

# **The Economic Impact of Burien Actors Theatre**

Prepared by:

*University of Washington undergraduate students Jenna Brewington, Willson  
Christianto, Praphanit Dođwa, Lukas Guericke, Nimisha Kapur, Tyler Petterson, Jake Pruchno,  
and Austin Sharma*

With the help of professional advisers from:

*Boeing, Heritage Bank, and the U.S. Department of State*

Dear Eric and the BAT team,

At the beginning of this quarter you came to us with a project with a simple objective: determine Burien Actors Theatre's net economic impact on the local Burien economy. While Burien Actors Theatre (BAT) has been a staple in the Burien arts scene for over 62 years, some in the Burien community may not realize the economic significance of BAT.

Over the course of this quarter we analyzed financial documents and survey data to arrive at a number that represents BAT's economic impact. Through this research and analysis, we determined that Burien Actors Theatre does in fact have a great deal of influence on the Burien economy: to the tune of around \$141,000/year, or \$22.27 per theatre participant! These numbers should convince anyone that on a monetary basis alone, BAT is an asset to Burien and one that should remain in the community for a long time to come.

In addition to this economic analysis, we also interviewed several businesses and BAT patrons to gather some of the intangible benefits that BAT adds to Burien. Through these interviews, we were able to show that to many in Burien, Burien Actors Theatre's value extends far beyond its economic impact. The following report covers both our economic analysis as well as these intangible assets.

Thank you and the entire Burien Actors Theatre team for entrusting us with this project! We have strengthened many valuable skills and were able to problem solve in a way that we never could in the classroom. Hopefully you find our work to be as valuable as our experience.

Sincerely,

The Business Impact Group Team

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### **Executive Summary**

Our team was tasked with analyzing the economic impact of Burien Actors Theater. We centralized our focus on a few primary objectives: the revenue brought in from theatergoers eating at local restaurants before/after shows, the revenue brought in from BAT staff eating out after shows, the expenses that BAT pays that go into the economy, and the intangible values that BAT brings to the city.

Analysis of the BAT questionnaires gave us data regarding individuals who are not from Burien and those who dine in Burien before/after shows. We found that 54% of all BAT attendees ate at a restaurant in Burien and that only 31% of BAT attendees are from the city of Burien. Thus, the majority of money spent at Burien restaurants as a result of BAT shows comes from outside communities. By looking at the average prices from the most frequently visited restaurants per BAT's survey data, we determined an average tab of \$23.04 per person that ate out before or after a BAT show.

Finally, our team assessed various profit/loss statements and tax forms to analyze the location of expenses for BAT such as rent to the city. After totaling all our data, we determined that BAT generates roughly \$141,000 in economic activity. Summating these findings and inputting them into a custom formula, our team was able to estimate that each individual participant in BAT adds an additional \$22.27 in economic value to the Burien economy over and above the ticket price.

