

Technical Memorandum: Economic Impact of the *Salvador Dalí* Exhibition

Prepared for:

**Philadelphia Museum of Art
Advanta**

In Cooperation with:

**Greater Philadelphia Tourism Marketing Corporation (GPTMC)
Philadelphia Convention & Visitors Bureau (PCVB)**

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Introduction

Urban Partners was engaged by the Philadelphia Museum of Art to review the Museum's Educational and Economic Impact Statement in detail and confirm that, in fiscal years 2003 and 2004, the Philadelphia Museum of Art generated \$169 million and \$219 million, respectively, in total economic activity in the Philadelphia region. This economic impact included tax revenues of \$12.5 million in fiscal year 2003 and \$15.6 million in fiscal year 2004 for the City of Philadelphia and the Commonwealth of Pennsylvania.

Urban Partners was subsequently retained by the Philadelphia Museum of Art and Advanta, in cooperation with the Greater Philadelphia Tourism Marketing Corporation (GPTMC) and the Philadelphia Convention & Visitors Bureau (PCVB), to independently assess the economic impact of the Museum's *Salvador Dalí* exhibition, which was on view to the public from February 16, 2005 to May 30, 2005. This technical memorandum underscores the significant economic impact of the Philadelphia Museum of Art's programs, activities, and special exhibitions on the cultural and economic vitality of the region, providing a direct benefit to the public, the City of Philadelphia, and the Commonwealth of Pennsylvania.

From the opening events beginning on February 11 through the close on May 30, this exhibition drew over 370,000 visitors, who came from across the nation (all 50 states) and around the world (33 countries). Approximately 15% of visitors were residents of Philadelphia; the remaining 85% were visitors who traveled from outside the City to experience *Salvador Dalí*, more than 39,000 of whom stayed in a hotel. 98% of total ticket capacity was sold, reflecting the tremendous interest in the exhibition. To meet the extraordinary demand, the Museum successfully negotiated the extension of art loans from more than 200 lenders in order to add two more weeks to the exhibition originally scheduled to close on May 15. The Museum also increased public hours by 73%; and yet, every available ticket from 8:00 a.m. to midnight sold out in the last ten days of the exhibition.

Visitors directly motivated to come to Philadelphia because of the *Salvador Dalí* exhibition brought new dollars into the regional economy, generating and enhancing activity in the hotel, restaurant, transportation, and retail industries, as well as at other local cultural attractions.

Both the City of Philadelphia (through its Productivity Bank) and the Commonwealth of Pennsylvania (through the Department of Community and Economic Development) provided funding in support of the *Salvador Dalí* exhibition. For every \$1 provided by the City, more than \$9 was directly returned to the City through increased tax revenues generated by the exhibition. For every \$1 provided by the Commonwealth of Pennsylvania, more than \$4 was directly returned to the Commonwealth through increased tax revenues. Overall, the benefit to the City of Philadelphia and the Commonwealth of Pennsylvania is reflected in the total economic activity calculated at \$54.9 million, the creation of 830 full-time equivalent jobs with over \$20 million in salary and wages, and more than \$4.4 million in tax revenues generated for the City and the Commonwealth. Public investment in the Museum and other cultural institutions yields considerable rewards for the City and Commonwealth.

Summary of Impacts

The *Salvador Dalí* exhibition hosted by the Philadelphia Museum of Art generated significant economic impact within Philadelphia and Pennsylvania. The comprehensive marketing program for the exhibition, undertaken jointly by Advanta, the Museum, GPTMC, and PCVB, represented an extraordinary corporate-public partnership that contributed to the overall success of the exhibition. This analysis of the economic impact of the *Salvador Dalí* exhibition focuses on

three factors: 1) the overall spending impact generated as a result of the exhibition; 2) employment generated by this activity; and 3) tax benefits received by the City of Philadelphia and the Commonwealth of Pennsylvania as a result of the exhibition. The *Salvador Dali* exhibition:

