

Understanding the demand for museums

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November 16, 2009

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Demand for museums ...

- Demand for a “museum experience”
- View, discuss and learn
- Objects, Programming



MASS MoCA gallery showing work of Sol Lewitt



- Demand for a museum in the community
- Economic, social impact

Local spending by visitors ...

Estimated per visitor expenditures

Category	Amount
Meals	\$21.06
Overnight lodging	\$34.42
Transportation	\$3.90
Retail purchases	\$5.91
Childcare	\$0.15
Total	\$65.44



Museum operations produce economic benefits

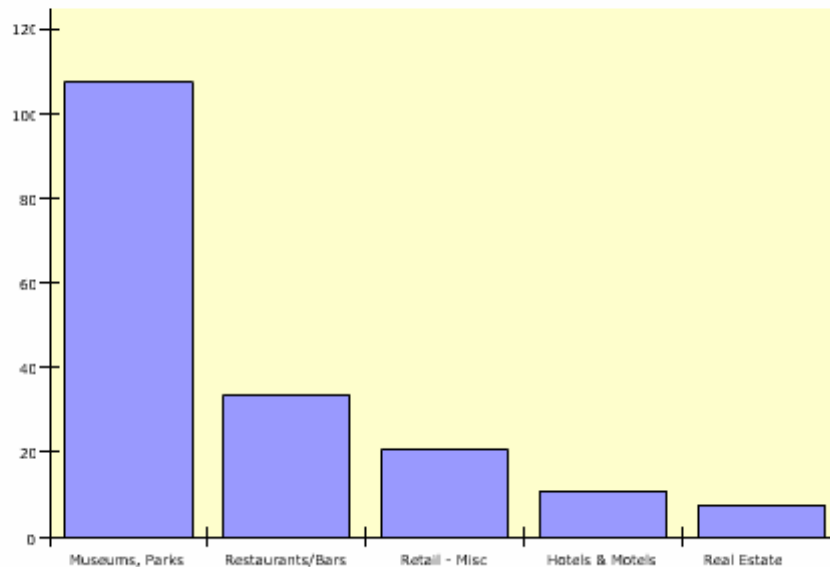


Economic Impact of MASS MoCA

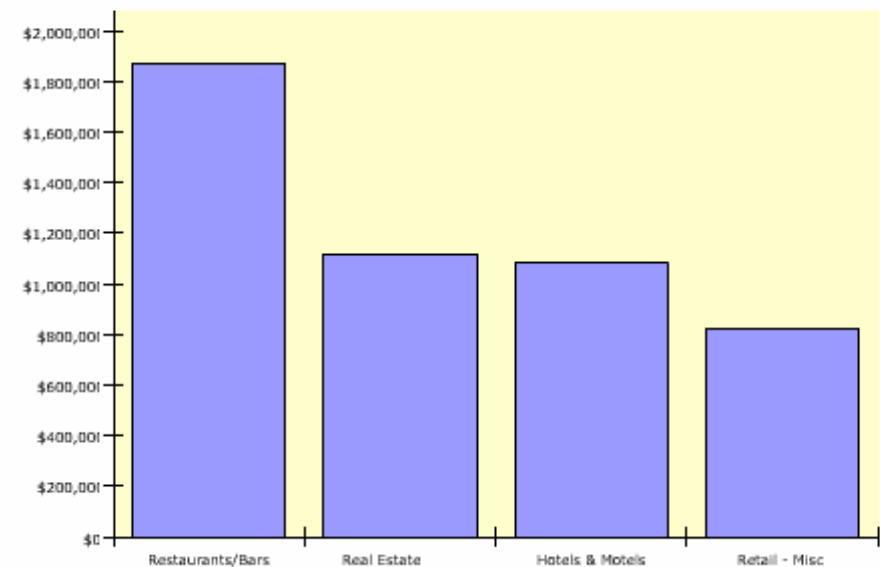
Annual Budget	Visitors	% Non-local	Year
6,809,813	120,000	80%	2006

