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# **Culture and Local Development: Maximising the Impact**

Venice and the Foundation of Municipal Museums of  
Venice, Italy  
Report on the Self-Assessment Guide for Local  
Governments, Communities, and Museums

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## *EXECUTIVE SUMMARY*

This study presents the results of a self-assessment exercise focused on the strategies fostering local development of MUVE, the Foundation of Municipal Museums of Venice (Fondazione Musei Civici di Venezia) and on the related supporting action of the municipal government of Venice, Italy. The MUVE museum network comprises:

- The Doge's Palace, Correr Museum (a fine arts museum) and the Clock Tower, all in St. Mark's Square.
- Two other fine arts museums (Ca' Rezzonico, Ca' Pesaro), an arts and crafts museum, Mocenigo Palace, a Natural History Museum, a historical palace, Palazzo Fortuny, and playwright Carlo Goldoni's House located in Venice city centre.
- The Glass Museum on the island of Murano.
- The Lace Museum on the island of Burano.

MUVE is a participation foundation: the municipality of Venice founded it in 2008 and assigned it all powers regarding the management of its museums.

The self-assessment exercise took place in 2018 and covers the museums' actions in that year and in the years immediately preceding it, a time in which MUVE has had an average budget of about 30 million euro and about 80 employees (but more than 400 people actually working in the museum network, if outsourced positions are counted).

Conducted using a guide designed by the Organisation for Economic Cooperation and Development (OECD), the self-assessment considers local development from different perspectives, namely:

1. Economic development and innovation.
2. Urban design and community development.
3. Cultural development, education, and creativity.
4. Inclusion, health, and well-being.
5. Managing museums for local development.

Interviews with qualified representatives of the museum and of the municipal government were conducted using a predefined grid of questions; the answers have then been translated from qualitative information into a quantitative scale. A validation through unstructured interviews to local stakeholders was part of the exercise. This report has been compiled using also information coming from financial documents and statistics provided by the Foundation, and other written material collected online and in libraries.

The collected evidence testifies that MUVE is committed to local development in all its dimensions, though more in some than in others. The cultural and economic dimensions are the most developed ones, with special reference, as far as the latter is concerned, to

tourism. The tourism domain is the one characterised by the higher connectedness to other actors present in Venice, both private and public, thanks also to a good institutional design that makes municipal intervention an effective coordination element in the city context.

Looking in detail at the different dimensions of local development here considered:

1. Venice suffers from over-tourism, and MUVE contributes to strategies aiming at a mitigation of the negative environmental and social impact of the phenomenon. Through its opening day policy and exhibition calendar MUVE is committed to obtain a smoother distribution of tourist arrivals throughout the year and the week. There is also a geographical dimension of congestion in historical Venice. Since MUVE is a network of museums, it has a chance to work, through various actions involving the peripheral museums, to decongest St. Mark's Square. MUVE's strategy as far as tourism is concerned is well co-ordinated with the corresponding strategy of the municipality, which has recently launched a campaign called #respectenjoyvenice with vast echo all over the world. The Municipality works in collaboration with private actors through an ad-hoc organisation, ODG, in which also MUVE sits. MUVE's commitment for the survival and development of unique local creative industries is focused on the activities of the Glass Museum in Murano and the Lace Museum in Burano. The municipal government supports this commitment, especially as far as the glass industry is concerned, by easing the network with other actors involved in revitalisation projects.
2. Gentrification and *Disneyfication* are challenges that historical Venice must face, while the mainland part of the municipality suffers from lack of visibility and cultural services. MUVE's museum renovation policy, their offer of integrated tours involving the discovery of the areas surrounding the museums, their use of their gardens for children summer camps, their launch of initiatives such as Venice City of Women all contribute to the urban qualification and community development of the city's historical centre. On the other hand, the municipality has recently invited the Foundation to organise exhibitions on the mainland. All Venice citizens are entitled to free admission in MUVE's museums and (most of their) exhibitions, a prescription the municipality has introduced in the very bylaws of the Foundation. This clearly helps maximising the impact in this dimension.
3. MUVE tends to think of itself more as a strictly cultural institution than as anything else. The prominent role attributed to education is evident from the fact that the Foundation has chosen *not* to outsource educational activities, considering that the risk of quality shading is too high. MUVE's strategies of audience development mainly focus on families and schools. In every museum educational services are present such as guided tours and workshops, and for each of these there is a very vast choice. Visitor's feedback is positive, both in terms of number of visits and in terms of satisfaction, which are constantly monitored. The municipality helps with its policy of free admissions for the locals.
4. MUVE has not yet considered playing a role in the health and crime rehabilitation domains. This is also due to the fact that hospitals and prisons are respectively regional and central government's agencies. On the contrary, MUVE has recently paid attention to the needs of the disabled. By contacting the educational services it is possible to organise tailor-made guided visits and workshops for the blind,

the deaf and those having limited mobility and/or cognitive handicaps. Dedicated staff and material are available and special tracks around the museum rooms have been devised. The involvement in projects focused on the marginalised is somewhat less systematic.

5. MUVE appears as a well-managed organisation. The constraint given by the no subsidisation policy carried out by the municipality has triggered strategies increasing efficiency, but not at the expense of service quality and reputation as a great cultural institution. Of particular relevance is the outsourcing policy, which has been carried out correctly, i.e. differentiating between core and auxiliary services, paying attention to the type of contractor and contract and using of technological devices making monitoring effective. While no subsidisation has not prevented MUVE from carrying on conservation and renovation programmes making MUVE's offer sustainable in perspective, clearly a drawback is the fact that it is not in MUVE's possibility to broaden the scope of its action (more actions in dimensions 2) and 4)) and that some of its educational services are perhaps too expensive to have a relevant impact.

The institutional relationship between the municipality and MUVE leaves the latter free to pursue its goals in autonomy. In the course of time, however, there have been different interpretations as to the orientation function of the Foundation council board (appointed by the municipality), as the suggestion to organise exhibitions on mainland shows. This is legitimate as far as it does not translate into too detailed a vision imposed on the director, or the very concept of autonomy, so beneficial to cultural institutions, will be endangered.

MUVE's stakeholder, strictly speaking, is the municipality, who tends to think of museums mainly as functional to achieving goals within domains, such as tourism, in which the municipality has full or at least shared competence. A greater awareness would be desirable of the fact that local development is the result of the action of different actors, and that museums could play a more effective role if they interacted with all of them, from hospitals to prisons, from innovation hubs to social cooperatives.

While the adoption of a strategy of no subsidisation has triggered more efficiency in MUVE's network of museums, it is arguable that once this objective has been obtained, this attitude must persist, especially if new tasks are assigned to MUVE. If the municipality fears subsidisation would kill the right incentives within the Foundation, it could adopt a matching grants policy to finance just targeted additional activities.

As to MUVE's management, its focus on efficiency should be complemented with a great care not just for international visibility and reputation, but also for local development, with implementation of policies going beyond education and support to policies favouring sustainable tourism. Sharing of costs within networks of actors (think, for instance, of programmes focused on the therapeutic effect of art in collaboration with hospitals) could be a way to mitigate the corresponding rise in costs.

This requires a shift to a mentality favouring activities with the highest impact even if they do not necessarily generate (the highest) revenues. Re-writing the budget using the activity based costing method, considering the five dimensions identified by the OECD Guide as cost categories, would allow to reason in terms of impact size, and allocate resources to the different programmes in coherence with the impacts one wishes to privilege. Co-ordination of vision with the municipality, with the latter adopting a matching grant policy, would be the perfect scenario for MUVE to face this demanding challenge successfully.

## 1. INTRODUCTION

MUVE is a net of eleven municipal museums and monuments in Venice, Italy, managed by the Foundation of Municipal Museums of Venice (Fondazione Musei Civici di Venezia). It includes the Doge's Palace, one of the most famous tourist attractions in the world, as well as a number of other diverse museums and monuments. In what follows a brief overview of the local context and of MUVE's history and characteristics will be presented. A paragraph follows illustrating the methodology used in this research project to evaluate MUVE's actions in the different impact domains and to evaluate the municipal government in its supporting role.

### 1.1. Context: history, politico-institutional framework, economy, cultural policy

Venice owes its rich heritage to a past in which, for almost one thousand years (from the 9<sup>th</sup> century to 1815), the Serene Republic of Venice ruled over the coasts and islands of the East Mediterranean Sea and Veneto mainland. Most importantly, it had a monopoly in trading with the Middle and Far East. The city had a very strong economy (including proto-industrial activities: shipyards, cultural industries such as glass, printing, fashion) and unique political features in the context of Europe's Middle Ages and early centuries of the Modern Age: in fact, it was an oligarchy of merchants. The rich families used to compete for the most beautiful palace in town. The very Serene Republic and the many devotional confraternities of the city were also very generous patrons of the arts.

The economic decline of Venice mainly had to do with the shift of trade to the Atlantic after the age of the great geographical discoveries. It was a century-long decline that lasted till the mid-XIX century, a time in which the port partially got silted up and, after the city passed from the Austrian to the Italian rule, Austria invested in the nearby competitor port of Trieste, still under its rule. However, the beginning of the XX century witnessed a new phase characterised by an increase in industrial activities (both traditional, such as glass-making, and new), also thanks to foreign investors who also revitalised Venice as a cosmopolitan cultural milieu (Zanon, 2004). The lack of physical space for industry and other economic initiatives was however a serious obstacle. This is also the time Venice Biennale was born, and tourism began.

The Fascist period (1922-1943) saw the creation of the modern municipality of Venice: the mainland villages Mestre and Marghera were included. The regime invested heavily in an industrial project in Marghera. After the WWII bombings a new wave of big investments in the area transformed mainland Venice in the largest chemical hub in Italy, hosting oil refineries as well as shipyards. This caused a demographic boom for the municipality that lasted until the 70ies, a time when Marghera saw the beginning of a long phase of stagnation and crisis due to the changed worldwide economic context and the big environmental problems associated to the types of production taking place there. The area is now slowly trying to reconvert with the help of public intervention.

While Marghera boomed in the mid-XX century, historical Venice started suffering. A long phase of strong demographic decrease started. It was first justified by previous overpopulation and poor housing conditions. Then, since the 70ies, it continued mainly because of two problems: the higher and higher frequency of *acquaalta* (high water), large inflows of water into the Venetian Lagoon caused by a combination of astronomical tide, strong south wind and seiche, making life in Venice difficult in the winter time, and the very high real estate prices, an effect of a very early gentrification and *Disneyfication* of the city. In fact, Venice has witnessed mass tourism in the last 50 years. Nowadays most people working on the islands actually live on mainland and commute, adding to large flows of tourists, excursionists and students (Venice hosts three universities and an art academy).

Venice had 261 539 inhabitants in 2017, out of which about 61 500 lived in the historical centre. In 1971 it had about 368 000, of which almost 111 500 living in historical Venice;<sup>1</sup> the decrease has been constant and dramatic, especially in the islands.

