

Executive Summary on
Market Analysis of
Performing Arts Venues of
The West Kowloon Cultural District

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Glossary

Goer

People (both Hong Kong residents and overseas visitors) who have attended any live performing arts event in Hong Kong in the past 12 months

Non Goer

People (both Hong Kong residents and overseas visitors) who have not attended any performance in the past 12 months

Market Potential

The universe of both Hong Kong residents and overseas visitors that will potentially attend at least one performance out of the 21 Art Forms. These are unique individuals deemed as "goers".

Potential Attendance

The estimated total attendance at any of the 21 Art Forms that was generated from the Projection Model. The numbers are not additive since any one person could attend one or more performances of any one of the Art Forms

Audience Group

A unique audience segment defined by age, gender and education, is used in forecasting future market size and potential attendance.

Audience Survey

The face-to-face survey that was conducted by Hong Kong University Public Opinion Programme ("HKUPOP") during October 2009 in Hong Kong. The survey statistics have been taken as key data input in the projection model.

Art Forms

21 Art Forms include solo recitals, chamber music performances, jazz performances, western and Chinese Orchestral music, non-Orchestral Chinese music, chorus / vocal performances, opera (western), ballet, contemporary dance, dance, Chinese opera, Drama, puppet theatre, multi-media performances, experimental Drama performances, pop music concerts, stand-up comedies, children and family shows, musicals/Broadway theatres, film screening, outdoor tented/open ticket performances as mentioned in the Recommendation Report of the Consultative Committee on the Core Arts and Cultural Facilities of the West Kowloon Cultural District ("WKCD") that can be performed in the performing arts venues of the WKCD.

Executive Summary

A. Objectives of Study

This consultancy study aims to ascertain, through market researches, the existing and potential audienceship / clientele of the performing arts ("PA") venues of the West Kowloon Cultural District ("WKCD") locally, regionally and internationally with an attendance projection for 20 years up to year 2030. The consultancy study also aims to provide a SWOT analysis, identifying the strengths and weaknesses, opportunities and threats, for the PA venues with comparable PA venue clusters and their programming in the Pearl River Delta ("PRD"), major cities in the Mainland and overseas.

The major findings and recommendations of this consultancy study consist of -

- An assessment of existing and potential local, regional and international audiences for the PA venues with an attendance projection of 20 years up to 2030;
- An analysis of comparable PA venues locally and internationally;
- A review of the phased development of the PA venues of the WKCD; and
- SWOT (strength, weakness, opportunity and threat) analysis, strategic positioning and marketing strategies for the proposed PA venues of the WKCD.

B. Overview of Methodology

In order to achieve the abovementioned objectives, both primary and secondary research were conducted by the Consultant. At a micro-level, demographic, behaviour and potential interests of current Hong Kong audiences, attitudinal and demographic information on prospective visitors to Hong Kong from the top 10 countries with highest visitorship to Hong Kong, as well as attendance and utilisation information on PA venues in Hong Kong were gathered. At a macro-level, an understanding of the industry demand and supply of venues, its clientele and overall PA climate in Hong Kong, PRD and internationally other parts of the world were examined. Taking into account factors including changes in education levels, cultural and residency policies, marketing efforts, branding efforts, ticket prices and supply of cultural events and competition, the Consultant has estimated the potential attendance to individual Art Forms under the "Aggressive", "Base" and "Conservative" cases respectively.

Attendance of Hong Kong Residents

In estimating attendances of Hong Kong residents at WKCD PA venues, two surveys were conducted by the Consultant to obtain information for inputs to the projection model. First, audiences at 28 PA performances in Hong Kong were surveyed to understand the demographics and audience behaviour with respect to the performing arts. Second, a random telephone survey was conducted to determine the overall level of performing arts attendance by Hong Kong residents. The information obtained from these two surveys was combined to provide a demographic profile of local audiences in the year 2009. Together with population forecasts from Census and Statistics Department ("C&SD"), such a demographic profile formed the basis for projection of attendance of Hong Kong residents from 2010 to 2030 in five year intervals.

