CHALLENGES OF ESTIMATING AND USING ECONOMIC IMPACTS FOR CULTURAL TOURISM

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Abstract

A recent Michigan study is used as an example to illustrate the challenges associated with determining economic impacts of heritage or cultural tourism. Museums are used as a concrete representation of "heritage" and as a place to contact visitors involved in heritage tourism. Definitions, assumptions, geographic region and data weaknesses are discussed as contributing factors to economic impact estimation and use challenges.

1.0 Introduction

Sound bytes and simplicity. These concepts pervade our "modern" cognitive processing and decision making. Society seems to demand quick answers and simple solutions to almost everything. Often the media reinforces these expectations. Environmental, social and political issues are presented in brief snippets through "headline news" formats; promotions for upcoming news stories are almost as long as the news stories themselves. A long, in-depth news story is presented in a 20-minute segment that, when time is removed for commercial advertising, is only about 13 minutes. Actions and solutions are considered "right or wrong," "good or bad," "black or white" . . . with little room for shades of gray or complexity. Even complex issues around which political decisions are made are reduced to "simple" issues as portrayed in political advertising. When time is brief and attention superficial, it is impossible to rely on processing of thoughtful, analytical arguments and weighing of multiple, interacting variables. Thus, political pundits

use image association and value-based arguments, relying on the strength of strongly held values rather than thoughtful analysis. The same is true for commercial advertising. Ads rely on pulling at heart strings to get people to untie their purse strings.

So what does this have to do with economic impact assessment for cultural tourism? Investment, development and policy decisions frequently are driven by their potential for economic benefit. No matter how socially or educationally positive the benefits of an effort, they may receive little support unless they also can be justified financially. In recent years, educational facilities, arts organizations, and other cultural institutions have realized that they no longer will be supported automatically for their "good works" unless they also show positive economic benefits. Consequently, performing arts, museums, historic sites and other cultural institutions have commissioned numerous economic impact studies to demonstrate their value in terms understandable by legislators, community and economic development authorities, and other entities responsible for allocating increasingly limited resources. (America for the Arts 2002; Clarion Associates 2002; Lane 2001; National Governors Association 2001; Stronge 2000, TIA 2001, 2003). Having limited or no training in business or economics, many are interested in a high dollar value "outcome" yet are unaware of or unconcerned with how the number is derived.

Numerous studies link economic benefits with tourism revenues that, often viewed as "new money" to a community or state, provide additional justification to support investment in arts and culture. Recent literature is full of reports indicating that cultural tourism is growing and that cultural tourists spend more, stay longer, and tend to stay at hotels rather than campgrounds or with friends/family more than do "general" tourists. Consequently, these tourists would be deemed "desirable" in terms of the economic contribution to the state or a region. However, calculating impacts is dependent on several assumptions – about the accuracy of visitation data, about which museum visitors/ users to include in analysis, about which expenditures during a tourist trip are attributed to cultural institutions and the heritage experience (beyond

direct expenditures at a cultural site), about inclusion of a site's operational expenses, multiplier effects, and numerous other factors. Using different assumptions results in substantially different outcomes. Also, results and models based on data aggregated at a state-wide level cannot be applied directly to individual communities or institutions. Further complicating the impact scenario are the differences between individual museums, including factors such as differences in physical size, annual budget, "mission mix," annual visitation, and nature of the site (mix of land, infrastructure, historic structure/fabric, artifacts/archives, etc.).

Using Michigan's museum-based visits as a context, this paper explores the challenges of reporting and using economic impact data, specifically as related to heritage tourism. While a brief summary of the study is presented, the focus of this paper is on the challenges of estimating, interpreting and using economic impact data. Definitional and contextual challenges are incorporated throughout. The original impetus for the study was to measure the importance and impact of cultural/heritage tourism (hereafter labeled "heritage tourism") to the state of Michigan, in part to justify investment in and support for Michigan's involvement in heritage tourism, a travel market segment recognized nationally and internationally as significant (TIA 2003). Despite a long-held perception of Michigan as primarily a woods-and-water-based outdoor recreation mecca, the state also contains many sites of national, state and local historic and cultural significance. Heritage attractions include facilities and special events celebrating the state's maritime, mining, agricultural, environmental, automotive, Native American, ethnic and other heritages. Most historic sites and events associated with these heritages are tourist attractions. In fact, one can argue that heritage and culture are part of most tourism activity in Michigan and elsewhere. Additionally, tourism itself and tourist destinations are integral parts of the State's history and culture. Thus, it is difficult to establish boundaries around the broad notion of heritage/cultural tourism. This presents the first major challenge in identifying and isolating economic impacts associated specifically with heritage tourism.