	Direct	Indirect	Induced	Total
Programming and Events	\$6,809,813	\$2,086,092	\$3,174,270	\$12,070,175
Non-local Visitors	\$3,826,560	\$925,452	\$1,149,923	\$5,901,934
Total Output Impact	\$10,636,373	\$3,011,544	\$4,324,192	\$17,972,109
Total Jobs	170	23	38	231

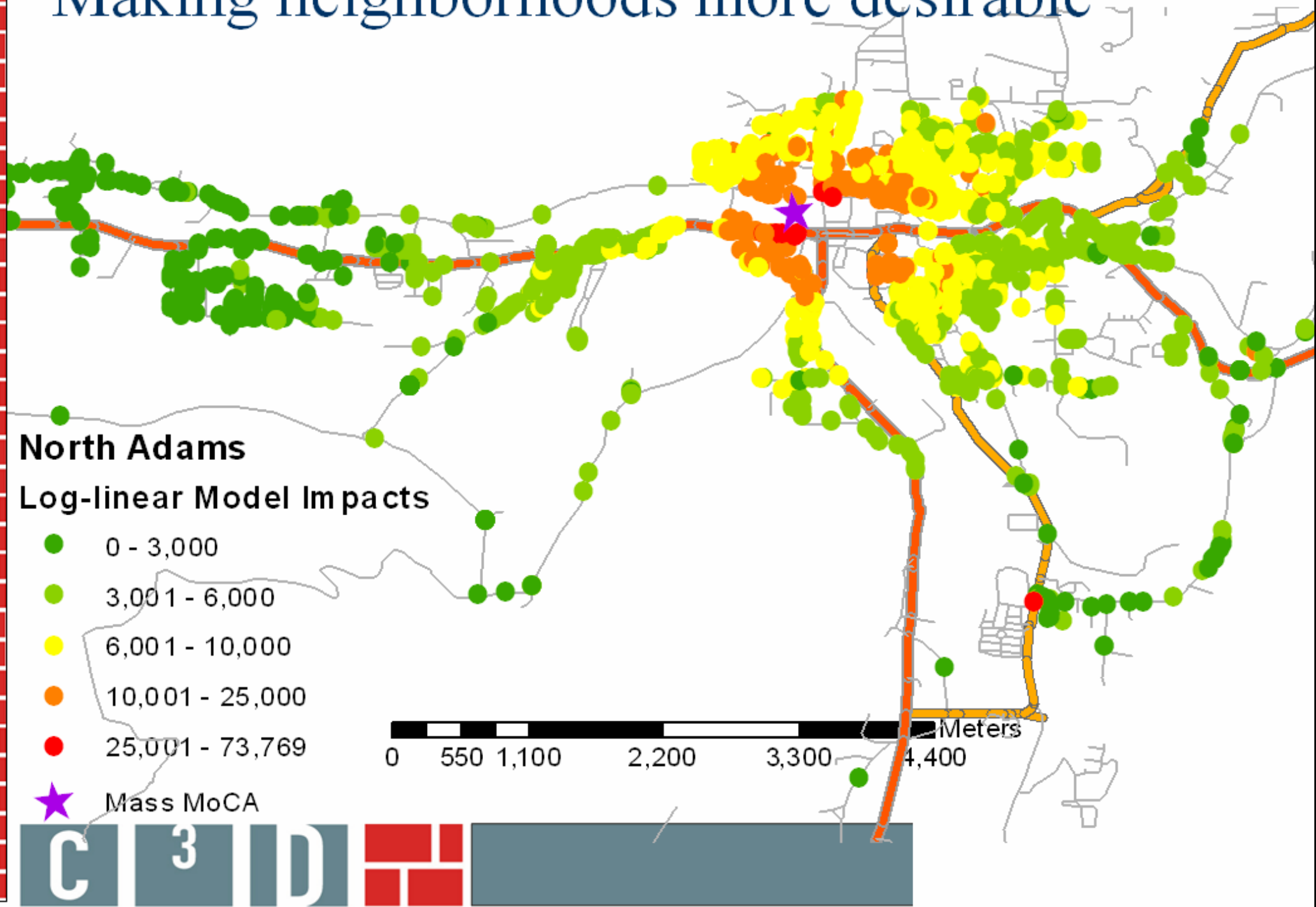
Sectors With High Employment Impact



Sectors With High Economic Impact

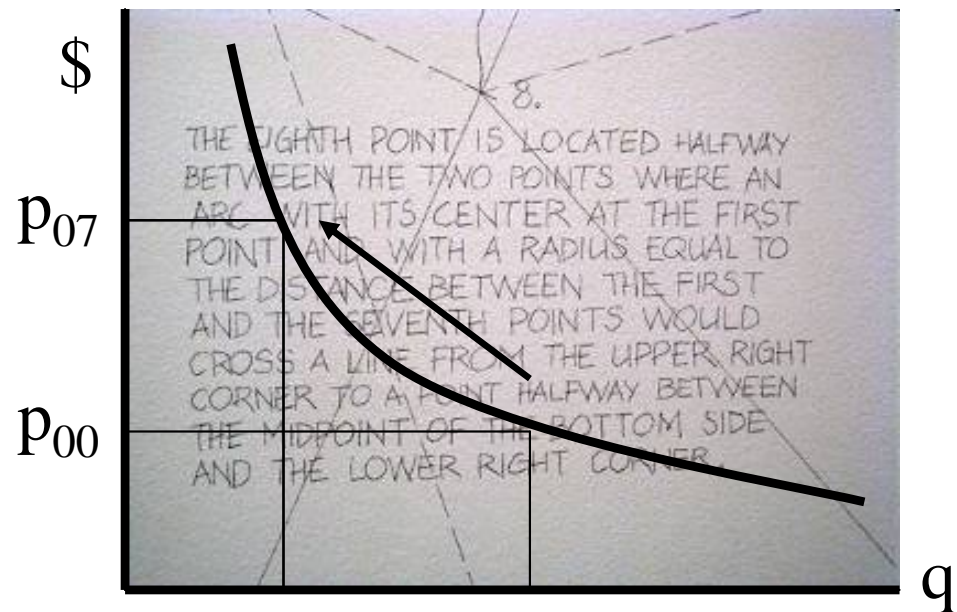


Making neighborhoods more desirable



“Law of demand” for museums?

- Hard as it is to believe ...
- Even the chance to see world class art ...
- Is subject to the Law of Demand



- Understanding this is helpful in managing and sustaining museums

Museum revenue

- Museums often think of competing for grants and contributions
- They maintain databases of contributors and pursue grants
- They should put equal work into understanding visitor demand

