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The multi-product nature of the firm in the arts sector: A case study on ‘Centro Zo’

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Abstract: This article studies the relevance of the multi-product nature of a firm whose core-business rests in the performing arts sector. A specific case study is presented, concerning ‘Centro Zo’, a firm which was born in Catania (Italy) about 15 years ago, to supply performing arts pieces. Now it is a multi-product firm, offering different goods and services. The multi-product choice is investigated from the firm’s perspective, and from the consumers’ standpoint. Fresh data, collected in 2013, are used to investigate the evaluations of the consumers about the different products, and their propensity to joint consumption. We show that the importance of different goods changes across different groups of consumers attending the live performances at Centro Zo. However, the multi-product choice allows the firm to sustain its core business, and –we suggest– makes it more independent from the local policy-makers.

Keywords: *Arts, multi-product firm, policy-makers, product diversification.*

JEL Codes: Z-10.

1. Introduction

Several firms, whose core-business is in the sector of the arts, are in fact multi-product firms. Sometimes, these firms supply different artistic goods and services, that are complements or substitutes. In several other cases, artistic firms supply also different goods or services, which are not artistic. The examples can be countless. Nearly all the artistic firms and associations –which the Units of the PUCK Project were in contact with– can be judged as multiproduct firms. Just to provide some specific examples of firms mentioned in other Chapters of this book, let us think of ‘Scenario pubblico’, ‘Brass Jazz Club La Cartiera’, ‘Bocs’, ‘Teatro Coppola’, ‘Officine culturali’ in Catania, ‘Magma’ in Barcelona, ‘Block T’ in Dublin.

In this Chapter, we focus on the case study of ‘Centro Zo’, a firm which was born in Catania (Italy) about 15 years ago, to plan and produce cultural events and to manage a space of former industrial refinery factories located in the centre of the city. Now it is a multi-product firm, which offers different services, covering different artistic fields as well as different non-artistic sector: it produces and / or provides spaces and stages for different live performances (music, theatre, ...); it produces multimedia and video-design products; it provides didactical laboratories

in different artistic fields; it provides common spaces and resources for creative work; it provides food on the spot and for catering services.

Economics, and industrial organization, provide a wide set of reasons why firms may find it convenient to be multiproduct. Positive externality in production of different items and economies of scope is the main reason; along this line of motivation, higher firm productivity raises the profitability of all produced items. The factors entailing reduction of cost and leading to vertical integration represent a second set of reasons; risk sharing across markets characterised by different sensibility to the business cycle, the possibility of stabilizing cash flows and liquidity is a further reason. The body of theoretical and empirical studies on this topic is very large.

Strange enough, however, no analyses are available –as far we know– specifically concerning the *artistic firms*, i.e., the firms whose core businesses are in arts sectors.¹

The multi-product consumption of artistic items is largely studied from the consumer side; as a matter of fact, a large body of evidence has been collected concerning the variety of artistic consumption of individuals, and the 'omnivore' nature of cultural consumers (starting from the seminal contribution of Peterson and Kern, 1996). However, the implications of such an 'omnivore' nature of cultural consumers for the cultural enterprises and their strategies is worth developing. Furthermore, what we point out in this Chapter is the fact that several 'cultural' firms are not only multi-product in the sectors of the arts, but they are operative in sectors quite far from the arts. We underline that artistic firms present relevant specificities, and may have further reasons to be multi-product.

First, cultural demand, in several countries, is heavily determined by the public sector, and by local policy-maker. Becoming multi-product makes the artistic firm more independent from the local policy, and from the long-run and short-run (i.e., political cycle) patterns of public spending.

Second, the multi-product choice can be a way to defeat the so-called Baumol disease, that is, the tendency in the arts sector to have costs that structurally increase more rapidly than labour productivity (Baumol and Bowen, 1965, 1966).

Third, the existence of different income sources may permit the experimentation in specific fields, taking the risk of limited market success. Hence, the multi-product nature of the firm supports the experimentation, and hence innovation and firm's growth and development.

This specific set of reasons has to be added to the general reasons that usually are advocated to explain the relevance of multi-product firms in several industrial sectors: let us think of the productivity increases and the economies of scope (see, e.g., the recent contribution of Bernard et al., 2010), the strategic decision of making market pre-emption (Dobson and Waterson, 1996; Manes and Waterson, 2001), or

¹ An exception could be Alexander (1994), which analyses the multi-product nature of some firms in the music recording industry; the focus of this case-study, however, is on the recording and distributing firms, rather than on the creation of artistic products.

even the possible (individual and macroeconomic) advantages in trade (Minniti and Turino, 2013).

In this Chapter we take into consideration the history of ‘Centro Zo’ as a case-study. First, we consider the multi-product nature from the firm’s perspective. We analyse how the different products, and the balance between cultural and non-cultural production has changed over the firm’s life. Second, we analyse the evidence deriving from a survey conducted March to September 2013: we have interviewed the attendants at live performances at the Centro Zo, to understand how important the multi-product supply is for the consumers’ standpoint. We believe that the interpretation of some evidence may provide relevant implications, for both firms and cultural policy-makers.