Attendance of Overseas Visitors

In order to estimate and project potential attendance from overseas visitors, the Consultant has used existing data from Hong Kong Tourism Board ("HKTB") on the profile of visitors who have attended PA performances in Hong Kong from the top ten countries / territories with highest visitorship to Hong Kong, namely

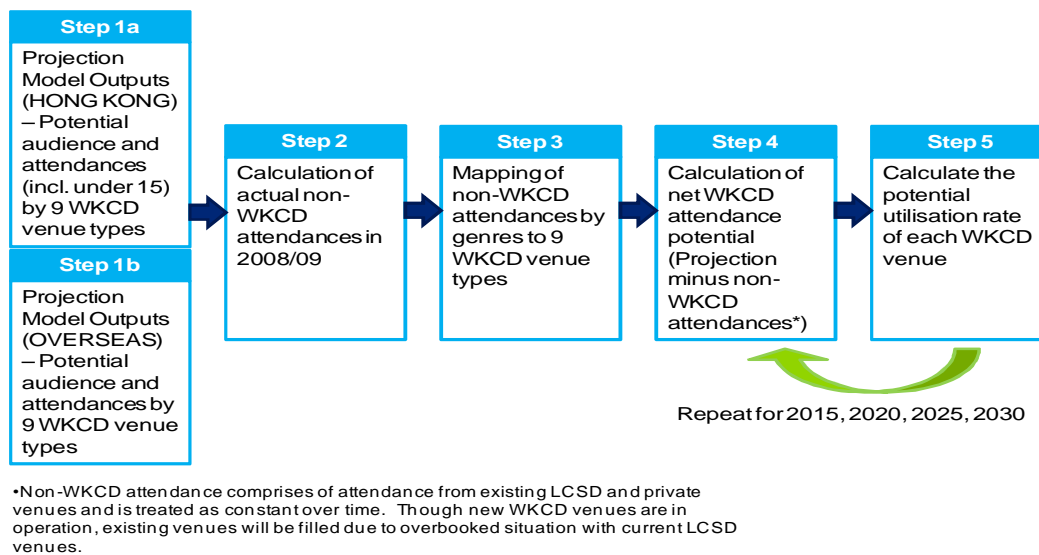
- Mainland China (including PRD and other areas of Mainland China)
- Taiwan
- Japan
- South Korea
- The Philippines
- Australia
- United Kingdom
- United States
- Macau S.A.R. and
- Singapore

Based on the Consultant's projections of tourist growth up to 2030 (which takes into account factors including economic growth outlook, new attractions, accommodation/hotel room inventory, transportation infrastructure, and key outbound tourism policy in Mainland China, the Consultant has projected the attendance to different Art Forms by overseas tourists. The results of overseas projection were then combined into the local audience projection to develop the potential market projection for each of the Art Forms (mentioned in the Recommendation Report of the Consultative Committee on the Core Arts and Cultural Facilities of the WKCD ("CC Report") between 2010 and 2030 at five year intervals.

Net Potential Attendance of WKCD PA Venues

The potential demand for PA venues, in terms of the estimated potential attendance, would be met by both the existing and expected supply in non-WKCD venues and the future supply of PA venues in the WKCD. The net potential attendance for the WKCD PA venues is accounted for by 'netting off' attendance figures of existing venues including Leisure and Cultural Services Department ("LCSD") and other non-WKCD venues (i.e. the Hong Kong Academy for Performing Arts ("HKAPA"), Hong Kong Convention and Exhibition Centre ("HKCEC"), AsiaWorld-Expo ("AWE"), and Sunbeam Theatre) in fiscal year 2008/2009.

Figure A : High Level Methodology on Combining HK & Overseas Model and Venue Phasing



Potential Utilisation Rates

Potential utilisation rate, is used to test the rate of absorption of proposed venues for a specific venue type and the number of venues needed at a specific time point. The potential utilisation for each of the PA venue types of the WKCD is assumed to be an average attendance rate of 80% of the seating capacities of the venues. The Consultant recognises that attendance will vary and that for most events, a 100% attendance cannot be realistically assumed. Dividing the estimated net potential attendance for each WKCD venue by 80% of its seat capacity on an annual basis gives the potential number of performances for each venue in one year. This figure is then compared with the average number of performances that may be held in each venue (the average number of performances held in similar non-WKCD venues are used) to give a ratio indicating the potential utilisation rate of each venue per year. With reference to the potential utilisation rates of the types of PA venues from the year 2015 to 2030, the Consultant has recommended the phased development of the PA venues of the WKCD.