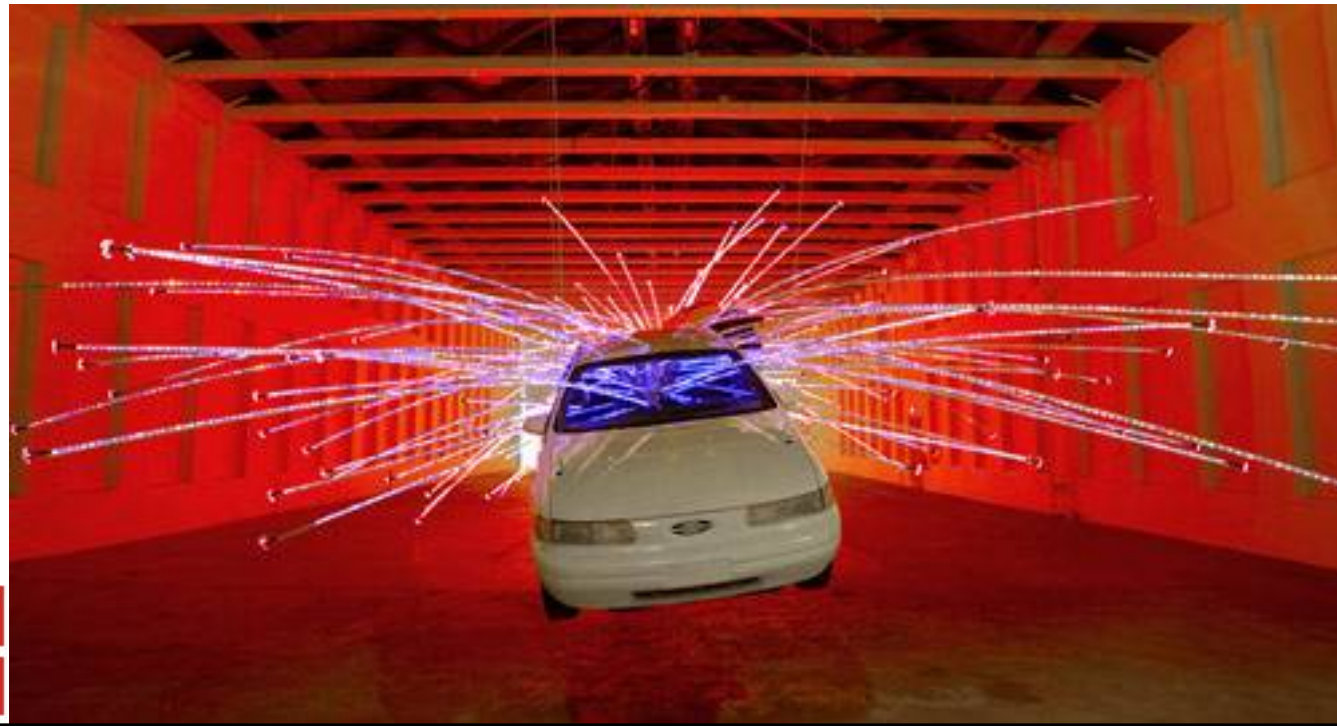
Selected revenue shares for museums, 2006

Source	Ave Percent of Revenue
Contributions, grants and related	52.9