Because economic impact analysis requires a reasonably clear definition of the activity generating the impacts, the complex and intertwining nature of tourism experiences and sites make it challenging to isolate what is "heritage or culture" from other types or components of trips. Thus, for this study, it was necessary to narrow the context and operationalize a definition and component of the travel experience for conducting a study. Museums and their associated programs constitute a tangible set of facilities and activities. Museums represent many of the state's major heritage themes and, in many cases, are focal points for tourism activity related to these themes. Museums, therefore, provide a logical starting point for better documenting the size and economic importance of heritage tourism in the state. Most importantly for this study, museums provide a concrete sampling frame to identify organizations and visitors/trips that clearly fall within the scope of heritage tourism. One caveat: in choosing to focus on museums, only one portion of heritage tourism is documented. This study does not cover impacts associated with special events and community festivals, performing arts, or a host of historical sites and attractions that are not formally associated with a "museum." To the extent that visits to such sites are included in trips that include at least one museum visit, trip spending associated with these other sites is partially captured.

2.0 Methods

To gather both visitor spending data and operational expenditures contributing to local and state economies, two separate surveys, targeting different audiences, were used in this study. The first was a census of museum administrators (providers). The second was a visitor survey conducted of a sample of museum visitors at 35 selected museums across Michigan during June through September 2002. Museums, for this study, were identified based on the American Association of Museum's (AAM) broad definition that includes any facility having at least one physical site and offering programs and services to visitors. Facility types included: general interest museums, history museums, natural history museums, science museums, children's museums, art museums, historic sites and buildings, nature centers, botanical gardens, zoos, aquariums, planetariums, and special interest museums such as maritime museums, lighthouses, historic ships, automobile and railroad museums.

2.1 Administrator Survey

The survey of museum administrators, sent to 470 museums, was designed to gather visitation and budget data to be used in estimating the overall volume of museum visits, and to profile annual operating budgets,

levels of employment, and revenue sources of Michigan museums. A six-page instrument was developed to be consistent with the 1996 MMA administrator survey. Additional items about tourism (tourism season[s], tourist visitation patterns, and museum's relationship with tourists / tourism) and budget/economic issues were added to this instrument. Using a modified Dillman approach, museums received the original survey letter and instrument, a reminder postcard, reminder letter and duplicate survey, as needed. Administrators could complete the hard copy survey or respond on line, using a provided code number.

2.2 Visitor Survey

The survey of museum visitors gathered demographic and travel party information, trip characteristics, and spending data. Specific information needed for the economic analysis included primary trip purpose, zip code origin of visitors (to classify as local or not, based on travel more or less than 50 miles one way), whether a day or overnight trip, lodging type for overnight trips, and spending by the travel party within 30 miles of the museum. Museum visitors were contacted at museums where they completed a short on-site survey, and were invited to complete a more comprehensive post-trip survey by mail or on the web. This survey gathered detailed spending and other information after visitors completed their trips.

Ultimately, the museum visitor sample was taken from 35 "large" and "medium" museums[9] across Michigan, representing a range of geographic locations and museum types. Based on a planned sampling strategy unique to each site, visitors were contacted on dates selected to represent weekend and weekday visitors and different times of day. To serve as a contact site, the museum had to be willing to participate, have staff to conduct surveys, offer an incentive for study participation, and serve enough visitors to obtain an on-site sample efficiently. "Small" museums were not included because 1) they are assumed to have minimal economic impact, and 2) it was unlikely that they would have the staff or resources to conduct the on-site surveys. Visitors not responding to the initial "long" survey were sent reminders, via mail or email, based on their chosen response mode.