There is a stark contrast with the trends of the other cities of the Veneto region. This contrast is paralleled by a similar one in the trends of the local economies. Once the most industrial city of Veneto, Venice is now rather marginal in terms of manufacture. The local chamber of Commerce has published recent data on the economy of the province of Venice (Camera di Commercio, 2018). In 2017 Veneto was the second region in Italy for contribution to national export (a proxy for innovative and efficient firms): 13.7%. However, the province of Venice (44 municipalities, mostly small ones except for Venice) contributed little to regional export: 7.7% (5<sup>th</sup> out of seven provinces). Successful firms are not completely absent in Venice and its province; sometimes they belong to the creative industries (fashion, glass). Also the number of start-ups (Veneto is the fourth region for number of start-ups in Italy) is not negligible (104 in 2017) and in line with the rest of the region. On the other hand, entrepreneurs older than 50 are 57% in the consolidated area comprising the provinces of Venice and Rovigo (a much smaller province nearby).

The province of Venice ranked 26<sup>th</sup> out of the 110 Italian provinces for added value in 2016 (ISTAT), and this is mainly due to its performance in tourism. Tourism has witnessed a different trend with respect to manufacture in the last decades, and has increased considerably even in the last years. Venice had 3.2 million arrivals in 2005 and 5 million in 2017 (86.5% of which from abroad), with a constant increase only interrupted in 2008-09; the average stay has stayed rather stable at 2.3 nights (Annuario del Turismo, 2017). One also has to add the many excursionists, including those coming to town by huge cruise ships (1.4 million. in 2017). Clearly tourism and tourism-related activities (retail, transports) are an opportunity for Venetians, but the other side of the coin is that, given the peculiar configuration of historical Venice and its frailty in terms of both environment and heritage, congestion problems associated with it are particularly severe and affect the local population's wellbeing.

Venice ranks 43<sup>rd</sup> for quality of life among the 110 Italian cities in Sole 24 Ore's 2017 ranking. This ranking comprises a large number of indicators, such as private finances

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<sup>1</sup> In modern times the demographic peak for historical Venice was in 1951 (about 175.000 inhabitants). In the 90ies a small part of mainland Venice, Cavallino, created a municipality on its own, so the overall decrease in that period resented also of a redefinition of the municipality boundaries.

and consumption; employment and innovation; environment and public services; demography and society characteristics; crime and justice; culture and leisure. This means that the city is middle of the road in national terms, but if the reference is the North of Italy, to which Venice belongs, the picture is worse: Venice is in fact in the left tail of the distribution there (15<sup>th</sup> last). Of particular concern are demography and society and crime and justice, while in culture and leisure Venice ranks 9<sup>th</sup> nationwide.

Venice faces important challenges of different nature. Demography, the environment, the choice of an economic model favouring sustainable development are interconnected problematic aspects of the city present and future. These are not new problems: they have been there for decades. A solution has not yet been found, also because of the presence of three circumstances:

- The absence of a good governance model. Central government, regional government and municipal government have a say in different domains of policy action, but the boundaries of those domains were not always well defined in the past and, even worse, there was often a lack of co-ordination based on a common policy vision.<sup>2</sup>
- Corruption cases. Venice has witnessed in the course of its recent history a number of strong policy actions especially targeted to its survival (MOSE dams against *acqua alta*; Marghera's reconversion project).<sup>3</sup> The management of high amounts of public money has not always been crystal clear. There have been judicial enquiries that have sometimes stopped political action.
- The stark difference in needs of the mainland and the island part of the municipality. This circumstance has produced attempts to split the municipality in two: there have been four referenda on the issue in the last decades (1979, 1989, 1994 and 2003) and one was due in 2018, but was stopped by a court ruling. Whether the split is desirable or not is a matter that goes beyond the scope of this contribution. What matters here is that a lot of time and energies are spent by local politicians in promoting or supporting either the separating or the stay-together party, which qualifies as time subtracted to more productive policy action, considering that the consensus for the separation is not majoritarian and is not increasing in the course of time.

As far as culture is concerned, mapping the Venetian context is quite a challenge. There is a clear imbalance of cultural infrastructure between the mainland part of the municipality and the islands. In Mestre and Marghera there are no major attractors, libraries and theatres, while historical Venice is extremely rich in all of them. As far as museums are concerned, thirty-one of them are located in the islands (ISTAT), many of which arts museums hosting masterpieces. This implies both a highly competitive environment,

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<sup>2</sup> A fourth level of government, the province, was present in Italy between the regional and the municipal one. A recent national reform has abolished this level, but not for big cities (including Venice), where provinces have been transformed into metropolitan areas. Provinces were quite irrelevant because they had very little powers, unless a region decided to delegate some competences to its provinces. The reform is still in its implementing phase; this means that at the moment, this fourth level of government is still rather irrelevant.

<sup>3</sup> With respect to the other Italian cities, the role of central government's investment has been much stronger (Special Laws for Venice).

where competition is for both visitors and sponsors, and the potential for successful networking. Venetian museums are either private, or municipal (all part of MUVE), or belong to other public entities or levels of government. Six are owned by central government, two of which are in the same buildings as two municipal ones (Ca' Pesaro – Museo d'Arte Orientale; Correr Museum – Museo Archeologico). Venice also hosts other great attractors such as St. Mark's Square church and church tower, belonging to the Catholic Church; a number of other churches of artistic relevance are gathered in a network called Chorus offering a collective entrance ticket. There are historical libraries famous both for their book collections and their artistic value. Finally, Venice Biennale (managed by an autonomous branch of central government) is one of the most important appointments for contemporary arts lovers worldwide, and the oldest Biennale in the world. It also organises a famous Biennale of Architecture as well as Italy's most important film festival and other events focused on theatre, music and dance.

It is impossible to assess how much money is spent in Venice to manage cultural institutions and invest in them, for a number of reasons:

- There are many players involved.
- Some of them are not transparent (Catholic Church, some private institutions).
- For some of them (central government in particular) it is not easy to break their financial figures into sub-categories corresponding to geographical areas.

All we can do is report municipal cultural expenditure. In 2017 current cultural spending was 2.75% of total current spending and capital spending 7.8% of the total (Home Office, 2018); in per capita terms, € 58.9 and € 17.6 respectively. It is important to stress that these figures refer to expenditures other than those referred to museums: in fact, as will be made clear in the next paragraph, MUVE expenditures are all covered by their revenues. Consolidating municipal current cultural expenditure and MUVE's production costs in 2017, the commitment of the municipality for the management of its cultural assets amounts to € 168 per capita.

## 1.2. MUVE: history, institutional status, visitor numbers

MUVE is the network of Venice's municipal museums. The net comprises the Doge's palace, Correr Museum and the Clock Tower in St. Mark's Square; two arts museums, Ca' Rezzonico and Ca' Pesaro, an arts and crafts museum, Mocenigo Palace, a Natural History Museum, a historical palace (Palazzo Fortuny) and playwright Carlo Goldoni's House in Venice historical centre; the Glass Museum in Murano and the Lace Museum in Burano.

The museums now under MUVE's control were managed as an integrated network of museums having a general director within the municipal culture department up until 2008. However, the director had more powers in cultural matters than in managerial ones. In that year the autonomy of the network in terms of management and budget was strengthened through the decision of the municipal government to assign the powers<sup>4</sup> on

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<sup>4</sup>The municipality stayed the owner of the collections, which was given to the Foundation on a free loan. The collections consist of more than 200 000 works of art, 2 million natural pieces, 200 000 books in the libraries and archives of the museums.

its museums to a participation foundation of which it was the sole stakeholder.<sup>5</sup> There were numerous examples of similar municipal policies at the time in Italy, but Venice was a quite exceptional case for number and relevance of museums involved, and for the decision, made possible by the fact that the Doge's palace is a world class attraction, not to grant the foundation any public money to pursue its scopes. This financial arrangement, by which the foundation must live only on its revenues, is not in the bylaws of the Foundation, nor is it the consequence of a formal agreement, but it has become the rule in the course of time. Only extraordinary maintenance costs are covered by the municipality.<sup>6</sup>

MUVE had revenues amounting to about € 30 500 000 in 2017 (around 60% from the Doge's Palace). These revenues came from visitors (ticketing, the single most important revenue; educational services, shop sales), from patrons (donations), and from firms (sponsorships). In the same year, the MUVE Foundation had a net profit of about 1.8 million euro. In the last years profit has been the rule.

In 2017 the number of MUVE's employees was 78, a very low number (6.5 employees per museum). This is the consequence of a policy strongly oriented to contracting out all professions not strictly related to strategic management, conservation and education.<sup>7</sup> Outsourcing of auxiliary services has been common in the context of Italian museums, yet in the case of MUVE this policy has been followed in a much more systematic way than everywhere else, in order to make MUVE as efficient as possible. In 2017 MUVE spent about 13 million euro for the acquisition of museum services (including cleaning and security) from co-operatives and firms, while its expenditure for employees was little more of 4 million euro. The number of the contractors' employees working for MUVE was about 450.

Forecast as well as final budget sheets of the MUVE Foundation, as well as a yearly plan of activities, must be approved every year by its council board, which is appointed by the municipality and is the institutional body channelling political accountability to the public institution, thus counterbalancing the strong autonomy the Foundation enjoys in its day-to-day operations.

MUVE net of museums recorded 2 316 729 visitors in 2017.<sup>8</sup> This figure corresponds to 38% of all visitors of Venetian attractions for which a ticket must be paid, the second largest supplier being the Catholic Church (32%). Of all MUVE visitors, 1 405 439 (60.6%) were visitors of the Doge's Palace (3<sup>rd</sup> most visited museum in Italy and 40<sup>th</sup> in

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<sup>5</sup> The participation foundation allows several stakeholders to take part and has often been used in Italy to involve private non-profit entities in investment for the renovation of public heritage. In the Venetian case, the idea was to possibly involve private money in the future, but the municipality has remained the sole stakeholder.

<sup>6</sup> The network of museums produced a little profit even before the Foundation was born. One of the scopes of the new institutional arrangement was to avoid that the revenues from cultural assets would be used to cover non-cultural expenses within the municipal budget. In fact, the stringency of the Domestic Stability Pact and the shrinking transfers from central government to municipalities made that perspective more and more attractive.

<sup>7</sup> Some specific education tasks are outsourced, too.

<sup>8</sup> This figure does not include the visitors of the (few) exhibitions for which an extra ticket must be paid, to avoid possible duplications. They were 147 664.

the world in 2016 according to *Il Giornale dell'Arte*, the Italian edition of *The Arts Newspaper*, 334 820 visitors of Correr Museum (which ranked 27<sup>th</sup>) and 174 758 visitors of the Glass Museum (53<sup>th</sup>). Two other arts museums, Ca' Rezzonico and Ca' Pesaro, exceeded the threshold of 100 000 visitors (Ca' Pesaro ranked 78<sup>th</sup> in 2016); The Natural History Museum had an audience of about 75 000 while the other museums and monuments did not reach 50 000 (*Annuario del Turismo*, 2017).

