

8 COVID-19 a Disaster for Heritage Business Models – V&A Case Study

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Abstract

The Victoria and Albert Museum (V&A), founded in 1852 and stemming from the Great Exhibition of 1851, had a mission to educate the public, designers, manufacturers and the public about art and design. Organizations like the V&A were intended to be initially funded from the proceeds of the Great Exhibition. But how did this funding model change with time? This teaching case study about the V&A makes a comparison between its pre- and post-coronavirus disease 2019 (COVID-19) business model (BM), aiming to map historic V&A value creation and value capture for visitors and stakeholders, while examining the underlying causes and effects of BM changes.

Subjects: business models (BMs), sustainable business models (SBMs), business model canvas (BMC), triple-layered business model canvas (TLBMC), Victoria and Albert Museum (V&A), benchmarking, COVID-19, PESTLE business tool (political, economic, social, technological, legal, environmental factors)

Learning Objectives

At the end of the case study, a learner will be able to:

1. Explain the business model (BM) concept.
2. Apply the BM concept to a real-world case study like the Victoria and Albert Museum (V&A).
3. Show the impact of political, economic, social, technological, legal and environmental (PESTLE) and sustainability factors, to an organization's BM.

Case

This case study about the Victoria and Albert Museum (V&A) (Fig. 8.1) business model canvas (BMC) is set in the context of the coronavirus disease 2019 (COVID-19) pandemic. The pandemic has decimated the heritage sector, with (for example) estimates that up to 30% of US museums will close permanently (Atkinson, 2020). The rationale for this case study stems from the enormous importance of heritage to

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Fig. 8.1. Courtyard at the Victoria and Albert Museum (V&A). Photo courtesy of heatheronhertravels, available at: 'Courtyard at the V & A museum' licensed under CC BY 2.0 (accessed 22 November 2021).

the UK in terms of the economy (jobs, income, both locally and nationally, etc.) as well as health benefits. For example, heritage added an estimated £14 billion to the UK's gross domestic product (GDP) in 2018 (which included £5 billion for London) and sustained 198,000 UK heritage sector jobs (Centre for Economic Business Research, 2019). Moreover, there were more than 6 million visitors to English Heritage sites in 2018/19 (English Heritage, 2019), historic houses alone (independently owned houses) generate 34,600 full-time equivalent (FTE) jobs and contribute £510 million/year to the economy (Historic Houses, 2020). Furthermore, heritage institutions, while enduring reduced funding from central government sources, are having to diversify and adapt their business models (BMs), as well as justify their continued existence. This, coupled with the devastating impact of the COVID-19 temporary closures of heritage sites and the corresponding loss of visitor revenues, provides an excellent opportunity to take stock of the pre-COVID-19 BMs,

as benchmarks for future BM innovations. The V&A was selected as a case study because its funding model is in transition. Hence, in some ways it represents heritage sites which are government funded and socially orientated, as well as characterizing those sites which are more commercial in nature.

Introduction to the problem

In 2020, Historic England highlighted the fact that the COVID-19 pandemic has severely impacted all heritage organizations, and that the very survival of many heritage businesses is at risk and some of them will fail (Historic England, 2020). Furthermore, they advised that resilience and capacity in the sector needed to be strengthened. Finally, they suggested that new BMs would improve sustainability in the sector and would also help it to avoid the risks of an approaching disaster.

The dilemma/research opportunity

This concern about sustainable business models (SBMs) in the heritage sector has also been reflected by Tristram Hunt, Director of the V&A:

behind the growth [generated from tourism] is a business model [BM] which Covid-19 has crippled. As governments have systematically cut public funding to national museums, we have become ever more dependent upon paid-for exhibitions, membership schemes and commercial income – which will be hard to continue in an era of social distancing.

(Hunt, 2020, p. 12)

Despite the growing urgent need to develop SBMs for the heritage sector, the area of SBMs, in the sector in particular, is not well researched.

The business model canvas (BMC)

BMs can be defined as how organizations create and capture value (Osterwalder and Pigneur, 2010). For Osterwalder and Pigneur, value creation ('value propositions') can have attributes which are quantitative ('e.g. price, speed of service') and qualitative ('e.g. design, customer experience') (Osterwalder and Pigneur, 2010, p. 23). Whereas (for these authors) value capture ('revenue streams') is the economic remuneration (cash generated) which an organization gains from 'customer segments' in exchange for access to, or maintenance of, the value proposition (Osterwalder and Pigneur, 2010, p. 30).

However, an older and broader definition of BMs, notable for the inclusion of 'benefit' and 'enhancing public good' is once again being utilized by researchers. The BMC (Osterwalder and Pigneur, 2010) has significantly advanced BM practice. It is a conceptual framework composed of nine themes, which allows an organization's BM to be mapped. Generally, the themes can be grouped under:

- the 'organization' (i.e. key activities, key partners, key resources, value proposition (e.g. the product or service)); and
- the 'market' (i.e. distribution/communication channels, revenue streams, visitor segments, visitor relationships).

The BMC also permits a degree of flexibility regarding the interpretation(s) and application(s) of the themes/components/building blocks.

