

# ADULT ENTERTAINMENT INDUSTRY IMPACT ON SAN DIEGO

July 2015



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# BACKGROUND

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## **Background and Objectives**

SDHEC is a consortium of adult entertainment establishments located in San Diego. The member companies comply with a significant amount of law enforcement monitoring. The level of scrutiny from local law enforcement has increased and appears to the consortium members to be both disproportionate compared to other higher priority police matters and out of sync with public perceptions about appropriate levels of monitoring.

In 1995, Luth Research conducted a study for the City of San Diego Police Department (SDPD). The SDPD was concerned with limited law enforcement resources available and wanted to focus their efforts on issues of greatest concern to San Diego citizens. Thus, they hired Luth to obtain data outlining perceptions, concerns, and opinions of citizens of San Diego related to adult entertainment establishments. Given that Luth already had this background of understanding on the topic, SDHEC contracted with Luth to conduct research to get an updated assessment of public opinion on this matter.

Luth executed the current study to examine the following objectives:

- Profile employees, customers, and neighboring businesses regarding their demographics and perceptions about adult entertainment establishments
- Examine the economic impact of adult entertainment establishments on San Diego's economy
- Examine crime rates and other police statistics between neighborhoods with and without adult entertainment establishments

## **Study Design**

This research program included the components listed below.

1. Review of past research conducted by Luth in 1995 on this topic
2. Secondary research of crime data
3. Secondary research of economic data
4. Interviews
  - a) 30 contractors /dancers (in-person)
  - b) 101 customers (in-person)
  - c) 31 neighboring businesses (via phone survey)
  - d) 100 San Diego residents (via online survey), 30 of these located within 5 miles of an adult establishment
  - e) Interviews conducted June 20 through July 6, 2015

# SUMMARY OF RESULTS

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## **Community Feedback**

Two thirds of residents and nearly nine out of ten nearby businesses have little to no concern about adult entertainment establishments. This is consistent with a similar study produced by the San Diego Police Department in 1995 that also showed minimal public concerns. Most residents and businesses believe that these establishments provide entertainment and they overwhelmingly believe that regulating them is at the bottom of the list of police priorities. Only a fifth of residents, and even fewer businesses, have any concerns about dancers sitting on the laps of customers.

Neighboring businesses view clubs as a driver of local business, with one in four business respondents saying the clubs increase traffic to their location. Nearby businesses do not see adult entertainment establishments negatively impacting the area with additional crime and they believe the establishments provide entertainment for customers.

## **Feedback From Within Adult Entertainment Establishments**

A large majority of customers think adult entertainment establishments provide entertainment, are a worthwhile service for some people, and provide a safe sexual outlet. They do not agree that clubs attract prostitution or organized crime or that they increase neighborhood crime. By a ten to one margin , customers agree that lap dancing with contact should be allowed.

Contractors who dance within the clubs are satisfied with their work (nearly nine out of ten) and most look at their position as short term. In general, they are happy with their work and to quote one contractor, "It is very flexible with the days and hours I work. Most coworkers are friendly. The owner is very respectful and honest."

## **Community Impact**

The group of eleven clubs in San Diego that offer topless or nude dancing provide jobs and contribute an estimated \$70 million to the local economy annually.

San Diego zip codes where adult entertainment dance clubs are located have a similar rate of crime compared to zip codes without these establishments. In addition, the average number of police calls to the locations of adult entertainment dance clubs is lower when compared to a group of San Diego businesses examined that serve a different type of clientele.

The San Diego Police Department expends a significant amount of funds for the Vice Unit to regulate adult entertainment establishments without a clear, publicly available accounting published for citizens to learn how funds are spent in the process. Given the public apparently thinks other matters are higher priority, perhaps the San Diego Police Department should consider addressing this issue.

# KEY STATISTICS

Nude or topless dance clubs are low priority for police in the minds of residents and businesses.

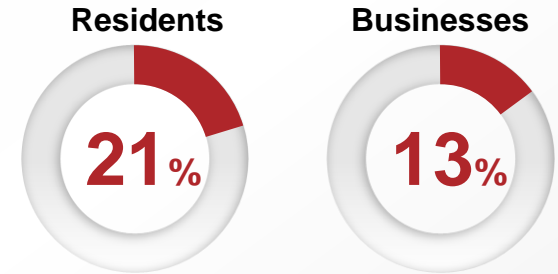


- Assault
- Breaking into houses
- Stolen cars
- Drug use/ buying and selling
- Underage drinking
- Regulating minors in bars
- Pawn shops for stolen goods
- Street prostitution
- Peep shows

## % Indicating These Topics Should Be Concerns of the SDPD

	Residents	Businesses	Customers
Assault	90%	77%	63%
Breaking into houses	82%	84%	61%
Stolen cars	81%	81%	55%
Drug use/ buying and selling	80%	84%	53%
Underage drinking	69%	74%	48%
Regulating minors in bars	68%	84%	50%
Pawn shops for stolen goods	60%	74%	45%
Street prostitution	56%	74%	45%
Peep shows	24%	29%	8%
<b>Nude or topless dance clubs</b>	<b>21%</b>	<b>29%</b>	<b>5%</b>

Few are concerned about dancers sitting on customers' laps.



Only a small minority think that adult entertainment establishments increase crime.



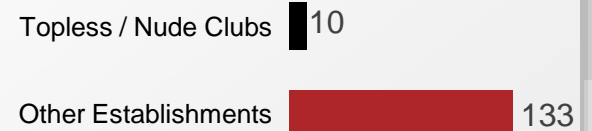
- Increase neighborhood crime
- Attract organized crime

## % Agree That Adult Entertainment Establishments

	Residents	Businesses	Customers
Increase neighborhood crime	24%	23%	5%
Attract organized crime	21%	16%	6%

Frequency of police calls to topless or nude dance club locations is lower when compared with similar businesses that serve a different clientele.

## Average # Police Calls Per Location (Last 6 Months)



Few think it is important for the San Diego Vice Unit to monitor adult establishments.

## % Agree That It Is Important For Vice To Monitor



The 11 topless or nude dance clubs in San Diego contribute an estimated \$70 million to the local economy.



# Past San Diego Citizen Feedback

# **1995 POLICE STUDY OF ADULT ENTERTAINMENT SHOWED THAT SAN DIEGO CITIZENS BELIEVE POLICE SHOULD PRIORITIZE OTHER MATTERS**

Excerpts from 1995 San Diego Police Department and City Attorney Task Force Report on Cabaret and Dance, Nude Entertainment, Peep Show, Massage, and Escort Businesses (citizen interviews conducted by Luth Research) :

“When asked to rate eight “vice-related activities in terms of police priorities, respondents indicated that regulating these businesses should be the lowest priority.”

“Even though a minority of respondents expressed some concern about the dress and behavior within these businesses, there was an overwhelming consensus that police should not expend excessive resources regulating the nude/topless industry.”

“Additionally, a majority of the citizens surveyed by Luth Research listed nude entertainment as an extremely low priority for the use of police resources.”

