Commercial exploitation of cultural heritage in memory institutions

Zinaida Manzhukh

Bibliography and Information Department
Vilnius University Library
Lithuania

Commercial exploitation of cultural heritage in memory institutions is discussed in the context of the new ways of performing essential heritage access and preservation functions and challenges that arise implementing digitization projects. In the light of the insufficient memory institutions budgets commercial promotion of cultural heritage is analyzed as an alternative financial source indicating the possible niches in the digital services market. The main focus is on education (new trends and concepts - educommerce, edutainment) and tourism (cultural tourism), though other commercial services are also mentioned. Memory institutions and private sector partnership performing commercial activities is emphasized.

Introduction

Traditionally, cultural heritage management functions belong to libraries, museums and archives that form, integrate and spread human culture reflected in documents and objects. Nowadays memory institutions experience great changes associated with digitization – the new method of cultural heritage preservation and access. There are a lot of unexplored fields of digitization phenomenon due to its novelty and one of them is management of digitization projects.

The main challenges reported by memory institutions in the process of implementing digitization are technical infrastructure and standards, cultural heritage personnel competence and funding. Applying technology (taking into account its obsolescence rates and maintenance requirements) and exploring standards for digitization as well as improving staff competence or searching for other solutions – hiring information technology professionals or outsourcing digitization services – increase institution expenses a lot. Although safeguarding cultural heritage by means of digitization seems to become a routine activity of memory

institutions their budgets don't meet the requirements of such projects. In search of funding issue solution cultural heritage institutions tried many variants – lobbying activities to establish additional governmental funding, participation in the projects of international organizations, partnership with other memory institutions to share the costs of digitization, seeking sponsor help and so on. The object of this article – commercial heritage exploitation as an alternative financial source – can be added to this list of possible decisions.

Arguments in favor of cultural heritage commercial exploitation

Commercial exploitation of cultural heritage often becomes an object of disputes between memory institutions professionals. In order to determine the effectiveness of this additional funding solution it is necessary to evaluate objectively its opportunities and limits.

The basic argument against commercial activities in memory institutions usually points out *the inconsistency of business and cultural heritage organization missions*. The major aim of commercial enterprise is financial benefit, whereas memory institutions operate in terms of social goals. However, nowadays practices reveal the success of business methods adoption (benchmarking, strategic planning, personnel management and so on) adjusting them to memory institutions realia. It is obvious that due to social priorities of libraries, museums and archives some business principles as basing all activities on user requirements are not applicable. For instance, forming a collection, memory institution never limits selection criteria only to indicators of user requirements (e.g. popularity), but on the other hand, actively responding to nowadays democratization of cultural heritage concept it can initiate a project for creating a digital archive of local community memories.

In some cases the idea of *business model is rejected because some activities are inappropriate*. Among these are advertisement banners on memory institutions web sites, which contradict the principle of memory institutions neutrality and democracy.

The final obstacle on the way of business model adaptation is *financial risk as a necessary component of any commercial activity*. Is it acceptable and ethical for memory institution to jeopardize taxpayers' money? The solution of this problem is partnership with private enterprises and integration into the service production chain becoming a part of more

complex activity and thus diminish risk to the acceptable range (e.g. that is usual for institution creating new services).

In the next parts of the article education and tourism, most prosperous sectors, will be discussed as possible niches for memory institutions considering organizational peculiarities of museums, libraries and archives. In order to emphasize that analyzed spheres are not the only alternative some examples of other activities will be given.

Educational sector and its potential for cultural heritage exploitation

Due to information and communication technology development education sector experiences significant transformations. The basic components of modern education concept are as following:

- *For the reason of rapid obsolescence of knowledge traditional education transforms into life-long learning*. With the development of information and communication technology the role of knowledge is increasing shaping into the need for qualified specialists. Rates of inventions are continuing to grow thus stipulating permanent skills and knowledge improvement. In the context of these changes traditional learning programmes don't meet the requirements of changing environment.
- *Education is perceived as an investment into personal success*. Knowledge is one of organization success factors the same as staff or technical infrastructure. New concept of the learning organization indicates that enterprise success depends on personal and group knowledge and competence. Therefore, knowledge becomes a commodity and individual success is determined by person's knowledge, experience and ability to react to changes in active manner (Watts, 1997).

Virtual learning, or e-learning, is education system that corresponds to modern students demands providing personalized studying environment, wide choice of courses, opportunity to communicate with other students and tutors, flexible timetable etc.