The BMC: some strengths and limitations

While the BMC provides a very useful, simple, visual overview of how an organization creates and captures value, there are two limitations. First, it is constrained by the nine building blocks/themes themselves. Secondly, it omits external factors like political, economic, social, technological, legal and environmental (PESTLE) events. Furthermore, the BMC only provides a static snapshot of an organization (i.e. it is not temporal or longitudinal). The first and second objections can be overturned by simply expanding the framework to include these factors (see, for example, Fig. 8.2 the 'triple-layered business model canvas' (TLBMC) (Joyce and Paquin, 2016)). The BMC as a series of temporal snapshots of an organization provides a more nuanced view of its BM through time (potentially overcoming the third objection).

Policy development theory

A significant political element was identified during the course of producing this case study. Hence, a policy framework (Fig. 8.3) was necessary to contextualize the relevant information.

Overview of the organization

Formerly known as the South Kensington Museum, the V&A was renamed after Queen Victoria and her husband Prince Albert, in celebration of his role in its establishment. Profits from the Great Exhibition of 1851 were intended to be used to develop art and science education, cultural museums and colleges in South Kensington. The V&A, being the first of these institutions, moved to Exhibition Road in 1857. Over the course of time, the initial funding model changed, but how are great institutions like the V&A sustained now? In answering this question, this chapter takes an exploratory case study approach.

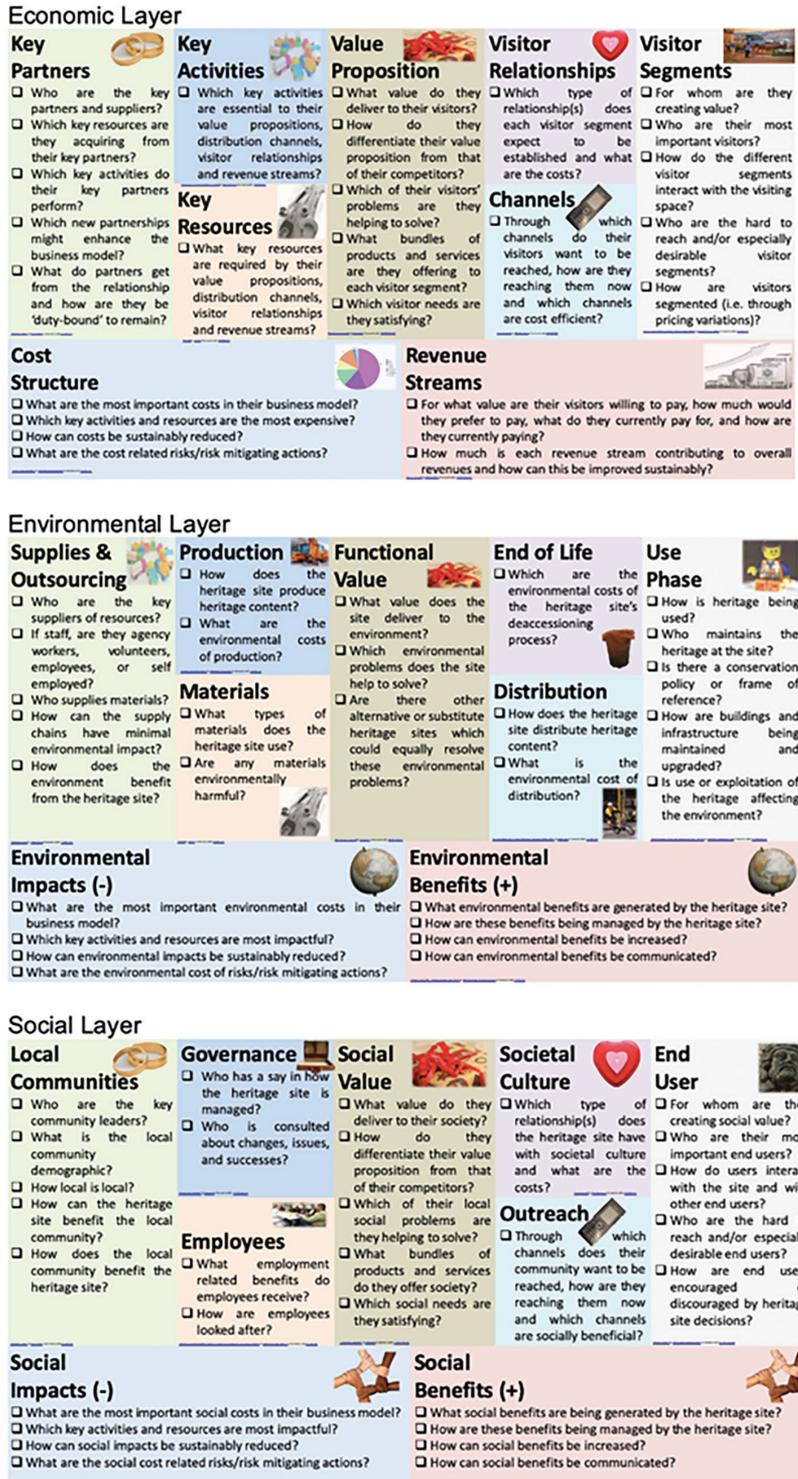


Fig. 8.2. Triple-layered business model canvas (TLBMC). From Joyce and Paquin, 2016, modified by Seymour, 2020.

