

**ACM Leadership Call: Pricing in the Current Economic Climate**  
**January 26, 2009 — 3:00 PM EST**

**I. Welcome and Introduction, Neil Gordon, ACM Board President and Executive Vice President and Chief Operating Officer, Boston Children's Museum (MA)**

Neil Gordon introduced the second call on museum leadership in challenging economic times. Minutes from the call will be posted on the ACM Members Only site, where minutes from first call on December 22 are also posted. Gordon introduced call moderators Andy Ackerman, Executive Director of Children's Museum of Manhattan (NY), and Catherine Horne, President & CEO of EdVenture Children's Museum (Columbia, SC).

**II. Admissions & Memberships, Andy Ackerman, Executive Director of Children's Museum of Manhattan (NY)**

Andy Ackerman noted four things that children's museums have as assets: time, space, staff and expertise. How children's museums look at those four things from a mission point of view and a margin point of view, especially in tough economic times, is key to understanding how we can maintain revenue to sustain and grow our institutions. The balance between mission and margin brings to the forefront the relationship between contributed income and earned income. Ackerman asked, How do we look at the use of our space in terms of generating earned income? How do we look at the local community to determine where demand lies from people and companies who want to pay for our services? Who would want to pay for our services? It is critical that we share how we can detect local and national trends so we can stay nimble in today's economic climate. Many museums develop five- and ten-year plans for the future, but today, when things are changing so rapidly, five- and ten-minute plans might seem more appropriate! Part of this requires distinguishing between your audiences, such as local families versus tourists.

Neil Gordon invited museum leaders to share how they recently have implemented changes, or have considered implementing changes, to admission fees or memberships in response to the economic climate.

- Lesly Attarian reported that after opening a larger facility, Please Touch Museum (Philadelphia, PA) has met its membership goals for the year. Families are willing to pay more to obtain a membership because they plan to maximize its value by attending the museum more often. Recently the museum adjusted its membership renewal offer from a 12-month membership to a 15-month membership and also adjusted its price points. Previously, memberships sold for \$130 for 4 people, \$150 for 6 and \$200 for a reciprocal membership. Now these prices have jumped to \$150, \$170 and \$220 respectively. Membership sales are strong. Forty-five percent of memberships are at the \$150 level and above. Attarian advised looking not only at *who* is purchasing memberships, but at the *levels* at which they are purchasing them. After the museum's daily admission fee went up, visitors saw increased value in annual memberships. Also, members are outspending regular visitors at the museum café.
- Lisa Atallah reported that at WOW! Children's Museum (Lafayette, CO), attendance is up but memberships are down. The museum is seeing a new trend of families that "pay as you go" rather than pay upfront for unlimited access through membership. Note: adults are admitted free, and children are \$7. Memberships that cover 1-3 children range from \$65-\$85. The museum has not increased membership prices in four years.
- Janice O'Donnell reported that at Providence Children's Museum (RI), when visitors pay admission they receive a coupon that they may use to deduct the admission price from membership if they join within two weeks.
- Paula Peterson shared that both admissions and memberships at the Children's Museum of Easton (MA) are up.
- Sarah Orleans reported that Portland Children's Museum (OR) has also seen a large increase in membership. Overall attendance is up as well.
- Bryn Parchman reported that Port Discovery Children's Museum (Baltimore, MD) is seeing an increase in membership sales. In January the museum offered a special on 15-month memberships. No impact on general admission has not been detected yet.
- Maureen Mangan reported that Long Island Children's Museum (Garden City, NY) has instituted an aggressive price increase for basic family membership. The museum offered an early renewal option for

members to lock in 2008 membership prices, which had a high response, along with an increase in people who opted for two-year renewals.

- Debbie Spiegelman reported that Miami Children's Museum (FL) decided to maintain its current admission price at \$12 and the family membership rate at \$150, but it increased the fee for the reduced rate membership for Florida residents. Twenty percent of the museum's business is tourists. Calling people directly regarding membership renewals also has had a positive effect.
- Rich Winefeld has observed that at Bay Area Discovery Museum (Sausalito, CA), people are taking an average of three months to renew memberships. The museum is considering an automatic membership renewal via credit card (member would have the choice to opt out of the system). No other museum leaders reported using an automatic renewal option.
- Sarah Orleans reported that Portland Children's Museum experienced a 48 percent renewal rate by offering members an extra two months on their membership if they renew in their anniversary month. Like the 15-month renewal, this offer discourages people from visiting the museum on the last day of their membership period and then renewing their membership only on their next visit.

