

A GUIDE  
**Arts and Culture Economic Development Tool Kit**  
INCREASING ECONOMIC BENEFIT THROUGH ARTS & CULTURAL PROJECTS

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This Arts and Culture Economic Development Tool Kit  
has been developed to give arts and cultural organization ideas  
about how to look at their projects and activities  
as contributing to economic development efforts.

**Developed for**



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# **Arts and Culture Economic Development Tool Kit**

## **A GUIDE FOR INCREASING ECONOMIC BENEFIT THROUGH ARTS PROJECTS**

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### **Overview**

Arts and culture programs provide more than quality of life to a community. They provide valuable economic benefit that can be measured through event admissions, sales of items associated with program activities and increases in retail sales of local products and services as a result of these activities. This tool kit is designed to provide strategies that intentionally create economic development opportunities through arts and culture programs. The tool kit also describes the benefits of community based for-profit/non-profit partnerships that create new products or services or use existing ones. The Arts and Culture Economic Development Tool Kit consists of four distinct strategies that create such partnerships. They are:

- **The Marketplace:** A strategy that uses local retail businesses as gift shops or ticket vendors for arts and culture events and activities.
- **The Day Pass:** A strategy that packages local products and services as part of arts and culture events and activities for an all day experience.
- **The Coupon Program:** A strategy that provides discounts on local products and services to attendees of arts and culture events and activities.
- **The Cultural Tourism Itinerary:** A strategy that packages local products and services as part of arts and cultural events and activities as a tourism product.

In addition to these strategies, this tool kit contains easy to use forms to assist in measuring the economic impact of arts and cultural events and activities. This includes a Merchant Impact Form to measure the amount of revenue generated for local businesses participating in arts and culture programs and a Community Economic Impact Form that measures the economic impact of an arts and culture program in the community.

The strategies described in this tool kit can be employed alone or they can be combined as the basis of a more comprehensive economic development initiative to strengthen bonds with local businesses by creating avenues for them to directly benefit from arts and culture activities. These strategies can be used to make grass roots connections with a broad range of business partners including:

- Convention & Visitor Bureaus
- Chambers of Commerce
- Business Associations
- Banks
- Service Clubs
- Local businesses that provide products and services needed by arts and culture projects or that benefit from these projects
- Community Foundations
- Municipalities

This tool kit is a starting point for planning and measuring economic development stimulated by community arts and culture projects.

## **The Marketplace**

Establishing a central point to sell products and services is a cost effective way to earn revenue from an arts project. This "marketplace" is also a way to establish partnerships with retail businesses in the community such as convenience stores, boutiques, thrift shops, etc. If required, multiple marketplace sites can be selected to cover a wider geographic area or to reach a broader section of the business community. The marketplace can be useful for activities that do not have a gift shop but would like to sell products and services such as an outdoor performance art project, the unveiling of a new piece of public art or a traveling bus tour. This strategy enables communities that do not have arts and culture institutions such as a museum or art center to conduct business. Retail businesses that serve as a marketplace site can also create new products and services associated with the arts and culture project or market existing products and services such as postcards, t-shirts, and other commemorative items. This allows local businesses to identify retail opportunities and produce items and services to sell in conjunction with the activity.

### **Key benefits:**

- Retail businesses have a cash register, can accept credit cards, can track sales, handle sales tax and already have a clerk on staff to run the operation.
- Retail businesses have an established presence in the community that reaches an identified customer base.
- Retail businesses can easily track the economic and promotional impacts the marketplace has based on sales of products and services, increases in walk-in traffic and increases of sales of other products, phone inquiries and in-store information requests (see Merchant Impact Form).

### **Key challenges:**

- Effectively promoting the new "marketplace" site to potential customers who do not currently visit the business.
- Establishing an attractive in-store presence that effectively displays your products without taking up too much shelf-space.

### **How to get started**

1. Select a retail site that can serve as the marketplace for your activity such as a convenience store, boutique or other retail site. It can be the gift shop of an established cultural arts organization such as a museum or art center.
2. Select what items and services will be sold at the marketplace. This can be tickets to performances, commemorative items, services such as taking and developing photos for event attendees, etc.
3. Arrange with the merchant site a commission for items and services sold. In most cases items and services are sold on a consignment basis instead of being purchased up front by the participating merchant. The commission for each item should not exceed 40 percent. Many retailers, particularly those that are supportive of the arts, will sell items for as low as a 10 percent commission.
4. Promote the new marketplace to the area through flyers, brochures, web sites, media ads, PSA's, and other available promotion venues.
5. Track the impact of the marketplace by using the Merchant Impact Form.

