

Economic impact of college theatre attendees indirect spending: Pilot study

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Abstract

The role of performing arts as an influential economic engine has been called into question in the United States over the last few years. Grants and sponsorships are difficult to come by in a downturn economy. Thus, identifying the role of college performing arts on the local economy (i.e., indirect spending before, after, and during performances) is important. This study addresses the economic impact of performance attendees' spending on the local community. This study was conducted through an online survey of individuals attending at least one of the college's artistic performances during 2011/2012. From the findings, marketing implications are presented.

Keywords: Empirical Study, Performing Arts, Economic Impact, Strategic Marketing,

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Cultural venues such as the performing arts have been a staple of the United States for centuries. However, in the last decade, their future has become uncertain. As a tool for sharing culture, there is no question of their importance. However, their economic viability and economic contribution to society has come into question. With financial donations becoming more difficult to secure, being able to demonstrate both the cultural and economic impact on a community may be the difference between existence and extinction of these entities. Where economic contributions to the local economy by a performing arts entity are weak, strategic marketing has the potential increase economic gains and impact on the economy.

LITERATURE REVIEW

The cultural industry is typically defined as “suppliers of mass media content as well as producers of the traditional arts that do not lend themselves to mass-reproductions” (Mangia, Canonico, Toraldo, and Mercurio 2011, p. 1016). The artistic sector includes profit, nonprofit, and public enterprises that include the performing arts (Mangia, Canonico, Toraldo, and Mercurio 2011). For this study the researchers focused on production of traditional arts (i.e., dance and theatre performances).

In June of 2012, the Americans for the Arts released its most recent Arts and Economic Prosperity IV study, one of the most comprehensive arts impact studies conducted to date. Findings showed that the nonprofit arts and culture industry generates approximately \$135 million in economic activity in the United States (US)! The findings from this study demonstrate the economic power of the Arts. Thousands of U.S. colleges and universities offer theatre programs; thus, performances have the potential to make a significant economic impact in the community. However, research into the success or failure of college performing arts events to make an economic contribution have not been examined in academic literature.

According to Radich (1990) cultural venues such as theatre have an economic impact on the global, national, regional, and local economies through employment and capital expenditures (macro-level). Besides bringing vitality to the area, artistic productions are expected to create a “ripple effect” for businesses throughout the area. Thus, in order to determine the indirect economic impact of college artistic performances, the current pilot study examined the purchasing behaviors of those attending college artistic productions in one community. Performance attendees often purchase a meal, drink, new clothing and/or accessories for an event; thus, benefiting local businesses (Topos Partnership for the Fine Arts Fund 2010). Further, some local businesses are expected to benefit from artistic performance attendance when out of town guests stay in local hotels (Anderson 2007). Additionally, at the artistic productions, goods and services are often bought and consumed at the event. For example, local artistic performance attendees may consume snacks or drinks and/or purchase flowers for cast members at the event.

“Economic impact could be defined as the net economic exchange in a host community, excluding non-market values which result from spending attributable to the event” (White and Rentschler 2005). In order to measure economic impact, some researchers have used a Creative Vitality Index (CVI) in which valid information is comparable from place-to-place, easily accessible, and affordable (Irby and Hebert 2005). However, for this study the focus is not on the direct economic mechanisms (e.g., wages paid, local spending by theatre/dance productions for necessities for producing shows). This study did, however, examine factors relevant to the artistic performances’ indirect economic impact [i.e., the intervening factors that connect artistic performances with specific outcomes such as spending at local businesses] on the local economy.

This study examined if and how attending college artistic performances contributes to the local economy through spending beyond the ticket price. The self-report survey methodology is appropriate for this study as respondents are knowledgeable about their own personal spending habits and intentions.

As clearly stated by Guetzkow (2002), claiming an economic impact of theatre on a community is problematic merely by the definitions, or lack thereof, of impact and community. Therefore for this study, economic impact is defined as to the relevance of different categories of expenditures' impact on various sectors and suppliers in the local sector. This process allows the researchers to identify areas where spending is significant or weak, thus, providing insights needed to strategically market performances and local business offerings to the consuming public. Community can be defined as a region, city, neighborhood, school or ethnic group. For the purpose of this study, community is defined as the county in which the artistic performances occur. This study utilizes an adapted regional input-output technique to empirically analyze the interdependence among the various economic sectors in the county and the artistic performances. This adapted technique allows the research team to map spending behaviors of attendees of the artistic performances as inputs to other industries/sectors in the local economy (Throsby, 2003). Therefore, this study takes a simple accountability perspective in which indirect economic impact is measured. Although this methodology has a shortcoming, in that other relevant dimensions are not measured (e.g., costs and revenues), it provides a workable and reliable framework for the study (Dwyer et al., 2000; Rao, 2001; Snowball, 2000).