Visitors' satisfaction can roughly be proxied by MUVE's Tripadvisor scores, which, for the Doges' Palace, is 4.5 out of 5 (23 056 reviews, October 2018); same score for Ca' Rezzonico and Correr Museum, Ca' Pesaro 4. The Doge's Palace ranked 10th in the Tripadvisor's 2018 Traveller's Choice Italian Landmark Awards.

Output also consists of research, which may have an impact on local development independently of exhibition. MUVE produces research, which is mainly on its artistic collections and originates from restoration works, exhibitions, often organised in collaboration with both local and world high profile museums and with high profile universities around the world. MUVE has its own scientific journal, "Bollettino dei Musei Civici Veneziani".

### 1.3. Research project and methodology

This research project took place in 2018. Its focus is the assessment of the impact of MUVE's actions on local development, and of the support of the local government (the municipal government) to the museum's strategy. Local development is considered from different perspectives. In particular, following the OECD Guide: "Culture and Local Development: Maximising the impact", five dimensions are here considered:

- Economic development and innovation.
- Urban design and community development.
- Cultural development, education and creativeness.
- Inclusion, health and wellbeing.
- Managing museums for local development.

The methodology of this research project mainly relies on a guided self-assessment exercise. Interviews with qualified representatives of the museum and of the municipal government were conducted using a predefined set of questions. A validation through unstructured interviews to local stakeholders was part of the exercise.

The project had a double goal:

1. To verify if MUVE's strategy is oriented toward local development, and, to some degree, how effective it is in this respect.
2. To validate the self-assessment tool, i.e. the grid of questions used in the structured interviews. This work is in fact part of a wider OECD project, the first phase of which consists in refining a method for the evaluation of cultural institutions.

Only the evidence relative to the first goal is here reported.

The structured interviews were conducted with Gabriella Belli, director, and Mattia Agnetti, secretary of MUVE; as for the municipal government, Paola Mar, city councillor for tourism, was interviewed. The current mayor of Venice has not appointed a city

councillor for culture, so he is head of the Culture Department. In fact, given his packed agenda, cultural matters are mainly delegated to bureaucrats within the department.

The list of the unstructured interviews is the following:

- Vincenzo Marinese (president of Confindustria Venezia and Rovigo, the local branch of the General Confederation of Italian Industry)
- Vincenzo Monaco (general director of VELA s.p.a., the municipal company managing Venice's transport, tourism activities and events and [www.veneziaunica.it](http://www.veneziaunica.it), the website selling both ferry and museum tickets)
- Prof. Francesco Casarin, Ca' Foscari University, coordinator of the degree in Economics and Management of the Arts and Cultural Activities
- Michele Gottardi, president of the association "Amici dei Musei e dei Monumenti Veneziani" (Friends of Venetian Museums and Monuments)
- Melissa Conn (Save Venice Foundation).

The interviews were complemented by a visit as a mystery guest to nine out eleven MUVE museums and the examination of several financial documents and publications, the list of which is in the references.

## 2. THE FIVE DIMENSIONS OF LOCAL DEVELOPMENT

### 2.1. Economic development and innovation.

MUVE's director and staff adopt various strategies aiming to contribute to Venice economic development. It is not just a commitment to development, but to *sustainable* development, with special reference to tourism, which, in the context of historical Venice, is an industry whose size must be governed so that negative externalities do not exceed positive ones, and so that heritage is not affected by overuse.

The strategies within this dimension may be categorised into two groups:

- Strategies focused on MUVE's contribution to (the regulation of) the local tourism sector.
- Strategies adopted by the museums in order to contribute to the competitiveness of the local creative industries and to innovation.

The following two subsections cover these domains of actions separately, and include the corresponding role played by the municipal government.

#### 2.1.1. Tourism

MUVE manages a number of attractions within an area, historical Venice, with a strong tourism vocation. There were more than 5 million tourist arrivals in 2017. Both in the short and in the medium run there has been a strong positive trend in tourism (arrivals were 4.2 million in 2013), mainly due to the double-figure increase in non-hotel accommodation establishments (in historical Venice, it accounted for about 80% of the 2016-2017 increase according to *Annuario del Turismo*, 2017). Venice also attracts a lot of excursionists. In fact, its region, Veneto, is the most visited in Italy (over 19 million arrivals in 2017), and many Veneto tourists not staying in Venice take advantage of the short distance to have a one-day trip to the city. Both tourists and excursionists enjoy good transport facilities.

Venice tourism has a strong cultural vocation. The city and its lagoon have been part of the UNESCO World Heritage List since 1987. However, the bulk of tourists in Venice are foreign tourists (86.5% in 2017) whose visit would probably take place no matter the exhibitions the museums organize: in fact, Venice is a must-do in every European tour of extra-European tourists and an iconic destination also for every European tourist visiting Italy.<sup>9</sup>

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<sup>9</sup> Venice Biennale is believed to be the only exhibition actually making a difference in terms of yearly number of arrivals, yet the data on arrivals referring to the last 15 years deny this belief.

This is not to say that exhibitions are not necessary, but only that they serve purposes that are different from increasing the number of tourist arrivals. MUVE's commitment to high profile exhibitions is therefore meant as a means to reach the following economic goals:<sup>10</sup>

1. Keep Venice on the map of world-famous cultural cities (branding).
2. Induce tourists to be better distributed around the year and around town.

As for the role of MUVE in the branding of Venice, it is the quality of the experience MUVE offers that is perceived as most important within the Foundation. MUVE sees itself first of all as provider of high quality cultural products (including exhibitions) making Venice unique. Keeping quality high has been a particularly challenging task for a foundation living on its own revenues. The constant demand for the use of MUVE museums for high-profile meetings, both cultural, political and commercial, demonstrate that the allure of Venice has stayed the same, in spite of congestion and all the other problems affecting the city, and that Venice and MUVE, often considered as a whole in people's minds, are associated with an experience in excellence.

The second goal is particularly important given the strong seasonality of Venice tourism, which makes congestion particularly problematic in the peak months (second and third quarter). It is not a coincidence that MUVE usually opens its exhibitions in the winter time. The objective is to induce Italian tourists, often repeat tourists whose visit is most dependent on the supply of temporary exhibitions, to plan a visit to Venice in the least congested months. The results of this policy on tourist arrivals is not so easy to assess, also given the presence of a number of confounding effects (other cultural institutions' initiatives both in Venice and elsewhere, exchange rates movements, the changing perception of how secure different destinations are...). However, it is interesting to notice that, between 2013 and 2017, the intra-year variance of MUVE museum visits has decreased. This is not the result of the redistribution of visits from high to low season: in fact, visits have increased also in the peak months. Yet the increase was even stronger in the autumn and winter months. This probably reveals that the goal to reduce Italian visitors overlapping foreign visitors in the summer months has been reached at least partially.

MUVE's commitment to a smoother distribution of tourist arrivals is also evident in its closing day policy. Traditionally in Italy museums are closed on Mondays, but MUVE has devised a differentiated policy for every museum. The Doge's Palace and Correr Museum,<sup>11</sup> both in the area of St. Mark's Square, are always open, while the rest of the museums close at different working days. This policy is probably also the answer to the need always to offer an open museum to the many occasional visitors who do not plan their trip to Venice considering museum opening days, and the need of the contractor to minimise the size of the cleaning staff. Yet MUVE executive secretary is aware of the impact this may have also on tourist and especially excursionist arrivals. The

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<sup>10</sup> Non-economic goals are just as important; their nature is mainly cultural. Exhibitions are an occasion to restore important pieces of the collection (often with the financial help of private patrons, who are more generous if the final result of a restoration campaign is made more visible through an exhibition). They are also an opportunity to establish or strengthen relationships with other high-profile museums around the world.

<sup>11</sup> The Clock Tower, also located in St. Mark's Square, is managed as a branch of Correr Museum.

management of MUVE monitors tourism data constantly, and compare them with updated data on their own visitors' numbers.

There is also a geographical dimension of congestion in historical Venice: most excursionists and a lot of tourists focus only on St. Mark's square. Since MUVE is a network of museums, it has a chance to work of the location of its exhibitions, in the attempt to decongest that area. The "Museum and more" project (of which more in par. 2) goes in the same direction. The idea is to sell an enhanced experience of the least crowded museums putting their visit in the context of **thematic paths around their premises (guided tours outsourced to Venice official guides)**. MUVE has also direct market relationships with tour operators organising and selling package tours of Venice, and this gives it a chance to channel part of their customers to the museums located in not so crowded parts of the city, or in Murano and Burano.

MUVE's strategy as far as tourism is concerned is well co-ordinated with the corresponding strategy of the municipality. There are two levels of co-ordination:

- In some specific areas, such as online marketing and marketing of its venues, MUVE collaborates with VELA s.p.a., a marketing company owned by the municipality whose main objective is the sale of municipal transport tickets. VELA also offers, through the website [veneziaunica.it](http://veneziaunica.it), integrated tickets comprising both parking, transport and cultural visits/events; it manages Venice's tourist information offices, the city's official logo and the rent of municipality's real estate assets for events; it organizes the main events in the city (Carnival, historical regattas, etc.) and it manages advertising spaces at the ferries' stations, often offered to its cultural partners.
- MUVE interacts, mainly directly,<sup>12</sup> with the tourism department of the municipal government within the framework of broad projects focused on the management and regulation of tourism flows.

VELA's most remarkable achievement has been the creation of a portal, [veneziaunica.it](http://veneziaunica.it), on which very personalised integrated tickets can be bought.<sup>13</sup> The advantage for the tourist is mainly given by a great deal of information available all on one website, allowing to programme one's time in Venice at best, and the fact that their time spent queuing to get into monuments and museums is greatly reduced. Not just MUVE, but many other Venetian cultural institutions (including private ones) sell their services through this channel, as well as organisations selling guided tours and a number of diverse experiences, including some taking place on remote islands and the mainland. Considering that cultural institutions and organisations in Venice are more competitors than co-operators, this appears as a first promising sign of networking. [Veneziaunica.it](http://veneziaunica.it) was created in 2014, and in 2016 it was visited by 1.8 million users (not all of them are tourists; 45% are Italian). It has sold services for about 11 million euro in 2017, 2.8 million euro of which were tickets to visit MUVE museums.<sup>14</sup> The visibility of the

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<sup>12</sup> Co-ordination is also reached indirectly through the powers exerted by MUVE board council, who channels political broad visions in the operations of the museum network.

<sup>13</sup>The portal is in six languages.

<sup>14</sup>MUVE pays a commission on [Veneziaunica](http://veneziaunica.it) sales.

website is still rather limited, yet its sales grew by 26.3% between 2016 and 2017 (Anuario del Turismo, 2017).

The direct relationship between the municipality and MUVE has more to do with the broad topics of tourism flows management and tourism quality. The municipality of Venice has recently implemented policies dealing with congestion and proper behaviour of tourists in the historical part of the city. The communication campaign #enjoyrespectVenice, started in 2018, is part of this plan.

