ENTERTAINMENT HABITS SURVEY RESULTS

MAY 2007

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The survey was conducted through SurveyMonkey via a link from the Goldstar Events website, using collection strategies designed to get a random sample of Goldstar Events members in all regions we serve. More than 1500 responses were collected.

Here is an executive summary of the findings, followed by further discussion:

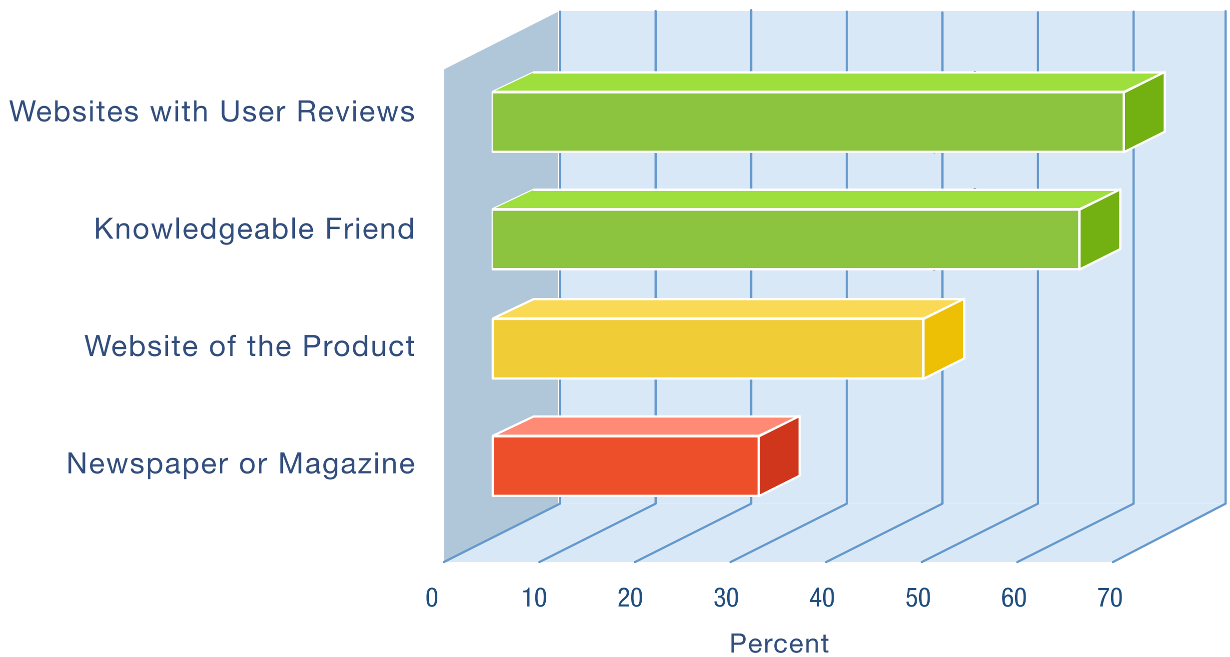
- **Respondents consider websites with user reviews the most important source of information for evaluating a purchase** and trust user reviews over critic reviews of live entertainment by a considerable margin.
- **The 40 and Under audience and the Over 40 audience are significantly different both demographically and psychographically.** The younger cohort values choice and customization to a far greater degree than the older group and is far more ethnically diverse.
- **Live entertainment suffers a substantial 'convenience gap' as compared to going to the movies.**
- **As a means of buying, online methods are preferred by almost all age groups** to both in-person purchases and, overwhelmingly, phone purchases.

The Impact of User Reviews on Decision Making

Goldstar Events routinely conducts “customer chats” through an instant message format. These chats cover a range of topics because we want to understand what our customers are thinking about the issues that affect them. In recent months, the chats have revealed to us a consistently high interest in seeing user reviews for shows, so we took this new insight a step further and included the topic of user reviews as part of our survey for spring 2007.

We were astounded at the results:

% VERY LIKELY TO USE



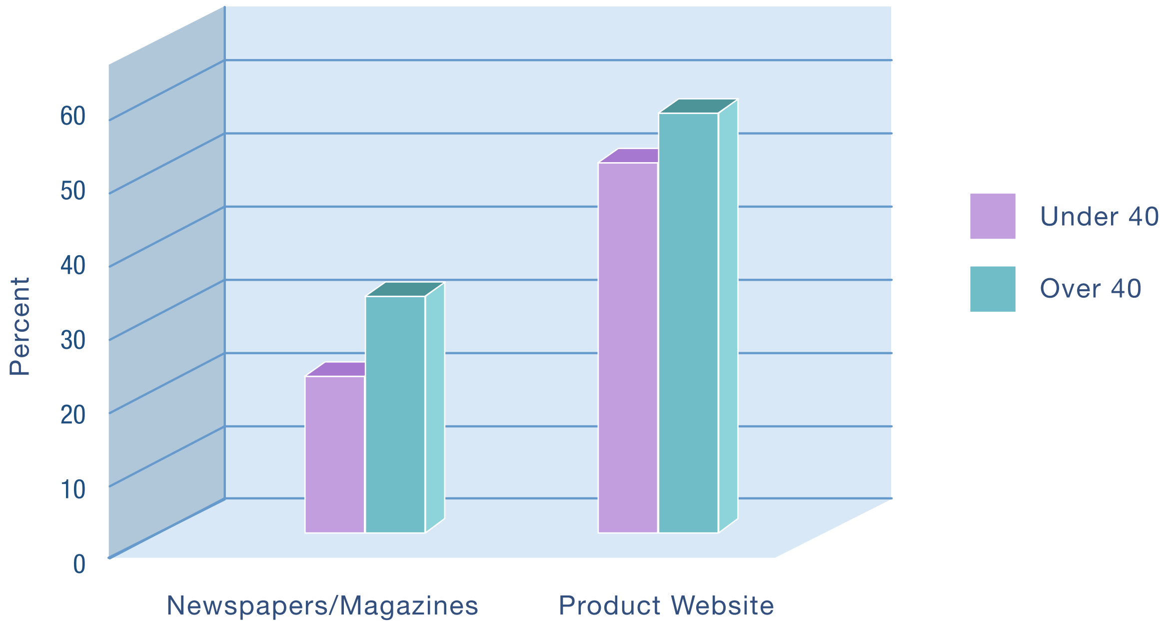
62% of respondents said they would be “very likely” to seek out a website with user reviews, which is more than for any other information source, compared to just 25% for newspapers and magazines, or even 52 and 59 percent, respectively, for the product’s website or a knowledgeable friend.

