local economy of the region. While productivity is increasing, employment in these sectors is decreasing. Manufacturing and processing are important growth industries, such as linked to traditional industries like fisheries, but also pharmaceutical, food and technology sectors. Hydroelectric and geothermal energy supplies have facilitated growth of power-intensive manufacturing. Tourism is also a notable growth sector in recent years, which has capitalised on Iceland's inherent strengths, in particular the natural environment and cultural heritage (Jonsdottir, Haraldsdottir and Sigurjonsson, 2014).


Hjalteyri, North East Iceland

The University of Akureyri was established in 1987. This was part of a strategic reorientation of the region's economy away from a reliance on heavy industry and towards knowledge-based development. Its role in the region aimed to develop human capital tailored to local industry needs, as well as retain more of its youth population who before its existence needed to travel outside the region for university level further education. It is thought to be generally successful in these aims, as well as the university population generating new demand for cultural products and services, stimulating growth of the cultural economy (Edvardsson, 2014). For a region of its size, North East Iceland has a strong cultural education infrastructure. The town boasts both a School of Visual Art and School of Music, as well as being home to the North Iceland Symphony Orchestra.


Creative Sector: NE Iceland
Total Sales (2016)
429.1 million ISK
Exports
73.9 million ISK
Sales
Local
National
Export
Value of the Sector (2016)
643.7 million ISK
Creative
114
Cultural
84
Craft
12
209 Industries
516
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
112
110
108
106
104
102
100
98
96
94
2012
2013
2014
2015
Total Turnover
Total Employment
Percent Change Employment 2012-2015
8
0
Craft
Cultural
Creative
Future Prospect
600M
500M
400M
300M
200M
100M
0
554
462
369
277
185
92
0
2016
2020
Direct Sales
Jobs
Exports
Expected Percent Change 2016-2020
16
8
0
Sales
Employment
Exports
Notes:
Craft: Tradititional 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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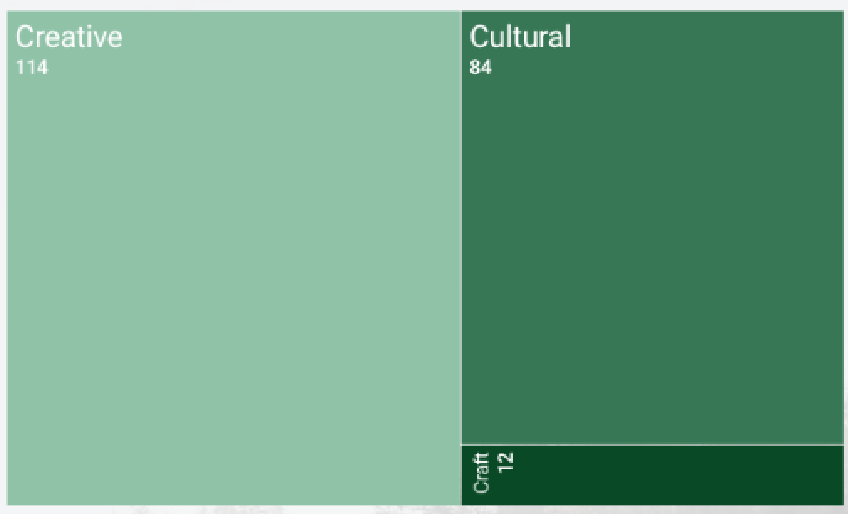
2. Economic impact

2.1 Industry characteristics

The creative sector in North East region of Iceland consists of mostly small and micro enterprises that total 209. The average number of employees per firm equals 2.4 persons. This differs slightly between the sub sectors of craft, cultural and creative industries. The creative sector is relatively well established with a significant number of newly formed operations. Close to 12% of operations are in existence for less than one year. 18% of survey respondents were in existence for more than 25 years. The relative youth of the sector can help explain that 48% of survey respondents do not work in the creative sector full-time (close to 87% of these engaged in other paid employment). One final defining aspect of the sector is the relatively tight geography of spend. On average, 60% of spend on goods and services by creative sector industries took place within the North Eastern region (a further 28% was spent within Iceland).

Figure 1: Creative sector enterprise numbers in North East Iceland



2.2 Sales

Total direct sales of craft, cultural and creative produce amounted to 429.1 million ISK 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 North East Iceland as 643.7 million ISK. Average company sales differ across the sub sectors. The creative industries report average sales close to twice that of their craft and cultural counterparts.

2.3 Exports

29% of survey respondents derived a portion of their sales from exports. Across the sector this accounts for 17% of direct sales or 73.9 million ISK. Again there are differences across the sectors, but more notable is the difference in organisation size with smaller 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 stage of product development.