#enjoyrespectVenice comprises a number of actions such as:

- Making available online (in ten different languages) a calendar in which every day is marked with a colour, from green to red, telling the expected degree of congestion of the city at that date. This allows tourists to plan their visit in less crowded days.
- Making available online a number of good practices to follow, such as walking on the right, having a snack in parks not in the streets (maps are provided), waste sorting.
- Advertising tours alternative to St. Mark's Square under the heading "Detourism: sustainable itineraries".
- Give maximum visibility to forbidden behaviours (and associated fines): sitting in St. Mark's Square and surroundings, sitting and eating in the streets, littering, feeding pigeons, diving, wearing inappropriate dresses (such as bathing suits), cycling, camping.
- Place signposts that induce tourists coming by train or by car to reach St. Mark's Square through alternative paths.
- Direct control of tourist flows in peak days through gates and barriers, with just-in-time compulsory deviation of tourists away from the most congested pathway (from the train station to St. Mark's Square). The occasional adoption of this drastic measure has been judged necessary considering not just issues such as the improvement of tourist experience and heritage preservation,<sup>15</sup> but also security, and for monitoring purposes. These measures are not meant to limit the access to the city, but to solve the problem of the too few access points to it, which congests specific areas.

#enjoyrespectVenice is the first of a number of actions approved by the municipal government in 2017 within the framework of a document called "Project for the territorial governance of Venice tourism". This document summarised and better specified all actions (some of which had already started) that the municipality intended to take to make Venice tourism sustainable. Among these actions one can find:

- On the supply side, new, more restrictive rules on the change of destination of buildings; limitation to take-away licences and licences accorded to bars for the use of outer spaces; more severe fines against unlicensed accommodation facilities and retailers.

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<sup>15</sup> Venice is a UNESCO site and as such, it must be particularly careful not to shift from the World Heritage List to the List of World Heritage in Danger.

- On the demand side, adoption of sophisticated monitoring systems allowing to track the trajectories of tourists around the city; experimenting reservation systems for St. Mark's Square; provision of more information on the cultural and natural relevance of mainland Venice to diversify tourists' choice of itinerary.
- Financial sustainability: extension of the tourist tax to the sharing economy tourist rentals; making the tourist tax more progressive.

Venice has elaborated this plan after establishing a dialogue with its stakeholders (including associations of residents), who expressed 23 proposals. The municipal government has also taken in consideration Venice ODG's Destination Management Plan 2016-2018. In fact, the municipal government has not full powers on tourism: in Italy most powers in the field are assigned to regional governments. The Veneto region passed a law on tourism in 2013 (Veneto region law n.11/2013) prescribing that locally the organisations responsible for the destination management and marketing activities are ODGs (*Organizzazioni di Gestione della Destinazione Turistica*). ODGs comprise both municipal governments, public agencies managing transports, tourism and cultural services and organisations representing the many categories of private entrepreneurs benefitting from tourist flows (hotel, restaurant bar and shop owners etc.). While in most of Veneto's territory ODGs cover geographical vast areas, in the case of Venice the law prescribes that the local ODG be coincident with the municipality of Venice. This makes sense, considering the unique opportunities and problems of Venice as a tourism destination. The Venetian municipality, VELA s.p.a. and the MUVE Foundation are all in Venice ODG, as well as 10 organisations representing the private actors of the tourism industry. Born in 2016, Venice ODG is therefore the privileged forum in which destination management plans are discussed.<sup>16</sup>

Also the good practices emerged within the GDITS network were taken into consideration when the municipality wrote its "Project for the territorial governance of Venice tourism". GDITS stands for *Grandi Destinazioni Italiane per un Turismo Sostenibile*, a network created in 2013 between the municipalities of Venice, Milan, Rome, Florence, Naples and the province of Rimini: taken together, these destinations record about a third of all tourist arrivals in Italy. The aim of the network is to promote sustainable tourism and transport, with special attention to the potentially negative externalities of tourism on the environment and on monuments. In 2014 GDITS has taken part to the European Union Project ETIS (European Tourism Indicator System), a data collection on economic, environmental and social sustainability of tourism in the major European tourism destinations. These data have been useful in devising the current Venetian municipal policies. Venice appears as the city, among those in GDITS, most committed to translating recommendations on sustainability into effective policies.

Some problems affecting Venice as a tourism destination are beyond the municipal government's powers. For instance, cruise ships coming into St. Mark's basin are considered by many as one of the main problematic issues as far as tourism in Venice is concerned. In fact, they cause a lot of pollution, negatively affect the bed of the canals, and in case of an accident they are likely to destroy invaluable architectural landmarks.

<sup>16</sup>The public and the private components interact fruitfully. Venice ODG gives MUVE the opportunity to be systematically involved in the round tables on the development of Venice tourism. This means that not only is MUVE committed to local tourism policies, but also visibly so. MUVE executive secretary laments that some private partners still resist a cultural institution to have such a prominent role.

They are also a symbol of a here today, gone tomorrow tourism model that generates more negative than positive externalities for the city. The power to say yes or no to cruise ships near St. Mark's Square depends on central government, which has not found a definite solution, yet. This causes the irritation of the municipality, a clear case of lack of co-ordinated inter-governmental vision on matters concerning Venice.

### ***2.1.2. Fostering creativity and innovation***

Venice has been a creative city for centuries, worldwide famous for its artists and for its high-quality proto-industrial production (glass, high quality textile, lace, print and paperwork, special iron- and wood-working in shipyards). Most of these activities are now in decline, and what is even worse, what is displayed in most shop-windows of the city centre are souvenirs imitating traditional Venetian ware, but in fact Chinese products. Is there a positive role museums can play in this context? Clearly there is, and the actions potentially involved go from day-to-day operations, such as the choice of product providers for bookshops,<sup>17</sup> to broad cultural strategies, such as the establishment of relationships with local producers, organisation of workshops, choice of exhibitions' themes.

MUVE's commitment for the survival and development of unique local production is focused on the activities of the Glass Museum in Murano and the Lace Museum in Burano.

In Burano the lace craftsmanship has almost died out (there are, however, outstanding exceptions)<sup>18</sup>, and the museum is striving to revive it. Since 2016 it has supported the city in its networking with other 15 Italian municipalities, characterised by the same tradition, with the aim to work on a candidature for Italian lace to be included in the UNESCO Intangible Heritage List. In particular, since 2017 the museum has organised Biennale del Merletto, an event consisting of workshops and seminars attracting an international audience. The focus is on lace through history and nowadays; lace is considered not just as an art, but also as an economic activity having social implications for women in various times in history and parts of the world.

In Murano some glass factories are still present,<sup>19</sup> and most of them have converted into producers of luxury objects and lamps, often designed by world famous designers (some of whom are local). The museum, which re-opened after a renovation in 2015, displays an outstanding collection testifying the various historical phases of the industry and dedicates a large area to selected pieces of the recent Murano glass production. A recent initiative is the Venice Glass Week, in which MUVE and the municipality join forces

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<sup>17</sup> As explained in the Appendix, MUVE bookshops are outsourced. In the concession contract MUVE requires that the provider buys high quality, locally produced souvenirs, such as gondola toys made by recycling the wood of real gondolas.

<sup>18</sup> Marina Vidal is a brand of luxury linen based in Burano; it also produces lace handkerchiefs and earrings.

<sup>19</sup> Murano is an island just outside the historical centre of Venice that has been the most famous European district for glass and artistic <sup>glassmaking</sup> since the Middle Ages. This business has had changing fortunes in the course of time, yet even nowadays, in spite of the competition from countries where labour costs are lower and regulations looser, 76 glass firms are present on the island.

with Promovetro, the consortium promoting Murano glass factories, other cultural institutions (Fondazione Cini, Istituto Veneto di Scienze, Lettere ed Arti) and Abate Zanetti School, a Murano private technical school preparing for a career in glass making. In 2018 the second edition of the event, consisting of 119 exhibitions and installations scattered throughout the city and Mestre, 21 workshops, 15 conferences, 9 guided visits, 7 performances and other leisure activities, attracted about 91 000 visitors.

The collections of arts and crafts museums may inspire new products and new products' features (shape, colour, texture...) increasing goods differentiation and, therefore, adding value.<sup>20</sup> Heritage is an economic resource for a local context, especially if it has glorious past. Among MUVE's museums in historical Venice, the one most suitable to play an active role in this perspective is Palazzo Mocenigo, which hosts a unique collection of ancient clothes and fabrics (velvets, damasks, brocades).

A recent interesting partnership in this respect is the one between MUVE and the local perfume maker Mavive s.p.a. This partnership can actually be defined as a case of co-production between a museum and a company (Tamma and Artico, 2015). In 2013 the project was awarded a prestigious national award, Premio Cultura+Impresa, as best practice in museum-company partnerships.<sup>21</sup> Mavive wished to upgrade their product range and needed a high profile launch for their new line of perfumes, the Merchant of Venice, which they wished to commercialize first in Venice as luxury souvenirs (characterised by a very Venetian allure thanks to the packaging: little Murano glass bottles) and then all over the world in perfumery retailers. Their intuition was to involve a cultural institution to enhance the immaterial value attached to their products and thus make them more desirable. In fact, there is a historical and cultural link between Venice and the world of essence and perfumes, given the city's prominent role in the trade relations between Europe and the Middle and Far East. At the beginning of this decade Mavive contacted MUVE and proposed a collaboration; MUVE management saw an opportunity to involve a very visible local sponsor and partner.<sup>22</sup> They identified Mocenigo Palace as the best place where the partnership could take place. Being perfumes a complement to dresses, Mocenigo could become, with a redecoration and the opening of new rooms, a museum of costume and perfume. The redecoration was paid by Mavive; the new gallery dedicated to the history of perfumery now hosts multimedia tools as well as ancient manuals and a private collection (on loan) of old precious perfume bottles. Mavive manages the activities hosted by the new gallery: the package includes a guided visit to the museum, a 2-hours course on perfumery, including the creation of one's own personalised scent, and finally a set of Mavive's products. Revenues are shared, and Mavive can also sell their products in Mocenigo's bookshop.

<sup>20</sup> A case in point in Venice is a worldwide famous shoe designer, Rene Caovilla, who has been producing top-of-the-range shoes in Venice since 1934. Its designs are clearly inspired by Venice textile tradition.

<sup>21</sup> The awarding committee, set up by a well-known non-profit institution, Federcultura, identifies every year a best practice in sponsorships and partnerships between cultural institutions and firms. 2013 was the first year this award was assigned.

<sup>22</sup> The partnership between a museum and a perfume-maker was not a new one. In Provence there has been a long-lasting collaboration between the MIP (Musée International de la Parfumerie) and private companies producing perfume. In the same years the MUVE-Mavive partnership was created, a similar one was present in Piedmont.

While this sounds more like a story of successful co-marketing than an initiative fostering creative industries locally, one should not disregard its standing as an emblematic example for many new potential entrepreneurs.

It has to be said, however, that the experience has not triggered MUVE's desire to *go and actively look for* other local firms for similar partnerships. MUVE tends to think of itself more as a strictly cultural institution than as anything else, with an important role as a tourism attractor but maybe not so much as a catalyst for creative industries in the local economic context.