- Attracted over 370,000 visitors, including 233,000 visitors who live outside Philadelphia and came to the City specifically to see *Salvador Dali*
- Motivated approximately 52,000 visits to other area cultural attractions by individuals who came to Philadelphia specifically to see *Salvador Dali*:
 - 9,800 visits to Independence National Historical Park
 - 9,500 visits to various performances
 - 7,000 visits to the Franklin Institute
 - 3,800 visits to the National Constitution Center
 - 3,600 visits to the Pennsylvania Academy of the Fine Arts
 - 3,400 visits to the Academy of Natural Sciences, and
 - nearly 15,000 visits to other area attractions
- Generated total economic impact of \$54.9 million within the Philadelphia region, produced by the activities of the Philadelphia Museum of Art and its exhibition marketing partners, the in-Museum spending of all *Salvador Dali* visitors, and the out-of-Museum spending of those Museum visitors who came to Philadelphia specifically to see *Salvador Dali*:
 - total direct economic impact of \$30.7 million
 - total indirect economic impact of \$24.2 million
- Created, directly or through contracts, 830 full-time equivalent jobs of which:
 - 662 positions are estimated to be located within Philadelphia
 - 499 are estimated to be held by City residents
- Produced a total local and state tax benefit of \$4.46 million:
 - \$2.17 million in tax revenue for the City of Philadelphia
 - \$2.29 million in tax revenue for the Commonwealth of Pennsylvania
- Generated the booking of nearly 20,700 Philadelphia hotel room nights by individuals coming to Philadelphia specifically to see *Salvador Dali*:
 - average rate of \$174 per room night
 - average length of stay of 1.5 days
 - average size of hotel party of 2.8 persons
 - including rooms purchased through 4,650 Dali hotel packages

- Motivated nearly 14,000 additional overnight visitors who came to Philadelphia specifically to see *Salvador Dalí* and stayed with friends and family in Philadelphia and the region:
 - average length of stay of 1.9 days
- Involved 145 area shops, restaurants, and cultural institutions in Advanta's Dalí Deals promotional effort:
 - over 90% of Dalí Deals partners have stated their desire to participate in future promotions of this type

Economic Impact

The overall economic impact (spending impact) of the *Salvador Dalí* exhibition is derived from several interrelated components:

- the direct organizational economic impact of the Philadelphia Museum of Art and exhibition marketing partners attributable to this exhibition, especially that portion of economic activity occurring in the Philadelphia region and elsewhere in Pennsylvania; and
- the significant spending of visitors to the exhibition, in the Museum itself and elsewhere in the City as a direct result of their visit to *Salvador Dalí*.

These two components of economic activity constitute the **direct economic impact** of the *Salvador Dalí* exhibition. An important third impact—the **indirect economic activity** stimulated by this direct spending—can also be traced through the regional economy. **The total direct and indirect economic impact of the *Salvador Dalí* exhibition is \$54.9 million** (see Table 1, included with other tables as an appendix to this memorandum).

Direct Economic Impact

This analysis was informed greatly by two significant audience surveys completed during the *Salvador Dalí* exhibition. The Philadelphia Museum of Art conducted over 1,000 on-site surveys to obtain information about *Salvador Dalí* visitors' spending habits at the Museum and elsewhere in Philadelphia as well as surveys of 192 groups and 34 tour operators. The Greater Philadelphia Tourism Marketing Corporation collected e-mail surveys from 215 participants in the Dalí hotel packages. Additionally, this study was informed by analysis Urban Partners had undertaken in 2004 on behalf of the Central Philadelphia Development Corporation in assessing the economic impact of all Parkway cultural institutions, which also identified typical spending patterns of the Museum's various categories of visitors.

Urban Partners has analyzed available information to identify various categories of *Salvador Dali* exhibition visitors and determine the typical spending characteristics of each category. These spending characteristics have been applied to the estimated number of visitors to the exhibition from each category, using self-identifying geographic data provided by survey participants and the Museum's various ticket sales tracking systems.

