Tell Your Story

Demonstrating a museum’s economic and cultural value

BY JEFF REXHAUSEN

The job of museums around the country is bringing stories to life. Yet even the best museums struggle at times with telling their own story about the value they provide to their communities. The ability to deliver this narrative is often the key to generating financial support to continue excellent programming, maintain important collections and acquire relevant traveling exhibits.

With well over a million visitors a year, Cincinnati Museum Center is one of the most highly attended museums in the nation. It is also an extremely valuable regional asset—a public good that benefits everyone in the Cincinnati area, both culturally and economically. Doug McDonald, the museum’s president and CEO, asked the Economics Center at the University of Cincinnati to conduct an economic impact study with a focus on the museum’s value to the region.

The motivation for commissioning this study was grounded in a strong sense of responsibility for contributing to the region’s cultural development. The museum’s leadership wanted to articulate a vision for the museum’s future while tackling some very real challenges.

Focusing the Study

In discussions prior to initiating the Economics Center’s work, the museum’s leadership identified priorities: to highlight the museum’s role in the cultural richness of the region and the attraction of nonlocal visitors to Cincinnati. The study was also to be used as a basis for explaining the importance of an increased investment in the museum by individuals, as well as the public and private sectors.

The museum’s location within the historic Union Terminal building is both an advantage and a challenge. The art deco Union Terminal may be one of the most recognizable Cincinnati icons for millions of travelers along Interstate 75, but it is an aging asset that was in decay long before the museum moved there in 1990.

In 2014, the focus shifted from continuing modest support for building maintenance to investing in its restoration—a much larger undertaking. When we’re talking about restoration of this asset, we’re really talking about big money. The estimated cost of more than $200 million to restore this national landmark is beyond the capacity of private philanthropy; public involvement was clearly required. The economic and cultural value of the museum was to be squarely at the center of any request for public support.

Gathering Information

The Economics Center’s team collected data from museum staff and a variety of other sources. The museum provided details about its revenues and expenditures, membership and ticket sales, origins of visitors, programming and spending by contractors. When conducting an economic impact study, the information-gathering process can be messy, as the task is not part of the normal work of museum staff members. Several data pools may exist, but the research team must sometimes review each data point with staff to determine what is most relevant. In this case, the museum was readily able to provide full detail on its own revenues and expenditures. Because some activities
they consider particularly important and described the resulting benefits for the community. This commentary about the importance of the museum's programming supplemented the statistics with more qualitative information about the museum’s value.

Quantifying Value

The analysis of a museum’s economic impact on its community includes a number of categories. For Cincinnati Museum Center, data on visitors, tourist spending, tax revenue and jobs were used in concert with its own spending to describe its value.

- **Visitors**: Very detailed data on attendance, memberships and ticket sales. By type underwent a careful matching and analysis process to produce key statistics on visitors by place of origin: within the museum’s home county, outside the county but within the metropolitan area, and outside the region. This analysis revealed that in 2013, the museum hosted 1,364,000 visitors, 38 percent of whom came from outside the Cincinnati region.

- **Tourist spending**: Out-of-town visitors are a particularly important source of economic impact. They bring “new money” into the local economy through their spending, not only at the museum, but for lodging, dining and other entertainment. Spending by tourists when they are not at the museum, but in town because of it, contributes to the overall impact. Similar spending by local’s does not count toward the overall impact because it is not “new money.” The research team found that the museum generated $25 million in tourist spending at local businesses.

- **Tax revenue**: Local officials (and taxpayers) are often quite interested in numbers about the amount of tax revenue generated since these dollars actually make it into local government coffers. Calculating these figures in an economic impact study can be complex because of varying tax sources (admissions tax, sales tax, income tax, hotel tax), tax rates and spending patterns throughout the region. The Economics Center calculated that the museum produced more than $1.9 million in tax revenue for Cincinnati, Hamilton County and other jurisdictions within the county.

- **Local jobs**: Another way to demonstrate a museum’s value is to quantify its impact on employment and wages. This involves a two-step analysis: synthesizing data on a museum’s own employment, as well as its in-house contractors, with details about museum, construction and visitor spending to determine direct impacts; and using economic modeling software to calculate the indirect impacts. This process revealed that the museum accounted for 1,278 local jobs, with over $40 million in wages and benefits.

