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A Study of Neighborhood Economic Agglomeration

Rebecca Ratzkin
The Miracle Mile Arts Cluster in the City of Angels:
A Study of Neighborhood Economic Agglomeration

A thesis submitted in partial satisfaction of the requirements for the degree of Master of Arts in Urban Planning

by

Rebecca Ratzkin

2005
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The thesis of Rebecca Ratzkin is approved.

__________________________________________

Archie Kleingartner

__________________________________________

Donald Shoup

__________________________________________

Paul Ong, Committee Chair

University of California, Los Angeles

2005
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Lastly, I would like to acknowledge all the gallery owners, museum representatives, suppliers, and neighborhood visitors who participated in the interviews and surveys. Their experiences and opinions provide much of the foundation for this research and its conclusions.
ABSTRACT OF THE THESIS

The Miracle Arts Cluster in the City of Angels:
A Study of Neighborhood Economic Agglomeration

by

Rebecca Ratzkin

Master of Arts in Urban Planning
University of California, Los Angeles, 2005

Professor Paul Ong, Chair

Cluster economies establish criteria in which to examine an industry, its mechanism of production, its effect on the city’s economy, and its potential for sustainability in an unknown future. Clusters can be defined by a geographic concentration of firms and institutions of a particular industry, the subsequent consumer efficiency achieved from the geographic concentration, an interconnectedness between firms, buyers and suppliers and clients and firms, and the potential to generate collective action in the production of goods and services (Porter 1998). This study uses these conditions as a basis for examining a group of galleries and museums in the Miracle Mile neighborhood of Los Angeles in order to establish the existence of an arts cluster economy. The study finds a significant concentration of art facilities in the Miracle Mile neighborhood with location quotients for both galleries and museums substantiating data regarding the increasing
number of establishments. A survey of visitors corroborated that consumers experience greater utility in attending art facilities in the Miracle Mile, and interviews with galleries and vendors, as well as informal conversation with museum representatives, revealed interactions between businesses as well as the presence of collective action. However, barriers to collective action, such as heterogeneity of firms, inhibit the Miracle Mile cluster from achieving optimal production of collective action, suggesting the possibility of public intervention such as the implementation of specific community plans, public signage programs and outside agents to increase the effectiveness of the arts cluster economy.
Chapter 1: Introduction

The world of displaying and selling art rests in large part on values that cannot easily be translated into economic terms. Many reports focusing on the impact of the arts reiterate this fact by devoting sections of their publications to the social impact and values of the arts on quality of life and educational development. Quality of life is predominantly subjective and relative to each individual in each city. This makes it difficult to measure arts activities quantitatively and to provide a standard by which we could understand the art world as well as its impact. However, the actors of the art world – the galleries, the museums, and the consumers – follow norms and behaviors based on economic principles. One of the more interesting outcomes of this economic behavior is the spatial pattern of arts facilities across a city or region and how they tend to group together into districts. One cannot overcome the importance or context of location, and although alternate methods of display like the Internet are ubiquitous, there is no substitute for a physical space that encourages face-to-face interaction in exhibiting and selling art. In this study, I examine a cluster of galleries and museums in the Miracle Mile neighborhood of Los Angeles in an attempt to identify and explain some of the observed economic behaviors of the art world and to expand the literature of cluster economy theory.
Recent journal articles and university curriculums suggest the increasing importance and popularity of cluster economies and agglomeration effects in the regional economic development field. Cluster economies help explain the existence of cities and the effect of firms’ location and spatial patterns within cities as well as on their economies to by incorporating geography into micro-economic framework of firm and worker behavior. Clusters exist because of the beneficial agglomeration effects of labor pooling, supplier-buyer linkages, and knowledge spillovers attained through locating in close proximity (Black and Henderson 1999; Ellison and Glaeser 1997; Duranton and Puga 2003; Marshall 1925; Schmutzler 1999). Locating a cluster in one central place (i.e. the city, or a neighborhood within the city) increases each individual firm’s output and profit due to economies of scale and these scale economies help to explain agglomeration effects: “[s]pecialization [i.e. large clusters of one industry and its supporting industries] enhances full exploitation of scale externalities, while conserving on local land rent and congestion cost increases” (Henderson 2003). In other words, firms within a cluster economy gain maximum benefit from scale economies while minimizing costs of rent and travel, thereby encouraging the formation and growth of clusters to increase profits and lower costs.

Agglomeration theory states that firms and clusters achieve economies of scale either internally – strong agglomeration effects from firm to firm interaction – or externally – weak agglomeration effects through cluster to cluster interaction (McMillen and Smith 2003). Supplier-buyer linkages are a form of external scale economies. The decreased
cost of travel in providing services to many clients in one location strengthens supplier-
buyer relationships and can often instigate the formation of new clusters (i.e. the steel 
industry developing to supply the large automobile cluster in Detroit). Essentially, the 
greatest advantage clusters provide is that “linkages among cluster members results in a 
whole greater than the sum of its parts” (Porter 1998).

Clusters economies are able to attract skilled labor. People tend to move to places where 
there is a greater possibility for employment. The more firms there are that require a 
particular skill-set, the more likely those particularly skilled workers will move there. 
This labor pooling helps decrease recruitment costs for firms and provides better 
matching between employer and employee (Duranton and Puga 2003).

The third main benefit of clusters, knowledge spillovers, occurs because proximity 
between firms promotes face to face interaction and trust (Guiso et al 2001; Glaeser et al 
2002). This allows firms to capitalize on profitable opportunities, develop more efficient 
techniques of production, and tap into alternate labor pools (Duranton and Puga 2003; 
Black and Henderson 1999). Interaction between firms within a cluster generates 
increased knowledge spillovers because interactions are more frequent and benefits 
received from knowledge sharing are greater than those received from cluster to cluster 
relations.
Cluster economies establish criteria in which to examine an industry, its mechanism of production, its effect on the city’s economy, and its potential for sustainability in an unknown future. Clusters can exhibit three main characteristics: 1) a geographic concentration of firms and institutions of a particular industry; 2) an interconnectedness between firms, suppliers and buyers, and clients and firms; and 3) the potential to generate collective action in the production of goods and services (Porter 1998). A fourth characteristic that Porter mentions is that of consumer preference and efficiency.

Although not a focus of his work, consumer efficiency is a particularly important aspect of this study. Geographic concentration occurs when a threshold number of firms locate in one area, usually measured by the amount of employment generated or by the extent of the area’s economy exported through the firms’ concentration. Consumer efficiency arises from the geographic concentration of firms. Customers can visit multiple stores in one location, saving on transportation costs and increasing their chances of making the best purchases by comparison shopping (Porter 1998). They also decrease their buying risk in that they can easily visit and most likely substitute an item at a neighboring store that they weren’t able to find at their primary destination. Interconnectedness refers to the scope and type of relationships among firms, and with their suppliers and clients. This characteristic overlaps with the last requirement for clusters in that the potential and generation of collective action happens when firms work together; in other words, when they use their interconnections, acting jointly to produce goods and services for the benefit of all members.
Much of the research on clusters and agglomeration effects (Black and Henderson 1999; Ellison and Glaeser 1997; Duranton and Puga 2003; Marshall 1925; McMillen and Smith 2003; Schmutzler 1999) concentrates on manufacturing-based industries, but there is an increased interest in the application of these theories to less understood industries, like the arts. Jay Heilbrun (1993; with Charles M. Gray 1993) and Ann Markusen (with David King 2003; 2004) have both made inroads in this field by researching artists as economic actors. Heilbrun argues that artists tend to reside in larger metropolitan areas although they may live anywhere, but that “the economics of live performance and of gallery and museum display dictate that their output will be seen almost exclusively in cities,” because they cannot “ship their services to buyers at another location.” Markusen reveals that commercial artists are beneficial to the regional economy because they create their own individual export economies – locating in one place while producing, exhibiting and selling art everywhere.

Geographers like Alan Scott (1999) and planners like Michael Storper (with Christopherson 1987) have investigated various aspects of cultural geography by examining the Hollywood film industry and the wider role of cultural production. According to Scott, workers come together in the production of cultural goods “because modern cultural–economic systems almost always take the form of complex networks of workers within firms, linked together by tightly wrought networks of transactions between firms, in which many different hands are brought to bear on products as they go through the process of conception, fabrication and final embellishment” (Scott 1999).
Arts production requires many hands. The most efficient method for creating art is to embed production in division of labor’s scale economies by working in groups (Becker 1982). Then, in order to complete production by publishing, performing, exhibiting and selling, the arts production group must link with the art output group; in other words, work with the galleries and museums.

It is widely accepted by those working and visiting galleries and museums that they tend to locate in groups, forming various arts ‘districts’. “You cluster or you die,” according to one Los Angeles gallery owner. Over time, these groups of galleries and museums brand the neighborhood in which they are located by providing goods and services in the form of exhibitions and programming (Scott 1999). These arts clusters can also change or enhance the nature of the existing land use in the neighborhood by instigating economic development (Griffiths 1995; Strom 1999, 2002; Whitt 1987). However there is still little research on how art facilities, galleries in particular, function as coordinated businesses, and why besides cheap rent, they locate together in groups.