Emergence of virtual learning environment encouraged production of educational material databases to support study and research activities. According to forecasts the market of e-

library services will increase from 250 million USD in 2001 to 850 million USD in 2004 annually. There are three notable stages of commercial e-library development:

- 1998 – 2000 – adoption of e-library concept, establishment of firms and relationships with content providers and distributors.
- 2001 – competition between existing enterprises, emergence of market leaders such as Britannica.com, Questia, NetLibrary and others, new partnerships and alliances.
- 2002 – 2004 – integration of e-libraries into the network of all players in e-learning services providers (Chen, 2001).

Current changes should be a signal to memory institutions as traditional educational content providers to respond to these transformations by accepting the rules of competition and implementing more effective operation models.

Implementation of business model in order to combine social goals and economic self-sustainability demonstrate *JSTOR* activities. *JSTOR* is independent non-profit organization which aims to provide scholarly community with research information from older but important scholarly journals compiling a digital database. Five years old or older journals are added to the database seeking not to affect publisher revenues. *JSTOR* cooperates with libraries and publishers applying subscription (paid only once) and annual access fees (Building and Sustaining Digital Collections: Models for Libraries and Museums, 2001).
E- learning popularity raised the interest of private companies to integrate it to their web site marketing strategies. In electronic commerce marketing is a crucial factor to sale rates but most customers do not tend to buy much online or buy accidentally. Seeking to attract loyal customers private companies added e-learning courses to their web sites thus inventing new marketing method – educommerce. **The essential purpose of educommerce is to focus customer's attention to the web site and make him stay longer thus expecting him to get interested in company's goods and services.**

Memory institutions already have been involved in the development of e-learning courses in partnership with other institutions. Widely known example of such activities is *Fathom*, consortium of higher education and memory institutions that provides online courses on diverse topics (Fathom website, 2003).

Perspective field for partnership with private sectors are educational games. **The term "educational games" is related to the concept of "edutainment" which emerged in the beginning of 1990s and at first was defined as games for children that develop certain skills or knowledge** (McCallum-Fournier, 1999). Nowadays edutainment is not limited only to children games but as well referred to business and other skills development.

In 1993 *Reunion des Musees Nationaux* (Union of National Museums, France) established Multimedia department and in collaboration with private companies *Canal+Multimedia* and *Cryo Interactive* started production of educational games. In 1996 the first game *Versailles, intrigue at the court of Louis XIV* appeared. The game represented a virtual reconstruction of Versailles created by means of *Quick Time VR* software. The aim of the player is to kill the king but to realize this collusion he needs to get acquaintant with the life of French court, ceremonies, traditions and king's habits. The game links the element of adventure with useful historical information. Later the partners created more games and expanded collaboration (company *Montrarnasse Multimedia* became a member) (Ronchi, 2001).

Tourism sector and its potential for cultural heritage exploitation

Information and communication technology became a catalyst for tourism sector. In digital environment tourism experienced the following changes:

- *Significant part of tourism services consist of information processing and the role of travel locations marketing by means of user-friendly (e.g. e-commerce applications), attractive digital system increases*. Tourism services – trips to certain places accompanied by entertainment and excursions – are intangible products and for this reason the process of interaction with a customer and persuasion affect success of the enterprise a lot. Statistical data indicate that revenues from interactive trip orders increased from 8 billions USD in 1999 to 15.5 billions in 2000 in Europe and USA (Impact of Electronic Commerce on Selected Sectors, 2001).
- *Internet stipulates networking of diverse tourism players such as ticket services, hotel, restaurant and tour operators, car renting agencies and so on*. Earlier variety of intermediaries were needed to link customer with appropriate service provider and for this reason he usually obtained fragmented information. Today both customers and service providers benefit from digital environment and networking: customer gets

overall information; service providers by executing most interaction via Internet decrease costs of services (Structure, Performance and Competitiveness of European Tourism and its Enterprises, 2002).

A matter of interest for memory institutions is **cultural tourism, which is defined as trip that aims to discover cultural heritage and traditions of a place**. Other interpretations offer more detailed terms such as educational, religious tourism. Statistical figures prove cultural tourism to be a profitable business, the same conclusion can be made observing the portrait of cultural services customer who usually is a 39 – 59 year old person (most often couples), usually educated, works in specific professional field or in management sphere, his salary is higher than average (NEA Fact Sheet, 2001; Using Natural and Cultural Heritage to Develop Sustainable Tourism, 2002).