Admissions and related revenues	23.7
Dues and memberships	5.18
Net revenues from special events	4.51

} 33.3%

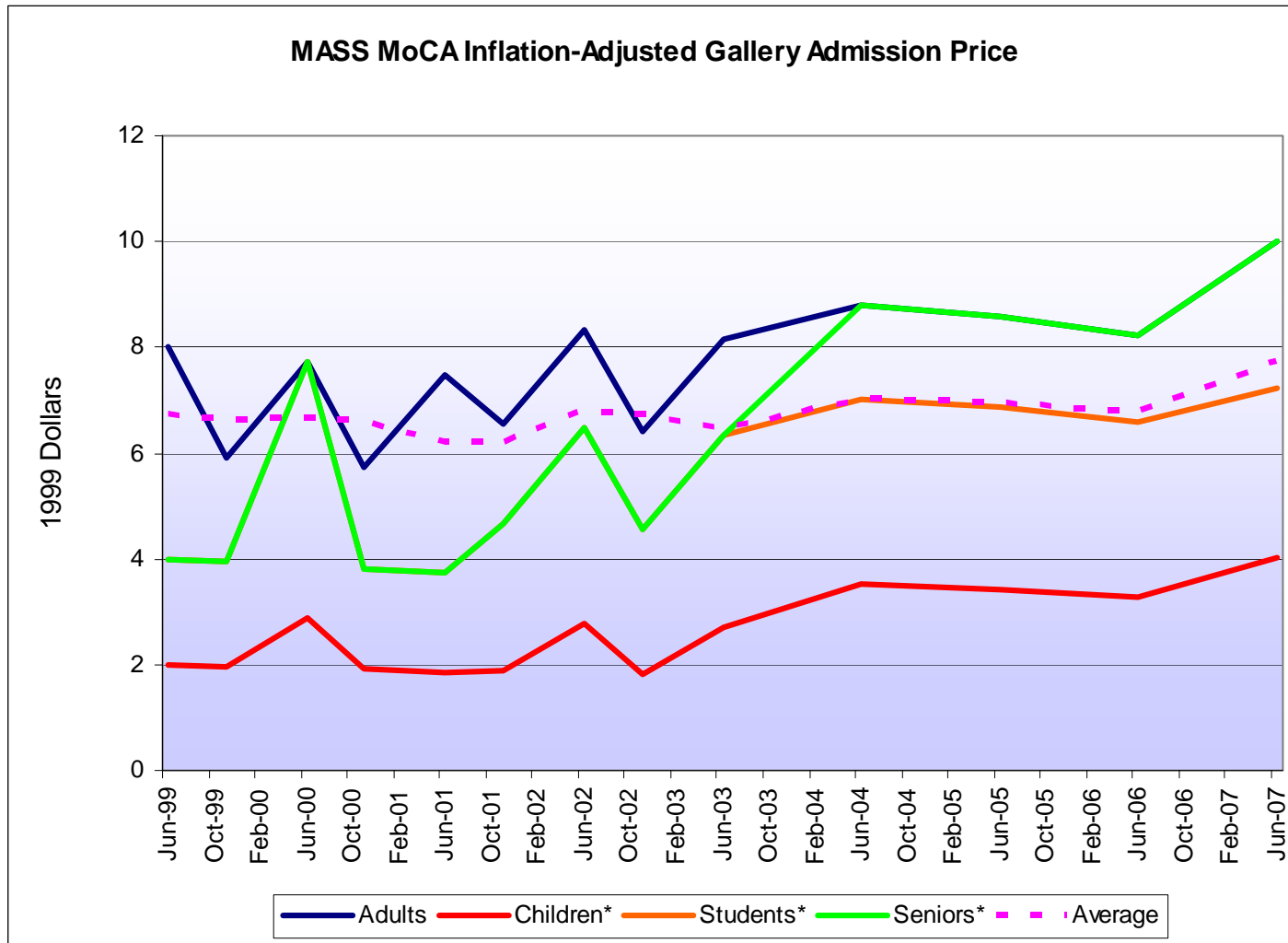
MASS MoCA provides a laboratory ...