Salvador Dali drew a wide range of visitors to the Museum and to Philadelphia. The incremental economic impact of a specific visitor on the Philadelphia and Pennsylvania economy varies depending on several important factors. Was the visitor motivated to come to Philadelphia predominantly because of *Salvador Dali*? How long did the visitor stay in Philadelphia? Did the visitor stay overnight in a hotel? How far did the visitor travel to Philadelphia?

To allow for these various levels of economic impact, *Salvador Dali* visitors were analyzed in these major categories:

- residents of Philadelphia
- individuals living outside Philadelphia, but within a one-hour radius, including:
 - those for whom the primary purpose of their visit to Philadelphia was to see the *Salvador Dali* exhibition
 - those who visited *Salvador Dali* in conjunction with a planned visit to another Philadelphia attraction
- individuals living beyond a one-hour radius, including:
 - those who stayed in a hotel for whom the primary purpose of their visit was to view the *Salvador Dali* exhibition
 - those who stayed in a hotel who visited *Salvador Dali* in conjunction with a planned visit to another Philadelphia attraction
 - those who did not stay in a hotel for whom the primary purpose of their visit was to attend the *Salvador Dali* exhibition
 - those who did not stay in a hotel who visited *Salvador Dali* in conjunction with a planned visit to another Philadelphia attraction
- individuals who purchased *Dali* hotel packages
- courtesy and VIP ticket holders
- other individuals who visited *Salvador Dali* as part of a group or special program, including:
 - organized group tours
 - school groups
 - special events
 - educational programs

For all categories of visitors, per capita in-Museum spending was calculated and confirmed through survey data and financial reports. In addition, for those categories of visitors that were *Dali*-driven—that is, those out-of-town visitors who traveled to Philadelphia specifically to view *Salvador Dali*—out-of-Museum expenditures related to lodging, dining, shopping, local transportation, and attendance at other regional attractions have also been included as

components of the exhibition's direct economic impact. Approximately 71% of all *Salvador Dalí* visitors were identified as *Dalí*-driven.

As shown in **Table 1**, taken together, the calculated **total direct economic impact of organizational and audience expenditures on the regional economy that are attributable to the *Salvador Dalí* exhibition is \$30.7 million.**

Indirect Economic Impact

Assessing the indirect economic impact of these expenditures is complex and involves tracking the additional rounds of spending within the region induced by businesses and their employees as a result of these direct expenditures. In its September 1998 report, "*Greater Philadelphia's Competitive Edge: The Nonprofit Culture Industry and its Economic Value to the Region*," the Pennsylvania Economy League (PEL) undertook the calculation of these indirect economic multipliers using the IMPLAN economic model of the regional economy. In that analysis, PEL concluded that the appropriate multiplier for indirect economic activity resulting from cultural institutions' organizational expenditures was 1.08 and that the appropriate multiplier for indirect economic activity resulting from audience expenditures was 0.86.

Applying PEL's multipliers to the organizational and audience expenditures of the *Salvador Dalí* exhibition results in a **total indirect economic impact of \$24.2 million.**

Economic Impact of the Advanta Dalí Deals

One of the private sector economic impacts of the *Salvador Dalí* exhibition was the Dalí Deals program developed as an integral part of Advanta's promotional efforts. Approximately 145 of Advanta's retail, restaurant, and cultural institution partners provided Dalí Deals discounts and premiums throughout the duration of the exhibition. An impressive full-color insert in the *Sunday Philadelphia Inquirer* immediately preceding the opening of *Salvador Dalí* presented the exhibition as a citywide celebration and provided details about how all area residents could participate in this celebration by visiting the exhibition and by taking advantage of Dalí Deals offers. Additional information about Dalí Deals was available throughout the exhibition at GPTMC's gophila.com website and at the Philadelphia Museum of Art.