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[9]Large museums have annual operating budgets over $1 million while medium-sized museums have budgets between $250,000 and a million.

2.3 Economic Impact Analysis

Economic estimates for visitor spending are produced using the Michigan Tourism Economic Impact Model (MITEIM). Three major inputs to the model are (Stynes, 2000):
1. number of visits divided into trip type segments (day or overnight; local or tourist; type of lodging if overnight).

Trip type segments are defined from the museum visitor survey based on (1) whether or not the visitor lives within 50 miles of the museum (local visitors), (2) if they are staying overnight away from home on the trip, and (3) the type of lodging. These segments help define distinct markets and also explain differences in spending. Formally, the four museum trip type segments are defined as follows:

Local day trips: Trips for which visitors traveled less than 50 miles and did not stay overnight away from home on the trip.

Non-local day trips: Trips for which visitors traveled more than 50 miles from home but did not stay overnight in the local area (within 30 miles of the museum). This segment includes those whose primary destination was the museum as well as some visitors stopping en route to other destinations or as a side trip.

Overnight hotel trips: Trips for which visitors stayed in hotels, motels, cabins or B&B's within 30 miles of the museum.

Other overnight trips: Trips for which overnight visitors stayed in campgrounds, with friends and relatives, at owned seasonal homes or other types of lodging within 30 miles of the museum.

Visitors in the non-local day trip and the two overnight trip segments are considered "tourists".

2. trip spending averages for each segment
3. economic multipliers for the state and local region

These inputs were estimated from data gathered in the visitor and museum administrator surveys. The visitor survey identifies the mix of trip types/segments and provides the data to estimate spending averages. The administrator survey was used to estimate total museum visits in 2001 (used to extrapolate spending to all visitors) and also to estimate museum employment, revenues and operating expenses (used to estimate impacts of museum operations). Multipliers were taken from the

MITEIM model, which was updated to 2000 using recent IMPLAN[10] data for Michigan. Economic ratios (jobs to sales, income to sales) specific to Michigan museums were estimated from the administrator survey and substituted for more generic ones typically used in the MITEIM model.

Spending profiles for each segment were created by estimating the average spending within 13 spending categories for visitors falling into each trip type segment. Spending was first estimated on a party trip basis and then converted to a party day/night basis by dividing by the length of stay in the area.

3.0 Results
3.1 Response Rates, Demographics and Trip Characteristics

Forty-six percent of the museum administrators responded to the survey (182 museums). A total of 6,417 museum visitors were contacted at cooperating museums. Sixty percent of these visitors agreed to participate in the post-trip survey and 34% of those agreeing actually completed the post-trip survey. Potential non-response bias in the visitor survey was assessed by comparing the on-site sample with those completing the post-trip survey. No significant differences were observed between the two groups in terms of trip purposes, but there were some differences in trip types. Local visitors were somewhat less likely to respond to the post-trip survey while visitors on overnight trips are over-represented in the post-trip sample. Because visitors on overnight trips spend considerably more than local visitors, spending estimates would be biased upward, if not adjusted for.

Museum visitors were fairly evenly distributed across age groups, sixty percent had household incomes between $25,000 and $75,000, three quarters had some college education or higher, and ninety percent were White/Caucasian. Almost one-fourth of museum visitors were retired. Only general admission adult visitors (age 18 or older) were sampled, so these statistics exclude visitors who were part of organized school or adult groups and visitors to most special events. Museum visitors were similar to the Michigan population as a whole with respect to age, but included fewer minorities. However,

they had higher levels of education and income. About two-thirds of the sample were women.[11] There were no significant differences in demographic characteristics across trip types.

About half of the museum visitors came from within 50 miles of the museum. Forty-one percent of the trips involved an overnight stay in the local area.[12] Two-thirds of the trips were made primarily to visit the museum where the visitor was sampled, nineteen percent of respondents were visiting the community more generally, 8% were visiting friends and relatives, and 6% of trips were for other reasons. Day trips were more likely to be primarily to visit the museum; 81% of local day trips and 77% of non-local day trips were made primarily to visit the museum. Thirty-eight percent of overnight trips were made principally to visit the museum. The average party size for museum visitors was about three persons across all regions and segments. The average length of stay in the community was 2.4 nights for hotel visitors and 3.4 nights for visitors staying in other types of lodging.