# San Diego Investment In Vice



# SAN DIEGO VICE UNIT EXPENDS A SIGNIFICANT AMOUNT OF FUNDS

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**Total Personnel Expenditures = \$352,755,930 \***  
**(salaries, wages, fringe benefits)**

**Divided by 2587.52 FTEs \* = \$136,330 per FTE**

**Multiplied by 26 Vice Members = X 26 \*\***

**Estimated salaries, wages,  
fringe benefits for Vice Unit = \$3.5 Million**

**Note: This does not include expenses  
incurred by the Vice Unit during  
investigations.**

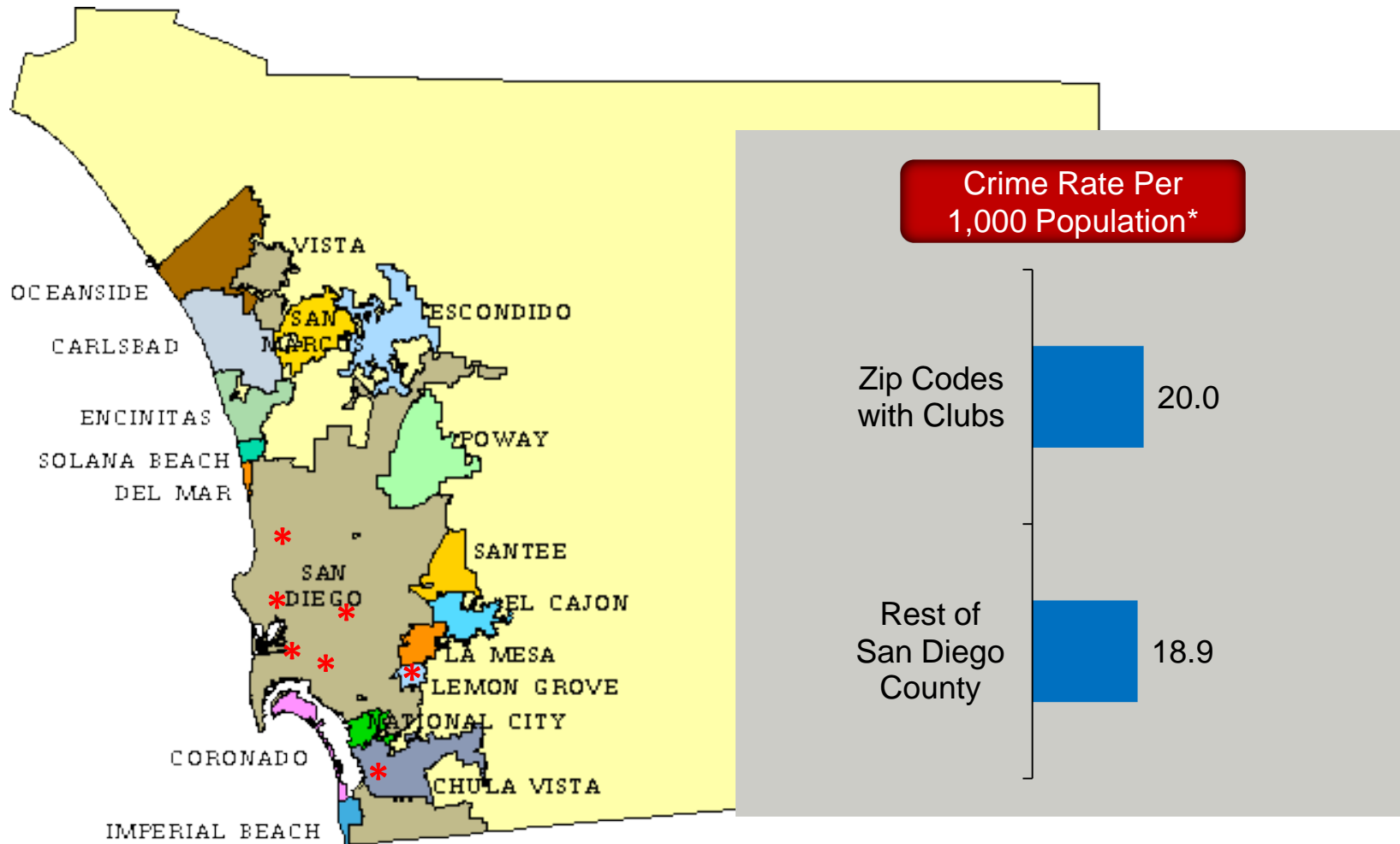
**\* Source: San Diego Police Department 2015 Budget:**  
<http://www.sandiego.gov/fm/annual/pdf/fy15/vol2/v2police.pdf>

**Note: Calculations above are estimates utilizing publicly available information and do not include estimates of expenses incurred by the Vice Unit during investigations.**

**\*\* Source: Provided by San Diego Police Department June 2, 2015.**

# Crime Impact

# OVERALL CRIME RATE IN ZIP CODES WITH TOPLESS OR NUDE DANCE CLUBS IS SIMILAR TO THE REST OF SAN DIEGO



\* = Zip Codes with clubs – 91910, 91911, 91945, 92104, 92110, 92123, 92126

\* Source: SANDAG ARJIS Public Crime Data For Police Calls From 11/14/2014 though 05/12/2015.

# THE INCIDENCE OF POLICE CALLS TO AREAS WHERE DANCE CLUBS ARE LOCATED IS LOW

Establishment	Club Type	Address	Police Calls Jan 31-July 30, 2015 (within 500 feet)
Cheetahs	Nude Dancers	8105 Clairemont Mesa Blvd San Diego, CA 92111	7
Deja Vu Showgirls	Nude Dancers	2720 Midway Dr San Diego, CA 92110	9
Expose	Nude Dancers	5520 Kearny Villa Rd San Diego, CA 92123	1
Little Darlings	Nude Dancers	8290 Broadway Lemon Grove, CA 91945	0
Pacers	Topless Dancers	3334 Midway Dr San Diego, CA 92110	15
Body Shop	Nude Dancers	3776 Riley St San Diego, CA 92110	11
Goldfingers Gentlemen's Club	Nude Dancers	8660 Miramar Rd San Diego, CA 92126	3
Les Girls	Nude Dancers	3201 Hancock St San Diego, CA 92110	13
Eye Candy Showgirls	Nude Dancers	215 Bay Blvd Chula Vista, CA 91910	5
Fantasy Show Girls San Diego	Topless Dancers	3596 University Ave San Diego, CA 92104	25
Pure Platinum II	Topless Dancers	4000 Kearny Mesa Rd San Diego, CA 92111	26

**Total Police Calls**

**115**

**Average Calls Per Location  
During Jan 31-July 30, 2015**

**10**

Source: Crimemapping.com list of police calls within 500 feet of address.  
Crimemapping.com database for San Diego is populated by SANDAG ARJIS public crime data.

# SAN DIEGO NIGHTCLUBS HAVE A MUCH HIGHER INCIDENCE OF POLICE CALLS

Establishment	Address	Police Calls Jan 31-July 30, 2015 (within 500 feet)
Fluxx	500 4th Ave, San Diego, CA 92101	113
Parq	615 Broadway, San Diego, CA 92101	83
A.D.	905 4th Ave, San Diego, CA 92101	120
F Six	526 F St, San Diego, CA 92101	187
Bassmnt	919 4th Ave, San Diego, CA 92101	136
207 - HardRock	207 5th Ave, San Diego, CA 92101	66
Side Bar	536 Market St, San Diego, CA 92101	140
Onyx	852 5th Ave, San Diego, CA 92101	184
Area 51	840 5th Ave #200, San Diego, CA 92101	191
Barley Mash	600 5th Ave, San Diego, CA 92101	112

**Total Police Calls                    1332**

**Average Calls Per Location  
During Jan 31-July 30, 2015**

**133**

Source: Crimemapping.com list of police calls within 500 feet of address.  
Crimemapping.com database for San Diego is populated by SANDAG ARJIS public crime data.