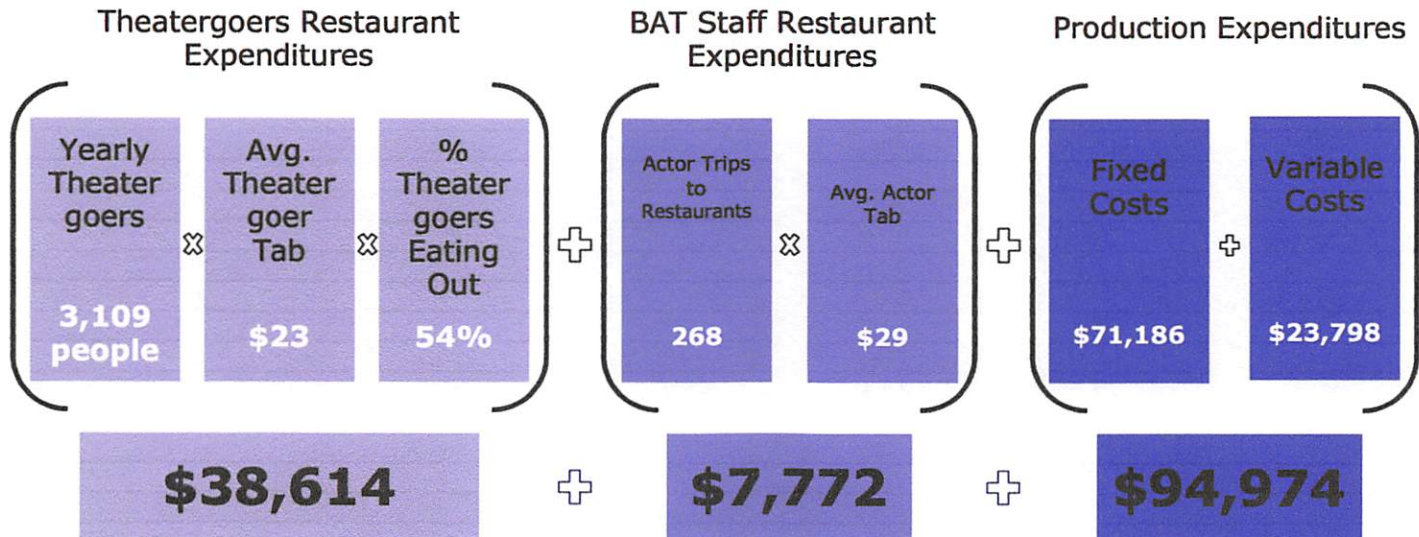
### **Background**

Burien Actors Theatre (BAT) is a nonprofit organization devoted to bringing live theater to the people of Burien, Washington and surrounding communities. BAT was founded in 1955 and has been an integral part of Burien culture ever since. Its current location originally functioned as an elementary school but now hosts BAT and multiple other non-profits. BAT's audience is primarily composed of theatergoers ranging in age from the upper 40s to the mid-60s. The majority of the audience comes from Burien, Seattle, and Des Moines (see Appendix Figure 12 for a map displaying the location of BAT's audience). Burien Actors Theatre mainly functions and operates on donations and volunteers from the community. Community benefactors provide such items as props, costumes, and concessions.

Unfortunately, there is tension between BAT and the City Council to tear down BAT's facility to create a community center. Fortunately, many council members believe that Burien Actors Theatre emphasizes the importance of arts and community involvement, and therefore multiple proposals against BAT have failed to pass in the last few years. Currently, BAT's focus is to prove its importance to Burien both culturally and economically so that it can stay in its current location and continue to expand the artistic culture of Burien into the future.

The arts help stimulate the economy by providing outside revenue from surrounding locations and help to circulate money within the community. According to Americans for the Arts Culture, "In 2010, nonprofit arts and culture organizations pumped an estimated \$61.1 billion into the [American] economy. Nonprofit arts and culture organizations are employers, producers, consumers, and... valuable contributors to the business community." The goal of this project was to quantify and qualify the contribution BAT makes to Burien both economically and culturally.

### Formula Page



**\$141,437 per year**

(Total Economic Impact - Fixed Costs)

(Yearly Theatergoers + Annual Staff)



**\$22.27 per participant**

## **Methodology**

### **Yearly Theatergoers**

A crucial step in our formulation of total revenue that is brought to the Burien economy through restaurants was to identify the number of theatergoers at each show. Our calculations were based off data from the 2013, 2014, and 2015 990 Short Forms provided to us by the client. We found that in 2013, from a production of four shows, the total audience was around 3,035. This equates to about 758.75 audience members per show per year. In 2014 there was about 624 audience members per show per year. In order to solidify these terms we analyzed the 2015 Short Form as well. In this form we found that the average audience size was around 947 per show. Taking an average gave us an average size of 777 per show. BAT typically has four shows a year, so we multiplied our 777 by four to get a total annual theatergoer number of 3,109.

### **Percentage of Theatergoers Eating Out**

To determine the percentage of theatergoers that eat out because of BAT shows, we turned to BAT's extensive survey data from all the shows from the last three years. Approximately 1500 theatergoers took the survey, which included information on whether they ate out and where they ate out in Burien.

The main goal of the survey analysis was to determine how much traffic at local restaurants is a direct result of BAT performances. Of those who filled out a survey, 57% indicated that they ate before the show, or had plans to eat afterward. Of these, 94% ate at a local Burien restaurant. This means that collectively, 54% of BAT attendees eat out at a restaurant in Burien according to the survey data.

