SCET | FRANCE MUSEUMS

Culture Heritage Tourism

New uses, new opportunities

Key figures

60%

Percentage of footfall at cultural venues from tourists.
Our competitiveness as a destination depends on both tourism and heritage.

+214

Number of new museums run by local authorities opened in the last 20 years...
But in parallel the percentage of French people who have visited a museum or exhibition during the year has fallen 10 points.*

(*40% in 1997, 29% in 2018. Source: French Ministry of Culture)

3 levers

to bring out the full potential of our regions

Design a new generation of hybrid cultural venues catering for local residents as well as tourists

Build diversified and resilient business models

Include the approach in the overall development of a cultural district

THE NEW TERRITORIES OF CULTURAL TOURISM

Contents

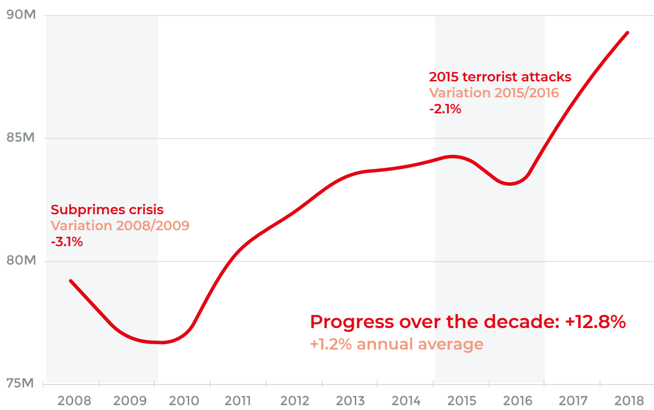
Tourism and culture: major factors in economic recovery

The tourism sector has demonstrated its resilience in times of crisis

France has long been the world's leading tourist destination, and past crises have failed to curtail the growth of the sector. International arrivals have increased by 12.8% since 2008[1] despite the financial crisis of that year and the 2015 terrorist attacks. Despite falling by 2.1% between 2015 and 2016, they bounced back to record levels in 2017[2]. Although the health crisis is exceptional in that it has had an unprecedented effect on both supply and demand, France as a tourist destination is in a more favourable position than other European countries and revenues from international tourism were 21% higher in July 2021 than in July 2020[3].

International arrivals in France

Source: OECD, overnight visitors (tourists)



France can rely on both foreign and domestic tourism

Although data barometers often highlight tourism due to its impact on the balance of trade, domestic tourism is still the primary contributor to France's tourist economy. French tourists accounted for two thirds of overnight stays in 2018, equivalent to 4.6 percentage points of GDP[4]. French tourists were turning more towards domestic travel even before the health crisis (+19% at the end of April 2019 compared to the end of April 2018[5]), and the crisis seems to have strengthened this dynamic, especially where visits to mountainous and rural areas are concerned.

The large number of domestic tourists may explain the resilience of French tourism as a whole, which seems better able to ride out periods of crisis than other European destinations[6]. The contribution of tourism to GDP is nonetheless lower in times of recovery, which means it must consolidate its role as a driver of economic upturn.

