

# The Economic Impact of Theaters in Arlington County, Virginia

March 2009



This report was managed and conducted by the Crystal City Business Improvement District in conjunction with and on behalf of the Arlington Commission for the Arts.



*NOTE: The results of this study are based on patron intercepts, online and written surveys, and direct interviews. Though initially the plan was to analyze monthly restaurant tax and receipts data, the information was not made available by the time the study was due. Time permitting, when the data is provided, this document will be amended to include that analysis.*

# Economic Impact of Theaters in Arlington County, Virginia

## Summary

Arlington's theaters are a major part of the county's social fabric as they provide inspiration and enjoyment to their patrons—both residents of Arlington County and visitors to the area. Patrons of the theater benefit from its beauty and vision and its ability to connect people regardless of age, race, or background. Most importantly, theaters are economic drivers in Arlington communities, supporting jobs, generating government revenue, and promoting tourism. This study supports this claim and provides strong and credible data demonstrating the economic benefits of theater facilities to a neighborhood.

Two theaters, Arena Stage in Crystal City and Signature Theatre in Shirlington, were evaluated for their impact on the local economy. Examining audience expenditures at surrounding restaurant establishments prior to and after events, the major findings were as follows:

- More than 50 percent of theater patrons visit a restaurant prior to attending the show.
- On performance nights, area restaurants experience increased sales over non-performance nights of between 7 and 20 percent
- Each performance generates an average of \$8,000 in restaurant sales
- Approximately \$4 million annually is generated in Arlington restaurant and retail sales showing that support for the arts is an investment in the area's economic well-being.

At a time when the Arlington government is making difficult budget choices, this study sends an important message: *Support for Arlington County's theaters does not come at the expense of economic development.* Investment in the arts is an investment in an industry that drives Arlington County's economy.

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## Overview and Methodology

In 2007, Americans for the Arts produced the *Arts & Economic Prosperity III* report on the Greater Washington area. The report documented the key role the nonprofit arts and culture industry played in strengthening the area economy showing that the industry generates \$2.15 billion in local economic activity. Approximately \$85 million of that amount was attributed to arts and culture organizations in Arlington County with nearly \$7.5 million coming from direct audience expenditures on retail shopping and dining.

Building on the ideas presented in the *Arts & Economic Prosperity III* report, this study sets out to determine the economic impact of theater audience expenditures on dining in two Arlington County communities, Crystal City and Shirlington. The two theaters at the focus of this study, Arena Stage and Signature, are both relatively new to the communities listed above and currently have only anecdotal evidence supporting the positive impact they have had on surrounding restaurants and retail establishments. This study seeks to provide quantitative evidence to support claims that sales have been positively affected by the arrival of these theaters in Crystal City and Shirlington.

Data was obtained from a two-stage research design:

- intercept and handout surveys of theater patrons
- analysis of select restaurant sales and seating

Patron surveys were conducted at varied show days and times of one production per theater to obtain a representative sampling of the audience. Both surveys are listed in the appendix for reference. Restaurant sales and seating information was provided by select restaurants that were highlighted by theater patrons during the intercept surveys.

# Economic Impact of Theaters in Arlington County, Virginia

## Arena Stage in Crystal City

Arena Stage in Crystal City has a seating capacity of 460 and produces an average of six shows per year. Each production has an average of 50 shows for a total of approximately 300 performances a year.



