



babaroosa

We are here this evening to share an overview of Babaroosa and let you know how it will contribute to the economic growth and development of Essex and the surrounding communities.

What is Babaroosa? Why Vermont? How will it impact Essex?

Over the next 20 minutes we will provide answers to the following questions.

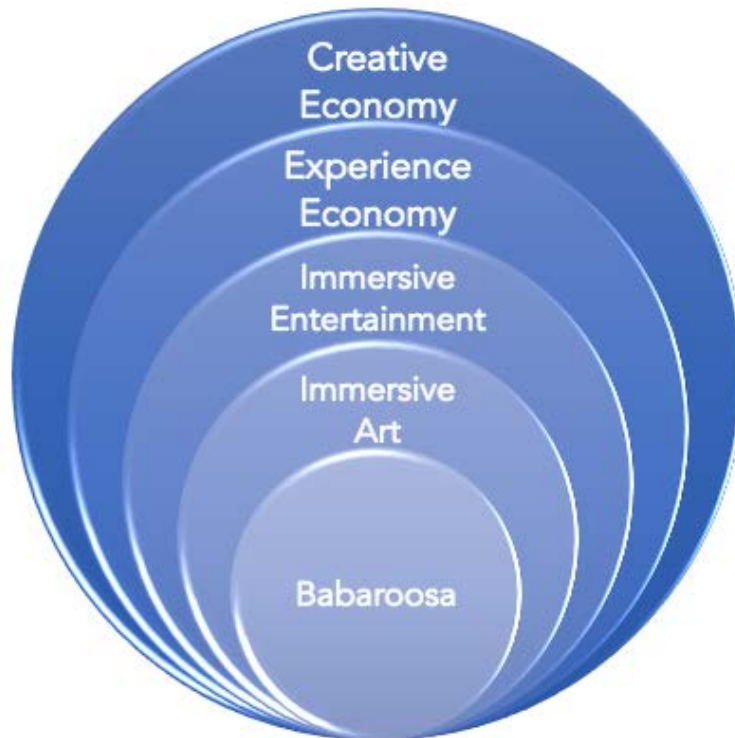
1. **What kind of a business is Babaroosa?
2. **Why is Vermont an ideal location?
3. **How will it impact Essex?



So, what is Babaroosa? Babaroosa is a 20,000 sf immersive arts space that is being built in order to fulfill our mission of igniting the human spirit through creativity. To give you a flavor of what immersive art can be, I'm going to play a 90 second video clip that shows you bits of immersive and installation art from a number of different locations around the world. ** (click to play)

https://youtu.be/8Es_jXuBSic

As you can see, immersive art experiences are exciting and engaging for people of all ages.



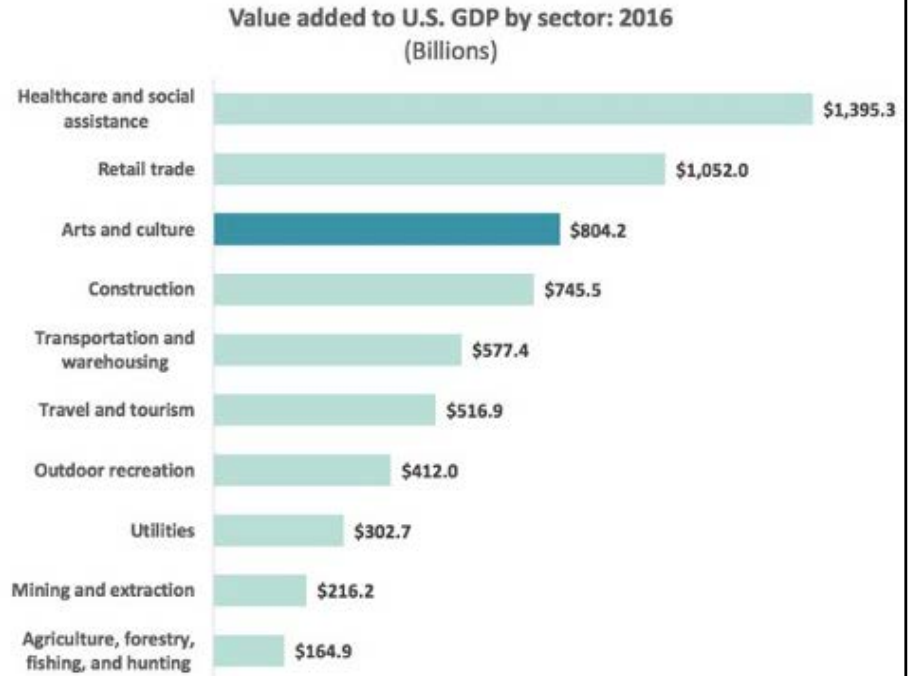
To further your understanding of this project, let's take a moment to put Babaroosa in context as a part of our economy. Begin by looking first at the bottom of this slide and then work your way up. Babaroosa is an immersive arts and immersive entertainment company; part of the rapidly growing experience economy, and an increasingly significant contributor to the creative economy. Each of the categories depicted here represent rapidly growing trends and industries both nationally and worldwide. Over the next couple of slides we will take a brief look at each category, starting with the broadest category first (The Creative Economy).