Cultural tourism is one of the key assets of France as a destination

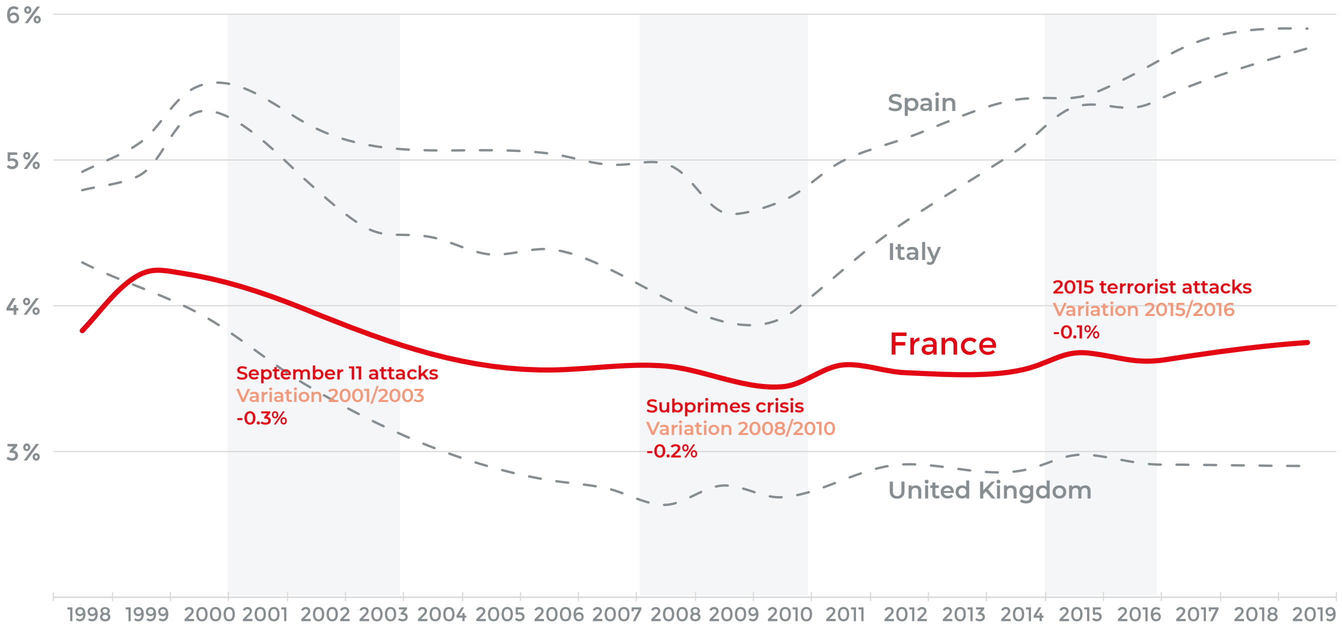
Cultural tourism plays an important role in establishing and maintaining the attractiveness of France and contributes significantly to the economic growth of its regions. With over 44,000 listed monuments and sites, 45 UNESCO-listed sites, 8,000 museums (1,200 classified as "Musées de France") and 500 festivals[7], culture and heritage are among the country's principal tourism-related assets. They also rank highly among the activities of foreign tourists, 49% of whom visited cultural sites in 2018[8].

Tourism is also the primary gateway to culture, accounting for 60% of footfall at cultural venues[9]. It is also an important growth lever for local regions: the sector is estimated to generate 100,000 jobs and 15 billion euros of revenue[10].

We must exercise care, however, when it comes to forecasting the post-pandemic evolution of cultural tourism in France. Transformations whose qualitative and quantitative impacts cannot yet be assessed are underway: a long-term decrease in the number of Chinese visitors, increasing numbers of European tourists, the rising cost of air travel, etc. It now seems vital to propose a cultural offering that is well adapted and carefully adjusted, taking into account both specific regional characteristics and realities in neighbouring areas.

Contribution of tourism to GDP

Source: WTTC (World Travel and Tourism Council)



1 OECD
2 86.9 million passengers, +2.84% compared to 2015. Source: Ibid
3 Atout France (2021), Note – September 2021

4 DGE (2019), « La croissance de la consommation touristique en France se confirme en 2018 ». 4 pages, n°91
5 Amadeus, Les entreprises du voyage, Orchestra (2019), « Baromètre. Les tendances des ventes tourisme par les agences de voyages »
6 It is too early to model the impact of the Covid-19 crisis
7 Atout France (2018), « Le tourisme culturel »
8 DGE (2019), « Over 89 million foreign tourists in France in 2018 »
9 DDGE, « Le tourisme culturel » [consulted 14/10/2021]
10 Ibid

Using cultural projects to leverage local development becoming increasingly difficult

The challenges of dissemination and critical mass

The range of cultural activities has broadened over recent years as new venues have opened. This dynamic nevertheless hides sharp disparities between regions in terms of footfall, which call into question the ability of cultural venues to become drivers of local development. Although metropolitan areas and towns that attract tourists seem to stand apart due to their rich cultural offerings (the Paris Region has 57% of total footfall in French museums[11]), visitor numbers at many less well-known venues seem to be stagnating or even falling at the 400 museums with less than 10,000 visitors annually. A 15-year retrospective analysis shows that the growth of footfall is inversely proportional to the size of the museums[12]. It is undeniable that the select club of very prestigious attractions is where visitor numbers are increasing the most.