### **III. Parties & Gift Shop Sales, Catherine Horne, President & CEO of EdVenture Children's Museum (Columbia, SC)**

Catherine Horne said that EdVenture Children's Museum (Columbia, SC) is trying to encourage visitor sales by examining what is working and what is not working. On the December 22 leadership call, she mentioned that the museum recently adjusted its birthday party benefits and pricing. Now there is no additional charge for adults. Including more adults at each party also creates powerful word of mouth among families. Now the museum charges \$225 for a 1-1/2 hour party for 15 kids, and this price includes full-day admission to the museum for all partygoers. By reducing the length of the party but increasing access to the museum, EdVenture did not change its profit margin, but birthday parties became more popular. Bookings have tripled, and the museum is fully booked for January. Now the museum can run three parties simultaneously. Comment cards have been overwhelmingly positive.

Catherine Horne invited museum leaders to share other ideas for examining and improving their museum's profit centers to improve the bottom line.

#### **Birthday Parties**

- Sarah Orleans explained Garden State Discovery Museum's (Cherry Hill, NJ) model of running five parties each day about 15 minutes apart. Portland Children's Museum's has instituted that model, and offers one flat fee for up to 15 children. It built relationships with companies that sponsor or give the museum a percentage around food. For example, there is a package where the museum handles food with a catering company, and the museum receives a percentage.
- Lesly Attarian reported that Please Touch Museum has an onsite caterer, and families can use the caterer or bring their own food. Families pay \$525 for a pizza party that includes access to the museum and a carousel ride. Attarian feels it is a waste of money to advertise birthday parties, which are booked through word of mouth.

#### **Gift Shop Sales**

- Debbie Spiegelman reported that Miami Children's Museum is seeing a drop in sales per visitor. In response, the museum is coming up with promotional and seasonal items. A recent shipment of Valentine's Day key chains and jewelry sold out quickly. In addition, it is doing some offsite selling at bazaars and art shows.
- Neil Gordon said that Boston Children's Museum (MA) has observed a long-term downward trend in gift shop sales, mirroring that of specialty toy shops. Is this trend across the field? Are these numbers relevant in our industry, with our high numbers of repeat visitation?
- Lesly Attarian said that Please Touch Museum has tried to boost sales by putting kiosks throughout the museum selling lower-priced items. It is also creating an online store through the company Turnkey Merchandise Programs (TMP), which also works with The Children's Museum of Indianapolis. The museum is looking at how to market to its different audiences, from members to teachers and school groups to tourists.

- Debbie Spiegelman said that in the attractions industry, bundling products (buy 1 type of item and receive another type of item for \$10, for example) has been successful for other businesses.
- Catherine Horne suggested thinking about branded products that might appeal to tourists, as people want to buy something that reminds them of their visit. She advised thinking thoughtfully about products that convey your mission.
- Rich Winefeld said that sales are down overall at Bay Area Discovery Museum, the museum has experienced a spike in sales with news story about lead paint in toys. Customers associate children's museums with safety and quality. He warned not to compromise on quality in our efforts to produce quick sales in stores or cafes, and to be mindful of the long term.
- Sarah Orleans also reported that group visits at Portland Children's Museum are down dramatically, along with sales directly related to these visits.
- Andrea Stark said that downward sales were part of Maine Discovery Museum's (Bangor, ME) decision to close its store.

#### Food & Café Sales

- Janet Elman of ACM has heard from some museums that they are seeing an increased number of people brown bagging for lunch, like Port Discovery Children's Museum.
- Leaders from museums that do not have onsite food sales said that brown bagging is the only option.

Catherine Horne noted that many trends are regional. She advised that as opposed to comparing your museum to other museums, it is more important to compare yourself to your last two years. She encouraged asking, Where do we see the real problems lie? How can we bolster another area? Can we make the hard decisions about closing a store, even temporarily?

#### **IV. Free or Reduced Admission/Membership Programs, Andy Ackerman**

Andy Ackerman mentioned the Children's Museum of Manhattan's extensive program for Head Start families, which last year brought in 10,000 families through \$5 memberships. He asked, how can museums maintain partially funded or unfunded programs that are critical to their mission of serving underserved families without support from foundations? As demand for services increase, particularly for low-income or unemployed families, how can museums continue to meet this need with free or low-cost services?

- Lesly Attarian said that Please Touch Museum staff asks themselves which kids would come anyway without free or reduced admission programs, and which kids would not. Staff found that the museum is not losing anything by admitting these children because they wouldn't come anyway. Please Touch Museum's program is supported by Target. There is a nominal admission fee, because it not only helps cover costs but provides families with a more valuable visit because they see some investment in it. The museum also has a program where families can check out museum passes through public libraries. The museum found in the past that pay-what-you-can days were unsuccessful; families that could afford admission prices would then pay only \$1.
- Andrea Stark of Maine Discovery Museum asked how to determine what level of funding to seek for free or reduced admission programs. Andy Ackerman said that with Target there is a history involved in terms of relationships. Funding levels must be negotiated individually, based on your costs.
- Putter Bert said that KidsQuest Children's Museum (Bellevue, WA) offers a sponsorship package of \$2,500 to host one free Friday and \$10,000 for exclusive months — a great way for smaller companies to make contributions.
- Betsy Grant said that Greensboro Children's Museum (NC) charges \$1,000 for a corporation to sponsor families from a particular school to visit the museum free of charge on a Friday night, when the museum is open until 8 p.m., with 5-8 p.m. as half-price admission hours.
- Sarah Orleans reported that at Portland Children's Museum, a lot of companies are purchasing library passes or corporate memberships for their employees to share for around \$1,000. Direct contributions are down, but sponsoring these programs allow the companies to link their contribution to a specific opportunity. For the museum's upcoming fundraiser, corporate sponsors are choosing to donate memberships to organizations like Volunteers of America.