New England Foundation for the Arts: Jobs in New England's Creative Economy and Why They Matter

The creative economy is based on the use of creative imagination to increase value. Many economists suggest that creativity is the defining characteristic of developed 21st century economies, just as manufacturing typified the 19th and early 20th century economies. The creative economy includes the manufacture of goods, the delivery of services, but most importantly the process of creativity and innovation. The Creative Economy includes the businesses and industries illustrated here including Visual Art, Design, Film & Media, Culture & Heritage, Specialty Foods, Literary and Performing Arts.

Creative Economy



Data source: Gross Domestic Product by Industry, U.S. Bureau of Economic Analysis

In the US, Arts and Cultural production currently is 4.2% of GDP. This is an 800 billion dollar industry. You can see on this chart that Arts & Culture is represented by the darker bar, on the third line from the top following healthcare and retail. It adds more value to the US economy than the Construction industry, Transportation & Warehousing, Travel and Tourism, Outdoor Recreation, Utilities, Mining, and Agriculture.

<https://www.bloomberg.com/news/articles/2019-03-28/arts-and-culture-is-an-800-billion-u-s-industry>

Experience Economy

Megatrend



Spending on things is down

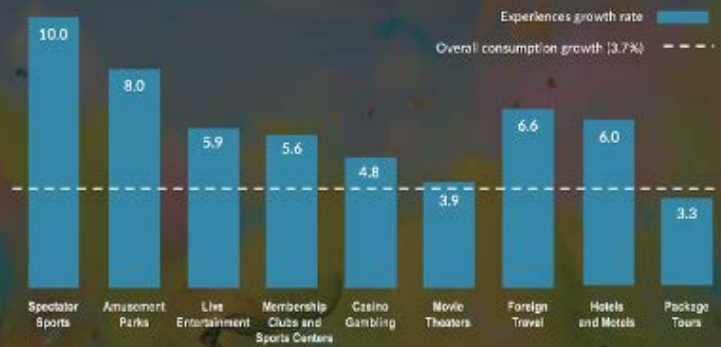
spending on experiences is UP



Next, we want to draw your attention to the experience economy. The Experience Economy is a megatrend that has been well documented and has continued for the past 30 years. Consumers are continuously spending less and less money on things – like clothing and appliances – and spending a larger and larger portion of our income on experiences – like recreation and the arts.

Today we live in the Experience Economy

Consumer spending on experiences is growing faster than overall expenditures



"Faced with the choice of buying a trendy designer jacket or a shiny new appliance or of attending a show, consumers increasingly opt for the show and, more broadly, for experiences with their friends and families."

McKinsey & Company

We borrowed this slide from McKinsey & Company to underscore this point. The dotted line on this graph represents the overall growth rate of the economy. The blue bars show that consumer spending on experiences is growing significantly faster than overall expenditures.

Immersive Entertainment

- Lost within an Experience
- Flow State
- Emotional Connections
- Embodied Experiences
- Co-create Experience

SUB-INDUSTRIES:

- Themed Entertainment
- Immersive Theatre
- Escape Rooms
- Haunted Attractions
- Themed Bars & Restaurants
- Exhibitions
- Virtual Reality (VR)
- Augmented Reality (AR)
- Alternate Reality Games (ARG)
- Experiential Marketing
- Immersive Art Museums

2019 Immersive Design Industry Annual Report

Within the Experience Economy, Immersive Entertainment is a rapidly growing industry. **Immersion gives you a sense of becoming lost within an experience or story. You become so fully engrossed that concerns and responsibilities of the real world often fade away. **Many people experience a state of flow. **Strong emotional connections to the content enhance the experience, creating positive memories and perspectives that we carry with us long after. We've all experienced this when going to an outstanding theater performance, watching a movie or reading a favorite book. Immersive Entertainment becomes even more powerful when it moves off the pages, screens and stages and into an **embodied experience. In some cases, you can actually **help to shape, influence and co-create the outcome of the experience.