3.2 Economic Impacts

Spending within 30 miles of the museum was itemized in 13 categories, grouped by expenditures inside the museum and those in the community. Spending averages were first computed on a party trip basis for each segment and then converted to a per day/night basis. Local day visitors and non-local day visitors spent $49 and $70 per party per trip, respectively, in the local community (Table 1). Non-local day visitors spent more on shopping, restaurant meals, and gas & oil than day visitors. Overnight visitors staying in hotels spent $569 per party per trip, $215 more than overnight visitors staying in other types of lodging. Almost half of the expenses of visitors in hotels was for lodging. Overnight visitors[13] spent about $32 per party inside the museum compared to about $21 per party for day visitors.

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[11]Selection of individuals within visitor groups may not have been completely random or based on contact protocol. Research associates were instructed to alternate male and female respondents within groups.

[12]The mix of trip types varies considerably across different museums. While the museums sampled cover a range of locations and museum types, we cannot guarantee that the resulting sample of visitors is completely representative of all museum visitors.

[13]The 'other overnight trips' segment is a mix of campers and visitors staying with friends/relatives or in owned seasonal homes.

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[10]The IMPLAN system is an input-output system, which represents flows of economic activity within a region, and can estimate models and multipliers down to a county level.

Table 1.—Visitor Spending within 30 Miles of the Museum by Lodging Segment ($ per party per trip, except as noted)

Spending Category	Day Trips		Overnight Trips	
	Local	Non-local	Hotel	Others
Inside the Museum:				
Museum or exhibit admission	9.31	10.22	14.31	16.77
Gift shop or snack bar	8.36	13.01	14.70	15.22
All other expenses	1.24	1.79	2.19	2.29
Total in museum	18.90	25.01	31.20	34.26
In the Community:				
Lodging	0.00	0.00	259.47	79.01
Restaurants and bars	12.51	15.31	118.04	75.66
Grocery and take-out food	1.72	3.14	12.30	32.41
Gas and oil	4.68	9.51	34.41	40.09
Other transportation	0.70	1.52	18.32	15.99
Admissions to other museums	1.08	1.26	7.66	9.38
Other admissions	1.18	1.18	8.62	6.27
Shopping	7.81	11.37	64.14	50.58
Casino gaming	0.00	1.57	8.99	5.83
All other expenses	0.23	0.09	5.37	3.88
Total in community	29.91	44.94	537.31	319.10
Grand Total within 30 Miles (per party per trip)	48.81	69.95	568.51	353.36
Percent of spending inside the museum	39%	36%	5%	10%
Number of cases	406	198	281	197
Grand Total within 30 Miles (per party per day/night)	48.81	69.95	236.88	103.93

Spending averages were converted to a party day basis by dividing party trip spending by the average length of stay. Hotel visitors spent $237 per party per day in the local community, mainly lodging expenses $108, restaurants $49, and shopping (including gift shop in the museum) $33. Other overnight visitors spent $104 per party per day in the community, mainly on shopping, camping fees and restaurants.

Interestingly, spending averages based on visitor data differ from those based on spending reported by museum administrators. The original in-museum spending averages (visitor reports) when applied to visitation numbers yield total museum revenues from both general admissions and gift shop sales that are higher than corresponding revenue figures reported by museum administrators. This is probably due in part to the selection of "large" and "medium" museums for contacting visitors when about 3/4 of all Michigan museums are "small." Thus, we assume that the museums where visitors were sampled over-represent those having higher admission fees, more extensive gift shops and other spending opportunities inside the museum. Another possible contributing factor is the widespread use of inaccurate methods for determining annual visitation, especially by small museums (e.g., voluntary sign-in, clicker-counts, guesstimates). The in-museum spending averages were adjusted to 71% of the sample

average to balance the state-wide estimates with reported museum revenues.