For respondents, websites with user reviews seem to be their preferred source of information about purchase decisions.

Including those respondents saying they are “somewhat likely” to use website reviews, the total who say they will seek out a website that has user reviews when considering a purchase goes up to 90%.

Interestingly, this was true across all age groups, but there is a twist:

% LIKELY TO USE



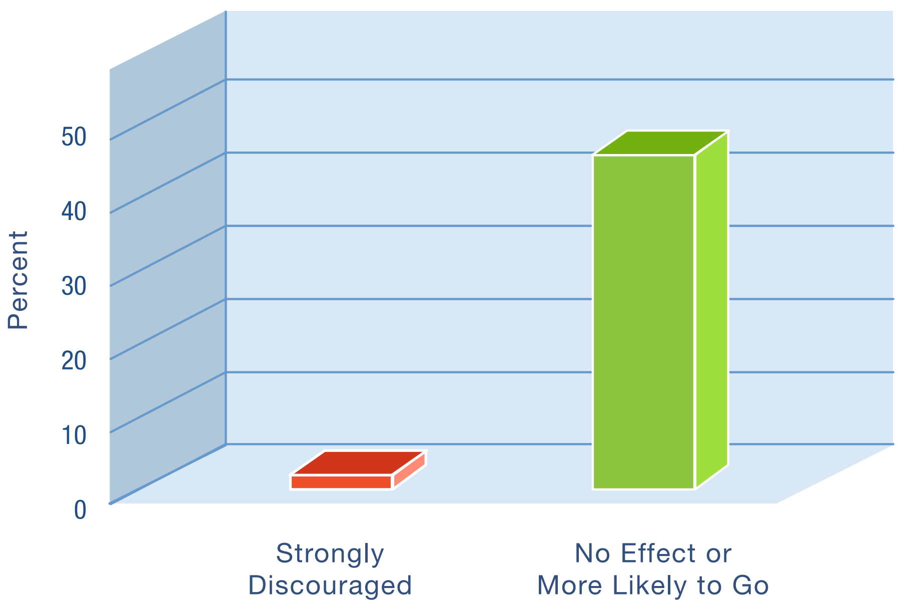
Not only are the Under 40s substantially less likely to use newspapers and magazines as a source of information, they're also less likely to use the website of the product's maker. Perhaps this group is less trustful of claims made by the product's maker.

> For respondents, websites with user reviews seem to be their preferred source of information about purchase decisions.

Digging Deeper on User Reviews

We wanted to understand the impact a major columnist's opinion of a live show (play, musical, music performance, etc.) would have on our audience, so we asked that, too. While our research and work have long led us to believe that critics are more influential on the producers of this content than on the consumers of it, we were once again astounded at the result:

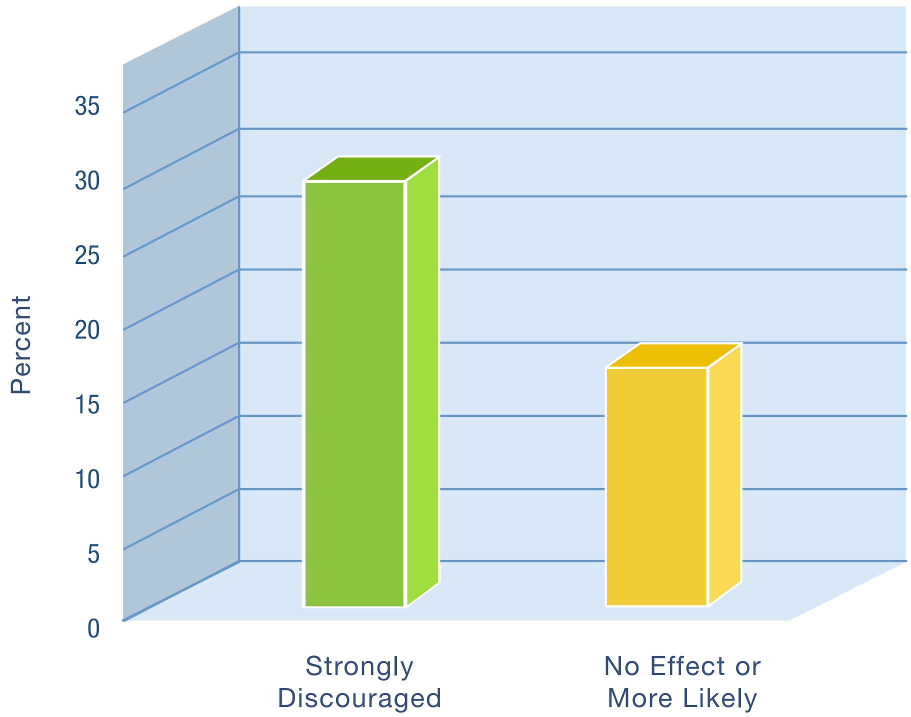
HOW WOULD A BAD REVIEW BY A MAJOR LOCAL COLUMNIST AFFECT YOU?



When asked how a bad review by a major local columnist would affect them, almost 50% of respondents said they wouldn't be affected at all by knowing of such a bad review (and a few even said they'd be more likely to go as a result—there are a few in every bunch!). To be fair, 50.4% of respondents said they'd be "somewhat discouraged" from going, which is substantial.

We asked a second question to test whether this was simply the result of getting any negative information on a potential show rather than saying anything specific about the power of the critic's review. Here's what we saw:

HOW WOULD A BAD RATING ON WEBSITE USER REVIEWS AFFECT YOU?



