



Going Free: The Pros and Cons of Offering Free Admission to Our Museums
Tuesday, April 12, 2005, 2:00-5:00PM
San Jose Museum of Art

Program Flyer Information

What if all museums were free? Consider the pros and cons of museums offering free admission in an afternoon discussion. Dan Keegan, Oshman Executive Director of the San Jose Museum of Art, will share why SJMA stopped charging admission and the results of that decision. Marjorie Schwarzer, Chair of the Department of Museum Studies at John F. Kennedy University, will share another point of view, one that questions offering free museum admission.

Dan Keegan

- San Jose Museum of Art (SJMA) as a case study for going free
 - 5 million operating budget
 - \$200,000 is gross income from ticket sales, minus the cost of running tickets counter left \$90,000 net—the cost of being free
- History of the Museum
 - SJMA is 35 year old institution with a grass-roots founding in 1969 in historic structure
 - 1990s the museum was undercapitalized, City of San Jose engaged in redevelopment
 - SJMA borrowed art from Whitney Museum to get increased exposure
 - still new institution and collection, although 200 works added this year; only seven years as a scholarly museum
- Free admission initiative
 - Director Dan Keegan was recruited in Nov. 2000 from the Kemper Museum of Contemporary Art in Kansas City, MO, where admission was free
 - The SJMA trustees were interested in free admission, since the institution was founded as a free museum, and admission was only added in 1990s
 - In 2000 SJMA announced intention to go free; funders (Knight Ridder and HP) came forward
 - Not easy to make it; best models are national museums e.g. The British Museum which revived free admission in 2001; Yale Museum offers free admission to public library card holders
 - SJMA's primary objective in going free was to address their specific demographic complexities and achieve desired increased audience
 - Found that SJ residents fell into two main groups:
 - large underserved population without much disposable income; free admission would make the museum more accessible to them

- large professional population with no time; free admission would make the museum more accessible to them since it seemed a waste of money to pay to enter for only 20 minutes
 - SJ metro area was the 10th largest city in US with 1.3 million people (1 mill today); downtown underdeveloped relative to other cities this size. This led to problems attracting people to the museum
 - Benefits of going free
 - ability to attract more diverse audience—more Asian and Latino audiences, average age of visitors went down, gender split equalized
 - increase in corporate and individual giving, more people attracted to the museum
 - found that going free increased accessibility to both key demographics—the low income visitors have increased; high income visitors without much time also increased visitation since they could drop in for 20 minutes without feeling they had overpaid
 - Negative results
 - Lost members especially senior and individual levels; had to replace with upper level members
 - Perception problem—few museums this size are free
- Most museums are undercapitalized, few have cash in the bank
- Museum attendance has hit plateau in US, we may only see increases from repeat visitors rather than new people
- demographic changes are a factor—in Santa Clara County 40% Caucasian, 30% Asian, 30% Latino; expected change is 30% Caucasian, 30% Asian, 40% Latino. What are needs of future demographic? What do we deliver?
- Is free admission sustainable? SJMA is adding a satellite location—will grow above mid-size museum
- Want to encourage more grass-roots philanthropy, encourage visitors to make dollar donations each visit
- Museums are a traditional experience trying to stay relevant in a media saturated culture, how can we hook these young people?
- SJMA calculated loss income if they went free was 200,000 a year, minus cost of ticketing staff and equipment left a 90,000 net cost. This was easily replaced by corporate donors who quickly stepped forward (Knight Ridder and HP)
- Consider price elasticity, will rise or fall impact use?
 - If decrease price will perceived value fall? Opera and symphonies increased prices but you don't see empty seats, people will pay high tickets
- SJMA made it free because of value on this cultural experience valued by community
- Attendance increase 104%, more than doubled
 - Those who have money but no time come more frequently
 - Those who have time not money come and stay longer
- Some museums offer reduced admission, different times of day
 - E.g. Boston Children's Museum went from free to charging in the evenings and attendance did not decrease
 - Membership value is an important factor—all about exclusivity

- Earned income also increased at SJMA—\$100,000 increase in museum store, which is very successful per square foot compared to other retail spaces in San Jose
- Know your audience—SFMoMA is 70% tourist, 30% local, SJMA is the opposite: 30% tourist and 70% local
- What about internet as a tool driving attendance? SJMA is planning a virtual wing, and get a higher response to email blast than snail mail.
- Also planning new educational programs: summer art studio in multiple community centers, free ½ day, full day, weeklong all day, fee based camp experience. SJMA is the largest provider of art education in Santa Clara County: 26,000 youth; 65,000 experiences

Marjorie Schwarzer

- Free was a cornerstone of every museum in US history in the late 19th century through the 1920s and in the 1960s and 1970s
- Fears about opening museums to the unwashed masses expressed in 1905 American Association of Museum minutes: what about all the dust? do we let children go to the bathroom?
- Museum Pricing
 - The Marketing Mix
 - Product
 - Placement—challenge for museums trying to reach diverse audiences where they live, study, and work
 - Promotion
 - Politics
 - Publics—who do we want to serve?
 - Price—we don't really know what the price of a museum visit is, complicated economic formula
 - Four Stages of Cost Management
 - Determine Pricing Objective
 - Maximize profit—not relevant to nonprofits
 - Maximize use—diminish quality, wear and tear
 - Cover operating costs
 - Cover costs plus develop cash reserve—may price some visitors out
 - Social equity—needs subsidy, who pays? Since the 1980s museum staff do with inequitable pay vis a vis cost living
 - Determine Pricing Strategy
 - Cost based—very difficult to calculate cost of a museum visit
 - Demand based—perceived value determines cost (e.g. Whole Foods apple \$1.99/pound vs. Alberton's apple \$.49/pound)
 - Competition based—museum admissions are all over the place \$0-\$20 plus (how you want to be perceived vs. competition)
 - Determine Action: is a price change warranted?

- Price elasticity—some products raise price and demand remains static e.g. gas and utilities vs. even food at Whole Foods, if apples rose to \$4/pound customers would choose another product
- Evaluate Data NOT perception
 - Study results over a few years, first year of any change will be different over subsequent years, need to average out
 - Use data not hearsay, e.g. evaluate visitor experience, did MOMA visitors get \$20 worth of value with galleries jammed packed?