



**Guggenheim** BILBAO

**Study of the Economic Impact of the Activities of the Guggenheim  
Museum Bilbao – Estimation for 2011**  
December 30, 2011

In response to the growing awareness and concern among citizens regarding the role that companies and institutions should play in society, this study has introduced new perspectives in the analysis of the impact of the Guggenheim Museum Bilbao's activities by embracing the concept of triple sustainability or the triple bottom line.

### The Triple Bottom Line Approach to Impact Analysis

*"Every action you take in business has two components: an impact on profits and an impact on the world."*

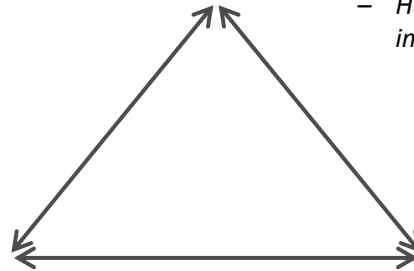
*Andrew W. Savitz and Karl Weber, authors of the book "The Triple Bottom Line"*

### Economic

- What is the Museum's impact in terms of GDP, jobs, and tax revenue?
- How has the Museum helped to transform Bilbao and improve the competitiveness of the region? Which sectors of the economy have benefited the most?
- How has the Museum helped to reinforce and promote the image of Bilbao in other countries?

### Environmental

- How is the Museum committed to respecting the environment, preventing pollution and practicing sustainable waste management?
- What sustainable actions or practices implemented by the Museum contribute to a healthier atmosphere and increased efficiency?

