



# THE PURPLE ECONOMY: AN OBJECTIVE, AN OPPORTUNITY

First inter-institutional working group on the purple economy

## CONCLUSIONS

### ***What is the purple economy?***

The purple economy refers to taking account of cultural aspects in economics. It designates an economy that adapts to the human diversity in globalization and that relies on the cultural dimension to give value to goods and services.

The term made its first public appearance in France on 19 May 2011, at the initiative of the association, Diversum, in a manifesto published on Le Monde.fr, the day before the World Day for Cultural Diversity for Dialogue and Development.

The 1st International Purple Economy Forum, organized by Diversum, was later held in Paris, from 11 to 13 October 2011, under the patronage of UNESCO, the European Parliament and the European Commission.

### **Creation and members of the working group**

In 2012, Diversum and UNESCO proposed the creation of a first working group, formed of international organizations, corporations and economic institutions, local governments and French ministries.

The initial objectives of this body were to come up with a better definition of the purple economy and to establish an initial map of the types of professions concerned.

Its work also involved examining the complementarity between the purple economy, the green economy and the social economy, and considering possible criteria for attempting to measure what has come to be known as the “cultural footprint”, i.e. the impact that groups and individuals have on the cultural environment.

The working group met in Paris on six occasions, between September 2012 and February 2013:

- Wednesday, 9 September 2012 (from 9 to 11 AM, at UNESCO’s headquarters);
- Wednesday, 17 October 2012 (from 9 to 11 AM, at MEDEF’s headquarters);
- Wednesday, 21 November 2012 (from 9 to 11 AM, at UNESCO’s headquarters);
- Wednesday, 12 December 2012 (from 9 to 11 AM, at MEDEF’s headquarters);
- Wednesday, 16 January 2013 (from 9 to 11 AM, at UNESCO’s headquarters);
- Wednesday, 13 February 2013 (from 9 to 11 AM, at MEDEF’s headquarters).

The following members were in attendance:

Nada AL HASSAN (UNESCO)  
Élisabeth BALLU (French Ministry of Culture and Communication)  
Francesco BANDARIN (UNESCO)  
Romina BOARINI (OECD)  
Giovanni BOCCARDI (UNESCO)  
Gaël BRULÉ (La Fabrique Spinoza)  
Sandra COULIBALY-LEROY (Organisation internationale de la Francophonie)  
Hervé CRONEL (Organisation internationale de la Francophonie)  
Claude DARNAULT (Essilor International)  
Olivier DELBARD (ESCP Europe)  
David FAJOLLES (French Ministry of Culture and Communication)  
Jérôme GOUADAIN (Diversum)  
Matthieu GUÉVEL (UNESCO)  
Céline MICOUIN (MEDEF)  
Jean MUSITELLI (Diversum)  
Xavier NORTH (French Ministry of Culture and Communication)  
Odile QUINTIN (Diversum)  
Mechtild RÖSSLER (UNESCO)  
Nashidil ROUIAÏ (Paris-Sorbonne)  
Jean-Pierre THÉBAULT (French Ministry of Foreign Affairs)  
Elena TOSETTO (OECD)

Guest participants:

Jérôme BÉDIER (Carrefour)  
Paul CLAVAL (Paris-Sorbonne)  
Bertrand COLLOMB (Lafarge)  
Jean-Baptiste de FOUCAULD (Pacte civique)  
Jean de SAINT-GUILHEM (French Ministry of Higher Education and Research)  
Louis SCHWEITZER (Renault)  
Philippe SOILLE (Groupe Flo)  
Pascale THUMERELLE (Vivendi)



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## Introduction

Globalization has entered a new phase: it is now accompanied by a redistribution of power, intelligence and wealth.

This rebalancing is occurring to the benefit of emerging and developing countries. And it is not just economic, but also cultural.

This evolution requires a different perspective on our cultural backgrounds and a rethinking of the relationship between culture and economics. The mode of growth of recent years is no longer suited to the configuration of a globalized world and is no longer practical on a long-term basis. The “growth without culture” model is leading to a standardization of products, an impoverishment of content and a waste of resources linked to the abandonment of local know-how.