# Economic Impact

# ADULT ENTERTAINMENT ESTABLISHMENTS CONTRIBUTE TO THE LOCAL ECONOMY

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**11 Dance Clubs  
In San Diego**



**X**

**\$3.2 Million Average  
Annual Revenue  
Per Club \***

**X**

**Economic  
Multiplier of 2 \*\***

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**Economic  
Impact**

**=**

**\$70.4 Million**

\* Source: Based upon comparable sales per unit for publicly traded RCI Hospitality (RICK).

\*\* Total effects multipliers typically range in size from 1.5 to 2.5:

Using Implan to Assess Local Economic Impacts, David Mulkey and Alan W. Hodges, University of Florida, 2003,  
<http://edis.ifas.ufl.edu/fe168>

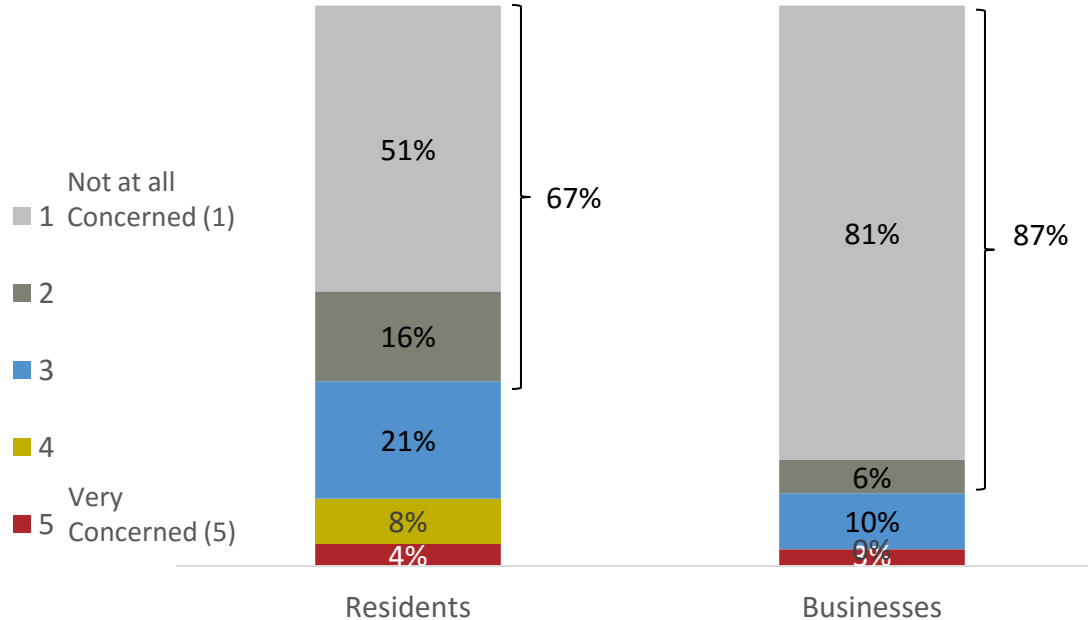
# Survey Results – Residents and Businesses



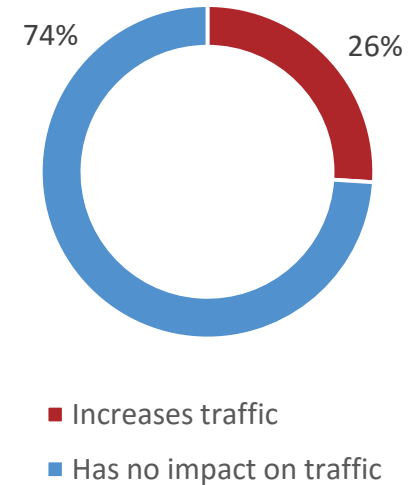
# IMPACT ON LOCAL BUSINESS AND OVERALL CONCERNS

- There is little concern among residents or nearby businesses about adult entertainment establishments.
  - ✓ 67% of residents and 87% of nearby business have little to no concern about adult establishments.
  - ✓ Among residents, only 19% of women are very concerned, compared with 4% of men.
- Clubs are viewed as a driver of local business, with one in four people working at local businesses saying the clubs increase traffic to their establishments.

Concern about Adult Establishments



Impact of Clubs on Business  
(Among Businesses)



Bases: Residents (n=100), Businesses (n=31)

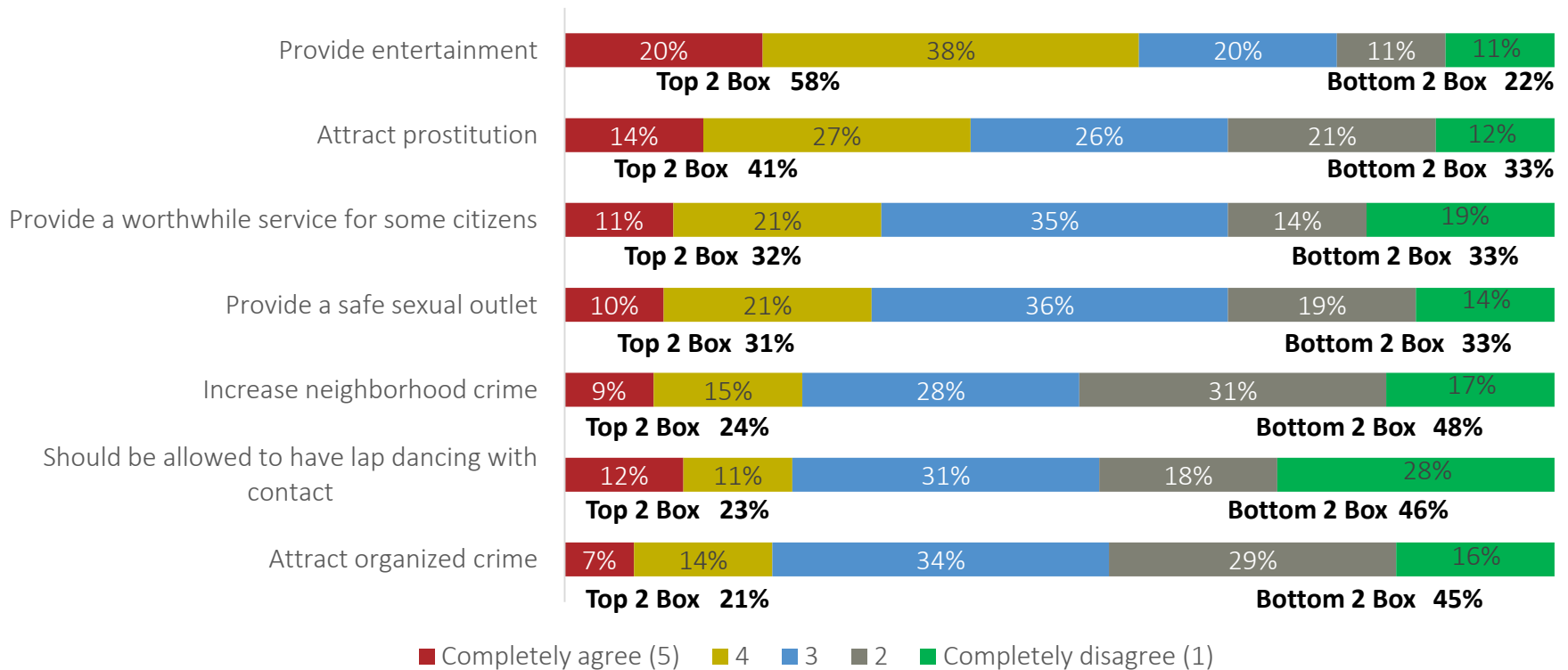
Q1. Would you say that the adult entertainment establishment nearby impacts your business by.....?