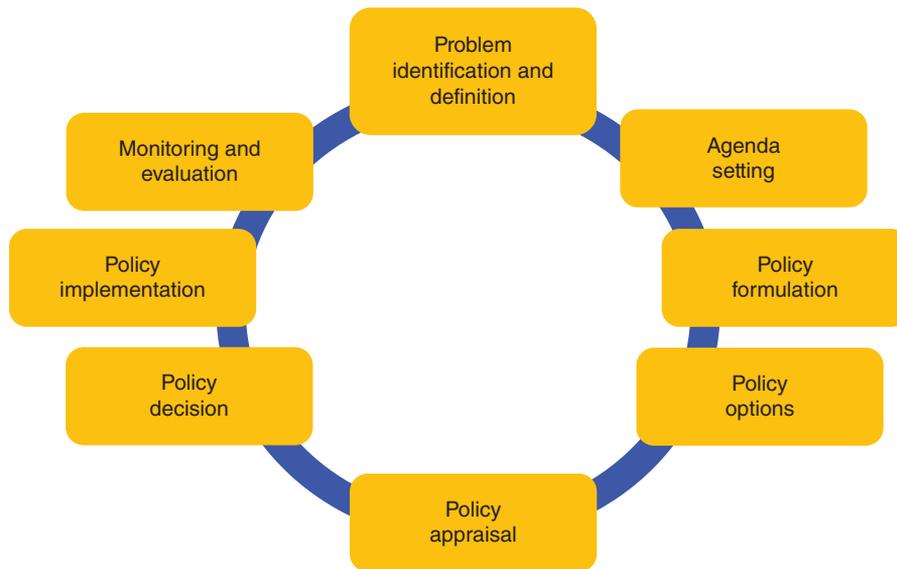


Fig. 8.3. The policy process, based on Her Majesty's Treasury (2011). From LOpen Government Licence v1.0. <https://www.nationalarchives.gov.uk/doc/open-government-licence/version/1/open-government-licence.htm> (accessed 24 May 2022).

The pre-COVID-19 V&A BM

Historically, the V&A gave face-to-face lectures and demonstrations to art and design students. For a long time, pedagogy was the only way that the V&A interacted with visitors. This lack of diversification potentially hints at a flaw in the initial V&A BM. The second significant finding concerned the phenomenally successful exhibition *The Destruction of the Country House*, held at the V&A in the autumn of 1974. This exhibition has now achieved 'legendary' status within the heritage sector. At a time when the UK government was considering implementing a wealth tax, *The Destruction of the Country House* exhibition revealed to the general public that large numbers of UK country houses were being demolished because owners could no longer afford the death duties. Heritage, including the contents of these great houses, was being lost on a vast scale.

So much public interest was generated by the exhibition that eventually the organizers were summoned to Parliament, to answer questions about the issues of the proposed tax and the destruction of heritage

(House of Commons, 1975). This evidence (in conjunction with the 1975 European Architectural Heritage Year, promoted by the Council of Europe), led to a shift in government policy which had seismic repercussions for UK heritage and the V&A. However, it should be noted that while *The Destruction of the Country House* exhibition was a 'huge' success for the V&A and UK heritage, the visitor attendance figures for 1974 were only 1,060,311, which included 135,279 visitors at the Bethnal Green Museum (Table 8.1). This was fewer visitors than in 1895–1899, but was also admittedly in the context of the 1973/74 world oil crisis. From this point onwards, the V&A broadens its mission to also include the preservation of heritage. Parliament also makes provisions for a V&A Conservation Centre. While *The Destruction of the Country House* exhibition greatly impacted the political and public spheres external to the V&A, the final significant finding indicated that it was an external event which would most impact the V&A. This event was the National Heritage Act of 1983.

The National Heritage Act of 1983 was implemented in the wake of growing public

Table 8.1. V&A visitor attendance data.^a

Year	Visitor attendance figures	Actual change in visitor numbers from previous period	Change in visitor numbers from previous period (%)	Comment/context	Reference
1895	1,395,876	N/A	N/A	Early V&A attendance figures generally show visitor numbers falling year on year.	Board of Education (1900)
1974	1,060,311	-335,565	-24	The huge success of The Destruction of the Country House exhibition at the V&A led to a change in government policy. Economic disruption caused by the 1973/74 oil crisis.	House of Commons Hansard (1975)
1982	2,058,480	998,169	94	Pre-National Heritage Act.	House of Commons Hansard (1982)
1983	2,221,000	162,520	8	National Heritage Act of 1983 and associated government heritage marketing campaign. English Heritage founded. V&A Board of Trustees established. Scope/mission of the V&A expanded.	House of Commons (1989)
1984	2,079,000	-142,000	-6		House of Commons (1989)
1985	2,067,000	-12,000	-1		House of Commons (1989)
1986	1,431,000	-636,000	-31	Introduction of admission charges due to reduced government funding. New disease BSE (mad cow disease) caused genuine fear of the unknown which may have impacted tourism and visitor numbers.	House of Commons (1989)
1987	1,392,000	-39,000	-3		House of Commons (1989)
1988	997,000	-395,000	-28	V&A explores a market research strategy to identify visitor needs.	House of Commons (1989)
1995	1,490,000	493,000	49	Pre-introduction of admission charges due to reduced government funding.	House of Commons Hansard (1997)
1996	1,600,000	110,000	7	Introduction of admission charges due to reduced government funding.	House of Commons Hansard (1997)

Continued

Table 8.1. Continued.