**Immersive entertainment includes many sub-industries including Themed Entertainment, Immersive Theater, Escape Rooms, Virtual Reality, Augmented Reality and Immersive Art Museums.



Within Immersive entertainment, Immersive Art is one of the fastest growing segments. Babaroosa is part of the Immersive Art industry.

When most people hear the word, “art” they think of a painting in a frame on a wall, or a sculpture on a pedestal. Immersive Art is significantly more interactive and engaging than a traditional art museum experience. As you saw in our video and as you see in this image, immersive art surrounds you in a three-dimensional artist-created world. You are no longer merely a spectator - you are invited to become a participant.

This is a place where fine art meets fun art, where art becomes not merely an object but an experience.

Now I’ll let you hear from Robert who will explain why Vermont is an ideal location for Babaroosa.

Why Vermont?

So, you might be wondering, will a concept like Babaroosa succeed here in Vermont? After all, Immersive arts spaces are mostly being located in major cities with a few notable exceptions. Too many of us have become accustomed to thinking of Vermont as one of the last places where exciting things come. Whether you are a fan of the retail chain Target or not, the fact remains that many Vermonters were hoping for a local Target and Vermont was literally the last state to actually open one.

Despite our state's smaller population, market research provides incredibly strong evidence that Vermont is an ideal location for a world class Immersive Art Experience. We don't have time to present all the data this evening, but in summary, it shows that we are well positioned to outperform some existing and highly successful venues. Additionally, Babaroosa will have the advantage of being the regional first mover in this industry - a tremendous competitive advantage. Babaroosa will create a magnetic destination for cultural tourism to our state. Let's look at some data to help you understand this opportunity.

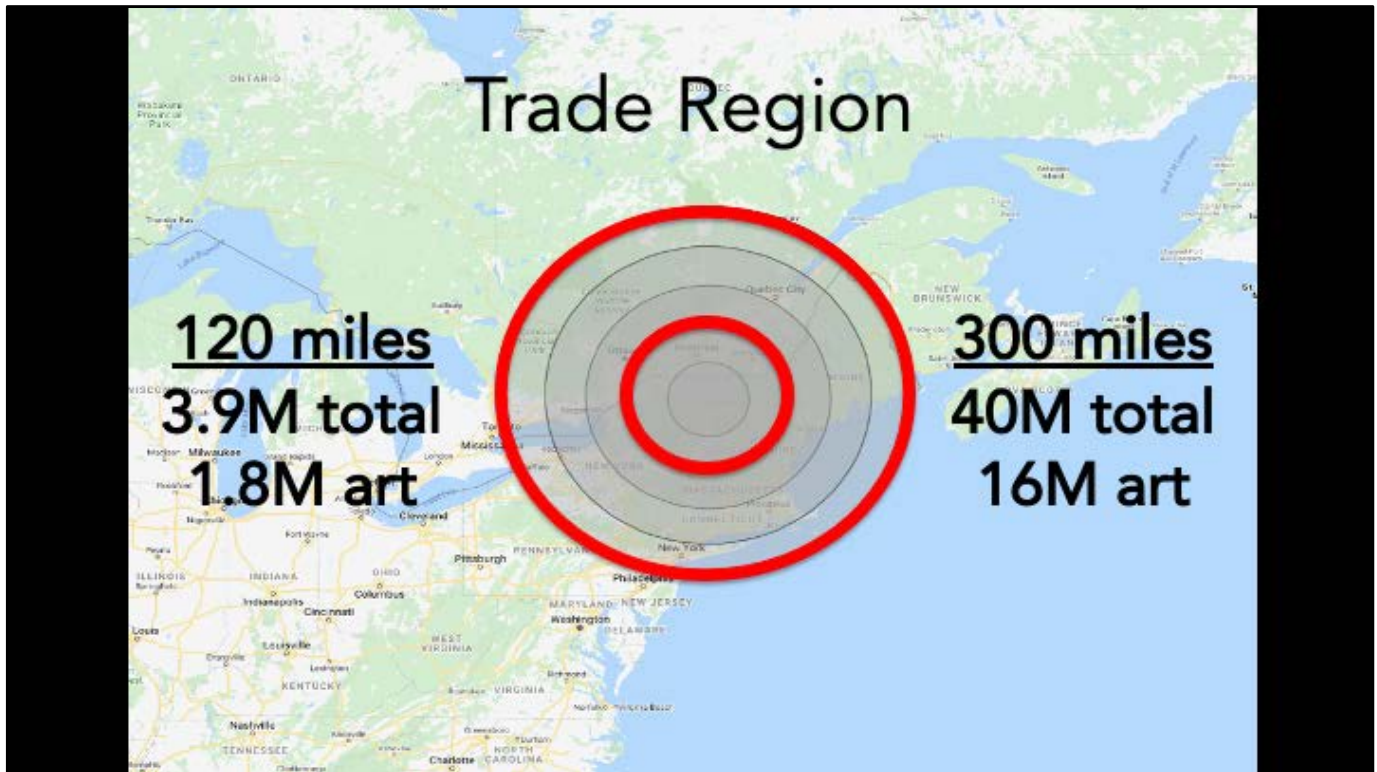
Arts participation rates in VT/New England/Quebec are significantly higher than US average.