Q2. How concerned are you about the fact that there are adult entertainment establishments located in the San Diego area?

# RESIDENTS' PERCEPTIONS OF THE IMPACT OF ADULT ENTERTAINMENT ESTABLISHMENTS

- Most residents think adult establishments provide entertainment and fewer than one in four think they increase neighborhood crime or attract organized crime.
- Residents are about equally divided about whether adult establishments attract prostitution, provide a worthwhile service, or are a safe sexual outlet. Nearly half oppose allowing lap dances with contact.
  - Residents who live closer to an adult establishment are less likely than those who do not to think the clubs attract prostitution.
  - There is a large gender gap on allowing lap dances with contact, with only 4% of women agreeing it should be allowed, compared with 46% of men.

Residents' Perceptions



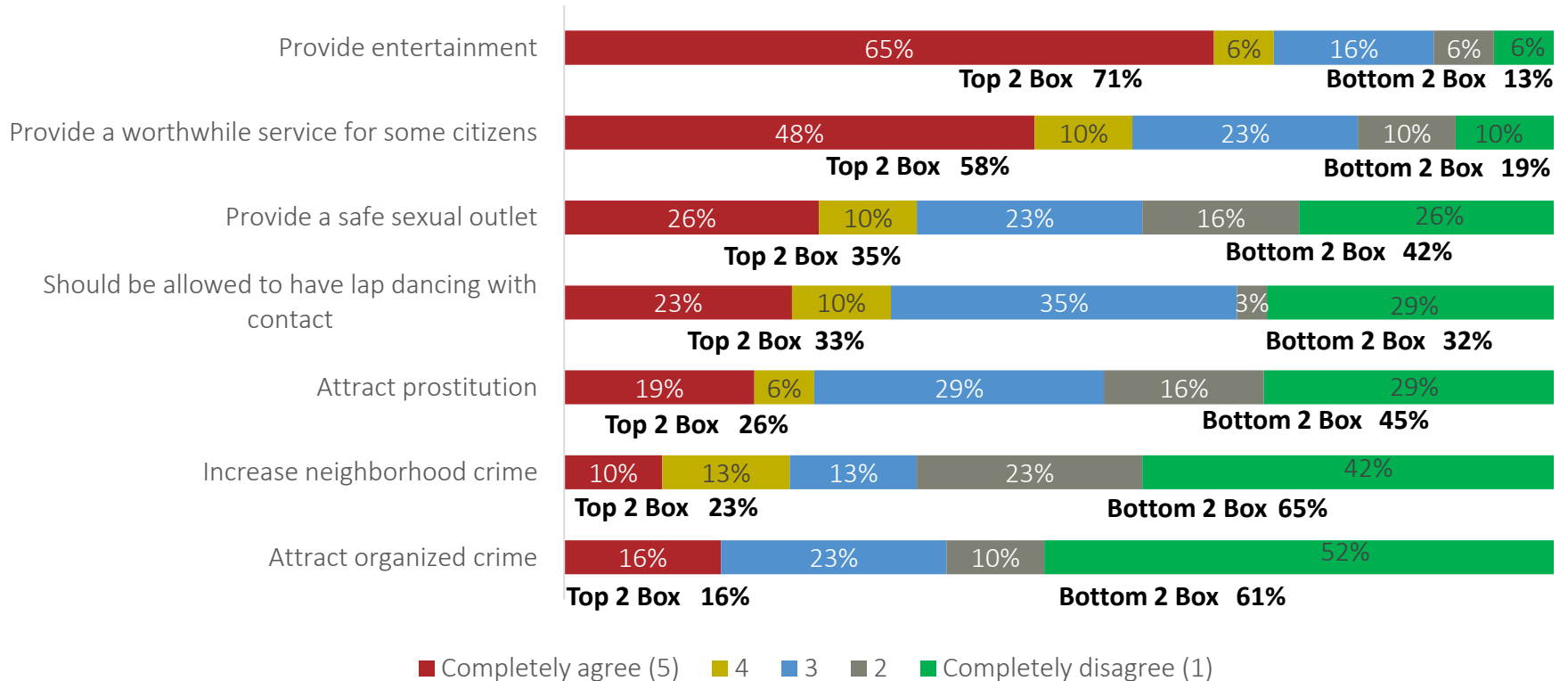
Base: Residents (n=100)

Q3. How much do you agree or disagree that adult entertainment establishments....?

# BUSINESS PERCEPTIONS OF THE IMPACT OF ADULT ENTERTAINMENT ESTABLISHMENTS

- Most people who work at local businesses think adult establishments provide entertainment and a worthwhile service for some people. Few think they increase neighborhood crime or attract organized crime. Nearly half do not think the clubs attract prostitution.
- Businesses are about equally divided about whether adult establishments are a safe sexual outlet or attract prostitution. People who work at local businesses are also evenly divided about allowing lap dancing with contact.

Business Perceptions

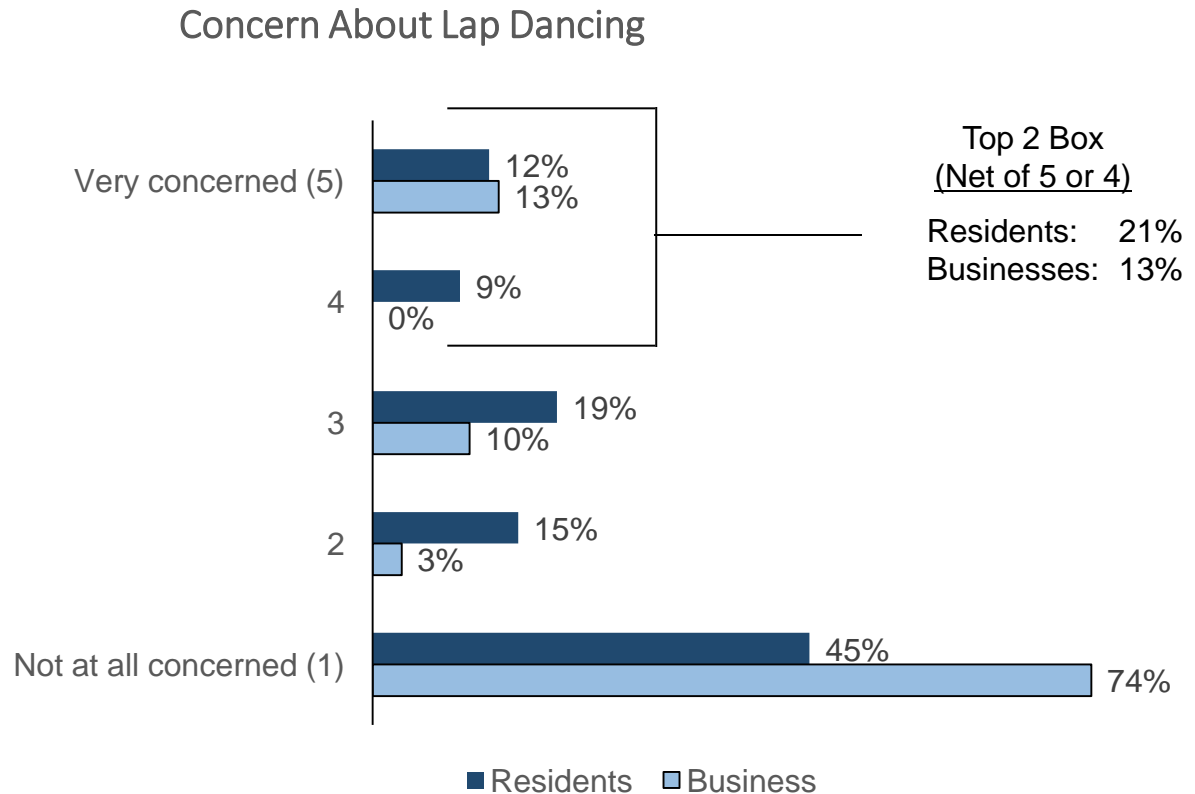


Base: Businesses (n=31)

Q3. How much do you agree or disagree that adult entertainment establishments....?