As indicated in the "introduction," economic impact estimates can vary based on the assumptions used. To illustrate, three different scenarios – based on differing sets of assumptions – were calculated using study data and extrapolating to all museums in Michigan, based on reported 2001 annual visitation by admissions-paying general visitors. The three scenarios use different components of visitor spending and are based on different assumptions about which visitors to include and about how much of the spending outside the museums is attributable to the "heritage" portion of the trip:

Scenario A: All trip spending for all trips (local and non-local, day and overnight) that included a museum visit

Scenario B: All spending for trips for which visiting the museum was indicated as the "primary purpose" + all in-museum spending for "non-primary purpose" trips + 25% of non-museum spending for "non-primary" trips

Scenario C: Scenario B - local visitor spending outside museum

Based on these scenarios, the impacts ranged from $219 million to $733 million. Assuming the basic equation for calculating economic impact is [Economic Impact = # Visits * Spending * Multipliers], the proportional difference for spending at Michigan museums would be: Scenario A: $100; Scenario B: $50; Scenario C: $46.

An additional $625 million is contributed statewide to local economies by the museums' operations (in salaries, direct spending, and value added). This additional contribution was estimated using financial and employment data from the survey of museum administrators. Museum revenue, operating budget and employment profiles were estimated from 182 museums responding, though not all museums completed the financial information. Operating budget data was completed by 128 museums, 90 museums reported revenue information, and 122 reported the number of paid employees. Because museum sizes, annual budgets and staff wages range widely (representing varying mixes of paid/unpaid and full-time/part-time/seasonal staff), six museum size categories were used to extrapolate economic impact figures to all state museums. Additionally, revenue sources are variable across, as well

as within, museum size categories. Smaller museums rely more on membership fees, gifts, and grants while larger museums generate more revenue from one or more of admissions, endowments or government sources, further confounding the "impact" picture. Across all museums in Michigan, about one third (32%) of museum operations are supported by visitor spending in the form of general admissions, special tickets, and gift shop and food sales. In estimating economic impacts of museums, we therefore count 68% of museum operating expenses as being in addition to the impacts of visitor spending presented in Scenarios A-C above.

4.0 Discussion: Complexities in Estimating Economic Impacts

Even in the simplified presentation of results above, some of the complexities and challenges of estimating economic impacts of heritage tourism begin to appear. Complexities arise out of 1) definitional challenges, 2) variability in museum size, visitation, structure, budget and income sources, 3) uncertainties about visitor counts, 4) assumptions and estimates for extrapolating to all museums, 5) assumptions about what portions of trip spending to attribute to heritage tourism, 6) complexities and assumptions used in calculating economic impacts, 7) differences between economic impact and economic significance, and 8) differences in multiplier effects statewide versus in different parts of the state and individual communities.

4.1 Definitions

Simply defining what is heritage and what is culture provides fodder for an entire discussion paper. Culture to some is restricted to "high" culture – the arts, both performing and visual. Heritage, to some, is restricted either to "history" or to people of different ethnicities. Broader definitions include anything that influences lifeways and lifestyles of humans in any community, historically and in the present, which can include the arts, food, labor, sports, recreation and natural resources. Regardless of the operational or scholarly definition selected by researchers, people being surveyed typically have a wide range of personal definitions that influence their responses if the terms "culture" or "heritage" are used in the survey instrument to solicit responses.

4.2 Museum Differences

So many factors about museum structure, mission and function influence the heritage/cultural tourism-based

contributions to the local or state economy. Some museums have missions focused primarily on serving the local community; others are developed as attractions to serve national and global visitors. Some museums focus on research and archival collections; others focus on education and visitor services. Some protect resources and tell stories of local significance, others of national or global significance. Some museums are individual sites; others are systems that might have multiple sites of different kinds throughout the state. Depending on the type and number of structures, historic buildings and artifacts, financial demands for resource management vary widely. Some museums charge admission fees, others charge only for special exhibits or events, others charge no fees; still others are open only by appointment. Some target the general public, others service primarily school and other youth groups. Some promote programs and services broadly; others do not advertise at all. These and other factors greatly influence the economic impacts that can, and should, be attributed to heritage tourism.