State	Attend art exhibit	Attend performing arts event	Personally perform or create art
US Average	23%	54%	33%
Vermont	40% +17	68% +14	50% +17
New England	30% +7	56% +2	38% +5
Quebec	71% +48	67% +13	40% +7

<https://www.arts.gov/impact/research/arts-data-profile-series/adp-23>

This chart shows that Vermonters participate in art at a much higher rate than the rest of the country. Even more importantly, it turns out that our neighbors throughout New England and Quebec also participate in art at rates higher than the national average. Yet the closest permanent immersive art experience is in NYC.

A study by ticket master showed that people on average travel over three hours to attend an event or festival. Babaroosa will be very attractive to individuals throughout our region. Immersive art attracts people from all age and gender demographics. It will certainly attract those who are art participators, but because it is so unique and participatory, it will also attract many people who have never before set foot inside a traditional art museum.



Let's look at the potential in our trade region to see why Vermont is such an ideal location.

Each of these concentric circles represents 60 miles or an hours drive. So everything within this** red circle is within 120 miles.

There are **3.9M people within that ring - and 1.8M of them are established art participators.

Everything within this ** outer ring is within 300 miles. **There are 40M people within that ring - and 16M of them are established art participators.

This is a sizable addressable market and a significant percentage of these folks will visit Babaroosa. The drawing power of immersive art is well established and we're going to provide them with world class memorable experiences that are safe and affordable!

Impacts for Essex

So what impacts will Babaroosa have on Essex?



The first thing you'll see is some new development. We're very excited to be partnering with Peter Edelman to site Babarooosa on the current Essex Experience campus. As you know Peter has changed the name from The Essex Outlet Mall to the Essex Experience, and since then he has been dramatically decreasing the number of national retail chains and bringing in unique Vermont-owned creative and experiential businesses. Combined with the proximity of the Resort, there's a lot of very exciting synergy happening. Babarooosa will be constructing a 20,000 sf addition to the existing building shown here. The combined spaces will house our exhibit along with our corporate offices, our fabrication workshop and a gift shop.



Here is a rendering of the existing building and the planned addition.



Here is a ground level view of the addition.

Impacts for Essex

1. Create and retain quality jobs

Direct Jobs:

- 43 permanent full-time
- \$67,000 avg annual
- Benefits
- Respect & Fulfillment
- Automation resistant
- Quality jobs

Beyond re-development, let's consider the future impacts of what Babaroosa will bring to Essex and the surrounding communities.

1. Jobs

Not only will Babaroosa create permanent full-time jobs, but our presence will boost other business at the Essex Experience, the town of Essex and beyond, allowing them to provide more job opportunities as well.

Let's first take a look at the ****Direct jobs created by Babaroosa.**
****Babaroosa will create 43 permanent, full-time jobs with an**
****average base pay of \$67,000,**** plus benefits. These will be ****respectful and fulfilling creative and service industry jobs.** It is also important to point out that ****creative jobs are among the most automation resistant jobs in the economy. 86% of creative jobs are at low or no risk of automation.**

It is important to consider not only the quantity of jobs, ****but also job quality.** As our economy has transitioned from manufacturing to service, we've seen a national degradation of job quality. The

service sector is notorious for low wages, poor benefits, lower levels of respect and fulfillment. Creative economy jobs in general, and Babaroosa jobs in particular, are well paying with good benefits, and high levels of respect and fulfillment.

