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Emergency or emerging financing strategies of art museums in the context of a pandemic?

Marek Prokůpek a, Ellen Loots b and Diana Betzler c

aKEDGE Business School, KEDGE Arts School, Creative Industries & Culture Expertise Centre, Paris, France; b Department of Arts & Culture Studies, Erasmus University, Rotterdam, The Netherlands; c Independent consultant, researcher and university teacher, Constance, Germany

ABSTRACT
Even if crises have the capacity to reveal the structural problems that underlie the various components of social systems, little systematic knowledge exists on how museums respond to these situations. Combining what is known about how museums reacted to previous crisis and empirical evidence of how museums recently adjusted their activities and strategies, the article highlights how art museums in Western Europe started to tackle the ambivalent challenge to pursue social purposes while being urged to monetize possible assets. During the COVID-19 pandemic, art museums have adopted ‘emergency’ and ‘emerging’ strategies associated with the modification of the funding mix, new partnerships and collaborations, and sustainable financing. The offer of digital services, a moderate reliance on crowdfunding, blockchain technologies, and an increased sensitivity of community needs, are among the novelties that art museums engaged with. Forerunners that had started with such practices before the pandemic, had the opportunity to take these to the next level.

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Introduction
Museums had barely adapted to the financial climate of 2008–2009 and its aftermath, when in March 2020 the COVID-19 pandemic struck. Museums were forced to take restrictive measures, interrupt or close projects, and some even had to close their doors. Major art museums in Europe cut their costs by reducing or deferring less important projects and focusing on the core tasks, which meant, firstly to keep the museum running, and secondly to provide efficient services to their audience, as was testified by the Van Gogh Museum Amsterdam (R. Groot, personal communication, May 20, 2022). The Tate Gallery in London, as an example, cut the amount of operating expenses in half, and it also needed to eliminate almost 20 per cent of employment positions to save almost 5 million pounds (N. Casey, personal communication, May 11, 2022). During the first year of the pandemic, on average, museums worldwide lost between 40 per cent and 60 per cent of their revenues compared with 2019, mainly due to the discontinuation of programmes, sales in shops and restaurants, and income foregone from rentals of space
Where museum funding largely stems from the market and philanthropy, as in the United States and United Kingdom, such income losses accompanied job furloughs. In continental Europe, where public funding for museums dominates, the immediate economic impact on the majority of museums has been less significant. In both contexts, museums explored new financing strategies.

The ways museums have been affected by the pandemic and how they have dealt with its consequences varies greatly depending on their business models, sizes and demographic contexts. However, budget cuts are to be expected in many countries in the coming years due to the sharp increase in public debt, with subsidies for culture likely to decline (Betzler et al. 2020). Furthermore, private companies in many sectors of the economy may come to experience negative financial impacts and reduce their sponsorship budgets. There is also a chance that the donation focus will shift from arts and culture to the humanitarian and health sectors, with some major global challenges ahead. Overall, museums that rely heavily on private revenues are expected to face a more difficult economic situation in the short and medium term than museums that receive the majority of their funding from public budgets.

The present review focuses on the novel financial strategies that larger art museums in Western Europe have adopted during the pandemic. The reasons for this focus are, first, that according to an ICOM report (2021), large museums in particular are in a better position to experiment with new ways of generating income. Second, museums in Western European nations have in recent years experienced a relatively stronger decline in public expenditure, vis a vis the increase in cultural spending in, for example, post-communist EU member states (Inkei 2019). It is likely that museums in the relatively wealthy contexts of Western European countries had already been testing and implementing new approaches to the financing of their activities before the pandemic. However, in recent decades, several European museums have increasingly found themselves in the paradoxical situation of having to fulfil their public mandate on the one hand, while wishing to implement self-defined social and economic goals on the other. In the uncertain time of a pandemic, such a situation becomes only more pressing.

Methodologically, this exploratory study is primarily based on a review of secondary data, including an extensive collection of journalistic sources, blogs, and reports that highlighted some of the experiments and strategic choices that museums undertook. The secondary data is supported with views from professional museum practice. Key informants in leadership positions in renowned, large European art museums were willing to share their viewpoints (the Van Gogh Museum in Amsterdam, the Hermitage in Amsterdam, and the Tate Modern Gallery in London). While small in terms of numbers, the sample reflects the focus of the study and includes museums that were identified as engaging with novel financing strategies. Additionally, an expert in museum business models and digital strategies was interviewed.