### Audience Spending and Dining Habits when Attending Arena Stage

#### *Intercept Survey Results—81 patrons surveyed*

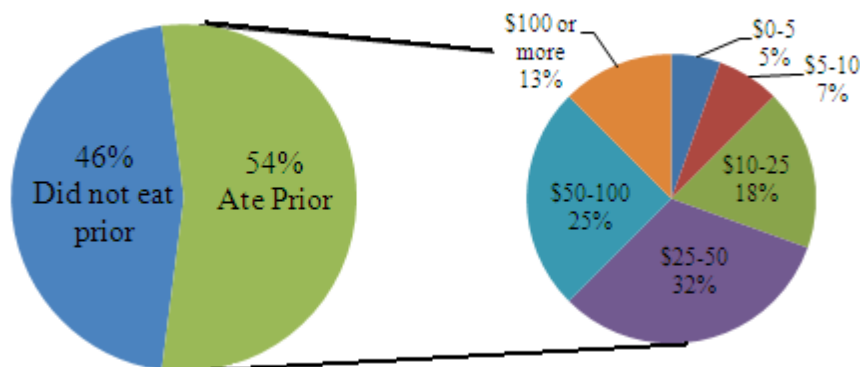
It is important to note that intercept surveys were conducted one hour prior to performances and completed approximately 15 minutes before each performance in order to allow house managers to move patrons from the lobby into the theater. This method may produce different results than the handout surveys because the interview process is time-constrained. As a result, many patrons that eat prior to the theater performance may be arriving with just enough time to be seated and will, therefore, decline to be interviewed for fear of not getting their seats and will not be captured in the interview process. The written surveys, however, allow these patrons to be captured in the data collection as they can provide the information once seated, during intermission, or after the performance.

Percentage that Ate Prior to Show		25%	
Average Amount Spent Prior to Show		\$54	
Estimated Theater Attendance	50%	75%	100%
Total Spent Prior to Show	\$3,105	\$4,658	\$6,210
*Annual Total Generated Prior to Shows	\$931,500	\$1,397,250	\$1,863,000

\*All annual calculations for Arena Stage are based on 300 shows annually.

28% of Patrons Surveyed Intended to Go Out After Arena Stage

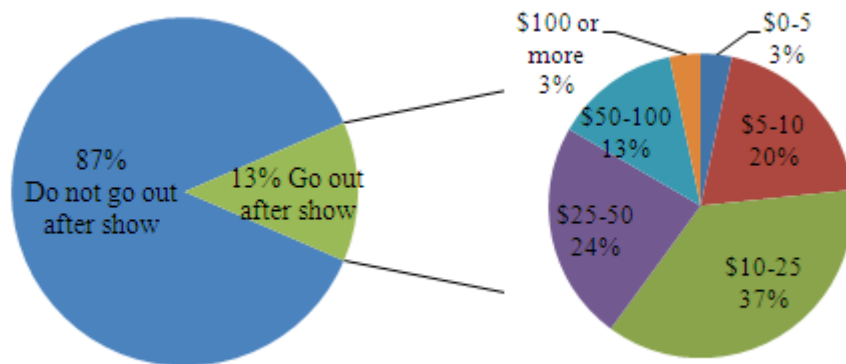
#### *Handout Survey Results—234 patrons surveyed*



## Economic Impact of Theaters in Arlington County, Virginia

54 percent of the Arena Stage patrons that participated in the paper surveys ate prior to arrival at the theater. Their expenditure range is highlighted in the graph above on the right and the average \$ amount they spent is listed in the table below.

Percentage that Ate Prior to Show	54%		
Average Amount Spent Prior to Show	\$47 - \$65		
Estimated Theater Attendance	50%	75%	100%
Total Spent Prior to Show	\$5,837	\$10,433	\$16,146
Annual Total Generated Prior to Shows	\$1,751,220	\$3,129,900	\$4,843,800



Approximately 13 percent of the Arena Stage patrons that participated in the paper surveys planned to go out after the show. Their planned expenditure range is highlighted in the graph above on the right, and the average \$ amount they planned to spend is listed in the table below.

Percentage that Ate After Show	13%		
Average Amount Spent After Show	\$30 - \$41		
Estimated Theater Attendance	50%	75%	100%
Total Spent After Show	\$897	\$1,615	\$2,452
Annual Total Generated After Shows	\$269,100	\$484,380	\$735,540

Combining the audience expenditures before and after performances provides a clearer picture of the impact of each performance on the local economy.

