

**ECONOMIC REVERBERATION:
THE HIDDEN IMPACT OF
PERFORMING ARTS VENUES**

WELCOME BACK – WHAT CHANGED OVERNIGHT?



Unseen Ripple Effects:
How One Show Keeps
Dollars Circulating



LAYERS YOU DON'T SEE ON STAGE

Venue

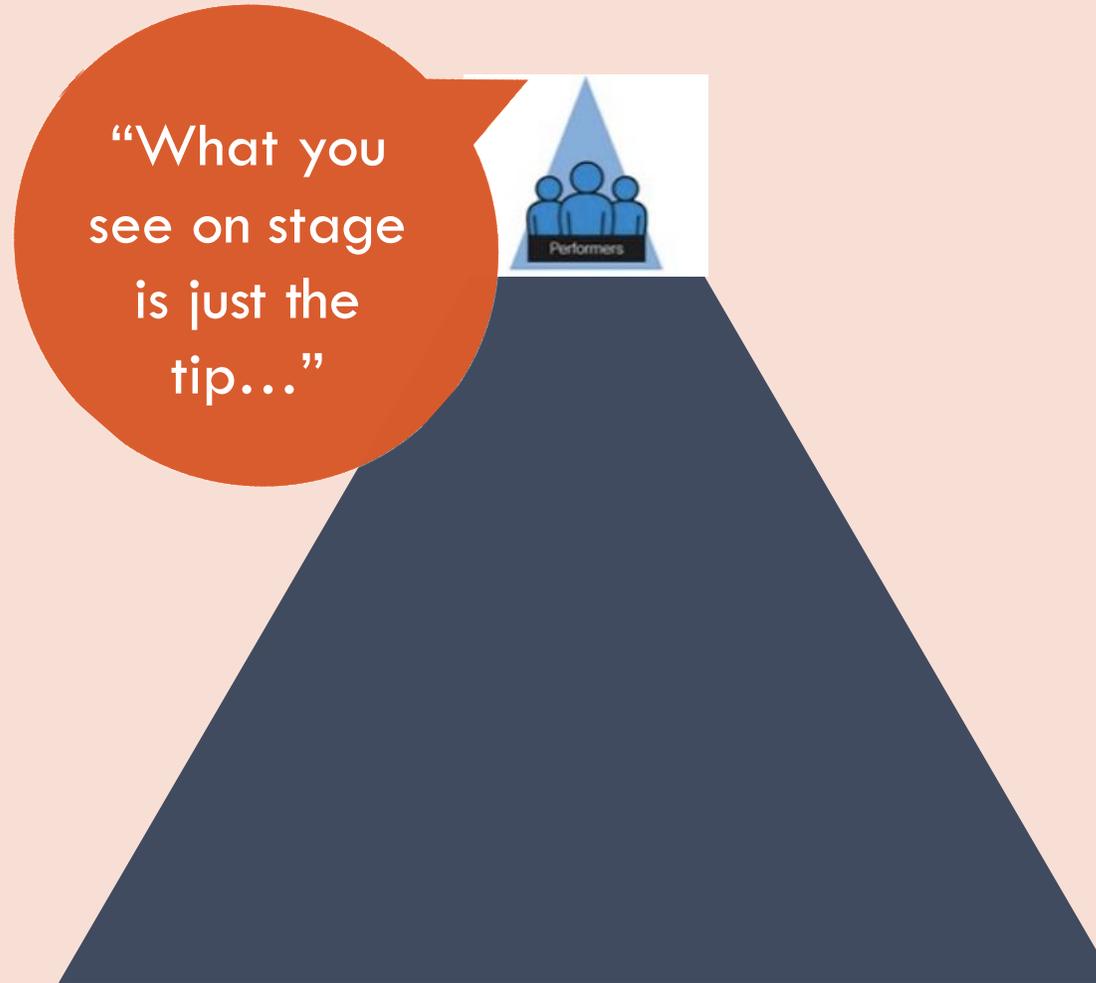
Suppliers

Local
businesses

Community

Keep pulling the thread – each ring is another job...