I argue that galleries and museums form cluster economies. Although rent is a factor for some galleries when deciding where to locate, the benefits achieved from the agglomeration effects of a cluster economy are an important motivation in choosing a location. In order to test this hypothesis, I studied a group of galleries and museums located in Los Angeles in a neighborhood called the Miracle Mile. Originally developed in the late 1920’s as a commercial corridor catering to the automobile, Miracle Mile has
become a dense cultural district surrounded by multi and single-family homes. In 1965, the Los Angeles County Museum of Art (LACMA) newly separated from its history and science wings in South Los Angeles moved to the Mile.\textsuperscript{5}

Over the years, LACMA has expanded several times, the most recent occasion in 1998 with its rehabilitation of the old May Company building on the corner of Fairfax Avenue and Wilshire Boulevard into LACMA West, a special exhibitions and family oriented education site. It is currently planning to expand again with a new modern and contemporary art wing housing Eli Broad’s coveted art collection. Joining the County museum in Miracle Mile are the Page Museum, the Peterson Automotive Museum, and the Craft and Folk Art Museum (CAFM). To the east of these museums and before the boundary of the Miracle Mile neighborhood at La Brea Avenue, are several clusters of galleries, most notably a complex known as the 6150 Galleries, as well as a few nightclubs, the El Rey Theater and the Conga Room. Miracle Mile is unique as an arts cluster because it contains both museums and galleries, whereas usually an area will have one or the other. This aspect of the neighborhood provided an opportunity to investigate possible overlap and gaps in the business relationships of for-profit and non-profit arts facilities.

The remainder of the paper is organized as follows: 1) methodology of research; 2) presentation of findings regarding geographic concentration and consumer efficiency; 3) findings of interconnectedness and collective action; and 4) policy implications and
conclusion of research. I relied on Porter’s framework of geographic concentration, consumer efficiency, interconnectedness and collective action for establishing the existence of an arts cluster economy in the Miracle Mile.

This study provides evidence of a significant concentration of art facilities in this neighborhood with location quotients for both galleries and museums substantiating Economic Census data. A survey of visitors corroborated that consumers experience greater utility in attending art facilities in the Miracle Mile, and interviews with galleries and vendors, as well as informal conversation with museum representatives, revealed interactions between businesses as well as the presence of collective action. However, barriers to collective action, such as heterogeneity of firms, inhibit the Miracle Mile cluster from achieving optimal production of collective action, suggesting the possibility of public intervention to increase the effectiveness of the arts cluster economy.
Chapter 2: Methodology

The methodological approach of this study combines quantitative and qualitative measures. The research addresses the following question: do art facilities form cluster economies and what are some of the mechanisms and effects of the arts cluster economy? I tested four hypotheses: 1) art facilities form geographic concentrations; 2) this geographic concentration creates consumer efficiency; 3) the geographic concentration stimulates interconnections among galleries and museums and between these facilities and suppliers; and 3) the geographic concentration of art facilities generates collective action.

1. Geographic Concentration

Hypothesis 1: art facilities locate in geographic concentrations.

Determining the degree of geographic concentration requires two components. The first is defining a geographic space, or in more common terms, the boundaries of a neighborhood or district. This description provides a foundation for characterizing the neighborhood and analyzing it as a cluster economy. For the purpose of this study, I focused on the existence of museums and galleries in two zip code tabulation zones: 90036 and 90048 (Figure 1). These areas encapsulate the entire Miracle Mile
neighborhood on Wilshire Boulevard bounded by La Brea Avenue to the east and Fairfax Boulevard to the west. They also include a stretch of La Brea Avenue north of Wilshire Boulevard that contains multiple galleries.

The second component addressing concentration is a measure of activities within the neighborhood relative to the rest of the region. In this case, I measured the number of
galleries and museums in the defined geographic space, and then calculated a set of location quotients to compare their activity to that of the region.

The two specific types of business within the arts industry that I concentrate on are fine art galleries (galleries) and museums. The primary source for data relating to these businesses comes from the U.S. Economic Census, which lists the number of establishments for each industry by zip code and county location. The Economic Census is conducted every five years, and a general business and industry pattern is tabulated yearly from 1994 to 2002, so I was able to annually track the development of the arts cluster. Museums are listed under the NAIC code for Arts, Entertainment and Sports, and galleries are listed under Retail. The Census lists total number of establishments and distinguishes them by numbers of employees. I used the years 1998-2002 because the available Census data by zip code for 1994-1997 does not give enough detail underneath the SIC industry codes to tabulate reliable aggregate numbers for either galleries or museums. For example, galleries are listed both under the Museums and Galleries category within the Services industry code, as well as under Miscellaneous Retail, which also includes shoe repair stores.

One of the difficulties in examining these facilities is that although galleries and museums both exhibit art or cultural paraphernalia, the U.S. Economic Census locates them in different categories. Galleries are noted as part of the Retail Industry within the Economic Census, and are delineated as Art Dealers under the Miscellaneous Stores
category, along with shoe repair and pet shops. Fine art galleries are any for-profit facility that displays and sells fine art, whether it is open to the public, such as a gallery space that operates like other retail stores with open hours for customers to walk through at their convenience, or whether it is a small operation that is closed to the public except by appointment. In the art industry, these smaller ‘private’ businesses are known as private dealers. I include them as galleries in this study because they promote the commercial nature of the fine art business.

Museums, on the other hand are generally non-profit organizations, with tax-exempt status as a 501c(3) entity. There are examples of for-profit museums, like Ripley’s Believe It Or Not on Hollywood Boulevard, but for the purposes of this examination of art facilities, museums are non-profit institutions. From 1994 through 1997, the Census lists museums under Services, whereas from 1998 to 2002, they are part of the Arts, Entertainment and Recreation Sector with the reorganization of industries under the NAIC code. There are multiple types of museums, such as historical sites, zoos and libraries, but the focus of this study is on art, cultural, and science museums only.

The index I used to gauge the degree of activities is the location quotient. Location quotients establish whether a community is producing more than is needed for it to sustain and so exports excess production of a particular good or service to an outside area. These calculations also show which areas are insufficient in producing certain
goods and services, and therefore have to import them from outside (Hustedde et al 1993). Examples of typical location quotient calculations are as follows:

Example 1:

\[
\frac{\text{(# Employees of Industry A in Neighborhood B/Total # Employees in Neighborhood B)}}{\text{(## Employees of Industry A in Region/Total # Employees in Region)}}
\]

Example 2:

\[
\frac{\text{(# Firms of Industry A in Neighborhood B)/(Total # Firms in Neighborhood B)}}{\text{(## Firms of Industry A in Region)/(Total # Firms in Region)}}
\]

I calculated three different types of location quotients for Miracle Mile museums and galleries: 1) in relation to the total number of establishments in Los Angeles County; 2) the ratio from the previous formula standardized by population of the Miracle Mile neighborhood to total population in Los Angeles County; and 3) a museum location quotient of LACMA’s attendance in relation to total museum attendance in the County. Sources for LACMA’s attendance in 2001-2002 and 2002-2003 are the museum itself and a January 2003 Los Angeles Business Journal article. Because it was not possible to gather all the attendance data from the total number of museums in the County, I used data from LA, Inc., the Los Angeles Convention and Visitor’s Bureau. They receive
attendance numbers directly from the twelve Travel Plus Museums in the region, providing the best estimate available for total museum attendance.

2. Consumer Efficiency

Hypothesis 2: a geographic concentration of art facilities provides consumer efficiency. Consumer efficiency is measured by examining preferences and economic activities of visitors to the neighborhood under investigation. The best method to gather this data is to ask visitors about their neighborhood experience and activities directly through a survey questionnaire and then analyze the results. I conducted a survey of visitors to the neighborhood over a period of several months in the spring of 2005. These surveys were randomly solicited along Wilshire Boulevard between Fairfax and La Brea Avenues and in Hancock Park on both weekdays and weekends. The survey asked questions about the visitors’ activities within the neighborhood that day, the frequency of their activities in the neighborhood within the past two years, and their perceptions of the neighborhood itself (see Appendix). With the assistance of a student assistant, I collected a sample of 151 completed surveys, and inputted the findings into SPSS. I then extracted frequency tables and tests to Microsoft Excel using SPSS.
3. Interconnectedness

Hypothesis 3: a geographic concentration of art facilities exhibit interaction among businesses and with vendors.

Interconnectedness is difficult to quantify except through complex input-output analysis and econometric models. However, evidence of firm interaction can also be measured through the qualitative method of interviewing. The best means to establish interconnections qualitatively is through interviewing stakeholders in the neighborhood because interviewing’s “aim is for the researcher to explore issues which underlie beliefs or behaviors,” (Marks 2000) and “questions can elicit information that otherwise either could not be obtained at all or could be obtained only with great difficulty and by more fallible methods” (Kidder et al 1986).

This second phase of research relies on interviews and surveys to answer questions like do these institutions and businesses work together? How do they work together? Are there multiple agglomeration effects, such as the supplier-buyer linkages and knowledge spillovers? How does the theory of firm interaction relate to the reality of the arts facilities’ practices in the Miracle Mile? What is the perception of neighboring businesses?

I conducted open-ended interviews with eight gallery owners in the Miracle Mile corridor. They provided insight into the working relationship among galleries and
between galleries and museums, suppliers and visitors. Due to time and resource limitations, it was not possible to interview all galleries in the zip code area. I interviewed those that are representative and illustrative of the arts cluster in the neighborhood. Although there are galleries located on La Brea Avenue north of Wilshire Boulevard, I remained focused on those within the one-mile stretch of the Miracle Mile corridor.

Four out of the seven galleries in the 6150 complex participated in the interviews, and the remaining four galleries are located east of the complex closer to La Brea Avenue. I had limited conversations with representatives from several of the museums, but was unable to coordinate meetings that might have provided further information. I also conducted phone interviews with several gallery suppliers to observe their interactions and perceptions of the neighborhood facilities. Two framers and one shipping and crating firm responded to the interview requests.