Taken together, the aim of the present study is to compile some recent developments in museum funding and highlight novel financing strategies (either emergency or emerging) that were implemented by large art museums in Western Europe during the COVID-19 pandemic. In the remainder of the text, a number of questions about the current and future funding of museums are addressed:
• Which lessons have been learnt from the previous crisis, and how similar or different will the outcomes for museums be when compared to a mere decade ago?
• What are the strategies in funding and financing of large art museums in Western Europe that could have been observed during the recent pandemic?
• How do these strategies deal with the ambivalent challenge of museums, of defending their charitable purposes while monetizing their assets, and which trade-offs are faced?
• What can, based on the current situation, be expected regarding the future of funding?

Recent developments in museum funding
The composition and structure of finance and funding of museums, similar to other cultural institutions, are strongly influenced by national and regional cultural governance and policy. Vicente, Camarero, and Garrido (2012) identify three main models of cultural policies. The continental European model is characterized by a high degree of government involvement and a strongly centralized administrative system. Secondly, in the British model, government intervention is relatively low and aims to promote culture at an arm’s length. Funding from private contributors such as private firms, individuals, and foundations is promoted by public authorities (Toebel 2013). Thirdly, museums in the American model are mostly private entities with low or no direct government support. Indirect support measures such as tax breaks serve to foster private contributions to the arts and culture (Romolini et al. 2020; Rosenstein 2010; Toepfer and Dewees 2005). In recent years, the boundaries between the three models have become blurred and many museums started to implement a mixed model leading to a hybrid museum funding structure in Europe, to combine public funding, private contributions, and self-generated income (Loots et al. 2022; Romolini et al. 2020; Zarobell 2017; Lindqvist 2012; Camarero and Garrido 2009; Frey and Meier 2006; Johnson and Thomas 1998). As traditionally conservative institutions whose non-profit status promotes their fiduciary responsibility, many European museums are likely to maintain their current status. Still, the increasing spread of fundraising and profitable activities within the museum scene has made an appeal to their entrepreneurial spirits (Odding 2020). In the last decades, European museums have increasingly found themselves in the paradoxical situation of fulfilling their public mandate, on the one hand, while wishing to implement self-defined social and economic goals, on the other. Although direct public funding remains the main contribution to the majority of cultural amenities in continental Europe (Camarero, Garrido, and Vicente 2011), several developments occurred of which some were accelerated by the pandemic.

Public funding
In terms of public funding, a shift from direct support, as in the form of lump sum subsidies, to the promotion of entrepreneurship in arts and culture is observed in many European countries, especially in Western Europe. This is accompanied by instruments such as founder loans, innovation and export promotion, incubation and start-up programs. Public venture capital funds intend to yield not only financial gains but also societal benefits, often in the form of regional development, job creation, and other positive
externalities (Block et al. 2018). Examples of indirect and multi-party funding can be identi-
fi ed in various museum projects. Some European museums have embraced the practice
of establishing incubators for entrepreneurs (Murphy 2018).

It has longer been the case that governments in Western Europe urge their cultural
institutions to become more entrepreneurial (Loots 2015). In relative terms, governments
in Western Europe appear to spend proportionally less on culture, recreation, and religion,
than governments in Eastern Europe. It is reported that the percentage of GDP spent on
these ‘softer’ societal responsibilities was in Eastern Europe nearly double that of western
countries (in 2017), and, if trends continue, old democracies are expected to spend less
than 1 per cent of their national budgets on these domains, while post-communist
states are getting close to 2 per cent (Inkei 2019).

Private contributions

Contributions from private origins, such as corporations, individuals, and foundations,
have undergone significant changes, concomitant with many museums professionalizing
their fundraising activities (Brenton and Bouckaert 2020). A trend that has arisen in
museum partnerships with the private sector is a shift from the traditional advertising
model (Proteau 2018) to more engaged partnerships responding to the wish of corporate
partners to be engaged in content or joint product development rather than being
passive givers. The expansion of market-oriented strategies (Alexander 2018) goes
along with an engagement with the private sector, and the support from foundations
and third-party research funds enables museums to experiment with new types of exhibi-
tion, mediation and research projects. At times, radical shifts like these lead toward ethical
considerations, which have been apparent in the protests of environmental activists and
community groups in a few Western European museums against their partnerships with
funders such as British Petroleum, Shell (Chong 2013), and the Sackler Trust. To address
such concerns, in March 2022, ICOM launched new standards for fundraising to comp-
lement the ICOM Code of Ethics for Museums.