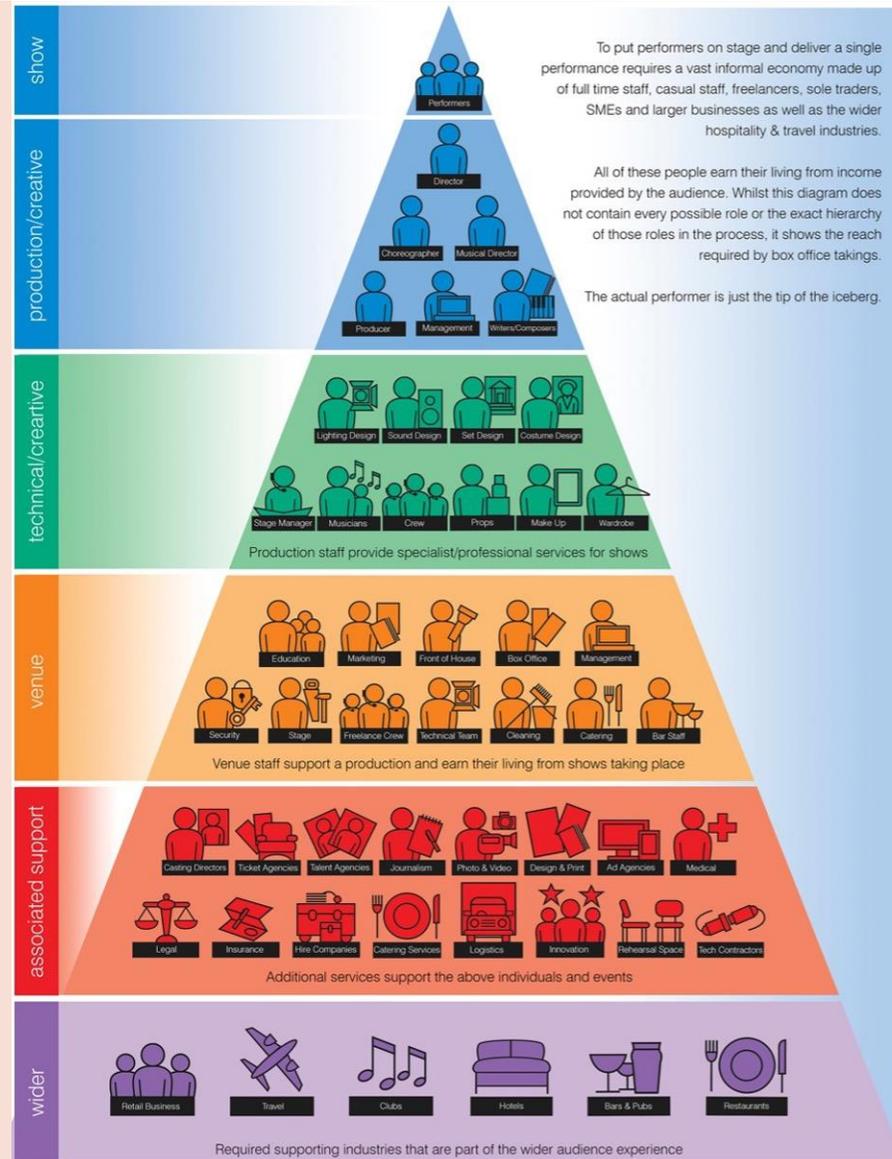