2.4 Employment

Data sourced from Statistics Iceland indicates that a total of approx. 516 people are employed in creative sector enterprises in North East Iceland region in 2015. A greater proportion of employment is concentrated in creative (49%, 248) rather than cultural (45%, 205) and craft (6%, 53) industries. The results of the survey suggest that employment in the creative industries has experienced healthy growth in recent years. Cultural employment has decreased since 2012. With variations at the sub-regional level, overall employment in cultural industries decreased by 7.3%. There was an increase in creative industry employment in the region with a 9.9% increase from 2012 to 2015. Figures for craft employment show little change between 2012 and 2015.

Figure 2: Creative sector employment breakdown in North East Iceland

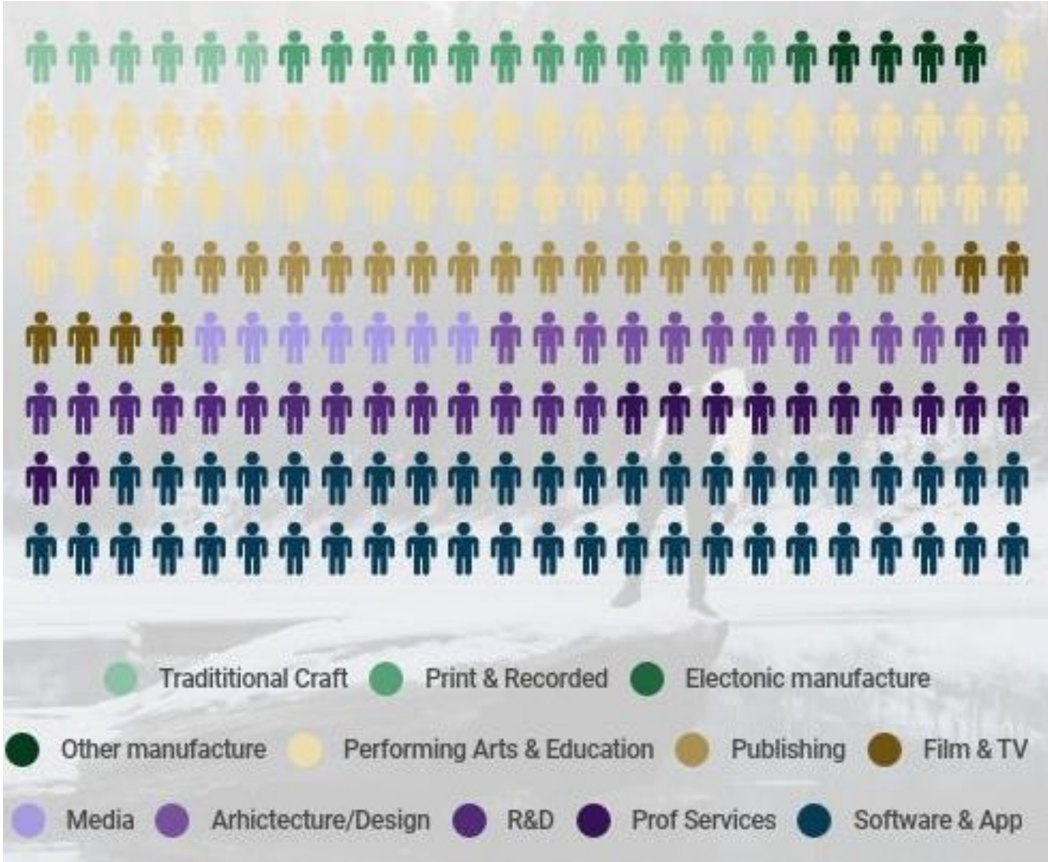


Figure 3: Craft turnover and employment 2012-2015

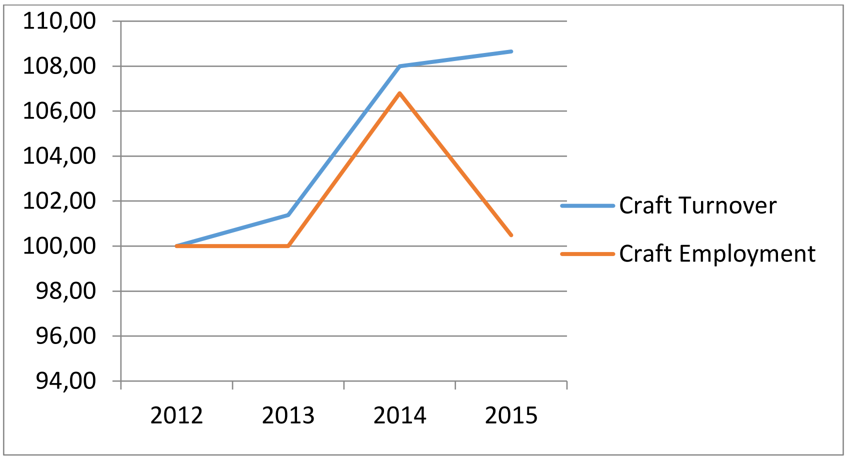


Figure 4: Cultural turnover and employment 2012-2015

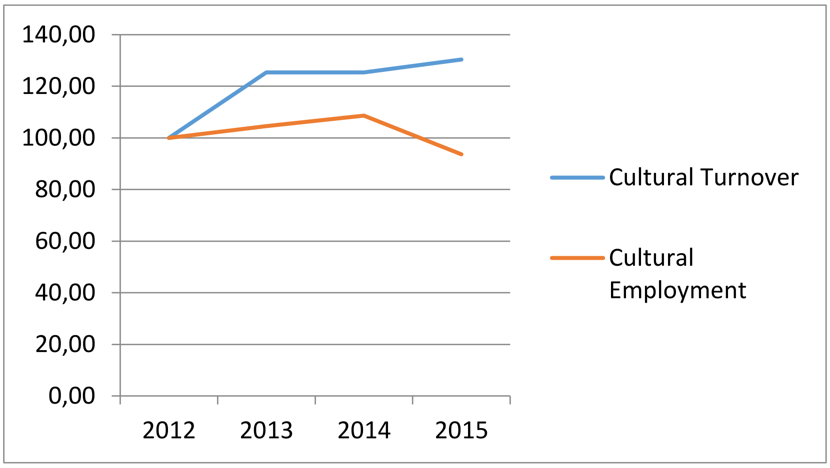
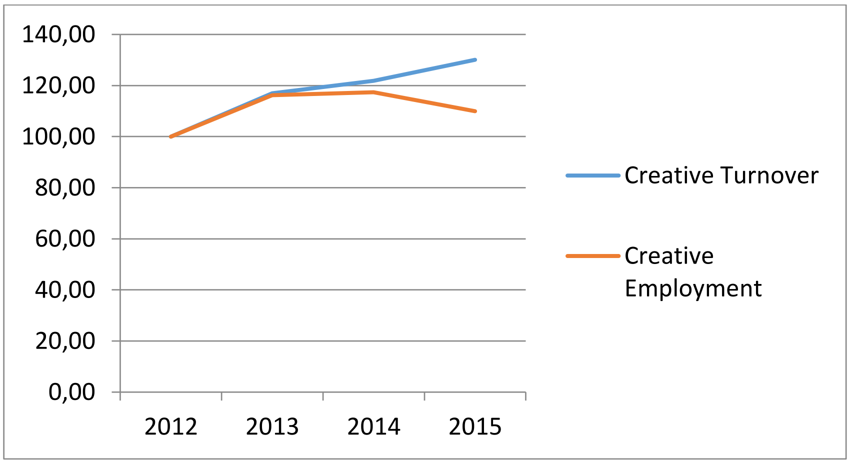


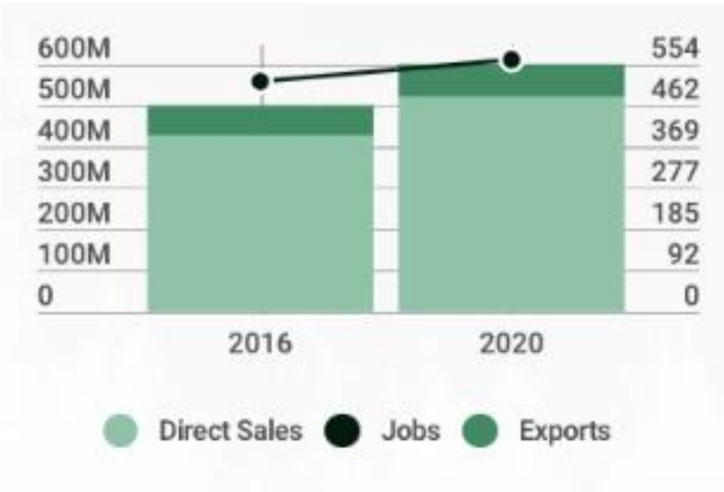
Figure 5: Creative turnover and employment 2012-2015