Disclosing the main sightseeing and interest directions in cultural tourism such as architecture, festivals and celebration, music and art, traditions and folklore, traditional work and its methods, religion and its visual manifestations, leisure (Ronchi, 2001) and others the benefit for memory institutions becomes obvious. There are two possible roles for memory institutions in the cultural tourism value chain: on the one hand, digital products, as virtual tours, exhibitions or other advertising and informational packages can be a marketing instrument of memory institution itself (it is more common for museums because they are usually available for fee); on the other hand, their digital products can be integrated into corporate travel agency marketing strategy.

European Union RTD project *OpenHeritage* used current tourism services transformation in creative manner. The authors of *OpenHeritage* emphasize the role of cultural heritage in new economy but acknowledge the lack of experience, technological insfrastructure and funding in memory institutions to occupy their segment in cultural tourism market. Realizing the lack of contacts and partnership between commercial and public sectors *OpenHeritage* offers its services as an intermediary. Therefore, *OpenHeritage* establish regional networks of heritage institutions considering socio-economical factors analysis, competition rates in the certain locations thus clarifying perspectives of network activities. Networks are managed by the Territorial Service Centers (TSC) which provide memory institutions with new technologies and for the service get their digital products. OpenHeritage hosts a web portal which

combines memory institutions products and collections, cultural tours, booking services, virtual shop, community service for memory institutions and other TSC (Scali, 2001; Lusso Salvatore, 2003).

Some supplemental ideas on commercial cultural heritage services

Increasing collaboration between memory institutions and private companies in the digitization process allows to assume that an effective way for covering digitization costs is to provide the right to use digital products for commercial purposes in exchange of financial support.

In 1999 Russian State Library signed an agreement with American company *Adamant Media* in which private company commited to digitize library's rare collections and for this service gained the right to publish and sell digitized material on its web site http://www.elibron.com. Russian State Library obtains copies of digitized collection so it can improve preservation strategy by limiting access to original works and *Adamant Media* generates income by selling library's content online (Vornet, 2001).

European Union RTD project *REGNET* (Cultural Heritage in REGional NETworks) also represents a possible model for such activities. *REGNET* purpose is to create cultural services network in Europe. The original idea of *REGNET* is to connect information technology specialists and memory institutions into one production chain. The network consists of contents providers (museums, libraries and archives), service center operators and system developers. Each of the players generate income by providing their services to the partners within the network and also selling services to users (Grossman, 2002).

Searching sponsors among the users is one more alternative for additional funding. Establishment and maintenance of archive, library and museum community is commonly practised in memory institutions. Following strategical points for the development of the virtual user communities are essential:

- Community member should be aware that his money support institution activities. There should be several membership status according to the contributed sum.

- Community members should be provided with certain privileges (presents, discounts to institution fee-based servies etc.).
- Means for community members communication and interest support (as electronic journal) should be developed (Bogomazova, 2001).

The list of alternative suggestions is by no means exhaustive and is given as an example of some current initiatives. In addition to the provided information it is worht mentioning that each memory institution has preferrable fields of cultural heritage commerce corresponding to its organizational peculiarities (e.g. archives may be engaged in the provisions of genealogical services).

Conclusion

Due to the controversies in memory institutions and business missions commercial exploitation of cultural heritage is almost not explored field and many suggestions remain on the abstract level of ideas. The rates of resistance to the commercial activities underlie in organizational philosophy, for this reason museums that have a tradition to apply fees for certain services (entrance tickets, guides and so on) accept this idea more friendly than libraries that always encourage free and equal access to most their services. Research of potential markets and business strategy both on theoretical and practical levels is required in order to avoid failure of commercial intitiatives as well as analysis of known cultural heritage exploitation cases to determine their success factors. Research of unsuccessful commercial activities in memory institution is also desirable to identify its applicability in this sector and factors that lead to failure.

Nowadays museums, archives and libraries have lost their monopoly in the field of information services provision and therefore they must find the ways to survive in this competitive environment. It is crucial to understand that business model application doesn't mean rejection of memory institutions social priorities or values and is rather a demand for effective management of their resources.