- For improving our understanding of museum demand
- Data requirements:
 - The quantity purchased by household
 - The price paid for admission
 - Household income
 - Travel costs
 - Other prices
 - Observations
- Variation

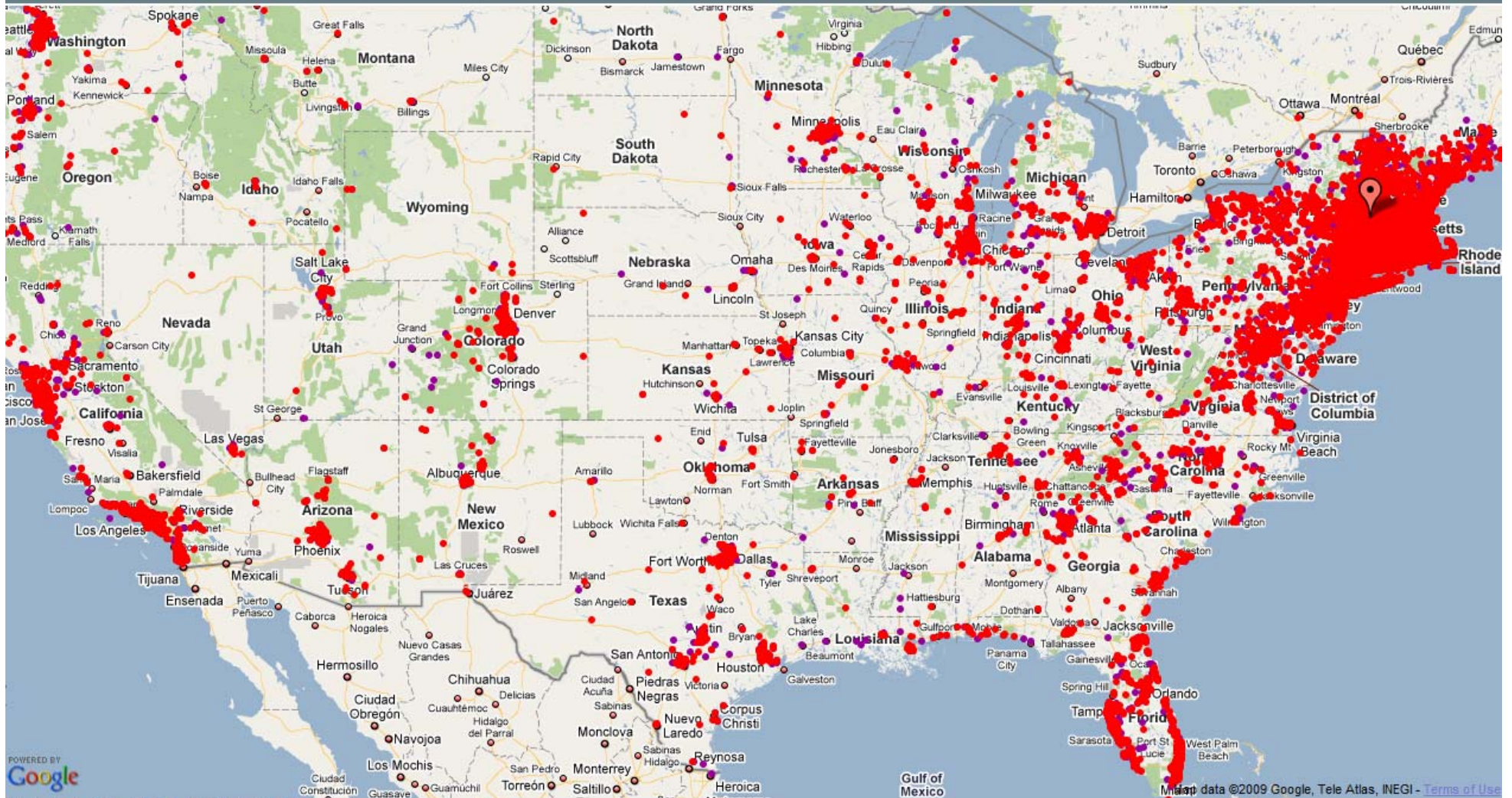


Gallery admission price has varied ...

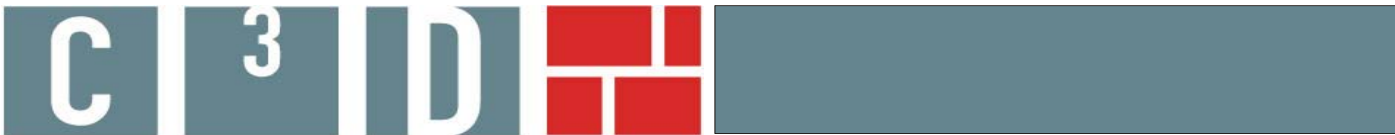
- From 1999 to 2007, the real average price of gallery admission increased by about \$1 – from \$6.72 to \$7.74 (in 1999 dollars)