## The Day Pass

An arts project or event can be packaged with other area arts programs, business services and products through the creation of a Day Pass. The Day Pass is a single ticket that includes a package of products and services and is designed to provide a full-day experience for visitors and area residents. A sample Day Pass could include admission to a folk festival, admission to an area museum, a hot dog and soft drink from the local convenience store, and complimentary map to other regional attractions.

### Key benefits:

- Provides a low-cost way to sell a broad range of products and services in one item.
- Provides a cost savings to the customer.
- Provides cross promotion of area attractions and businesses that provide relevant products and services.

### Key challenges:

- Requires planning and negotiation of prices for inclusion in the Day Pass.
- Requires logistics that determine how to pay each participant vendor.
- If the Day Pass is based on a one-day event the economic benefit may be limited in comparison to the time and energy invested in creating it.

### How to get started

1. Meet with area arts programs and businesses that can provide products and services that would be attractive to attendees for your event or activity and make a list of these products and services (admission to an attraction, discount off an item, etc.). Organizations and attractions that have free admission can also be included on the Day Pass. If these venues have gift shops, it may be beneficial to include a discount on special items.
2. Establish a price for the Day Pass based on the combined cost of selected products and services. The combined cost should be less than if all features were purchased separately. *This will require that discounts be made.* One way to calculate the Day Pass price is to charge admission at group rates instead of individual rates.
3. Produce a Day Pass with a list of all items included on the pass. The pass can be produced as a business card or postcard size. As each item is redeemed, the Day Pass is punched or marked by the participant vendor to record sales
4. Establish a retail site or sites for the Day Pass. This can include area businesses, organizations or the event site. The Marketplace strategy can be used to establish these sites.
5. Track sales of the Day Pass at each site and disperse payments to all participants.

## **The Coupon Program**

An arts and cultural project can be used to direct attendees to other attractions, businesses and services through the use of a coupon. Coupons are a cost-effective way of connecting products and services with arts and culture events and activities. Discounts on camera film, gift items, meals at restaurants, rentals and other items or services can be used to attract a more customers to spend more money in a community at a variety of businesses. This spending can be tracked as a direct benefit of the arts and culture project. The coupon can be used as the basis for creating a Day Pass or in conjunction with a Cultural Tourism Itinerary. Coupons can also be distributed at Marketplace sites.

### **Key Benefits:**

- Provides cross promotion of area attractions and businesses that provide relevant products and services.
- Provides a cost savings to the customer.
- Participating businesses can track economic and promotional impacts the coupon has based on the number of coupons redeemed and the amount spent on products and services as a result of the coupon. The businesses can also measure increases in walk-in traffic and associated increases of sales of other products customers provide while redeeming their coupons by using the Merchant Impact Form.

### **Key Challenges:**

- Requires negotiation of reduced prices of products and services from participating vendors.
- Coupon has a limited period of use if it is associated with a one-time event.

### **How to get started:**

1. Meet with area arts programs and businesses that can provide products and services that would be attractive to attendees for your event or activity and make a list of these products and services (admission to an attraction, discount on an item, etc.).
2. Produce the coupons either on placemats, fliers, or any other distributed promotional item. Make sure to distribute the coupons to all attendees to your arts and culture activity.
3. Track sales of items and services featured on the coupon by using the Merchant Impact Form.

## **The Cultural Tourism Itinerary**

Creating a Cultural Tourism Itinerary is a great way to coordinate area arts and cultural attractions and businesses that provide relevant products and services into an ongoing tourism activity. The itinerary provides a unique tourism product that can include museums, art and nature centers, performing arts, historical sites and other activities. It also includes businesses such as hotels, bed and breakfasts, gift shops and other activities that support the traditional culture of a place. Cultural tourism can include many components such as group bus tours, walking tours, bike tours, self-guided tours and other means for moving people to various cultural, historic and natural sites in the community. It can also include musical, artistic and dramatic performances, symposiums, festivals, workshops and other special events that focus on the historical, cultural and natural significance of a place. According to travel statistics, cultural tourists spend more money than the average traveler per trip, take longer trips, shop more and are more likely to spend their nights in local hotels, motels and bed and breakfasts. Thus, developing an effective cultural tourism itinerary can be an effective way of passing on economic benefit to the community. Depending on the list of area cultural assets, itineraries can be thematic (such as an itinerary based on wine tasting) or simply include a list of available offerings.