- **Total impact**: Often, the first question from reporters is, “What’s the big number?” They are, of course, referring to the total economic impact. For the museum, this calculation required one analysis of its direct spending and another of the offset spending by out-of-town visitors. A chart (facing page) from the final report presents the elements of this finding.

**Storytelling**

An economic impact study is never just about the numbers. It’s about using such as cleaning and food service are contracted out, the museum also collected information from those vendors. Information about membership, visitors and their spending, and program participation was maintained in different data systems by different people, and discrepancies could occur even around the same metric. For instance, attendance numbers (typically tracked by marketing, programming and financial staff) needed to be reconciled so that an accurate figure informed the final report. The research team also updated its model of the local economy in order to calculate the museum’s economic impact.

Two elements added depth and richness to the final report: interviews with community leaders and stakeholders, and more detailed descriptions of various programs. Interviewees identified museum programs or initiatives that they consider particularly important and described the resulting benefits for the community. This commentary about the importance of the museum’s programming supplemented the statistics with more qualitative information about the museum’s value. **In order to calculate the museum’s economic impact, the research team analyzed data from various sources, including attendance numbers, membership and ticket sales.**

**Interviewees described** Cincinnati Museum Center as “a key part in the ecosystem of enlightenment,” “impressive and rare and highly coveted,” and “a ‘best in class’ operation.”

**Two elements added depth and richness to the final report:** interviews with community leaders and stakeholders, and more detailed descriptions of various programs. Interviewees identified museum programs or initiatives that they consider particularly important and described the resulting benefits for the community. This commentary about the importance of the museum’s programming supplemented the statistics with more qualitative information about the museum’s value.
the figures to educate a particular audience about the benefits that they may not recognize or readily think about. The context of the study matters even more than the numbers. It’s about attracting interest from key people. It’s about creating an image and having the communication tools to tell a compelling story.

As a result, knowing what to highlight in the final report is key. On several occasions, the Economics Center met with the museum’s leadership to determine what elements of the impact analysis and the supplemental interviews should be part of the final, 12-page report to the community. This extensive discussion—even debate—combined the expertise of researchers who have completed dozens of similar studies with the museum leaders’ intimate knowledge of their institution’s strategic plan. Together, they identified the key elements of the story.

One illustration of crafting the ultimate story is an excerpt from the report’s discussion of how the museum helps the local economy by bringing new money into the county. Three particular numbers were highlighted to summarize the major aspects of the museum’s value to the county, as shown in the chart above. The Economics Center incorporated quotes from interviewees throughout the final report to enrich the story. For example, the president of the University
Art & Energy traces how the development of each new source of energy, from the prehistoric mastery of fire to renewable energy today, becomes a powerful engine of cultural change.

ISBN 978-1-933253-91-6
280 pp., 50 illustrations
7.25 x 9.25, soft cover

$34.95 retail
$29.95 Alliance member discount
Order at www.aam-us.org

“Barry Lord is one of our world’s great cultural thinkers. In Art & Energy, he explores the powerful relationship between culture and our fixation on and need for energy as fuel for all endeavors. It is a must-read for anyone concerned with meaning making in an increasingly complex world.” — Jeff Melanson, President, The Banff Centre

Jeff Rexhausen is senior research associate at the University of Cincinnati’s Economics Center. He has directed more than 100 economic impact studies, as well as numerous other research projects. He blogs about current economic issues at economicscenter.org/blogs. Contact him with questions about this or other Economics Center research at jeff.rexhausen@uc.edu.

VISITORS, GRANTS, AND CONTRIBUTIONS FROM:

Outside the Metro Region
$34,916,000

Metro, Outside Hamilton County
$9,008,000

Metro, Hamilton County
$7,278,000

Hamilton County Tax Levy
$3,204,000

63.2% outside the Region
17.0% Metro, outside County
19.8% within Hamilton County

Jeff Rexhausen is senior research associate at the University of Cincinnati’s Economics Center. He has directed more than 100 economic impact studies, as well as numerous other research projects. He blogs about current economic issues at economicscenter.org/blogs. Contact him with questions about this or other Economics Center research at jeff.rexhausen@uc.edu.