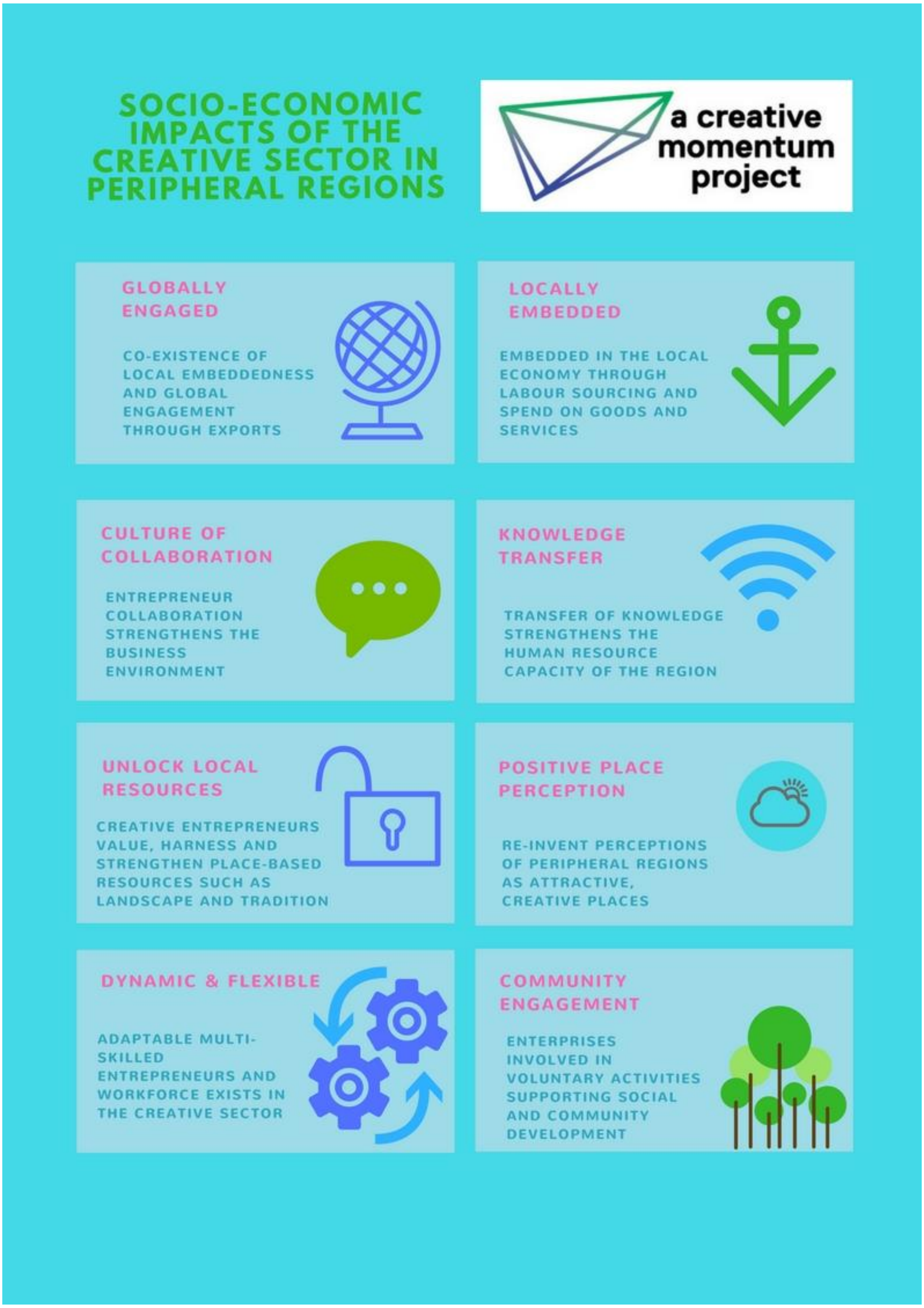


2.5 Future prospects

Future prospects reported by survey respondents predict a rate of growth in employment of 10% up to 2020. On this basis, employment in the creative sector of the North East Iceland region could reach 568 by the end of the decade. Predicted future sales growth reflects a more positive rate of change, reaching 532 million ISK in direct sales for the region by 2020 with exports touching 80.6 million ISK in the same year.

Figure 6: Future prospects





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3. Socio-economic contribution