Redirecting visitor flows towards regions that lack a pre-existing tourist-related image is thus no easy task. Feedback from these areas indicates that prudence is of the essence when it comes to the ability to create venues that generate new visitor flows and a "Bilbao effect", whether it be in city suburbs, medium-sized towns or rural areas. In these areas, once the enthusiasm linked to the inauguration has died down, footfall can dwindle rapidly and managers are obliged to reposition their offering to cater for local visitors rather than for tourists who are few and far between. The challenge of dissemination raises a clear question: how can we rethink cultural venues to guarantee equitable access to culture and reach out primarily to a local audience? What is the critical mass needed to make a place into a fully-fledged "destination" and to ensure that a cultural facility is viable in the long term?

The challenges of visitor experience and quality

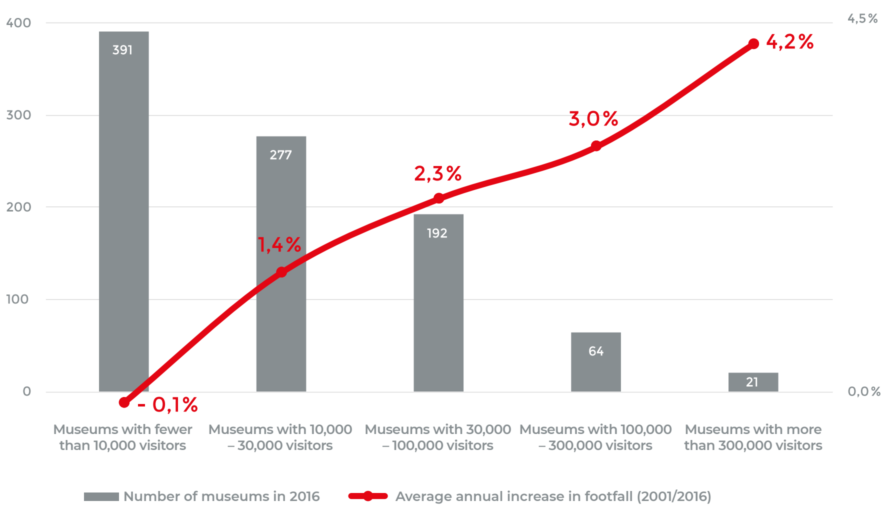
Visitor experience, storytelling, entertainment, accessibility… experiential tourism raises numerous challenges. Although certain sites quickly and efficiently attract visitors, such as the Atelier des Lumières in Paris[13] and the Cité du Vin in Bordeaux[14], other tourist attractions and cultural venues fail to meet the visitor's expectations and wishes in terms of engagement. This situation is illustrated by a gradual drop in spending on culture and leisure in France, unlike in southern Europe where it is stable and in northern Europe where it has been increasing over the past 5 years.

The most eloquent example in France is the Cité de la Gastronomie in Lyon. Although recent, it has been unable to offer a programme that meets the expectations of potential visitors. A lack of programmatic consistency and of varied experiences in terms of the cultural content it offers, as well as its entrance fee policy, have made it very difficult to interest and diversify audiences and to keep visitors coming back.

In addition, competition continues to grow between cultural and tourist activities. Museums and heritage sites must constantly reinvent themselves to persuade visitors to come (or to return), by offering quality visitor reception facilities and new, often high-budget experiences to an ever more exacting public. The Puy-du-Fou has understood this need, creating an audio-visual production hub[15] and going international: in 2021 it opened its first amusement park abroad, the Puy-du-Fou España[16]. It is also planning a new immersive entertainment concept in Shanghai in 2022[17]. Rising to the challenges of experiential tourism also requires a holistic approach: from choosing the destination to the return home, the visitor experience must be looked at as a whole package. Transport, accommodation and food must be placed at the same level as the tourist and cultural attractions themselves in order to create a complete and successful visitor experience.

