

From Broadway to the Bistro: Partnering with the arts to attract upscale customers

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Abstract

This article discusses the potential benefits to restaurants, especially upscale restaurants, of programs that support the arts. The importance of the arts and culture industry as an economic driver is presented along with an assessment of the state of funding for the arts in the United States. A demographic profile of those who attend arts and cultural events shows the upscale nature of the market. The results of a survey of 274 people demonstrate the positive attitude of respondents toward businesses, particularly restaurants that support the arts.

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1. Introduction

In today's highly competitive market place, it is increasingly difficult for restaurants to develop attractive market segments and build individual consumer loyalty. When a situation arises where an immediate consumer need can be met while building an image of social responsibility and also providing a solution to an important social need, a synergistic effect is created. This opportunity presents itself in the form of potential partnerships between businesses and the arts. The restaurant industry, in particular, seems to have a great opportunity to reach upscale customers through affinity programs and discounts that are tied to support of the arts.

The purpose of this study is to examine the relationship between attendance at arts and cultural events and attitudes toward businesses that support the arts. First, the characteristics and attendance patterns of those who

attend arts and culture events, based on secondary data, are presented. Then the results of a survey focusing on the importance of the relationship between the arts and businesses are discussed. That survey was designed to answer the following questions:

1. Is there a difference between those who attend arts/culture events and those who do not in regards to the importance they place on businesses that support the arts, the importance of the arts to quality of life, dining out frequency and the impact of discounts available at retailers for members of arts organizations?
2. Would an affinity program where restaurants and other retailers offer discounts and/or other contributions supporting the arts influence shopping habits?
3. What types of businesses would individuals most like to see participate in programs that support the arts and offer discounts to members of arts organizations; where do restaurants fall relative to other types of businesses?
4. Is there a relationship between the number of events people attend and, (a) how often they dine out in conjunction with arts/culture events, (b) the importance they place on the arts to quality of life, (c) how important it is for business to support the arts, and (d) the

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impact an affinity discount program offered by businesses to support the arts would have?

2. Background

Attendance at arts and cultural events and attractions has a great impact on quality of life for many people. This impact is manifested at the local level through participation in the arts by citizens of communities that sponsor the art activities. But the importance of the arts is not just a local phenomenon where communities seek to preserve and enhance their cultural heritage and encourage artistic expression. It is much more far reaching and serves as an attraction for tourist activity. Visits to artistic exhibitions and arts related events throughout the world generate a tremendous amount of economic benefit. The Spoleto Festival in Italy and its clone in Charleston, South Carolina; the great museums of Florence, Paris, London and New York; the traveling art exhibits such as when the Monet exhibit visited the Field Museum in Chicago are examples of permanent and sporadic culture-related activities that generate hundreds of thousands of tourist visits a year.

A major portion of the economic impact of this tourist (or excursionist) activity is on the hospitality industry. Whether traveling to New York to attend a Broadway theater production or simply driving from a small community to attend a symphony concert in a larger town nearby, tourists and excursionists spend large amounts of money on such travel-related products as restaurant meals, lodging, and transportation.

The restaurant industry, in particular, is a major beneficiary of dollars generated by the arts. Restaurants have a great opportunity to capture the attention and loyalty of arts attendees. An understanding of the characteristics of arts goers can help restaurant managers understand the importance of supporting the arts and how to better market to this valuable segment.

Support for the arts in the United States has been in decline for a number of years. The appropriations for the National Endowment for the Arts were slightly over \$120 million in 2004. Compare this to approximately \$170 million a decade earlier and, even without inflation, it is evident that the arts have had declining support at the national level. This, and other funding cuts, has had a major negative impact on arts and culture (National Endowment for the Arts, 2004). Take, for example, the record of financial troubles faced by symphonies and theaters in the US. According to the American Symphony Orchestra League, seven mid-size orchestras filed for bankruptcy in the mid-1990s, including the orchestras in cities as large as San Diego and Sacramento (Richard K. Miller and Associates, 2002). In the theater sector, a downturn in individual giving was reported by 49% of theaters; 54% reported corporate giving decreases and 41% reported a decline in foundation giving (Cameron, 2002) and some theaters were forced to close. Theater

Virginia located in Richmond, Virginia, closed in December of 2002 with a \$500,000 deficit (Hudson, 2004). The consequence of this decline is fewer arts and cultural events, which ultimately translates into economic loss to the tourism industry and local businesses as well as the loss of value to society.

It is true that much of the decline in corporate giving was related to the economic slowdown in the United States which began toward the end of the last century. But at the same time that sponsorship for the arts has been almost flat, total advertising expenditures rose 17.5% between 1998 and 2002 (Marketing Fact Book, 2003). Of course, to be effective, any kind of promotional expenditures should be targeted to potential customers. So what are the characteristics of those who attend arts and cultural events, how large is the market, and do sponsorships of the arts generate a positive image that leads to a positive attitude toward companies that provide support?

2.1. Attendance at arts events

A study by the Theater Communications Group (TCG) illustrates the volume of business generated by live theater. TCG's survey of 1490 theaters showed attendance of over 32.5 million in 2005 (Voss et al., 2006). The last major census estimated that attendance represents over 34.3 million individuals per year, many of whom attend multiple times (US Census Bureau, 2001). In fact, another TCG survey indicated theater goers attend an average of 5.5 productions in a given year (Voss et al., 2002). Furthermore, a study by the National Endowment for the Arts found that 6.6 million adults, 3.2% of the adult population, attended at least one opera performance in 2002 (National Endowment for the Arts, 2004).

Other types of arts and culture events also draw large numbers. In 1999 almost 46 million people attended music performances and 11.4 million attended dance performances (US Census Bureau, 2001). In 2004, museums were visited by 29.4 million people and zoos by nearly 25 million individuals (US Census Bureau, 2006). Translated into number of visits this represents an estimated 190 million visits to art museums/galleries (National Endowment for the Arts, 2004) and 143 million visits to zoos and aquariums (American Zoo and Aquarium Association, 2006). Other figures indicate that in 2002, 58% of adult travelers visited a museum or historic place (Geissler et al., 2006). Furthermore, the Travel Industry of America reports that 75% of adult travelers attend a cultural event which translates into 109.8 million US adults (Travel Industry of America, 2006).

2.2. Socio-demographic characteristics of arts attendees

Who are the people who attend arts/cultural events and what are they like? A study of 40,000 arts attendees in 91 communities across 34 states found that attendees at nonprofit arts events are highly educated and have above

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