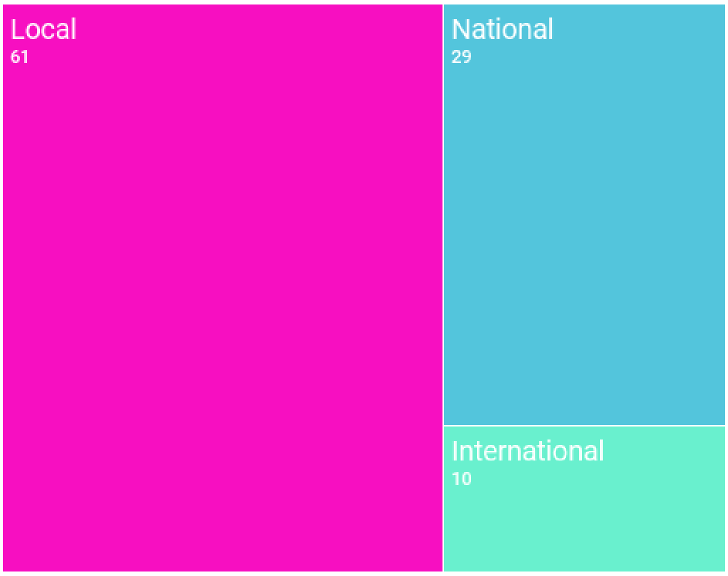
Beyond what is traditionally understood as economic impact, studies have found the creative sector has a range of wider benefits and spill-over impacts (Tom Fleming Creative Consultancy, 2015; Crossick and Kaszynska, 2016). Such benefits are difficult to measure precisely, but our assessment suggests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

3.1 Place-based impacts

3.1.1 Locally embedded

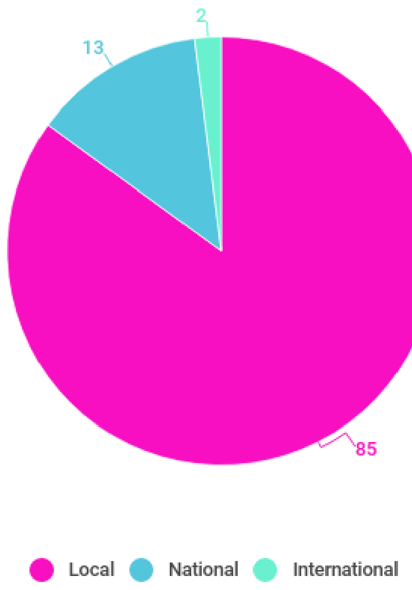
Sectors that have greater levels of embeddedness in the local economy support stronger regional development. Our findings suggest North East Iceland's creative sector is strongly embedded in the local economy. The majority of spend by creative sector enterprises on goods and services is local (see Figure 7). Strong internal connections within regional economies facilitate capturing greater value from the flow of goods and services.

Figure 7: Percentage spend on goods and services (excluding labour costs) by location



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 8).

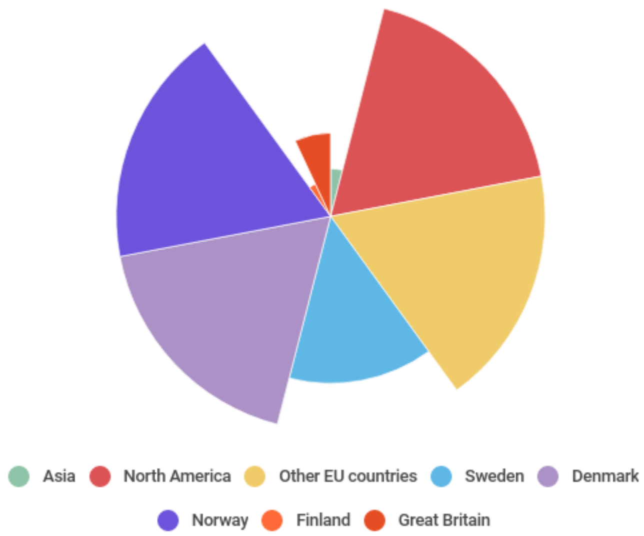
Figure 8: Percentage of labour sourced from different locations



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 North East Iceland it is estimated while 52% of sales occur in the local market, 30% are national and 17% international. Over a quarter of creative sector enterprises we surveyed said they exported (29%). Export destinations were diverse, but European countries dominated (see Figure 9). While most survey respondents (71%) reported no change in exports in recent years, 19% reported an increase.

Figure 9: Main export regions – Creative sector enterprises in North East Iceland



The activities of individual creative sector entrepreneurs helps to further illustrate the local embeddedness but international focus of creative sector enterprises. For example, interviews help to illustrate this:

> *"I am cooperating with a…company in Finland…my sales are…mainly in Iceland, but also a little in Canada and Norway. I'm beginning to work with a distributor in Germany" (Interview 1).*

> *"We are looking abroad also because we are so small. Tourism is huge now and that helps, but we would like to look at England and northern Scandinavian countries too…but at the moment my market is now mostly in Iceland" (Interview 2).*

3.1.3 Positive place perception

Creative sector entrepreneurs view the North East Iceland region positively and appreciate its qualities. Our survey found 93% indicated that quality of life and 100% the natural environment was either good or very good. Creative sector entrepreneurs play an important role in shaping the image of the region and value it highly. They are advocates for creative activities emerging from North East Iceland and that is deserves more attention. Interviews with creative sector entrepreneurs further illustrate this, for example:

> *"I like being here because it is so bright. There's a lot of light…It has given me a lot to be isolated. I can focus on my artwork…I have shown my work in Akureyri…It is such a pity that other people can't see it…They don't talk about anything but what is happening in Reykjavik, on TV, radio and newspapers" (Interview 4).*

> *"There are a lot of things happening out in the countryside…projects…what needs to happen is to bring awareness to it…the campaign is…actually throughout the countryside, there is another…company in the west region and another one in the west-fjords and there is one in the east…we are bringing our forces together" (Interview 6).*

The North East Iceland region is already strong in terms of quality of life and natural environment. Creative sector entrepreneurs contribute an additional dimension to this region's attractiveness and help to position the region 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. Interviews with creative sector entrepreneurs provide examples of this:

"I wanted to base my design on some historical things and I wanted to be completely Icelandic…I was telling histories in what I was doing" (Interview 1).

"I am working from my roots. The land…the people and their lives…the story is in my work. That is the goal" (Interview 2).

Traditional Icelandic 'Laufabrauð' inspires designer Hugrún Ívarsdóttir

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 this point:

"I don't want to owe money. I never took any loans to do this….just because that is the way I am…that is why it grew very slowly" (Interview 1).

"It has definitely been a slow growing business starting off…always with some other work on the side so I have never had to dive in at the deep end…one month you could get a big job that pays your salary for two months…sometimes you…just get small projects" (Interview 3).

"No-one is going to do anything for you…you have to learn how to do everything yourself… you have to work hard…In the last few months we are finally getting bigger projects…that is a place that we want to get to rather than constantly living from one month to the next" (Interview 7).

North East Iceland 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:

"For the…sculpture, people are very open and helpful…I talked to local people…it took two years…I got sponsorship from local companies….I don't have difficulty doing things like that" (Interview 4).

"Finding people that you like to work with…You need to have that trust…being really positive…nice…honest…humble. I think that has helped us a lot…I know that's not a thing that you can put on paper, but I think that is one of the more important things" (Interview 7).

This evidence highlights how the qualities of creative sector entrepreneurs are also an asset that facilitates 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 North East Iceland (52%) indicated that their work in the creative sector was their full-time occupation. However for those (48%) where creative sector work was not a full-time occupation 87% engaged in other paid employment. Other occupations included work in sectors such as tourism, education and hospitality. 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:

> *"Art education…working on traditional handcraft…history also. My education was a mix of these things" (Interview 1).*

> *"I keep things together by having two jobs…I know in time there will be enough work…a good thing about working in a small place…you get to do all kinds of stuff…you have to be able to jump to every project" (Interview 3).*

Creative sector entrepreneurs are also innovators, creating new products, for example:

> *"When I started…no-one else had done anything similar…it just took off" (Interview 1).*

> *"This is a story that has hardly ever been told…we created a draft of a script and sold the idea…now it is a huge production" (Interview 7).*

Wider research has identified creative 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 North East Iceland and contribute to skills development. Over half (56%) of respondents indicated that they were involved in education, mentoring and training activities. The type of activities most common (56%) 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, 12% are involved in these activities. Entrepreneurs also share knowledge with other businesses and emerging talent. According to our survey, 11% had provided mentoring or advice to other businesses and 11% had provided internships. More than 50 hours were devoted to education and training activities in the past year by 39% of respondents.

Evidence from interviews helps to illustrate the impact of knowledge transfer on strengthening the creative entrepreneurial and broader cultural environment. For example:

"There is a fund…it has been really important…really helpful with specific projects. The one I think that was my favourite…I did performances in nearly every single school in the North East of Iceland…about 40 concerts in a short space of time" (Interview 5).

Creative sector entrepreneurs also display motivation to support local talent development. For example:

"At the beginning we'll help them to produce their products…They won't take the chances…we will choose carefully because we will take the risk. I think that is important for a new designer to get that help" (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. For example, interviews help to illustrate this point:

Alþýðuhúsið creative space and Rietir experimental workshop location

"I would say they are mostly influencing me to get to work more than influencing what I do. In a way I feel like my relationships with the creative sector is more about pushing me to do new things, like I've had some work others" (Interview 3).

"My biggest fear is I stop developing…as an artist. I don't want to just be here and do my thing and not connect with anyone. I'm trying to go regularly just to watch other people perform and speak to them…there's quite a lot of artists…Once a month I go to a meeting…even though they are in different fields of the arts, so often you are dealing with the same things" (Interview 5).