The structure of the Chapter is as follows. Section 2 presents the ‘Centro Zo’; in particular, the analysis of its balance over the years, indicates how the multi-product nature has changes over time. Section 3 presents the survey on the consumers, and investigates the deriving results. Basing on the evidence from Sections 2 and 3, a set of implications for the artistic firm, and for cultural policy, are elaborated in the Section 4. Section 5 concludes.

2. The case-study of ‘Centro Zo’

Centro Zo was founded in Catania (Sicily, Italy) by a cooperative formed in 1997 by a group of young arts promoters. Following a four-year planning stage, during which agreements were reached with Catania Town Council and with public subjects, Centro Zo started its activity in 2000. Centro Zo presents itself (www.zoculture.it) as a “factory” planning and producing cultural events, in network with similar international structures, aiming at promoting the diffusion of all contemporary artistic and cultural expression. Again, Centro Zo is a space born to receive multidisciplinary events with different requirements and characteristics, and trying to test new ways of presenting events. The buildings where Centro Zo is situated are an ex sulphur refinery, part of a group of factories dating back to more than a century ago. These buildings, owned by the City Council, have been completely renewed and modernized to house exhibitions and live performances.

Exhibitions and performances organized by Centro Zo include production of performing arts (music concerts, theatre, kid-theatre, dance, DJ sessions), audiovisual exhibitions (video screenings), courses and workshops (writing laboratories, architecture laboratories, dance-floor). Beside these cultural activities, Centro Zo has developed different services, which can be classified into four groups: Centro Zo (i) offers visual-design services, creating and realizing promotional campaigns; (ii) offers services for audio-visual production; (iii) hosts meetings patronised by cultural, social or political associations, and offers adaptable services for conferences; (iv) is active in the food sector: it has a coffee-shop and a restaurant for food consumption on the spot, and food catering.

Table 1 provides a picture of the economic sources of Centro Zo over the years of its life, while Table 2 provides details concerning the cultural activities. From these

tables, it is clear that the support from public funds was essential at the moment of the birth and in the first year of activity, but was nil or negligible over the subsequent years. The revenues from tickets for performances have been increasing over the first years of life of Centro Zo, but have been thereafter decreasing, at least in absolute terms; in relative terms, they have been stable around about 28%. Revenues from coffee-shop, restaurant and food catering service have been steadily increasing in relative terms, and they represent about 60% of the revenues in the most recent years.

Taking into account that the years after 2007 were characterized by a deep economic crisis in Italy, our interpretation of the data in Table 1 is that the revenues of consumption of cultural goods have been significantly decreasing, and *the non-cultural products have played the role of partly stabilizing the total revenues*. This is consistent with the widely documented fact that cultural consumption are more elastic to income than other goods (like food), and the multiproduct nature of Centro Zo might help it to resist and survive in years of economic crisis by widening the set of supplied activities to more profitable (even non-cultural) ones. More in general, the multi-product nature of firms whose core-mission is in the arts, may help to stabilize revenues, and to be more resilient to adverse economic shocks, which typically hit the culture sector in a very severe manner.

Moreover, as already mentioned above, Centro Zo supplies a wide range of cultural activities: Table 2 provides details about the entries “Tickets from performances”, and “other cultural activities” of the Table 1.

From the Table 2, it clearly emerges that the relative weight of DJ-sessions has been increasing over the years under observation, in terms of both number of events and attendees, especially with respect to live concerts. Such a feature can be interpreted by considering that the performing-arts sector suffers from the ineluctable increase of unit costs as a result of the ‘productivity lag’ (Baumol and Bowen, 1965, 1966). As a result, cultural firms could be led to define the proper multi-product strategy by focusing on those activities which are characterised by relatively lower unit costs (such as DJ-session) in order to weaken the Baumol cost disease. With respect to Table 2 again, it is worth reporting that no more than 1 or 2 performing art events per year were produced by Centro Zo directly, and a number between 2 and 4 (according to the different years) were co-production, the remaining being outside productions; in the case of music events, only rarely the events were production or coproduction of Centro Zo.

Table 1 - Economic resources

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Public funds	75,000	0	0	3,000	6,000	8,000	0	0	0	0
Tickets from performances	20,000	120,000	150,000	160,000	120,000	100,000	110,000	90,000	85,000	70,000
Other cultural activities	75,000	30,000	0	60,000	0	0	0	0	0	0
Multimedia services	5,000	15,000	12,000	10,000	8,000	5,000	0	0	0	0
Services for meetings	5,000	40,000	45,000	48,000	50,000	48,000	45,000	40,000	20,000	18,000
Coffee-shop/Restaurant (on the spot)	25,000	230,000	260,000	275,000	230,000	200,000	200,000	180,000	160,000	150,000
Catering	0	20,000	25,000	30,000	33,000	30,000	30,000	25,000	20,000	15,000
Total	205,000	455,000	492,000	586,000	447,000	391,000	385,000	335,000	285,000	253,000

Source: data provided by Centro Zo.