The potential of MUVE for creative industries is maybe somewhat underrated in the interviews with MUVE's director and executive secretary. Particularly its archives and collections could be sources of inspiration for fertilizing the local context. On the other hand, since her appointment in 2011 the director has insisted on MUVE dedicating more exhibitions to contemporary artists and creative spirits; this has been a great break from the cultural programme of the previous direction. For instance, in 2018 an exhibition in Ca' Pesaro, the arts museum hosting the XX century municipal collection, was dedicated to the multi-faceted figure of fashion guru and designer Elio Fiorucci. Now Ca' Pesaro, which has been recently restored, also hosts a small co-working space, which can be used, among others, by the Smart Passport Holders. Smart passports are the membership cards of a network focused on innovation called DVRI (Distretto Veneziano della Ricerca e dell'Innovazione), which was founded in 2011 by local institutions (universities, research centres, cultural institutions including MUVE) and has been in operation since 2014. One of DVRI's actions in 2017 was to organize two informal talks on the potential of digital technology for museums, and one of them was hosted in Ca' Rezzonico.<sup>23</sup>

The municipal government does not seem to be convinced of the necessity for museums to play an important role in fostering the development of creative industries other than the most consolidated ones (glass). For instance, since 2013 the municipality has promoted a Venice Fashion Week involving private partners and the city's universities, but MUVE is not in the list of partners.

Up until recently the municipal government *has* valued the impact of culture as a production factor and *has* pursued policies enhancing this impact. However, this has mainly happened *not* through museums, but through other initiatives and institutions, and recently the very existence of some of these policies is questioned.

An example is the supply of a young artists' residences programme. The municipality has used this tool of cultural and economic fertilisation, reserving a number of positions for Veneto artists, through Fondazione Bevilacqua la Masa, a municipal cultural institution. In addition, Forte Marghera, a municipality-owned XIX century barrack on the mainland, has hosted contemporary art workshops targeted to locals; most of its activities have been outsourced to Marco Polo System, a company set up by the municipality itself and the association of Greek municipalities.<sup>24</sup> However, the current political majority has a more

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<sup>23</sup> DVRI's aim is to start a process of urban regeneration in which the community is involved in research and innovation. However, it appears DVRI is not as powerful and effective a network as it could be.

<sup>24</sup> Its main activities focus on research and promotion of Venetian military architecture in Venice and in the Mediterranean. It also proposes cultural projects financed through European funds, including one on the re-proposal of old crafts activities to the young generations.

sceptic attitude on the ability of Marco Polo System to have a real impact, and even considers to step down from the role as stakeholder and main financing body. This possibly means that the municipality has now little confidence in *all* initiatives for the fertilisation of the local creative industries led by public cultural institutions and focused on contemporary art. An alternative explanation is that since now also MUVE offers occasions to get in touch with contemporary art, there is a wish to avoid duplications. However, MUVE is not subsidised by the municipality, so if contemporary art is proposed, this is at the expense of other museum activities. All in all, if the municipality stopped subsidising Forte Marghera, this would imply an impoverishment of Venice cultural supply.

While heritage and contemporary art may inspire new creative products, their conservation and exhibition represent a chance for innovation in industries such as restoration and domotics. This sometimes works through in-kind sponsorships. MUVE is very active in renovation works and organisation of exhibitions, and often looks for in-kind sponsors to reduce its costs. The motivation of private sponsors in this kind of partnerships is visibility, but firms often also appreciate the chance to develop new products in response to the special needs museums may have. These products may then have a future in mass production. An interesting specific case of successful in-kind sponsorship has involved Philips Lighting Italia for the renovation of MUVE's museums lighting. In this case, besides the by-product of the acquisition of new expertise on the sponsor's side, there was also a durable benefit for MUVE: a permanent cost reduction (LED lighting).

Restoration is often an activity museums are best at, and the skills of their staff can generate spill-overs at the local level involving firms and individuals. As far as MUVE is concerned, this is true for all its museums, but particularly for Mocenigo Palace, where workshops take place on fabrics restoration led by artisan-teachers. It has to be admitted, however, that these are not specifically targeted to the locals.

The municipality of Venice has a strong commitment to innovation policy outside the domain of creative industries. Venice hosts VEGA, a technological cluster set in Marghera, born in 1993 as part of a regeneration project of the local dismissed industrial area. The municipality of Venice is among the company's stakeholders as well as, among others, the Veneto Region and the two main Venetian universities. VEGA now hosts about 200 firms and, since 2012, an incubator. Some of the activities developed at VEGA have to do with innovative heritage restoration techniques, and the Italian Institute of Technology will soon (November 2018) open a unit called Centre for Cultural Heritage Technology there. It is interesting to notice that MUVE has invested in storing areas and restoring laboratories (2 000 square meters) at VEGA.<sup>25</sup> VEGA also hosts cultural activities open to all, thus showing that its management believes in the contamination between culture and economy.

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<sup>25</sup> MUVE's staff sometimes attend courses on heritage management and conservation organised by and at VEGA.

## 2.2. Urban design and community development

From an urban point of view, Venice is a very peculiar case. Its centre, historical Venice, is practically all listed, there is no room for new buildings and suffers from overtourism, gentrification and *Disneyfication* phenomena making it hard for the local population to stay. Mainland Venice (Mestre and Marghera) has problems related to deindustrialisation and lack of cultural services, all concentrated in the islands.

MUVE's role in this urban context is mainly focused on the renovation of its museums. In its commitment to excellent museum experiences, the MUVE Foundation has found it necessary to invest a lot in renovations in this last decade. Murano Glass museum, Ca' Pesaro, the Natural History Museum and part of Correr Museum have undergone extensive upgrades of their inner spaces, facades and sometimes outer spaces, with spill-over effects on the city's attractiveness and also, to some extent, liveability. Think, for instance of the gardens in some of the museums, some of the few public green spaces in historical Venice. Their re-qualification is important not just for the museums' image, but also for their being experienced by the local community as open spaces where families and friends can gather. In fact, these spaces are accessible for free.

Actually, all MUVE museums are freely accessible to Venetians. The municipality decided that all locals have the right of a free admission: the provision is in the very bylaws of the Foundation, and it enhances of all social and educational impacts.

There is awareness within MUVE of the necessity to connect their museums with their physical surroundings in order to fully understand the value not just of the collections, but also of the outstanding historical buildings in which these are hosted. "Museums and more" is a programme of eight thematic tours set up by MUVE in collaboration with a company of Venice official guides, Best Venice Guides, in which a museum is the starting point for a vaster tour in the surrounding area. The tours are the following:

- Venice and the Theatre: city walk and visit to the historic home of Carlo Goldoni;
- The Venetian "Risorgimento" and the struggle for liberty: city walk and Correr Museum tour
- The Frari church and Ca' Pesaro: Power and Art
- Discover 18<sup>th</sup> century Venice: Giacomo Casanova e Ca' Rezzonico
- The history of Venice through the halls of the Correr Museum
- Individual Ambition and Collective Participation: Ca' Rezzonico and the Scuola Grande dei Carmini
- Aromas and Colours of Eighteenth-Century Venice: Palazzo Mocenigo and the Surrounding Area
- Venice, Fortuny and the Belle Époque

Being most of these tours far from St. Mark's Square, this programme is also part of MUVE's strategy to decongest the most crowded parts of the historical centre. The commitment of MUVE to mitigate historical Venice congestion problems, comprising all strategies aimed at distributing tourists more uniformly in both space and time, is meant to improve tourist experience, but also liveability.

Through the Foundation's council board Venice municipality has recently played a more active role in shaping MUVE's vision and programmes. MUVE has been suggested to organize exhibitions also on the mainland, specifically at Centro Candiani, Mestre, and Forte Marghera.<sup>26</sup> The idea is to find a balance in which mainland Venice plays a role as new attractor, thus helping the decongestion of the islands and improving the services dedicated to the mainland community.<sup>27</sup> However, MUVE's mainland activities have not been supported by an extra budget. The current municipal administration is convinced that MUVE's revenues are enough to sustain also this extra task. The options for MUVE are two: either decrease the number of exhibitions/events in its museums to avoid an increase in costs, or find new sponsors.

MUVE's commitment to the local community does not just focus on the conditions influencing its wellbeing, endangered by over-tourism and too strong an imbalance between historical Venice and the mainland. The Foundation also fosters the development of a sense of community through some of its countless initiatives. For instance, most educational services are targeted for families and schools and are meant to increase awareness of Venice unique identity (more on educational services in par. 3). Summer camps are organised at Ca' Rezzonico, with children aged 7-11 engaged in the discovery of the museum and the surrounding area. Local amateur performing companies are often involved in the organisation of events and activities, especially at Carlo Goldoni's House.

In 2018 MUVE has launched Venice City of Women, both the proposal of a permanent network and a series of cultural events. The inclusive and cross-cutting nature of this action makes it likely to enhance MUVE's impact on the development of the local community.

2018 is also the year in which a protocol among the most important high education institutions in Venice has started operating. The protocol, called Study in Venice, is a means through which its promoters join forces in order to attract international students, especially Asian ones. The municipality of Venice has promised full support to this initiative, though it is not clear, yet, if this means involving MUVE.<sup>28</sup> The support is meant to impact on Venice community by enriching it with new talents, who may stay and contribute to the local economy and society longer than the mere time of their study period. This reveals that Venice has retained its identity as a community that it is not closed, but ready to contributions from outside, a heritage of its very cosmopolitan past. At the same time, this policy has a more short term goal: to contrast the *AirBnB-isation* of historical Venice and have more residents.

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<sup>26</sup>In MUVE's scientific programme for 2018 these exhibitions are under the heading *MUVE outdoor*.

<sup>27</sup>Mestre as a new attractor will fully display its potential when this municipal initiative will be complemented by the opening of M9, an important museum on Italian history of the XX century set up by Fondazione Venezia (a rich banking foundation).

<sup>28</sup>The municipality could, for instance, offer a package of free or discounted services, including cultural ones, to foreign students.

### 2.3. Cultural development, education and creativeness

MUVE is a cultural institution, and its staff and management conceive this as including, as main missions, not just conservation and research, but also education. The prominent role attributed to education is evident from the fact that, unlike many museums in Italy, even prestigious ones, the Foundation has chosen *not* to outsource (the bulk of) educational activities, considering that the risk of quality shading is too high. On MUVE's outsourcing policy, see the Appendix.

As it is obvious for a network of museums, in order to reach its educational goals the main strategy MUVE adopts consists of a commitment to quality visits to its collections and exhibitions.