# CONCERN ABOUT LAP DANCING

- Few residents or local business people are concerned about the possibility of dancers sitting on customers' laps.
  - ✓ Only 31% of female residents are very concerned, compared with 9% of men.

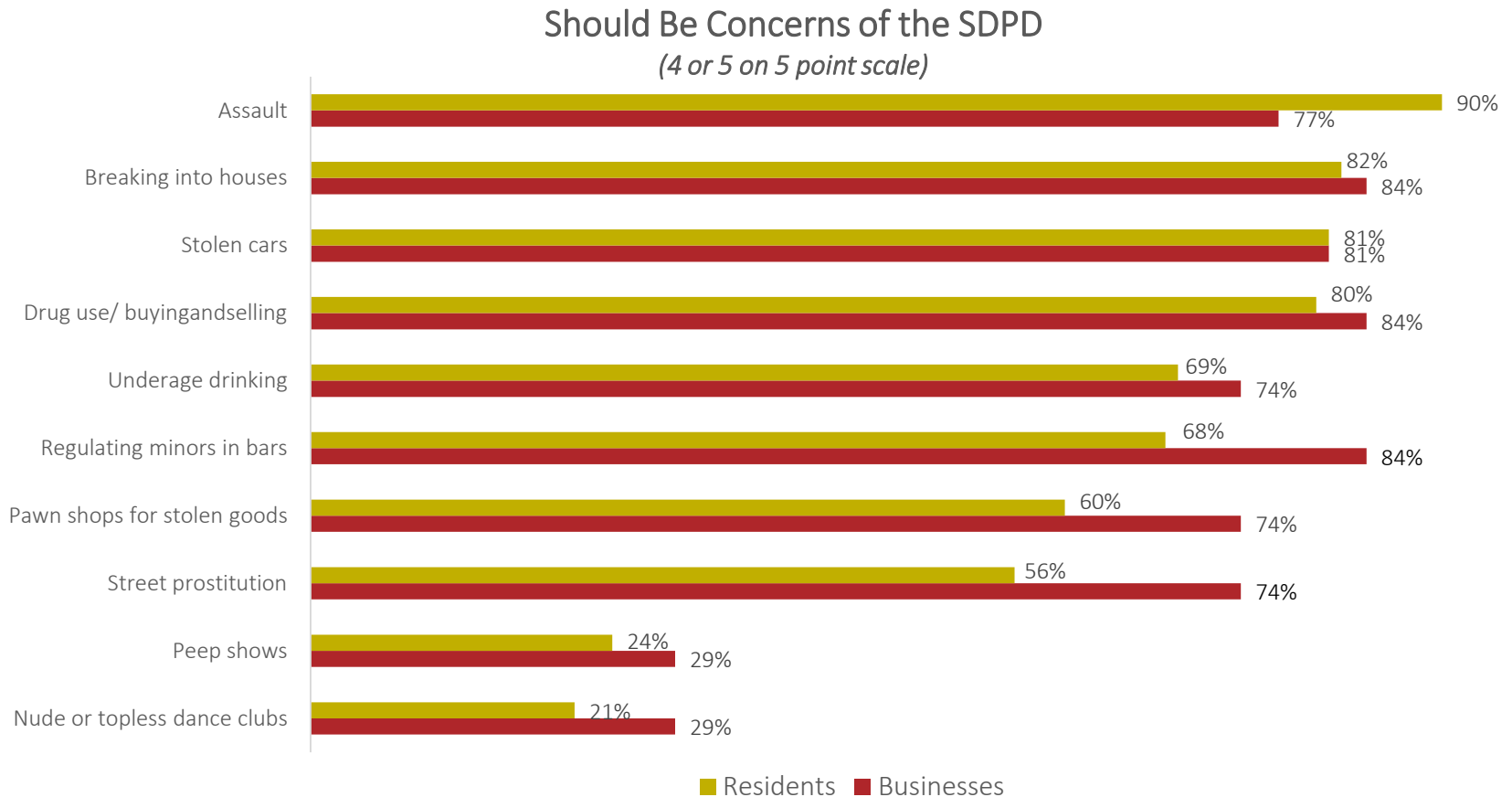


Bases: Residents (n=100), Businesses (n=31)

Q4. How concerned are you about the possibility of dancers sitting on the laps of customers?

# PERCEPTIONS OF EXPECTED POLICE PRIORITIES

When asked a list of what they think the SDPD should be concerned about, nude or topless dance clubs are at the bottom of the list among both residents and businesses.

