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CORPORATION  
EVENT RESEARCH SPECIALISTS

# **“DEEP IMPACT”**

## Measuring the Economic Impact of Festivals and Events

Michael Harker, Senior Partner  
Enigma Research Corporation®

# **Niagara Wine Festival**

(results used with permission)

# Input data

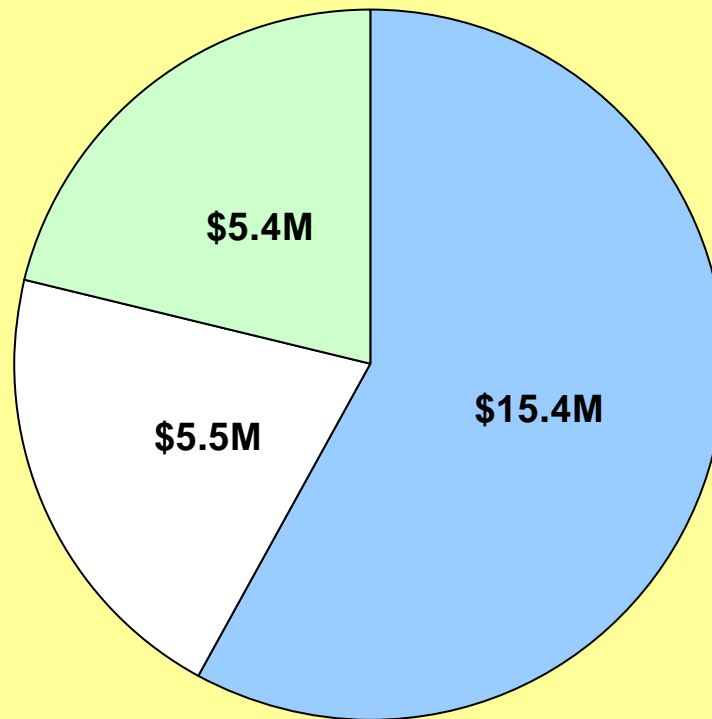
- **519,000** attendees
- **282,000** (54%) non-local
- Average non-local spending: **\$138pp**

# Main findings

- **\$26.5M** economic impact
- Equivalent of **1038** full-year jobs supported
- **\$12.7M** taxes at all three levels of government

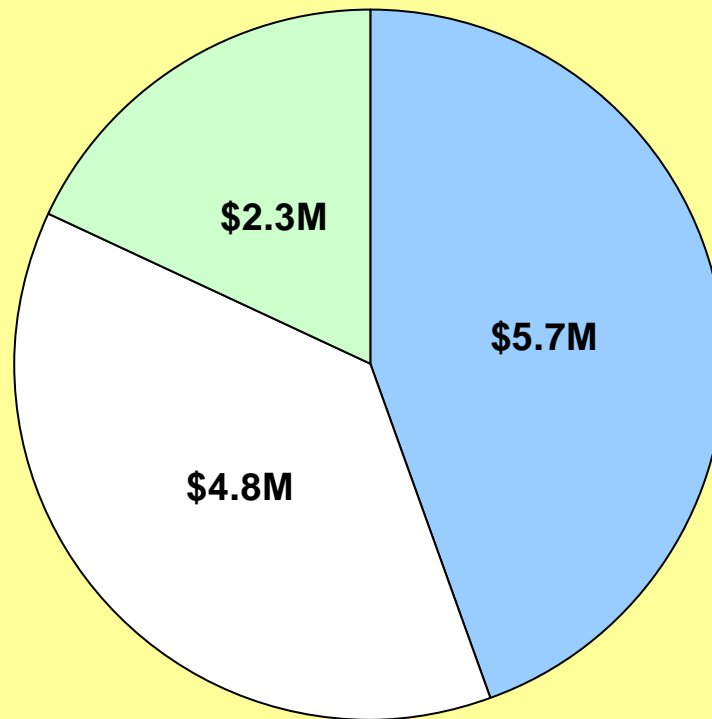
# Type of impact

■ Direct ■ Indirect ■ Induced



# Taxes collected

■ Federal ■ Province ■ Local



# Other findings

- Analysis by **category**
  - \$8.8M restaurants and bars
  - \$7.4M hotels
- Majority of non-locals claimed event **enhanced their image** of Niagara region
  - 50% “very much” enhanced
  - 37% “somewhat” enhanced

# Agenda

- Motivations
- Economic impact components
- Cost and fundraising

# Motivations

# Motivations

- Why conduct economic impact studies?

# Main reasons

- For events:
  - Funding applications
  - Negotiating with government
  - Sponsors
  - Public relations/community support
- For governments:
  - Allocate resources
  - Develop policy

# **Economic impact components**

# **Economic impact components**

1. Data collection
2. Attendance estimation
3. Economic modeling
4. Reporting

# 1. Data collection

- Visitor survey
- Purposes
  - Measure visitor expenditures
  - Measure percentage of non-locals
  - Determine if event was main draw
- Can be on-site or telephone

# 12 expenditure categories

1. Accommodations
2. Restaurants and bars
3. Concessions at event
4. Groceries, other food
5. Admission and tickets
6. Other entertainment (attractions, etc.)