Table 2 - Types and number of performances at Centro Zo

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Music: Events	44	29	20	23	16	14	18	17	33	17
Attendees	8,000	7,200	4,400	4,700	4,000	3,200	3,600	4,000	5,500	2,800
Performing arts: Events	29	22	12	18	12	12	12	12	16	16
Attendees	4,000	3,000	2,400	1,800	2,000	2,200	2,000	1,900	2,000	1,300
Audiovision: Events	7	8	9	8	20	24	21	14	25	
Attendees	1,000	1,200	1,200	900	2,500	2,900	2,500	1,500	2,700	
Writing sessions: Events	10	9	7	2	5	0	0	0	10	9
Attendees	2,000	1,800	1,400	300	800				700	1300
Architecture: Events	0	4	2	3	3	4	0	0	0	0
Attendees		700	400	500	500	700				
Dj Sessions: Events	15	29	16	12	14	12	19	30	35	20
Attendees	12,000	20,000	15,000	10,000	11,000	10,000	13,000	17,000	20,000	13,000

Source: data provided by Centro Zo.

3. Survey on attendants at ‘Centro Zo’

A questionnaire was submitted, with interview person-to-person, to about 200 attendants at different events at Centro Zo, before or after the event, over the period March to July 2013. The complete and reliable interviews, considered for the present analysis are 174. The submitted questionnaire is mainly intended to evaluate: (a) the propensity of individuals to attend different kinds of artistic experience, and the way in which the choice of attendance at performance are made;² (b) the judgment about the non-cultural products offered by Centro Zo, to assess the importance of the availability of non-cultural products upon the choice of cultural products.

3.1 The sample

Table 3 provides some descriptive statistics about the sample of 174 interviewed people, and the distribution across the different types of performances they were attending when interviewed.

Note that over 60 percent of the sample is at least graduated; 15 percent of the sample has a secondary education in artistic field. In other words, and comprehensibly, the sample is not representative of the whole population, but it is over-educated, and the education in artistic fields is over-represented. A share of 36 percent of the sample at hand assess themselves as “worker in a cultural sector”. These rough data confirm that education and professional position heavily affect the choice of consuming artistic items.

The distribution of the demographic characteristics slightly varies across the sub-groups attending different activities or shows at the Centro Zo. For instance, people aged 25-35 are over 60 percent in the group attending laboratories, while they are below 40% in music concert and kid-theatre. “Employed” is the modal answer to the question concerning the job, but self-employed and managers are prevalent among the interviewed people who were attending music concerts; the percentage of graduated people is slightly lower in the sub-group of people interviewed attending theatre. The people arriving from outside the province of Catania is higher in the sub-group of theatre attendants. Roughly speaking, the people attending music concert appear to be the most 'metropolitan' and 'educated'; the people attending theatre appear to be the less educated and coming from peripheral areas – with respect to the people included in the sample at hand.

² Borgonovi (2004) is an example of investigation on performing arts attendance, which has inspired the present analysis. In that article, one can find also a short discussion concerning the theoretical issues related to each of the considered explanatory factors.

Table 3

Gender	Male: 71(41%); Female: 103 (59%).
Age	<18: 3 (1.7%); 18-24: 18 (19.3%); 25-35: 73 (42.0%); 36-49: 54 (31.0%); 50-65: 20 (11.5%); >65:6 (3.5%) .
Job	Student: 25(14.5%); Employee: 59 (34.3%); Self-employee: 26 (15.1%); Professional/managers: 34 (19.8%); Home/unemployed:28 (16.3%). Job in a cultural sector (Self-assessment): Yes: 63 (36%); No: 111 (64%) .
Residence	City-center : 43 (24.7%); city-area_no_centre: 70 (40.2%); province: 30 (17.3%); Out-of-province: 31(17.8%).
Education	Primary/ Secondary school: 68 (39.0%); Artistic sec sch: 15 (9%); Graduated: 64 (36.8%); Post-grad: 27 (15.5%).
Interviewed at	Theater: 39 (22.4%); Kid-theater:27 (15.6%) ; Music: 78 (44.8%); Laboratories and meetings:30 (17.2%).

3.2 Stated evaluations from the sample

People were asked:

- why they are attending the specific performance/show/activity;
- how many performances/shows have they attended (or plan to attend) in the present season at Centro Zo, and whether the attended performances are of the same (of different) kind;
- how many performances/shows have they attended (or plan to attend) in the present season at different places;
- whether and how many performances of the same kind have attended over the past years;
- whether and how many performances of different kinds have attended over the past years.

