



The Institute of Outdoor Theatre

Business Models

There are a variety of different sizes and styles of outdoor theatre facilities as well as a number of different business purposes for which they are built. Yet we tend to use the terms “outdoor theatre” or “amphitheatre” synonymously as if they were all the same. Whether the venue has 19,000 seats and presents hugely profitable popular concerts or is a concrete slab at the foot of a hill in a park for local bands and weddings, we call them all amphitheatres. In order to successfully plan a new outdoor venue, evaluate its competition, and position it in the marketplace we need to be clear about the business purpose we want to accomplish and then suit the venue to that purpose.

While there are many different types of outdoor theatres, their business purposes can be categorized within four basic types.¹

1. Commercial Venues, Sheds or Pavilions: The primary purpose of these businesses is to make significant profits by entertaining thousands of visitors who will park, buy tickets and consume concessions. These venues can range in size from a few thousand seats to over 20,000. In some cases, athletic stadiums are utilized to further increase seating capacity. The managers of these venues may be large companies like Live Nation (formerly Clear Channel) or facility management companies such as SMG or AEG, booking from major promoters and agencies. The attractions which perform in these venues are strong draws: stars or bands who can command high ticket prices for large audiences. Examples include the Red Rocks Amphitheater in Denver, Hollywood Bowl in Los Angeles and the Gorge Amphitheatre in Quincy, Washington.

The remaining three types are usually non-profit ventures requiring different degrees of subsidy. That subsidy can take many forms, and these theatres can be generally classified as follows:

2. Passive Park Facility: This theatre is typically the simplest of facilities and may have no equipment other than a few electrical outlets. Groups can perform by signing up with the Park or even just spontaneously showing up. Park policy usually prohibits selling tickets but may permit passing the hat for contributions. The main purpose is to add to the quality of life in a community by providing another type of recreation, along with ball fields and playground equipment. The cost of constructing, maintaining and cleaning the facility is absorbed by the parks and recreation department of the local government, and that department also handles scheduling. Any park with a band shell or a concrete slab or raised platform for performances is an example of this type of outdoor theatre.

¹ As with all categories, there are many examples of theatres which are hybrid combinations of two or more of these types. The central question of planning still pertains: for what purpose is the theatre established and what is its appropriate business model?

3. Complimentary Attractions: Facilities created for this type of performance are designed to enhance a larger profitable business such as a mall, downtown area or condo complex. The purpose is not to make money, but to provide entertainment and relaxation for the businesses' primary customers: visitors, residents and shoppers. The strategy is to create an additional enticement for staying on the property. These events are usually free to the public. The facilities can be attractive but usually have fairly limited production capacities. Production equipment tends to be minimal with provisions for user groups to bring in additional technical support as needed. Performers may be charged nominal rent to use the stage or paid a fee, depending on the operation. There is often some provision for food and beverage to generate additional revenue, but it is more to satisfy the audience than to make money. The parent business or developer subsidizes the costs of these facilities and performances. An amphitheatre or stage in front of a fountain in a shopping mall, a food court with a stage, or a mixed use shopping and residential development with an outdoor performance area are examples of this type of theatre.
4. Mission-Driven Theatre: This type of theatre always has a mission: artistic, community service, educational, religious, social or some combination of these. It may also have secondary purposes such as being a tourist attraction or bringing visitors to the downtown, but its programmatic selections are informed by its primary mission. These theatres can produce their own work, or present traveling attractions, or both. Where profit is the purpose of the Commercial Venue, recreation is the rationale for the Park Facility, and entertaining the customer is the goal of the Complimentary Attraction—the merit of the performed work itself is central to the Mission-Driven Theatre. These theatres typically earn a significant portion of their expenses (generally, between 50-80%) from ticket sales, concessions and parking; and they have more or less reliable sources of unearned income to make up the shortfall. That unearned income can come from fundraising and sponsorship activities and/or the direct or in-kind contributions of one or more partners.² This type of theatre usually has a well-developed facility for producing or presenting a variety of types of events and a full-time specialized staff of anywhere from 2-10 people with an additional extra-help brought in during the summer.³ The types of plays or other performing arts presented by this type of theatre are only limited by the imagination and talent of its leaders and the capacity and preferences of its market. Shakespeare festivals, musical comedies, history plays, religious pageants and the full range of music, dance and drama touring events can all be found in Mission-Driven Theatres.

² An example of in-kind support would be a Park system providing grounds maintenance or other services that the theatre would otherwise have to pay for. Partners, such as municipalities or colleges, can also provide direct financial support through a budget allocation for staff or other types of expense.

³ These staff numbers are an estimate for a theatre with a budget of up to about \$2 million. Very large self-supporting theatres can have staffs of well over 100 persons.