Year	Visitor attendance figures	Actual change in visitor numbers from previous period	Change in visitor numbers from previous period (%)	Comment/context	Reference
1999	1,288,396	-311,604	-19	V&A was encouraged by the Department of Culture Media and Sport (DCMS) to be more 'inclusive' and 'attract new audiences' (from under-represented groups, i.e. families, young people, cultural minorities and those with disabilities) via targets aligned to the Funding Agreement (DCMS, 2000). Government policy to implement free entry to museums begins. The V&A begins a programme of audience development. V&A website gets 20,000–40,000 hits/day.	V&A Museum (2001)
2000	1,342,079	53,683	4	V&A continues to be encouraged by the Department of Culture Media and Sport (DCMS) to be more 'inclusive' and 'attract new audiences' (from under-represented groups, i.e. families, young people, cultural minorities and those with disabilities) via targets aligned to the Funding Agreement (DCMS, 2000). Government policy to implement free entry to museums continues. The V&A continues a programme of audience development.	V&A Museum (2001)
2007	3,760,000	2,417,921	180	Rapid expansion in visitor numbers as a result of government policy tied to the funding regime as well as free entry to museums. Financial crisis (credit crunch).	V&A Museum (2008)
2008	5,221,400	1,461,400	39	Rapid expansion in visitor numbers as a result of government policy tied to the funding regime as well as free entry to museums. V&A website had 20,000,000 visits in a year and parts of the collection were digitized. Financial crisis (credit crunch).	V&A Museum (2009)
2017	4,396,557	-824,843	-16	Pre-COVID-19	V&A Museum (2018) <i>Continued</i>

Table 8.1. Continued.

Year	Visitor attendance figures	Actual change in visitor numbers from previous period	Change in visitor numbers from previous period (%)	Comment/context	Reference
2018	4,293,188	-103,369	-2	Pre-COVID-19	V&A Museum (2020)
2019	4,080,696	-212,492	-5	Pre-COVID-19	V&A Museum (2020)
2020	874,897	-3,205,799	-79	Impact of COVID-19 and lockdowns on V&A visitor numbers (first year).	Sharpe and da Silva (2021)
2021	857,742	-17,155	-2	Impact of COVID-19 on V&A visitor numbers (second year). Sustainability Plan (Net Zero).	Sharpe and da Silva (2021)

^aBSE, bovine spongiform encephalopathy; COVID-19, coronavirus disease 2019; N/A, not applicable.

enthusiasm, as well as concern, for UK heritage. From this Act, the English Heritage organization was founded. Regarding the effect of the Act on the V&A, three elements emerge: (i) a board of trustees was established; (ii) income-earning activities were developed via V&A Enterprises Limited (a new company which was 100% owned by the V&A); and (iii) the scope/mission of the V&A was also expanded. Dealing with these three elements in turn, although the V&A received a grant from the Office of Arts and Libraries, it seems that the new arrangements meant that this grant would be gradually reduced over time. The trustees were granted control of the V&A by the Act of 1983, and it seems that the trustees were responsible for ensuring that the shortfall (caused by the reduction in aid from the Office of Arts and Libraries), was met through income-earning activities. At this time, the V&A was exploring a 'market research strategy' to identify visitor needs. This strategy appears to have been highly successful, as V&A visitor numbers (including the Bethnal Green Museum) increased from 1,600,000 in 1996/97, to 5,221,400 in 2008/09.

V&A visitor research

Between 1986 and 1996, V&A visitor research indicated that the typical (i.e. the majority

of) V&A visitors were white, British, female, general studies or arts graduates, aged 55+, in social groups AB or C1 (i.e. middle class), living in Greater London (or the South East of England), working full-time and who were visiting the V&A for the first time. Significantly, the V&A attracted proportionally twice as many AB and C1 visitors than those reflected in the UK population. The numbers of V&A visitors aged under 24 declined during this period and the museum began to attract more visitors aged over 45. It should also be noted that at this time, visitors to the Bethnal Green Museum, were mainly women aged 25–44.

However, between 1999 and 2000, the V&A was encouraged by the Department of Culture Media and Sport (DCMS) to be more 'inclusive' and 'attract new audiences' (from under-represented groups, i.e. families, young people, cultural minorities and those with disabilities) via targets aligned to the Funding Agreement. Through attempting to understand these groups using market research, trying to meet the targets and a campaign to change perceptions of the V&A ('Contemporary V&A'), the percentage of first-time visitors to the South Kensington site increased by 8% (although overall visitor numbers across all sites fell by 13%). DCMS subsequently published a document which outlined how museums could become 'agents of social change' through

inclusive-access ‘audience development’ and the adoption of a six-point, strategy-based plan.

V&A VISITOR SEGMENTS

V&A visitors form six segments:

- families;
- schools;
- students;
- professionals in the creative industries;
- groups; and
- individual adults not in other categories.

V&A VISITOR NEEDS. Each identified V&A visitor segment has specific visitor needs. For families these needs include: (i) level access for baby buggies; (ii) activities for children; (iii) direct experience and play for children; (iv) accessible displays at suitable heights for children; (v) easy text for adults to scan and answer questions from their children; and (vi) questions and topics of discussion for adults.

For schools (pupils aged 5–18), visits are made in line with the National Curriculum or post-16 public examination courses. School visitors specifically need: (i) ‘objects as evidence’; (ii) objects as sources of information (both reliable or unreliable); (iii) insights into ‘collection bias’; (iv) objects which are open to interpretation; (v) examples of contemporary art and design; (vi) the opportunity to sketch objects; (vii) space for large groups (of 30–35 or more); (viii) additional visual and written resources for coursework; and (ix) displays at suitable heights.