The concept of the cultural economy has made it possible to include the cultural sphere in economics and to give it a certain stature. But this concept is no longer enough to describe the reality of a world in which culture cannot be reduced to a single sector.

Today more than ever, culture must be the stimulus for all human activities, including economic ones. All the players draw from the cultural substratum and, in return, produce culture to varying degrees.

For want of having been identified, these cultural flows that irrigate the economy are not sufficiently recognized as factors for innovation and for the revitalization of economic activity, turned more toward satisfying human needs.

Seen from this angle, globalization offers new potential, stemming from dynamic interactions between economics and culture (I).

A global awareness of a shared cultural environment encourages people to better recognize the effects of these cultural-economic interactions, particularly by more accurately measuring the cultural footprint of groups and individuals (II).

Furthermore, the shift toward a culturalized economy will also have a significant effect on employment and training (III).

## **I. Companies: driving the culturalization of the economy**

In the functioning of the economy, the importance of cultural components is on the rise. Many factors are contributing to this phenomenon.

### **Horizontal culturalization**

The most significant factor is dictated by globalization itself, which is in the midst of a new phase of its evolution, in which it is shuffling the deck of intelligence.

Up until recent years, economic globalization seemed to be leading to a uniform consumer culture everywhere, with no real local roots. To a large extent, production – and the physical environment generated by that production – took little account of local uniqueness and opportunities.

The confirmation of emerging and developing countries' place on the global stage, combined with the systemic crisis suffered by Western economies, demands that strategies be rethought, using new conceptual and operational tools. Because this development is not only economic; it is also cultural. The new world order goes in tandem with the diversity of cultures.

A growing number of companies have already taken note of this and are re-orientating their activities accordingly. As a result, they privilege an organization of their activities by geographic area, rather than by business line, a sign of a desire that is becoming more and more widespread: that of adapting to local customs and cultures, which presupposes a sustained, high-level intellectual investment.

Multiple examples of the experiences of companies interviewed by the working group make it possible to measure the extent of this cultural revolution that is now under way. For Carrefour, taking account of Chinese culinary cultures necessitated the addition of large fresh foods sections. The stores' operations then had to be adapted accordingly. Its adaptation to the Chinese market caused the French company to make a substantial effort to better understand opinions and the political framework in China.

Such adjustments engender new opportunities for innovation and growth. Based on this same observation, Essilor International divided its research and development centres between France, the United States, Singapore and Japan, to better integrate the variety of consumer patterns and unique physical and cultural features.

Universal Music Group, a subsidiary of Vivendi, is a good example of horizontal culturalization, given that the majority of its sales (60%) is now achieved thanks to the talent of local artists.

Lastly, in the domain of building materials, Lafarge, which targets the entire Indian population as its customer base (not just the 200 million or so citizens likely to purchase westernized products), considers that adapting to local characteristics has become an issue for it.

## **Vertical culturalization**

In parallel to geographic culturalization, demand for quality products is on the rise, particularly in advanced economies. This need goes hand in hand with the pursuit of a degree of restraint imposed by the ecological transition, but also with the questioning of an economy whose operations have been considered as an end unto themselves, rather than as being at the service of human needs, both material and immaterial, physical and symbolic.

This quality-oriented trend, and the new consumer space made available through technology, call for an enrichment of goods and services by means of highly cultural characteristics.

The interviewed companies cited a large number of initiatives on this subject such as, for example in the food industry, the promotion of local and regional dishes (e.g. Carrefour and its Reflets de France brand, in partnership with chef Joël Robuchon).

From an architectural point of view, shopping centres are another domain open to culturalization. The mediocrity of commercial buildings has been disfiguring city outskirts for decades now. But things are changing. Some investors are now enlisting the services of great architects. Real estate companies are active in this area.

In this way, culturalization can be seen as an outcome to the deadlock of the current system that, in reality, creates desires that exceed the resources available to fulfil them. Focusing on culturalization would undoubtedly help to restore the balance between economy and society, using a single approach to reconcile aspirations of wealth with the principle of moderation.