As a side note, we could confirm that most those spending money in Burien because of BAT come from outside of Burien city limits. According to the survey results, only 31% of BAT

attendees are actually from the city of Burien. This number is relatively consistent with data from online ticket sales records that indicate only 22% of people buying a ticket to BAT are from Burien. Therefore, the majority of revenue that BAT generates for surrounding businesses is money that is coming in from outside of Burien.

#### Average Theatergoer Tab

The next step in the numerical analysis was to calculate an average dinner price of the top ten restaurants attended by BAT customers according to the data. This number would then be applied to the percentages of theatergoers that eat out and the total number of BAT theatergoers to determine a dollar value representative of BAT theatergoers that eat out at local restaurants.

To begin, the team used data from the questionnaires to find the top ten most frequented restaurants by BAT customers (see Appendix Figure 1). For each of these, an average meal price was researched on a website called *Zomato*. According to Zomato, the website “uses a 5-point classroom-style grading model, where the distribution of scores in every city is normalized, resulting in ratings in each city being distributed over a normal curve.” In practice, this means that average prices at each restaurant are calculated individually and change based on the type of restaurant. A bar, for example, might include three or four drinks in the total, while a fine dining establishment might include three courses. Thus, the prices used were specific for each restaurant and an accurate representation of what an average patron from BAT would likely have spent.

The top 10 restaurants attended combine for 60% of the total restaurant attendances according to the survey data. Thus, a weighted average of the top 10 restaurants ticket sizes provided the team with a good proxy to use to estimate the overall cost of an average meal at a restaurant in Burien. The weighted average resulted in a conclusion that the average cost of a meal at a Burien restaurant is approximately \$23.04. Using this data, multiplied by the number of



theatergoers that go out to eat, we were able to estimate that every year, BAT generates approximately \$38,614 of restaurant revenue in Burien based on theatergoers alone.

### BAT Staff Restaurant Expenditures

In addition to audience members who eat out as a result of BAT shows, Eric told us that often the actors and other staff members will eat out after shows. Therefore, it is also important to consider the impact of actors and other BAT employees who eat out after shows. The reason that we differentiated between theatergoers' and staff members' restaurant expenditures is because of the different consumption of each group. According to Debra George, the former owner of The Mark, BAT staff that ate out at her restaurant after shows typically spent a few hours in the establishment, buying multiple drinks as well as appetizers and entrees. Therefore, she estimated their average tab would have been around \$29 instead of our estimate for the average theatergoer tab of \$23.04 (for more information on The Mark and its relationship with BAT, see Appendix Note 1: A Note on The Mark).

We began our analysis of this actor's impact by finding the average number of actors in each show. This came out to be 8.9333. We next multiplied this by 1.5, which represents the fact that actors bring other staff members as well as friends and family when they go out, but considers the fact that not every actor eats out after shows. This estimate was provided to us by Eric Dickman. This multiplication yielded 13.4, which represents the number of potential restaurant goers after each show that are a result of staff member activity.

To determine the average number of trips made to restaurants after shows each year, we multiplied the 45 performances per year by  $\frac{2}{3}$  to account for the fact that  $\frac{1}{3}$  of the performances are Sunday matinees in which actors will not be eating out after the show. We then multiplied this by another  $\frac{2}{3}$ , which is based on information provided to us from Eric that actors eat out

after most (but not all) Friday and Saturday shows. This multiplication yielded an average yearly number of trips to Burien restaurants of 20.

By multiplying the 13.4 restaurant goers per restaurant outing by 20, we were able to determine that there are around 268 unique trips to Burien restaurants made as a result of actor and play administrator activity. We next used information provided to us by Debra George, the owner of The Mark, that on average each actor spent around \$29 after meals, to arrive at an economic impact value of \$7,772 per year.

#### Variable and Fixed Expenses

Burien Actors Theatre's expenses are also considered in the economic impact formula. The team carefully examined the 2013, 2014, and 2015 Profit and Loss statements to gather the expenses relevant to BAT's economic impact on Burien. We determined that BAT has made a significant financial contribution to the local Burien economy as a result of these expenses.

The breakdown of BAT's expenses from each Profit and Loss statements were then summarized in Excel to easily separate the fixed and variable expenses (the results of this classification are shown in Appendix Figure 6). We decided to divide BAT's expenses into fixed and variable cost because we are not only calculating BAT's total economic impact but also the economic impact of each BAT participant (actors, directors, theatregoers, volunteers, et cetera). While both expenses positively impact the local Burien economy, only the variable costs are relevant for our per participant calculations. The average of fixed and variable costs from the past three years are used for the formula.