Likewise, students aged over 16 who are studying at college or university need to study individual objects close up and in depth. They need additional facilities and space for group work, briefings, orientations, guided lectures, as well as seating areas. Also they need: (i) greater access to objects, curators and experts; (ii) information about objects (as well as bibliographies and key sources); (iii) museum resources (i.e. printing, archives, photo library, databases and websites, as well as V&A publications); and (iv) dedicated events and activities for students.

Professionals in the creative industries have similar needs to students, in addition to needing access to information on peer

groups as well as opportunities for networking, extended research, access to collections plus advice and support for educators.

For groups, including ‘commercial tours’, ‘adult education’, ‘clubs and associations’, they need quick access to ‘key objects’, space, seating and ‘pleasurable and entertaining’ activities. Additionally, foreign language groups need: (i) simple text on signage and panels (and/or translations of the same); (ii) cultural awareness (i.e. of cultures other than English/UK) on behalf of the museum; (iii) information about British culture; (iv) subtitles for films and videos; and (v) gallery programmes (literature) in a variety of other languages.

The individual adults not in other categories don’t participate in institutionalized learning (i.e. they are aged 16+ and are not connected with schools, colleges or universities). They are ‘motivated by curiosity’ and ‘manage their own learning’. They have their own social/professional networks and utilize ‘word-of-mouth sources’ to hear about events and exhibitions. They need multimodal information (which can cope with ‘different learning styles’), as well as facilities for independent learning (e.g. books, computers/laptops, desks with good light).

Income-earning activities

Regarding the income-earning activities element, while the V&A had always generated income from admissions fees for special exhibitions, catalogues and photographs, etc., the 1983 National Heritage Act now enabled it to do so on a grand scale. Self-generated income increased from £112,000 in 1974/75 to £63,036,000 in 2018/19. This 2018/19 figure was £22,360,000 more than the grant received from the DCMS for that financial year.

The final element is perhaps the most significant, in that the 1983 Act redefined the remit of the V&A most dramatically in the following area: ‘to generally promote the public’s enjoyment and understanding of art, craft and design by means of the Museum’s collections and by such other means as is considered appropriate’ (Office of Arts and Libraries, 1988, p. 34).

In comparison to the original V&A mission ‘to educate designers, manufacturers and the

public in art and design', this change is perhaps the most striking. Although study and research are also mentioned in the Act, the main emphasis is no longer on education (and perhaps knowledge), but also enjoyment and understanding. Instead of the specific aims of looking to enhance UK manufacturing and design the target is now more diffuse, more ethereal.

The post-COVID-19 V&A BM

While it might be premature to talk about the post-COVID-19 V&A BM, especially in the light of the Omicron variant of the virus, some general observations can be made.

Visitor numbers

Post-lockdown COVID-19 V&A visitor numbers from 17 May to 13 June 2021 were 67,697. This represents an approximate fall of 78% compared with the corresponding period's (pre-COVID) 2019 V&A visitor numbers. However, annual 2020/21 visitor numbers were down almost 79% against 2019/20 numbers.

Explore the Collections

The V&A's Explore the Collections was launched in January 2021. It gives online access to 1.2 million objects in the V&A collection, and spans 5000 years of history. This is a major BM innovation. However, this online collections' platform was originally conceived in 2019 (i.e. pre-COVID-19).

V&A Academy Online

V&A Academy Online, the V&A's adult learning programmes (in art history, sewing, drawing and professional development, etc.) were launched online in financial year 2020/21.

Retail sales

With a new worldwide audience, the V&A expanded online e-book and retail sales. Year 2020/21 online sales were up 112% in comparison with 2019/20. Although in 2020/21 physical V&A shops achieved only 5% of the annual turnover that was reached in 2019/20.

Infrastructure

The V&A is investing heavily in the renovation and rebranding of the Museum of Childhood (to be known as Young V&A), as well as the construction of a new site at Queen Elizabeth Olympic Park (V&A East).

Social media

The museum has made significant gains with its social media presence, now having 3.7 million followers across Facebook, Twitter and Instagram (V&A Museum, 2021).

Human resources

In 2020/21, staffing changes saw reductions from an initial headcount of 1093 at the beginning of 2020, of almost 11%.

Finance

COVID-19 has shattered the V&A's financial situation. However, the museum was very fortunate in that it received an almost £26 million increase in its 2020/21 government grant in aid compared with 2019/20, which (along with £7 million furlough income and an £18.3 million reduction in 2020/21 V&A expenditure) helped significantly to balance the books.

Conclusions

The V&A has a long and treasured history. However, it seems that this case study has highlighted some flaws and gems related to its BM. On the one hand, concerning visitor attendance figures, the original V&A BM was unsustainable. On the other hand, it generated history-making and impactful exhibitions. Changing, or perhaps enhancing the BM in 1983 may have repaired the original flaws, but possibly also created others. For example, museums which have grown increasingly dependent on visitor numbers and self-generated income, faced a very difficult time due to COVID-19.

It may be useful to further explore the drivers behind the V&A visitor expansion.

For example, apart from the DCMS policy identified above, there could be other reasons why this expansion happened at the time that it did (i.e. additional external political, economic, social, technological, legal and environmental (PESTLE) reasons).

This case study has also highlighted how initially the V&A influenced government policy in 1975 through its 1974 exhibition *The Destruction of the Country House* and how subsequently (in 1983 and 2000) government policy impacted the V&A, to the point where such centrally funded museums have now become vehicles for government-driven social engineering. Understanding how and why this shift occurred could help to formulate strategies to produce more economically, culturally and environmentally sustainable museums.