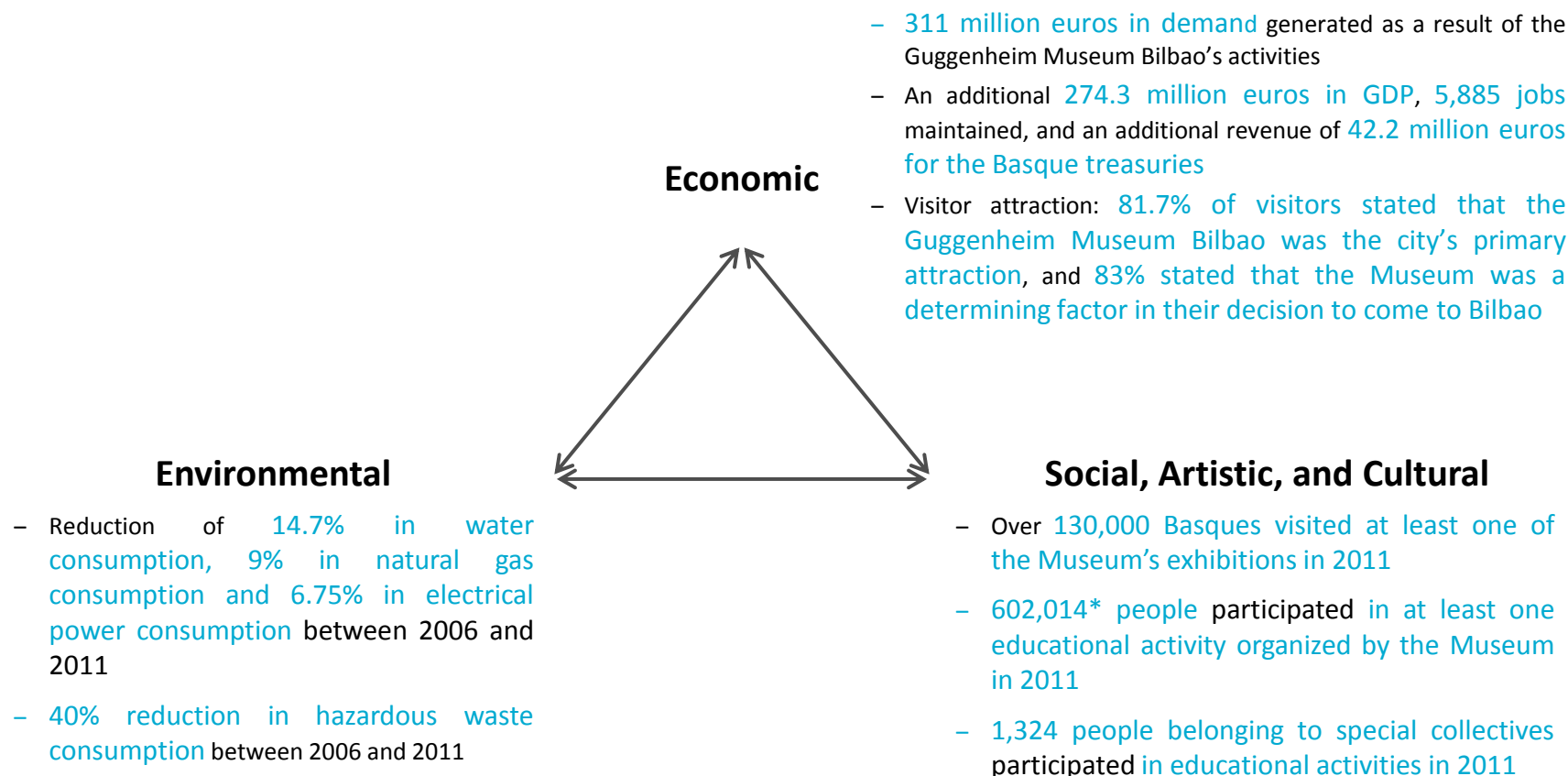


### Social, Artistic, and Cultural

- How has the Museum contributed to the social and cultural development of its context? What are the specific results of this contribution?
- How has the Museum's new management model influenced the modernization of management models used by other cultural institutions?
- Which initiatives have promoted the integration and development of special collectives (disabled persons, the elderly, etc.)?
- Which initiatives have helped to enhance the prestige of Basque art and artists?

In accordance with the methodology and purpose of this study as described above, the following summary presents a series of key figures that explain and reinforce the main conclusions drawn from the study, which will be discussed in further detail in subsequent pages.

### Primary Conclusions of the Study



\* After 2009, this figure includes people who participated in online activities, an area that has grown substantially in recent years.

Using the input-output tables for the Basque regional economy, the economic impact study allows us to evaluate the demand generated by the Museum's activities in terms of GDP and jobs in the Basque Country and to quantify the revenue collected by the Basque treasuries as a result.

### Model for Evaluating the Economic Impact of the Guggenheim Museum Bilbao's Activities

#### Total Demand: Guggenheim Museum Bilbao 2011

##### 1. Expenditure INSIDE the Museum

This includes the amounts spent by visitors INSIDE the Museum (tickets, guided tours, café-restaurant, store) as well as the contributions made by corporate members, subsidies and expenditure associated with the organization of special events.

##### 2. Visitor expenditure OUTSIDE the Museum

This represents the total amount spent by visitors OUTSIDE the Museum during their stay in the Basque Country (hotels, restaurants, transportation and leisure).

#### Principal sectors impacted

- Recreational and cultural activities (ticket sales, guided tours, etc.)
- Catering (expenditure in the Museum restaurant, café, etc.)
- Retail sales (expenditure in store)
- Other business activities
- Hospitality industry (lodging, restaurants and similar)
- Ground transportation (transportation for traveling to and moving around Bilbao)
- Recreational and cultural activities (expenditure on leisure/entertainment)

#### Ripple Effect: The Leontief Model



**Direct Impact:** Evaluation of expenditure made by public and private agents participating in activities associated with the Guggenheim Museum Bilbao.

**Indirect Impact:** Economic impact is not limited to direct effects, as those who benefit directly from the Museum's activities must in turn place orders with various suppliers to meet the demand generated, thus initiating a second round of transactions in which those suppliers must increase orders with their own suppliers, and so on.

**Induced Impact:** The increase in production creates more jobs and more income derived from employment, which in turn stimulates household consumption.

#### Economic Impact



**GDP**  
Increase in the overall wealth of the Basque Country due to the activity generated by the Guggenheim Museum Bilbao.



**Jobs**  
Average number of equivalent jobs maintained each year thanks to the activity generated.



**Taxes**  
Increase in the amount of revenue payable to treasuries (VAT, personal income tax and corporation tax).

In order to calculate **FINAL DEMAND**, we must estimate the economic activity generated by agents associated with the activities of the Guggenheim Museum Bilbao. To this end, we have considered the following factors:

- **Expenditure by companies, individuals and institutions inside the Guggenheim Museum Bilbao** in the form of wire transfers, subscriptions, direct and indirect sponsorship, fees, and other contributions, as well as expenditure by visitors inside the Museum when purchasing tickets, buying merchandise in the Museum store and patronizing the café-restaurant. This information was taken from the Museum budgets.
- **Expenditure related to the organization of events at the Museum** (symposia, book launches, awards ceremonies, lectures, etc.) was taken from the budgets of the Guggenheim Museum Bilbao.
- **Expenditure by visitors outside Museum facilities on lodging, transportation, shopping, leisure and catering services** was calculated based on the results of a survey conducted during the months of April, June and August 2011, in which a total of 4,152 people were interviewed. The study only included statistics on survey participants who stated that “the Guggenheim Museum Bilbao was a determining factor in their decision to come to Bilbao” and those who planned to stay for less than one month—a total of 3,449 people or 83% of all survey participants.