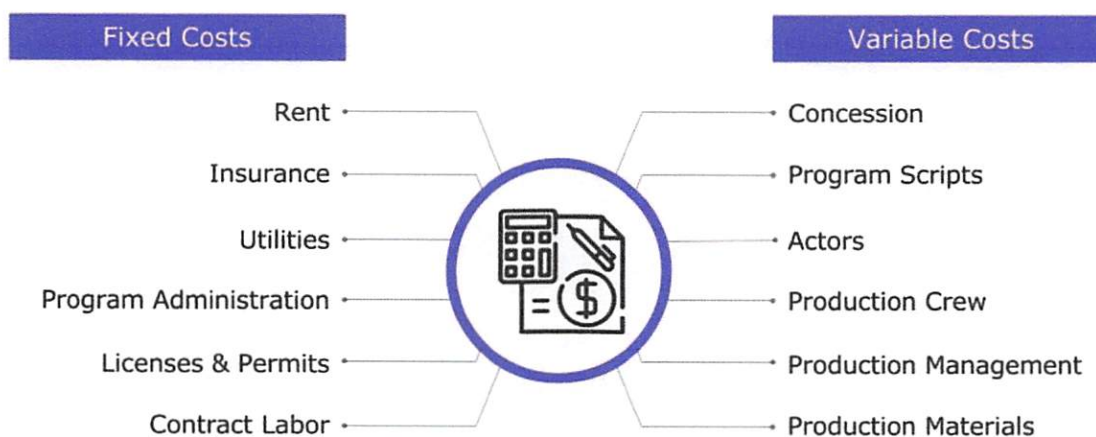
We defined BAT's fixed cost as the expenses that would occur irrespective of the demand for each show. BAT's fixed cost is the expenses that would still occur even though BAT does not produce any shows. For instance, BAT's fixed costs would include expenses such as

rent (which is paid directly to the city of Burien), insurance, contract labor, and program administration.

We defined BAT's variable costs as the expenses that vary based on variations in the scale of the show and the size of the audiences. The expenses that would occur to run each show, for example, include concessions, production crew costs, script costs, et cetera.

Finally, we performed simple calculations for each categorized fixed and variable cost from the profit and loss statements to find the 3-year average of each. The average fixed and variable cost of BAT are \$71,186 and \$23,798 respectively.

## Production Expenditures



### **Intangible Value of Burien Actors Theatre**

An examination of the value of Burien Actors Theatre to the Burien community would be incomplete without an analysis of BAT's intangible community contributions. To investigate the impact that Burien Actors Theatre has on the quality of life in Burien, we interviewed BAT partners in the local business community as well as restaurants attended by a large portion of theatergoers. The overarching objective of each interview was to find out the benefits that BAT has on other businesses in the area, as well as what BAT adds to the community from a cultural perspective.

Each of the businesses interviewed supports BAT because they are strong believers in the arts and the cultural value it brings. Virginia Wright, owner of Phoenix Tea, donates tea to BAT for its concession stands. Ms. Wright stated that she plans on developing Phoenix Tea's relationship with BAT because of her love for theatre.

Burien Press gives gift cards to BAT to raffle off to their patrons. It plans on continuing its relationship with BAT because of the customers that the partnership brings. Pickled and Preserved (P&P) just started partnering with BAT this past winter. P&P donates coffee to BAT, and in return BAT provides marketing for P&P. As of right now, BAT provides marketing for P&P in the form of flyers, inclusion in play programs (full-page ad), and two street signs in Burien and in Normandy Park. Additionally, BAT thanks for P&P for its donations before each show and displays a three-sided poster board in the concessions room. This is just one example of the community-building symbiotic nature of community theater.

Besides the vendors, other relationships that BAT has include the restaurants around Burien where theatergoers eat before or after the shows. Now that The Mark is closed, one of the restaurants that is commonly attended by theatergoers and actors is the Tin Room Bar. While the relationship between BAT and Tin Room Bar is fairly new and developing, Tin Room managers

did mention that they “really appreciate that BAT comes in to spend time at Tin Room Bar.”