4. Collective Action

Hypothesis 4: a geographic concentration of art facilities have the potential for and generate collective action.

Collective action is evident through many different methods. For example, a gallery or museum exhibition inherently suggests collective action in that a group of people had to
come together to produce the exhibition itself. The artist had to communicate with the curator, and both had to talk to a framer or installer to prepare the art to be displayed, and then had to work with the installer to actually hang or mount the work for exhibition. These actors most likely also coordinated with a marketing department in the case of the museum, or the gallery owner, to promote the exhibition. For the purpose of this examination, I use findings from interviews with galleries, museums representatives and suppliers as described above to test for the presence of collective action and its potential in the Miracle Mile.

Limitations

This is an initial investigation into the existence of art facilities as economic clusters. I am solely interested in establishing and exploring the relationship among and between art facilities and their community, and how these observations match the theoretical framework of cluster economies and agglomeration effects. This investigation focuses only on galleries and museums, and so is limited in its scope of the arts industry in that it does not include facilities related to the performing arts, music or writing. This is not a test of magnitude. I make no assertions that these arts clusters contribute to community economic development relative to neighborhoods without arts cluster economies, to what magnitude they might contribute to neighborhood economic development. Lastly, the
geographic concentration for the arts facilities might be diluted because the available data provides tabulation of industry by zip codes, which are larger areas than census tracts.
Chapter 3: Geographic Concentration and Consumer Efficiency

Geographic Concentration

The consolidation of census data and the calculation of location quotients show a geographic concentration of galleries and museums in the Miracle Mile area. Figure 2 shows a map of the dispersal of art facilities throughout Los Angeles County. It is evident that there are several locations of clustering – one by the ocean in Santa Monica, one in the Miracle Mile and West Hollywood area, and one in downtown Los Angeles. For the most part these clusters follow a central line from west to east along Wilshire Boulevard. It is possible that the cluster in Miracle Mile fits into a larger spatial patterning of art facilities in the County, but that hypothesis is not tested within the scope of this paper. Figure 3 shows the detail of the cluster of galleries and museums in the Miracle Mile neighborhood. As is common in some gallery districts, several galleries locate in the same building. In the case of the Miracle Mile galleries, seven are housed at 6150 Wilshire Boulevard, known as the 6150 complex. Often multi-gallery buildings develop over time with one gallery moving in first and attracting other galleries to the same location.
Figure 2: Distribution of Arts Facilities across Los Angeles County

<table>
<thead>
<tr>
<th>Miracle Mile Statistics</th>
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<tbody>
<tr>
<td>(Ratio Denominator is LA County)</td>
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<tr>
<td>0.1 % of the land area</td>
</tr>
<tr>
<td>0.6 % of the population</td>
</tr>
<tr>
<td>1.6 % of the total number of business establishments</td>
</tr>
<tr>
<td>1.5 % of the total number of employees</td>
</tr>
</tbody>
</table>

Tables 1 and 2 show the number of establishments of galleries and museums in the Miracle Mile neighborhood in comparison to those in Los Angeles County from 1998 to 2002. Whereas numbers of museums increased somewhat, but stayed within the general range of 3 to 5 establishments, the number of galleries doubled in a five-year period. This increase parallels the trend of a rising gallery presence throughout Los Angeles County in that same time period. Gallery establishments increased 32 percent, from 182 to 240. However, in the Miracle Mile this boom in galleries is more pronounced with number of establishments doubling from 14 to 28 by 2002.
<table>
<thead>
<tr>
<th>Year</th>
<th>Miracle Mile</th>
<th>LA County</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>14</td>
<td>182</td>
</tr>
<tr>
<td>1999</td>
<td>17</td>
<td>186</td>
</tr>
<tr>
<td>2000</td>
<td>21</td>
<td>190</td>
</tr>
<tr>
<td>2001</td>
<td>19</td>
<td>201</td>
</tr>
<tr>
<td>2002</td>
<td>28</td>
<td>240</td>
</tr>
</tbody>
</table>

Table 1: Number of Galleries in Miracle Mile (MM) Neighborhood and in LA County

<table>
<thead>
<tr>
<th>Year</th>
<th>Miracle Mile</th>
<th>LA County</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>3</td>
<td>59</td>
</tr>
<tr>
<td>1999</td>
<td>4</td>
<td>63</td>
</tr>
<tr>
<td>2000</td>
<td>5</td>
<td>70</td>
</tr>
<tr>
<td>2001</td>
<td>4</td>
<td>68</td>
</tr>
<tr>
<td>2002</td>
<td>5</td>
<td>76</td>
</tr>
</tbody>
</table>

Table 2: Number of Museums in Miracle Mile (MM) Neighborhood and in LA County

Location Quotients

Knowing the number galleries and museums in the Miracle Mile neighborhood only hints at the presence of a geographic concentration, but not whether it is significant enough to be considered a cluster economy. What does it mean to have 28 galleries and 5 museums in two zip code tabulation areas? How does this relate to LA County overall? Location
quotients (LQs) provide a more sufficient measure of the gallery and museum cluster effect. The comparison of ratios between Miracle Mile and LA County offers a gauge of how much the Miracle Mile gallery and museum activity, if any, spills over into other LA neighborhoods. Essentially, location quotients indicate significant clustering of a specific industry, or specialization of the neighborhood economy. 

<table>
<thead>
<tr>
<th>Location Quotient Comparison</th>
</tr>
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<tbody>
<tr>
<td>By # of Establishments</td>
</tr>
<tr>
<td>Galleyes</td>
</tr>
<tr>
<td>Museums</td>
</tr>
</tbody>
</table>

Table 3: Location Quotients for Miracle Mile Galleries and Museums

Table 3 reflects the location quotients (LQ) for galleries and dealers in the Miracle Mile neighborhood. The equation for the location quotient by number of establishments is as follows:

\[
\frac{\text{(Number of Galleries in MM)}}{\text{(Number of Retail in MM)}} / \frac{\text{(Number of Galleries in LA)}}{\text{(Number of Retail in LA)}}
\]

\[
\text{where MM = Miracle Mile Neighborhood}
\]

\[
\text{and LA = LA County}
\]

Both the gallery and museum LQ’s are greater than 1, indicating an overflow of arts activities in this neighborhood relative to LA County.
Whereas this first LQ might be sufficient to describe the concentration of establishments in Miracle Mile relative to the total number of retail, arts, amusement and recreation facilities, it does not suggest whether or not this is a significantly large gallery or museum cluster for the size of neighborhood. Is this a big fish in a big pond or a big fish in a little pond, where the fish is the cluster and the pond is the neighborhood? A second set of LQ’s comparing the number of establishments to relative population size supplies further insight. The equation is as follows:

\[
\frac{\text{(Number of Museums in MM/Population of MM)}}{\text{(Number of Museums in LA/Population of LA)}}
\]

This LQ is especially helpful in the case for Miracle Mile museums because there are few museums in LA County in comparison to galleries (76 versus 240, respectively). As expected, the large population of LA County (~9 million) greatly affects the LQ’s. The population is dispersed over a large land area, whereas the galleries and museums are clustered into smaller areas (see Figure 2), offering each cluster the opportunity to serve a much larger region outside of their neighborhood. Each LQ increases when standardized by population.

The notion of LACMA as the regional museum for Southern California reflects this same reasoning that the small neighborhoods provide services (i.e. the output of art) to the broader region. Although an LQ of 20.3 establishes the museum’s regional draw, a more appropriate calculation would be to compare LACMA attendance to total museum
attendance in LA County. Table 4 describes overall museum attendance for the County, which has been increasing since 2000. Table 5 lists the LQ for museum attendance for LACMA by comparing ratios of attendance to population. The equation is as follows:

\[(\text{LACMA Attendance/MM Population})/(\text{Total Attendance/LA Population})\]

<table>
<thead>
<tr>
<th>Museum Attendance II (12 Travel Pulse Museums)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>2000</td>
</tr>
<tr>
<td>2001</td>
</tr>
<tr>
<td>2002</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2004</td>
</tr>
</tbody>
</table>

Table 4: Museum Attendance in LA County

<table>
<thead>
<tr>
<th>Museum Attendance to Population LQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>2000</td>
</tr>
<tr>
<td>2001</td>
</tr>
<tr>
<td>2002</td>
</tr>
</tbody>
</table>

Table 5: LACMA Location Quotient by attendance
Overall, the attendance LQ is substantial, ranging from 16 to 25. As Table 5 shows, the LQ for LACMA changes yearly based upon LACMA’s attendance in relation to total museum attendance. For example, in 2001 LACMA had approximately 200,000 more visitors than either 2000, or 2002, increasing the strength of its LQ by roughly 50 percent. This is most likely due to popular blockbuster exhibitions, such as *Made in California* (Oct. 22, 2000-March 18, 2001) *Winslow Homer and the Critics* (June 10 – Sept. 9, 2001), and *The Road to Aztlan: Art from Mythic Homeland* (May 13-Aug. 26, 2001). Blockbusters such as these draw larger crowds from greater distances than do permanent collections or on-going exhibitions.