A small number of major museums account for most growth in footfall

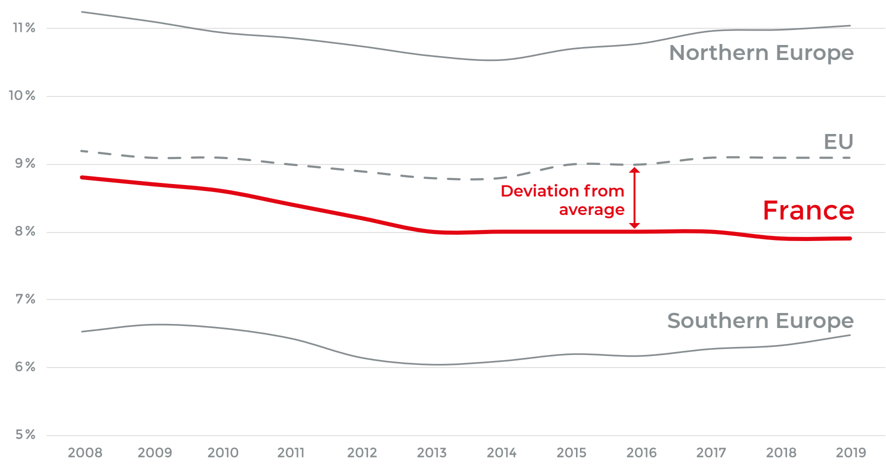
Source: Ministry of Culture



OBSERVATIONS

Gradual fall in spending on cultural and leisure activities in France

(% of household spending)
Source: INSEE, Eurostat. Northern Europe: average Germany, UK, Netherlands, Denmark, Sweden. Southern Europe: average Spain, Portugal, Italy, Greece.



How can we rethink the convergences and divergences between the expectations of domestic and foreign tourists and local visitors in order to build new cultural and tourist offerings for the future? There's a balancing act between "blockbuster" cultural programming designed to attract broad audiences, offerings that focus on niche themes addressing educated visitors and experts, and frequent, varied events designed to attract local visitors.

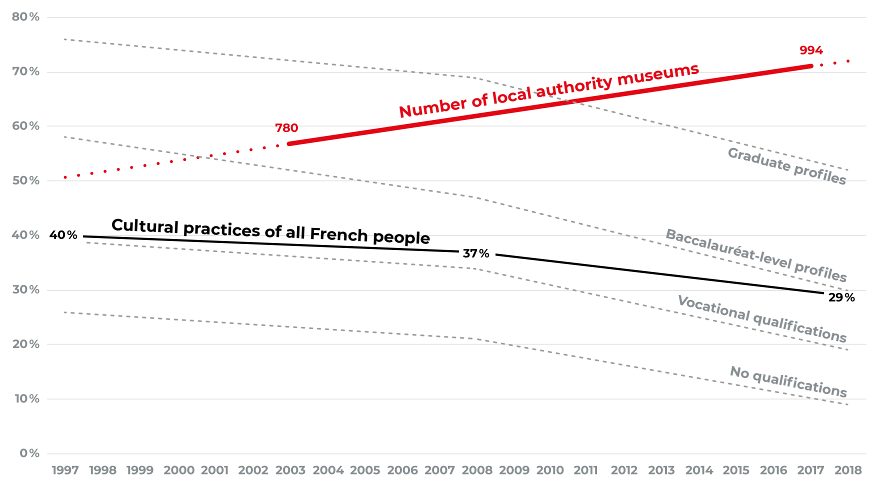
The concept of "glocal" tourism is part of a trend towards greater porosity between tourists and local residents: gastronomic experiences in local peoples' homes, authentic homestays, access to areas usually closed to the public (the wings of a theatre, the storerooms of a museum or the roof of a heritage building). This approach is designed to make local residents into ambassadors.

The challenge of convergence between tourists and residents

Paradoxically, there is a scissors effect between supply and demand: while local authorities are increasingly opening new venues[18], the proportion of French people who have visited a museum, an exhibition or a historic monument over the past year is falling[19], irrespective of the visitors' level of education. This observation highlights a twofold difficulty: how to keep local visitors coming back throughout the year; and how to attract domestic or foreign visitors from outside the area.