In addition to a variety of business relationships that BAT has with local vendors and restaurants, BAT also adds to Burien’s cultural richness in an intangible and invaluable way. BAT has had a strong presence in the area since 1955 - 38 years before Burien was incorporated. This community theater adds value as an entertainment option in Burien, allowing residents the opportunity to experience theatre without leaving Burien and enticing those from surrounding communities to explore the Burien arts scene. It also gives local set designers, actors, directors, and playwrights the opportunity to keep the arts alive in Burien.

BAT activities add an atmosphere of creativity and excitement in a way that is nearly impossible to fully qualify. Perhaps Debra George, the owner of the now closed Mark, comes the closest in her description of theater night: “Having Dinner and a Show made for a few extra people dining a little bit earlier than our regular crowd and created an excitement that they were going to the play,” George said. “The cast coming in after was also a huge effect. So without the relationship we would not see the ‘theater excitement’ and would not have the cast and customers interacting after. ‘Theater Night’ makes for a special night at The Mark.”

Burien Actors Theatre also gives back to other local nonprofits. For example, it donates clothing items to the local Value Village if it does not think that it will be able to use it in a show. It also allows other local theater groups, such as the Hi-Liners, to utilize its facilities on a regular basis.

BAT’s local contacts benefit from the theater’s support in the form of marketing, resulting in increased patronage. In return, these contacts encourage residents to support BAT and take pride in the fact that they are helping to keep the cultural identity of Burien alive. The cultural value of BAT is difficult to quantify. However, after conversing with numerous

businesses that interact with BAT, we can conclude with confidence that BAT's contributions to Burien extend far beyond its economic value.

### **Conclusion**

Over the last six weeks, we have compiled ample evidence that Burien Actors Theatre is a valuable asset to Burien both economically and culturally. Based on our analysis, BAT generates roughly \$141,000 in economic activity. Furthermore, we estimate that every participant in BAT spends about \$22.27 above the ticket price, money that goes directly into the local economy.

After interviewing numerous citizens and business owners in Burien, we have also gathered testimonials to support the idea that Burien Actors Theatre is not only economically significant, but is also a fixture to Burien's cultural life. Local business owners are proud to support the Burien arts staple. It is no secret that the arts are fundamental to a solid quality of life. According to ArtsFunds' 2014 Economic Impact Study, arts institutions in King County such as Burien Actors Theatre "are vital elements in the cultural life of our region, anchors for the quality of life for which this region is so highly regarded." With new residential options under construction in Burien such as Merrill Gardens, Burien clearly draws in residents from far and wide thanks to its vibrant culture. Burien Actors Theatre stands in the center of this cultural Mecca. BAT has been a fixture in the Burien arts scene for over 62 years, and from what we can tell, Burien would be wise to keep it that way.

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## Appendix

### Weighted Average Restaurant Tab Calculation Figures

Figure 1: Zomato Weighted-Average

Rank	Restaurant	ZOMATO* (\$/person)	Restaurant attendance from BAT	% of attendances	Weighted Average (\$)	Weighted Average (%)
1	The Mark (closed)	\$20.00	294	50.00%	\$10.00	43%
2	Tin Room	\$25.00	69	11.73%	\$2.93	13%
3	Elliot Bay	\$27.50	50	8.50%	\$2.34	10%
4	The Greek House	\$30.00	33	5.61%	\$1.68	7%
5	909 Coffee & Wine	\$25.00	32	5.44%	\$1.36	6%
6	La Costa	\$25.00	31	5.27%	\$1.32	6%
7	Angelo's	\$35.00	29	4.93%	\$1.73	8%
8	Vinces	\$20.00	19	3.23%	\$0.65	3%
9	Huckleberry Square	\$17.50	18	3.06%	\$0.54	2%
10	Mick Kelly's Irish Pub (closed)	\$22.32	13	2.21%	\$0.49	2%
972 total restaurant attendances in burien				100.00%	\$23.04 weighted average of 60% of restaurant attendances	