Estimated Theater Attendance	50%	75%	100%
Total Generated for Each Performance at Arena Stage	\$6,734	\$12,048	\$18,598
Annual Total Generated from Arena Stage Patrons	\$2,020,200	\$3,614,280	\$5,579,400

# Economic Impact of Theaters in Arlington County, Virginia

## Restaurant Sales and Seating Indicators

### *Sales Growth*

Arena Stage came to Crystal City in January of 2008. From 2007 to 2008, a growth in sales was reported from 80 percent of the restaurants that responded to this study. Positive growth rates ranged from 7 to 20 percent.

### *Low Monday Sales*

Arena Stage is dark on Mondays. Monday sales were the lowest of weekday sales (Monday-Thursday) this past year at 75 percent of the responding restaurants.

### *Early Seating*

Most Arena Stage shows start around 8 PM so patrons that have dinner before theater would usually look to be seated between 5 PM and 6:30 PM. From 2007 to 2008, a growth in early seatings was reported from all responding restaurants. Positive growth rates in early seatings were reported as high as 25 percent.

### *Special Offer Data*

One local restaurant provided data regarding the meal discount they offer if a patron shows an Arena Stage ticket stub or audience handbook. Using this data and the average \$ amount spent prior to the theater shown above, one finds that there are approximately 34 Arena Stage patrons each week that utilize this special offer. This translates into around 1,750 patrons each year that can be directly attributed to Arena Stage's presence in Crystal City. It is important to note that many of Arena Stage's patrons are first time visitors to the theater (see appendix for patron demographics) and most likely are unaware of this special offer, so the number of patrons Arena Stage attracts to this restaurant presented above is largely understated.

## Community Features Analysis

### ***Intercept Survey Results—81 patrons surveyed***

#### *Neighborhood Characteristics*

Two neighborhood characteristics—easy to get to and easiness to park—were rated as the highest items of importance in the patron's decision to attend Arena Stage.

#### *Theater Experience*

Ticket prices were ranked the most important item to a patron's theater experience with easy parking as second.

Of those surveyed, 61 percent either agreed or strongly agreed with the statement "Crystal City provides a good theater experience."

# Economic Impact of Theaters in Arlington County, Virginia

## ***Handout Survey Results—234 patrons surveyed***

### *Theater Experience*

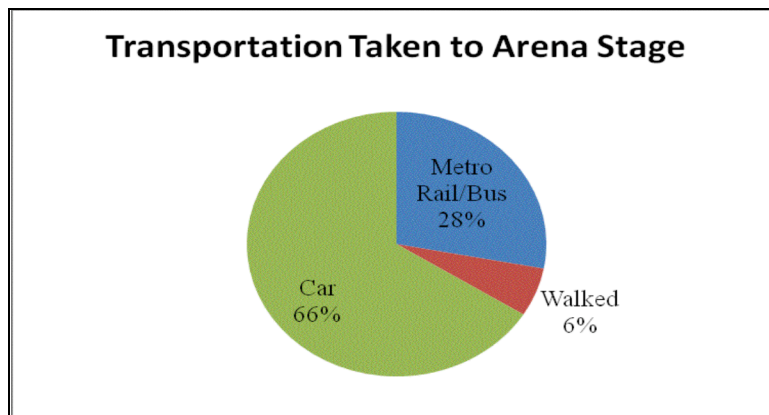
Audience members ranked their experience in the Crystal City neighborhood on a scale of 1- 5 where 1 was the lowest and 5 was the best, and 69 percent of those surveyed ranked their experience in Crystal City at either a 4 or 5.

Similar to the intercept survey results, easy parking and ticket prices tied as the most important item to a patron's theater experience.

Of those surveyed, 76 percent of patrons either agreed or strongly agreed that Crystal City provided a good theater experience.

### *Transportation Choices*

As illustrated in the chart below, a large number of Arena Stage patrons travel to the theater by personal vehicle. A fairly significant number also travels by Metro Rail or Bus; this can most definitely be attributed to Crystal City's Metro Rail station which is conveniently located just a short walk from Arena Stage.