The LQs for galleries and museums indicate a significant concentration of arts facilities in comparison to Los Angeles County. It is possible that the relative strength of the gallery cluster contributes to the increase in number of galleries in the area, as observed in Table 1. Also, the attendance LQ attendance for LACMA justifies its status as the major museum attraction in the neighborhood and a regional attraction for Southern California. It also implies possible spillover effects for neighboring businesses.
Clusters permit easy access from one institution to another for visitors. The simple fact of geographic concentration of firms decreases transportation costs while increasing utility for consumers by making it easy for consumers to visit more than one venue during an afternoon. From a consumer’s point of view, being able to visit more than one venue provides efficiency (Maggi and Tarola 2004). The consumer will then likely frequent these areas of concentration to do their activities or run errands in order to maximize their utility regarding transportation costs and substitution opportunities.

This interaction between geographic concentration and consumer preference and efficiency is a key component of clusters. This is the concept behind a successful shopping mall. The convenience of a cluster attracts customers and clients to firms, increasing sales and ensuing profits. Clustering firms can expand to accommodate greater demand, diversify to attract and sustain a heterogeneous client base, and sustain the cluster through a shared market, fueled by competition and accessibility.

One of the few papers to discuss the phenomenon of clustering in reference to art facilities is Tufts and Milne’s “Museums: A Supply-Side Perspective” (1999). They note that “[c]lustering of cultural institutions... allows visitors easy access from one museum to another, but more importantly allows several of them to form a ‘synergy’ which adds
to neighborhood architectural and artistic aesthetic”, making the overall visitor experience better, increasing the likelihood of repeat visits, business and referrals.

**Perceptions of Attendance**

Galleries recognize the importance of the cluster benefit for consumers. One gallery owner in the 6150 complex stated that his sole reason for being in a group of galleries was for his customers.\(^\text{10}\) Perceptions of attendance begin to indicate the level of consumer efficiency provided by the cluster. Several galleries in the 6150 complex reported attendance of 100 to 200 people per week. Any sort of press relating to a gallery within the complex, or even one relatively nearby (i.e. one block away), increases that number, especially if the press is positive. However, one of the newer galleries situated at 6150, related an attendance of approximately 50 to 100 people per week, roughly one-half that of the others. He notes that the expectations of people to visit all the galleries when they come to visit only one are unjustified and inconsistently met, if at all. The point is not that every single visitor stop in every gallery within the complex, but that there is a greater possibility of a few people visiting several galleries simply because they are close to one another.

Perceived attendance decreases significantly outside the 6150 complex. Kontainer Gallery, which is located at 6130 Wilshire Boulevard, just two store fronts to the east of 6150’s parking lot, described an attendance of 20 to 25 people per week. The owner mentioned that he is the first gallery to exist in that space for over one year. He also
recounted the story of a gallery dealer’s conversation with one of the previous owners of Kontainer’s space, in which the previous owner complained that people would not even cross the parking lot to visit. This evidence suggests that the denser the cluster of facilities, the greater the attendance spillover from one gallery to another. This also indicates that consumer efficiency is highly elastic in that utility decreases rapidly as transportation costs and ease of access increase incrementally. Perhaps this effect is stronger in Los Angeles due to the dependency on the car for transportation. Many people are therefore reluctant to walk further than their primary destination from the parking lot.

Museum Attendance

Results from the visitor survey revealed some expected trends, and refuted some of the gallery owners’ perceptions their own estimations of attendance and potential for consumer efficiency from museum to gallery. In general, over a majority of people who participated in the survey visited LACMA (see Table 6), the most popularly attended museum in Miracle Mile. The Page Museum and the Petersen Museum were the second most attended museums, capturing 35 percent each of those surveyed, with the Craft and Folk Art Museum (CAFM) receiving the lowest level of attendance at 30 percent of the total sample. Out of 101 people who went to museums in general, 72 percent went on the weekend, as compared to 28 percent during the week (see Table 7). The disparity between weekend and weekday visitorship is explained by the fact that the general population works during the week, saving entertainment and cultural activities for the weekend.
In looking at a more detailed view of museum attendance on that day, Table 8 shows that one-third of the sample did not attend any museum at all, and 19 percent attended LACMA only. The LACMA attendance reconfirms the high LQs reported in Tables 3 and 5, and the notion that it is the strongest draw in terms of museums within the Miracle Mile neighborhood. Only 11 percent went to another museum besides LACMA, with the number for visiting three museums even lower. However, more people went to all four museums (23 percent) than going to LACMA alone. This suggests that as a group, the museums represent a stronger attraction for people to attend than if they were standing alone. The museum cluster offers an afternoon of cultural activities. Consumers seek
efficiency and so visit more than one museum during a neighborhood visit. If one is going to plan a trip to LACMA, there is a 95 percent degree of confidence that between 16 and 30 percent will also visit the neighboring facilities as well.

<table>
<thead>
<tr>
<th>Museum Attendance Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>#</td>
</tr>
<tr>
<td>None</td>
</tr>
<tr>
<td>LACMA Only</td>
</tr>
<tr>
<td>Petersen Only</td>
</tr>
<tr>
<td>Page Only</td>
</tr>
<tr>
<td>CAFM Only</td>
</tr>
<tr>
<td>LACMA + 1</td>
</tr>
<tr>
<td>LACMA + 2</td>
</tr>
<tr>
<td>All</td>
</tr>
</tbody>
</table>

Table 8: Museum Attendance Detail

**Gallery Attendance and LACMA Spillover**

Gallery attendance was much less than that of museums (compare Tables 7 and 9): only 15 percent went to a gallery as opposed to the 67 percent who visited museums. The difference in visitorship is not surprising given gallery perceptions of attendance as reported above. No gallery visitor could remember which gallery they had been to, suggesting that they did not frequent these galleries either. In comparing those who visited galleries with those who went to LACMA, the findings show that 18 of the 22 people who went to galleries also went to LACMA (82 percent). Another way of describing the connection is that out of 89 people who went to LACMA, 18 also went to galleries. With a degree of 95 percent confidence, between 12 and 28 percent of
LACMA visitors also go to Miracle Mile galleries. It is possible to apply this rate of probable spillover attendance from LACMA to the Miracle Mile galleries by looking at reported museum attendance from in 2002-2003. Approximately 765,000 people went to the museum, providing a potential spillover of approximately 92,000 to 214,000 visitors to the galleries that same year. This is about 1,800 to 4,000 people per week, a much higher number than the range of 100 to 200 that the more established galleries of 6150 estimated. The clustering effect of arts facilities increases the probability that visitors attending a museum will visit a neighboring gallery and vice versa.

<table>
<thead>
<tr>
<th>Gallery Visits</th>
<th>Weekday</th>
<th>Weekend</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>3%</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>No</td>
<td>97%</td>
<td>89%</td>
<td>85%</td>
</tr>
</tbody>
</table>

Table 9: Gallery Visits in Miracle Mile

<table>
<thead>
<tr>
<th>Galleries Only</th>
<th>General Gallery and Museum Attendance</th>
<th>Museums and Galleries</th>
<th>Museums Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>#</td>
<td>%</td>
<td>#</td>
<td>#</td>
</tr>
<tr>
<td>4</td>
<td>3%</td>
<td>105</td>
<td>101</td>
</tr>
</tbody>
</table>

Table 10: General Gallery and Museum Attendance Comparison
Frequency of Visiting in the Past Two Years

The attendance rate of museums in the Miracle Mile in the past two years in comparison to that of all of LA County revealed almost identical results, with a slightly higher percentage of those visiting Miracle Mile museums between 3 to 5 times than those visiting museums throughout LA County. This is possibly due to the strong appeal of LACMA’s changing exhibition schedule of blockbuster shows and its comprehensive and diverse collection that draws repeat visitors. These results also corroborate the high LQ’s based on attendance discussed earlier.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Miracle Mile</th>
<th>Rest of LA County</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>None</td>
<td>51</td>
<td>34%</td>
</tr>
<tr>
<td>1-3 times</td>
<td>31</td>
<td>21%</td>
</tr>
<tr>
<td>3-5 times</td>
<td>23</td>
<td>15%</td>
</tr>
<tr>
<td>5-10 times</td>
<td>10</td>
<td>7%</td>
</tr>
<tr>
<td>10-15 times</td>
<td>7</td>
<td>5%</td>
</tr>
<tr>
<td>15+ times</td>
<td>28</td>
<td>19%</td>
</tr>
</tbody>
</table>

Table 11: Frequency of Museum Attendance in Miracle Mile Compared with the rest of LA County

Frequency of gallery visits within the past two years resulted in similar numbers as the museum visits, although attendance recurrence is lower overall. Unlike museum frequency, galleries in the Miracle Mile neighborhood receive a lower rate of attendance than galleries throughout LA County in the 5 to 10, 10 to 15 and over 15 times categories. Unlike its neighboring museum cluster which is distinctive in Los Angeles
for the number of museums within such close proximity to one another, the Miracle Mile galleries are just one of several gallery groupings in the County. The lure of other gallery clusters in Santa Monica (i.e. Bergamot Station) and downtown Los Angeles (i.e.