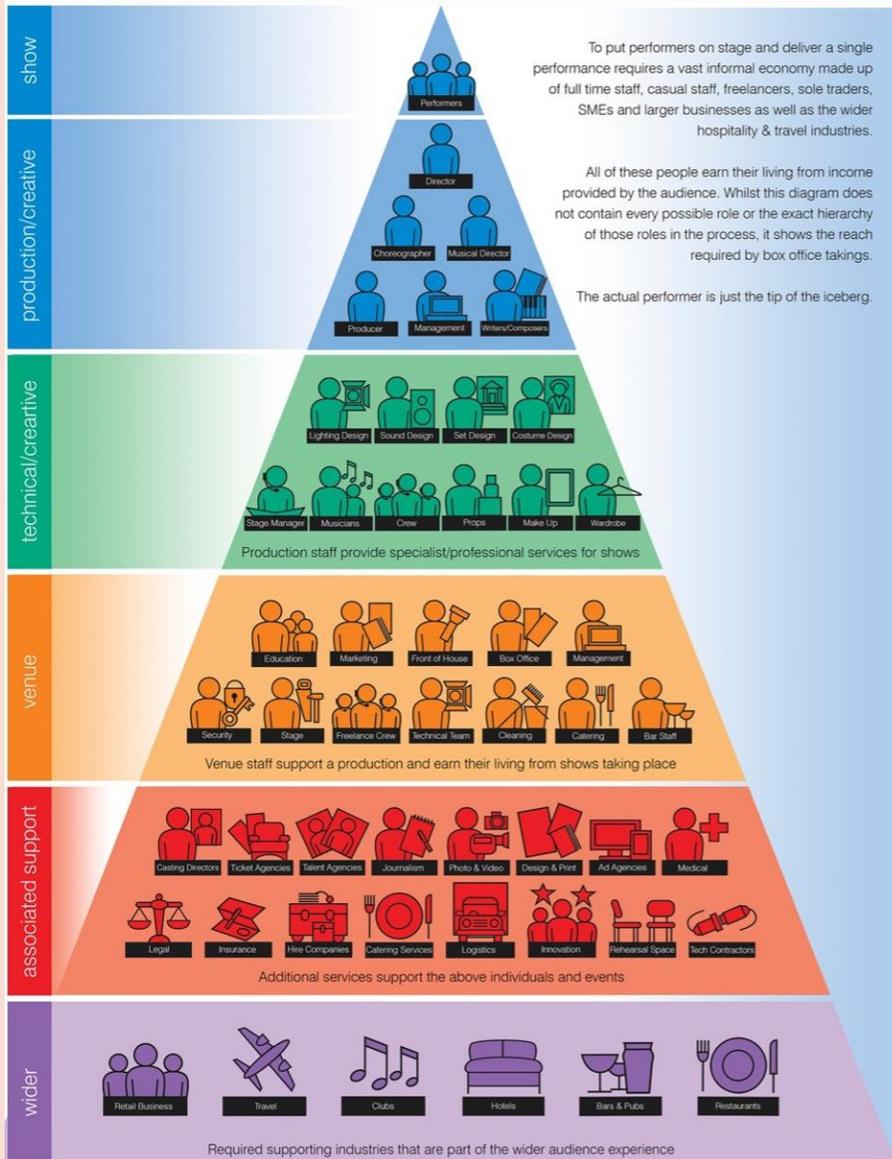
MAPPING THE PYRAMID