Clearly, the above listed questions aim at evaluating the nature (univore/omnivores) of the person under interview and the frequency of cultural attendance, and his/her possible "addiction" to specific kind of performance, or even to the Centro Zo.

As to the reason why people choose to attend the specific show/performance, the possible answers were: a specific interest in the present show or in the kind of the show/performance (chosen by 37.4 and 25.3 percent, respectively); the involvement through other persons (31.6 percent); the interest born when attending a different show/performance at Centro Zo (4.6 percent).

The answers concerning the frequency and the kinds of performances/show attend can be summarised in Table 4.

Table 4 - Distribution of answers concerning the frequency of attendance and the type of shows attended

	Only at Centro Zo	Also in other places	TOTAL
Only this	32 (18.3%)	//	32 (18.3%)
A few (1,2,or 3) of the same kind	4 (2.3%)	4 (2.3%)	8 (4.6%)
Several (>3) of the same kind	5 (2.9%)	6 (3.4%)	11 (6.3%)
A few (1,2, or 3) of different kind	7 (4.0%)	49 (28.2%)	56 (32.8%)
Several (>3) of different kinds	2 (1.1%)	65 (37.4%)	67 (38.6%)
TOTAL	50 (28.7%)	124 (71.3%)	174 (100%)

In addition to the pieces of information provided in Table 4, or as a comment to this Table, it is interesting to report what follows.

The people who were attending only the present show at Centro Zo, and did not attend any other performance/show at any other place were 32 (18.3 percent): these people can be classified as univores - single attendance (where “single” has to be interpreted in a strict sense!). Apart from this group, there are other 18 persons who attend artistic performances only at Centro Zo, with different frequency. In particular, the 7 person who declared that they attended more than three shows at Centro Zo, but they do not attend artistic performances in other places, can be seen as “particularly linked” (addicted?) to Centro Zo – and perhaps interested to the activity of Zo rather than to artistic experience.

If we add to the group of 'single attendance' consumers, the people declaring that they attend only few shows of the same kind during the current season, we obtain an estimation of the share of univore-sporadic cultural consumers (around 23 percent) of the sample.

People declaring that they attended a few shows (at Centro Zo or elsewhere), but of different kind are a share equal to about 33%: they are “omnivores-sporadic” cultural consumers, while the “omnivores-multi-attendance” consumers are 38.6 percent; not surprising these omnivores-multi-attendance people are generally used to attend different theatres (and only 2 persons are used to attend performances only at Centro Zo). Finally, the univore-multi-attendance people are 6.3percent.

As far as the attendance of performances/shows over the past years, the 47.1 percent of the interviewed people have followed show/performance of the same type at Centro Zo; 51.1 percent have followed performances of different kind (at Centro Zo). Among the sub-group of people who have attended show of the same type, over the 80 percent have also attended shows of different type.

An important piece of information concerns the number of people together which a spectator is coming to the show. Only 9 person out of 174 declared that they were alone (5.2 percent); 51 persons were in a couple; 22 were member of a three-person group, while 88 (50.6 percent) were part of a group of four or more persons. This confirms a well-known fact, that is, that cultural consumption, especially of performing arts, is a *social act*, that is done in group rather than individually.

The last part of the questionnaire was devoted to the analysis of the importance of the multi-product supply of Centro Zo.

First, people were asked whether they did consumption of food during their attendance at Centro Zo. The persons answering “never” were 77 (44 percent), “occasionally” 64 (37 percent), and “often” 33 (19 percent). If we focus on the sub-

group of people who have followed in past times activities at Centre Zo (that is, they were not at the first attendance at Zo when interviewed), 29/106, that is 27.3 percent have never done consumption, while 50 and 27 (that is, 47.2 percent and 25.5) have done consumption occasionally or often. Not surprisingly, this suggests that the supply of food production is relevant (in terms of consumption) for non-occasional attendants.

Second, people were asked to rate (with a grade from 0 to 5) different activities of Centro Zo, namely: the present show; the whole offer of shows; the training activities (laboratories); the recreational activities; food and cafeteria. Of course, not all interviewed persons provided the evaluation of each activity. Table 5 presents the results, and provides the number of respondents, the average grade, the percentage of people rating the activity with the highest grade

Table 5 - Evaluation of different activities of Centro Zo

	Percentage of respondents	Average grade	Percentage of respondents who gave the highest rate
This show	110/174 = 63.2%	4.54	71/110 = 64.5%
The whole offer of shows	109/174 = 62.6%	4.02	35/109 = 32.1%
The training activities	67/174 = 38.5%	3.73	19/67 = 28.4%
The recreational activities	70/174 = 40.2%	3.68	19/70 = 27.1%
Food and cafeteria	89/174 = 51.1%	3.57	23/89 = 25.8%

A different question concerned the quality of specific service related to the activity of Centro Zo: Efficiency of ticket selling; quality of the service at the restaurant and cafeteria, welcoming at the Centro Zo; welcoming at the theatre of the Centro where the show takes place. Table 6 provides the results.