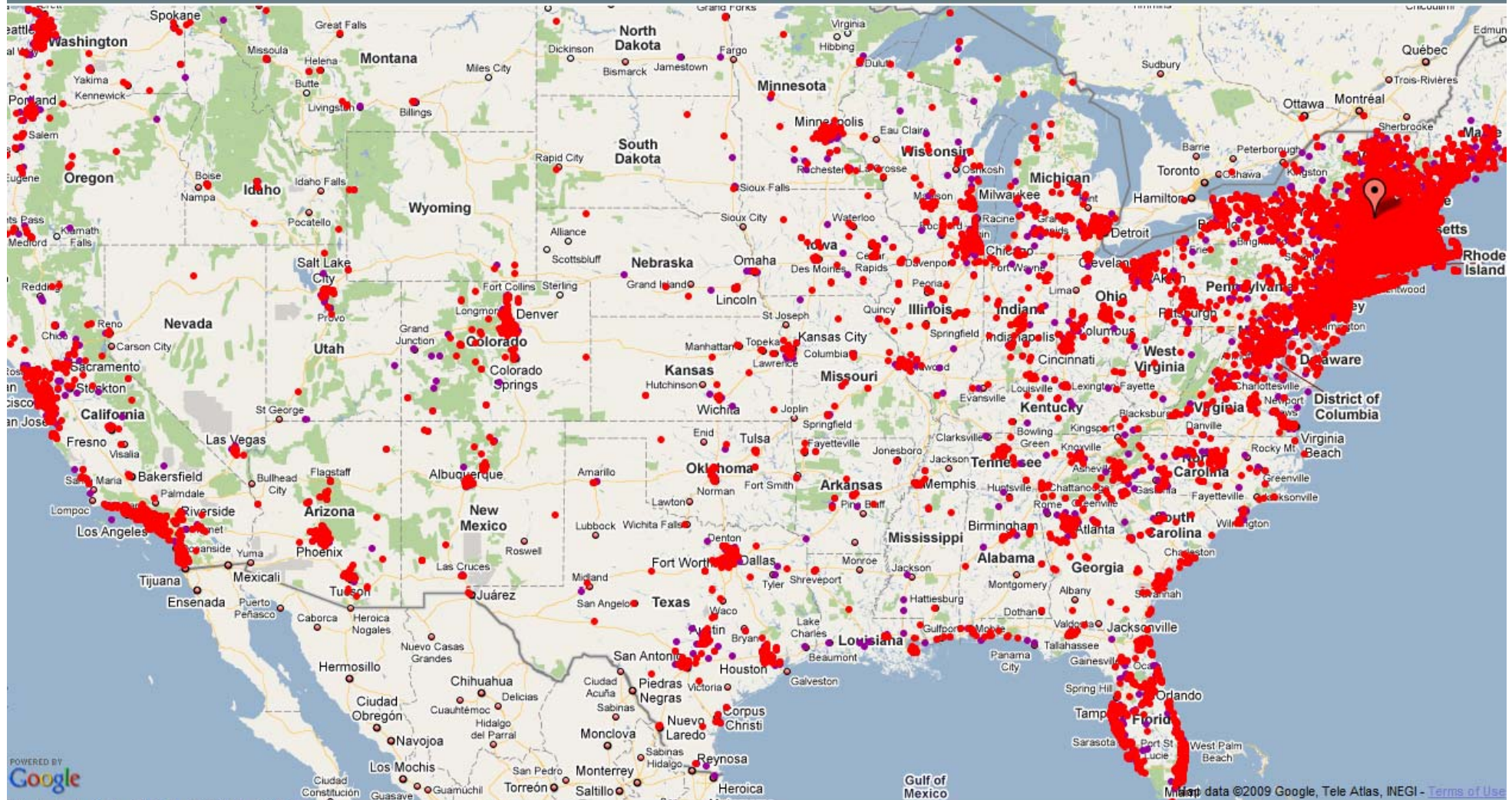
Museum attracts a national audience ...



Site design by Nathaniel Walton, © 2008 by C3D. Tiles cut using GMapCreator by [CASA](#).