A scissors effect between supply and demand

(% of French people who have visited a museum or exhibition during the year)
Source: Ministry of Culture, group on museum statistics



[11] Patrimostat 2020
[12] Source: Ministry of Culture
[13] 400,000 visitors in just 3 months when the site opened on 14 April 2018, Quotidien de l'Art
[14] 4th most visited museum in France outside the Paris Region in 2019, with 416,000 visitors, Bordeaux City Council Website
[15] The Epique Studio company was created to form an audio-visual production hub and make the Puy du Fou's collection of sets and services available to the film industry
[16] A 183 million euro project covering 30 hectares. *La Dépêche*, « Malgré la crise sanitaire, le Puy du Fou ouvre en Espagne son premier parc étranger », 26/03/2021
[17] Infotravel, Le Puy du Fou s'installe à Shanghai, May 2021
[18] The number of local authority-run museums increased by almost 30% between 2003 and 2017. Source : Egmus

Underused cultural capital and a new array of technological resources

New aspirations

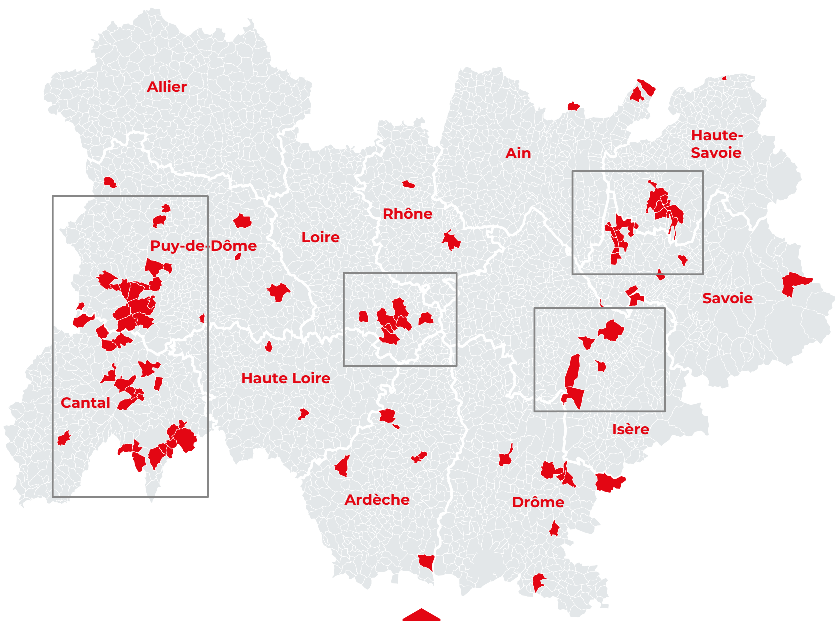
The upheavals caused by the health crisis and growing awareness of the climate emergency have created a shift from mass tourism to bespoke tourism. According to a survey carried out in 2017 by Booking.com, 60% of travellers say they want *experiences* more than anything else. Authenticity emerges as one of the main factors that make tourist destinations attractive: as the academic Kjell Olsen points out, a desire to stand out from the crowd prompts tourists to move away from ordinary tourism when they choose their destinations and opt for places that are seen as less touristy[20]. This leads, for example, to what the sociologist Pierre Py describes as a shift from "sea, sun and sand" holidays to "heritage, landscape and leisure" holidays[21]. Culture thus seems to be a decisive factor in travel: festivals, for example, attracted 7.2 million visitors in 2018 and most often take place in rural areas with few tourist attractions. Experiential tourism also represents an interesting opportunity, as does industrial tourism, which makes it possible to create new offerings for tourists highlighting the history of an area (e.g. the textile museum in Cholet), its products, its expertise, or its outstanding contemporary facilities (e.g. the Airbus factory in Toulouse).

"Revisiting" heritage

France has a rich cultural landscape that has a great deal of potential, but which is unevenly exploited in terms of tourism. The country's cultural and heritage offering has been renewed and enriched over recent years via emblematic venues, both public (e.g. Louvre Lens) and private (e.g. the Bourse de Commerce – Pinault Collection); there are also showcase venues such as La Place Ducale in Charleville-Mézières. This rich heritage and culture is present in administrative areas of all sizes, as shown by the analysis of the cultural capital of the 13 metropolitan regions carried out by SCET for the Agence Nationale de Cohésion des Territoires[22]. By looking at the landscape (the presence of major natural sites), heritage (the density of museums and historic monuments and the presence of Appelations d'Origine Contrôlée labels) and events (festivals), groups of administrative areas (communes) possessing significant cultural capital were identified. This analysis revealed that these cultural clusters do not always correspond to destinations that are already mature. These "new" tourist areas have the potential to deconcentrate tourist flows, which also matches the desire of tourists to get off the beaten track and responds to growing concerns around "overtourism"[23]. These areas with high cultural capital are unevenly exploited as tourist destinations and point to the need for new approaches and new operators.