LAYERS YOU DON'T SEE ON STAGE

1. Take a pen and paper and form 5 groups
2. Outline the roles that are involved in the following areas:
 - Production/Creative
 - Technical
 - Venue
 - Associated Support
 - Wider
3. Share your results

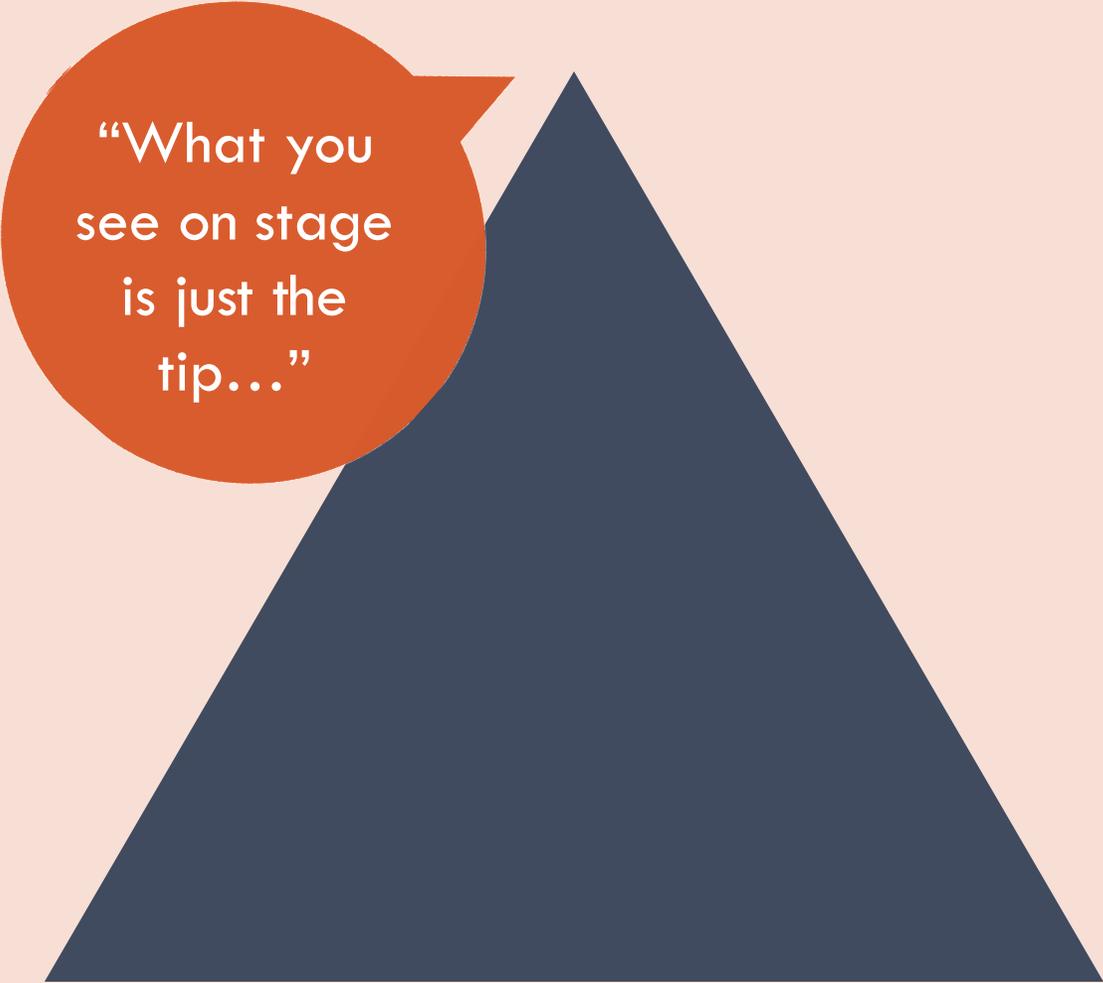
MAPPING THE PYRAMID



DEBRIEF – WHAT SURPRISED YOU?



FOLLOW-THE-MONEY BREAK-OUT



“What you see on stage is just the tip...”

Instructions

1. Pick a Supplier.

2. Create a line from the Supplier through to its end.

3. Label one supplier we haven't thought of.

BEYOND THE TICKET – WHY EVEN NON-ATTENDERS CARE



Use value



Non-use value

LEAKAGE, DISPLACEMENT & DEADWEIGHT

| Non-use benefit (technical term) | What it means in plain English | Concrete example in a cultural-venue setting | Typical way it is monetised |
|----------------------------------|--|--|--|
| Existence value | People feel better simply knowing the venue and its artistic output are there, even if they never go | A resident who has never attended the Theatre still likes that “our town has a live-performance hub” | Contingent-valuation survey asking maximum annual donation to keep the venue operating |
| Altruistic value | Satisfaction that <i>other</i> people can enjoy or benefit from the venue today | Parents who work late may never visit, but are happy local school groups get subsidised matinees | Same WTP survey framed as “so that others can continue to attend” |
| Bequest value | Wanting the venue preserved for future generations | Elder residents donate to ensure the heritage cinema organ is still heard by their grand-kids | WTP question phrased “to safeguard the theatre for the next generation” |
| Option value | Value of <i>having the option</i> to attend in future, even if you haven’t yet | A newcomer who hasn’t been to a show but plans to one day | Choice-modelling: respondents choose whether to pay a small levy to keep the “option” open |