4.3 Visitor Count Methods and Extrapolating

As determined in a 1996 study (Michigan Museums Association 1998) and reconfirmed in this study, very few museums have reliable and consistent methods for determining visitor counts; these are primarily the large museums that charge admission, have a clear fee structure and registration procedures for facility use, and target tourists as part of their mission. The vast majority (three quarters) are small, have relatively low visitation, and have limited personnel (often only or mostly unpaid). Accurately counting visitors is a low priority. Visitor count strategies include reliance on automated systems (footpads or traffic counters that count people and vehicles [that do not distinguish between staff, service visitors, tourists, local visitors], voluntary visitor sign-in, clicker counts, and "guesstimates"). When spending data from surveys is extrapolated to all museums, and the visitor counts upon which these extrapolated results are based are faulty, those inaccuracies are reflected in the estimates of economic impacts. Further, many museums that do have accurate visitor counts do not differentiate between local visitors and tourists.

4.4 Attributions to Heritage Tourism

Some of the challenges associated with attributing visitor spending and economic impacts specifically to heritage tourism are affected by the problems discussed in the "definitions" section. Other challenges are illustrated

by the discussion of the three scenarios presented in the results section. The kinds of spending intended to be captured in the 25% of non-museum spending for "non-primary" trips (an expert opinion-based estimated percentage itself) include spending for heritage-based transportation (e.g., trolleys, horse-drawn carriages, sleighs, tandem bicycles), local heritage crafts sold outside of museums, and food and lodging at adaptively re-used historic structures. In addition to the "estimated" nature of this calculation, other spending related to heritage may not be captured. This includes 1) tourism influenced by the general attractiveness of the community or region due to preservation of historic districts, redevelopment of historic waterfronts, protection of heritage landscapes; 2) spending associated with longer stays induced by non-fee-based experiences such as heritage walking tours (e.g., architecture, history theme-based), linear parks and trails, and outdoor interpretive exhibits; 3) spending at museums other than where survey respondents were contacted; 4) "shopping" and other spending occurring at adaptively re-used historic structures (e.g., factories, warehouses) converted to mixed use structures that include shopping/lodging/restaurants; 5) spending related to agricultural or natural resource-based heritage experiences.

One alternative to the researcher making assumptions about what spending to attribute to heritage tourism is to ask the visitor what portion of their trip spending they attribute to the cultural/heritage portion of the travel experience. In fact, this question was asked in this study. However, the estimates based on visitor assessments of their heritage-based spending differed from those calculated in Scenarios A, B and C. This is assumed to result from the widely variable personal interpretations of what visitors consider to be cultural or heritage. Thus, for this study, we relied more on visitor indications of "primary trip purpose." However, it is expected that there is also variability among visitors about how their trip motive may impact spending related to heritage or cultural components of their trip.

Finally, most individuals and travel parties participate in a variety of activities and experiences during any trip. Determining which portion of total trip spending to attribute to various "tourism types" will be influenced by the number of different activities as well as the intensity or duration of engagement in each. To illustrate the problems of not apportioning the attributions, assume

a single vacationing family golfs on one day, charters a fishing trip the next day, goes on a dinner cruise one evening, spends the next day shopping at heritage as well as modern stores, and visits a museum. Additionally, they take lodging one night at a historic B&B, one night aboard a historic ship, and one night at a chain motel. Another evening is spent at the local outdoor theater production, followed by a walk along the waterfront boardwalk. On two days, the parents let the children spend their time at the beach and a nearby water fun park. If that family were surveyed for several different tourism studies — golfing, boating, fishing, water-based recreation, heritage/culture — and all trip spending was used to calculate their economic impact on the community for each trip type, those expenditures could be counted as many as five times . . . exaggerating the impact.

Furthermore, some travel experiences may be blended to such an extent that activities cannot be separated. For example, a golf resort may be developed on a historic tourism site, extensively using historic structures and facilities (perhaps even the golf course itself). Historic tourism experiences may be the basis for the modern experience. How would such a trip's economic impacts be attributed?