More than 30% of respondents said negative user reviews on a website would 'strongly discourage' them from seeing a show. This is about 15 times more respondents than would be discouraged by a bad columnist's review. Also, a similar percentage (51.4%) said they'd be "somewhat discouraged" from going and only 18.1% said they wouldn't be affected at all.

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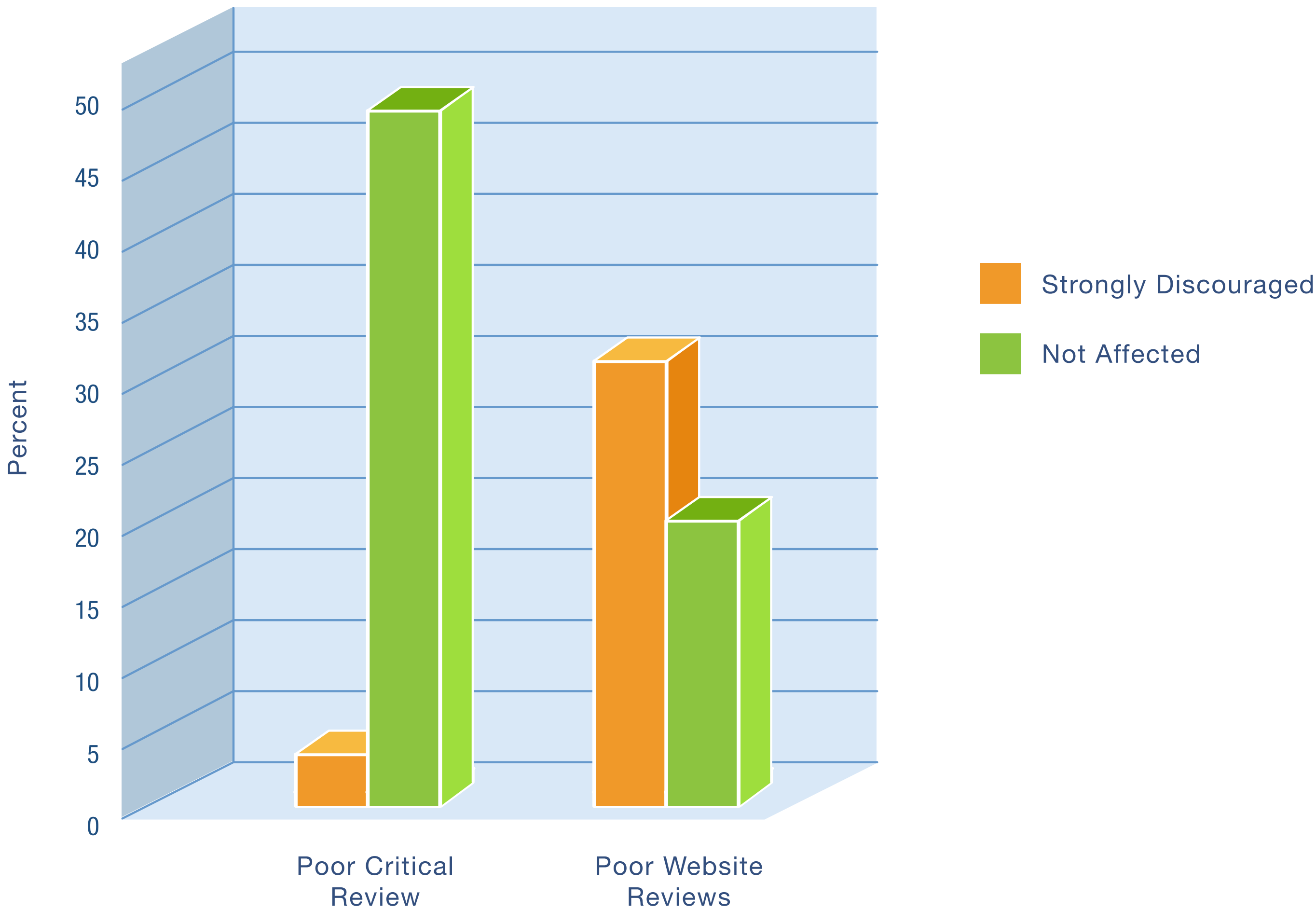
Another look at this data shows this:

HOW WOULD A BAD RATING ON WEBSITE USER REVIEWS AFFECT YOU?

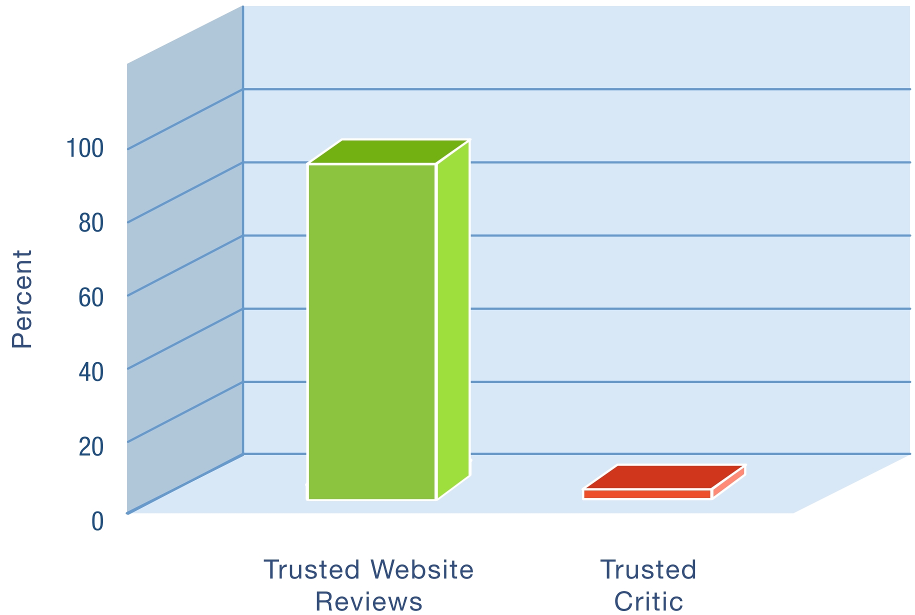


This data demonstrates a sharp difference between the behavior-altering power of website user reviews and a prominent critic's review.