Earned income

Traditionally, museums generate their earned income from the sales of admissions and
guided tours, museum shops and restaurants, room rental, and other services. As a reac-
tion to declining resources, museums have adopted increasingly heterogeneous business
models, which have led to types of museums that were labelled as ‘branding’, ‘event
driven’, and ‘empowering local community’ museum types (Greffe, Krebs, and Pflieger
2017). The branding museum seeks new types of income-generating activities that
include merchandising, consulting services, and capitalizing intellectual property rights.
Event-driven museums focus on the organization of cultural events, exhibitions, and
accompanying programs to attract new and loyal visitors. The empowering local commu-
nity museum serves mostly as a hub for meaningful local meetings (Greffe, Krebs, and
Pflieger 2017). Either by choice or necessity, the importance of generating more earned
income increased for museums (Woodward 2012), which some addressed through capita-
лизing their collections and other entrepreneurial activities, including collecting licensing
fees. Although it may be expected that earned income will never cover all costs to fulfill
museum missions and projects. As Pauget, Tobelem, and Bootz (2021) point out, the earned income of museums in continental Europe usually does not exceed 20 per cent of their budgets.

**Hybrid funding**

Recently, the division between private contributions and earned income has faded owing to museum engagement with private partners. Recent developments in funding and governance led to the growth of hybrid public-private partnerships of co-funding (Rius-Ulldemolins 2016; Pratt and Hutton 2013). Unlike in other cultural areas (Nesta 2019), the role of private venture capital, individual angel investors and networks, and other private investment funds in the museum sector is still underdeveloped.

**Museums and crises**

Crises have the capacity to reveal extant, structural problems and caveats that underlie various segments of the social system. During crises, the causes for public support tended to radically shift, and individuals, as well as firms, tended to reconsider their spending patterns. Private investment in culture is endangered during and shortly after an economic crisis due to decreased profits in many industries due to the underconsumption or production at a higher price point (Pratt and Hutton 2013). While sponsorship-related income is particularly sensitive to business cycles, the support from foundations is also ‘prone to retrenchment during financial shocks’ (Levine 2013, 364). In reference to the 2008 financial crisis, Lindqvist (2012) identified that the crisis had an influence on museum financial health, with a twofold impact: a direct impact which resulted from the reduction of public subsidies, and an indirect impact which was caused by the withdrawal of private sector contributions. Rizzo emphasizes that the global financial crisis impacted negatively ‘on the public as well as on the private sector, implying, among the other things, a drastic reduction of public budgets, a decrease in international tourism demand and a different attitude of sponsorship’ (2010, 50). After the financial crisis, in many countries, public cultural funding was severely limited (Romolini et al. 2020), in particular in Western European countries (Inkei 2019). This challenged museums around the world to seek more private contributions and earned revenue (Proteau 2018).

The global financial crisis of 2008 and the COVID-19 pandemic exhibit some similarities and differences. First and foremost, it can be expected that private contributions from businesses follow a similar pattern. That is, reductions in times that are less economically favourable. Second, the forced closure of publicly accessible places during the pandemic led museums to suffer reduced earned income from admissions, tours, shops and cafeteria sales, which is incomparable with the 2008 crisis. During the latter, cultural venues remained open and were not significantly affected by visitor attendance and expenses (Lindqvist 2012). Third, the relatively quick interventions in various countries by public authorities to prevent lay-offs and permanent closures were unseen during the 2008 crisis. Many public authorities reduced their financial support to arts and culture in the years after the 2008–2009 crisis (Loots 2015), which can be expected nowadays as well owing to the recession that is likely to affect the world in 2022.
Museum finance during the pandemic

Concerned with visitor numbers and the scope of the community in which it operates, with fewer visitors, museums’ earned income has decreased during the pandemic. As pointed out by Françoise Benhamou (2020), public authorities are not able to cover all the losses that subsidized museums have incurred. Museums will need to find new funding strategies. Owing to their high levels of fixed costs (Frey and Meier 2006), it can be expected that navigating the financial challenges by means of other income sources may be difficult for museums. The forced closure of several institutions during COVID-19 has been unprecedented, and made museums reflect on how to fulfill their missions while contacts with their audiences and communities were interrupted. However, crises often breed innovations that may be profitable. Although museums globally have experienced decreased visitor participation, their capacity to deal with those challenges depends on their funding structure and governance model.

One may expect that large flagship museums are able to mitigate the negative impact of financial difficulties due to multiple funding streams. Whereas, smaller museums are expected to extend volunteering services (Pratt and Hutton 2013). On the one hand, independent private museums that strongly rely on visitors and admission fees, are vulnerable and particularly museums of this type are threatened by closure. This is exemplified by the permanent closure of the Paris Pinacotheque in 2016 as a consequence of a significant reduction in foreign visitors after the 2015 terrorist attack (Munro 2016). At the same time, it is expected that these museums are more flexible in their decision-making and, therefore, more flexible to implement new strategies and innovations. Private, small community museums, especially those administered by volunteers, may terminate their daily operations without incurring excessive costs or losses. On the other hand, publicly subsidized museums, in particular national, may exhibit proof of higher levels of resilience compared with independent private ones. In these cases, public subsidies frequently cover large operational costs. It is unlikely that national museums would face permanent closure. However, the financial difficulties expected presently and in the future, may lead to a decrease in activities and expenses.