Attribution challenges exist also in economic contributions other than direct spending and associated multipliers based on tourist spending. Development of historic districts, restoration or redevelopment of waterfronts, renovation and expansion of museums provide benefits to both the community and to tourists. Future programs and facilities may serve both locals and tourists. Spending (for example, by museums) for water, electricity, janitorial services and other maintenance, as well as for purchase of supplies and wages for staff, supports provision of programs and services for both residents and tourists. Various methods could be used for deciding how to attribute portions of the expenditures to tourism, but regardless of what method is used, the assumptions and guidelines are rarely questioned by those interested in "the big economic impact number."

4.5 Economic Impact vs. Economic Significance

Another source of potential confusion for users of study results is the difference between economic impacts and economic significance. Economic *significance* usually reflects *all* spending by people engaged in an activity (in

this case, visits to museums), both local residents and tourists. In this study, estimates are first derived from all museum visitor spending (Scenario A) and then just the impacts directly attributed to museums plus a portion of other spending attributed to the heritage experience (Scenario B). Impacts are reported in terms of sales, personal income, jobs and value added, with direct effects itemized by sector and secondary effects reported in the aggregate. Direct effects include the sales, jobs and income in those businesses directly selling to museum visitors. Secondary effects cover sales, jobs and income from so-called "multiplier effects" resulting from economic activity in backward linked industries and household spending induced by the income received from employees in directly or indirectly affected businesses.

Economic *impacts*, on the other hand, measure only the changes in spending as a result of a particular activity being available or not (in this case, a community with or without a museum), specifically as a result of new dollars coming into a region from non-local visitors attracted to the facility (e.g., museum). Scenario C more closely reflects this condition, as spending by local visitors is removed. If an existing museum were to leave a community, all spending associated with that facility would be gone, not just the impacts from tourist spending. Another consideration is that some spending— by both residents and tourists, assuming other attractions are available to tourists in the community—could simply be redirected to other places and experiences. It is difficult to determine how much of this would be spent in the community or redirected outside the region/community.

4.6 Multiplier Effects and Scope of Application

Multiplier effects will be larger when assessing impacts on the state economy than when assessing impacts on local areas. Thus, a standard multiplier for a specific sector based on statewide data cannot be applied to a smaller region, an individual community, or a single museum or cultural/heritage site. Further, an increase in tourism spending in "community A" – for example, as a result of creation of a new cultural or heritage attraction – may be a result of attracting tourists who might previously have gone to "community B". Thus, economic benefits to "community A" would increase, but the impact or contribution to the state's economy might go unchanged. Therefore, it is important to recognize and acknowledge the scale of analysis (site, local, regional, state) desired.

If economic impact or significance information is to be used in planning (statewide cultural tourism, community development, or site planning), the purpose and use should be identified at the outset. The first consideration is the scale to which the analysis will be applied. Second, a decision should be made about whether the economic impact analysis will be used to estimate changes in economic activity (sales, jobs, income) or to identify impacts as a result of some action (development, policy, marketing, management). Finally, monitoring and follow-up research should be conducted to determine if the estimates (and assumptions upon which they were made) are valid.

4.7 Beyond Economic Impacts

Finally, it should be remembered that heritage, culture, the arts, museums and related facilities and services contribute in many ways in addition to economic. While economic benefits do accrue from presence of cultural and heritage sites available to tourists, they should not be the only ones valued. Preservation of history and heritage, education, facilitating discussion about social and environmental issues, and enhancement of quality of life all are legitimate benefits of heritage institutions and experiences. Not all museums and other heritage institutions will contribute in the same ways and to the same economic extent. Some may contribute more effectively to the economic portion of the contribution equation when clustered or packaged or partnered with other organizations and experiences (for both locals and tourists). Recommendations for proper use of economic impact analyses include: 1) use as part of the planning process; 2) identify the region, scope and purpose of the analysis before collecting data; and 3) balance the economic benefits with other benefits and contributions. Finally, remember that both residents and tourists accrue benefits from tourism-based development, and that enhanced economic impacts usually are associated with other types of impacts — to community social structure, the environment, the infrastructure, tax base and structure, traffic, etc. — which should be balanced with potential economic benefits.

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