In order to empirically examine economic impact from the college performing arts events on the local community, the study addressed the following research questions: 1) What is the economic impact on the local community based on the frequency of attendance at performing arts events as to consumer spending before, during and after events; 2) what role does frequency of artistic performance attendance play in intention to spend money locally before during or after future artistic performances; and 3) does the social strata make up of the attendee influence the economic impact from a college performing arts event on the community.

HYPOTHESIZED RELATIONSHIPS

Cultural industry growth influences the extent to which innovation occurs and competitiveness across national and global economies (Florida, 2002; Lampel, Shamsie, & Lant, 2008). Organizations within the cultural industry are considered vital in Western countries, as they have represented a fastest growing industry sector. Within the cultural industry, theatrical-related performances and services in Italy produced revenues of nearly half a billion Euros in 2008 (Siae 2008). In the US, economic impact of the performing Arts grew substantially in the first part of the 21st century. From studies conducted in 2000 and 2005, spending from nonprofit arts and culture organizations grew from \$53.2 billion to \$63.1 billion, a four percent increase with inflation as a factor. Even more so, audience spending was shown to have increased from \$80.8 billion to \$103.1 billion, a 15% increase when adjusted for inflation. The Americans for the Arts Organization (2011) conducted a national study that demonstrates the economic impact of theatres and the arts in general. The statistics according to the study were very eye opening. Non-profit arts and culture organizations generated \$166.2 billion in economic activity in 2010, and then of which, \$103.1 billion came from the audience spending money they otherwise would not have spent without the influence of the theater. Also, the arts programs support 5.7 million jobs. With numbers like these, the performing arts appear to have an overall viable economic

impact. In its role as an economic engine, performing arts events have been examined in varying ways as to their economic impact. A regional study of nonprofit arts and cultural economic impact was conducted in the Greater Athens area of Georgia (a large college town near the sample population) in 2011 by the Arts & Economic Prosperity IV. Data from a sample of 885 valid and usable audience-intercept self-report surveys were examined. Findings revealed a direct economic activity impact by the audience for these events of \$6,168,568. Further, regional spending in revenue generating to local government was \$461,000 and revenue to State government was \$272,000. From the report of total attendance to arts and cultural events the following are relevant to the current study: 128,881 resident attendees (70.2%) and 54,710 nonresident attendees (29.8%) with an average event-related spending per person \$27.27 by residents and \$48.51 by nonresidents with an average of \$33.61 per individual overall. On average, monies were spent as follows: meals and refreshments 43.71%; souvenirs and gifts 14.3%; ground transportation 10%; overnight lodging 11.6% (one night only); and other miscellaneous expenditures 20.4%.

However, in spite of previous research showing that the arts have an economic impact, no research was found as to the impact of college artistic performances on a local economy. Yet, the role of the college within the community can be traced back to Thomas Jefferson's "public concern" that focused on public works of education for the development of capacity for civic agency among all people within a university's region (Jefferson, 1818).

Because attending the theater is not an isolated event; for patrons it is a special occasion that is often combined with dinner, drinks, etc. It is reasoned that a portion of those attending artistic performances infrequently may be more likely to impulsively purchase prior to, during, or directly after the event due to the novelty of the experience. This is based partially on impulse buying at a performance for things such as food, drink, or flowers for a performer.

As well, the novelty of the event may foster impulse purchases before or after the event such as a new outfit or dinner out. Impulse buying is defined as, "the behavior occurs after experiencing an urge to buy and it tends to be spontaneous and without a lot of reflection" (Beatty and Ferrell 1998, p. 170). Others may simply be reflecting behavior of members of their reference group (i.e., highly valued persons, associates, and/or institutions from whom guidance and opinions are sought as to how the individual should behave and what values he or she should hold) (Cocanougher and Bruce 1971). Consumers' are susceptible to reference group influence and will make purchases (e.g., popular clothing brands) to gain approval of members or a reference group or to avoid being sanctioned by a group (Asch 1952). When emulating one's aspirational group, individuals exhibit value-expressive behavior in order to be seen as a member of the group for which they aspire to become a part (Park and Lessig 1977). Regardless of one's social status, engaging in conspicuous or ostentatious (e.g., flashy, etc. purchases) consumption such as a new outfit or jewelry for each theatre performance is not a new phenomenon and is often an attempt to enhance one's ego (Riquelme, Rios, and Al-Sharhan 2011). Status consumption was defined by Eastman et al., as "motivational process by which individuals strive to improve their social standing through conspicuous consumption of consumer products that confer or symbolize status for both the individual and surrounding others" (1999, p. 42). In the absence of any previous research at the college performing arts level, the following are hypothesized:

H₁: Artistic performance attendees who frequent a college performance for less than one-half of the productions per year have a more significant economic impact on the local community than those who frequent greater than one-half of the college performances.