Table 6 - Evaluation of the services related to the Centro Zo ' s activities

	Percentage of respondents	Average grade	Percentage of respondents who gave the highest rate
Ticket selling	140/174 = 80.5%	4.19	69/140 = 49.3%
Restaurant /cafeteria	96/174 = 55.2%	3.69	31/96 = 32.3%
Welcoming at the Centro	147/174 = 84.5%	3.99	68/147 = 46.3%
Welcoming at the theatre	132/174 = 75.9%	4.07	61/132 = 50.0%

Even not identical the answers concerning the food and cafeteria and the service at restaurant and cafeteria display a rank-correlation above 0.87. It is interesting to notice that the average grade, though satisfactory, is the lowest among the evaluations of different aspects of activity of Centro Zo.

Finally, Table 7 collects the answers concerning the importance of new / additional possible products and services at Centro Zo. Clearly, the analysis of these answers can be useful also for the development of future programmes and investment at Centro Zo. The Table provides the descriptive statistics, while a more detailed analysis will be developed in the subsequent paragraphs. It is worth reporting that the exact question delivered to the interviewed people was: "Please, give a grade

from 0 (very low) to 5 (very high) to the importance that, in Your opinion, have the following aspects which are under consideration by Centro Zo”: The list reported in Table 7 followed. The list includes the empowerment of already provided activities (such as the empowerment of restaurant and cafeteria, or the introduction of additional shows of the same type as the show attended at the time of the interview), as well as the introduction of activities that are currently not supplied (such as performances of classic music, classic dance, electronic music, cinema).

Table 7 - Evaluation of possible new products / services at Centro Zo

	Percentage of respondents	Average grade	Percentage of respondents who gave the highest rate
Empowerment of restaurant / cafeteria	123/174 = 70.7%	3.64	39/123 = 31.7%
Introduction of ecological furniture	118/174 = 67.8%	3.78	54/118 = 45.7%
Additional shows of the same type	138/174 = 79.3%	4.28	72/138 = 52.2%
Introduction of cinema	132/174 = 75.8%	4.11	51/132 = 38.6%
Introduction of dance	125/174 = 71.8%	3.62	39/125 = 31.2%
Introduction of installation art shows	132/174 = 75.8%	3.99	56/132 = 42.4%
Introduction of classical and jazz music	132/174 = 75.8%	4.28	70/132 = 53.0%
Introduction of electronic music performances	132/174 = 75.8%	3.71	56/132 = 42.4%

The distribution of the grades, in all cases, changes slightly across the different subgroups of respondents. However, it is interesting to note that the Empowerment of restaurant and cafeteria is believed to be important especially for the participants to the meetings (this subgroup of interviewed people shows the highest percentage of respondents with grade 4 and 5), while the people attending concert are the subgroup in which the importance of this aspect appears to be the lowest (this subgroup of interviewed people shows the highest percentage of respondents with grade 0, 1 and 2).

The participants to meeting and concert have in common the fact that they are the subgroups for which the importance of introduction of ecological furniture is the highest.

The empowerment of the same type of show as the one attended at the time of the interview, is particularly important for the subgroup of interviewed people at kid-theatre performances – they are typically the parents of the kids who attend the play. This group of people is also the group which rates at the highest level the importance of the introduction of cinema among Zo's activities. Perhaps, these answers can be explained, considering that the social activities for kids are rather limited in Catania, and the Centro Zo is seen as a centre where these needs could be met.

The introduction of classical and jazz music is judged as particularly important especially by the spectators of concert; while the lowest importance is obtained by the participants of meeting and laboratories. On the contrary, the participants to the meetings and laboratories are the sub-group attaching the highest importance to the introduction of electronic music.

3.3 The determinants of the evaluations

A deeper look is worth at the determinant factors of use and evaluation of restaurant and cafeteria, given the importance that this activity has been gaining in the budget structure of Centro Zo.

A simple regression analysis is done. Probit regressions (or ordered probit regressions) on the use of restaurant and cafeteria are considered. Table 8 shows the results corresponding to different regression designs. As the dependent variable we have considered the three-level variable concerning the use of the cafeteria / restaurant service (0=never, 1=rarely; 2=often), or the dummy variable concerning the use (0=no; 1=yes); the explanatory variables of regressions reported in the table concern the demographic characteristic of the people.³

Results are consistent across different specifications. However, in our opinion, the most appropriate estimator is the ordered probit, with the use of specific dummy variables for each possible entry corresponding to the job, the education level and the provenience of respondents. Verbally, the results of this regression (and the other considered regressions) permit to state what follows:

- the gender has no significant effect on the use of restaurant / cafeteria;
- even the age has no significant influence on the use of restaurant / cafeteria –even if the coefficient is positive, indicating that the older the people, the more probable or more frequent is the use of restaurant/cafeteria, but the coefficients are not statistically significant, in the specifications reported. Sometimes, in specifications omitting a subsample of dummy variables, the coefficient emerge to be significant at the 10% level;
- the job has, in general, no significant effect; but...
- ... the fact of having an occupation in the cultural sector has a positive and significant influence on the use of cafeteria/restaurant at the Centro Zo;
- the provenience is significant in all specifications: the coefficients and sign of the different variables considered indicate that the people coming from closer places have a higher propensity to use the restaurant/cafeteria services; This evidence is can be of some importance as to the issue of social inclusion is concerned: cafeteria and restaurant do not seem, at this preliminary analysis, as a social place able to overcome fragmentation;
- the education level is not significant.

³ Notice that it can make sense to consider variable such as provenience or education as continuous variables, since we have classified the answer according to the distance from the Centro Zo, or according to the year of school; even in the case of job the classification of the answer' code is a number code increasing in the reputation of the job; however, in this case the interpretation is clearly very questionable. In any case, as reported in text, our preferred specification considers the possible answers to each characteristic as dummy variable: on such a specification we base our comments.

Table 8 . Regression on the use of restaurant /cafeteria

	(1)	(2)	(3)	(4)
Dept Variable	D9 (Never, Rare, Often)	D9 (Never, Rare, Often)	D9_DUM (No, Yes)	D9_DUM (No, Yes)
Estimation	Ord Probit	Ord Probit	Probit	Probit
R1 (Gender = female)	-0.282 (-1.51)	-0.166 (-0.81)	-.176 (-.94)	-0.120 (-.53)
R2 (Age)	0.064 (.61)	0.112 (1.04)	.145 (1.42)	0.169 (1.30)
R3 (Job)	0.038 (.54)		.016 (.22)	
R3_DUM2		0.251 (0.47)		0.310 (.51)
R3_DUM3		0.052 (0.10)		-0.056 (-.09)
R3_DUM4		0.084 (0.19)		0.179 (.35)
R3_DUM5		0.598 (1.21)		0.270 (.48)
R3_DUM6		-0.007 (-0.02)		-0.100 (-.18)
R3_DUM7		0.379 (0.52)		0.406 (.45)
R4 (Job in cultural sector)	0.221 (1.09)	0.353* (1.75)	.301 (1.30)	0.553** (2.09)
R5 (Provenience)	-0.178**(-2.73)		-.178** (-2.66)	
R5_DUM2		-0.364 (-1.27)		-0.220 (-0.65)
R5_DUM3		-0.344* (-1.31)		-0.300* (-0.96)
R5_DUM4		-0.667** (-2.21)		-0.775** (-2.22)
R5_DUM5		-0.905* (-2.94)		-0.946** (-2.69)
R6 (Education)	0.067 (.75)		.085 (.86)	
R6_DUM2		-7.172 (-0.003)		0.015 (0.02)
R6_DUM3		-7.759 (-0.003)		-0.893 (-0.97)
R6_DUM4		-7.75** (-0.004)		-0.400 (-0.46)
R6_DUM5		-6.638 (-0.004)		0.616 (0.70)
Obs	162	162		162
Pseudo R2	.05	.10	.09	.10

Note: In Colum (1) and (2), the dependent variable can assume values 1 (never used), 2 (occasionally), 3 (often); In Column (3) and (4) the dependent variable is a dummy taking value 0 if cafeteria/restaurant has never used, and 1 otherwise. As to the explanatory factors, variable R3 (Job), assumes values from 1 to 7 (1=home-working; 2=student; 3=unemployed; 4=employee; 5=independent worker; 6=professional job; 7=manager/director); R5 (Provenience) assumes values 1 to 5 (1=city centre; 2=city; 3= metropolitan area; 4= within the province; 5=outside the province; R6 (Education) has values 1 to 5 (1=primary school; 2=secondary school; 3=artistic degree; 4=graduation; 5=post-graduation); dummy variables are created for each possible entry to each characteristic; so, intuitively enough, RX_DUMY has value 1 if the answers to characteristic X is equal to Y and 0 otherwise. z -statistics are in parenthesis; **(*) denotes statistical significance at the 5% (10%) level.

Moreover, crossing the answer to the use of cafeteria/restaurant with the answer to other questions, we find that:

- free entry or payment of a ticket is not related with the use of cafeteria/restaurant, in a simple-correlation analysis framework, but is assumes statistical significance in

the multiple regression analysis – in particular, the negative coefficient associated to a dummy capturing the non-free-nature of the attended show indicates that people attending free shows have a larger propensity, *ceteris paribus*, to use the cafeteria/restaurant service;⁴

- coming alone or as part of a group is not significantly related (the association is positive, but in no regression it is statistically significant at the usual confidence levels);

- attending more shows (at Zo and/or at other places) is positive and significantly related to the use of cafeteria/restaurant (both the probit regression, and the ordered probit regression provide positive and significant coefficient associated to these variables, irrespective of the fact that they are considered alone with a constant term, or together, or along with other significant explanatory variables.). This is, of course, rather obvious: people who are used to attend shows at Centro Zo have a higher probability of having used, sometimes, cafeteria/restaurant services.