We believe that user reviews have two functions for people: helping them avoid "bad" shows and validating their interest in a show by getting reassurance that it's not "bad." For most shows, the feedback is "good" in the sense that users generally report having good experiences and enjoying their time out.

We therefore wanted to find out what the beneficial effect of user reviews would be on a show that had not been reviewed well. Here's what we learned:

IF USER REVIEWS CONTRADICTED BAD CRITIC REVIEW



In this case, an overwhelming majority either “definitely” or “probably” would trust the good reviews of users on a popular website over the bad review of a critic, one of the clearest, most definitive results in the survey.

In fact, the effect of website user reviews (assuming it’s a trusted website with more than just a few reviews) approximates the power of a personal endorsement by a friend, long considered the gold standard of the tools of influence. 83.8% of respondents would trust the user reviews before the critic, and a similar 86.9% of respondents would trust “a good friend who went to the show.” In that sense, website user reviews are a substitute for that elusive ‘recommendation from a friend’ with a very similar power to influence.

Our analysis of this is that while user feedback is certain to punish live entertainment productions that are poor in quality, they give average or good productions a critical tool to convince increasingly media-skeptical consumers that they will have a good experience. Also, it’s a tool for smaller productions or productions with non-mainstream content to overcome poor critic reviews or low promotional budgets.

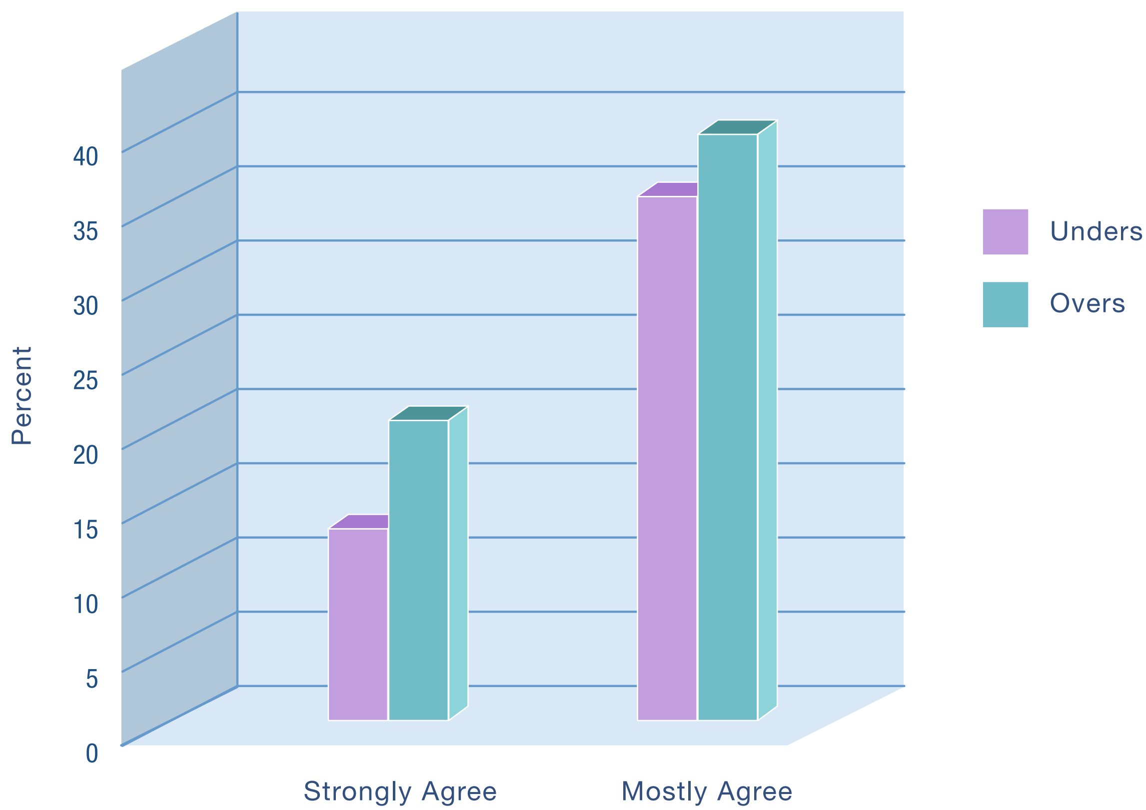
Finally though, it’s critical that live entertainment have viable sources of user reviews because they are the most important source of information for today’s buyer. Without user reviews, the customer has far less confidence in the purchase and probably simply walks away.

Unders and Overs and What the Differences Are

For producers of live entertainment, there are some important differences to understand when it comes to the Under 40 and Over 40 audiences. We had about equal numbers of respondents in each category. We'll refer to them as Overs (those over 40) and Unders (those 40 and under).

For venues with a cultural mission, it's very important to understand a change that is happening in the culture, which the data in this survey supports. We asked to what degree respondents believed they "feel a sense of obligation to support important arts and cultural institutions with [their] ticket dollars." Here's what we learned:

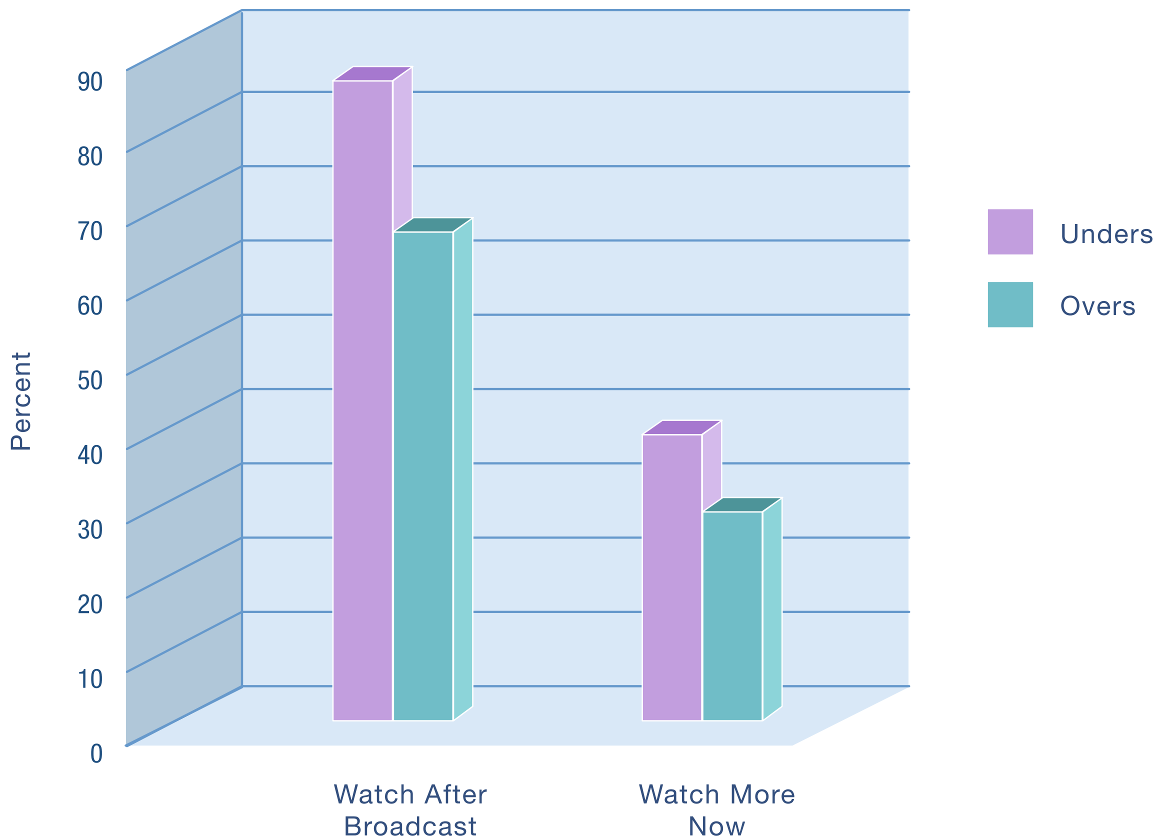
FEEL AN OBLIGATION?



Unders have a far less strong belief that they "should" support institutions by buying tickets simply because it's culturally important. In fact, the most common answer among Unders to this question is that they have "evenly mixed feelings" on the issue. For Overs, it's "mostly agree."

We believe this highlights some important differences in these audiences. Chiefly, Unders value choice and have a higher expectation of being entertained throughout more of their lives. For example, about 85% of Unders have or will soon have an iPod or other mp3 device versus 60% of Overs. Among Overs who do have such a device, they are far less interested in the ability to buy music and video content "one [song, video, etc.] at a time." Also, among respondents who said they own a TiVo or similar digital video recorder, we again see a difference by age:

HOW DO YOU USE TIVO?



Unders are doing two things with TiVo to a greater degree than Overs: they're watching shows they've recorded on their own timetable and they're consuming more TV as a result of having the ability to customize their programming.

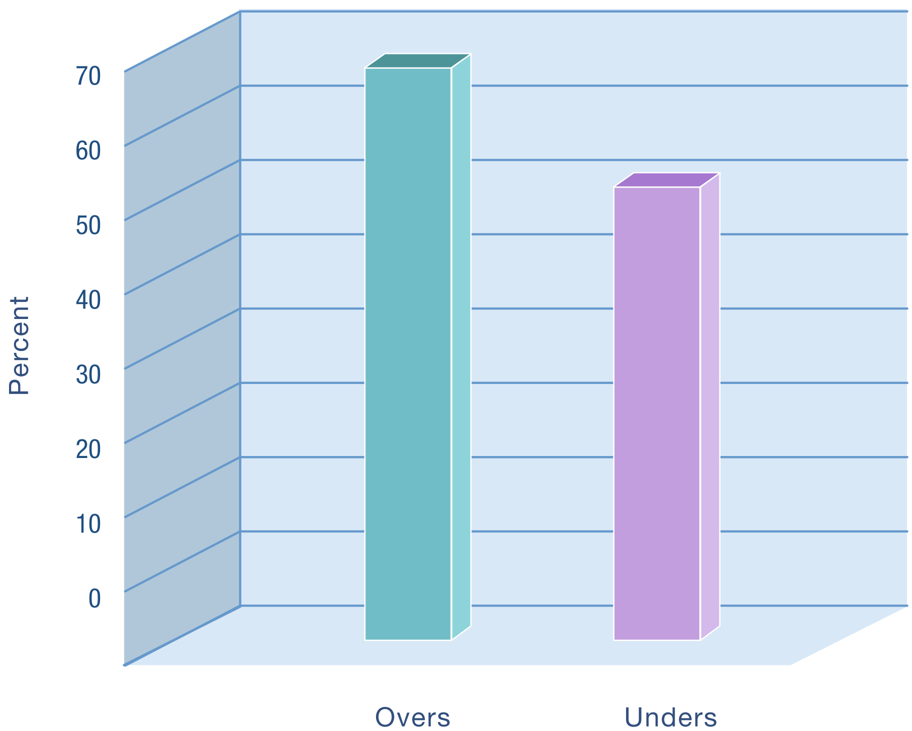
This syncs up with the idea that Unders feel fewer "obligations" and have greater expectations of choice and customization in their entertainment choices.

Demographic Composition

Because Unders compose a majority of our audience, we are sometimes told by venues that they can tell our customers by a shortage of grey hair. This isn't the only difference though, as we repeatedly learn through these surveys. Our Unders are demographically different from our Overs in several key ways.