Evidenced by the financial director of the Van Gogh Museum, the COVID-19 pandemic and its aftermath clearly show that the income from international visitors and commercial activities is vulnerable and not a given. The museum needed to shift its focus onto national visitors, continued to be active in international licensing and fundraising and accelerated the development of online museum concepts (R. Groot, personal communication, May 20, 2022). Also, the Tate Modern, like most other institutions, adhered to a growth model up to the pandemic, entailing the wish for major projects, more space, more activities. The cut in audiences as well as income motivated the museum to reprioritize and shift attitudes, concentrating on its core activities. For the Tate Modern, their local neighbours and communities have always been of central importance but with the loss of their international audience, this has further reinforced the importance of the local and national audience (N. Casey, personal communication, May 11, 2022). The more museums depended on earned income, the more they became affected by the pandemic. The Tate Modern, in ‘normal times’ able to self-generate 60 per cent of its budget, is a case in point. Due to the closures of the museum and the loss of international audiences, revenue from ticketed programs as well as commercial activities,
was severely impacted, resulting in a loss of around 56 million pounds. In the last several decades, the museum was pushed to be less reliant on government support and to be successful in self-generating activities. Because of this direction, the cuts affected the Tate Modern more than museums having a lower percentage of their operating budget coming from the earned income (N. Casey, personal communication, May 11, 2022).

**Identifying three types of financing strategies**

Taken together, three major strategies for future museum financing can be observed: shifts in the composition of the funding mix, a stronger reliance on new collaborations and partnerships, and a stronger focus on sustainable funding models. These observations are supported by examples from major art museums in Western Europe.

**A rearrangement of the funding mix**

The composition of an entity’s funding mix reflects the interests of key stakeholders, as well as financial management decisions and opportunities, consistent with an entity’s preferred business model, mission, purposes, and values. At the same time, the funding mix relies on the context and country-specific circumstances. During the pandemic, measures and support were issued by most European governments (Betzler et al. 2020). In the short term, the pandemic created havoc with budgets and it is unclear as to the amount of public money to be allocated to arts and culture in the future (UNESCO 2021). Owing to the uncertainty of public support, some museums explored new sources of income to soften revenue losses. However, it may be argued that reliance on external income sources was reinforced by the pandemic. To some extent, this development is paradoxical as it rendered museums vulnerable and less resilient. The director of the Musea Brugge explains that a few years prior to the pandemic, the museum relied heavily on its own income, which at times led to the museum to deviate from its mission. He also stated that dependence on commercial activities to maximize visitor numbers and revenues, may be detrimental to cultural heritage appreciation. In the initial period of the pandemic the museum lost significant sums, for which the Flemish government compensated 2.8 million euros out of an estimated loss of 3 to 3.5 million euros (Siegal 2021).

At least four ways in which the funding mix of museums could have been affected, are identified: relying on digital content as a new source of income, prioritizing collections over blockbuster exhibitions, pampering donors and members to gain more income from a private origin, and experimenting with novel funding tools such as crowdfunding and the blockchain technology.

**Developing and disseminating digital content**

By what means have museums attempted to generate additional income during the pandemic? The third ICOM COVID-19 report signals a shift towards digital content on a massive scale, with 38 per cent of the museums involved in the survey indicating having experimented with new online ways of generating income (ICOM 2021). An expert emphasizes that particular museums that already possessed a strategy for
digital transitions, succeeded in speeding up the process during the lockdown (T. Navarrete, personal communication, May 13, 2022).

The Van Gogh Museum accelerated the development of online museum concepts, explaining:

We organized new exhibitions accompanied by an extensive online programme in order to cater to a wider audience, inside and outside the museum. Meet Vincent van Gogh, the official 3D-experience created by the Van Gogh Museum, continued to travel during the COVID-19 pandemic, welcoming visitors in Madrid and Lisbon. (R. Groot, personal communication, May 20, 2022)

It is seen by the museum as a form of cultural entrepreneurship to stay close to the core activities while at the same time looking for new or already existing opportunities to respond to a rapidly changing world.