C. Key Findings and Recommendations

Estimated Market Potential

Growth of performing arts market potential from 873,000 to over 1.1 million in 20 years.

In 2010, the estimated market potential of both Hong Kong and overseas audience for the 21 Art Forms is approximately 873,000. These are unique individuals who have an interest in attending at least one performance of any of the Art Forms. This market potential pool will gradually increase over the next 20 years to over 1.1 million. This estimated market potential has a projected potential attendance for each Art Form as follows:

Table A: Hong Kong Potential Attendance Projection 2009 - 2030 (Base Case)

Art Forms	2009	2010	2015	2020	2025	2030
	Potential Attendance					
Solo recitals	380,186	387,295	438,403	489,338	530,269	549,229
Chamber music performances	162,372	165,753	185,119	204,358	222,044	229,413
Jazz performances	173,413	174,952	185,146	193,013	194,367	194,767
Western & Chinese orchestral music perf.	764,741	789,738	959,230	1,127,694	1,242,848	1,313,722
Chorus/vocal performances	287,891	293,711	335,354	375,822	405,122	432,978
Other non-orchestral Chinese music	128,167	131,211	153,912	173,853	190,121	207,320
Opera (Western)	238,102	243,350	281,014	318,420	345,124	367,632
Ballet	272,966	278,820	326,281	387,405	465,129	546,155
Contemporary Dance	154,161	155,840	167,898	184,309	200,755	213,735
Dance	221,861	227,188	257,339	285,752	323,653	363,720
Chinese Opera	983,556	1,005,121	1,120,478	1,232,141	1,328,018	1,428,029
Drama	1,335,913	1,358,414	1,532,127	1,752,697	1,987,965	2,263,494
Puppet Theatre	93,305	95,250	105,142	114,256	120,521	123,071
Multi-media performances	168,415	170,547	185,067	196,735	210,544	228,101
Experimental drama performances	103,411	103,973	107,343	110,217	109,519	112,061
Pop music concerts	1,752,950	1,777,887	1,902,916	2,015,664	2,072,711	2,134,544
Stand-up comedies	370,781	376,314	415,363	445,579	472,095	511,122
Children and family shows	182,268	183,942	197,119	210,059	221,414	227,240
Musicals/Broadway theatres	303,077	312,926	340,885	371,675	393,880	415,054
Outdoor tented/open ticket performances	164,732	167,395	187,110	206,650	224,395	236,890

Table B: Overseas Attendance 2009 - 2030 (Base Case)

Event Types	2009	2010	2015	2020	2025	2030
	Potential Attendance					
Chinese music	11,598	12,250	15,719	18,368	20,956	23,492
Western music	6,853	7,261	9,456	11,168	12,814	14,436
Classical music	7,947	8,415	10,934	12,891	14,778	16,636
Western opera	4,063	4,307	5,620	6,646	7,632	8,604
Ballet	5,727	6,065	7,879	9,288	10,648	11,986
Modern dance	4,708	4,992	6,526	7,729	8,881	10,018
Musical	9,758	10,331	13,415	15,810	18,121	20,395
Chinese opera	10,095	10,660	13,663	15,952	18,191	20,384
Theatre	10,070	10,639	13,672	15,994	18,258	20,478
Family Show	11,034	11,680	15,152	17,845	20,445	23,004
Pop music	36,723	39,054	51,771	61,898	71,486	80,989

Highest growth potential in Xiqu, Drama and Orchestral Music

Based on outcome of projection model, Xiqu, Drama and Orchestral music are Art Forms that demonstrate most potential amongst twenty one Art Forms. Growth in these areas is in line with overall venue development such as Yau Ma Tei and Ko Shan Xiqu Centres and various community cultural centres in Ngau Tau Kok area.