More pre- and post-COVID-19 research into BM innovation in the heritage sector could be very interesting. A selection of case studies from across a spectrum of heritage sites (if appropriately benchmarked) might achieve some very useful insights into how these institutions adapt. Using data from a range of sources, may provide a wider evidence base upon which to advise interested parties on how best to ‘future proof’ these important organizations.

Discussion Questions

1. The original V&A business model (BM) was unsustainable, due to falling visitor numbers. UK government policy changing museum BMs in 1983 repaired the original flaws, but also created other weaknesses. Can you explain what BM weaknesses COVID-19 exposed?
2. Using the political, economic, social, technological, legal, environmental (PESTLE) business tool, review Table 8.1 V&A visitor attendance data. How do the various PESTLE factors impact the V&A BM?
3. Applying Fig. 8.2, the triple-layered business model canvas (TLBMC), try to map a heritage organization’s BM. Your group needs to use the pre-lesson task resources.
 - (a) Present findings to the class for 10 mins. What problems did you encounter?
 - (b) How can the problems be resolved?

Teaching Notes

The case intends to introduce students to the business model canvas (BMC), within the setting of a real-world example. The primary aim is to equip postgraduate, master’s level students with the ability and skills to analyse a heritage site or organization’s BM. They will gain this knowledge via the three learning objectives. First, through explaining the BM, students will encounter the notions of value creation and value capture. At a deeper level, they will also come to understand the different meanings of value in the context of sustainable business models (SBMs). For example, through incorporating economic, social, environmental and cultural aspects of sustainability, the tensions that exist within and between these elements will readily become apparent. Secondly, the process of mapping an organization’s BM encourages systems thinking, promoting the understanding of strategy, design creativity and visual languages (Walls, 2019). Finally, in applying the BM concept to a case study while incorporating the internal and external PESTLE factors, students will gain valuable skills in analysis.

Target audience

The target students are on postgraduate, master’s level heritage/tourism/built environment-related courses. Some of these students will have questions that are connected to sustainable heritage/resource management. This case study and the BMC will give students a conceptual framework with which to answer some of their questions.

Teaching methods and equipment

The teaching methods include desk research, group work/collaboration and presentations.

The main teaching resources include: (i) Ondruš and Lyytinen’s (2011) simplified business model canvas (Fig. 8.4); (ii) the ‘triple-layered business model canvas’ (Joyce and Paquin, 2016); (iii) paper, pens and Post-It Notes®; (iv) desktop PCs/laptops for

Infrastructure aspects	Value proposition	Market aspects
Financial aspects		

Fig. 8.4. Simplified business model canvas by Ondruš and Lyytinen (2011). Reproduced with permission of IEEE, from Ondruš and Lyytinen, 2011.

students; and (v) an interactive whiteboard. If the lesson is being conducted online/blended, a MURAL board (see Boye and Mchet, 2021) can replace pens, paper and Post-It Notes®.

Teaching instructions

The case can be taught in 1 day (6 hours excluding breaks and pre-lesson tasks). It is assumed that students will be given a pre-lesson task of selecting a heritage site or organization and obtaining sources such as:

- the history of the heritage site or organization;
- annual accounts;
- annual reports;
- plans;
- policies;
- mission/vision statements;
- news items;
- visitor numbers/visitor research;
- visitor reviews;
- events;
- stakeholder/community information;
- employee information;
- management information;
- environmental information; and
- technology information.

In completing the pre-lesson task, the students should be separated into groups and allocated specific types of these sources to bring to the lesson.

It is advisable to provide students with an explanation of the four aspects of the simplified business model canvas (infrastructure, market, financial and value proposition) at an early stage in the session.

It is suggested that the assessment is formative 75% group work/presentation and summative 25% individual assignment,

with perhaps a report of 1500 words. The report could evaluate the efficacy of using the TLBMC to understand heritage organizations/sites and heritage/resource management.

At the start of the session, and especially before the presentations begin, it is important that the instructor manages student expectations/behaviour and sets ground rules.

Duration

360 min

Analysis

1. The original V&A BM was unsustainable, due to falling visitor numbers. UK government policy changing museum BMs in 1983 repaired the original flaws, but also created other weaknesses. Can you explain what BM weaknesses COVID-19 exposed?

Using Table 8.1 V&A visitor attendance data, it can be seen that there is a 24% fall in V&A visitor numbers between 1895 and 1974. Additionally, in the 3 years pre-COVID (2017–2019), V&A visitor numbers fell year on year. The case study indicated that the reasons for the original flaws in the V&A BM were because at the time:

- The V&A was catering to a very narrow audience (e.g. white, middle-class females, aged 55+, living in Greater London, or the South East of England).
- The V&A had a very narrow focus in terms of its remit (education).
- The V&A had very specific value propositions related to education, but these were being negatively impacted because of