According to the results of a study by Fishbein and Ajzen (1975), attitudes lead to intentions. Frequenting (>50% attendance) college theatre/dance productions is representative of a positive attitude toward these events. Therefore, frequency of attendance at artistic performances is expected to influence future spending directly before, during or after a performance.

H₂: There is a significant relationship between frequency of college artistic performance attendance and attendees' future purchase intentions before, during, or after the performance.

Although the arts are certainly a draw for some individuals, there are others who may not directly benefit from these experiences. For example, it has been shown that people are divided along social divisions (class and ethnic lines) through segregated experiences and through inequitable opportunities for participation (e.g., theatre experience). The concern of gentrification is the notion that influential people are attracted to a specific neighborhood, which leads to gentrification to the displacement of lower income people (Guetzkow 2002).

From the sociological literature it is possible to draw three contributing factors of social class standing and performing arts attendance. The first is the homology factor – identified through social stratification viewed as inequality within a society, which is believed to map directly to cultural stratification. Therefore, it is expected that individuals in higher social strata are the primary consumers of 'high' or 'elite' culture, which may result in using social class as a means of symbolically portraying superiority. A second factor is individualization, which tends to negate the homology factor. In countries such as the United States, it has been suggested that cultural taste and consumption are no longer a viable measure of the consumption of the arts and thus demographics no longer play a predominate role in their consumption. The last factor is the omnivore (i.e., having wide interests) - univore (i.e., single interest) factor, which challenges both the homology and the individualization factors. This factor does not map cultural consumption to elitist mentalities. Instead, this multidimensional factor purports that the crucial distinction lies between cultural omnivores and cultural univores, not the haves and have-nots. Based on low-ticket prices for college productions, it may be feasible that distinction lies with the cultural omnivores and univores rather than social status. However, the existence of cultural omnivores and univores were not examined in this study. In contrast, status order reflects "inter-subjective assessments of individuals' equality, social superiority, and inferiority expressed in relations of social intimacy" (Chan and Goldthorpe 2005, p. 196). Such relations, where present among members of different social groupings, imply a basic equality of status and, where absent imply the recognition of inequality (Chan and Goldthorpe 2005). However, from an economic perspective, class structure overall is viewed as an objective way to investigate consumption behavior (Chan and Goldthorpe 2005). During the current study, there was a high level of unemployment in the sampled county (13.9 %) with a quarter (25.2%) of residents below the poverty level, and the racial mix of the sampled county (41.5% African American, 54.9% Caucasian, 2.3% other). The female to male ratio was 50/50 (50.4% female) and almost one fifth (18.4%) had a Bachelor's degree or higher at the time of this study (U.S. Census Bureau 2012).

Therefore, examining the moderating effect of social stratification is expected to reveal whether a distinction exists as to social class and social status of consumers of college artistic performances and their impact on the local community. Moderator variables affect the direction and/or strength of the relationship between an independent and dependent variables. See Figure 1 (Appendix for the conceptual module. Based on the above research, the following is hypothesized.

H₃: Social stratification factors influence artistic performance attendance thus impacting the local economy.

METHODOLOGY

The individual artistic performance attendee (previous and/or current) at college productions within the county made up the unit of analysis for this research study. The sample population consisted of individual performance attendees who were 18 years or older. These were individuals from whom information was collected routinely and whose demographic information resided in an existing database at the university (demonstrates attendance for at least one performance in the previous academic year). The surveys were sent electronically via email offering the ability to opt-in or out of the survey. Although the survey responses were anonymous, the research team offered an incentive (i.e., drawing for a free theatre pass) to individuals willing to share their contact information.

The sample population consisted of 1000 individuals. To determine the appropriate sample size, a confidence interval of 90%, and a level of precision $\pm 10\%$ was used. Thus, 91 usable surveys were needed to be representative of the population. However, the survey was sent to all 1000 potential respondents (i.e., census of the population). A total of 121 usable surveys were received. Therefore, findings are generalizable.

In order to assure that the scales used in the study were valid and reliable, the theatre director and her team examined the scales for face validity. The data collected was subjected to reliability tests using SPSS20[®] statistical software. As to scale reliability, the behavioral scale had a Cronbach's alpha of .718 and the intentions scale reliability was .623; thus the scales are reliable and can be used again with confidence of consistent results. The attendance scale was a one-item frequency scale and did not require reliability testing. Purchase behavior (a.k.a., economic impact) was measured with a summated six-item Likert-type five-point scale with endpoints of 1 = never and 5 = always. The intention scale was measured with a summated four-item Likert-type five-point scale with endpoints of 1 = definitely will not and 4 = definitely will (option 5 equaled not sure).