Hence, by developing digital formats, museums could monetize digital products, content, and services that were most in demand during the health crisis and permitted an international audience to attend and participate. Museums charged admissions for special online events. An example is the Van Abbe Museum in the Netherlands, which charged pay-per-view fees for virtual museum tours with robot guides. In addition, online workshops and lectures were developed and offered, for example by the London Design Museum that sold approximately 4,100 tickets in the first year of the pandemic (McGivern 2021a).

In addition, online retail appears to be a strategy that larger museums select to expand earned income. In January 2021, The Louvre museum used its competitive advantage and left the platform Boutique de Musées for its own e-boutique (Sciolino 2021). According to an expert, the increase in online museum shops during the lockdown is evident in several countries (T. Navarrete, personal communication, May 13, 2022).

How popular are such strategies? According to the third ICOM (2021) COVID-19 report almost 60 per cent of the museum’s survey participants indicated that they did not experiment with new revenue sources. The larger and better-known museums appear to achieve major revenue successes with their offerings (Rea 2021), and not smaller and medium-sized museums. That may be a consequence not only of the investments needed to create digital opportunities, but also of the assumption that audiences are not prepared to pay large amounts for a digital offering. Another challenge for museums is to include the income from the ancillary digital activities in their financial planning, given that this may be unpredictable with few experiences for reference. Some have experimented with pay-as-you-wish models to explore the participants’ willingness to pay and donate. According to an expert, many moves toward digital activities have been impulsive and not successful in financial terms. After the lockdown, such tentative attempts have been abolished by many museums that again focused on in person visits. Mostly museums that already had a plan in place developed further and succeeded in generating some additional income. However, the general view of digital content development and distribution is that it is part of a social media strategy, and not so much a market opportunity (T. Navarrete, personal communication, May 13, 2022). For example, the Rijksmuseum Amsterdam provides digitized versions of artefacts and exhibits from its collection for free, even for commercial purposes. The open access policy is considered a means to reach a wider range of audiences and attract more donors and sponsors (Sanderhoff 2017).
**Exhibiting art collections**

During the pandemic, several museum professionals and experts predicted a shift from organizing blockbuster exhibitions to exhibiting (parts of) art collections. The latter is not only more sustainable from an environmental perspective, but also more efficient in financial terms. The collections under consideration entail museum collections as well as privately owned collections. The Head of Business & Operations from the Tate Modern Gallery testifies:

> We are now also actively looking into all areas of income generation to see where there might be potential. One of our biggest resources is our collection, which has more than 78,000 artworks. There is now a stronger focus on using our collection more in our own galleries as well as being more selective about the works that we borrow externally. While this was always a strong consideration when selecting and organizing exhibitions, we are more interested than ever about collaborating with other institutions who also have a collection, borrowing from single lenders, and concentrating loans from a single location rather than spread across the globe. This not only ties into our environmental sustainability responsibilities but also addresses the financial challenges we are currently facing. (N. Casey, personal communication, May 11, 2022)

**Taking care of patronage**

Patrons and donors are relatively stable sources of income. However, a major economic collapse might generate a negative impact on their willingness to donate. In this respect, the museum sector has broken new ground. Exclusive access to virtual offerings as with member-only digital events, exclusive behind-the-scenes tours, and meetings with artists, curators and experts, were created to retain extant donors and members of the sponsor associations and thus, safeguard their long-term loyalties. This phenomenon has been particularly prominent in the U.S. For example, the National Steinbeck Center provided a virtual membership that relies on an interactive, content-rich way to experience the museum (Cuseum 2020). The importance of membership and stable relationships with loyal supporters is emphasized by the Head of Business and Operations of the Tate Modern:

> Tate’s membership programme is one of the most successful in the world with approximately 139,000 members and we are incredibly lucky to have loyal and engaged members that stayed with us, even during the closures. We are also incredibly lucky to have dedicated and generous supporters, patrons, and corporate partners. Their continued support has enabled us to continue producing an ambitious and innovative programme. (N. Casey, personal communication, May 11, 2022)

However, many European art museums seem to be less comfortable with such an approach. As an expert articulated, income from memberships could become significant and used for larger investments. While during the pandemic some museums developed online donation platforms on their websites, enabling donations to activities such as education, research, or preservation, most of these facilities were discontinued after periods of lockdowns (T. Navarrete, personal communication, May 13, 2022).