### *Non-Resident Patrons*

The *Arts & Economic Prosperity III* report found that non-resident patrons spent twice as much on average than resident patrons (non-resident is defined as anyone outside of Arlington County). This translates into a lot of revenue generated for Arlington County that could be spent elsewhere if those patrons were not attracted to the area by something such as a theater. Examining the home and work zip codes provided by the surveyed patrons, 84 percent of patrons came from outside of Arlington County. Of these patrons, 8 percent were located outside a 100 mile radius of Washington, DC. Assuming full capacity at Arena Stage, this translates into approximately 386 people coming to Arlington County for the evening, 37 of which may be utilizing area hotels for their lodging.

# Economic Impact of Theaters in Arlington County, Virginia

## Signature Theatre in Shirlington

Signature Theatre has two theater spaces—the ARK seating 110 and the MAX seating 280—for a combined capacity of 390. There are an average of five events/shows each year in the ARK space and an average of four shows each year in the MAX. In 2008, Signature Theatre had a total of 401 performances.



### Audience Spending and Dining Habits when Attending Signature Theatre

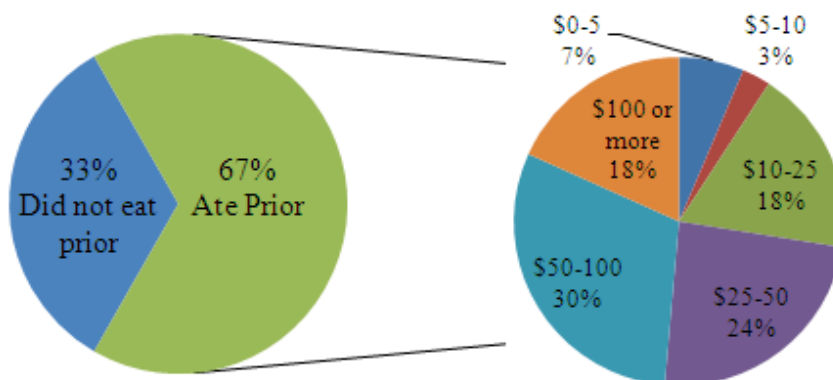
#### *Intercept Survey Results—100 patrons surveyed*

All total and annual calculations are made for half and full capacity of each theater space. It is assumed that 200 shows annually took place in the MAX and 200 events/shows annually in the ARK.

Percentage that Ate Prior to Show		53%		
Average Amount Spent Prior to Show		\$32		
Estimated Theater Attendance		50%	75%	100%
ARK	Total Spent Prior to Show	\$933	\$1,399	\$1,866
	Annual Total Generated Prior to Shows	\$186,600	\$279,840	\$373,200
MAX	Total Spent Prior to Show	\$2,374	\$3,562	\$4,749
	Annual Total Generated Prior to Shows	\$474,880	\$712,400	\$949,800

25% of Patrons Surveyed Intended to Go Out After Signature Theatre

#### *Handout Survey Results—164 patrons surveyed*

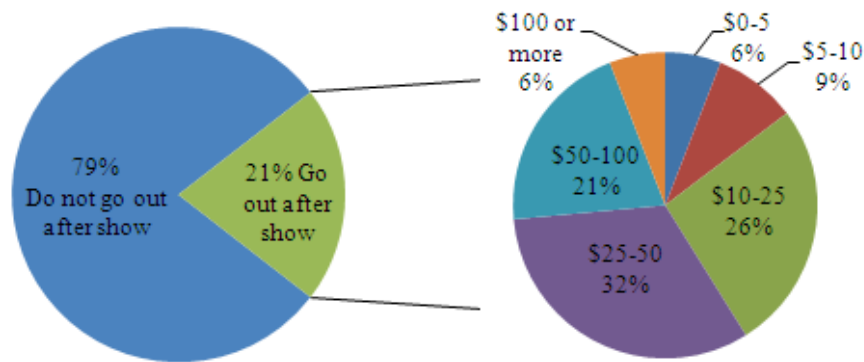




## Economic Impact of Theaters in Arlington County, Virginia

67 percent of Signature Theatre's patrons surveyed ate prior to arrival at the theater. Their expenditure range is highlighted in the graph above on the right and the average \$ amount they spent is listed in the table below.