### Estimation of FINAL DEMAND

Expenditure <u>INSIDE</u> the Museum (Visitors + companies)*	
<b>A. Ticket sales</b>	
Total ticket sales in €	
	<b>Total tickets = A</b>
<b>B. Museum store sales</b>	
Total Museum store sales in €	
	<b>Total sales = B</b>
<b>C. Expenditure in restaurant (not just concession)</b>	
Total restaurant expenditure in €	
	<b>Total restaurant = C</b>
<b>D. Subscriptions, sponsorship and subsidies</b>	
Total subscriptions, sponsorship and subsidies in €	
	<b>Total subscriptions = D</b>
<b>E. Other income</b>	
Total other income in €	
	<b>Total other = E</b>



Visitor expenditure <u>OUTSIDE</u> the Museum		
No. of tourists (by place of residence)	x	Average expenditure** (by place of residence)
		= Total Expenditure
<b>F. Museum visitor expenditure on lodging</b>		
$X_n$		$Y_n \text{€}$
		$= X_n * Y_n \text{€}$
<b>Lodging expenditure = F</b>		
<b>G. Transportation expenditure (to reach Bilbao and within the Basque Country)</b>		
$X_n$		$Z_n \text{€}$
		$= X_n * Z_n \text{€}$
<b>Transportation expenditure = G</b>		
<b>H. Catering expenditure</b>		
$X_n$		$V_n \text{€}$
		$= X_n * V_n \text{€}$
<b>Catering expenditure = H</b>		
<b>I. Shopping expenditure</b>		
$X_n$		$W_n \text{€}$
		$= X_n * W_n \text{€}$
<b>Shopping expenditure = I</b>		
<b>J. Expenditure on leisure and other activities</b>		
$X_n$		$P_n \text{€}$
		$= X_n * P_n \text{€}$
<b>Leisure expenditure = J</b>		



Total DEMAND – Guggenheim Museum Bilbao	
<b>Expenditure <u>INSIDE</u> the Museum</b>	
Total ticket sales in €	<b>A</b>
Total Museum store sales in €	<b>B</b>
Total restaurant revenue in €	<b>C</b>
Total subscriptions, sponsorship, and subsidies in €	<b>D</b>
Total other income in €	<b>E</b>
<b>Expenditure <u>OUTSIDE</u> the Museum</b>	
Total lodging expenditure in €	<b>F</b>
Total transportation expenditure in €	<b>G</b>
Total catering expenditure in €	<b>H</b>
Total shopping expenditure in €	<b>I</b>
Total leisure expenditure in €	<b>J</b>