Here's one:

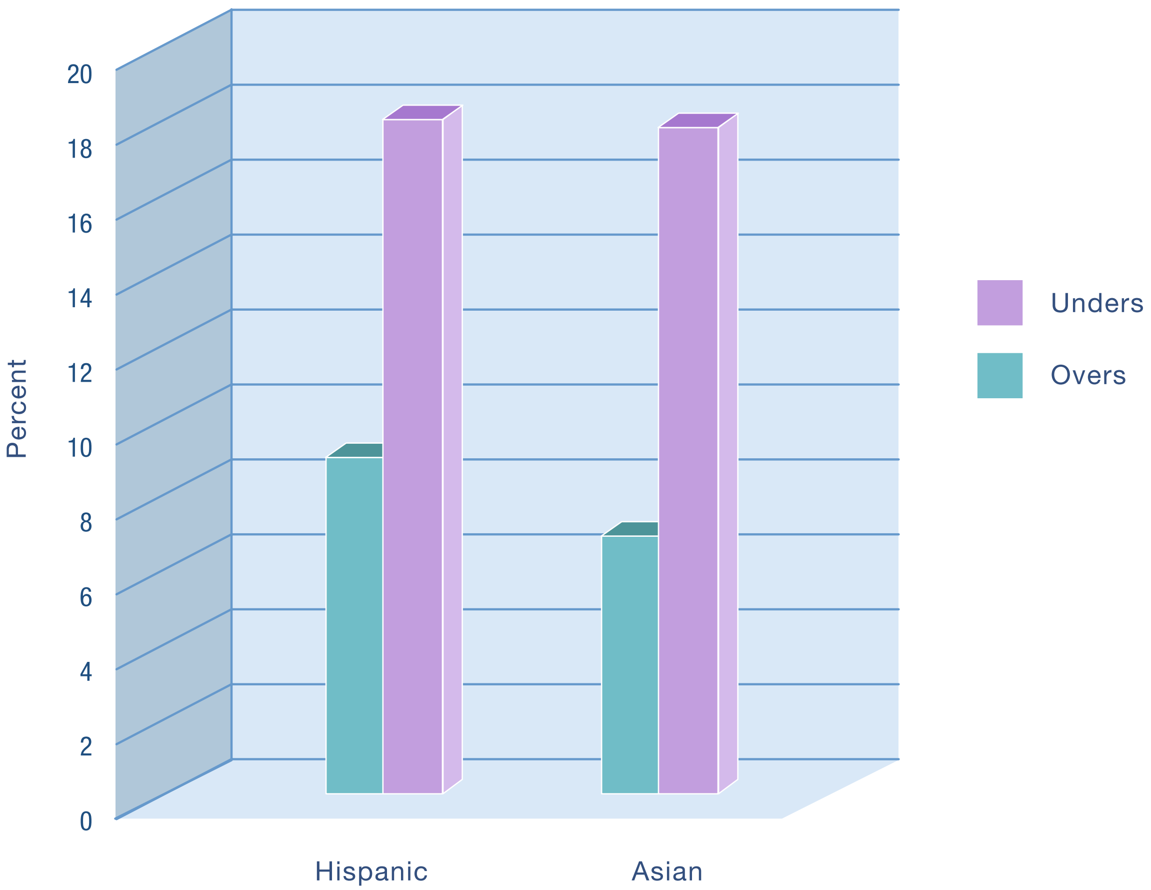
IDENTIFY AS "WHITE"



This graph shows that overall, about 48% of Unders identify themselves as 'White' as compared to 64% of Overs. This difference is even more pronounced in West Coast markets, where only about 40% of the Unders audience describe themselves as 'White.'

The difference in the ethnic composition of the two audiences can be understood by looking at this:

IDENTIFY AS "HISPANIC" OR "ASIAN"



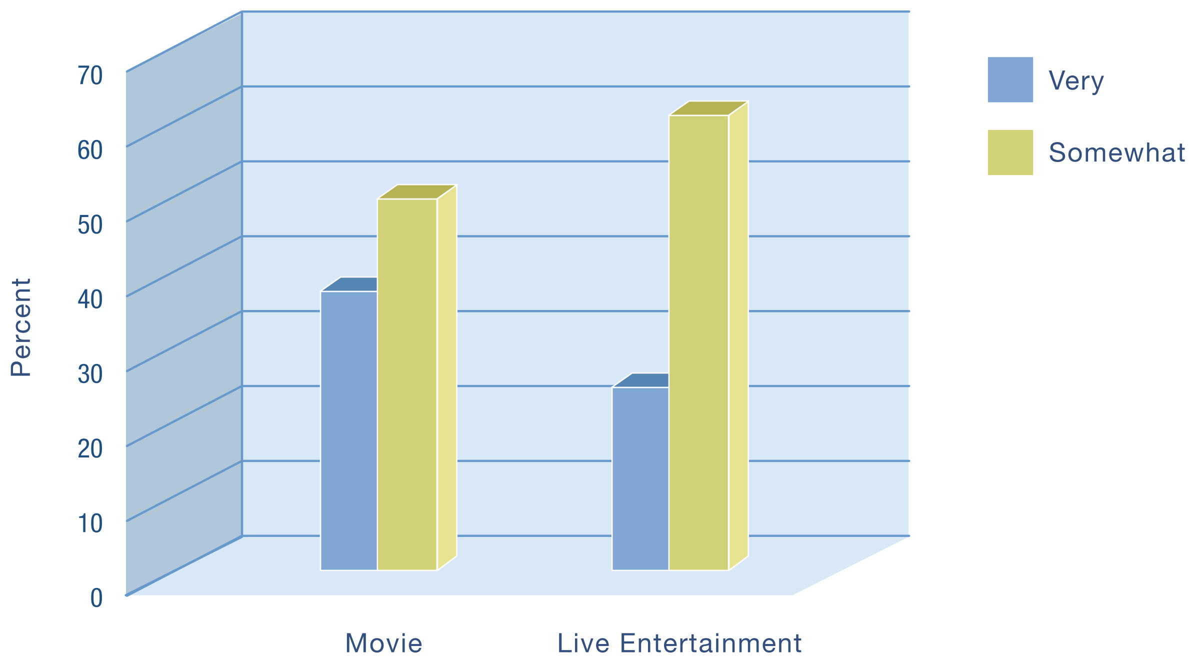
Hispanics and Asians have surged as a percentage of the Unders population, whereas the proportion of other non-white ethnic groups, including Blacks and African-Americans, is about the same in the Overs and Unders groups. This is a demographic shift in the age groups that simply can't be ignored from a marketing and programming perspective.