Percentage that Ate Prior to Show		67%		
Average Amount Spent Prior to Show		\$54 - \$75		
Estimated Theater Attendance		50%	75%	100%
ARK	Total Spent Prior to Show	\$1,990	\$3,593	\$5,528
	Annual Total Generated Prior to Shows	\$398,000	\$718,600	\$1,105,600
MAX	Total Spent Prior to Show	\$5,065	\$9,146	\$14,070
	Annual Total Generated Prior to Shows	\$1,013,000	\$1,829,100	\$2,814,000



21 percent of Signature Theatre's patrons surveyed planned to go out after the show. Their expenditure range is highlighted in the graph above on the right and the average \$ amount they spent is listed in the table below.

Percentage that Go Out After Show		21%		
Average Amount Spent After Show		\$39 - \$53		
Estimated Theater Attendance		50%	75%	100%
ARK	Total Spent After Show	\$451	\$797	\$1,224
	Annual Total Generated Prior to Shows	\$90,200	\$159,400	\$244,800
MAX	Total Spent After Show	\$1,147	\$2,029	\$3,116
	Annual Total Generated Prior to Shows	\$229,400	\$405,720	\$623,200

## Economic Impact of Theaters in Arlington County, Virginia

Combining the audience expenditures before and after performances provides a clearer picture of the impact of each performance on the local economy. The calculation that follows is a combination of both theater spaces.

Estimated Theater Attendance	50%	75%	100%
Total Generated for Each Performance at Signature	<b>\$8,653</b>	<b>\$15,565</b>	<b>\$23,938</b>
Annual Total Generated from Signature Patrons	<b>\$1,730,600</b>	<b>\$3,113,000</b>	<b>\$4,787,600</b>

### Restaurant Sales and Seating Indicators

According to local restaurant managers, the Shirlington community has been in a state of constant transition as it transforms the area into a popular attraction for Arlington residents and visitors alike. This continuous transition has had an impact on sales growth, and thus only 33 percent of restaurants responding to this study experienced a growth in sales when Signature Theatre moved to the area in 2007. All responding restaurants did, however, report a growth in early seatings (5:00 PM – 6:30 PM) that can be attributed to Signature patrons that have dinner prior to the theater.

### Community Features Analysis

#### ***Intercept Survey Results—100 patrons surveyed***

##### *Neighborhood Characteristics*

Three neighborhood characteristics were rated as items of high importance in the patron's decision to attend Signature Theatre: easiness to park, dining options, and easy to get to.

##### *Theater Experience*

Ticket prices were ranked the most important item to a patron's theater experience with easy parking as second.

Of those surveyed, 95 percent either agreed or strongly agreed with the statement "Shirlington provides a good theater experience."

#### ***Handout Survey Results—164 patrons surveyed***

##### *Theater Experience*

Audience members ranked their experience in the Shirlington neighborhood on a scale of 1- 5 where 1 was the lowest and 5 was the best, and 92.5 percent of those surveyed ranked their experience in Shirlington at either a 4 or 5.

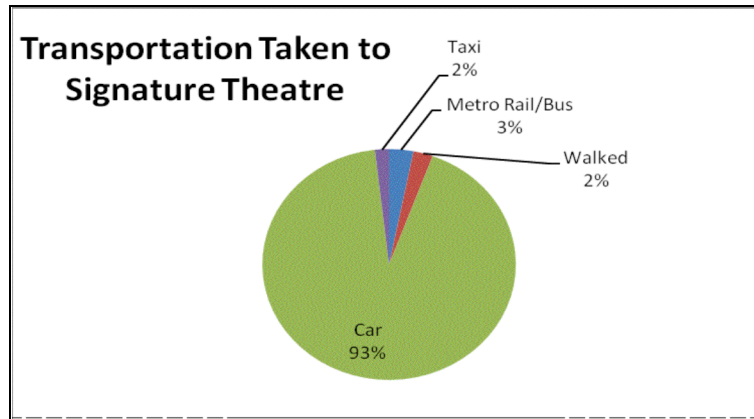
Contrary to the intercept survey results, patrons participating in the handout surveys ranked easy parking as the most important item to their theater experience with dining as second. Ticket prices were the third most important item to their theater experience.