As a result of globalisation influence a closer interaction between diverse market sectors occurs, new services requiring collaborative production chain are formed. On the one hand,

digital heritage products and services and even a raw material for them cannot be produced in isolation, memory institutions need consultancy and additional funds. On the other hand, culture gains commodity features thus raising the interest of private sector that disposes required competence and finance. In the context of the closer interaction of culture and economy cooperation models seem to be perspective for both partners. However, the main focus should be put on the development of the partnership culture between memory institutions and private sector in order to understand each other needs and overcome diverse barriers that emerge as a result of different modes of management and organizational cultures.

Reference:

1. BOGOMAZOVA, T. Elektronnaja komercija v muzee: panaceja ili neizbezhnost. *Elektronnyje biblioteki*. 2001, volume 4, issue 4. URL: http://www.iis.ru/el-bib/2001/200104/bogomazova/bogomazova.ru.html . ISSN 1562-5419.

2. *Building and Sustaining Digital Collections: Models for Libraries and Museums.* Council on Library and Information Resources. Washington [USA]. August 2001. URL: http://www.clir.org/pubs/reports/pub100/pub100.pdf . ISBN 1-887334-85-8.

3. CHEN, Yegin E. *Contenders for the Crown: Six E-Libraries and Their Business Models: Executive Summary.* Eduventures.com Inc. February 2001. URL: http://www.eduventures.com/pdf/FreeSamples/elibraries_overview.pdf

4. *FATHOM: the Source for Online Learning.* URL: http://www.fathom.com/.

5. GROSSMAN, Silke et. al. Cultural Heritage in Regional Networks: The REGNET Project. *Cultivate Interactive.* 11 February 2002, issue 6. URL: http://www.cultivate-int.org/issue6/regnet/. ISSN 1471-3225.

6. *Impact of Electronic Commerce on Selected Sectors. Part II. United Nations Conference on Trade and Development. Report*. New York; Geneva, 2001. URL: http://r0.unctad.org/ecommerce/docs/edr01_en/edr01_en.pdf

7. LUSSO, Salvatore. OpenHeritage: Developing cultural tourism in lesser-known regions. *Cultivate Interactive*. 7 February 2003, issue 9. URL: http://www.cultivate-int.org/issue9/openheritege/ . ISSN 1471-3225.

8. McCALLUM-FOURNIER, Aleta. Entertainment & Education Join Forces for the Millenium. *Everybody's Fundraising & Edutainment Guide*. Fall/Winter 1999. URL: http://www.fundandedutain.com/define.htm

9. *NEA Fact sheet: Cultural Tourism*. National Endowment for the Arts. URL: http://arts.endow.gov/learn/Facts/Cultourism.html

10. RONCHI, Alfredo M. Business Opportunities from Cultural Heritage. An European *Commission Initiative for New Business Opportunities from Cultural Heritage. CEBIT 2000*. 25 March 2001. URL: http://www.medicif.org/events/MEDICI_events/Cebit2001/Ronchi.htm

11. SCALI, G. et. al. OpenHeritage: Enabling the European Culture Economy. *Cultivate Interactive*. 1 October 2001, issue 5. URL: http://www.cultivate-int.org/issue5/openheritage/. ISSN 1471-3225.

12. *Structure, Performance and Competitiveness of European Tourism and its Enterprises*. European Commission. Enterprise Directorate-General. October 2002. URL: http://europa.eu.int/comm/enterprise/services/tourism/studies/pwc/pwc_en.pdf

13. *Using Natural And Cultural Heritage to Develop Sustainable Tourism*. European Commission. Enterprise Directorate-General. October 2002. URL: http://europa.eu.int/comm/enterprise/services/tourism/studies/ecosystems/heritage.htm

14. VORNET, M. Cifrovaja biblioteka: shag v budushee. Kompijuternyje vesti on-line. Novyje technologii. 2001, issue 44. URL: http://www.kv.by/index2001443402.htm

15. WATTS, Ronalds. Re-engineering the Learning Process. *Beyond the Beginning: The Global Digital Library*. An International conference organized by UKOLN. London, UK. 16–17 June 1997. URL: http://www.cni.org/regconfs/1997/ukoln-content/repor~23.html

Useful information on the topic:

The DIGICULT Report. Technological Landscapes for Tomorrow's Cultural Economy: Unlocking the Value of Cultural Heritage. Luxemburg: Office for the Official Publications of the European Communities. 2002. URL: http://www.salzburgresearch.at/fbi/digicult/. ISBN 92-828-5189-3.