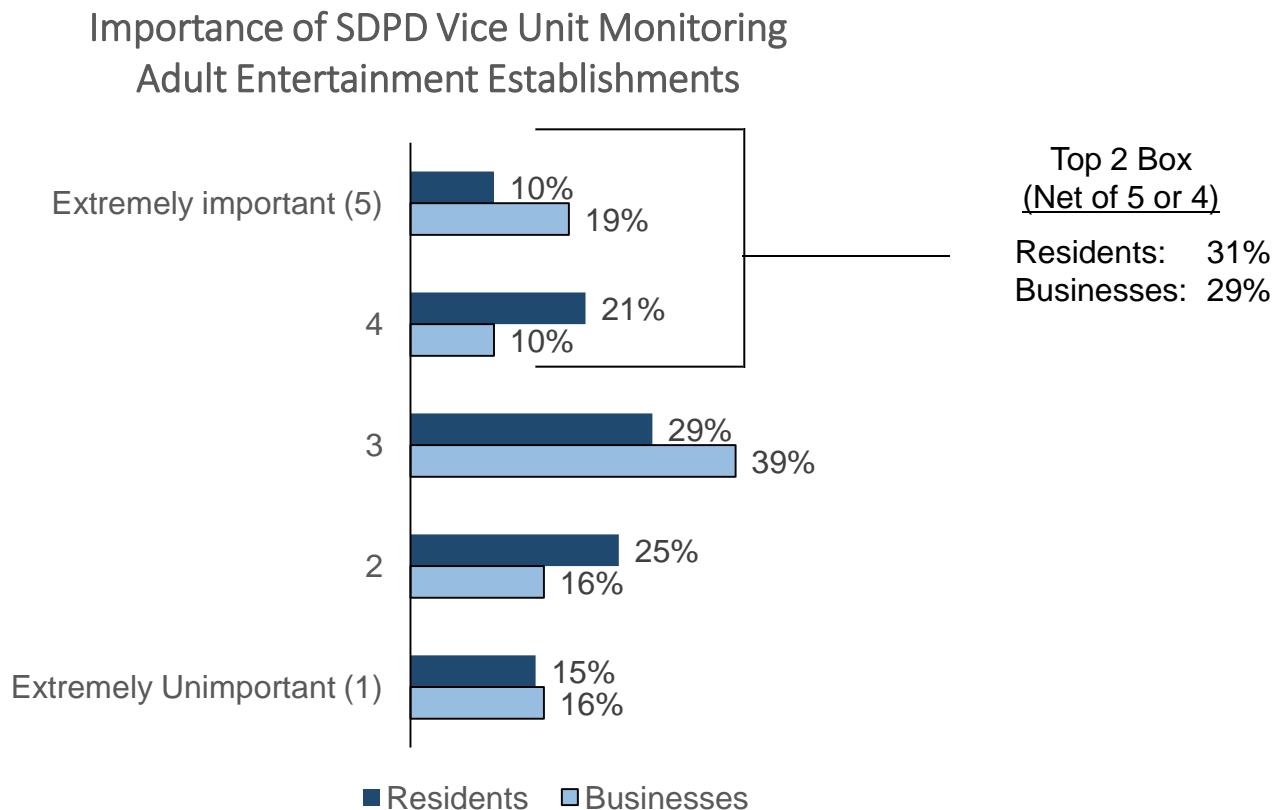


Bases: Residents (n=100), Businesses (n=31)

Q5. How concerned should the San Diego Police Department be about....?

# IMPORTANCE OF VICE MONITORING ADULT ENTERTAINMENT ESTABLISHMENTS

- Less than a third of residents or local businesses think the monitoring of adult entertainment establishments by the SDPD Vice Unit is important.
  - ✓ Residents who live nearest to an adult entertainment establishment are less than half as likely as those who live more than 5 miles away from one to think the monitoring is very important (17% vs. 37%).
  - ✓ Only 31% of women and 30% of men think the monitoring is very important.



Bases: Residents (n=100), Businesses (n=31)

Q6. How important is it that the San Diego Police Department Vice Unit spends time and funds monitoring adult entertainment establishments?

# PROFILE OF RESIDENTS SURVEYED

	Residents
	n=100
<b>Gender</b>	
Male	46%
Female	54%
<b>Age</b>	
18-34 years	2%
25-34 years	17%
35-44 years	27%
45-54 years	17%
55-60 years	15%
61+ years	22%
Average age	46.5
<b>Household Income</b>	
Under \$25,000	8%
\$25,000-\$49,999	19%
\$50,000-\$74,999	24%
\$75,000-\$99,999	13%
\$100,000+	29%
Refused/Prefer not to answer	7%

	Residents
	n=100
<b>Marital Status</b>	
Married or living with partner	62%
Single	25%
Widowed, divorced or separated	13%
<b>Ethnicity</b>	
White	80%
African-American	3%
Asian	9%
Other race	5%
Refused/Prefer not to answer	3%
<b>Hispanic</b>	
Yes	8%
No	88%
Refused/Prefer not to answer	4%
<b>Children in Household</b>	
Yes	35%
No	65%

	Residents
	n=100
<b>Distance to Closest Adult Establishment</b>	
Less than 3 miles	11%
3-5 miles	19%
6-10 miles	31%
11-20 miles	25%
More than 20 miles	10%
Don't know/Not sure	4%
<b>Average Number of Years Lived in San Diego Area</b>	18.8 years
<b>Ever Visit Adult Establishments Outside of San Diego</b>	
Yes	19%
Less than once a year	15%
A few times a year	3%
More than a few times a year	1%
No	80%
Refused/Prefer not to answer	1%

# PROFILE OF BUSINESS PEOPLE SURVEYED

	Business
	n=31
<b>Age</b>	
18-34 years	3%
25-34 years	29%
35-44 years	26%
45-54 years	16%
55-60 years	13%
61+ years	13%
Average age	42.4
<b>Ethnicity</b>	
White	65%
African-American	6%
Asian	3%
Other race	26%
<b>Hispanic</b>	
Yes	35%
No	61%
Refused/Prefer not to answer	3%

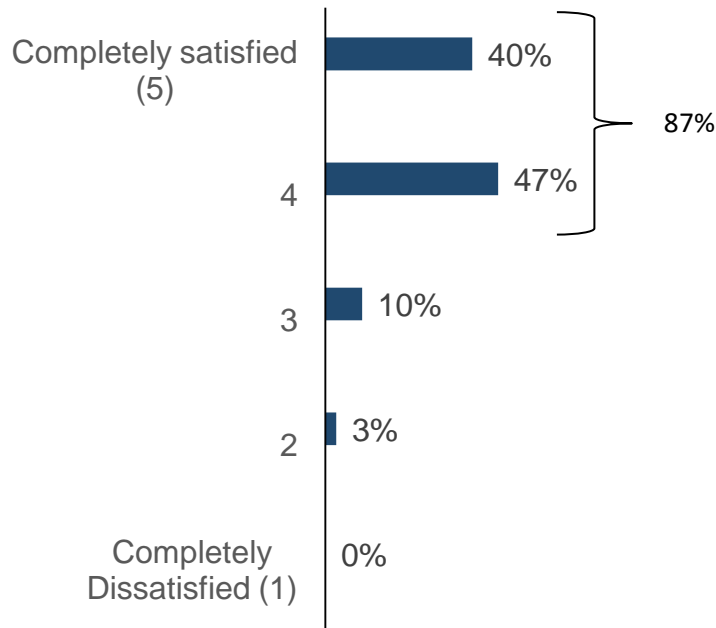
	Business
	n=31
<b>Average Number of Years at Current Location</b>	12.9 years
<b>Annual Revenue</b>	
Under \$250,000	10%
\$250,000 to \$499,999	26%
\$500,00 to \$999,999	6%
\$1 million to \$5 million	26%
Don't know	32%
<b>Business Role</b>	
Owner	55%
Employee	45%



# Survey Results – Contractors

# CONTRACTOR SATISFACTION

- An overwhelming majority of adult establishment contractors are satisfied with their work, including 40% who say they are “completely satisfied.”
- Two thirds indicate their work is temporary and not long term.
- What contractors like most about their work are the flexible schedules, money, and the overall atmosphere of where they work. Many also mentioned good management, meeting new people and their co-workers as positives about their employment.



**Short Term vs. Long Term Work**

★ 67% indicate their work is temporary.

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**Why Satisfied with Job/What Like Most**

- ★ Flexible schedule
- ★ Good money
- ★ Overall atmosphere
- ★ Good management
- ★ Meeting new people
- ★ Co-workers

### Sample Verbatim Comments

*“The management has treated me as family. They care about my outside life, that I go to school. Daily I am asked how are my kids, my family, if I need anything.”*

*“It is very flexible with the days and hours I work. Most coworkers are friendly. The owner is very respectful and honest.”*

*“Flexible hours, I am my own boss. I work with people and make people feel good by providing entertainment. It is a good workout. I’m an empowered female, independent. It’s a good way to look good and stay in shape and present yourself in front of people.”*

Base: Contractors (n=30)

Q3. Overall how satisfied are you with your work?

Q4. Why do you say that?

Q5. What do you like the most about your work?

Q6. Do you see this as a temporary or a long term work opportunity?