Impacts for Essex

1. Create and retain quality jobs

Indirect Jobs

- Buildout jobs
- 3.785 supplier & induced
- $3.785 \times 43 = 163$

TOTAL: 43 direct
+163 indirect
=206 jobs created

Next, let's consider the indirect jobs that will result. During the 2-year **buildout there will be a burst of jobs for contractors and artists as Babaroosa is created. Once open, many indirect but permanent jobs will be created. The **Economic Policy Institute analyzed data from the Bureau of Labor Statistics and determined that 1 direct job in the arts & entertainment sector results in 3.785 (or nearly 4) supplier and induced jobs. So, **Babaroosa's 43 direct jobs would lead to the creation of 163 additional indirect jobs for an overall total of 206 permanent full-time jobs added to our local economy.

Impacts for Essex

2. Diversified economic growth

- Magnet for Innovative & Experiential businesses
- Cultural Tourists spend \$1300 vs. \$800
- Arts = lasting economic growth

2. Diversification and Growth for Essex

Babaroosa's presence will energize growth in Essex by adding an entirely new dimension to the identity and economic drivers for the city.

**Babaroosa will act as a magnet or hub to draw other innovative and experiential businesses to the area, including businesses in fields such as film, music, creative technology, culinary and fine arts. It's interesting that there is a very high correlation between patent holders, Nobel prize winners and art lovers. Innovators love to create and enjoy art. I'm sure you all know that Vermont is amongst the best states in patents per capita, and Essex and IBM were a driver for that. It seems fitting to me that Essex would be "ground zero" for such a creative new endeavor.

**Essex will become the hub and epicenter of Vermont's cultural tourism. There is a lot of economic power in this. Cultural travelers spend 60% more than other travelers (\$1,300 vs \$800 per person per trip.) Cultural tourists also take more trips per year and are more likely to extend their trip.

**There is some very compelling research showing that there may actually be a CAUSAL link between the arts and LASTING economic growth.

This suggests that Babaroosa's impact will not be just a short-term stimulative boost, but will actual create lasting, permanent gains in economic activity.

Spending, 2014

Niemi, Laura. "The Arts & Economic Vitality: Relationships Between the Arts, Entrepreneurship, & Innovation in the Workplace"

<https://www.arts.gov/sites/default/files/Research-Art-Works-Williams1.pdf>

Impacts for Essex

3. Enhanced Quality of Life

- More art = increased wellbeing
- More art = better health
- More art = ↑ community attachment & satisfaction

The final impact we'll highlight is Enhanced Quality of Life. Scientific evidence suggests that Immersive arts experiences are actually good for your health, similar to exercise or spending time in nature.

**Specifically, we know that Measures of wellbeing are positively associated with arts consumption and production. **Older adults who create or participate in art report better health outcomes including lower rates of hypertension, greater cognitive and physical functioning, and pain reduction. **Higher levels of satisfaction with arts and cultural activities are linked to higher levels of both community attachment and community satisfaction. People like living in places that have more art and are more likely to stay. Art infused cities and towns also become more desirable for families considering relocation.

Impacts for Essex Summary

Babaroosa will benefit Essex by:

1. Creating lasting high quality jobs
2. Growing and diversifying the economy
3. Enhancing quality of life

To summarize we have covered three important impacts that Babaroosa will have on the city of Essex.

1. (Jobs) Babaroosa will create and retain numerous high quality permanent creative economy jobs.
2. (Diversified Growth) Babaroosa will contribute to the growth and diversification of the Essex economy.
3. (Quality of Life) Babaroosa will help enhance the health, well-being and quality of life of local residents.



In conclusion, we wanted to share this image from an immersive exhibit created by Babaroosa's creative team.

Babaroosa's vision is big, bold and exciting. It will no doubt be a regional draw and will make Essex and the state of Vermont proud. With Babaroosa, Vermonters have an opportunity to showcase our collective creativity and highlight the community-building values we share. We are excited to continue our partnership with the city of Essex as we make Babaroosa a reality.