$$\text{Total Demand} = A+B+C+D+E+F+G+H+I+J$$

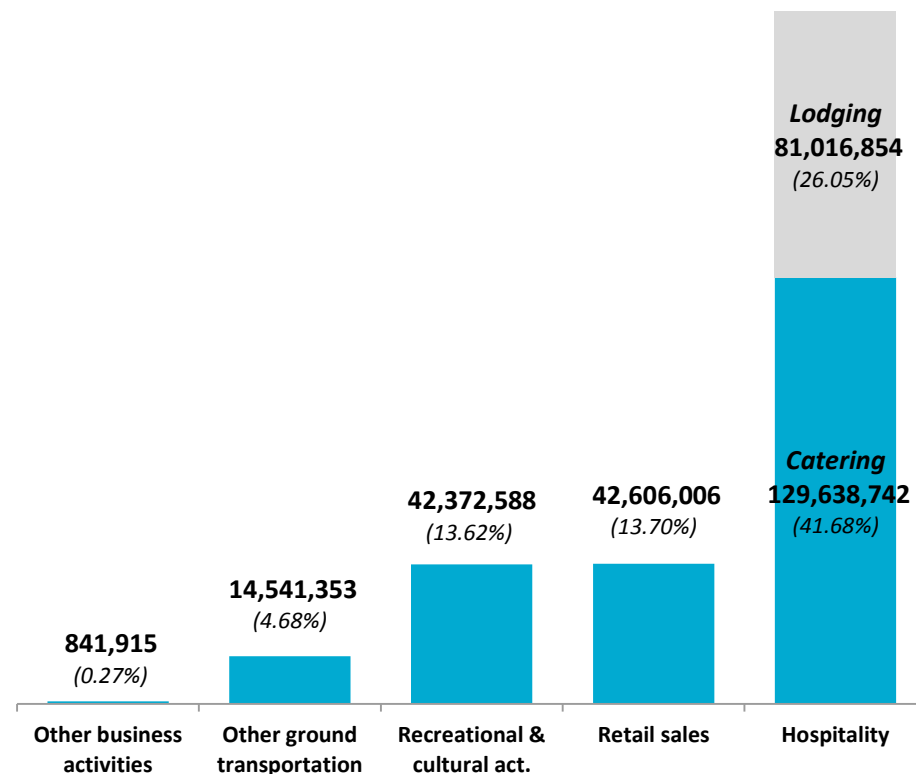
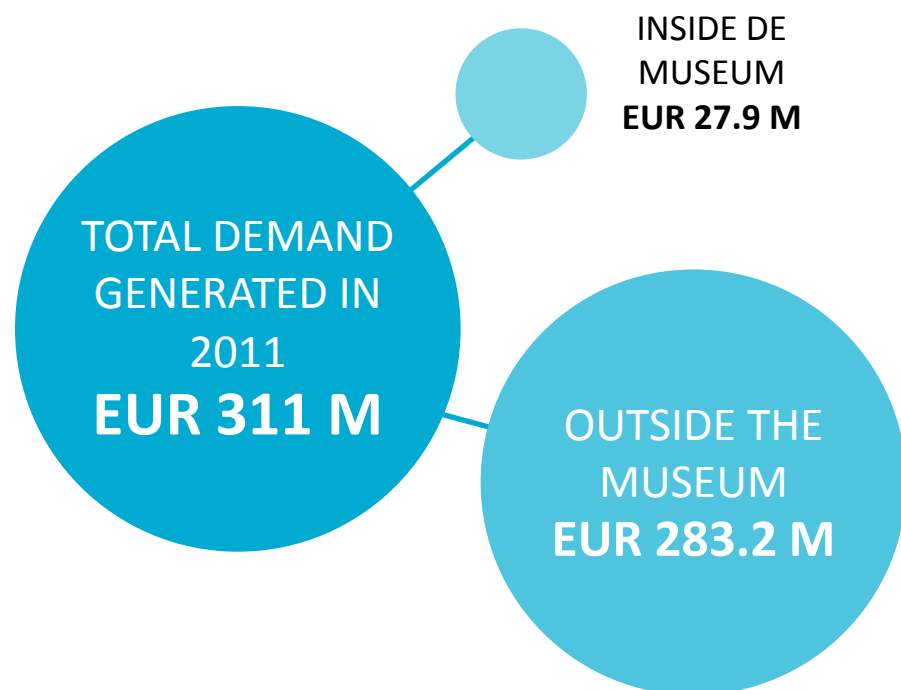
\*Data obtained from the financial records of the Guggenheim Museum Bilbao

\*\*Data obtained from 3,449 surveys conducted during 2011

The final demand generated by the Museum’s activities over the course of 2011 amounted to 311 million euros. Of this total, 27.9 million euros (8.96%) were spent inside the Museum (tickets, guided tours, store, special events, etc.) while the amount spent outside the Museum by visitors during their stay was 283.2 million euros. The greatest impact was on the hospitality industry (*lodging and catering*).