MUVE had around 2.3 million visitors in 2017; 1 405 439 (60.6%) were visitors of the Doge's Palace (3<sup>rd</sup> most visited museum in Italy and 40<sup>th</sup> in the world in 2016 according to *Il Giornale dell'Arte*),<sup>29</sup> 334 820 visitors of Correr Museum (which ranked 27<sup>th</sup>) and 174 758 visitors of the Glass Museum (53<sup>th</sup>). Two other arts museums, Ca' Rezzonico and Ca' Pesaro, exceeded the threshold of 100 000 visitors (Ca' Pesaro ranked 78<sup>th</sup> in 2016); The Natural History Museum had an audience of about 75 000 while the other museums and monuments did not reach 50 000 (*Annuario del Turismo*, 2017). While Italian visitors were 29.9% of the total in 2017,<sup>30</sup> it is not easy to detect how many were local visitors. A conservative estimate for 2017 is 61.160(23.4% of the 2017 Venetian population). Locals' free admissions are in fact 17.6% of total free admissions, which are in turn 15% of all admissions (2 316 729). 23.4% of the total Venetian population is not a very high percentage. However, there is for sure some underestimation due to the fact that once a month MUVE organizes a special free event for families in one of its museums. The free admissions related to these events are a lot: 62.1% of total free admissions, and it is very likely that a lot of the families enjoying these activities are local families. On the other hand, tourists' crowds may in some parts of the year discourage a visit by the locals.

Quality museum education goes hand in hand with quality of the exhibition space. In this sense, the renovation policy that MUVE has carried out in the last decade has brought great improvements, especially at the Natural History Museum, at Ca' Pesaro and at the Murano Glass Museum, though it must be said that there is still work to do in this respect, especially at Correr Museum and Mocenigo Palace. As an additional critical note, mystery guest visits have allowed to detect a lack of a common policy as to the languages in which captions are presented. On the other hand, the spaces hosting auxiliary services (from bookshops to wardrobe services) are in general well-conceived and well-kept. In Ca' Pesaro and Ca' Rezzonico families can enjoy baby pit-stop rooms, new facilities in

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<sup>29</sup> *Il Giornale dell'Arte* is the Italian edition of The Arts Newspaper. The 2017 MUVE data were not communicated in time for the elaboration of the 2017 ranking, so we can only refer to the 2016 ranking. There was an increase of 6.7% in visitors for MUVE between 2016 and 2017.

<sup>30</sup> US visitors were 16.1%, UK visitors 12.2%, France 11.8%, Germany 10.8%. There is a very uneven distribution of visitors' nationalities across the various museums, with the foreigners concentrated in the Doge's Palace while Italian visitors make up a much larger percentage in some of the other museums (as high as 75% in the Natural History Museum).

which the mothers of very young babies can also breastfeed. This comes from signing a protocol with UNICEF in 2016 – soon all MUVE museums will have a baby pit stop.

Visitors' satisfaction can roughly be represented by MUVE's Tripadvisor scores, which, for the Doges' Palace, is 4.5 out of 5 (23 056 reviews, October 2018); the Doge's Palace ranked tenth in the Tripadvisor's 2018 Traveller's Choice Italian Landmark Awards. Same score for Ca' Rezzonico and Correr Museum, while Ca' Pesaro's score is 4. Finer and more up-to-date data on the evaluation of customer's satisfaction may be derived using semantic analysis on visitors' reviews on all social media and sites collecting reviews. MUVE does this through the use of a dedicated commercial software, Travel Appeal; it is very attentive to its online reputation and derives suggestions on how to improve from reviews.<sup>31</sup>

Clearly, high scores are difficult to read as mere indicators of an efficient museum service, as they are conditioned by the quality of the collections, which, in most of MUVE's museums, is recognised worldwide as outstanding. Perhaps a better indicator of a welcoming and well-functioning museum are the scores reported in *Il Giornale dell'Arte*. These scores represent the quality of a number of features (building, accessibility, visibility, lightning, attendants, bookshop, lifts, cafeteria and toilets) assessed by a mystery guest specialised in museum reviews. Unfortunately, this mystery guest only reviewed two of MUVE's museums. Ca' Pesaro had a score of 9.1/10. The Glass Museum's score (6.1/10) reported in 2012 was strongly influenced by the negative valuation due to the lack of a lift. The museum has been renovated since then and now has two lifts.

The target of MUVE's strategies of audience development mainly focus on families<sup>32</sup> and schools, two audience categories that are particularly important for the increase not just of standard visits, but also of educational services. These are present in every museum (and also at Candiani and in Forte Marghera on mainland, when MUVE organises exhibitions there) in form of guided tours and workshops, and for each of these there is a very vast choice.<sup>33</sup> The recent introduction of contemporary art in MUVE's exhibitions' programme has been conceived also as a way to offer the visitor an easier approach to culture. Schools are a particularly important segment of demand, and MUVE organises every year a special event, the Educational Day, in which all the educational services targeted to schools and produced in-house are presented to teachers.

MUVE's commitment to education is also focused on the supply of courses and research opportunities to doctoral students, professors and teachers. The institution is very strong in building collaborations with high profile universities around the world. Some of these collaborations have produced research work meant to improve the very museum visit experience, something MUVE is clearly interested in. A recent spill-over from a doctoral thesis is an App allowing to access augmented reality contents to the visits to MUVE museums.

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<sup>31</sup>The same software offers MUVE SEO services, allowing to improve communication through the website.

<sup>32</sup> In the Venetian context not so many museums have services and communication specifically targeted to families, according to Cicero, Chiaravesio and Crisci (2016).

<sup>33</sup> It is interesting to notice that workshops are not offered by other public institutions in Venice, such as central government's museums.

The new technologies are in fact seen as an opportunity by MUVE. Virtual visits have been made possible thanks to the partnership with Google Arts & Culture, the online platform through which internet users can access high-resolution images of works of art in the collections of museums. Google promotes it by stating that“(their) goal is to democratize access to culture and to promote its preservation for future generations”. The world of museum directors is rather divided as to whether virtual visits are beneficial for their institutions, since only real visits generate revenues. The iconic appeal of much of MUVE’s heritage probably makes it less likely for them that a virtual visit substitutes a real one. In MUVE’s case, allowing virtual visits is probably just another strategy to increase visibility and reach distant potential future real visitors.

MUVE’s outreaching mainly consists of special events such as “lates”, often taking place on the occasion of celebrations and events involving also other private and public actors of the Venetian scene. Sometimes it consists of special price arrangements for the participants to non-cultural events happening in town: this is for instance the case with “Su e Zo per iPonti”, a popular city run and walk.

Also edutainment activities, such as the packages “Birthday at the museum” and “Brunch at the museum” may be considered as part of an outreaching strategy. However, it has to be admitted that the price of these activities, as well as that of guided visits and laboratories, are rather high, and this is a clear limitation. Clearly, MUVE is not considering running educational programmes at a loss, and possibly it even wishes to derive a profit from them.

That education should produce profit is also the reason why the Foundation is not fully satisfied with its partial outsourcing of educational services targeted to schools. In fact, some of the work with schools is outsourced to the non-profit organisation “Amici dei Musei e Monumenti Veneziani” (Friends of Venetian Museums and Monuments). Its volunteers, consisting mostly of retired local teachers and professors, guide about 5 000 students a year, mainly from the municipalities in Venice province, through the rooms of MUVE’s museums. The partnership, which the Foundation inherited from the previous management and has been going on for decades, is quite peculiar in that it is not a concession, but an arrangement in which MUVE covers the costs of the volunteers with a small contribution (7 800 euro in 2017). It clearly has positive externalities in that it involves a lot of local retired people, making them feel more active and useful. The “Friends of” club also organizes courses and conferences in collaboration with Ateneo Veneto, a prestigious Venetian cultural institution,<sup>34</sup> on the history of Venetian art, thus drawing constant attention to MUVE’s collections. Moreover, it promotes fundraising campaigns for the restoration of single pieces in Venice museums. MUVE appreciates all this but, on the other hand, the Foundation thinks that a student visiting its museums guided by a volunteer are a missed opportunity for profit. Whether this will bring about a reconsideration of the sui generis outsourcing arrangement is still an open question.

Is Venice municipality involved as a facilitator in the relationship between MUVE and its audience? It does help in communication: MUVE’s main local partner for communication is VELA, a municipal company (see par. 1), and not just at the local level (stands at main international tourism promotion fairs and events).

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<sup>34</sup> The two non-profit institutions share a lot of their members.

As for schools, they are not a municipal sphere of action,<sup>35</sup> and therefore the municipality does not play a role in the organisation of local schools' visits. It is the very institutional arrangement characterising MUVE as a self-sufficient foundation that minimizes the role of the municipality: after all, the latter has decided to outsource its cultural services (see the Appendix), granting MUVE full autonomy in the choice of strategies to implement to pursue its core missions.<sup>36</sup>

Clearly, the municipality's most important commitment to strengthen the role museums play in its residents' education comes from the prescription, in MUVE Foundation's bylaws, that the institution must "provide free fruition of heritage by those living in Venice or born in Venice". This has translated into the practice of free admission for Venetians. As the municipality does not subsidise MUVE, this means that the locals' visits are paid by tourists (tickets are, by far, the main source of revenue). It is therefore a commitment, but not a costly one for the municipality. There remains to consider whether it would make sense to interpret "fruition" in a broader sense, i.e. including educational services. As already mentioned, these are rather costly, and this probably prevents many local families from enjoying them. Possibly a reduction in price, subsidised by the municipality, would make sense.

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<sup>35</sup>Powers on education are mainly attributed to central government in Italy, at least in ordinary regions such as Veneto.

<sup>36</sup>Some more active role will possibly come from the municipal support to the Study in Venice protocol (see par. 2).

### 3. INCLUSION, HEALTH AND WELL-BEING

This dimension of a museum's strategy for local development comprises several sub-dimensions:

- Actions aiming at enhancing the local community's health and health education.
- Actions intended to enhance the abilities and self-confidence of marginalised people, such as long-term unemployed, NEETS and disabled people.
- Actions focused on the rehabilitation of criminal offenders while in prison.

The policies in question require collaboration with hospitals and health agencies, public employment agencies, departments of justice and prisons, and non-profit organisations.

MUVE has not yet considered playing a role in the health and crime rehabilitation domains. The only relevant contribution to health policy is its commitment, through the research and educational services of the Natural History Museum, to spread awareness of the natural environment sustainability issue, with specific reference to the unique and so fragile Venetian lagoon context.

On the contrary, MUVE has recently paid attention to the needs of the disabled and the marginalised. As far as the former are concerned, a *sine qua non* requirement to start a dedicated policy is the very accessibility of a museum. Accessibility is not to be given for granted when a museum is hosted in a listed monument, which is the case for all MUVE museums: there is a trade-off between accessibility and conservation, and often museum directors have to negotiate on the matter with heritage authorities, which, in Italy, are central government agencies. Accessibility is one of MUVE's priorities in its long-term restoration programme, and the museums that have already been restored (Ca' Pesaro, Ca' Rezzonico, the Natural History Museum) are fully accessible. In all museums, however, by contacting the educational services it is possible to organise tailor-made guided visits and workshops for the blind, the deaf and those having limited mobility and/or cognitive handicaps. Dedicated staff and material are available and special tracks around the museum rooms have been devised. Moreover, in 2017, following a similar educational organised in Turin, the MUVE Foundation has organised a two-day workshop on museums and disability at Correr Museum. The workshop was for MUVE staff (curators, front office, educational services), but it was also open to all, and focused on best practices in museums' accessibility. Ca' Foscari University was involved, as well as non-profit organisations working with the disabled and other experts.

