

Advancing with e-commerce

Glen Street Theatre

www.glenstreet.com.au



The business

Glen Street Theatre, in Frenchs Forest NSW, is a successful regional theatre that presents, produces and supports a variety of performing arts. The theatre has hosted many large theatre companies and provides the local community with a professional venue in which to perform. It comprises a 400-seat theatre, rehearsal room, and licensed restaurant with cabaret venue.



The idea

In 1999 Greg Randall, then Director of Glen Street Theatre, recognised the value of e-commerce in the industry from the e-commerce initiatives of competitors, and general industry trends. The theatre's e-commerce initiatives enhance marketing, sales and office efficiencies, facilitate research, and provide improved customer service and information to patrons. This has involved development of a website to produce sales through an online booking facility provided by Tickets.com. Under the guidance of current Director John Woodland, the initiatives have improved sales, achieved net cost savings and increased market share.



The investment

As evidence of the theatre's commitment to its e-commerce strategy, the initial e-commerce investment totalled \$15,250.

The development costs for the website and online bookings services cost \$10,250 and included technical expertise provided by alliance partner, Tickets.com. Additional telecommunications costs were \$2,000 for ISDN lines and \$3,000 for software to support the website.

On-going e-commerce costs relate to maintenance and connection fees associated with the website and Internet access. The theatre pays Tickets.com a licence fee of \$3,000 per annum to use the software, and \$1,000 to maintain the hardware that supports the website. Other annual ongoing costs are Internet service provider fees (\$300) and telephony fees (\$1,920).

In 2001 the theatre spent \$10,000 on a dedicated server for e-commerce because the existing server handled all the business's other functions and couldn't cope with the additional workload.



Hurdles

The key challenges to implementing the theatre's e-commerce initiative were the lack of technical knowledge within the company, and its inadequate information technology infrastructure. These challenges were overcome through the alliance with Tickets.com, which provided software and support in establishing the website.



NOIE

The National Office for the
INFORMATION ECONOMY

ERNST & YOUNG
FROM THOUGHT TO FINISH.™

Results

The theatre's initial e-commerce investment of \$15,250 was recouped in less than one year. In 2000, it successfully produced a net benefit of \$10,158 for the theatre. With future increases in sales and cost savings expected, a net annual benefit of \$23,948 is projected for 2001.

Through its website, the company has increased sales. Incremental website sales are conservatively estimated at \$20,000 for 2000, and are anticipated to increase to \$30,000 in 2001. As many of these sales are from new patrons, the company has also gained market share. In addition, the company has achieved net cost savings through operational efficiencies.

The e-commerce cost savings are predominantly linked to time savings for theatre employees in research and office administration, and reduced mailing costs for mail outs.

The theatre has also gained a number of non-financial benefits from its e-commerce activities, including improved research capability and enhanced customer satisfaction.

Future

In the future, the theatre's e-commerce focus will be on improving online ticket sales through improved information services. For example, one of the planned features allows patrons to view their seating arrangements with a floor plan of the theatre. The theatre also plans to reduce booking costs by directing regular customers to make website bookings rather than telephone bookings.

The company also plans to incorporate e-commerce initiatives into other areas of the business, such as using online banking for purposes other than payroll. These initiatives are designed to improve the efficiency of processes and provide future cost savings.

	2000 Actual \$	2001 Forecast \$
Revenue from e-commerce	20,000	30,000
<u>Add: E-commerce cost savings</u>		
Time saved by sales team (40 hrs/yr @ \$19/hr)	760	800
Technical research (5 hrs/wk @ \$19/hr)	4,940	4,940
Marketing research (5 hrs/wk @ \$19/hr)	4,940	4,940
Time saved in payroll (1 hr/wk @ \$19/hr)	988	988
Brochure mail-out costs (5000 @ 70c each)	-	3,500
Total e-commerce cost savings	11,628	15,168
Gross benefit from e-commerce	31,628	45,168
<u>Less: Ongoing e-commerce costs</u>		
ISP	(300)	(300)
Software licence fees	(3,000)	(3,000)
Hardware maintenance	(1,000)	(1,000)
Telephony	(1,920)	(1,920)
Total ongoing e-commerce costs	(6,220)	(6,220)
Operating benefit from e-commerce	25,408	38,948
<u>Less: E-commerce establishment costs</u>		
Website development costs	(10,250)	(5,000)
Telecommunications costs (ISDN lines)	(2,000)	-
Hardware	-	(10,000)
Software	(3,000)	-
Total e-commerce establishment costs	(15,250)	(15,000)
Net benefit from e-commerce	10,158	23,948

For further information on this case study please go to www.noie.gov.au