Map of towns and villages with the highest tourist-related potential in the Auvergne-Rhône-Alpes region

Sources: Ibid, INSEE, SCET



A new array of technological resources

To make the cultural and heritage-related offering more accessible, attractive and experiential, some actors in the sector are adopting creative and innovative approaches making use of brand new technological resources. Digital innovations fundamentally facilitate mediation between cultural objects and visitors, allowing the creation of "interactive museums" such as the Atelier des Lumières whose Gustav Klimt show attracted more than a million visitors in a nine-month period between 2018 and 2019 (equivalent to total footfall at the Grand Palais in the whole of 2018)[24]. Although the investment costs may be dissuasive for operators, these experiences in which digital plays an essential role are becoming more widespread and are laying the foundations for new types of so-called "augmented", "extended" or "enhanced" cultural venues.

New technologies now make it possible to transform cultural and heritage venues by projecting 2D or 3D digital images onto existing architecture or by using augmented or virtual reality within the visitor space. The concept of "augmentation" also covers facilitating access to information and services before, during and after the visit, which can revolutionise traditional interpretive approaches.

It would be a mistake, however, to think that new technologies are destined to replace traditional approaches. On the contrary, it is the very fact that hi-tech and low-tech methods complement one another that ensures the success and consistency of visitor pathways, messages and experiences and which makes it possible to reach out to the widest possible audience.

Le Havre, virtual reality attraction © Timescope

Digital innovations also make it possible to extend cultural venues into visitors' homes. Successive pandemic lockdowns have accelerated the digitalisation of tourist sites and cultural venues, with cultural operators vying with each other to produce the most ingenious, innovative and accessible content: virtual visits to public spaces and places usually closed to visitors, online talks, podcasts and so on.

Digital is a supplementary tool for the enhancement of tourist attractions and cultural venues. It increases productivity and potentially allows existing heritage-related features and expertise to be monetised. New technologies now make it possible to develop new ways of visiting venues and attractions as well as new promotion and sales channels. Last but not least, digital innovations, especially digitalisation of existing content, lead to improved collections management and make it possible to make collections available to the general public either free of charge (as open content) or as paid-for items (by creating and selling NFTs of artworks).

Museum of Modern Art, Paris. Tablet-based interpretive tool on *La Fée Electricité* by Raoul Dufy © Elodie Ratsimbazafy

RMN-Grand Palais, exhibition *Pompeii* , 1 June – 2 November 2020
© Rmn-Grand Palais - Photo Didier Plowy

[20] Kjell Olsen quoted by Saskia Cousin and Bertrand Réau (2016), *Sociologie du tourisme*
[21] Pierre Py, *Le tourisme, un phénomène économique*
[22] ANCT (2021), *Etude des dynamiques territoriales du tourisme*
[23] The term « overtourism » appeared a few years ago to refer to the saturation of tourist sites with growing numbers of visitors. Source: www.vie-publique.fr
[24] https://korii.slate.fr/et-caetera/musees-numeriques-succes-democratisation-atelier-lumieres-micro-folies

Towards augmented, experience-based venues

Designing a new generation of cultural venues intended for local residents as well as tourists

It seems vital to develop a new generation of cultural venues in order to respond to contemporary challenges. These cultural "third places" make it possible to develop a multi-facetted offering combining exhibition spaces, enhanced heritage, an events programme, coworking areas, food outlets, pop-up or permanent shops and local community initiatives. This new generation of venues must be backed up with a new kind of project engineering that is based on expertise and multi-themed: first in order to meet the cultural requirements of a key locale that is expected to become a showcase for the local area, and second to assemble a diverse offering that is able to interest all types of audiences, both local and visiting, irrespective of their age, their prior knowledge of the cultural content or their purchasing power. This new approach allows tourist attractions and cultural venues to move from the status of mono-functional facilities to that of vibrant, multi-disciplinary, hybrid spaces brimming with activities and able to generate a diversified economy.

> "This new generation of venues must be backed up with a new kind of project engineering that is based on expertise and multi-themed.

Exacting and deliberately non-elitist, this new concept of a "destination venue" must offer enjoyment as well as educational value, especially thanks to fun, immersive digital experiences that demystify our relationship with our heritage, with art and with artworks. Through these new mediation channels, it is possible to reach out to broader audiences, to make cultural practices more spontaneous, and to create a sense of wonder. These new experiences are also incubators for innovative approaches emerging in the world of enterprise and start-ups.