Teaching instruction plan

Discussion point	Time required (min)	Teaching strategies
Introduction to the business model concept and the simplified business model canvas	10	The instructor begins the session by asking if anyone in the class has heard of the business model (BM) concept. If they have heard of the BM, the instructor can then ask the class if they can define what a BM is. The instructor can provide the Osterwalder and Pigneur (2010) definition of a BM in terms of how an organization creates and captures value. Using the interactive whiteboard, the instructor can then provide an explanation of the four aspects of the simplified business model canvas (infrastructure, market, financial and value proposition).
Overview of the triple-layered business model canvas	30	Using the interactive whiteboard, the instructor provides an overview of the triple-layered business model canvas (TLBMC) commencing with the economic layer, secondly with the environmental layer, and finally with the social layer. Figure 8.2 is useful in this regard, because it utilizes lots of questions which can be asked of the students with reference to each of the individual building blocks of the TLBMC. The instructor can ask the students: 'What might be missing from the TLBMC?' Potentially, the answer is things like intellectual property, product alternatives, governance, etc. (see Leschke, 2013) and more cultural elements (see Kimbell, 2019a, b; Rex <i>et al.</i> , 2019).
Introduction to the PESTLE business analysis tool	10	The instructor introduces the PESTLE business analysis tool, with reference to each of the various elements (political, economic, social, technological, legal and environmental). The instructor can ask the students: 'How do you think the PESTLE business analysis tool might be useful in conjunction with the TLBMC?'
Summary of the case study	10	The instructor briefly provides an overview of the case study, in addition to informing the students about the learning aims, objectives and learning outcomes. The intent is to gradually build on what has been discussed earlier in the session. The instructor will also inform the students about the assessments, as well as the discussion questions.
Discussion question 1	60	<p>The original V&A BM was unsustainable, due to falling visitor numbers. UK government policy changing museum BMs in 1983 repaired the original flaws, but also created other weaknesses. Can you explain what BM weaknesses COVID-19 exposed?</p> <p>The instructor examines the case study in detail with the students. The students should find (at least) that the V&A BM was flawed in that its original mission, as well as visitor segments were too restricted and its value proposition was too limited. Additionally, students should understand that COVID-19 exposed BM flaws caused by government policies (see Fig. 8.3 The policy process, based on Her Majesty's Treasury (2011)). Namely, the government encouraged museums like the V&A to be more entrepreneurial, to depend more on self-generated income through high visitor numbers and be less reliant on government grants. The impact of COVID-19 and lockdowns was no visitors and hence no self-generated income. The V&A (and the entire UK heritage sector) needed significant government support to survive.</p>

Continued

Teaching instruction plan Continued.

Discussion point	Time required (min)	Teaching strategies
Discussion question 2	60	<p>Using the political, economic, social, technological, legal, environmental (PESTLE) business tool, review Table 8.1 V&A visitor attendance data. How do the various PESTLE factors impact the V&A BM?</p> <p>With reference to the PESTLE factors and Table 8.1, the instructor facilitates examination of the case study by the students. Students should be able to identify, at least, that the economic, political, social and legal factors led to major changes in the V&A BM, especially related to visitor numbers and the reliance on entrepreneurial income-generating activities.</p>
Discussion question 3	160	<p>Applying Fig. 8.2, the triple-layered business model canvas (TLBMC), try to map a heritage organization's BM. Your group needs to use the pre-lesson task resources.</p> <p>(a) Present findings to the class for 10 mins. What problems did you encounter?</p> <p>(b) How can the problems be resolved?</p> <p>The students will get together in their groups. They will map their chosen heritage organization's BM using the TLBMC, as well as the resources from the pre-lesson task. The instructor will move between the groups and facilitate the discussion and the work by asking questions. Each group of students will also prepare and present a 10 min presentation on their chosen heritage organization to the rest of the class. At the end of each presentation, the rest of the class are encouraged to ask the presenting group questions about their presentation and BM. It is important that the instructor effectively manages student expectations and sets ground rules before the presentations begin.</p>
Closing remarks and discussion	20	The instructor concludes the presentations by giving feedback to each group. The instructor will also recap on the session, by providing a synopsis of what was discussed in the lesson.

demographic changes (i.e. reductions in the number of visitors aged under 24 and increases in the number of visitors aged 45+).

The 1983 change in UK government policy, incentivized museums like the V&A, to:

- be more inclusive in terms of attracting a wider audience;
- expand their remits to include:
 - income-generating activities; and
 - a focus on promoting the public's enjoyment.

Coupled with a policy of free entrance to museums from 2007, these changes led to a rapid expansion in visitor numbers. Table 8.1 shows a 180% increase in V&A visitor numbers between 2000 and 2007. However,

with the onset of COVID-19 and lockdowns in 2020, the decline is almost equally dramatic. Table 8.1 shows a 79% decrease in V&A visitor numbers between 2019 and 2020. With its ability to self-generate income being highly constrained, the V&A essentially needed a £26 million government funded bailout (excluding the amount received from the government's Furlough Scheme).

2. Using the political, economic, social, technological, legal, environmental (PESTLE) business tool, review Table 8.1 V&A visitor attendance data. How do the various PESTLE factors impact the V&A BM?

An example of the answer to this question is as follows.

Political

- The National Heritage Act of 1983 and associated government heritage marketing campaign led to an expansion of the V&A's visitor segments and also impacted the V&A BM visitor relationships and visitor channels.
- When English Heritage was founded this led to a change in the V&A's value proposition.
- When the V&A Board of Trustees was established the scope/mission of the V&A expanded. This led to a change in the V&A's: (i) value proposition; (ii) key activities; (iii) key partners; (iv) key resources; (v) revenue streams; and (vi) cost structure.

Economic

- Economic disruption caused by the 1973/74 oil crisis might have negatively impacted the V&A's: (i) revenue streams; and (ii) cost structure.
- Economic disruption caused by the 2007/08 financial crisis (credit crunch) might have negatively impacted the V&A's: (i) revenue streams; (ii) cost structure; (iii) key partners (some partners might have suffered financially); and (iv) key resources.
- The revenue losses and cost structure impacts might have been mitigated by self-generated income from increased visitor numbers.