Net Potential Attendance of WKCD PA Venues

The estimated net potential attendances of the WKCD PA Venues from 2015 to 2030 at 5-year intervals under the “Base Case” scenario are summarised as follows:

Table C: Estimated Net Potential Attendances of the WKCD PA Venues from 2015 to 2030 (Base Case)

	2015	2020	2025	2030
WKCD Venue Type	Net Estimated Potential Attendance			
Great Theatre	672,921	901,083	1,140,355	1,389,640
Black Box Theatres	185,513	231,450	277,153	331,383
Chamber Music Hall	120,136	177,147	221,316	241,146
Concert Hall	568,947	760,747	896,205	992,959
Xiqu Centre - Venue 1 ^(Note 1) (Performance Venue)	429,994	565,296	884,383	788,256
Xiqu Centre - Venue 2 ^(Note 2) (Small Theatre)	-143,920	-129,569	-117,246	-104,938
Piazza	492,726	549,568	601,781	650,073
Medium-Sized Theatres	110,458	233,900	363,658	510,484
Mega Performance Venue	616,709	806,034	927,531	1,056,127

Notes to Table C

1. The attendance at Xiqu Centre – Venue 1 is calculated under the assumption that Sunbeam Theatre continues its operation throughout the project period.
2. Net attendance is determined by deducting the actual attendance of similar LCSD and other non-WKCD venues from the estimated attendance. Negative net estimated potential attendance are obtained for the Small Theatre in the Xiqu Centre since the potential attendance of the venue is less than the actual attendance at similar LCSD and other existing non-WKCD venues.

Potential Utilisation Rates

The estimated potential utilisation rates of the PA venues from 2015 to 2030 under the “Base Case” scenario are as follows.

Table D: Estimated Potential Utilisation Rates of the WKCD PA Venues from 2015 to 2030 (Base Case)

WKCD Venue Type	Potential Utilisation Rate			
	2015	2020	2025	2030
Great Theatre	143%	191%	242%	295%
Black Box Theatres	385%	481%	575%	688%
Chamber Music Hall	85%	125%	156%	170%
Concert Hall	112%	150%	177%	196%

Xiqu Centre - Venue 1 ^(Note 1) (Performance Venue)	129%	170%	204%	237%
Xiqu Centre - Venue 2 ^(Note 2) (Small Theatre)	-155%	-140%	-126%	-113%
Medium-Sized Theatres	52%	110%	172%	241%
Mega Performance Venue	29%	38%	44%	50%

Notes to Table D

1. The potential utilisation rate of Xiqu Centre – Venue 1 is calculated under the assumption that Sunbeam Theatre continues its operation throughout the project period.
2. Negative potential utilisation rates are obtained for the Small Theatre in the Xiqu Centre since the potential attendance of the venue is less than the actual attendance at similar LCSD and other existing non-WKCD venues.

Venue Phasing

Based on the estimated net potential attendance and the potential utilisation rates mentioned above, a two-phased approach to commissioning different PA venues in the WKCD is recommended as follows.

Table E: Recommended Phasing of WKCD PA Venues

Venues to Be Commissioned	
Phase 1 (from 2015 to 2020)	<ul style="list-style-type: none"> • Great Theatre • Black Box Theatres (x 4) • Concert Hall • Chamber Music Hall • Xiqu Centre – Large • Medium-Sized Theatre
Phase 2 (beyond 2020)	<ul style="list-style-type: none"> • Great Theatre • Medium-Sized Theatre (x 3) • Xiqu Centre – Small • Mega Performance Venue

Strategic Positioning

Development of Mini Cultural Hubs within West Kowloon

Between 2015 and 2020, nine of the 15 proposed venues will commence operation respectively. The West Kowloon Cultural District Authority ("WKCD") has an enormous opportunity to focus on three key areas and shape this cultural district into:

- Southern China's Xiqu Centre
- Hong Kong's Theatre District and
- Music Hub

Xiqu Centre in Southern China

WKCD could adopt the following approach to establish Xiqu Centre in Southern China:

- Establish Xiqu Centre as a hub for high quality Xiqu performance from different regions of the mainland
- Establish Xiqu Centre as a tourist attraction
- Develop Xiqu Centre as a platform to nurture and develop young audiences in Hong Kong and PRD area

Xiqu is an indigenous art to Chinese culture. Several of its genres such as Kunqu and Cantonese Opera have been listed by UNESCO as Intangible Cultural Heritage of Humanity. With the building of the Xiqu Centre, Hong Kong is well placed to become a hub for the appreciation of different genres of Xiqu. Apart from providing a strong base for the development of Cantonese opera which is indigenous to Hong Kong, it will also provide a focal point to attract tourists of non-Chinese origin to explore this Art Form. For tourists, though it may be a one-off visit to the venue, given the large amount of overseas tourists visiting Hong Kong each year, WKCD should focus on efforts to draw this traffic to the future Xiqu Centre. While overseas tourists provide quantity in traffic volume, the emphasis on programme quality should aim to develop local and regional audience, especially among the younger generation in Southern China: the Xiqu Centre can provide a key platform to nurture this crowd.