**Experimenting with new financing and funding tools**

In recent years, crowdfunding, as a collaborative funding mechanism, has become a tool that allows individuals as well as organizations to generate small contributions by large
numbers of supporters (Loots et al. 2022). The example of the Hermitage Amsterdam, an independent cultural enterprise, speaks to the imagination. It initiated a crowdfunding campaign to compensate for the dramatic losses that the museum incurred due to its closure. Under normal circumstances, 70 per cent of its budget comes from ticket sales (McGivern 2021b). During the first months of 2021, the Hermitage launched a crowdfunding campaign, which succeeded in raising almost one million euros from very small to very large donations. By organizing a special week that drew attention to the Hermitage as well as engaging ambassadors for the campaign, the public has been encouraged to donate. Initiating such a moment of concentration for the museum did not only lead to financial support, but also to new energy levels of staff members (P. Mosterd, personal communication, May 20, 2022).

A minority of museums turned to even more radical and unprecedented techniques to increase income. The State Hermitage Museum in St. Petersburg as well as the Uffizi Gallery in Florence addressed the blockchain technology. Specifically, they ‘tokenized’ some of their precious artworks into non-fungible tokens (NFT). In this manner, a painting of the Holy Family by Michelangelo reaped 140,000 euros. The Uffizi Gallery director explains that it ‘is not a change of direction in terms of revenue, it is an additional revenue. But creating such a market is not a quick thing’ (Artnet 2021). The Hermitage Museum auctioned tokenized versions of five reputed artworks from its collection. The strategy is that each artwork is created in an edition of two, one for sale and one to remain in the collection. The museum claims that this innovative strategy of creating two editions of an artwork provides a new level of accessibility, while it equally emphasizes that digitalization will become an important part of art collecting (Dafoe 2021). These activities may signal an unusual turn in museums’ role in the art market, shifting from an art mediator that is more conceptual to one that is more commercial.

**Collaborations and partnerships**

The choice of partnerships and collaborations illustrates the type and intensity of preferred stakeholder relationships, including the maecenas or business sponsors, other arts and cultural organizations, research entities, schools, and many others. It is not a new phenomenon that cultural institutions join forces and combine their efforts and resources to implement solutions or to connect more with citizens, local communities, and other economic sectors (Rizzo 2010). The literature supports the authors’ observations that many new collaborations and partnerships emerged during the pandemic (Harris 2021; Crooke 2020; Ellis 2020; Lonnroth 2020). These afford new funding opportunities, as through public project funding including European subsidies, and private funding and earned income. Hence, the current crisis has demonstrated a strong level of collegiality between museums and other cultural venues, as well as, other societal partners such as educational institutions. The roles and contributions of co-creative community projects, crowdfunding campaigns for community purposes, local commissions, and local commercial partnerships as through e-commerce is expected to further increase.

**Joining forces for social purposes and citizens’ wellbeing**

In the early stages of the pandemic it could be observed that many museums informed their donors, sponsors, and foundations of the precarity of their situations, frequently
with the request to alleviate the conditions related to funding. Thereby, many of those museums started to articulate more strongly their social impact and social visions, to resonate more strongly the potential concerns of their supporters. While many museums had been accustomed to engaging with their local audiences and serving the critical needs of their communities, these engagements were pronounced more strongly. Several co-creative community projects saw the light (Crooke 2020). Examples are the Pitzhanger Manor and Gallery in London that invited local residents to submit photographs that reflected their lives and experiences during COVID-19, and the McManus Dundee’s Art Gallery in Scotland that, together with organizations with a social earmark, organized digital photography classes that enabled residents to share their personal stories and be involved in the coproduction of artworks and publications. It would be interesting to see whether such ad-hoc crisis partnerships lasted longer and succeeded in building sustainable co-operations.

**Developing museum-corporate partnerships**

New partnered initiatives became market-oriented as never before. Especially at the beginning of the pandemic, some of the larger art museums conceptualized how money could be made to supplant the regular revenue streams. In December 2020, The Louvre organized an auction together with Christie’s and Drouot in which participants bid on artworks donated by artists such as Pierre Soulages and Jean-Michel Othoniel as well as on a variety of museum-related experiences such as, the opportunity to witness the yearly inspection of the Mona Lisa. The auction raised over 2.3 million euros, an amount representing approximately 1 per cent of the museum’s annual budget. It speaks for itself that such manifestations of museums becoming more strongly involved in the art market can lead to tensions (Levine 2013). The Louvre had already established partnerships with brands such as DS Automobiles, Airbnb, Swatch and Ladurée, and more recently developed new partnerships with Uniqlo, the home furnishing company Maison Sarah Lavoine, and the Hong Kong-based tech firm Casetify (Harris 2021).