Final Demand Generated by the Activities of the Guggenheim Museum Bilbao

Principal Sectors Benefiting from the Museum’s Activity

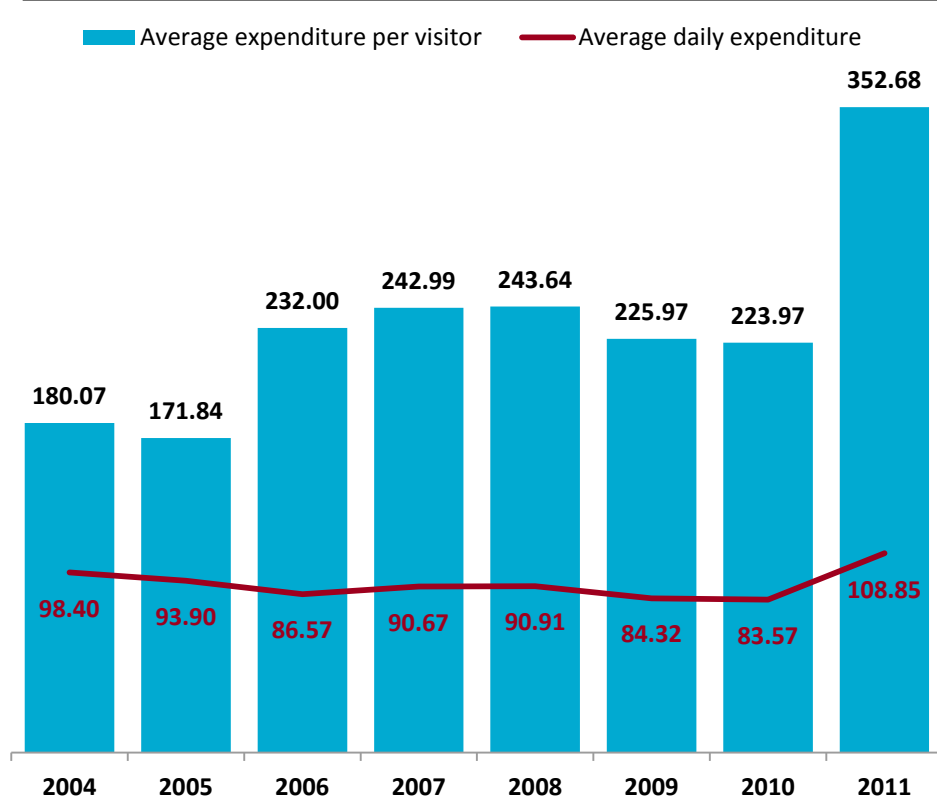


Source: in-house report based on data supplied by the Guggenheim Museum Bilbao and the results of 3,449 surveys

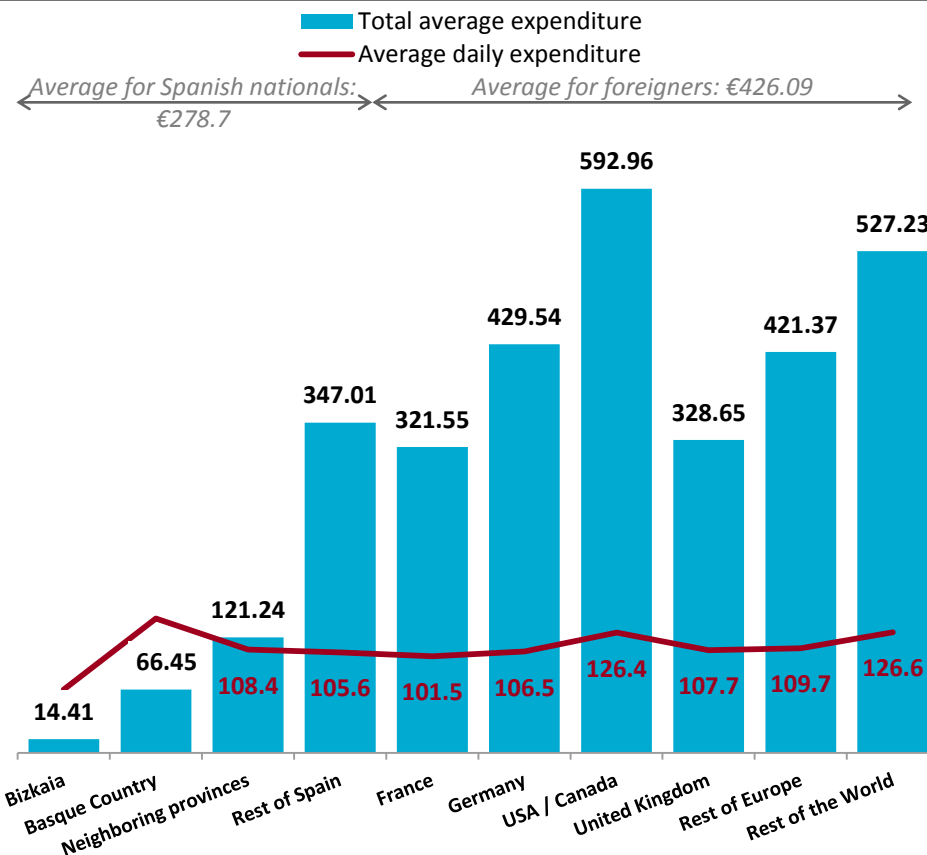
Includes expenditure generated by the restaurant, not just the amount derived from its concession  
Source: in-house report based on data supplied by the Guggenheim Museum Bilbao

The total average expenditure of visitors who come to the Basque Country drawn by the Museum was 352.68 euros, 52% higher than in 2006 (*the last year in which spending profiles were revised*). This is due primarily to the increase in the average number of Museum visitors who stayed overnight in the Basque Country, inflation and increased expenditure on lodging and catering.