Roughly speaking we can summarise that frequent-clients (irrespective of the fact that they are culturally univores or omnivores), especially coming from the near areas, are more probable that are users of the cafeteria/restaurant service. Other demographic characteristics are not particularly relevant.

A similar analysis is obtained also as concerns the evaluation that people give of the restaurant/cafe service: Table 8 provides the results; in some cases, some dummy variables are omitted, due to the fact that no people were present in the sample with that characteristic, or due to collinearity problems. One can note that the persons with a job in the cultural sector, and with an education in the cultural / artistic sector –who show a higher propensity of using the cafeteria/restaurant services– express significantly lower evaluation as compared to other people, *ceteris paribus*. We can suggest the following (provocative and tentative) interpretation: these persons know that food and cafeteria services are usual in cultural centres; they use such services; however, they do not omit to express their disappointment for such a "commercial" tendency in the cultural world. In other words, people trained in artistic/cultural sector, and working in the cultural sector have a higher propensity of using the cafeteria/restaurants of cultural centres, but they are more severe in judging this service.

⁴ Specifically, inserting a dummy variable associated to the fact that the ticket of the attended show or play was not free, in the regression corresponding to the specification of Column (4) of Table 7, it emerges that the coefficient of such dummy variable is -0.61, $z=-2.11$. The significance of other regressors remain unchanged.

Table 8 . Regression on the evaluation of cafeteria/restaurant service

	(1)	(2)	(3)	(4)
Dept Variable	D11.5	D11.5	D11.5_DUM	D11.5_DUM
Estimation	Ord Probit	Ord Probit	Probit	Probit
R1 Genre (female)	0.264 (1.02)	0.299 (1.01)	0.462 (1.32)	0.467 (1.07)
R2 (Age)	0.065 (0.41)	0.074 (0.42)	0.05 (0.22)	-0.051 (-0.18)
R3 (Job)	0.055 (0.58)		0.23* (1.76)	
R3_DUM2		-0.576 (-0.69)		-0.738 (-0.93)
R3_DUM3		0.062 (0.12)		-1.096 (-1.37)
R3_DUM4		-0.556 (-1.11)		0.057 (0.11)
R3_DUM5		0.070 (0.16)		-0.166 (-0.28)
R3_DUM6		Omitted		Omitted
R3_DUM7		Omitted		Omitted
R4 (job in cult sect)	-0.513** (-1.97)	-0.631** (-2.19)	-0.510 (-1.40)	-0.605 (-1.40)
R5 (Provenience)	-0.017 (-0.21)		-0.050 (-0.45)	
R5_DUM1		0.119 (0.32)		0.808 (1.26)
R5_DUM2		-0.275 (-0.65)		0.381 (0.52)
R5_DUM3		0.811* (1.82)		1.619** (2.26)
R5_DUM4		-0.305 (-0.62)		0.884 (1.22)
R6 (Education)	0.090 (0.80)		0.038 (0.29)	
R6_DUM2		-0.271 (-0.73)		-0.210 (-0.38)
R6_DUM3		-1.230** (-2.24)		Omitted
R6_DUM4		0.113 (0.29)		0.353 (0.65)
R6_DUM5		Omitted		Omitted
Obs	81	81	80	72
Pseudo R2	0.03	.07	0.04	0.18

Note: In Columns (1) and (2) the dependent variable assumes values 0 to 5; in Columns (3) and (4) a dummy variable is considered as the dependent variable, which assumes value 1 if the obtained grade is the highest (i.e., 5) and 0 otherwise. See the Note to Table 7 as far as the explanatory variables are concerned. z-statistics are in parenthesis; **(*) denotes statistical significance at the 5% (10%) level.

Some interesting pieces of evidence are emerging from the investigation of other explanatory factors of the evaluation on the cafeteria/restaurant. The propensity to attend other shows/plays (at the Centro Zo or elsewhere) is not correlated with the grade. On the opposite, the free vs. costly ticket is correlated: the dummy associated with costly entry has a significant and positive coefficient, in a multiple regression

analysis framework: the people attending shows or plays with costly entry express higher evaluation of the cafeteria/restaurant service.⁵

4. Implications for firm business and cultural policy

We can suggest that the diversification of production, made by cultural firms, is –in several circumstances– a necessary strategy to survive, and a good opportunity to be able to develop the cultural activities associated with negative economic returns. However, it is not particularly loved by the firms themselves, and it is perceived as a 'sad necessity' by people attending the cultural performances.

It should be important, for cultural firms, to find areas for product diversification, for which their usual consumers display a positive feeling. Under this perspective, it is important to mention that in very recent times, Centro Zo tried to get involved in actions of "social inclusion".