<table>
<thead>
<tr>
<th>Gallery Visitor Frequency in Past 2 Years</th>
<th>Miracle Mile</th>
<th>Rest of LA County</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>72  48%</td>
<td>55   36%</td>
</tr>
<tr>
<td>1-3 times</td>
<td>37  25%</td>
<td>36   24%</td>
</tr>
<tr>
<td>3-5 times</td>
<td>25  17%</td>
<td>20   13%</td>
</tr>
<tr>
<td>5-10 times</td>
<td>9   6%</td>
<td>17   11%</td>
</tr>
<tr>
<td>10-15 times</td>
<td>3   2%</td>
<td>11   7%</td>
</tr>
<tr>
<td>15+ times</td>
<td>3   2%</td>
<td>12   8%</td>
</tr>
</tbody>
</table>

Table 12: Frequency of Gallery Attendance in Miracle Mile Compared with the rest of LA County

Chinatown and Gallery Row) might affect the Miracle Mile galleries’ rate of attendance in these higher frequency categories

**Additional Neighborhood Activities**

One of the supplemental forms of information regarding cluster economy effects the survey revealed regarded other activities visitors did while in the Miracle Mile neighborhood. Tables 13 through 15 show various other categories of activities people did while in the neighborhood that day. Table 13 is a general breakdown of activities, clearly revealing that well over a majority of visitors ate, and that most also shopped. It also shows that weekend and weekday visitors enjoy neighborhood activities to the same
extent, but as expected, weekday visitors are more likely to be working in the neighborhood than those coming on the weekends, and weekend visitors are slightly more likely to go to a nightclub.

<table>
<thead>
<tr>
<th>Other Activities Done in Neighborhood</th>
<th>Weekday</th>
<th>Weekend</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eating</td>
<td>21%</td>
<td>40%</td>
<td>61%</td>
</tr>
<tr>
<td>Shopping</td>
<td>15%</td>
<td>24%</td>
<td>38%</td>
</tr>
<tr>
<td>Nightclub</td>
<td>0%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Play in Park</td>
<td>13%</td>
<td>25%</td>
<td>38%</td>
</tr>
<tr>
<td>Work</td>
<td>15%</td>
<td>5%</td>
<td>21%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
<td>9%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Table 13: Other Activities in Miracle Mile Neighborhood

<table>
<thead>
<tr>
<th>Went to a Museum Plus….</th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eating</td>
<td>78</td>
<td>52%</td>
</tr>
<tr>
<td>Shopping</td>
<td>40</td>
<td>26%</td>
</tr>
<tr>
<td>Nightclub</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>Park</td>
<td>53</td>
<td>35%</td>
</tr>
<tr>
<td>Work</td>
<td>3</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
<td>7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Went to a Gallery Plus….</th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eating</td>
<td>16</td>
<td>11%</td>
</tr>
<tr>
<td>Shopping</td>
<td>10</td>
<td>7%</td>
</tr>
<tr>
<td>Nightclub</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>Park</td>
<td>9</td>
<td>6%</td>
</tr>
<tr>
<td>Work</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>2%</td>
</tr>
</tbody>
</table>

Tables 14 & 15: Combination of Art and Other Activities in Neighborhood

Tables 14 and 15 show that the breakdown in museum and gallery visitor activity is similar to that of the total sample population, with eating being the most popular activity.
and shopping being the second. Some of the individual responses under the ‘other’ category included walking the dog and exercising, which could be park-related activities as well, but is not clear from the survey results. These tables suggest greater utility for the consumer with the presence of alternate clusters related to enjoyment of visiting arts facilities, such as restaurants and shops.

Neighborhood Perceptions

Tables 16 and 17 reveal visitors’ perceptions of the Miracle Mile neighborhood. A majority found it easy to visit the neighborhood taking into account traffic, parking and cost. Few found it moderately difficult; several citing parking as a concern, but on the whole no one felt negatively about it. Overall, visitors find the neighborhood safe, attractive, walkable and diverse in terms of activities offered. These positive responses to neighborhood character imply that consumers enjoy their overall experience of visiting the Miracle Mile. In conjunction with the attraction of the museum and gallery cluster, this response to the neighborhood increases the chance of repeat visits and consumer preference for the Miracle Mile.
Even though well over a majority responded positively regarding neighborhood character, 25 percent think the neighborhood is unsafe and lacking in diversity of activities. This corresponds to various gallery owner comments regarding the dearth of good restaurants and stories of minor thefts.
Chapter 4: Interconnectedness and Collective Action

Interconnections

Saturday evening, February 26th was special in West Hollywood for two distinct reasons: it was the night before the Oscars and party planners were finishing their event preparations at restaurants like Morton’s on Robertson Boulevard; and galleries, like MB Fine Art, were hosting opening receptions for an event titled Muse ArtWalk, marketed by the Los Angeles County Museum of Art. The sidewalks were crowded with pedestrians, an at times rare site in Los Angeles, and the overall mood was one of engagement. People went from gallery to gallery, carrying their art walking maps and making plans to eat out, go for a drink, or enjoy the LACMA Muse reception at MB Fine Art.

Why was LACMA promoting galleries in West Hollywood? Was there some financial gain to the museum from the galleries for its marketing efforts? Or is it also within the mission of the museum to promote art education and experience throughout the region, including the island cities of West Hollywood and Culver City for example? Most likely the answer is the latter. Additionally, enhancing the visitorship of neighboring communities could benefit LACMA in the long-term. The February event was titled the ‘Muse Artwalk’ because LACMA offers a Muse membership level that is geared towards a younger audience: “art enthusiasts on the cutting edge.” Members are invited to
partake in ‘happenings’ around town that highlight the social, philanthropic and cultural aspects of the city.

Why did the galleries participate in the art walk? The answer is suggested by the outcome – to get the crowds out. The galleries participating in Saturday’s event generally schedule their opening receptions in coordination to capture spillover from one another’s mailing lists, but all of their resources combined don’t necessarily match the marketing and outreach of the local major cultural institution of the region. With LACMA coordinating the event, word about the gallery openings reached across to mailing lists and Internet postings that would have been difficult for any individual gallery with a small staff to access and organize. The potential to attract those who have never visited their gallery to see their art, perhaps buy something, but more than likely have them at least come back or sign the mailing list was a potential benefit to the galleries.

As observed in the story above, clusters permit easy access from one institution to another for visitors, as well as allow organizations and firms to minimize costs of everyday operations by promoting “informal alliances”. These alliances promote trust, reciprocity, and increased potential for collective action. The spatial proximity helps facilities overcome difficulties in co-organizing events or exhibitions, such as conflict over division of responsibility (Tufts and Milne 1999).
LACMA’s Presence and Benefit

The spatial distribution of clusters throughout the city is dictated in part by the relative ties of weak agglomeration effects that exist between varying clusters of firms (McMillen and Smith 2003). For example, the ties between the music industry cluster and the movie industry cluster would dictate that they locate relatively close to one another. In applying this theory to art facilities, the industry affiliation between the for-profit galleries and non-profit museums would suggest that they locate near one another.

Although LACMA’s neighboring galleries in the Miracle Mile, like the 6150 complex, did not participate in the Muse ArtWalk, I expected to find that LACMA’s presence attracted the galleries to locate there in the first place, and has a positive effect on galleries’ business. However, evidence suggests that galleries take little notice of the museum’s presence in the neighborhood. According to the galleries, the only benefit they receive from their proximity to the museum is that museum curators might stop by during their lunch break and might be more amenable to take a meeting with a gallery than if the gallery were across town. One gallery dealer beamed about the ease that proximity brings for engaging his artists in the museum dialogue, which could potentially bring them notice through museum exhibition or acquirement. This in turn increases the value and demand of the artist, allowing dealers to raise prices on the artist’s work, thereby increasing profit for the gallery with the next sale or exhibition of the artist. However, one owner lamented that curators from the Museum of Contemporary Art (MOCA) in downtown Los Angeles visit more than LACMA curators. Opinion is not
consistent from gallery to gallery, but in general most are apathetic towards the museum’s presence.

The main exception to this indifference was the gallery located directly across from the future Broad Museum of Modern and Contemporary Art at Ogden Drive, next to LACMA. One of the first things the gallery owner stated in discussing location choice for his two-year old gallery was that the museum is right across the street: “For me, I think being here, given that they don’t raise the rents to some crazy amount....I mean, we’re still across from the LA Museum, you know, and my thought was in the long run if you’re doing fairs [art fairs] and you’re doing things internationally and you tell people, well, where’s you’re gallery? You can say, well, it’s across from the LA County Museum. It sort of fits you in a corridor ....”\(^{13}\) Although he doesn’t perceive other museum spillover effects, such as increased attendance, he actively uses the museum’s presence as a locating and legitimacy tool. Assuming the general population knows the museum from its regional status he is able to add authority to his gallery as part of the art world dialogue. If people also know approximately where it is situated in the city, the gallery owner is also able to provide a landmark from which they will be able to find him easily in order to plan a visit.

**Trust Among Colleagues**

Trust is an important issue in business in general, but especially for galleries because the majority of sales are conducted through reference and word of mouth. Trust between art
dealers can be fragile and limited, but it is not undervalued. One of the 6150 galleries noted that it’s important to have someone close by that he can talk to openly and admit the reality of his business to (i.e. if sales are slow) in order to decrease some of the anxiety of the business.

Trust relationships within the 6150 complex are stronger than outside the complex. One gallery dealer in particular fosters relationships, introducing clients to new galleries, like Kontainer Gallery next door, and promoting other galleries’ artists when they fit the tastes of his clients. In return, this gallery dealer serves his clients well by providing what they want, and most likely receives something in return for his efforts with the other gallery. He can either receive a commission from a sale to his client or reciprocal behavior from the other gallery on future occasion.