A survey of Dalí Deals partners undertaken in mid-May found that retail, restaurant, and institutional participants valued the opportunity to be affiliated with the *Salvador Dalí* exhibition and that many attributed increased sales, attendance, and name recognition directly to their participation in this program. Over 90% of Dalí Deals partners stated their desire to participate in future promotions of this type. Because redemption of Dalí Deals discounts did not require the purchase of a *Salvador Dalí* exhibition ticket, the economic impact of this program exceeds that measurable by tracking the Philadelphia area expenditures of *Salvador Dalí* exhibition visitors—additional, non-quantifiable economic benefits resulted from the use of Dalí Deals discounts by Philadelphia area residents who never visited the exhibition.

Employment Impact

The *Salvador Dalí* exhibition resulted in significant employment within the region and within Philadelphia (see **Table 2**). The Philadelphia Museum of Art internally supported 60 full-time equivalent positions during the preparation and execution of the *Salvador Dalí* exhibition and the institution's direct organizational expenditures related to the exhibition resulted in the support of an additional 80 full-time equivalent positions. Out-of-Museum employment supported by the out-of-Museum spending of the *Dalí*-driven visitors is estimated at 370 full-time positions.

Taken together, these **direct employment impacts total 510 full-time equivalent jobs**. Due to the location of the Philadelphia Museum of Art and the fact that much of the audience spending is concentrated in Center City Philadelphia, this direct employment impact is significantly concentrated within Philadelphia. Based on the Museum's employment patterns and the employment patterns within the key industries in which audience spending was concentrated, we estimate that 470 of the total 510 full-time equivalent jobs supported by *Salvador Dalí* were located within Philadelphia and 355 full-time equivalent positions were filled by City residents.

The **indirect economic impact of the *Salvador Dalí* exhibition resulted in the creation of a total of 320 full-time equivalent positions**—120 as a direct result of the Philadelphia Museum of Art's organizational expenditures and 200 due to the indirect impact of audience spending outside the Museum. Because the indirect economic activity resulting from the *Salvador Dalí* exhibition is more diffuse—both in terms of industrial sectors and location of employment—this employment is believed to be spread more broadly throughout the region. We estimate that approximately 192 of the 320 full-time equivalent positions supported by the indirect economic impact of the *Salvador Dalí* exhibition were located within Philadelphia and that 144 were filled by City residents.

Totaling the direct and indirect economic impacts of the *Salvador Dalí* exhibition, we estimate that the exhibition supported a **total of 830 full-time equivalent positions, including 662 located within Philadelphia and 499 held by City residents**.

Tax Revenue Impact

The *Salvador Dalí* exhibition **generated approximately \$4.46 million in tax revenues**—\$2.17 million in increased tax revenue for the City of Philadelphia and nearly \$2.29 million for the Commonwealth of Pennsylvania (see **Table 3**).

Wage Tax Revenue Impact

The 830 full-time equivalent jobs supported directly and indirectly by the *Salvador Dalí* exhibition are estimated to have generated wages and salaries of approximately \$20.56 million (see **Table 4**). These estimates of wage and salary impact were derived using industrial sector

factors developed as part of the PEL IMPLAN analysis adjusted to 2005 dollars. Of this \$20.56 million in wages and salaries, \$15.86 million is estimated to be earned within Philadelphia and \$11.95 million is estimated to be earned by Philadelphia residents. This employment activity is estimated to have generated \$667,000 in wage tax revenue for the City of Philadelphia and another \$631,000 in income tax revenue for the Commonwealth of Pennsylvania (see **Table 5**).

Sales and Hotel Tax Impact

Additionally, sales and hotel taxes directly and indirectly resulting from the in-Museum spending of all *Salvador Dali* visitors and the out-of-Museum spending of *Dali*-driven visitors is estimated to have generated another \$1.95 million in increased public revenue, including \$643,000 in revenue collected by the City of Philadelphia and \$1.39 million in revenue collected by the Commonwealth of Pennsylvania (see **Table 6**).

Business and Real Estate Tax Impact

Of the \$54.9 million in total direct and indirect economic impact, \$45 million is estimated to support private for-profit business activity, including \$36.3 million in business activity within Philadelphia (see **Table 7**). This for-profit business activity generated an estimated \$710,000 in additional tax revenue for the City of Philadelphia and \$270,000 for the Commonwealth of Pennsylvania (see **Table 8**).