Fostering hybrid activities for an impactful programme

Developing hybrid activities serves several goals including that of pooling resources in order to achieve critical mass, fostering overall consistency and ensuring a high level of cultural value.

Hybridisation also means being able to broaden cultural programmes and open them up beyond their original functions. The Lille Opera House is a good example of a cultural venue which, while retaining a prestigious international opera programme, has been able to attract a broader audience thanks to a rich multi-disciplinary programme made up of family-friendly activities, events and concerts designed for local audiences that are not used to going to the opera. These efforts to reposition its programme have allowed it to increase visitor interest and develop a loyal local following.

In-depth knowledge of audiences and non-audiences allows tourist and cultural venues to fine-tune their offerings and adapt their programmes to ensure that supply meets demand and that the expectations and needs of potential audiences are met. Demand analysis initiatives can also be pooled or compared across different venues and regions to ensure that the tourist experience retains a sense of overall continuity and consistency and to create economies of scale between different venues.

Hybridisation of new technologies goes hand in hand with that of cultural activities. The rise of "phygital"[25], made possible in particular by the widespread use of smartphones and the emergence of augmented-reality glasses, increases the opportunities for hybridisation in the virtual and physical worlds. How rich an experience is now depends not only on the quality of its content but also, and most importantly, on how creatively that content is presented.

[25] The term "phygital" appeared in 2013. It is a contraction of "physical" and "digital" and refers to a marketing strategy. Source: www.e-marketing.fr

Business models to be consolidated

As well as investing, anticipate the operation and life cycle of the project

Given the tough economic context, cultural venues have to find new sources of funding. Public venues are already highly dependent on subsidies, and their economic model is increasingly fragile, with public-interest initiatives intensifying and public funding increasingly tight. Using admission fees to solve the problem is not realistic given that in 2019 over a third of French people said they had decided not to enter a venue because the entrance fee was too high[26]. Although 40% of admissions to French museums are free[27], this is consistent with the European average and reflects the "public service" status of these venues whose primary mission is to democratise art and culture, in particular for young people and so-called "distant" audiences.

To consolidate their business models, cultural venues explore other avenues, for example using subscriptions and season tickets for local audiences to build loyalty. They also diversify their revenue streams by renting out spaces, installing on-site or on-line shops, offering one or several eating options, developing a dynamic events schedule, and in some cases offering accommodation or launching branding initiatives. Venues are increasingly investing in spinoff activities such as escape games, themed visits or fun-packed, family-friendly interactive and experiential exhibitions.
Last but not least, some venues are willing to embrace other facilities such as coworking spaces and business incubators, whose business models may help them to balance their books.

By making use of these solutions and adopting new approaches to funding, venues can maximise their own resources and develop a business model that is sustainable throughout the project's life cycle. The idea is to implement a genuine operational finance strategy that factors in all the constraints right from the planning stage so that operating costs can be focused on delivering quality and enhancing the visitor experience.

Resolving the economic equation of heritage sites

Investment in tourist and cultural projects is very high, often tens or even hundreds of millions of euros. This makes it necessary to define new economic frameworks, especially as these projects often overstep their schedule and budget, with an average overspend of 30% compared to initial budget forecasts[28]. Such high levels of investment are also to be found in heritage sites, in particular listed historic monuments, whose restoration is complex and requires the intervention of specialist architects and contractors. Restoration costs are often around 3,000 – 5,000 euros per square metre, which is two to three times higher than construction costs for new buildings.

> "Venues can maximise their own resources and develop a business model that is sustainable throughout the project's life cycle.

These supplementary costs for historic monuments make it impossible to mobilise private developers, who cannot bake these extra costs into their business plans, with the exception of sites that are outstanding and highly visible or located in large cities. To resolve this economic equation, one solution may be to de-correlate the "historic monument" factor by separating the building itself from its operating budget. To allow the owner to offset these excess costs, the amortisation period may be extended. Long timeframes are of value to local authorities, which naturally adopt the long view. Private actors, on the other hand, need short- or medium-term visibility where return on investment is concerned. This difference between short and long timeframes can be an asset: return on investment for public authorities can take longer whereas private stakeholders expect to make a profit in the short term, which is the model used in the framework of certain public/private partnerships.