- Maureen Mangan reported an increase in libraries purchasing passes to Long Island Children's Museum in response to increased library visitation. Other organizations also have approached the museum about passes to share among families.

## **V. Looking Ahead to Summer & Beyond, Catherine Horne**

Catherine Horne asked how museums are planning for the upcoming summer and budgeting for next year. How do we promote visitation? How do we budget for next year? For summer camps, EdVenture Children's Museum is making an effort to market full-day programs for campers, which provide a better margin for the museum. She asked about other ideas within the field, like fee-based summer activities or joint ticketing:

### Summer Activities

- Paula Peterson said that last summer the Children's Museum of Easton promoted summer drop-in days as mini events through the summer, resulting in a huge increase in visitation in July and August, exceeding previous high-attendance cold months of January and February. The mini events appeal to people wanting "staycations." Two years ago the museum added a large outdoor space, where they can now offer events featuring performers, storytellers or craft-making three times per week throughout the summer. Attending an event is free with admission. Sponsors were obtained for the events, and the museum advertised its summer schedule.
- Andy Ackerman said that projections of sharp increases in domestic tourism are prompting New York museums like the Museum of Modern Art to revamp summer marketing plans to target local audiences.
- Rich Winefeld feels that these days, every museum is in the "kid business," offering programs for children. In response, last year Bay Area Children's Museum (Sausalito, CA) started skewing camps to younger audiences to compete with nearby museums that are now offering children's camps. Younger kids are an area that children's museums can own, with programs like 3-4 year old camps in the spring and summer.
- Neil Gordon feels that the ongoing challenge for museums is to pay close attention to its local audience, which does not have the same income potential as tourists, as locals take advantage of memberships, library passes and other ways to spend less.

### Joint Ticketing Ventures

- Lesly Attarian said that Please Touch Museum has partnered with 10 Philadelphia hotels to pre-sell admission tickets over the holidays. The museum sold entrance tickets to the hotels at rates lower than the regular rate, and then the hotels created and sold their own "play-and-stay" packages through the local tourism industry. Besides hotels, local AAA offices may also pre-purchase museum admission tickets. The museum charges a restocking fee to pre-sellers for unsold tickets.
- Bryn Parchman reported that Port Discovery Children's Museum created a Harbor Pass with the local aquarium and science center. This gave the children's museum additional visibility and promotion that augmented summer sales.

### Add-ons to Admissions

- Sarah Orleans said that Portland Children's Museum's long-time add-on opportunity is its Play Studio. For just a few dollars, visitors can add onto admission this workshop series for kids 18 months to 3 years. They can also purchase items that they make in the clay studio. The museum also partners with the neighboring zoo during the summer for a specific outdoor activity (tie-dye was last summer's).
- Catherine Horne said that EdVenture Children's Museum will offer a \$3 add-on for a long-term seasonal exhibit this summer. Entrance is by timed ticket only. This created new logistics for staff to work through, but it is a way to increase revenue and offer incentives to members, because members can visit the exhibition with no additional fee.

### Trends in Facility Rentals

- Andy Ackerman said that Children's Museum of Manhattan is beginning to get requests from groups of parents that to avoid crowds are willing to pay a fee to rent the museum for private hours when it is closed to the public. Families with means may be cutting back on travel but have money to do more private things in their own city without want to deal with crowds.

- Neil Gordon reported that Boston Children's Museum is getting requests to close the entire facility for corporate parties. Because of the revenue potential, the museum has been more accommodating of these requests than ever before.

Neil Gordon concluded the call by thanking Andy Ackerman and Catherine Horne. In addition to the great ideas shared on the call, he offered the following suggestions:

- Know your own audience.
- Analyze your own data and patterns you are seeing in it, such as sensitivity to membership and pricing.
- Be able to react quickly to changing trends.
- Keep in mind Catherine Horne and Rich Winefeld's advice of thinking long-term about children's museums' mission and the quality of what we deliver. Be careful about short-term solutions that might have negative impacts on the museum's reputation in the community in the long term.

ACM will host additional calls over the next few months. Email Eliza Katz, Program Manager, Executive Office & Special Projects, at [ekatz@ChildrensMuseums.org](mailto:ekatz@ChildrensMuseums.org) with topics for future calls and moderator suggestions. The conversation also will continue in Philadelphia at InterActivity 2009, April 28-30, hosted by Please Touch Museum.