Figure 2: Zomato Tab at Top Ten Restaurants

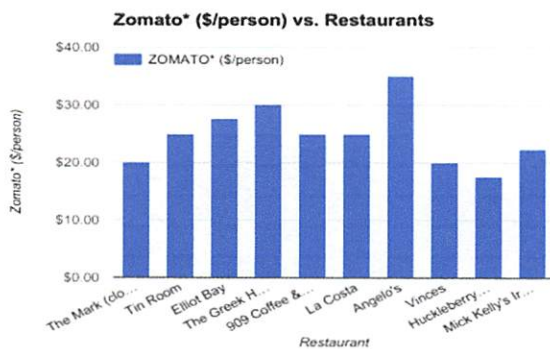


Figure 3: Restaurant Tab Breakdown

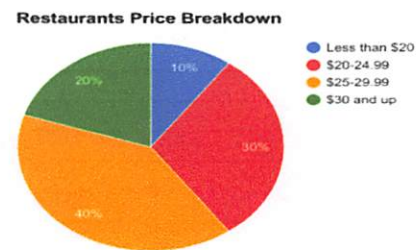


Figure 4: Percent of Restaurant Attendance

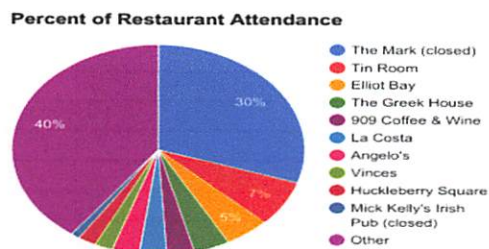
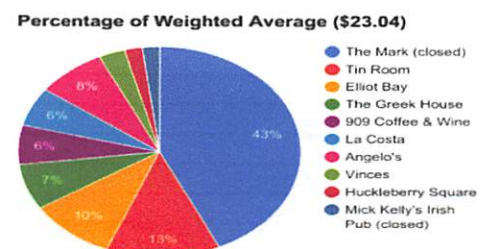


Figure 5: Percentage of Weighted Average Tab



### **Appendix Note 1: A Note on The Mark**

#### **Average Cost of The Mark**

The Mark was formerly a restaurant serving American food located in downtown Burien. For almost a decade, it had very close ties with Burien Actors Theatre until its closure in November 2016. As one of the few restaurants open late enough for theatergoers to eat at after shows, it was by far the most frequented restaurant by actors and other BAT staff until its closure. The \$29 that we used in our estimation of the actors' economic impact was an estimation based on the testimony of Debra George, owner of The Mark.

Mrs. George reached this amount based on ticket sales on average for the Dinner and Show package. The Dinner and Show packages were \$35 which included the ticket, but most diners for this ordered two drinks with their dinner which would put their ticket well over \$40. She estimates that the average is around \$29. Because the amount spent by a theater person at The Mark is significant, this number was used as part of the formula to determine the total economic impact that BAT has on Burien. This number was confirmed with Eric as an accurate estimate of the tab at The Mark of any performer, director, or any member of BAT

#### **The Mark's Inclusion in this Report**

As the data indicates, BAT theatergoers and staff members frequented The Mark more than any other restaurant. Because of this, it had a significant impact on the weighted average restaurant tab calculations for theatergoers and was the sole restaurant considered in our staff restaurant expenditure calculations, as it was the sole restaurant visited by staff before its closure.

Despite its closure, we decided to include The Mark in our analysis for two main reasons. Firstly, our economic impact analysis involves data going back three years. For the vast majority of this time, the largest group of restaurant goers from BAT ate at The Mark. Secondly,

we consider The Mark's closure and the partnership void that BAT currently has as a result of this closure as a temporary anomaly in BAT's economic impacting activity. BAT had a relationship with the Mark dating back ten years, and has only been missing its main partner for a few months. Burien Actors Theatre's administrative team is already in talks with multiple restaurants to begin a new partnership, including a revival of the dinner-and-a-show promotion. For these reasons, we included The Mark in our calculations.

#### **Calculation of BAT's Average Expenditures**

Figure 6: BAT's Average Fixed and Variable Costs

	2013/2014	2014/2015	2015/2016	Average
<b>Fixed Cost</b>	<b>\$73,806.83</b>	<b>\$64,544.30</b>	<b>\$75,205.79</b>	<b>\$71,185.64</b>
<b>Variable Cost</b>	<b>\$26,091.13</b>	<b>\$18,205.10</b>	<b>\$27,099.09</b>	<b>\$23,798.44</b>
			<b>Total</b>	<b>\$94,984.08</b>