Several museum-corporate partnerships intend to create a joint product, service, or event. The Van Gogh Museum collaborates with fashion brands such as Vans and Daily Paper to create streetwear collections with Van Gogh prints and statements, with the aim of connecting younger audiences to the famous painter’s work and life (Vermeulen et al. 2019). Other examples are the Swiss brand Swatch that in 2018 created designs for watches based on artworks from the Amsterdam Rijksmuseum collection. The fashion chain Uniqlo started a partnership with the Louvre museum for their spring/summer 2021 collection. HTC Vive and Tate Modern together created a virtual reality room of Modigliani’s studio as part of an exhibition in 2018. These are a few of the activities that could lead to additional income, as well as to new business models and other audiences.

One of the ways in which museums can generate revenues from these partnerships is by licensing. The Van Gogh Museum explains that partnerships in the form of licensed products are an opportunity to access new markets and inspire people from all over the world about the work and life of this eccentric Dutch painter. It is helped by licensing agencies to explore new territories to expand the Van Gogh Museum Amsterdam brand, such as in the United States and Asia (R. Groot, personal communication, May 20, 2022).
**Sustainable finance**

The degree of financial sustainability is contingent upon financial decisions regarding the planning and use of revenues and financial reserves as part of a more comprehensive risk management strategy. To maintain operations and thrive, even in times of economic distress, museums need to rely on sustainable funding structures that include reserves, fall-back-strategies, alternative income strategies, and others. Hence, it is expected that some museums will develop more sustainable financing strategies and establish new financing and investment instruments to be better protected against extraordinary unexpected circumstances in the future.

**Introducing risk management strategies**

To strengthen an organization’s financial capacity for resilience (McGhie 2019), for example, planning for Risk Disaster Reduction is a topic of interest and will gain prominence during the post-COVID-19 period (NEMO 2021). With regard to financial strategic planning, this signifies that reserves must be planned, long-term partnerships must be built, and viable business models must be adopted. Sustainable funding strategies also include long-term options for the capitalization of collections. A more sustainable financial model may lead to more autonomy and resilience. At present, only a minority of museums have introduced targeted risk financial management strategies. Even though museum associations and consultants have pointed to the importance of risk management strategies for decades, only during the pandemic did the urgency of such strategies become apparent at sector levels. A study conducted by Kim and Mason (2020) among 600 non-profit human service and arts organizations proved that organizations with more reserves were less prone to reductions of operating hours or staff, and problems with acquiring supplies or vendor services.

**Installing endowment funds**

Endowment funds serve as a tool for financial risk management and sustainable finance. Being a pool of assets in which museums invest and by which museums can generate a yearly income used to cover organizational expenses, endowments typically originate in major donations and/or legacies. Typically, the worth of the endowment is invested in a diversified portfolio of stocks, bonds, mutual funds and alternative assets that include hedge funds, private equity, or real estate. While more common in the US, the installment of endowment funds has begun to permeate the European museum field. In particular, larger art museums, such as The Louvre, the Centre Pompidou in Paris and the Garage museum in Moscow, create and maintain endowment funds that generate revenues. The creation of such funds requires large initial investment and the personnel proficient to manage these invested funds. For this reason, it might be almost impossible for smaller museums to adopt such a tool, unless collectively.

An endowment fund generates an income that can serve as a reserve for difficult times. However, the returns on the investment are unpredictable and volatile, largely dependent on the state of the economy. Lessons can be learned from the United States, where museum endowment funds experienced the impact of two upsets in previous decades: the Enron crash in early 2002 and the stock market decline in 2008. The results generated significant impacts on budgets and considerable layoffs in the museum sector. In the
short run, exploiting an endowment leads to available cash (Zarobell 2017). However, in the longer run, when the value of the endowment decreases, also the proportion of the endowment to be allocated to operations is reduced. Museums, therefore, might be more inclined to furlough employees than using the endowment for salaries, for example. Even if endowment funds may serve to mitigate risks and bring long-term returns on investment, good practices are still on their way.

Discussion and conclusion

Similar to many other service providers, notably those in the arts and culture, and hospitality and event sectors, museums have been affected by lockdowns and other government measures. This discussion addresses the questions whether major art museums in Western Europe have ‘pulled out all the stops’ to cope with the financial repercussions of such an unexpected crisis, and whether emerging and emergency strategies that were taken up are likely to sustain and spread among other museums.

Throughout this exploration, the authors assessed the lessons that could have been learnt from the previous economic crisis. While the 2008–2009 financial crisis reshuffled the contributory roles in museums’ funding mixes of public and private and resulted in a lesser significance of public support and higher levels of private contributions, mainly by participants and funders, concurrently, many museums still benefit from public support that permits investing in developing profitable activities beyond the traditional.