Buying and Convenience

We believe there are some key ideas about convenience that are important to the whole live entertainment business.

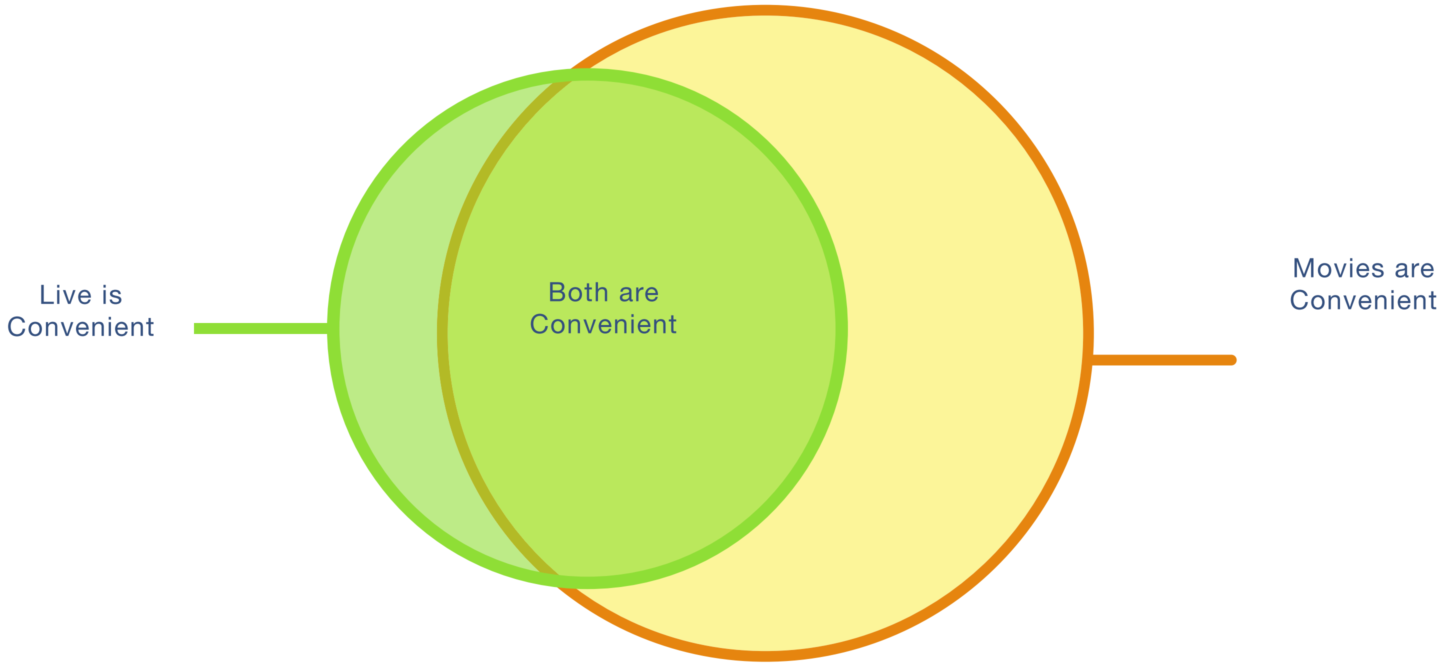
Specifically, we believe that even in major markets like the ones served by Goldstar Events, consumers see going to the movies as significantly "easier" and "more convenient" than going to live entertainment as a whole. Here's the data:

HOW EASY AND CONVENIENT?



There are considerably more people who see movies as "very" convenient and easy compared to live entertainment. The majority of buyers do see live entertainment as "somewhat" convenient and easy and about the same number see live entertainment and the movies as inconvenient (around 20%).

In the middle, between the people who find going out to either form of entertainment inconvenient and those who find both convenient, there are two overlapping groups: one group that thinks movies are very convenient and one that thinks the same thing of live entertainment.



The great majority of those who believe live entertainment is convenient also believe that movies are (74%), but the same is not true in reverse. Only 44.6% of those who find movies very convenient also find live entertainment convenient.