[26] 4 out of 10 French people decided not to go ahead with a visit in 2019 because of the admission fee. Source: Patrimostat 2020
[27] Source: Egmus
[28] Report by the Cour des Comptes, *Les grands chantiers culturels*, 2007

Focusing on development and fostering cross-development

Where does value lie?

Conversations often focus on a particular facility without dealing with the question of urban renewal in the surrounding area. It is, however, on this urban scale—on the scale of a neighbourhood—that reciprocal value creation can be envisioned. **To what extent does a new cultural venue foster property development projects or commercial and economic developments supported by the footfall it generates? How can the added value generated by the venue be captured?** This trend is also observed among urban planning stakeholders. For example, investment-focused public-private partnerships are increasingly including cultural and tourist-oriented projects in their programmes, which in turn alters their approach. More and more cultural facilities are being included in ZACs[29] (priority development zones), raising the question of operating costs which do not usually appear on the developer's balance sheet. In such cases the challenge is to determine the best way to delimit the scope of investment and that of the operating framework.

Towards new ways of modelling urban projects

Thinking in terms of "broad urban initiatives" instead of "isolated projects" gives rise to a new kind of project engineering that is able to embrace the entire value chain from the cultural or tourist-related concept to the development itself. Discussing "the Opera House area" instead of just the Opera House, "the cultural district" instead of just the museum or "the seafront" instead of just a block of seaside flats is an essential way of approaching projects on an urban scale and engaging in genuinely productive economic thinking.

This paradigm shift is a virtuous circle: it makes it possible to develop a value creation strategy for a site or a neighbourhood, to think about how facilities can complement one another, to foster synergies and to include functionally symmetrical groups of amenities. Economic analysis of each part of the programme makes it possible to identify profitable and loss-making amenities, highlighting adjustments that may need to be made.

> "The idea is to diversify sources of operating revenue in order to consolidate the cash flow of a project.

The resulting overall economic analysis reveals the break-even point of the entire urban programme, which it would be impossible to see if the focus was on a single building.

The idea is to diversify sources of operating revenue in order to consolidate the cash flow of a project. Diversifying revenue streams also makes it possible to be less dependent on a single activity and thus a single market. The economic framework of major arena-type sports facilities is highly relevant in this regard: such facilities are now designed as leisure and entertainment complexes able to host all kinds of events: not only sports fixtures but also concerts and shows.

The varied applications of this approach leverage the intrinsic value and specific characteristics of sites and venues, be they in or near large cities or in towns, rural areas, coastal areas, mountainous areas or overseas territories.

These new urban modelling methods point to the growing hybridisation of internal and external policies. Whether the issue at hand is how to revitalise town centres, how to re-energise shopping areas, how to make housing more attractive or how to cope with the impact of teleworking, all the different fields of local development can now join together in this new generation of cultural venues and districts creating value and a sense of uniqueness for residents and tourists alike.

[29] Zone d'aménagement concerté

Contact us

The SCET Group

A public-interest organisation, SCET is a fully-owned subsidiary of the Caisse des Dépôts. Since 1955 it has supported public/private partnerships and engages with all national and regional stakeholders: national public actors, local authorities, local public organisations, social landlords and private project leaders.

Through its four entities, **SCET** (providing advice to local authorities and support for public/private ventures via its network of 350 local public companies), **CITADIA** (urban development and planning consultancy), **Aatiko Conseils** (consultancy for social landlords) and **CEI** (property consultancy), **the SCET Group is the only integrated organisation in France providing consultancy and support for regional development.**

FRANCE MUSEUMS

As a renowned international museum consultancy, France Muséums designs and carries out world-class museum and heritage projects.
Our story began in 2007 with a groundbreaking collective venture: the creation of the first universal museum of the 21st century in the Arab world, the Louvre Abu Dhabi.
Whether creating new cultural venues or transforming existing museums, our bespoke methodology and robust network of renowned French museums and international partners allow us to provide museums and heritage sites with state-of-the-art solutions.
Each of our projects offers unique storytelling and a memorable visitor experience based on high-quality content and design at every stage.
Our fully integrated approach allows us to develop highly successful cultural projects in an effective, process-driven and streamlined way.

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