Evolution of total average expenditure and daily expenditure per visitor OUTSIDE the Museum – Euros



Distribution of total average expenditure by visitor's place of origin in 2011 – Euros

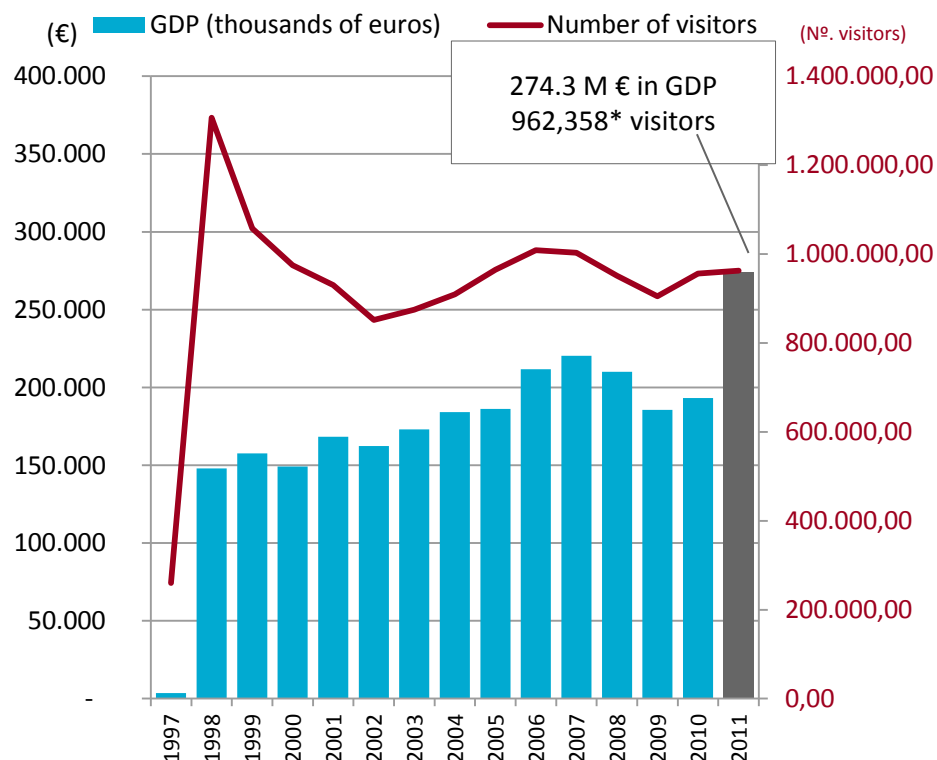


Source: in-house reports based on data supplied by the Guggenheim Museum Bilbao and the results of 3,449 surveys

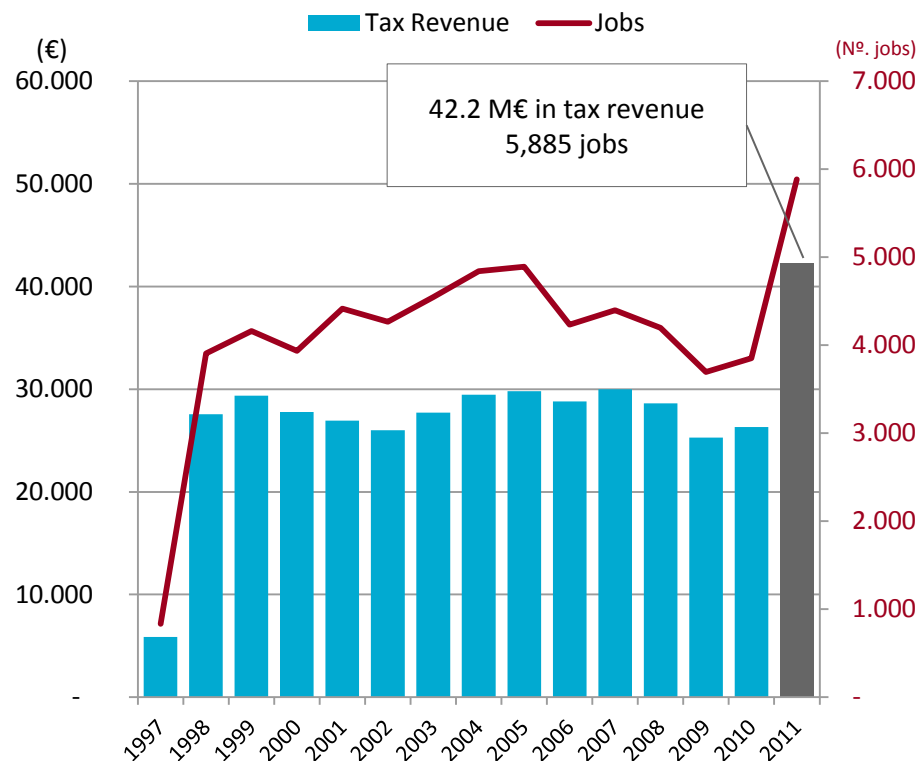
The activities of the Guggenheim Museum Bilbao in 2011 have helped to generate 274.3 million euros in GDP, maintain 5,885 jobs and provide the Basque treasuries with an additional 42.2 million euros in tax revenue, taking into account direct, indirect and induced effects.