Of those surveyed, 96 percent of patrons surveyed either agreed or strongly agreed that Shirlington provided a good theater experience.

# Economic Impact of Theaters in Arlington County, Virginia

## *Transportation Choices*

As illustrated in the chart below, the vast majority of Signature patrons travel to the theater by personal vehicle. The smaller percentage of public transit riders can best be attributed to Shirlington's lack of a Metro Rail station.



## *Non-Resident Patrons*

Examining the home and work zip codes provided by the surveyed patrons, 66 percent of patrons came from outside of Arlington County. Of these patrons, 4 percent were located outside a 100 mile radius of Washington, DC. Assuming full capacity at Signature Theatre, this translates into approximately 257 people coming to Arlington County for the evening, 16 of which may be utilizing area hotels for their lodging.

# Economic Impact of Theaters in Arlington County, Virginia

## Comparison of Communities

### *Dining Habits*

	Arena Stage	Signature Theatre
Patrons that Ate Prior	54%	67%
Patrons that Ate After	13%	21%

It is important to compare the distance of the theater from the majority of restaurants—this most probably plays a major role in the patrons’ dining decisions and perceptions of their evening out in the community. Signature Theatre’s location in the Village at Shirlington is within .20 miles of all the restaurants in the local area. Arena Stage, however, is located a short walk from most of the restaurants in Crystal City, so patrons could face anywhere between a .10-.45 miles walk from the theater to their favorite local restaurant.

It is also important to note that the majority of those surveyed at Signature Theatre were subscribers, whereas those surveyed at Arena Stage were not. Subscribers are likely to know the area well and have a routine that they follow when attending the theater: have dinner at their favorite local restaurant, attend the show, and enjoy a drink or dessert afterwards before heading home. The minor difference in those that ate prior and after the theater could be attributed to the fact that many of Arena’s patrons were unfamiliar to the area and did not know the local restaurants offerings.

### *Items of Importance to Patron’s Theater Experience*

Combining the intercept and handout survey results, Arena Stage patrons consistently rated ticket prices and easy parking as the most important items to their theater experience. Signature Theatre patrons, however, provided varied responses from the intercept and handout surveys. Ticket prices and easy parking were the most important from the intercept results, but easy parking and dining options were considered the most important from the handout results.

Only one item—easy parking—was considered a top item of importance for both Arena Stage and Signature patrons during both surveys. It is important to note, however, that this response is most definitely connected to the type of transportation the patrons take to the theater: 66 percent of Arena Stage patrons and 93 percent of Signature patrons traveled to the theater by personal vehicle.

### *Neighborhood Characteristics Important to Patrons’ Decision to Attend the Theater*

Both Arena Stage and Signature patrons listed easiness to park and easy to get to as neighborhood characteristics that influenced their decision to attend either Arena Stage or Signature Theatre. The patrons of Signature Theatre, however, responded that a third item—dining options—also played an important role in their decision to attend Signature Theatre.

# Economic Impact of Theaters in Arlington County, Virginia

## Conclusion

This study has documented the key role theaters play in strengthening Arlington County's economy. Even in today's economy more than 50 percent of theater patrons visit a restaurant in the local area prior to attending the theater—this is strong evidence that theaters can keep the community thriving even in challenging economic times. The research shows that each performance generates an average of over \$7,500 in community restaurant sales which translated into approximately \$1.8 million for each community annually. These calculations are purposefully estimated at conservative levels that assume house occupancy of only 50 percent. With theaters reporting decreased ticket sales due to the current economic climate, these numbers may very well be understated. At a minimum, Arlington County sees approximately \$4 million in restaurant sales from Arena Stage and Signature Theatre patrons annually assuming 50 percent occupancy.

The nonprofit arts and culture industry is an economic driver in the two communities discussed in this report generating over \$2 million annually at Crystal City businesses and over \$1.7 million annually at the Village at Shirlington. These sales totals combined generate approximately \$150,000 annually in Arlington County meals tax revenues.