Our survey evidence suggests the creative sector in North East Iceland is dominated by micro businesses and self-employed entrepreneurs. This structure appears to facilitate a culture of cooperation among entrepreneurs. For many creative sector entrepreneurs, cooperation seems aligned with the concept of 'coopetition' and working with competitors for mutual benefits. Evidence from interviews helps to further illustrate this point:

"I am getting older and looking at taking a step back. It's also to help the business to grow…I would like to work with people who have a different view and they could have their own line" (Interview 2).

"We helped each other with marketing before Christmas…we were working together making posters and ads in the newspapers and we shared the cost of it" (Interview 5).

"Here when you do a collaboration with them that saves you a lot of money…spaces…for rehearsals…you can get something that would cost you a lot of money that they give you instead" (Interview 6).

3.2.4 Community engagement

North East Iceland's creative sector does not just contribute to the local economy, but is also socially embedded in communities. Activities of creative sector enterprises can also cross-over into the community sector. For example visual and performing artists contribute to the vibrancy of their communities by working with local groups. The wider business community is also supportive of the work of creative sector entrepreneurs because they see its wider value. Interviews help to illustrate:

"We open…once or twice a year to the public…in the village here nearby they have an annual event…they asked me to change my opening to that weekend…I have…over the last few years" (Interview 4).

"Companies around the area are quite supportive…Red Cross shops…they are quite willing to allow you to search for things and you can have them for free…hardware shops they are quite willing to give you a discount" (Interview 6).

Findings from our survey show that close to two thirds (60%) of survey respondents indicated they were involved in voluntary activities that support social and community development. Voluntary activities were identified in craft, cultural facilities, design, film, music, photography, visual and performing arts sub-sectors of the creative sector industries. The type of activity most common (42%) was involvement in projects on a voluntary basis with their local community. Carrying out projects on a voluntary basis with non-profit organisations and groups (35%) also emerged as important. The amount of time devoted to these activities was also significant – 35% indicated they spent more than 50 hours on voluntary activities in the past year.

4. Case studies

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

4.1 Vaka Folk Arts Festival

The tag-line for the 2016 Vaka Folk Arts Festival was 'Tradition for Tomorrow', and the festival has its eye on the future, a future in which the sounds of Icelandic folk music, song and dance resonate more meaningfully with Icelandic audiences and inform their national identity as a living tradition.

Supporting the revival of Icelandic folk music traditions

For a variety of historic reasons, Icelandic folk traditions have not benefited from strong revivalist movements as found in other European countries such as, for example, Ireland, Finland and Norway (Hutchinson, 1987; Ramnarine, 2003; Goertzen, 1997). Currently the old traditional Icelandic instruments, the Langspil and Fiðla are not part of a living music tradition and there are no extant recordings or information on repertoire available. Likewise the vocal traditions associated with the Rímur ballads, Iceland's unique epic ballads, no longer enjoy the vibrancy they once exhibited as part of a living tradition. However, the creative spirit motivating Vaka festival is optimistic about changing all of this. In its fourth year, the festival took place for the first time in the 'Hof' cultural centre (opened in 2010) an architecturally and acoustically impressive building, specifically designed for music and the performing arts. The Hof is also home to Akureyri's Music School. The organisers of Vaka in collaboration with the music school facilitated the attendance of all music school students at workshops and events both preceding and during the festival.

Facilitating international collaboration

In light of the absence of a well-developed national folk music tradition, Vaka extends a hand of welcome to its neighbouring musical cousins, making connections with the cultural heritage of Northern Europe and Scandinavia. In 2016, Vaka Folk Arts Festival included folk artists from Ireland, Finland, Denmark, Norway, Sweden, Scotland and England to share and explore their local folk traditions.

Mobilising youth awareness and participation through music performance

Akureyri's music students had the opportunity to sample a variety of folk music taught by leading practitioners from each of these countries. Furthermore, they had the opportunity to try out the native Icelandic Langspil during a series of workshops.


Langspil in the National Museum of Iceland

Reviving tradition to foster creativity

A member of the zither family of instruments, the Langspil is the indigenous Icelandic version (variations emerge in various countries such as the German hummel and dulcimer in the US). The workshop leader, Chris Foster, views the lack of prior knowledge as to how this instrument might have been played as a creative opportunity – advising his workshop students that 'anything is possible'. This is Hobsbawm and Ranger's (1983) 'invention of tradition' at work in a vital and creative way. A number of new Langspil instruments have already been made, and were available at the workshop, modelled on archive photographs and extant instruments (such as the one on display in the National Museum of Iceland).

Reviving tradition to identify potential cultural commodities

Relatively simple and inexpensive to make, perhaps Vaka might go on to spawn a new craft instrument-making industry. An initiative supplying all primary schools with their native Langspil, might be a significant way in which tradition could make an impact for tomorrow.