More in depth, Zo takes part in two projects developed by the Italian Ministry of Culture: the first programme involves the Arabian and Islamic communities in Catania as well as art school students. The project includes several activities and it is devoted to the artistic valorisation of the Arabian calligraphy and culture.

The second programme aims at enhancing the development of green and alternative energy and involves the organisation of formation courses for young inmates. Both actions have been developed by Zo in response to public calls.

The large body of evidence collected in the present Research project support the idea that culture could be a mean to overcome separation and enhance social inclusion. However such a result is far from being a natural outcome of cultural activities: sometimes, cultural consumption may easily lead to separation rather than integration.

Several policy programmes are on the way, to support social inclusion, at the European, national, and even regional levels. These programmes could represent interesting means to diversify production for cultural firms. In other words, social inclusion is, on the one side, a field where cultural firms may play an important role, and, on the other side, a field where cultural firms may find interesting opportunities for product diversification and financing.

A policy goal such as the social inclusion is likely closer to the preference system of usual consumers and providers of cultural products. Presumably, an involvement of a cultural firm in activity of social inclusion may appear, to its usual consumers, "more acceptable" than the involvement in actions of pure commercial nature.

However, in order to be able to participate to such programmes of public financing for activities aiming at specific social goals, like the mentioned case of social inclusion, firms have to be endowed with stable administrative structure, or to make part of an organised network of firms.

⁵Specifically, inserting a dummy variable associated to the fact that the ticket of the attended show or play was not free, in the regression corresponding to the specification of Column (1) of Table 8, it emerges that the coefficient of such dummy variable is 0.77, $z=2.00$. The significance of other regressor remain unchanged.

Cultural firms have generally a too small size to be able to be influential partners in such projects. Moreover, cultural firms –compared to firms in other industries– generally display a limited propensity to join in a network. What we are arguing here is that the participation to public policy actions can represent a mean to diversify production, but it is an hard challenge for cultural firms, if they are unable to overcome the un-organised firm structure, and the limited propensity to cooperation.

However, some experiences in such a direction exist in Catania, and more generally in Sicily: '*Latitudini*', for instance, is a distributional network that includes about 40 theatres and theatrical casts, and aims at promoting theatrical activities in Sicily. Other cultural networks are '*Circuito Musicale Siciliano*', consisting in 15 cultural associations that work on music production and live concerts, and '*Stati Generali della Cultura*' a project developed by several cultural networks in order to negotiate collectively with the Sicilian Government. These cases are examples of attempts to build network in cultural fields.

We can suggest that a local policy-maker could play an important role, if (s)he would be able to promote cooperation or network among local cultural firms, provided that this aggregation process is hard to develop endogenously. In other words, the recent attitude towards cooperation among cultural firms do not exclude a role for the public sector and the local governments in particular, given that cultural networks may drive cultural firms out of the crisis: we suggest that, in a scenario characterized by a further reduction of public funds for cultural activities, local policy makers should promote cooperation among cultural firms provided that such aggregation can make artistic firms more independent, even from the long run patterns of public spending.

5. Concluding remarks

This Chapter has been devoted to the analysis of the multi-product choice by part of cultural firm, taking the Centro Zo (Catania, Italy) as the reference case study.

We have noted that several firms, whose core-business is in the arts field, are multi-product firms, and they are providers not only of different cultural products and complementary goods for cultural products, but also of goods of different nature. We have argued that the multi-product choice is particularly relevant for cultural firms. Apart from the theoretical reasons that support the multi-product choice in other industries (generally linked to the existence of economies of scale and scope, and to the risk diversification across markets), the cultural firms can base their artistic freedom on the provision of other goods. We have shown that the importance of multi-product choice has been increasing over the last years in the case study of Centro Zo. More importantly, we have analysed how the consumers of cultural products (that is, the attendants at shows and performances, in the case at hand) evaluate the non-cultural products supplied by cultural firm.

Consumers appear to be aware of the necessity for cultural firm to be multi-product; especially frequent and omnivore cultural consumers display such an awareness, even if they are also more severe in evaluating the quality of non-cultural goods and services provided by cultural firm.

The case study of Centro Zo shows that the multi-product option is often a necessary but not sufficient choice and it is also viewed as a sad necessity by both

firms and customers. For these reasons cultural firms recently moved to social inclusion programmes which are generally appreciated by attendants and public opinion and represent an interesting opportunity of product diversification and financing. Moreover, Zo's experience stresses the importance of cooperation among cultural firms as networks allow firms to take advantage of scale economies in the production and distribution of cultural products, give the chance to collectively bargain with local governments and provide the opportunity to participate to public financing programmes. Finally, for the above mentioned considerations, we also suggest that local policy makers should promote cooperation among cultural firms given that networks can make artistic firms more independent from the long-run pattern of public spending.

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