Additional Impacts

In order to conservatively calculate the economic impact of the *Salvador Dali* exhibition, it was determined that out-of-Museum expenditures would be calculated only for *Dali*-driven visitors—those who came to Philadelphia specifically to see *Salvador Dali*. Out-of-Museum expenditures by those *Salvador Dali* visitors in Philadelphia primarily for another purpose were excluded. It is possible and, indeed, probable, that some of these visitors extended their stay in Philadelphia in order to visit *Salvador Dali*; however, the additional economic benefits attributable to these lengthened stays have not been measured in this analysis.

Appendix: Tables
Economic Impact of the *Salvador Dalí* Exhibition

Table 1
Economic Impact of *Salvador Dalí* Exhibition on the Philadelphia Region
(All Estimates in Millions)

Direct Economic Impact

Direct Economic Impact of Organizational Expenditures	\$13.1
Direct Economic Impact of Audience Spending (Out-of-Museum)	\$17.6
Total Direct Economic Impact	\$30.7

Indirect Economic Impact

Indirect Economic Impact of Organizational Expenditures	\$9.0
Indirect Economic Impact of Audience Spending	\$15.2
Total Indirect Economic Impact	\$24.2

Total Economic Impact	\$54.9
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Table 2
Employment Impact of *Salvador Dalí* Exhibition

	Within Region	Within Philadelphia	Philadelphia Residents
Direct Employment Impact			
Organizational Employees (Annualized FTE)	60	60	45
FTE Employment Due to Non-Payroll Organizational Expenditures within the Region	80	40	30
Employment Due to Audience Spending (Out-of-Museum)--Annualized FTE	370	370	280
Total Direct FTE Employment Impact in Region	510	470	355
Indirect Employment Impact			
Indirect Employment Impact of Organizational Expenditures	120	72	54
Indirect Employment Impact of Audience Spending	200	120	90
Total Indirect Employment Impact	320	192	144
Total Employment Impact	830	662	499

Table 3
Summary of Tax Revenue Impact
Generated by *Salvador Dalí* Exhibition

	For City of Philadelphia	For Commonwealth of Pennsylvania	Total City and Commonwealth
Taxes on Wages and Salaries	\$667,000	\$631,000	\$1,298,000
Sales and Hotel Taxes	\$643,000	\$1,391,000	\$2,034,000
Business Privilege Taxes	\$312,000		\$312,000
Net Profits Taxes	\$22,000		\$22,000
Real Estate Taxes Paid on Business Property	\$241,000		\$241,000
Use and Occupancy Taxes Paid on Business Property	\$135,000		\$135,000
State Corporate and Other Business Taxes		\$270,000	\$270,000
Parking Taxes	\$148,000		\$148,000
Total Annual Tax Revenue Impact	\$2,168,000	\$2,292,000	\$4,460,000

Table 4
Wage and Salary Impact of *Salvador Dalí* Exhibition
(in Millions of Dollars)

	Within Region	Within Philadelphia	Philadelphia Residents
Direct Wage and Salary Impact			
Organizational Payrolls	\$1.83	\$1.83	\$1.38
Wages and Salaries Due to Non-Payroll Organizational Expenditures within the Region	\$2.24	\$1.12	\$0.84
Wages and Salaries Due to Audience Spending (Out-of-Museum)	\$7.53	\$7.53	\$5.70
Total Direct Wage and Salary Impact	\$11.60	\$10.48	\$7.91
Indirect Wage and Salary Impact			
Indirect Wage and Salary Impact of Organizational Expenditures	\$3.36	\$2.02	\$1.51
Indirect Wage and Salary Impact of Audience Spending	\$5.60	\$3.36	\$2.52
Total Indirect Wage and Salary Impact	\$8.96	\$5.38	\$4.03
Total Wage and Salary Impact	\$20.56	\$15.86	\$11.95