These figures represent 0.42% of the Basque Country's GDP and 128.82 euros per Basque citizen, 0.57% of the regional labor force, and 0.39% of all revenue collected by the provincial tax authorities (*Eustat data*).

### Evolution of Economic Impact and Number of Visitors



### Evolution of Jobs and Tax Revenue Generated



\* Final figure of visitors in 2011 based on data supplied by the Museum

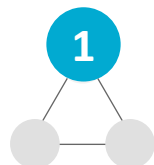
\*\* After 2006, this also includes induced impact

Source: in-house report based on data supplied by the Guggenheim Museum Bilbao



The Museum has been one of the driving forces behind the city's transformation and revitalization, a powerful visitor magnet that has increased demand in the tourism industry and inspired the creation of other high-quality services and consumer options. The Museum's media appeal has also attracted a great deal of international attention, allowing the city and the region to become part of a network on the cutting edge of innovation.

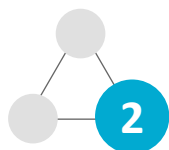
### Other Economic Impacts



## Transformative Effect

The Guggenheim Museum Bilbao has been a driving force of transformation in Bilbao, making art and architecture a focal point of the city's revitalization.

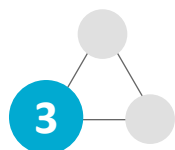
- The Museum has become a recognizable icon, and thanks to its influence Bilbao has experienced an urban renewal with the creation of singular buildings designed by renowned architects.
- Moreover, the Museum's success and the unwavering support of the authorities throughout the entire process have made art and culture the focal points of the city's economic development and revitalization.



## Power of Attraction

Since it first opened in 1997, the Museum has consolidated its status as an institution with a solid reputation and powerful magnetism, attracting new tourists eager to learn more about the Basque Country and developing services to meet new needs and challenges.

- For 81.7% of all visitors surveyed in 2011, the Guggenheim Museum Bilbao has become the primary tourist attraction in Bilbao.
- For 83% of all visitors surveyed, the Museum was a determining factor in their decision to come to Bilbao.
- In 2010, the Guggenheim Museum Bilbao was the leading museum in terms of visitor numbers outside of Madrid and Barcelona.



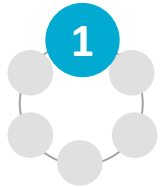
## International Media Impact

The construction and opening of the Museum has substantially increased the city's visibility in the international media, allowing it to become part of a worldwide network on the cutting edge of innovation, putting Bilbao on the map, and stimulating the development of other business activities.

- In comparison with other leading museum institutions, in 2010 the Guggenheim Museum Bilbao was the most frequently mentioned at the national level, with a total of 12,295 news items published about the Museum.
- The significant number of news items published each year in both the Spanish and international press, citing the Museum as an architectural landmark and driving force of economic renewal, confirms that media interest in the Museum remains keen.

The existence of the Guggenheim Museum Bilbao has given citizens access to contemporary artworks and artists of the first order, generating a growing interest in the added value that art contributes to the city. Moreover, the implementation of an innovative public/private management model has made the Museum an example to follow for other cultural institutions.

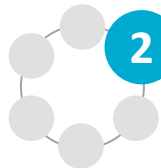
### Social, Artistic, and Cultural Impact



## Bringing Art Closer to Citizens

The Museum acts as a **powerful promoter of contemporary art**, with a particular emphasis on highly innovative proposals, offering ordinary citizens a chance to enjoy works by today's leading contemporary artists.

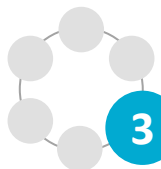
- Since its opening, the Museum has **organized 117 shows of the highest quality**, featuring works from its own collection and others brought in for the temporary exhibitions.
- The Museum Collection contains **124 works by 70 different artists from a wide variety of countries**.
- In 2011, **approximately 130,000 Basques visited the Museum—6% of the total population of the Basque Country**.



## New Art Venues in the City

The Museum's opening sparked a new interest in art among ordinary citizens and made them aware of art's potential to beautify and enhance the value of their city. As a result, the **urban landscape of Bilbao is now dotted with works by artists** such as Dalí, Chillida, and Oteiza, and **new galleries and art venues have opened across the city**.