Stimulating the future consumption of Icelandic culture

A workshop on Rímur ballads whetted the appetites of participants to visit the online archives where many of these ballads have now been collected, digitised and are waiting to be resounded. Vaka plays an important role in reviving Icelandic folk music, generating an interest and audience for all types of folk music and drawing the attention of folk music audiences throughout the world to the potency of Iceland's folk potential.

4.2 Tourism impacts: Creative and cultural assets

Culture and creativity are important to attract tourists to a region and an important factor in tourism growth in recent decades (OECD, 2014). Tourism data from Iceland also supports this. For example, Icelandic culture and history was a factor which had a major impact on 32% of international visitors' decision to visit Iceland. This varied by nationality and was as high as 64% with Norwegians and 54% with British visitors (Icelandic Tourist Board, 2016). Visitors generate significant revenue for the local economy. Revenue from foreign tourists was worth 359.7 billion ISK in 2016, a 36.7% increase on the 2015 value (Icelandic Tourist Board, 2017).

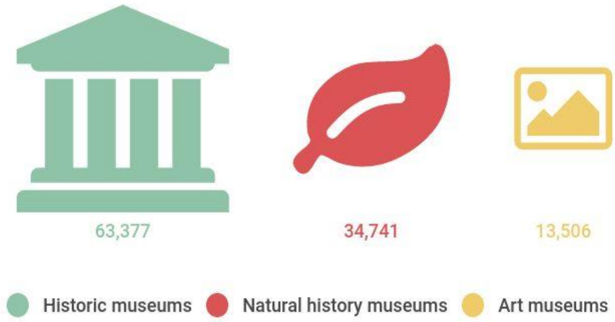
We next discuss how factors driven by creative sector activities (e.g. film, TV) as well as wider cultural assets (e.g. museums, art galleries), influence visitor numbers to North East Iceland, as well as the potential for future growth.

Cultural assets attract significant visitor numbers

Cultural assets attract large numbers of visitors to the North East Iceland region. For example, where figures are available, almost 112,000 people visited museums in the region in 2014 (see Figure 10).

Cultural tourism sites, alongside wider creative sector industries can further strengthen revenues generated from tourism. OECD (2014) have found that broader creativity is becoming increasingly important as part of cultural tourism, moving away from more traditional manifestations focused on cultural heritage.

Figure 10: Visitor numbers to museums in North East Iceland, 2014



Data source: Statistics Iceland, 2015

Creativity an increasingly important resource for tourism

Opportunities exist for creative sector enterprises to directly engage with tourism markets as a revenue stream. They can provide visitor experiences through open studios on tourist trails, such as Vorhus Living and the Black Butterfly Gallery provide as part of the North East Iceland Craft and Design Creative Trail.[3]

Creative content generation, such as literature, film, television and games, with links to the region also has a legacy and spill-over value boosting tourism. For example, screen tourism in North East Iceland has been boosted by the epic TV series Game of Thrones making use of locations in the region. Located in Skútustaðahreppur municipality, Lake Myvatn and the cave of Grjotagja have featured in the series.

A tourism strategy developed for the North East Iceland region identified areas with potential for future development, one of which is creative tourism (John S. Hull Associates, 2008). Aspects of the plan have been implemented and new initiatives have emerged such as the regional crafts cluster Þingeyskt og þjóðlegt. However the report makes a series of recommendations, in particular around new creative tourism product development, that if implemented would support further creative tourism development. Greater allocation of resources towards creative tourism development is important to help realise its potential impact.

[3] A Creative Trails app was developed through *a creative momentum project* and guides visitors through design and craft businesses as well as museums in the North East Iceland region. It is available for download for Android here or Apple here.

5. Conclusion

Our analysis suggests the creative sector has significant economic and social value in North East Iceland. However, the most important impacts created 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 11). 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 11: 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 North East Iceland'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). Creative tourism is an area of potential future development identified as part of a comprehensive review of tourism in the North East Iceland region (John S. Hull Associates, 2008). Our findings reiterate the importance of creative tourism development in the 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). Sigurðardóttir and Young (2011) have highlighted the need for regular analysis of creative sector development in Iceland. This report reiterates and further underlines this point. We need regularly published official statistics measuring key socio-economic indicators by region and creative sector. 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 industry 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 199 creative businesses in North East Iceland on March 31st 2017. A follow up reminder email was sent on April 7th 2017. Wider promotion of the survey resulted in 51 respondents engaging with the survey using an anonymous link. The greatest number of observations to any question was 61, 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 the Statistics Iceland. 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 and cultural sub-sectors of the creative industries[4]. Interviews with 7 creative professionals to gain insights on the wider socio-cultural impacts of the creative sector in North East Iceland also inform the findings.

[4] 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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