However, on the east end of the corridor towards La Brea Avenue, trust between galleries is not as strong. According to one of these galleries, gallery dealers “will lie right to your face and tell you they’ve resigned the lease when they haven’t.” Galleries closer to La Brea Avenue have little to no interaction with those at the 6150, and do not perceive any spillover in traffic or buyers from the complex. They do however enjoy the close proximity of Staples, Office Depot, and Kinko's, all within one block of their businesses. This is convenient for them because as a small business they don’t have the need or inclination to buy many office supplies in bulk by phone or the Internet. The spectrum of relationships from gallery to gallery suggests that levels of trust and hence interaction are
a function of proximity: just like attendance figures discussed in a following section, trust decreases rapidly as the distance between galleries increases.

Trust is also a function of the longevity of the gallery and the reputation of its artistic program - whether the gallery is considered part of the more elite blue chip or trendy art world in which they are reviewed by top critics and exhibiting expensive artwork. For example, one of the gallery owners in the 6150 complex has been working in the art business for over thirty years, but has only been at 6150 for five years. He distinguishes himself as selling more expensive, higher-end art. He has loose ties to his neighbors, calling them colleagues but not friends, and tends to rely on others that he has worked with over the years who are mostly outside of the city.

**New Types of Art Cluster Economies**

Face-to-face interaction is critical for selling art and events like art fairs are more and more necessary to the livelihood of galleries. These conventions bring galleries from around the world under one roof for a short period of time (i.e. four days to two weeks). Although art fairs are difficult to get into and expensive to participate in, they are extremely lucrative events because they bring the gallery to the clients rather than the clients to the gallery. They occur in various cities around the world, and many collectors travel to each of them in order to make their purchases. Many galleries feel that this is the ultimate art cluster.
Another alternative marketplace cited by one of the gallery owners as being the new ‘cluster’ is the Internet. Most galleries market their artists on their own websites or through group-listed websites like Artscene and Artnet. One gallery dealer stated that although the Internet is spatially unbound, it is the forum for interaction which is most heavily relied upon in the gallery business. However, he also pointed out the remaining importance of ‘brick and mortar’ establishments: “It [Internet sales] has also made brick and mortar that much more important, because without that, unless you have a huge reputation, you might be nervous buying from me on the internet. You have to have a solidity for them to feel comfortable to buy this thing for $10,000 from me that they’ve never seen in person. There has to be this trust, there’s this kind of unsaid trust by virtue of having this brick and mortar. There might be people that are so well known and respected and they don’t have a brick and mortar, that there’s trust, but you buy something from someone that doesn’t have a reputation and you don’t have an actual building that you could look into and wanted you to give your credit card number for 10 grand you just wouldn’t do it. And if you did you’re asking for trouble.”

Even though the Internet supposedly diminishes the importance of location for businesses like galleries, it actually does the opposite, forcing people to rely more on reputation and trust, which can be facilitated by location choice and the clustering of firms.

**Supplier Connections**

Strengthening supplier-buyer linkages is one of the main benefits of a cluster economy. “[P]roximity improves communications and makes it easier for suppliers to provide
ancillary or support services such as installation and debugging” (Porter 1998). In the case of galleries and museums, specific suppliers that might share benefits from their clustering are framers, packers and shippers. For example, if a framer has a number of deliveries to an art facility, he/she saves transaction costs by making deliveries in the same area. The framer then could pass these savings onto the galleries and museums in the cluster to create a mutual benefit for both supplier and buyer.

Framing

Although there are many framers in Los Angeles, only several names came up frequently in gallery interviews: Custom Framing and Art Services. Custom Framing is also referred to as “that guy in the Valley” because he is located in Van Nuys. The owner of Custom Framing, Matthew Kutzin, is very positive about the concentration of galleries in the Miracle Mile neighborhood. He started serving one gallery in the 6150 complex and currently has at least five for which he regularly does work. The 6150 complex in particular makes it convenient for his business because when he goes there to drop off or pick up projects, someone usually spots his car and approaches him about another job.

Art Services is located in West Hollywood and unlike Custom Framing, requires the galleries, artists and collectors to drop off and pick up the artwork that it frames. The gallery cluster in Miracle Mile has no effect on its business. According to its General Manager, Russ Roberts, Art Services works predominately with artists and collectors directly. He fosters the relationships he has with them rather than those he might have
with galleries because a gallery’s concern is the amount of money spent on a frame whereas the artists’ and, in particular, the collector’s concern is more on the aesthetics of the frame, regardless of cost. By serving artists and collectors, Roberts is offered more interesting and lucrative jobs. Also, artists may show at several galleries worldwide and will use Roberts for all of these shows. For example, he does work for an artist with exhibitions in Los Angeles, New York, Germany, Switzerland and Italy. In this manner, he also increases business, not only because multiple galleries in various locations are forced to use his services, but also because artists find him by seeing his frames at exhibitions; the more exhibitions he does, the more likely that someone new will phone him for a job.

**Shipping and Crating**

LA Packing and Crating is the most well known and heavily used art packing and shipping company in Los Angeles to collectors, galleries and museums, predominantly in the high-end art market. Although their representative was unable to discuss specific business or client interaction, he was clear that they find no particular advantage to an arts cluster for either his company or the galleries and museums. He reasoned that because their services are provided on demand, there is no benefit of timing or location for delivery and pickup. His business is about providing what someone needs in a given time on an individual basis, and there is no overlap in individual clients’ needs. He also noted that clustering does not increase his business through referral because the art world is a fairly narrow and closed community so information is shared quickly: “people know
we’re here.” However, his reasoning for not receiving referrals actually appears to prove the opposite: with such a small community and rapid rate of knowledge spillover, suppliers like LA Packing and Crating are bound to receive the majority of packing and shipping business in the art world as long their reputation remains intact. Although the shipper was ambivalent to its dealing with galleries and museums, just as the galleries were towards LACMA, the evidence of knowledge spillover indicates a benefit to the shipper from the presence of the arts cluster, even if experienced indirectly through a third party, such as a private art collector.

Collective Action

One of the greatest potentials for cluster economies is working collectively: “[t]he way clusters operate suggests a new agenda of collective action in the private sector. Investing in public goods is normally seen as a function of government, yet cluster thinking demonstrates how companies [and communities] benefit from local assets and institutions” (Porter 1998). Collective action is working together to provide goods and services, either as public goods that maintain characteristics of non-rivalry and non-excludability, or as private interests that create profits for firms. People, firms and institutions form groups to better serve their interests and those of the groups’ members (Olson 1971), but in reality there are barriers to the efficiency of collective action.
The freerider problem is a barrier to group activity because individuals or individual firms will not volunteer to promote the group when left to their own self-interested rational decision-making, preferring to receive benefits, or freeride, from others’ efforts. In order to overcome the freerider problem the group has to enable a form of mutual coercion, such as taxes in a Business Improvement District (BID), so that every member must participate.

A second deterrent to working collectively is disparity of size between members of the group. This can also be thought of as the problem of heterogeneity. In a system where groups are homogeneous with the same goals, operations and scale, working together is easy and the benefits equally realized. In heterogeneous populations, where interests and scale are different, collective decision-making is more difficult because it is hard to come to consensus among various groups or organizations within a group in order to take action. Also, large members end up doing more because they have more resources, while smaller members receive more than they put in or than they would have received on their own. This leads to the problem of freeriding and provides a disincentive for large firms or institutions to form groups with smaller firms while increasing the impetus for small firms to align with larger entities (Olson 1971).

In relation to galleries and museums, collective action may mean different things. As stated in Chapter 1, simply organizing an exhibition or art event is a collective endeavor. The overlap of museum and gallery goals rests on their endeavors to broaden the
knowledge and experience of art. Each art facility wishes to attract an audience for the purpose of promoting the interests of their firm or of their organization. Promoting these individual interests serves each other as well. Museums predominantly strive to provide art and cultural education and increase membership, whereas galleries promote their artists and art in general to advance sales.

Although there is this overlap between aspirations of galleries and museums in terms of outreach, the size of the audience is not as important to the galleries as to the museum because galleries need just one person to complete their mission of making a profit for the month or year, whereas museums must continually expand their outreach to achieve their goal of art education. In theory, museums also promote wider access through outreach because they are considered to be providing public goods, which by definition are available to everyone with no exclusion. However, budget and cultural constraints, as well as inefficiency of collective action outcomes generally undermine fully attaining this goal.

New Versus Established

The gallery owner’s comment about being across the street from LACMA relates to how he is trying to position himself to have a reputation within the larger art world of art fairs, the Internet, and art centers like New York and London. It is important for him to do so because grounding one’s gallery with a reference to a known location, whether it be a well-known gallery cluster or a museum like LACMA is more important to a younger
gallery than to an older gallery like Acme, Dan Weinberg, or 1301PE in the 6150 complex. One of the galleries located at Wilshire Boulevard and Cloverdale on the eastern section of the corridor, is a young business at four years old, but recognizes that being next to other galleries is more important for its younger neighbor two doors down, Sabina Lee Gallery.

The case of old versus young is exemplified in the different attitudes of galleries within the 6150 complex and shows the heterogeneous nature within the arts cluster. More established galleries, like Dan Weinberg and 1301PE eschew the cluster benefit as being solely for the convenience of the client. They interact little with their close neighbors, except for small talk about business trips and general matters. They recognize the importance of locating in a cluster of galleries, but prefer to schedule exhibition openings apart from others. They rely on colleagues and friends that they have known for longer regardless of how far away they might be. On the other hand, younger galleries within the complex and next door would like to schedule openings concurrently with other galleries, and talk to the neighboring galleries to gather information about ongoing sales, clients and the art market in general.