> The trend toward geographic culturalization and its corollary, the growth of the cultural component in goods and services, are an invitation to revisit the link between economics and culture.



### **A cross-cutting approach**

The cultural sector, as it is usually understood (i.e. the production of cultural goods and services) is a core component of the purple economy. It concerns 3.3% of gross domestic product in Europe, or 6.3% including the luxury and fashion economy.

However, this sector represents just one aspect of culturalization. The purple economy – which assumes an economy that fully integrates the cultural footprint – extends beyond the boundaries of that one sector, embracing all modern production and distribution processes. The cultural dimension is present at every stage of the value chains of extremely diverse sectors such as food, construction, tourism and more. To some extent or another, the entire economy is concerned by the culturalization process.

A cross-cutting approach is therefore needed. The purple economy designates this state, this goal to be attained: that of a culturalized economy. The purple transition, which is already in process, is reaching toward this objective. But the purple revolution also calls for awareness, meaning the consideration of culture as an evolving substratum that fuels and is transformed by economic activities.

## **II. Cultural footprint: a marker of the purple economy**

The dynamic, healthy connection between the economy and culture encourages a view of culturalization as a field of opportunity and responsibility.

Along with the green economy (which includes the ecological footprint) and the social economy (which includes the social footprint), the purple economy, with its cultural footprint, constitutes the third pillar of the burgeoning transition beyond purely quantitative growth.

### **Defining the cultural footprint**

Culture is the environment from which economic agents draw and on which, in return, they leave behind a cultural footprint.

In other words, the cultural footprint represents all of the externalities\*, both positive and negative, generated in the cultural environment by agents' actions. These externalities can be linked to either the production or the consumption side.

*\* Externalities or spillover effects refer to a situation in which an economic agent's actions happen to influence other agents' positions, without their having been actively involved in those actions: they were not consulted and have not received (in the case of a negative impact) or paid (in the case of a positive one) any compensation.*

### **Principle of cultural diversity**

The principle of cultural diversity constitutes a baseline value. An economic activity's cultural footprint is therefore positive if it enriches cultural diversity.

Enriching cultural diversity assumes cultures working together toward a common goal that transcends them and aims to develop greater potential, whether cultural or economic. Thus defined, cultural diversity represents a condition and a guarantee of the existence of a flow of mutually beneficial creative exchanges, and allows agents to promote their cultural practices and assets in a non-unilateral (and therefore potentially ethical) manner.

This definition avoids the trap of building diversity up as an absolute. The fact is that cultural diversity cannot be seen as a simple juxtaposition of compartmentalized identities. On the contrary, it requires interactions, movement and exchanges on equitable, non-asymmetrical bases.

On those same bases, cultural diversity can be recognized as an active ingredient, generating innovation, adaptation and balanced growth.

### **Local environnement, global environnement**

It appeared necessary to differentiate between whether an economic activity applies to one or more particular areas or whether it is global, i.e. non-territorially specific.

Activities with local influence generate positive externalities when they enrich the cultural diversity of the area in question. Activities with broader influence generate positive externalities when they more generally enrich the cultural diversity of the areas in question by encouraging exchanges.

To determine whether an agent is enriching or impoverishing cultural diversity and, thus, to know whether or not its actions have a positive or negative cultural footprint, each step in the processes of production and consumption (acquisition and processing of inputs) needs to be examined.

In this way, activities with a local sphere of influence generate positive cultural externalities by using materials that were extracted, cultivated or processed locally. The law of proportionality in relation to the territory offers clear complementarity with the green economy.



### **Complementarity with the green economy**

The example of using local original components shows the complementarity that is possible between the green and purple economies.

There is indeed a direct link between, for example:

- regional agricultural products and the maintenance of biodiversity;
- traditional local materials and eco-construction.

The logic of short supply chains generally responds to issues both green and purple.

Amongst the interviewed companies, Groupe Flo and Carrefour both mentioned quality markers, as well as the close links that can be established with local value chains.