The involvement in projects focused on the marginalised is somewhat less systematic, yet some initiatives are worth mentioning. In the adult education section of its website MUVE promotes a programme called "Language school at the museum": the idea is to exploit the museums' collections to learn a foreign language by using the CLIL (Content and Language Integrated Learning) approach. In the Murano Glass Museum, the Natural History Museum and Ca' Rezzonico this programme also comprises courses of Italian

language and culture for foreign youth recently arrived in Italy. The initiative is in collaboration with the Immigration Agency of Venice Municipality.

Actually, a programme similar in aim is carried out in MUVE's museums also by "Amici dei Musei e Monumenti Veneziani", the non-profit organisation to which MUVE outsources part of its educational services. This programme, focused on a similar target, complements the discovery of Italian customs and traditions (participation to celebrations, cooking) with museum visits. The number of youth involved so far is not so high, and this is the initiative of a single person within the organisation, yet it testifies that the positive contribution museums can give to integration policies is recognised also in the wider context of civil society in Venice.

An opportunity for museums to fight marginalisation comes from the purchases of their shops, because these can privilege providers such as non-profit organisations working with NEETS or prisoners. MUVE outsources its bookshops (see the Appendix), yet in the contract details with its partners there is a requirement that they must (also) buy from local producers. A further step could go in the direction to require a percentage produced locally by disadvantaged groups. There are good opportunities in this sense in Venice. For instance, in one of Venice prisons biological cosmetics are produced using the plants growing in its garden as ingredients. Banco Lotto n.10 is the name of a fashion collection produced by an atelier inside the Giudecca women's prison, run by a social co-operative called Il Cerchio.

MUVE's director and executive secretary are aware of the fact that the commitment of the Foundation on matters such as health, well-being and inclusion are definitely improvable. An aspect that makes this dimension less explored with respect to the other ones is the fact that hospitals and prisons are respectively regional and central government's agencies. MUVE's stakeholder, strictly speaking, is the municipality, who tends to think of museums mainly as functional to achieving goals within domains, such as tourism, in which the municipality has full or at least shared competence.

## 4. MANAGING MUSEUMS FOR LOCAL DEVELOPMENT

While all the dimensions covered in the previous paragraphs are about local governments' and museums' joint strategies to reach local development goals, this last dimension deals with the coherence between those goals and the back office work necessary to reach them. The reference is here to the instruments and routines, used in every day museum life, making it possible to offer quality museum services of different nature. Also aspects more related to the long-term dimension, such as conservation policy and multi-year programming, are pertinent here. In fact, a serious commitment to fostering local development needs both a practical approach to day-to-day organisational and financial issues and a sustainable and coherent policy *in the long run*. In particular, the long-term vision is of great importance, given the fact that some of the actions a museum may take to foster development manifest their effects only after many years (think of education, social cohesion and inclusion).

MUVE staff is very proud of the managerial approach to cultural services it has pursued since the Foundation was created in 2008. Indeed, the institutional change has meant the introduction of a new mentality in the organisation. Only half of the old staff remained after the change,<sup>37</sup> and the new recruits had an education focused on economics, management, marketing and communication, while arts studies were the rule before. There was a substantial revision of the organisation structure: all services characterised by potential economies of scale and scope (accounting, human resources, advertising and communication, some part of conservation and research, relationship with other institutions) were centralised. Only decisions in cultural matters were left to the museums. Still, even cultural programmes must be discussed with the director, who makes them coherent with each other and have the final say on the cultural policy of the institution. So MUVE is now a highly centralised organisation with a strict division of powers between an general secretary, shaping the strategies pertaining to the managerial domain, and a director, dealing with the cultural strategies.

When the MUVE Foundation was assigned the task to manage the eleven municipal museums, it soon revised all previous practices and often changed them, mainly with the aim to make the network of museums' financial sustainability more robust (Agnetti and Voza, 2011; *Il Giornale delle Fondazioni*). Here is a list of practices, both on the cost and on the revenue side, that help MUVE be a museum institution not requiring public subsidisation, exception to the rule in the world of museums.

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<sup>37</sup>The museums' employees had the choice to join MUVE or choose another position in the municipal bureaucracy.

#### 4.1. Cost minimisation

- Outsourcing of services such as cleaning, small maintenance works, welcoming services through procurement contracts to non-profit organisations (see the Annex A).
- Attention paid to x-efficiency and to the opportunities to get sizable cost reductions, especially in the management of buildings, through technology.
- Economies of scale are exploited in the field of conservation, also with the share of the same deposit/restoration lab for all arts museums of the network (located at VEGA: see par. 1).
- Co-production of exhibitions with other museums.
- A role in cost reduction is played by voluntary work; volunteers also have a value within policies fostering engagement and communication. The role of the association “Amici dei Musei e dei Monumenti Veneziani” has already been illustrated (see par. 3 and 4). Other volunteers working at MUVE are students. A national law has recently added a compulsory number of working hours to the curriculum of all students aged 17-19 in Italy. Student work is not paid and it is possible for students to choose among different types of jobs. This programme, called *Alternanza Scuola-Lavoro*, has attracted the attention of MUVE, which offers schools a long list of activities to attract student workers.<sup>38</sup> Some see also young people doing their civil service as sort of volunteers, in spite of the fact that they receive a very small retribution. Civil service in Italy is a voluntary activity under the competence of the regions.<sup>39</sup> MUVE is an accredited organisation for hosting civil service projects, and 15 positions were offered in 2018.

#### 4.2. Revenue maximisation

- A new, more sophisticated price discrimination policy, as well as cards (Museum Pass, MUVE Friend Card), have been introduced since the Foundation was assigned the management of the eleven museums in 2008.
- Online sales of ticket and educational services (outsourced service, but with an integration of online sales in MUVE’s website); also, tickets sold together with transports and other services in personalised packages (organised by Veneziaunica.it managed by VELA: see par. 1).

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<sup>38</sup> The list, excluding work focused on the libraries, is the following: in Ca’ Pesaro, help in writing *condition reports* (<sup>conservation</sup>) and texts for communication to the young, also to be used on social media; in Carlo Goldoni’s House, write a text (later to be used for multiple communication purposes) connecting a comedy by Goldoni with today’s societies and behaviours; in Natural History Museum, help in conservation work; in Mocenigo Palace, reconstruction of the fundraising story of the museum in the last 10 years. The Educational Services Unit welcomes help in assistance during the children summer camps at the museums; in the preparation of communication material and material used in workshops; in the organisation of the Educational Day.

<sup>39</sup> Civil service is seen as a means to promote active citizenship, to favour social inclusion and also on-the-job education. Some civil service projects involve the participants in cultural activities.

- An opening days policy devised so that a Venice visitor can access at least one of MUVE museums in every day of the week.
- Policies focused on increasing donors' contributions and sponsorships (also technical ones), peculiar care paid to the relationship with the international private committees for the safeguarding of Venice.
- Use of museum premises for high-profile corporate events.
- A strong communication policy. Though this increases costs, it gives a great indirect contribution to revenue maximisation.

Perhaps the only opportunity fostering efficiency that MUVE has not fully exploited so far is the systematic collaboration with other museums and cultural institutions, for instance with shared communication projects. Venice is a difficult environment in this respect because there is a lot of competition, yet a recent initiative by other museums, the Dorsoduro Museum Mile, shows that times are changed and this types of collaborations are now viable.

The fact that the MUVE foundation makes a profit is sometimes advertised as the consequence of the great effort by the management to make the organisation efficient. In fact, to set the record straight one must say that profit characterised the museums' performance even before their management was handed over to the Foundation. Profit is mostly the consequence of the fact that the Doge's Palace is considered a must by most Venice tourists and excursionists. Even if we consider the positive profit trend in recent times one must consider that revenues have increased significantly in the last ten years mainly as a consequence of a greater number of admissions, which depends on the growth of tourist arrivals (+18.4% between 2013 and 2017) and possibly the growth in the number of excursionists.<sup>40</sup> These phenomena may be considered as (almost) exogenous: reasonably, only a small fraction of tourists and excursionists would *not* have visited Venice if MUVE had *not* organised their exhibitions and educational services, so that reverse causation (visits to MUVE museums driving visits to Venice) can be ruled out in most cases. This is not to say that reducing operating costs and increasing strategies focused on revenue maximisation had no effect on the Foundation's budget. Indeed, there was an effect, and probably not a negligible one, but it is the joint presence of a good management and external circumstances that have made possible for MUVE to be financially sustainable without any subsidisation.

The destination of MUVE's profit is an open question. One of the options is to invest it all in the renovation of the museums, which is indeed a much needed intervention in some specific cases. As an alternative, profit can increase a reserve fund meant as an insurance device against demand fluctuations. In this respect, also revenue diversification strategies play a role (increase of revenues other than ticket sales: see points d) and e) above). Insurance is considered useful because sudden slumps in demand (due to events such as global economic crises, exchange rates strong swings or terrorist attacks) may happen, and an institution mainly living on its ticket sales is particularly vulnerable under these circumstances.

Both the director's and the executive secretary's visions find justification in a concern for the future of MUVE, i.e. they are the consequence of the adoption of a long-term vision.

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<sup>40</sup> There are no reliable data on excursionists.

MUVE's autonomy in financial terms has a positive reflection on the awareness of MUVE's management of the necessity to have a vision in the long run. It has also a positive impact on medium-term programming, such as the organisation of exhibitions.

On the other hand, lack of subsidisation is a stringent constraint for MUVE. While the adoption of this municipal strategy has triggered more efficiency, it is arguable that once this objective has been obtained, this attitude must persist, unless the municipality is content with MUVE's current performance. Its recent assignment of new tasks to MUVE, such as the organisation of exhibitions in Mestre and Marghera, seems to point to a different view by the current mayor: he seems to be aware of MUVE's potential for a more effective role in policies fostering local development. But more renovations, more actions and more quality in the delivered services have a cost, and the municipal government must realise that.

If the municipality fears subsidisation would kill the right incentives within the Foundation, it could adopt a matching grants policy to finance additional renovations. Also an increase in museum initiatives could be financed in the same way. Finally, the municipality could cover part of the costs of educational services for the locals, and depending on demand elasticity, this would perhaps even increase private revenues from the service. The municipal budget may be in distress, but a tax on excursionists could be part of the solution. This would be correct, from a conceptual point of view, in that it would allow municipal museums to have a retribution for the spill-over gains coming from their existence value.

However, a wider strategy for local development must be, first of all, a necessity perceived by all MUVE's management. The focus on efficiency should not make them forget that the final goal is the service they deliver, and its impact on the city. There is room for improvement in this respect, because the Foundation could be more active in some domains (see for instance par. 4). Sharing of costs within networks of local actors could be a way to mitigate the rise in costs associated to a widening of their pro-development strategies: think, for instance, of programmes focused on the therapeutic effect of art in collaboration with hospitals.

This requires a shift to a mentality favouring activities with the highest impact even if they do not necessarily generate (the highest) revenues. Re-writing the budget using the activity based costing method, considering the five dimensions identified by the OECD Guide as cost categories, would allow to reason in terms of impact size, and allocate resources to the different programmes in coherence with the impacts one wishes to privilege. Co-ordination of vision with the municipality, with the latter adopting a matching grant policy, would be the perfect scenario for MUVE to face this demanding challenge successfully.