FINDINGS AND ANALYSIS

The first hypothesis (i.e., artistic performance attendees who frequent a college performance for less than one-half of the productions per year have a more significant economic impact on the local community than those who frequent greater than one-half of the college performances) was measured by asking respondents to report the number of performances attended over the period of one calendar year (2011). Answers were compared to the number of performances offered by the college in 2011 to identify the respondent who attended more than one-half of the performances in 2011. The number of events offered by local college totaled

twelve performances in 2011. Based on the data collected, only 5.1% (n 121) of the respondents attended greater than half of the performances offered.

Further, responses to purchase behavior (a multi-item scale) and frequency of attendance were subjected to a correlation analysis to determine if a relationship (performance attendance and purchase behavior) existed and if so what is the strength of the relationship was conducted. The analysis revealed a statistically significant but weak correlation between purchase behavior and the frequency of events attended (sig. <.10, n=116, r = .063). Once the fact that the relationship existed was established, then a cross tabulation between those who frequented greater than half of the artistic performances and those frequenting less than half was conducted against purchase behavior. The findings from the cross tabulation revealed that of those that frequented the artistic performances less than half of the 2011 performances purchased more frequently (before, during, or after) than those who frequent greater than one half of the annual performances. This was based on percentages of each category to avoid bias as the data were skewed by the large number of respondents who had not attended greater than one-half of the performances. Hypothesis one was supported.

Hypothesis 2 (there is a significant relationship between frequency of college artistic performance attendance and attendees' future purchase intentions before, during, or after the performance) was measured with a frequency of attendance scale and the intention scale. A linear regression analysis with the summated four-item intentions scale (dependent variable) was measured as to the influence of frequency of past performance attendance (independent variable). The analysis revealed that frequency of past behavior (reflecting a positive attitude through frequent attendance) predicted 25.5% of a respondent likelihood to positively impact the economy in the future through purchase before, during, and after the performance [$R^2 = .255$, $F(1,105) = 35.984$]. Hypothesis 2 was supported.

The third hypothesis (i.e., social stratification factors influences artistic performance attendance thus impacting the local economy) was examined through a hierarchical regression analysis to test whether the prediction of the dependent variable, economic impact (summated purchase behavior scale), from the independent variable, performance attendance is moderated by either of two variables (1 – annual household income and 2 – race/ethnicity). Findings of the analysis revealed a three-way interaction effect significant at $F(1,102) = 2.934$, $p = .09$. Therefore, the effect of the frequency of performances attended on indirect spending before, during, and after an artistic performance is influenced by an individual's race/ethnicity and household income. Hypothesis 3 was supported. Thus, moderator variables should be considered in the development of advertisements and promotions for indirect purchases related to theatre/dance performances.

CONCLUSIONS, LIMITATIONS, AND RECOMMENDATIONS

The data analyses showed that there is a significant economic impact on the local community from attendants at local college theatre performances in the subject county. However, it is possible that those who are fairly new or do not frequent the theatre regularly may engage in impulse purchases before, during or after the performances (H_3). It is recommended that future research measure impulse behavior of theatre attendees. Findings of the current study should be taken with caution since so few respondents reported being frequent (>50%) artistic performance attendees.

The research revealed findings as to future intentions based on positive attitude (measured through frequency of attendance) that attendance at past events influences the intention to purchase products related to future artistic performance attendance before, during or after the events. This is contrary to the respondents' self-reported current behavior before, during, or after an artistic performance. The difference in intentions could possibly be explained by the change in status of current attendees to future attendees who plan to continue their current spending behavior. The data also revealed that social stratification factors moderate the relationship between frequency of performances attended and spending behavior such that it would be in the best interest of local businesses to strategically promote their businesses along with theatre promotions using a differentiated marketing strategy to reach appropriate target markets and thus benefiting both stakeholder groups. The marketing of artistic performances provides an opportunity for collaboration for the economic good of the community as a whole. For example, an integrated marketing effort in which local businesses advertise the artistic performance and the college artistic performance program in turn advertises the local business would benefit all parties economically. Co-branding is recommended as long as the entities do not have conflicting objectives.

Further research is needed as to status, conspicuous, and ostentatious consumption which are all viable explanations for the purchase behavior made by artistic performance attendees before, during, and after a performance in the current study. From a marketing perspective it is important to identify the motivations behind purchases to better target advertising and promotions. These factors were not examined in this study. However, their value is important to marketing of indirect purchases connected to artistic performances and should be examined in future research.

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APPENDIX

Figure 1 - Moderator Model