Table 5
Taxes on Wages and Salaries
Generated by *Salvador Dalí* Exhibition

	Total Paid within Philadelphia Region	Total Paid within Philadelphia	Total Paid to Philadelphia Residents
Total Direct Wages and Salaries	\$11,600,000	\$10,480,000	\$7,910,000
Total Indirect Wages and Salaries	\$8,960,000	\$5,380,000	\$4,030,000
Total Wages and Salaries	\$20,560,000	\$15,860,000	\$11,940,000
Wage Taxes Paid to City of Philadelphia		\$667,000	\$517,000
Income Taxes Paid to Commonwealth of Pennsylvania	\$631,000		

Table 6
Sales Tax and Hotel Tax Impact
Generated by *Salvador Dalí* Exhibition

	Total	Total Paid to City of Philadelphia	Total Paid to Commonwealth of Pennsylvania
Direct Economic Activity			
Sales Tax on In-Museum Sales	\$329,000	\$47,000	\$282,000
Sales Tax on Audience Shopping (Out-of-Museum)	\$352,000	\$50,000	\$302,000
Sales Tax on Audience Food Spending (Out-of-Museum)	\$467,000	\$67,000	\$400,000
Liquor Tax on Audience Retail Spending (Out-of-Museum)	\$167,000	\$167,000	
Sales Tax on Hotel Rooms	\$251,000	\$35,000	\$216,000
Gasoline Tax			\$82,000
Hotel Tax	\$243,000	\$243,000	
Total Sales Taxes on Direct Economic Activity	\$1,809,000	\$609,000	\$1,282,000
Indirect Economic Activity			
Sales Tax on Taxable Indirect Economic Activity	\$120,000	\$11,000	\$109,000
Liquor Tax on Indirect Economic Activity	\$2,000	\$2,000	
Hotel Tax	\$21,000	\$21,000	
Total Sales Taxes on Indirect Economic Activity	\$143,000	\$34,000	\$109,000
Total Sales Taxes	\$1,952,000	\$643,000	\$1,391,000

Table 7
For-Profit Business Activity Generated by *Salvador Dalí* Exhibition
(in Millions of Dollars)

	Within Region	Within Philadelphia
Direct For-Profit Business Activity		
For-Profit Business Activity Due to Non-Payroll Organizational Expenditures	\$6.5	\$6.1
For-Profit Business Activity Due to Audience Spending	\$17.6	\$17.6
Total Direct For-Profit Business Activity	\$24.1	\$23.7
Indirect For-Profit Business Activity		
Indirect For-Profit Business Activity Due to Organizational Expenditures	\$7.8	\$4.7
Indirect For-Profit Business Activity Due to Audience Spending	\$13.1	\$7.9
Total Indirect For-Profit Business Activity	\$20.9	\$12.6
Total For-Profit Business Activity	\$45.0	\$36.3

Table 8
Business Tax and Real Estate Tax Impact
Generated by *Salvador Dalí* Exhibition

	Within Region	Within Philadelphia
Direct For-Profit Business Activity		
For-Profit Business Activity Due to Non-Payroll Organizational Expenditures	\$6,500,000	\$6,100,000
For-Profit Business Activity Due to Audience Spending	\$17,600,000	\$17,600,000
Total Direct For-Profit Business Activity	\$24,100,000	\$23,700,000
Indirect For-Profit Business Activity		
Indirect For-Profit Business Activity Due to Organizational Expenditures	\$7,800,000	\$4,700,000
Indirect For-Profit Business Activity Due to Audience Spending	\$13,100,000	\$7,900,000
Total Indirect For-Profit Business Activity	\$20,900,000	\$12,600,000
Total For-Profit Business Activity	\$45,000,000	\$36,300,000
Annual Business Privilege Taxes Paid		\$312,000
Annual Net Profits Taxes Paid		\$22,000
Annual Real Estate Taxes Paid on Business Property		\$241,000
Annual Use and Occupancy Taxes Paid on Business Property		\$135,000
State Corporate and Other Business Tax Paid	\$270,000	