## 5. POLICY RECOMMENDATIONS

### 5.1. Policy recommendations for MUVE

Dimension 1): look for local entrepreneurs and start-uppers and make them aware of the potential of arts museums' archives as sources of inspiration for the creation of design products. Consider targeting some of Mocenigo Palace's workshops on textile and textile restoration to local participants. Start a collaboration with the new Centre for Cultural Heritage Technology at VEGA. Communicate research of the Natural History Museum locally as contributions to the sustainable development.

Dimension 2): intensify the commitment to organise exhibitions and other cultural initiatives in Marghera and Mestre, and choose their topics among those favouring awareness of a common history with the islands. Consider the positive social impact of the involvement of "Amici dei Musei e dei Monumenti Veneziani" in MUVE's educational services.

Dimension 3): if possible, stop setting high prices for guided visits and workshops with the aim to make a profit out of them, because high prices limit the audience, hence the impact. In revising the outsourcing policy involving "Amici dei Musei e dei Monumenti Veneziani", consider all pros and cons, where profit increases should not be counted as a pro.

Dimension 4): establish a dialogue with the local health agency and prisons to identify possible collaborations (therapies and health education, social inclusion). Involve the museums more systematically in actions favouring employability and fighting marginalisation. Identify with the local government a third party for the evaluation of results in these domains of action, taking into consideration the necessity to consider results in the long run.

Dimension 5): start a systematic collaboration with other museums (shared communication projects etc.). Avoid considering efficiency as a goal per se, use efficiency gains to increase the impact. Support impact maximisation through innovations in accounting (re-classification of expenditure). Clarify with the municipality that more commitment should imply an incentivizing subsidisation programme.

### 5.2. Policy recommendations for the local government

Dimension 1): help VELA increase Veneziaunica.it foreign users. Assign MUVE a central role in an artists' residence programme. Recognize the role of museums in fostering local economic development not just through its impact on tourism but also through its impact on innovation. This implies inviting MUVE to sit in the board of local innovation hubs;

Dimension 2): incentivize MUVE to be even more active in the supply of cultural services in mainland Venice. Involve MUVE in programmes increasing Venice attractiveness for student residents.

Dimension 3): keep not interfering in the strategies the museum adopts, recognizing its better ability to understand visitors' demands. Consider partial subsidisation for residents buying MUVE's guided visits and workshops.

Dimension 4): stop thinking of museums mainly as functional to achieving goals only within domains, such as tourism, in which the municipality has full or shared competence. A greater awareness would be desirable of the fact that local development is the result of the action of different actors, and that museums could play a more effective role if they interacted with all of them, including hospitals and prisons.

Dimension 5): the current status of MUVE as an autonomous agency should be understood and valued as a good institutional arrangement, and not altered (de jure and de facto). It is arguable that once the objective of more efficiency has been reached, zero subsidisation should persist: impact has not yet been maximised. If the municipality fears subsidisation would kill the right incentives within the Foundation, it could adopt a matching grants policy. A possible source of revenue covering the cost of subsidies could come from a tax on excursionists.

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## Annex A. Best Practice: an intelligent use of outsourcing

### Governments' outsourcing of museums

Italy has historically relied on the public provision of cultural services through public sector institutions. However, starting from the mid-Nineties, outsourcing of public cultural institutions such as museums has become an increasing phenomenon, especially for local governments.<sup>41</sup> This has not meant a real *desétatation*, as in most cases museums have been handed over to fully public or hybrid non-profit organisations (such as participation foundations, where public and private partners often join forces to invest in a museum renovation project and then finance the institution). Yet it has meant the introduction of new managerial practices, the use of more flexible working contracts, a greater appeal towards sponsors.

Outsourcing can be defined as direct support to the cultural sector through production delegation (Bertacchini and Dalle Nogare, 2015). It emerges in situations whereby government failures (x-inefficiencies in particular) tend to be perceived as more burdensome than market failures in the provision of public cultural services, yet a government's interest in retaining influence over cultural policy guidelines is still relevant, so that full privatisation is not an option. Critical financial perspectives for the local government owning the museum may also be a driver for the choice to outsource.

Recent empirical evidence based on the 2011 Italian museum census data shows that museum outsourcing may be a successful strategy: in fact, outsourced museums are more effective than museums run as sub-units of the culture department they belong to in dimensions such as visitor friendliness, web communication, connectedness with local tourism and cultural institutions (Bertacchini et al. 2018). With the available data it is not possible to make out whether this comes from an increase in the available financial resources (in particular, more sponsorships) or from a more efficient use of a given budget.

MUVE cannot be said to be a representative case of museum outsourcing in the Italian context, because it is exceptional in many ways. First of all, before the MUVE Foundation was created in 2008 an independent agency managing the museums already existed within the municipal culture department (a form of decentralisation), so that outsourcing was just the next step towards a more autonomous status for Venetian museums, not a drastic change from a fully government-style type of management to a (semi)private one. Second, it is the number and relevance of the outsourced museums that

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<sup>41</sup> At first, legislators were late in recognizing and regulating this phenomenon; later they started dealing with it. In the course of time they have produced laws that have often changed the legal framework substantially from one year to the next - not the best context for local governments who must take decisions about their cultural institutions. Nevertheless, the outsourcing trend has not stopped.

make its case special. In most cases, outsourced museums cannot cover all their costs through their revenues from visitors and sponsors, and the organisations managing them require to be subsidised. On the contrary, Venetian museums, taken as a whole, used to make a small profit even before the Foundation was created. This means that the choice for more autonomy was not driven by the need to shrink subsidies to culture.

MUVE can however teach something to local governments owning a top attraction. First of all, it makes sense to consider it as part of the network of all local cultural institutions, sharing with them management and budget. This allows positive spillovers favouring the smaller institutions. As far as management is concerned, top curators and managers wish to work for prestigious museums; if smaller museums are part of a network comprising also a top museum, they can benefit from the high professionalism of a top director. In terms of budget, famous museums may make big profits, and these can cover the deficits of the other museums in the net. Venice municipal museums as a whole actually produce a profit.

What is the added value of outsourcing a museum network? Since the revenues are *the Foundation's revenues*, they cannot be easily appropriated by the municipal government, who could otherwise use them for non-cultural purposes.

### Museums' outsourcing of their services

There are two management models a museum can adopt in the provision of services: it can produce them in-house or outsource them. The literature on outsourcing highlights that there is a principal-agent problem whenever a task is assigned to a for-profit agent. One of the findings of this literature is that whenever asset specificity is high and monitoring is very costly, in-house provision is a superior solution. The same applies to the case in which there are many non-contractible aspects of service delivery; this is the case of services in which quality is important and difficult to measure.

In the case of some cultural services, such as conservation, asset specificity is very important: every piece in a museum collection is unique and unreproducible. That is the reason why we observe that they are never outsourced to firms, and in most cases they are produced in-house. Services pertaining to the domain of visitor fruition, such as guided visits and didactic activities, are not usually outsourced to for-profit firms, or at least this is what should happen: the quality issue is here essential. As for auxiliary services, the picture is different. Most superstar museums around the world produce them in-house (BaiaCurioni and Forti, 2009), while non-superstar museums often outsource them.

The contractual form adopted is often a concession: the provider only retains a percentage of the revenues generated by the outsourced activity, the rest goes to the museum. For some types of services, such as cleaning, procurement contracts are signed. There may be a quality control problem here, too, if contracting-out is the chosen option and regardless of the contractual form. If the provider produces poor quality services, this has an indirect negative impact on visitors' experience. On the other hand, many museums cannot afford the investment in a café or bookshop, or it is not considered appropriate to use taxpayers' money to make such an investment, though it would potentially be a profitable investment.

In Italy museums offered no auxiliary services till 1996. Then a new law prescribed that they could provide them, and if they did, these services had to be outsourced, so all auxiliary services were contracted out in Italy. Later legislation, still in force, allows a museum to choose between in-house production and outsourcing; the latter is still a

common option. There has often been an extensive interpretation of what an auxiliary service is, so that nowadays in many museums also core services such as exhibitions and educational activities are outsourced.

MUVE inherited from the previous public agency managing the municipal museums the choice to outsource the following services:

- cleaning and small maintenance services
- ticket office and welcoming services, security
- cafeterias
- bookshops.

The Foundation has confirmed this outsourcing strategy, distinguishing however between the first two types of activities, outsourced through procurement contracts, and the last two, which are for profit activities contracted out through concessions.<sup>42</sup>

Notice that all museum core services (conservation, exhibition, education) have stayed in-house: there was an intelligent choice of what to contract out and what not in the beginning and this was later confirmed.<sup>43</sup> In fact, museum core services are those most likely to be characterised by asset specificity and difficulty in quality assessment.

Non-core services may be less subject to asset specificity issues, but quality shading is still a possible undesired consequence if they are contracted out. Other problems that have often emerged in Italy have been the following: too high concession fees, a consequence of the limited number of potential service suppliers (oligopoly) and contractors' cheating on revenues. There are however viable options alleviating these potentially serious problems:

- in case of procurement contracts, choice of contractor with best alignment of objectives: better not-for-profit organisations;
- choice of incentivizing contracts in case of concessions;
- technological devices, such as specific integrated software, making monitoring (especially monitoring of ticketing and sales) more effective and less costly.

In all these three respects MUVE has always been ahead of most, if not all, Italian Museums. Procurement contracts have been signed with co-operatives. Concession contracts include an increase in the percentage due to the contractor when certain revenue thresholds are reached. The relationship with the contractors has always been intended as a partnership, with constant consideration and frequent discussion of the results in terms of customer's satisfaction – the Foundation often surveys its visitors and monitors its

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<sup>42</sup> For a period of time all for-profit activities were handed over to a company, SMINT, fully owned by the Foundation. Setting up a new company instead of managing for-profit activities directly was meant to obtain a reduction in the fiscal burden. In turn, SMINT contracted out to private providers. SMINT was then dismantled, and in 2018 the new tenders for the concession of bookshops and cafeterias were directly managed by the MUVE Foundation. New private (consortia of) companies won them.

<sup>43</sup> Some educational services targeted to schools are actually outsourced, but to a non-profit organisation, "Amici dei Musei and Monumenti Veneziani". Since its objectives are perfectly aligned with those of the museum network, no principal-agent problem arises.

online reputation through software using semantic analysis. In the past, also a third controlling party was involved, the costs for which were shared by MUVE and the very contractors.

MUVE's executive secretary is convinced that not only has *not* the adopted outsourcing policy determined a decrease in quality service, but it has actually caused an increase in it. In the economic models considering the opportunity to outsource the two alternative options are to perform a task *by oneself* or assign it to someone else. In real life, however, the options are to assign it *in-house* or contract it out. In-house provision may be affected by principle-agent type of problems, too, especially if public employees are not motivated and are unionised. It is exactly this circumstance that makes it likely that in some cases and for some type of services, outsourcing obtains both a cost reduction and a quality improvement.







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