Social

- The changing demographic (reduction in the number of visitors aged under 24 and an increase in visitors aged over 45) led to a change in the V&A's visitor segments.
- The government's policy of 'social inclusion' led to a change of the V&A's visitor segments.

Technological

- The rise of the Internet (1980s) had an impact on the V&A, for example the V&A website had 20,000–40,000 hits/day in 1999 which led to an expansion

of the V&A's visitor segments. This also impacted the V&A BM visitor relationships and visitor channels.

- The V&A website had 55,000 hits/day in 2008 (V&A Museum, 2009) which led to an expansion of the V&A's visitor segments and impacted the V&A BM visitor relationships and visitor channels.
- Digitization of parts of the V&A collection led to a change in the V&A's: (i) value proposition; (ii) key activities; (iii) key partners; (iv) key resources; (v) revenue streams; and (vi) cost structure.

Legal

- The National Heritage Act of 1983 had implications for the V&A BM (see 'Political', above).
- During the COVID-19 pandemic, lockdowns were imposed as a legal way to reduce the spread of the virus in 2020/21. This had implications for the V&A BM and led to a rapid reduction in the V&A's visitor segments, and impacted the V&A BM visitor relationships and visitor channel.
- Now the V&A uses social media and online technologies to reach its audience. This has led to changes in: (i) the value proposition; (ii) key activities; (iii) key partners; (iv) key resources; (v) revenue streams; and (vi) cost structure.

Environmental

In 2021 the V&A implemented its Sustainability Plan (Net Zero). This impacts:

- the V&A BM visitor segments and value propositions; and
 - changes the following in the V&A BM: (i) key activities; (ii) key partners; (iii) key resources; and (iv) revenue streams.
- 3.** Applying Fig. 8.2, the triple-layered business model canvas (TLBMC), try to map a heritage organization's BM. Your group needs to use the pre-lesson task resources.
- (a) Present findings to the class for 10 mins. What problems did you encounter?
 - (b) How can the problems be resolved?

For example, mapping the BM of the V&A using the TLBMC 'economic layer' might

give the V&A business model canvas (BMC) shown in Fig. 8.5.

For example, mapping the BM of the V&A using the TLBMC ‘social layer’ might give the V&A BMC shown in Fig. 8.6.

For example, mapping the BM of the V&A using the TLBMC ‘environmental layer’ might give the V&A BMC shown in Fig. 8.7.

(a) Present findings to the class for 10 min. What problems did you encounter?

- Mapping a heritage organization’s BM using the TLBMC produces a static picture of how the organization creates and captures value.
- Some very relevant points relating to the V&A were omitted in the



Fig. 8.5. V&A business model canvas (BMC) (economic layer). Authors' own diagram.



Fig. 8.6. V&A BMC (social layer). Authors' own diagram.

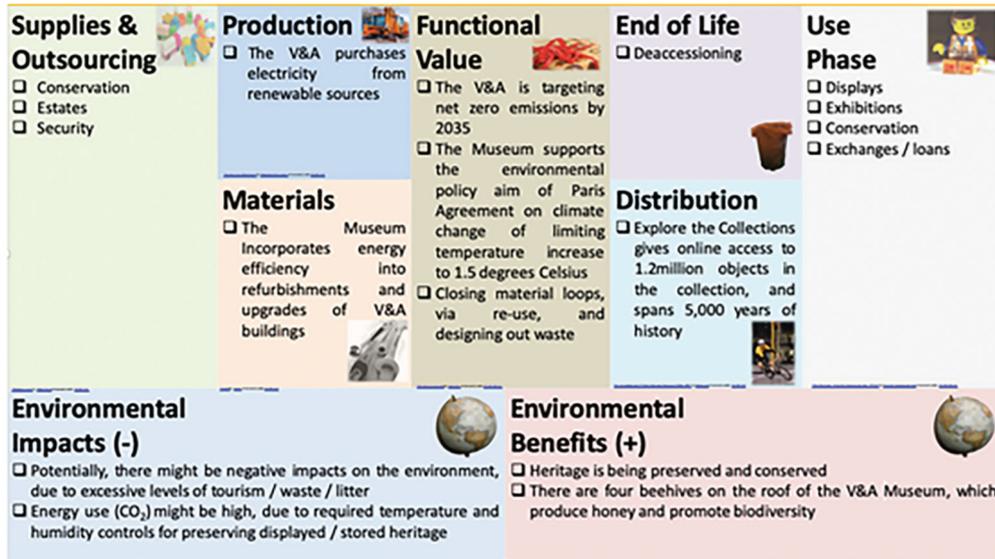


Fig. 8.7. V&A BMC (environmental layer). Authors' own diagram.

mapping. For example, the TLBMC does not incorporate political factors (e.g. the introduction of the 1983 National Heritage Act).

- The process of mapping BMs can be very laborious and time consuming, especially if there are lots of data.
- (b) How can the problems be resolved?
- It might be better to try to incorporate some of the temporal (i.e. longitudinal) elements into the BM mapping process.

- Combining the TLBMC with business tools, like PESTLE, allows the inclusion of elements such as politics and government policy when mapping BMs.
- Dividing the work among the group helps to improve the speed and efficiency of the BM mapping process. For example, if there are six people in a group, two can focus on each layer of the TLBMC (i.e. two on the economic layer, two on the social layer and two on the environmental layer).

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