- Since the Museum first opened, **over 20 works by renowned artists have appeared on the streets of Bilbao**, turning the city into a veritable outdoor museum.
- **The number of galleries and other art centers in the city has increased since the Guggenheim Museum Bilbao opened its doors**



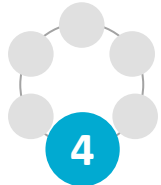
## Modernization of Management Models

The Guggenheim Museum Bilbao has opened the eyes of other art centers and institutions to **new possibilities in the area of financial, administrative and aesthetic management**. Its novel management model has been imitated by other cultural institutions, setting a precedent for the construction and management of museums in the Basque Country.

- The Guggenheim Museum Bilbao was the **first museum in the Basque Country to implement a management model of this type**, which has since become an international point of reference.
- At present, **45% of all Basque institutions that manage museums and art collections are privately operated**, and **34% of them have friends associations or membership programs**.

The Museum has been firmly committed to education since it first opened, striving to help people learn about and interpret modern and contemporary art, ensuring that everyone has equal access to the cultural proposals on offer, and exerting an undeniable influence on the Basque art scene.

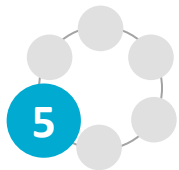
### Social, Artistic, and Cultural Impact



## Promotion of Basque Art

The **influence** of the Guggenheim Museum Bilbao on the Basque art scene **extends beyond the mere exhibition and purchase of works** by Basque artists.

- The Guggenheim Museum Bilbao Collection contains a total of **33 works by 23 artists who were born in the Basque Country or who live and work there.**
- The Museum’s activities and its status as part of **an international museum network have attracted a number of high-level professionals to the city.**
- The Museum has also established a permanent collaboration with the Faculty of Fine Arts at the University of the Basque Country (UPV/EHU).

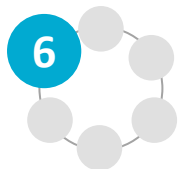


## Contribution to Education

The Museum has always attached particular importance to its role as an educational institution. In keeping with this conviction, the Guggenheim Museum Bilbao actively **promotes, supports, and organizes artistic and educational projects that aim to help citizens learn about and interpret modern and contemporary art.**

- In 2011, **602,014\*** people participated in at least one of the educational initiatives proposed by the Museum.
- **32,578 schoolchildren (9.8% of all students enrolled in the Basque Country) have taken part in a didactic program** organized by the Guggenheim Museum Bilbao in 2011.

*\* After 2009, this figure includes people who participated in online activities, an area that has grown substantially in recent years.*



## Accessibility: Art for Every Sector of Society

From the outset, the Guggenheim Museum Bilbao has worked **to ensure that everyone is able to enjoy the different cultural proposals that the Museum has to offer, including those with any type of disability, the elderly, children and certain collectives** which, under given circumstances, may be at a disadvantage.

- The Guggenheim Museum Bilbao has **led the way in implementing a universal accessibility management model according to standard UNE 170.001-2, and was the first museum in the world to obtain such certification.**
- In 2011, **1,324 people belonging to special collectives** participated in at least one of the activities organized by the Museum.

The Museum is firmly committed to preventing pollution, controlling its environmental impact, minimizing waste production, and practicing responsible waste management. Thanks to the efforts made in this area, between 2006 and 2011 the Museum has managed to reduce its water consumption by 14.7%, natural gas consumption by 9%, and electrical power consumption by 6.75%.

### Principal Measures Taken by the Museum – *Certified under the ISO-14011 Standard*

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- **Energy optimization and reduction of water, electrical power, and gas consumption.** Between 2006 and 2011, the Museum has reduced its water consumption by 14.7%, natural gas consumption by 9%, and electrical power consumption by 6.75%.
- **Selective collection and reduction of waste.** Thanks to a proactive waste management policy, in 2011 the Museum was able to recycle 500 bins of used paper and cardboard, 270 bins of plastic, and over 1,000 kilos of frying oil.
- **Creation of a special storage area for managing hazardous waste.** Specific management practices for hazardous waste have allowed the Museum to cut consumption by 40% between 2006 and 2011.
- **Annual internal and external environmental audits.** As part of the ISO-14001 certification system, the Museum designed an annual environmental program and a registry to track its progress on matters affecting the environment.
- **Environmental training and information for staff.** As part of the certification process, the Museum arranged specific training for technical staff and introduced initiatives to raise awareness among Museum employees and ensure that environmental measures are being implemented.



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