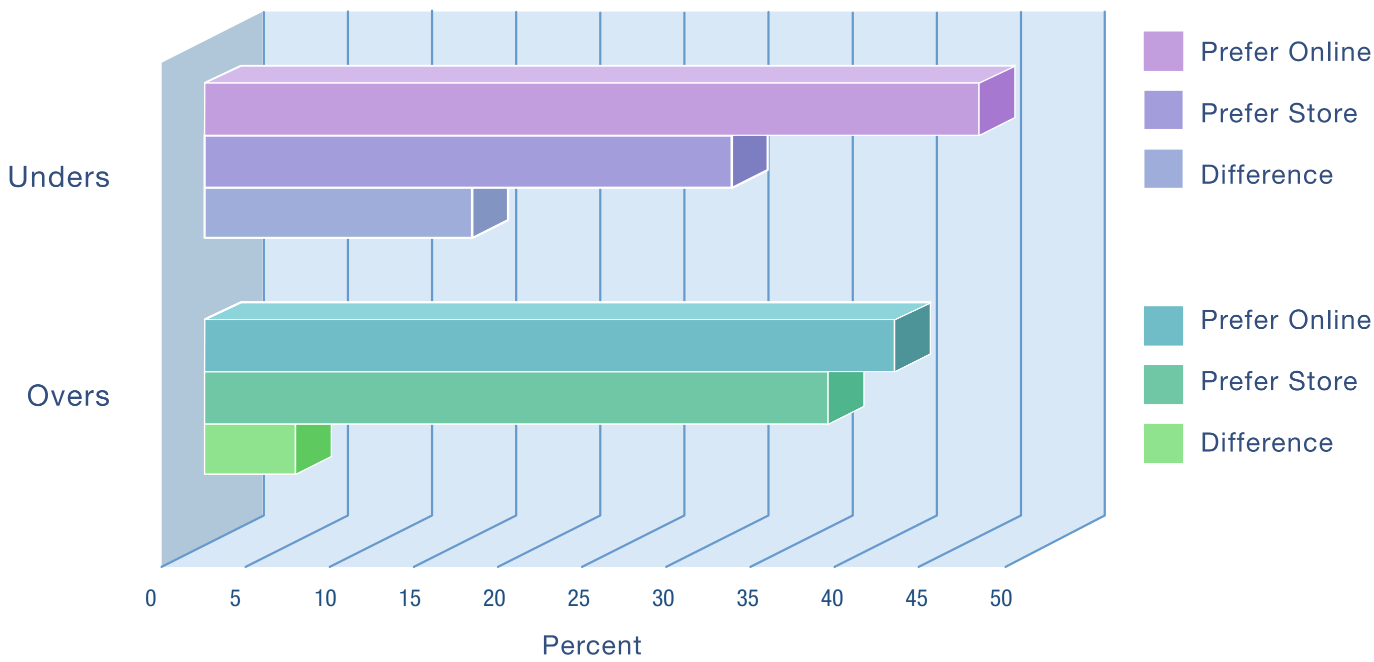
This opens up a significant 'convenience gap' in attracting attendance and dollars that has nothing to do with the convenience of entertainment options being available in the home.

How They Like to Buy

We explored preferred methods for buying as well, since it is directly related to the consumer's perception of the convenience of the experience.

In the absence of a price benefit either way, respondents still preferred buying online to buying in a physical store by a meaningful margin. Among those with a preference, 41.4% preferred online buying versus 32.9% who preferred stores, for a difference of 8.5%. This was more pronounced among Unders and less true of Overs:

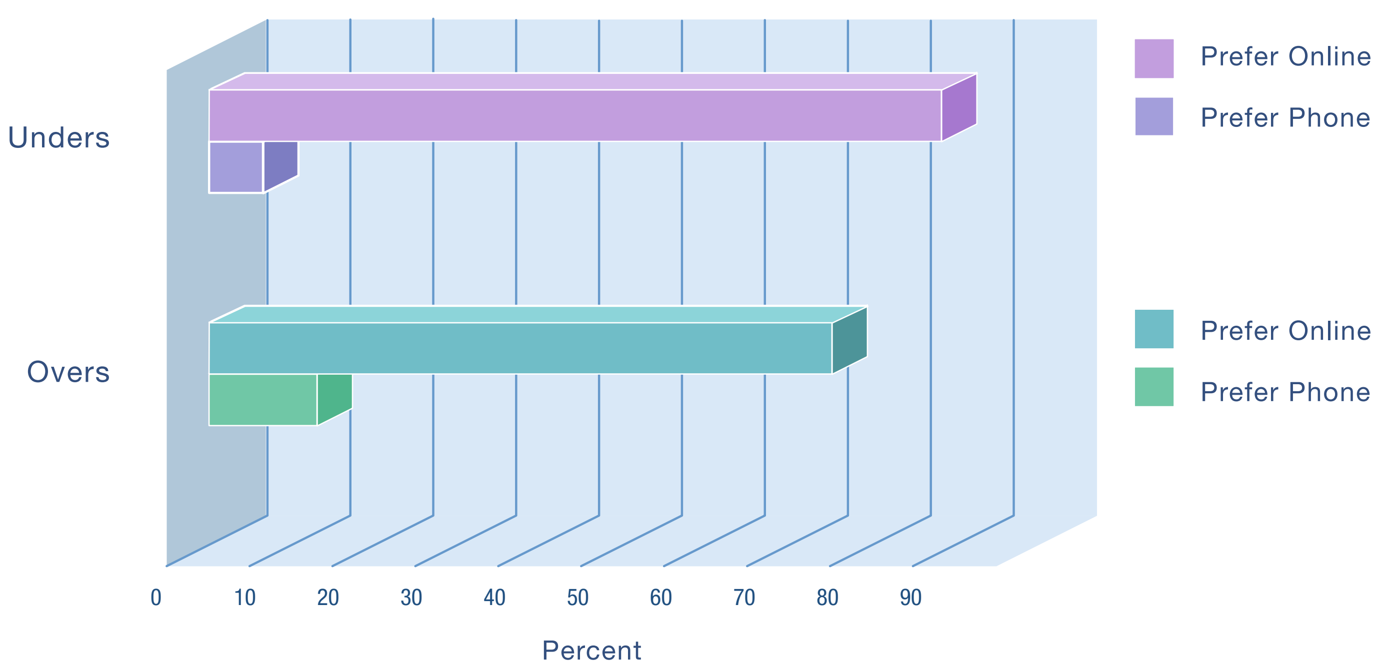
ONLINE VS. STORE



Only among the 61+ cohort was there a preference for stores versus online.

We also asked about phone sales, because it's a major cost and operational issue for most venues, with a long history as a primary tool for customers buying tickets for live entertainment. Again, if no price difference is present, customers expressed a strong preference for online versus phone, but this time, it was a wipeout:

ONLINE VS. PHONE



Even among the oldest cohort (61+), there was a strong preference for buying online versus buying by phone, with a 38.1% differential.

For Unders, telephone access to the venue may continue to be relevant as a customer service tool, but as a sales channel, it appears to be disappearing from relevance. Even among the older cohorts, there is little enthusiasm for phone sales, and we speculate that it functions best as a back-up for this audience when internet purchasing is unavailable. Given this data, the cost and effort of phone support for sales in many venues is perhaps out of sync with its importance, particularly among venues selling primarily to younger patrons.

For more information on this survey or to arrange an interview with Jim McCarthy of Goldstar Events, please contact Ms. Patch Canada at pcanada@goldstarevents.com or 703 727 4439.