Museums have not only adopted strategies that relate to the modification of this funding mix, but have also formed new partnerships and collaborations, and developed more sustainable financing.

Firstly, related to the funding mix, it may be noted that many museums offer digital content, develop new online practices with which to engage with their major stakeholders, and initiate open funding mechanisms and tools reliant on crowdfunding platforms and blockchain technologies. All such strategies address the ambivalence of simultaneously engaging members of their supportive communities and monetizing their assets. To share content and expertise in ways other than the traditional visits while opening opportunities for financial support is an auspicious avenue. Museums may then uncompromisingly commit to their expected functions as to acquire, conserve, research, communicate and exhibit (ICOM 2007), and add new sources of revenues to their funding models, many of which rely on receiving relatively small amounts from large numbers of contributors.

Secondly, based on preliminary and anecdotal evidence, several museums appear to engage in collaborations and partnerships to create added value in financial and social terms (Harris 2021; Crooke 2020; Ellis 2020; Lonnroth 2020). Community and participatory projects addressing societal challenges such as mental wellbeing (Vermeulen, Loots, and Berkers 2021), are more popular than before. While alliances with commercial partners have a primary goal of increasing revenues, at the same time, they have the potential to connect new and larger audiences to the collection, the story of the exposed materials (cf. the life of Vincent Van Gogh), and the brand of a museum (Vermeulen et al. 2019). In these practices, a balance between monetizing assets and spreading a purposeful mission can be an achievable end.
Thirdly, while a majority of museums in Western Europe had not been concerned with long term financial and risk management prior to the pandemic, and were prohibited from stockpiling financial reserves, the pandemic may alter this status quo. Lessons need to be learnt about how alternatives to short-term budgets can become sustainable and provide ethical solutions to render museums less sensitive to extraordinary circumstances in the future. Even before the pandemic, it was pointed out that museums would face increasing financial pressure and would become more dependent on additional financial resources. In their analysis of the development scenarios of French museums, Pauget, Tobelem, and Bootz (2021) predict that museums were urged to develop a new managerial perspective to cope with severe budgetary constraints. That perspective would add to the perspectives of deepening the educational and social missions of museums, and of reinventing the museum through the development of hybrid institutions and a participatory approach with new governance characteristics.

Taken together, the present study highlights that expertise and digital activities, crowdfunding platforms and blockchain technology, and wellbeing and community needs, are among the novelties that museums engaged during the pandemic. All such strategies permit museums to tackle the ambivalence of simultaneously engaging members of their supportive communities and monetizing assets.

Based on the current situation, what can be expected of the future of museum financing? During the pandemic, spontaneous, experimental, ad hoc and short-term approaches prevailed. However, those forerunners that had already started with new practices such as related to a digital offering, community engagement, or technology-based financing, have been able to take these to the next level. Based on our observations, expectations are that many museums will experiment with some significant innovations. Movement is expected in areas such as digital activities, licensing, crowdfunding platforms, blockchain technology, and addressing wellbeing and community needs. It is also expected that large museums will rethink their operating models. For example, the Tate Modern recently hired a Director of Business Transformation, who will assess operating processes, look for efficiencies, potential cost savings, and revenue development opportunities (N. Casey, personal communication, May 11, 2022). In line with these developments, it is imaginable that the clear demarcation between commercial and non-profit activities and actors in the Western European museum field (and possibly in the global art market) will dissolve in the near future. However, what remains to be seen is which museums, in which geographic locations, are able to contribute to such business model innovation.

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Notes on contributors

**Marek Prokůpek** is Assistant Professor of Arts Management at KEDGE Arts School, KEDGE Business School. He is also a member of the Creative Industries & Culture Research Center at KEDGE. His research interests lie primarily in the areas of museum fundraising and philanthropy and its ethical dilemmas, art market and innovative business models of arts and cultural organizations.

**Ellen Loots** is Assistant Professor of Cultural Economics and Entrepreneurship at Erasmus University Rotterdam. She specializes in entrepreneurship and business model innovation in creative industries.

**Diana Betzler** is a consultant for private and public commissioners and a lecturer of Arts Management at University of Lüneburg, and an associated researcher at Institut für Verbands, Stiftungs, und Genossenschaftsmanagement (VMI) at Fribourg University.

**ORCID**

Marek Prokůpek [http://orcid.org/0000-0003-4564-8962](http://orcid.org/0000-0003-4564-8962)

Ellen Loots [http://orcid.org/0000-0003-1317-1477](http://orcid.org/0000-0003-1317-1477)

Diana Betzler [http://orcid.org/0000-0003-2470-921X](http://orcid.org/0000-0003-2470-921X)

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