### **Culture and well-being**

The Better Life Index, created by the OECD, already includes an initial series of criteria tied to well-being, based on 11 main topics:

Housing – Income – Jobs – Community – Education – Environment – Civic Engagement – Health – Life Satisfaction – Safety – Work-Life Balance.

Many of these topics are fuelled by the cultural dimension, although the cultural component's contribution to well-being should be stated more explicitly.

### **III. Rethinking employment and training in the purple economy**

The reinforcement of cultural aspects in the functioning of the economy is an abundant source of growth for existing professions or those which will need to adapt in the coming years. It also represents a major challenge for training policies, which need to align educational supply with the needs and potential generated by this new market.

#### **Examples of purple professions**

Many existing professions are, by virtue of their purposes, directly linked to the cultural environment. These are purple jobs, capable of contributing to the advent of a culturalized economy.

These include, for example: humanities and social sciences teachers and researchers, developers and town planners, and tourism professions.

Generally speaking, humanities and social sciences teachers and researchers bring contemporary transformations to light, particularly the phenomenon of culturalization.

In their field, developers and town planners are essentially induced to consider the varied aspirations of human groups, to respect the forms to which those groups are accustomed, and to reinterpret them in a modernized way.

As for tourism professions, they have long since learned to value local cultures, their unique features, their architecture, their performance arts, and so on.

### **Examples of purplifying professions**

Alongside existing purple professions are those for which the cultural environment is not the main endgame but which, transformed, could contribute to the transition to a purple economy.

These include, for example, professions that help to simplify companies' and local governments' considerations of the unique features of cultural differences. In particular, this concerns positions that organize relationships within a company (Human Resources Departments) or a company's relations with its clients and suppliers (Sales, Marketing & Communications, and Purchasing Departments). Some Western companies have already begun this transition, working to adapt to local habits and traditions.

### **Impact on training**

Initial and ongoing training needs to occupy a more important rule in the disciplines that make it possible to guide or anticipate cultural evolutions and to organize the practical implications thereof, particularly the humanities and social sciences.

Culturalization has also highlighted the fact that strictly compartmentalized knowledge and techniques are no longer enough, at a time when dynamic evolutions and creative potential are appearing at the frontier between the different sectors and the different disciplines.

## Conclusion

The advent of a multicultural, multi-centric world is replacing cultural diversity as a focus of corporate concerns. This geographically-dictated culturalization corresponds, in practice, to the global diversification of the supply of goods and services. This trend toward diversification has been reinforced, particularly in advanced economies, by questioning the emphasis on quantity and by increasingly strong aspirations to replace it with a quality-based economy. This quality-based economy can, to a large extent, be likened to cultural enrichment.

In this way, the phenomenon of horizontal and vertical economic culturalization constitutes a new fundamental trend. A culturalized economy has all the more future prospects in that it represents potential for growth. It is based on largely immaterial foundations and is thus in line with the need for moderation that the economy is now facing, for primarily ecological reasons.

The considerable reservoir of growth linked to culturalization calls for an overall strategy.

For companies, this involves clearly identifying levers at every level of production, based on the phenomena of culturalization. It also entails the ability to objectively assess each company's contribution to the enrichment of cultural diversity.

The public powers need to adapt the educational system to bolster the acquisition of the skill sets required for the purple transition. They must also encourage the observation and management of culturalization, through the use of incentives (financial aid during the transition, promotion of good practices, etc.).

It would be of benefit for international institutions, namely UNESCO and OECD, to develop statistical work on the connections between economics, culture and well-being.



To this end, a number of special working groups will be created:

- a “purple food” group, a “purple habitat” group and a “purple digital” group, in charge of identifying levers for the purple transition of each of those sectors;
- a “human resources” group to discuss the development of skill sets and the creation of new jobs linked to the purple economy;
- a “purple communications” group to foster awareness of the issues associated with culturalization;
- a “purple accountancy” group to discuss how to assess the impact of economic agents on the cultural environment;
- a “purple taxation” group to assess all of the mechanisms in the tax system that aim to encourage the production of a positive cultural footprint; and
- a “purple finance” group to study how savings can be utilized in support of the purple transition.