



What is the Value of a Visit to the Visitor? A DCMS Perspective

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Overview

- Background to the topic from an economist's perspective
- How to calculate visitor's value before and after abolition of entrance fees.
- Introducing 'total economic value'
- Methods for calculating non-visitor values.



Background

- The issues around valuing benefits are similar across the cultural sector.
- Valuing benefits is intrinsically difficult for all sectors not just 'culture'.
- Cultural Economics diverges from standard neoclassical economics – museums and galleries are not a typical 'market'.



Visitor's Value



In the Past...

- When museums could charge an entrance fee it was straightforward to calculate visitor 'value' directly:

Admission charge x number of visitors

- But this measure is incomplete because it doesn't capture 'total economic value'.



The Current Situation

- Since the Government abolished entrance fees we have use to time and travel costs to impute a value of a visit.
- This captures more than just the entrance fee and can be used to assess the 'consumer surplus'.



Travel Cost Method

- Pioneered in the field of recreational attractions.
- Uses surveys to find out distances travelled and the mode of transport used to calculate the 'hidden' cost of visiting beyond ticket prices.
- There are issues with the method e.g. multi-purpose visits.



Examples of Studies

- Dutch Museums (2005)
Compares distances travelled to different museums to gauge their relative values.
- Manchester Royal Exchange Theatre (1998)
Compares the travel and time costs of attending a performance with the public subsidy given.

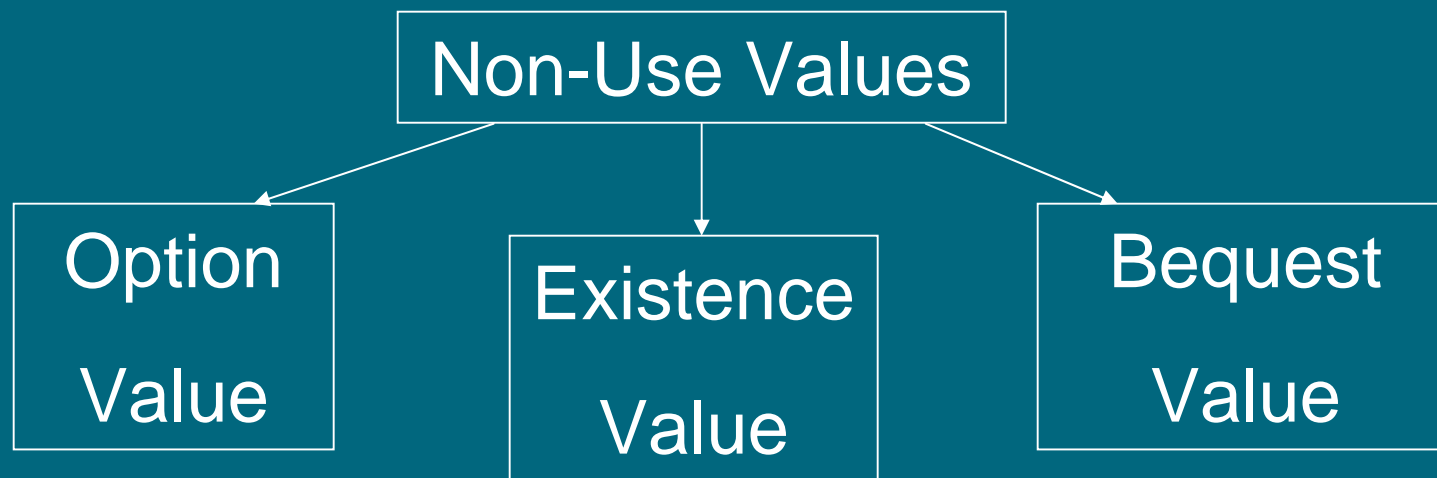


Non-Visitor's Value and capturing 'Total Economic Value'



What about the non-visitors?

- Must consider non-users to capture ‘total economic value.’



- NB. Users can have these values as well.



How to Measure Non-use value

Economists use stated preference analysis.

There are two types:

- Willingness to Pay or Accept
- Choice Modelling

Together these techniques are called
'Contingent Valuation'



Contingent Valuation Studies

- The popularity of applying Willingness To Pay techniques to the cultural sector is growing.

1970s	1980s	1990s	2000s
1	6	37	28



Examples of WTP Studies

Sculpture Museum, Valladolid, Spain	2003	Users: €25–40 Potential Users: €27-36
Shipwrecks in USA	2003	\$35 one-off
Cleaning of Lincoln Cathedral	2001	£15-23 per household per annum
Australian Public Broadcasting	1999	AUS\$111.20 per annum on average.



Problems to Overcome

- Expensive and time-consuming
- How the questions are phrased can cause bias
- Respondents can be insensitive to the scale.
- Prone to over-estimation because no real money is being handled.



So Why Do It?

- Problems can be minimised and lessons are learnt from each study.
- Underpins 'evidence based policy making'.
- Demonstrates efficient use of public money.
- Builds internal support
- Enhances reputation of organisation



Future Developments

Benefits Transfer

- To what extent can lessons learnt from a specific study be applied more generally?
- It is possible in the environmental sector e.g. air pollution scores used in option appraisal.



Benefits Transfer (continued)

- More problematic in cultural sector due to heterogeneity of the sectors.
- Current work is exploring where and to what extent it can work in heritage.



The End

Thank you for listening.
Are there any question?