LEAKAGE, DISPLACEMENT & DEADWEIGHT

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|---|---|---|---|
| Prestige / civic-pride value | Pride, identity and “bragging rights” attached to a cultural landmark | Locals feel their town is more sophisticated because it hosts an annual fringe festival | Well-being valuation scales for “civic pride”, or proxy measures from place-branding studies |
| Social-capital value | Belief that the venue knits the community together even without personal attendance | Residents perceive that the theatre’s foyer talks and foyer exhibitions help neighbours mix | Social-return-on-investment (SROI) methods; qualitative→financial proxies for social networks |
| Cultural heritage stewardship | Knowing a piece of heritage or artform is being conserved | Community grants to maintain a 19th-century playhouse facade | Choice-modelling of heritage attributes; bequest valuations |
| Inspirational / knowledge spill-over | Satisfaction that artists are pushing creative boundaries and schools can tap that | Citizens value that local students can learn lighting design from the venue’s tech crew | Stated-preference studies on educational outreach; willingness to fund youth programs |

MEASUREMENT

| Technique | Plain-English definition | How it works | Real-world cultural-venue example | Why you would use it |
|---|--|---|--|---|
| Contingent Valuation Method (CVM) | A questionnaire that asks people directly “ <i>What is the maximum amount you would pay (or accept) for X?</i> ” where <i>X</i> is a hypothetical change (e.g. saving a theatre from closure). | Respondents are given a short scenario (the “contingent” world) and then state their willingness to pay (WTP) via a single bid, a payment-card or a Yes/No to a proposed levy. | Walsh Bay Arts Precinct, Sydney – a 2017 study asked NSW households how much extra annual tax they would contribute to help fund the precinct’s redevelopment; positive WTP was found well beyond inner-city postcodes | <ul style="list-style-type: none"> • Delivers an easy-to-quote single figure (“the public values the project at \$ Y m per year”). • Captures both users and non-users in one step. |
| Willingness-to-Pay survey (WTP survey) | The specific question module inside a CVM or choice study that elicits the dollar amount. | May use open-ended, payment-card, or referendum formats. The phrasing, payment vehicle and starting amounts are pre-tested to avoid bias. | Sydney Opera House 40-Year Valuation – 3,000 Australian residents were asked what extra annual tax they would allocate to keep SOH funded; the average came out at \$6.70 per person , implying a non-use value of \$2.07 billion | <ul style="list-style-type: none"> • Provides the raw data needed to compute mean or median WTP. • Can be dropped into almost any Audience survey. |

MEASUREMENT

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|--|--|---|---|---|
| Choice Modelling / Discrete Choice Experiment (DCE) | Instead of one figure, people choose between bundles of attributes (e.g. ticket price, seat comfort, heritage condition). By observing the trade-offs, economists infer WTP for each attribute. | Survey presents repeated “Which option would you pick?” tasks, each including a cost attribute. A multinomial logit or mixed-logit model converts choices into marginal WTP values. | An Australia-wide DCE on Old Parliament House, Canberra estimated separate WTP for extending exhibitions, adding events and upgrading the café—valuable for staged investment planning. | <ul style="list-style-type: none"> • Gives attribute-level prices (e.g. “\$4.80 per visitor for fully restored foyer”) rather than one lump sum. • Lets you model alternative investment packages and pick the best bang-for-buck. |
| Stated-Preference (SP) study | Umbrella term for any method (including CVM and DCE) that asks people to state preferences in a hypothetical market rather than observing real purchases. | Can be one-shot (CVM) or multi-choice (DCE); always involves a carefully crafted scenario, piloting and bias checks. | Valuing Victoria’s Heritage (2017) – replicated the landmark 2005 study using choice modelling to estimate Victorians’ WTP for keeping heritage places in “good” condition; total heritage stock value was put at ≈ \$1.1 billion | <ul style="list-style-type: none"> • Practical way to monetise <i>non-use</i> benefits • Recognised by NSW & Commonwealth Treasury guidelines for social-cost-benefit analysis. |

SURVEYING NON-USE VALUE – THE NUMBERS



Adelaide

Festival

CVM \$27 mean WTP



Tasmanian

Heritage Rail

CE \$41



Melbourne

Music Scene

CVM \$38

WRAP & WHAT'S NEXT



Follow the money
beyond the stage



Watch for leaks
and myths



Value includes those
who never attend



THANK YOU

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