### **Key Benefits:**

- Attracts visitors to the area to experience a broad range of attractions.
- Encourages regional economic, cultural, civic and educational partnerships.
- The itinerary can be expanded each year to include a broader range of sites.
- Branding potential of a specific tour that enhances the cultural identity of a place for marketing, business recruitment and entrepreneurial purposes. There is potential to attract sponsors for the tour, thus increasing investment in arts and culture.

### **Key Challenges:**

- Requires a considerable amount of planning and coordination between participating attractions, sites and businesses.
- Requires quality promotional materials be distributed across a wide area for a sustained period of time.
- Requires a considerable amount of work to develop a tour product that is viable on a business level and reflects the community's identity.

### **How to get started:**

1. Meet with area arts programs, businesses, associations, and other institutions that can serve as sites on the tour or provide products and services that would be attractive to visitors or could help sustain the cultural tourism effort.
2. List all potential sites that visitors can travel to, keeping in mind that these sites must be fully accessible to the public.
3. Organize the sites based on a theme, logical order of visitation, and ability to accommodate visitor traffic. Be sure to include sites for shopping, dining, and overnight accommodations for travelers.
4. Write a description of the tour that describes the features and benefits of the tour.
5. Promote the itinerary in brochures, fliers, web sites and other promotional venues. Be sure to include a contact number for questions and appoint a lead person or organization to coordinate public information.
6. Track sales and visits at each site using the Merchant Impact Form.

# Merchant Impact Form

A form such as this can be used to track the impact an arts and culture program has on a participating local business or organization. Retail businesses, in particular, can easily track the economic and promotional impact the program has based on actual sales of products and services, increases in walk-in traffic and associated increases of sales of other products, phone inquiries and in-store information requests. This form is to be filled out by the participating merchant at the conclusion of the program.

**Merchant Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Contact Name:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

## IMPACT

1. Was there increase in items or services sold as a result of this arts and culture program?  
\_\_\_ Yes \_\_\_ No If yes, how much? \_\_\_\_\_

2. Was there an increase in numbers of "walk-in" traffic associated with this activity?  
\_\_\_ Yes \_\_\_ No If yes, how much? \_\_\_\_\_

3. Did your business distribute fliers, brochures or other promotional materials in association with this event or activity?  
\_\_\_ Yes \_\_\_ No If yes, how many? \_\_\_\_\_

4. Did your business receive coupons, Day Passes or other sales promotions from customers? \_\_\_ Yes \_\_\_ No If yes, how many? \_\_\_\_\_

5. Did your business receive phone inquiries about this event or activity?  
\_\_\_ Yes \_\_\_ No If yes, how many? \_\_\_\_\_

5. Estimate the dollar value of the increase of walk-in traffic. \_\_\_\_\_

6. What are the future economic opportunities for your business or organization in association with arts and culture projects?

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**Total Estimated Amount of New Revenue:** \_\_\_\_\_

# Community Economic Impact Form

A form such as this can be used to record the economic impact an arts and culture project has on a community based on the amount of dollars spent and in-kind services contributed to the project. The total cash amount invested (1), plus the total value of in-kind provided (2), plus the total amount earned from the activity through sales and other revenue (3), equals the total economic impact (4).

<b>Amount Spent on Local Products and Services</b>		<b>In-kind value of Local Products and Services</b>	
Personnel	_____	Personnel	_____
Supplies	_____	Supplies	_____
Advertising & Publicity	_____	Advertising & Publicity	_____
Lodging	_____	Lodging	_____
Food	_____	Food	_____
Facility Rental	_____	Facility Rental	_____
Equipment/Supply Rentals	_____	Equipment/Rentals	_____
Other:	_____	Other:	_____
Other:	_____	Other:	_____
Other:	_____	Other:	_____
Other:	_____	Other:	_____
<b>1. TOTAL CASH AMOUNT</b>	<input type="text"/>	<b>2. TOTAL IN-KIND AMOUNT</b>	<input type="text"/>
		(1+2+3 = 4)	
<b>3. AMOUNT EARNED</b>	<input type="text"/>	<b>4. TOTAL ECONOMIC IMPACT</b>	<input type="text"/>

Remember that no event is free. Time, money and talent are always expended to make an event a success. Establish a dollar value for your project and be sure to include the value of what you give away. You may want (or need) to sell it later and use this to help establish the value of your event. Keep these items in mind when determining the full value of your event:

- "Free" vendor booths for artists at a festival
- "Free" tickets to an event
- Scholarships
- "Complimentary" listing of businesses in a program guide
- Publicity and promotion in newsletters, bulletins, fliers and other media
- Time of professionals who provide in-kind services on the project
- Discounts on merchandise, admission or services