The issue of young versus old is similar to that of large versus small firm. The older galleries are more self-sufficient and feel no need for the most part to work with newer galleries, providing them with information and guidance in order to strengthen their business. However, gallery owners, like the one mentioned earlier who goes out of his
way to talk to other galleries, recognize that there is a mutual benefit gained – the better service of their clients and potentially increased business.

Desire for Interaction

“The desire for collective action, which underlies many demands for public provision of goods and services, arises when a group feels it cannot achieve its objectives unaided” (Steiner 1974). When an organization cannot fully achieve its interests, it seeks help from others like it. By joining forces they then have the possibility of generating the goods and services they seek to provide. In the case of the museums of the Miracle Mile, the desire is there for some of them, but the realization of collective action is lacking. The Education Manager at the one of the museums explained that the museums don’t participate with each other often, if at all, and when they do, it is to participate in functions (i.e. festival) organized by an outside party, such as a local community group. She cited the difficulty of little time and small staff in coordinating joint ventures. According to several museum staffers, each museum is self-sufficient. The Page Museum does all of its planning and work in-house, coordinating with the Natural History Museum, approximately half an hour away in Exposition Park. A worker at another museum voiced a similar sentiment regarding community action and actual outcome and the museum. He noted that LACMA stands for and is interested in building community programming within the neighborhood, but that it is weighed down by its inner bureaucracy, and perhaps its self-defined importance. This causes it to isolate itself
from the smaller organizations like the Petersen and CAFM, which could greatly benefit from LACMA’s experience and infrastructure.

The Education Manager noted this disparity between LACMA and the other museums as well, describing LACMA as a “huge bureaucracy” with 200 employees versus Petersen’s 30. She reiterated the sentiment that “everyone just does their own thing” and that the nature of galleries is entirely separate from museums: “they [galleries] are their own thing.” In the end, though, she took the same position as the gallery director of another gallery, the newest addition to Miracle Mile located on the eastern section of the corridor: it would be beneficial to everyone to help each other by promoting artists and programming together, and involving the community into their activities.

There is evidence of collective action in Miracle Mile art facilities in their desire for interaction and several firms’ recognition of others and aspiration for joining the broader framework of the art world. However, there are barriers to efficiency in working collectively due to the difference of size, governance structure, and age of facilities. Even though proximity to one another should foster trust and collective action, the heterogeneity found among the museums hinders their ability to plan joint programming or events because there is no guarantee that every organizations’ needs will be met or their mission fully accomplished. The heterogeneity between arts facilities creates obstacles to working together, partly because of the inherently different business
structures of the organizations, but also because of the risk of the smaller organizations and galleries becoming freeriders in any joint activity.


Chapter 5: Policy Implications and Conclusion

Implications

The study of arts districts in cities can be researched from multiple perspectives: art historians can explore the creative processes and biography of specific artists’ relationship to an artistic movement; social scientists can examine the changing demographics in a neighborhood as artists and the arts move in; and public policy scholars can study the role of government in supporting, promoting and financing cultural and arts institutions. However, if cities want to make the arts a viable part of economic development strategies it is important to study arts facilities through the framework of cluster economies in order to understand potential beneficial effects arts cluster economies might sustain. For planners and policy makers this means asking questions about the effectiveness of this clustering. For example, is the clustering occurring at an appropriate level to generate the beneficial effects of agglomeration? Is there anything to be done to enhance these effects and the degree of clustering among arts facilities? What are some of the tools needed to achieve optimal cluster effects and are they feasible in regards to arts facilities?

In response to these questions I propose three main strategies for increasing the capacity of arts cluster economies.
Promote Clustering

The primary objective of planners and policy makers should be to promote clustering when possible and feasible. This study of the Miracle Mile neighborhood provides evidence that arts facilities form cluster economies predominantly left to themselves. In the case of galleries and museums in Miracle Mile, a significant cluster of arts facilities grew in the late 1990’s relative to similar businesses in LA County. Census data and location quotients revealed a geographic concentration of arts facilities in the neighborhood, with the number of galleries doubling in a period of four years and the presence of LACMA providing an anchor in supplying and attracting visitors throughout the region. Overall, existing arts clusters provide art and cultural education, which is enhanced by attendance spillovers among museums and between museums and galleries. Evidence suggests that the concentration of museums increases their potential for capturing visitors, and that the presence of a regionally important museum, such as LACMA, enhances attendance for its neighbors. However, what is not evident is whether the clusters are operating at maximum efficiency. Answering that question is beyond the scope of this study, nonetheless, there are actions that planners and policy makers can do to enhance the potential for greater efficiency.

Planners and policy makers should anticipate and encourage this development by getting rid of artificial barriers to clustering that might exist in the zoning codes. They should also advance arts clusters through implementation of specific community plans addressing art facility needs. For example, there is a new cluster developing in a light
industrial area of Culver City. A specific plan addressing the change in land use from manufacturing to art facility would help to promote and sustain this new cluster. Elements of the specific plan should also indicate degree of clustering within the designated area. It is important to emphasize a dense concentration of art facilities because cluster economy effects for galleries, such as attendance spillover and strength of trust, significantly decrease the further a gallery is from the main, or strongest, cluster. Galleries exhibit greater trust and interaction with directly neighboring galleries, fostering business as well as personal relationships, but these activities decrease dramatically as distance from the main cluster increases. The specific plan should also encourage alternate forms of clustering, such as neighborhood art fairs or art walks, like the Venice Art Walk or the Brewery Art Walk in downtown. The entire community of arts facilities benefits through the support of alternative clustering mechanisms because events such as art fairs and art walks bring attention to the arts in general.

Increase Benefits over Costs

As stated in the beginning of this thesis, the individual economic actors of the art world dictate the spatial distribution of facilities throughout a city. Galleries and museums weigh costs and benefits in choosing a location and consumers weigh costs and benefits in choosing to visit.

Galleries in general perceive no direct benefit from locating near museums. In practice, however, they receive more visitors, are able to brand as well as validate their business
within a larger community, and promote the visibility of their artists in the museum dialogue because of their proximity to museums. All of these factors translate into economic benefits in potentially increasing sales and profits while minimizing such costs as marketing due to the inherent brand of the location. Museums also receive benefits from the cluster in that they achieve greater attendance as shown by the survey results. The higher levels of attendance suggest that museums are increasing their outreach and possibly gaining more members which helps to increase their revenue and maintain the organization for the long term. The visitors who visit these museums save in travel costs and ease of access to the multiple venues. As described in Chapter 2, it is probable that a visitor will go to all four museums in the Miracle Mile neighborhood instead of just one. There is also a great likelihood that museum visitors will also stop by one of the neighborhood galleries, and that gallery visitors will attend a museum. In this way, consumers achieve efficiency by maximizing their utility for cultural activities while saving on transportation and substitution opportunity costs.

But are the observed behaviors enough? There are further actions planners and policy makers can take to aid in the benefit-cost ratio of these economic actors. First of all, they can help with the **branding of the neighborhood as an arts cluster**. For example, another recent gallery cluster in downtown Los Angeles lobbied City Council for the distinction of naming themselves ‘Gallery Row’. The City approved and neighborhood street signs were posted around the area, labeling it ‘Gallery Row.’ When a visitor goes downtown, they can easily find the gallery district and stop by one of the establishments.
These street signs also provide 24 hour marketing as a constant reminder that the galleries are there. ‘Gallery Row’ itself will become a landmark in downtown, just like the Toy District, Fashion District, Little Tokyo, and Chinatown already are. The simple provision of signage creates savings for both the consumer and the art facility. The consumer saves on transportation, most likely in the form of time costs, by being able to locate the art facility more easily, and the galleries and museums save on marketing costs because the city provides and maintains the signage.

Another type of savings that planners and policy makers can implement regards travel. One of the greatest difficulties with visiting different art facilities in a city like Los Angeles is that the distances are great, parking can be a hassle, and few people walk. Although the Wilshire Boulevard stretch along Miracle Mile is only 1 mile from La Brea to Fairfax Avenues, according to one of the galleries closer to La Brea, few visitors walk from one end to the other. The findings from this study also suggest that consumer efficiency for visiting arts facilities is highly elastic, decreasing rapidly as distance and transportation costs increase incrementally.

In general, visitors found access to the neighborhood easy; however, other studies regarding museum visitorship have shown that these visitors tend to be affluent. Therefore, most likely they have cars and are able to pay for parking in private lots. Finding ways to increase the ease and decrease the cost of transportation will open up new markets and increase the potential attendance of all art facilities in the cluster.
There are several bus lines that travel down Wilshire Boulevard so there are alternate transportation modes one could take. However, to increase the use of the bus and the ease for the visitor, **bus fare could be free to museum visitors with proof of museum attendance (i.e. ticket stub)**. Although this might not be as important a savings in visiting the museums in the Miracle Mile area, which are all within one block of each other, this bus fare exchange could enhance the relationship between museums and galleries further east on Wilshire. It could also be implemented in other arts clusters, like downtown, where distances and terrain are more cumbersome to navigate by foot.

**Identify and Overcome Hurdles to Collective Action**

Many consider the provision of art itself a type of public good in that it is for the betterment and enjoyment of all, and does not decrease in effect through its use by others. Art itself is created through a collaborative process in which collective action is necessary. Collective action is also necessary in displaying, selling, educating and maintaining art. Although there are instances of working collectively in the Miracle Mile arts cluster, there are also barriers to optimal collective output due to the heterogeneous population of firms and organizations. Identifying and understanding these barriers will help planners and policy makers to overcome them.