It is a unique time to conduct a study such as this. When the economy is struggling, it is often difficult to justify funding for the arts. However, the findings of this research send a strong signal to communities and government officials—that when Arlington County supports the arts, it not only enhances the quality of community life, but it is also an investment in the county's economic well-being. As highlighted by the Americans for the Arts organization, *THE ARTS MEAN BUSINESS* when it comes to attracting audiences, spurring business development, supporting jobs, and generating government revenue.

## Appendix

### *Intercept Survey*

1. On a scale of 1 to 5 (1 being the lowest, 5 the highest), rate the importance each of the following neighborhood characteristics has in making your decision to attend (name of theater).
  - Reputation of the Theater
  - Easy to Park
  - Dining Options
  - Transit Accessibility
  - Easy to get to
  - Area Shopping
2. Please rank the following in order of importance to your theater experience:
  - Easy Parking
  - Restaurant Options
  - Public Transit
  - Ticket Price
3. Indicate your level of agreement with the following statement: “This neighborhood provides a good theater experience.”
  - Strongly Agree
  - Agree
  - Neutral
  - Disagree
  - Strongly Disagree
4. Did you eat prior to your arrival at the theater?
5. If so, where did you eat and how much did you spend?
6. Do you plan to go to a restaurant or retail establishment after the show?
7. Do you come to this area for dinner when not attending the theater?
8. If so, how often?

# Economic Impact of Theaters in Arlington County, Virginia

*Paper Survey (Arena Stage survey is shown)*

**The Arlington Commission for the Arts and the Crystal City BID is sponsoring a study on the economic impact of theaters on Arlington neighborhoods. Your input is valuable and greatly appreciated!**

Complete the following survey for a chance to win a free evening out in Crystal City that includes dinner and two theater tickets. Give the completed survey to an usher or place in the collection box in the lobby.

1. How would you rate your overall experience with the Crystal City neighborhood?

(1 is lowest - 5 is best)

☐ 1   ☐ 2   ☐ 3   ☐ 4   ☐ 5

2. Please rank the following in order of importance to your theater experience:

1 - most important

4 - least important

\_\_\_ Easy Parking

\_\_\_ Restaurant Options

\_\_\_ Public Transit

\_\_\_ Ticket Price

3. Indicate your agreement with the following statement:

"This neighborhood provides a good theater experience."

☐ Strongly Agree

☐ Agree

☐ Neutral

☐ Disagree

☐ Strongly Disagree

4. How Did You Get to Arena Stage?

☐ Metro Rail/Bus

☐ Walked

☐ Car

☐ Taxi

5. How many individuals are in your party, including yourself?

☐ 1

☐ 2

☐ 3

☐ 4

☐ 5

☐ 6 or more

6a. Did you visit a restaurant or retail establishment in the general neighborhood prior to your arrival at the theater?

☐ Yes   ☐ No

6b. If Yes, how much did you spend?

☐ \$0-\$5

☐ \$5-\$10

☐ \$10-\$25

☐ \$25-50

☐ \$50-\$100

☐ \$100 or more

7a. Do you plan to visit a restaurant or retail establishment in the general neighborhood after the theater?

☐ Yes   ☐ No

7b. If Yes, how much do you plan to spend?

☐ \$0-\$5

☐ \$5-\$10

☐ \$10-\$25

☐ \$25-50

☐ \$50-\$100

☐ \$100 or more

8. How many times within the past year have you visited Arena Stage, including this visit?

☐ First Time   ☐ 4

☐ 2   ☐ 5

☐ 3   ☐ 6 or more

9. Are you an Arena Stage Subscriber?

☐ Yes   ☐ No

10. How frequently do you visit Crystal City for dining and entertainment, including theater visits?

☐ Regularly (twice or more per week)

☐ Frequently (once or more per week)

☐ Often (twice per month)

☐ Occasionally (once per month)

☐ Rarely (once every three months)

☐ Hardly Ever (once every six months)