# CONTRACTOR PROFILE

	Contractors
	n=30
<b>Age</b>	
18-24 years	33%
25-34 years	53%
35-44	13%
Average age	27.7
<b>Household Income</b>	
Under \$25,000	20%
\$25,000-\$49,999	33%
\$50,000-\$74,999	17%
\$75,000-\$99,999	13%
\$100,000+	10%
Refused/Prefer not to answer	7%
<b>Marital Status</b>	
Married or living with partner	20%
Single	67%
Widowed, divorced or separated	13%

	Contractors
	n=30
<b>Sexual Orientation</b>	
Heterosexual or straight	67%
Gay or lesbian	3%
Bisexual	30%
<b>Ethnicity</b>	
White	30%
African-American	27%
Asian	3%
Other race	40%
<b>Hispanic</b>	
Yes	40%
No	60%
<b>Children in Household</b>	
Yes	50%
No	50%

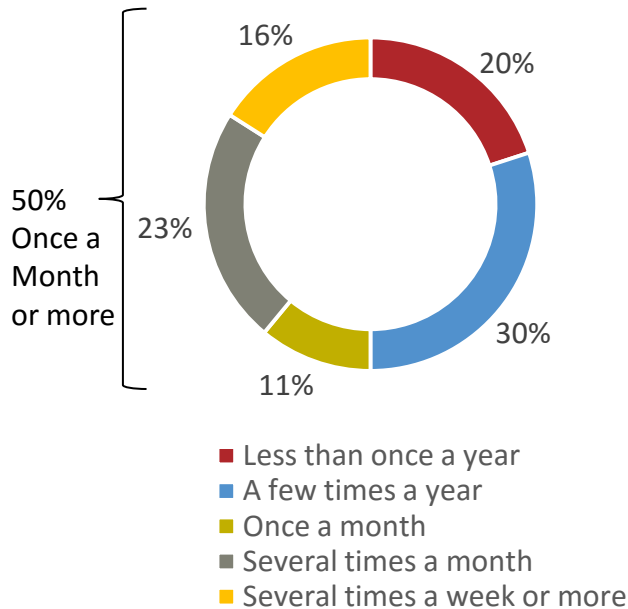
	Contractors
	n=30
<b>Average Number of Years Lived in San Diego Area</b>	15.9 years
<b>Voter Registration</b>	
Yes	73%
No	27%
<b>Military Service</b>	
Service in the armed forces	10%
Air Force	3%
Navy	7%
Have not served and no plans to	90%
<b>Current Work</b>	
Temporary	67%
Long term	33%
<b>Average Length of Time Worked at Club</b>	4.6 years

# Survey Results – Customers

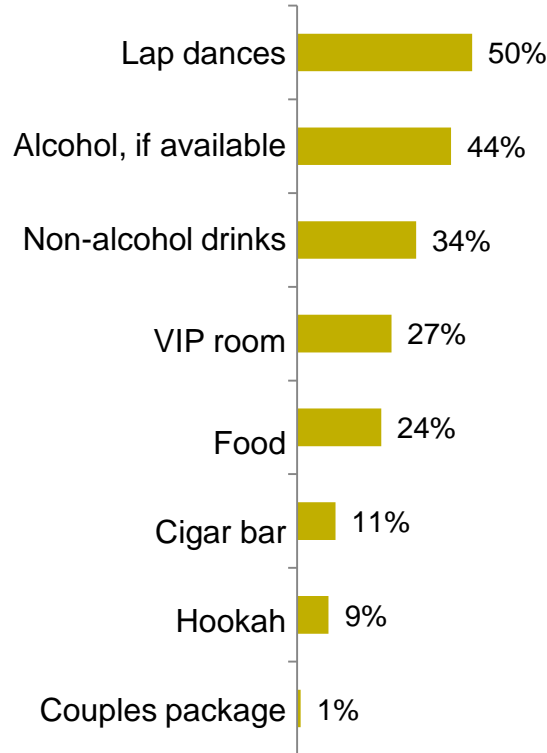
# CUSTOMER HABITS

- About half of customers visit adult entertainment establishments at least once a month. Cheetahs, Expose and Pacers tend to have the most frequent visitors.
- Customers spend an average of just over \$120 per each visit, most often purchasing lap dances and drinks.
  - ✓ Expose has a lower average per visit spend than the other clubs.

Visitation Frequency



Typically Purchase During Visit



\$123.50 =  
Average Amount  
Spent Per Visit



Base: Customers (n=101)

Q8. On average, how often do you visit adult entertainment establishments like this in the San Diego area?

Q9. On average, how often do you visit adult entertainment establishments like this in the San Diego area as a couple?

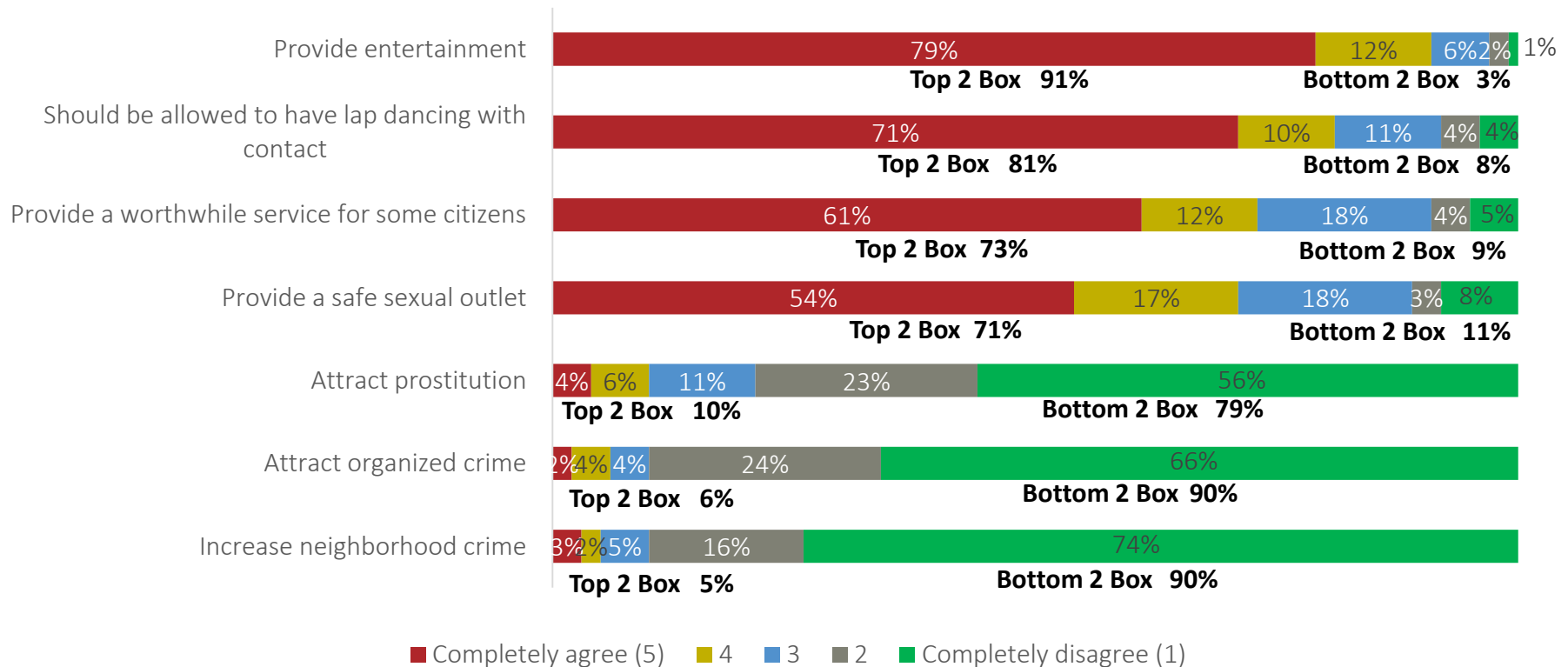
Q10. On average, approximately how much do you spend per visit?