Recognizing the potential for collective action and **pinpointing the obstacles of optimal efficiency** provides an opportunity for planners and policy makers to address and
overcome the issues in order to facilitate better production of goods and services in the arts. The findings of this study reveal that arts clusters form two distinct segments: the for-profit galleries and the non-profit museums. Museums and galleries have little inclination to engage with each other because galleries are small operations that can act quickly and museums are institutions that have to follow certain rules and regulations to maintain 501c(3) status. This disparity in governance structure limits the type of interactions that occur between galleries and museums to those between the curator, the gallery dealer and perhaps the artist.

There are also differences of age and size among galleries and museums that influence the effectiveness of the cluster economy benefits generated in the Miracle Mile. A young gallery benefits more from the clustering and potential agglomeration effects, such as knowledge spillovers and reciprocal relationships, than do more established or older galleries. More specifically, younger galleries new to the neighborhood and small museums with few employees benefit greatly from the presence of the cluster economy, but desire increased interaction. Even galleries who think that it doesn’t matter where one locates but what one exhibits that encourages business, would readily agree to move to tighter groups like the 6150 complex, and prefer a neighborhood atmosphere with activity.

Size of an organization plays an important role in the potential for collective action. Large institutions like LACMA and the Page (affiliated with the Natural History
Museum), have little impetus to participate in group activity as they would most likely not receive as much benefit as smaller museums like the Petersen Museum and CAFM would. LACMA’s great size affords it internal economies of scale and allows it to be more self-sufficient. They would most likely have to shoulder much of the burden in collaborative efforts, whereas smaller museums would have a greater potential of freeriding.

Although newer galleries and smaller museums might benefit more than the older establishments at the outset, improving collective action would create the best attendance potential for all, thereby promoting each individual facility’s interests of furthering arts education and increasing sales potential. **Specific community plans could help to foster the interactions** between galleries and museums within a cluster by setting out specific goals, visions and plans for future use of the area. **Outside agents**, such as a government agency who will organize collaborative events (i.e. the Department of Cultural Affairs or a community development organization), or a benevolent landlord who will help subsidize the development of a cluster are a more direct approach to fostering collective action. The intervention of an outside agent compels art facilities to work together, furthering the production of public goods and services that their presence and activity provides.
Conclusion

Los Angeles does not have an arts cluster on the scale of New York’s famous Chelsea district, where there can be up to twenty galleries within a six-story building and five of these buildings per block, but it does have areas of clustering that exhibit cluster economy effects like those reported in the Miracle Mile. Planners, policy makers and philanthropists want to promote such clustering in specific areas of downtown Los Angeles in the hope of developing a pre-eminent cultural corridor and destination anchor for downtown. This arts corridor would be an integral part of the economic development strategy to revitalize downtown Los Angeles into a 24 hour hub.

By establishing and understanding the mechanism of an arts cluster economy in Los Angeles, this study provides city leaders and stakeholders, like Mayor Villaraigosa and philanthropist Eli Broad, with reasons to continue fostering arts facilities in the city. More importantly, it offers an alternative vision for the justification of the arts as a neighborhood economic development strategy through the promotion and maintenance of arts cluster economies.
Appendix

List of Participating Galleries

6150
1301 PE (Brian Butler, owner)
Roberts & Tilton (Bennett Roberts, co-owner)
Paul Kopeikin (owner)
Dan Weinberg (owner)

Others on Wilshire Boulevard
Carl Berg Gallery (owner)
Kontainer Gallery (owner)
Solway Jones (Angela Jones, co-owner)
Don O’Melveny Gallery (art director)

List of Museum Contacts (Informal)

LACMA
Chris Seacat, Preparator

Page Museum
Jennifer Westfall, Director of Communications for the Natural History Museum

Petersen Museum
Yin Lee, Education Manager

List of Suppliers

Framers
Matthew Kutzkin of Custom Framing, Van Nuys
Russ Roberts of Aesthetic Frame and Art Services, West Hollywood

Shipping and Crating
LA Packing and Crating
Visitors’ Survey

Q1. Are you a member of any of the following organizations? Check as many as applicable.

☐ Los Angeles County Museum of Art
☐ Petersen Automotive Museum
☐ Natural History Museum
☐ Craft and Folk Art Museum

Q2. Have you gone or will go to any of the following today? Check as many as applicable.

☐ Los Angeles County Museum of Art
☐ Petersen Automotive Museum
☐ George C. Page Museum
☐ Craft and Folk Art Museum

Q3. If you went or will go to any of the museums in this neighborhood today, how did you find out about this institution and/or this event/exhibition?

☐ Newspaper
☐ Radio
☐ Flyer
☐ Internet
☐ Membership mailing
☐ Other: (Specify)___________________

Q4. How many times have you gone to the four institutions listed above in the past 2 years?

☐ None
☐ 1 to 3 times
☐ 3 to 5 times
☐ 5 to 10 times
☐ 10 to 15 times
Q5. Other than the four institutions in this neighborhood listed above, how many times have you gone to art or cultural museums in LA County in the past 2 years?

- None
- 1 to 3 times
- 3 to 5 times
- 5 to 10 times
- 10 to 15 times
- More than 15 times

Q6. Did you visit or will visit any art galleries in the neighborhood today?

- Yes
- No

If so, which one(s)?

Q7. If you went or will go to any of the art galleries in this neighborhood today, how did you find out about this institution and/or this event/exhibition?

- Newspaper
- Radio
- Flyer
- Internet
- Membership mailing
- Other: (Specify)___________________

Q8. How many times have you been to art galleries in this neighborhood in the past 2 years?

- None
- 1 to 3 times
- 3 to 5 times
- 5 to 10 times
Q9. Other than the art galleries in this neighborhood, how many times have you been to art galleries in LA County in the past 2 years?

☐ None
☐ 1 to 3 times
☐ 3 to 5 times
☐ 5 to 10 times
☐ 10 to 15 times
☐ More than 15 times

Q10. What else did you do or will do while visiting this neighborhood today besides visiting a museum or gallery (i.e. eat out, shop, go to a nightclub, play in the park, work)?

Q11. Is it easy or difficult to visit this neighborhood (taking into account issues like traffic, parking, cost)?

☐ Very easy
☐ Moderately Easy
☐ Moderately Difficult
☐ Difficult

Q12. Would you agree with the following characterization of this neighborhood? (Please circle either yes or no for each.)

Safe      Yes   No
Attractive Yes   No
Walkable  Yes   No
Has a diversity of activities  Yes   No

Q13. What is the zip code for your place of residence?

Thank you. Your participation is deeply appreciated.
Notes

1 Economies of scale occur “when expanding production at some given site lowers a firm’s unit costs” (Eberts and McMillen, 1999).

2 Interview with Mihai of Kontainer Gallery, March 2005.

3 The time it takes to develop a gallery neighborhood varies. An example of a rapid turn around in Los Angeles is the case of a new group of galleries in Culver City, CA. The Blum and Poe Gallery bought a building in the area, and two other galleries followed in 2003. Currently there are twelve galleries in the immediate area surrounding Blum and Poe, and it known within the local art world as a gallery district.

4 In the case of Chelsea in New York, the transformation was rather quick and explosive. As Soho real estate became too expensive for young galleries to support in the early 90’s, dealers like Matthew Marks bought vacant manufacturing and warehouse buildings in between auto shops and the West Side Highway that had loading docks as entrances and freight elevators as means of interior transport. These galleries attracted more galleries, as well as museums like the Dia Center, and eventually restaurants, bars, and new apartments. The existence and expansion of art activities in Chelsea has utterly transformed the lower west side of Manhattan, and even though critics lament the overwhelming number of galleries, their presence has brought increased tourism, local investment, and overall economic growth to the neighborhood. Perhaps this growth would have occurred without the galleries and museums, but perhaps not.

5 Currently the Natural History Museum and the California Science Center.

6 Neighborhood park behind LACMA and the Page Museum.

7 Currently there are only 4 museums due to the recent loss of the Museum of Miniatures.

8 See page 1.

9 Attendance figures provided by LA, Inc., the Los Angeles Convention and Visitors Bureau, March 2005.

10 Interview with Brian Butler of 1301PE (6150 complex), March 2005.


12 When referring to galleries, I use the terms gallery, gallery dealer and gallery owner synonymously.

Interview with Angela Jones of Solway Jones, March 2005.

Don O'Melveny just opened within the past year, and so is too young to gauge the effects of cluster interaction with the 6150 complex due to their location closer to La Brea Avenue.

Artscene (www.artscenecal.com) is a local Los Angeles and Southern California region gallery and museum guide and Artnet (www.artnet.com) is an website listing international galleries.

Interview with Bennett Roberts of Roberts & Tilton (6150 complex), March 2005.

Interview with Jim Hayes, General Manager, LA Packing and Crating, April 2005.

Phone conversation with Yin Lee, Education Manager of the Petersen Automotive Museum, March 2005.


Both at 6150 and at Carl Berg Gallery, the landlord is reportedly sympathetic and supportive of the arts. He specifically wanted an arts complex at 6150 and it is inferred by some of the tenants that he keeps rents reasonable. He could easily raise the rents as property values are high in the neighborhood with houses at a current fair market of around $800,000, but wants to maintain the art galleries presence, and so charges below-market rate. The existence of a benevolent landlord can be a mitigating factor in determining spatial patterns (Duranton and Puga 2003). More work needs to be done in this area regarding rent differences between similar sized commercial spaces along the Wilshire Boulevard, but this is outside the scope of this study.
References