11. Select Your Age Range

☐ Under 21

☐ 21-30

☐ 31-45

☐ 46-59

☐ Over 60

12. Home Zip - \_\_\_\_\_

13. Work Zip - \_\_\_\_\_

14. Email Address \_\_\_\_\_

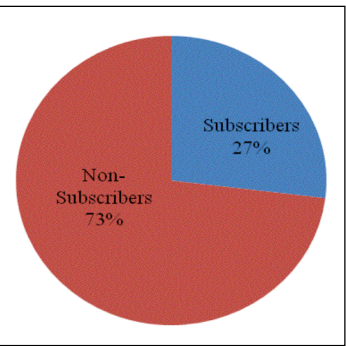
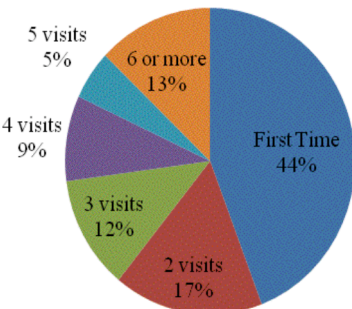
☐ I do not wish to receive email updates on area events.

15. Write any general comments or suggestions on the back of this survey.

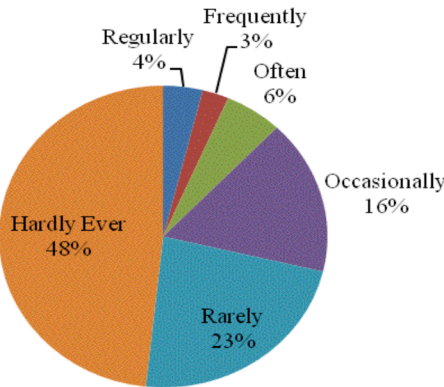
# Economic Impact of Theaters in Arlington County, Virginia

## Demographics of the Surveyed Arena Stage Patrons

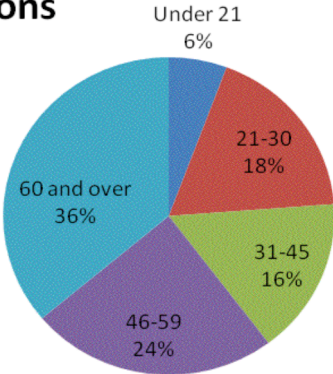
Visits to Arena Stage in Past Year



Area Visits



Age of Patrons

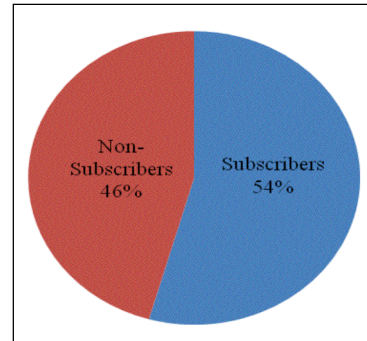
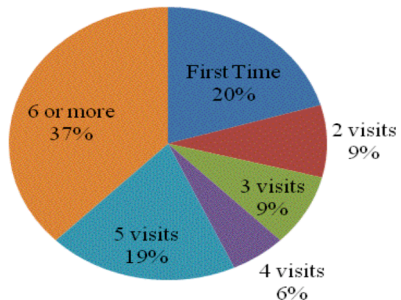




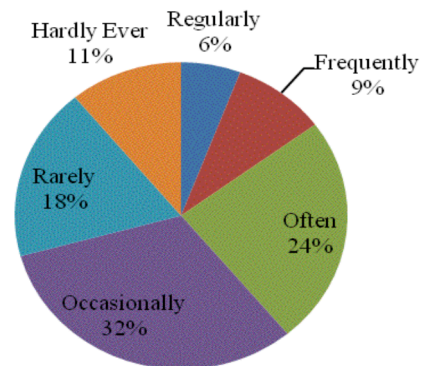
# Economic Impact of Theaters in Arlington County, Virginia

## Demographics of the Surveyed Signature Theatre Patrons

**Visits to Signature in Past Year**



**Area Visits**



**Age of Patrons**