Q11. Which of the following do you typically buy during a visit?

# CUSTOMER PERCEPTIONS

- A large majority of customers think adult entertainment establishments provide entertainment, are a worthwhile service for some people and provide a safe sexual outlet.
- The overwhelming majority of customers do not agree that clubs attract prostitution, attract organized crime, or increase neighborhood crime.
- By a ten to one margin, customers agree that lap dancing with contact should be allowed.

## Customer Perceptions about the Impact of Adult Establishments



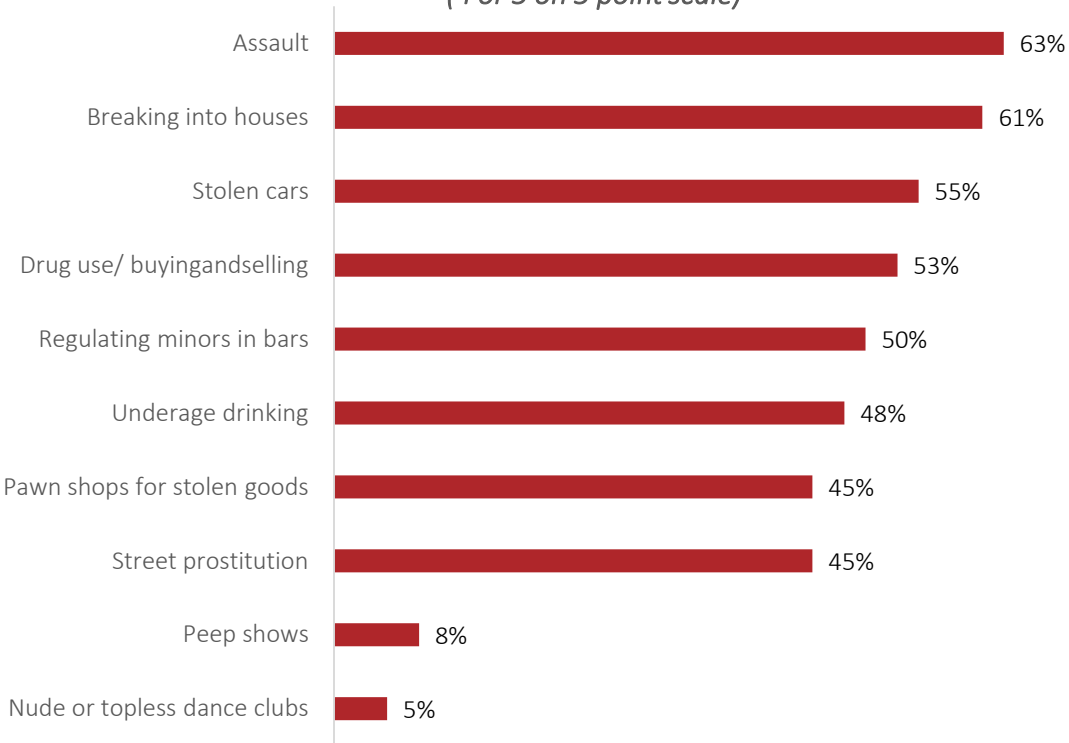
Base: Customers (n=101)

Q12. How much do you agree or disagree that adult entertainment establishments....?

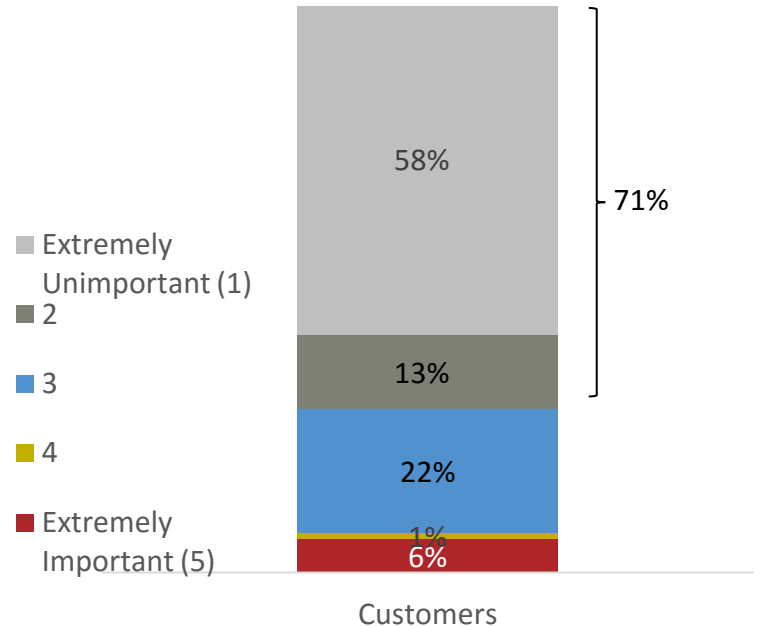
# CUSTOMER PERCEPTIONS OF EXPECTED POLICE PRIORITIES

- Few customers think peep shows or nude or topless dance clubs should be a serious concern of the SDPD.
- Only 7% of customers think the SDPD's Vice Unit's monitoring of adult entertainment establishments is important.

Should Be Concerns of the SDPD  
(4 or 5 on 5 point scale)



Importance of SDPD Vice Unit Monitoring  
Adult Entertainment Establishments



Base: Customers (n=101)

Q13. How concerned should the San Diego Police Department be about....?

Q14. How important is it that San Diego Police Department Vice Unit spends time and funds monitoring adult entertainment establishments?

# CUSTOMER PROFILE

	Customers
	n=101
<b>Gender</b>	
Male	90%
Female	7%
Couple (Male + Female)	3%
<b>Age</b>	
18-24 years	9%
25-34 years	26%
35-44 years	29%
45-54 years	19%
55-60 years	11%
61+ years	6%
Average age	39.6
<b>Household Income</b>	
Under \$25,000	4%
\$25,000-\$49,999	16%
\$50,000-\$74,999	13%
\$75,000-\$99,999	25%
\$100,000+	35%
Refused/Prefer not to answer	6%

	Customers
	n=101
<b>Sexual Orientation</b>	
Heterosexual or straight	92%
Gay or lesbian	3%
Bisexual	2%
Refused/Prefer not to answer	3%
<b>Marital Status</b>	
Married or living with partner	28%
Single	58%
Widowed, divorced or separated	14%
<b>Ethnicity</b>	
White	51%
African-American	14%
Asian	12%
Other race	20%
Refused/Prefer not to answer	3%
<b>Hispanic</b>	
Yes	18%
No	80%
Refused/Prefer not to answer	2%
<b>Children in Household</b>	
Yes	24%
No	76%

	Customers
	n=101
<b>Voter Registration</b>	
Yes	77%
No	19%
Refused/Prefer not to answer	4%
<b>Residence</b>	
San Diego area	84%
In San Diego on business	5%
In San Diego on vacation	11%
<b>Average Number of Years Lived in San Diego Area</b>	26.1
<b>Military Service</b>	
Service in the armed forces or plans to serve	31%
Air Force	1%
Army	2%
Coast Guard	1%
Marines	11%
Navy	16%
No service and no plans to	69%
<b>Ever Visit Clubs Outside of San Diego</b>	
Less than once a year	50%
A few times a year	36%
More frequently	14%