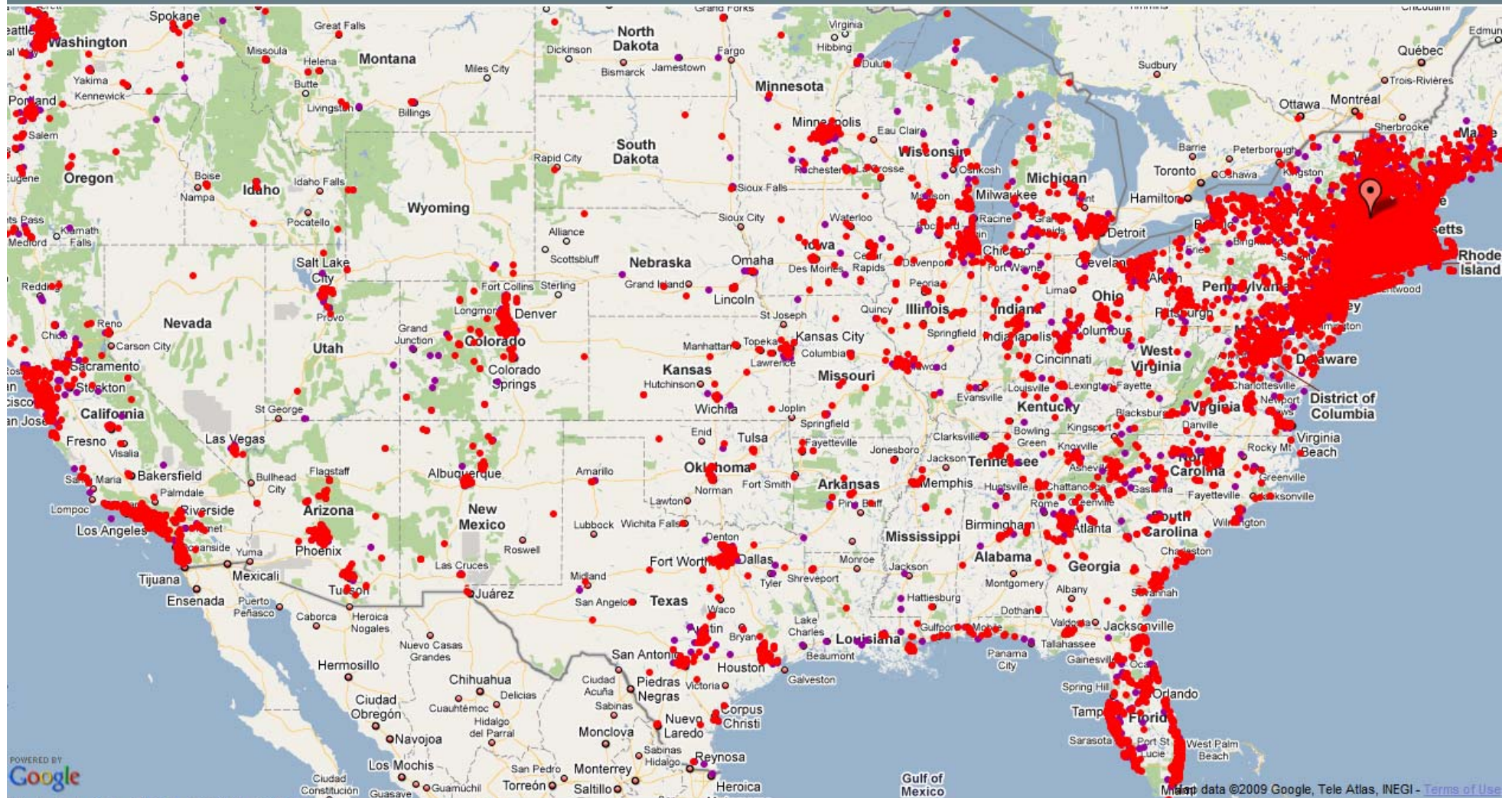
Matched to census data for income ...



Site design by Nathaniel Walton, © 2008 by C3D. Tiles cut using GMapCreator by [CASA](#).



Travel costs, and access to other attractions



Site design by Nathaniel Walton, © 2008 by C3D. Tiles cut using GMapCreator by [CASA](#).



Data allows us to estimate household demand ...

■ C³D estimates of structure of museum demand

- Increasing price will reduce audience, but increase total revenue
- Each \$1 added to average real price will increase total revenues by:

$$0.58 \times \text{total annual attendance}$$

- Approximately \$58,000 – good for sustaining MASS MoCA

■ Increasing price will reduce total audience

- \$1 added to average real price would cause a percentage reduction in audience of:

$$0.42 \times \text{percent change price}$$

- Law of demand does apply!



The impact of a \$1 increase in price ...

- Approximately **3800 fewer visitor days**
- Loss of **\$450,000 in income to the county**
- Loss of **5.5 jobs**
- Increase of **\$58,000 to museum revenues**
- **Loss to county is 7.75 times the gain to museum**
- Possible gain from public-private partnership



Thank you!