Theatre District in Hong Kong

With the establishment of the Great Theatre, four Black Box Theatres and a Medium Size Theatre between 2015 and 2020 to house a rich variety of theatrical performances, these venues are poised to become a new Theatre District for Hong Kong. The Great Theatre may become a theatrical flagship of the district, providing spectacular and large scale performances which would appeal to a wide spectrum of local and visiting audiences. To build up the mass of theatre audience, nurturing Hong Kong's young audience is key to future development. Another crucial element is to 'target local but focus regional'. Since the spoken form of theatrical performances in Hong Kong would mostly be conducted in Cantonese, another key region to focus will be PRD where most residents speak this dialect. WKCD could collaborate with the HKAPA and performing arts institutions in Guangzhou to expand the footprint.

Music Hub

WKCD will have been provided with a Concert Hall and Chamber Music Hall by 2020. The Great Theatre, Xiqu and other smaller scale theatres, though not purely music venues, could include a musical element in their programming in the form of opera music, music in a multi-media context, jazz, etc. Given music in its various forms is the foundation and more often than not, the first genre that is exposed to young children, and in their education process they will be encouraged to take up instrumental music in one form or another, WKCD could position the hardware with appropriate audience development strategies to create a Music Hub in Hong Kong.

Marketing Strategies

In order to successfully market WKCD into a world-class cultural precinct, it is recommended that a unique WKCD brand and experience be created. This brand experience has to be consistent throughout the different venues and all touch points for both visitors and residents of Hong Kong. It is as easy as have a consistent look and feel across all communications pieces, tactics and messaging and as crucial as having staff training to ensure that this experience is delivered uniformly across all touch points.

WKCD should focus its strategic marketing efforts across three key segments: 1) current audience, 2) non-goers and 3) potential users of WKCD venues:

1) Current audience

It is recommended that WKCD create awareness of its offerings and programmes to existing local audience in Hong Kong and a unique positioning that differentiates WKCD from other existing performing arts venues in Hong Kong. Additionally, WKCD should establish and maintain communications and collect audience data for future marketing efforts and keep current audience abreast of its offerings.

As for regional and international potential audience, while they may have an interest in the performing arts, they may not perceive Hong Kong as a cultural destination. It is suggested that WKCD create brand awareness of its cultural offerings internationally, in the mainland and in Asia, especially at cities within easy traveling distance to Hong Kong, e.g., Singapore, Beijing, Shanghai, Taipei, Seoul, Tokyo etc, WKCD may also leverage on Hong Kong's unique geographic position in the PRD area and create cultural tourism opportunities for tourists to visit WKCD or attend a cultural performance. With astute and unique programming, there is an opportunity for WKCD to attract an increasing volume of audience from this sector. WKCD should also leverage on internet and other social marketing tools.

World class productions and stars are key to attracting residents of PRD and other cities within easy traveling distance to Hong Kong. WKCD should aim to create its own cultural brand, collaborate with international arts and film festivals and partner with successful international promoters and produce shows/performances in appropriate language to draw this potential segment.

2) Audience development and non-goers

Conversion of non-goers to become a performance arts attendee is a long conversion process which includes creating awareness, providing education opportunities and a combination of attractive and a mélange of different performing arts genres to the general public. The Consultant proposes the following strategies to reach out this large segment and leverage on the large open space that WKCD may potentially have:

- Build awareness among the local population and visitors that WKCD is a public space with exciting activities freely accessible
- Lower the hurdle of 'performing arts'

- Educate public about arts and culture

In efforts to widen the local audience base that could utilise WKCD venues as well as open space, WKCD should focus its efforts on school children and youth today.

3) Potential users of WKCD venues

There are three key groups of potential users of WKCD venues:

- International users such as promoters, producers and agents;
- International PA groups; and
- Local PA groups

The Consultant recommends the following strategies to induce them to WKCD:

- Establish co-promotion risk fund
- Set up familiarisation tours
- Promote WKCD at international conferences

It is also assumed that with its own artistic policy, WKCD should be able to work collaboratively with local and international PA groups to devise performing arts programmes, festivals, etc to attract the right audiences.