7. Event merchandise
8. Retail clothing
9. Car rentals
10. Gas, parking, repairs (while in town)
11. Public transit or taxis
12. Other retail, shopping, incidentals

# Why 12 categories?

- Sophisticated models have separate coefficients for each category
- Assists respondents to remember

# Survey “tips”

1. Sample size: 500-1000 for major funding applications; fewer for small applications
2. Be careful of interviewer mix
3. Verify if expenditures are per person or for entire group

## 2. Attendance estimate

- Gated events:
  - Use gate count; beware of double-counting
  - Count people, not visits
  - Ask on survey how many days attending
- Ungated events:
  - “Telephone” method
  - Creative methods (parking lot, garbage, etc.)
- Aerial photographs not reliable

# Steps for telephone method

- Survey random sample of local population
- Ask if they attended event
- Result is estimated number of locals who attended
- Using local/non-local ratio from on-site survey, algebraically estimate # of visitors

# 3. Economic modeling

- Data preparation
- Using economic model

# Data preparation

- Exclude locals
- Calculate per-person expenditures
- Exclude non-locals visiting for other reasons

# Using economic model

- Two models commonly used in Ontario
- TEAM model
  - Expense categories individually considered
  - Output shows occupation categories
- TREIM model
  - Total expenditures are combined
  - Output shows combined occupations

# TREIM model

- Tourism Regional Economic Impact Model
- Converts tourism expenditures into:
  - Economic impact (GDP)
  - Employment supported
  - Taxes generated
- Customized for most regions in Ontario
- Free!

# 4. Reporting

- Terminology
- What to report
- Media releases

# Terminology

- Direct, indirect, induced impact
- Salaries, wages, full-time job equivalent
- Types of taxes

# Types of impact

- **Direct:** impact on front-line businesses
- **Indirect:** impact on suppliers to front-line businesses
- **Induced:** long-term impact from employment and business resulting from direct and indirect impact
- **Total impact (or industry output):** all three types of impact combined

# Salaries and wages

- Model determines proportion of total impact spent on salaries and wages
- Converted to full-year jobs
- Measures the equivalent number of full-year jobs supported by salary and wage expenditures
- Adjusted by region in most models

# Taxes

- **Federal:** corporate tax, personal income tax, goods and services tax, medical, excise, duties, and gasoline taxes.
- **Provincial:** corporate tax, personal income tax, sales tax, excise, duties, gasoline taxes.
- **Local:** business and personal property tax.

# What to report

- Refer to figures as estimates
- Use round numbers
- Report main estimates:
  - Total attendance (locals + non-locals)
  - Combined impact
  - Total number of jobs
  - Total taxes collected
- Include basic methodology

# Avoid reporting...

- Too many figures; keep it simple
- Total expenditures before running model
- Unless audience “sophisticated”, stay away from direct, indirect, induced.

# Media releases

- Highly recommended to release findings to media
- Main estimates to report:
  - Attendance
  - Total impact
  - Total jobs
  - Optional: (total taxes)

- Impact studies reported daily; creative spin can be helpful
- Suggestions:
  - Quotes from politicians
  - Comparison with non-competing organization (factory opening, local layoffs, etc.)
  - Jobs and employment
  - Other suggestions?

# **Cost and fundraising**

# Costs of study

- On-site survey (\$0-\$20K)
  - Data collection
  - Data processing
  - Project manager/reporting
  - Printing, incidentals
- Attendance estimate (\$0-\$10K)
- Economic modeling (\$0-\$10K)

# Fundraising

- Municipal government
- Sponsors
- Provincial government
- Use economies of scale/networks
- Other ideas?

# **Wrestlemania XX in NYC**

(with permission)

# Input data

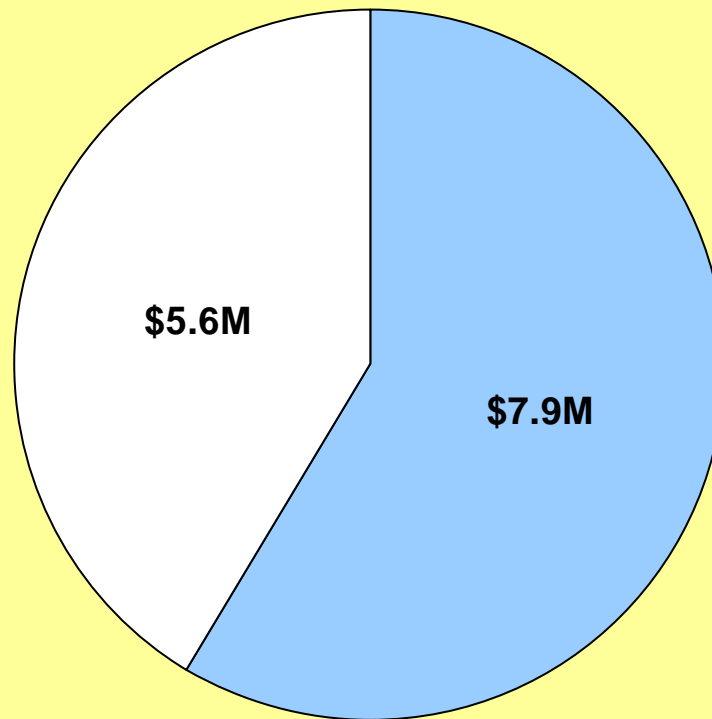
- **18,226** spectators at event
- **15,674** (86%) non-local
- Average non-local spending: **\$555pp**
- Operational spending: **\$2.9M**
  - Arena rent, security
  - TV production costs
  - Hotels, catering
  - Other expenses

# Main findings

- **\$13.5M** economic impact
- Equivalent of **96** full-year jobs supported
- **\$2.0M** taxes at all three levels of government

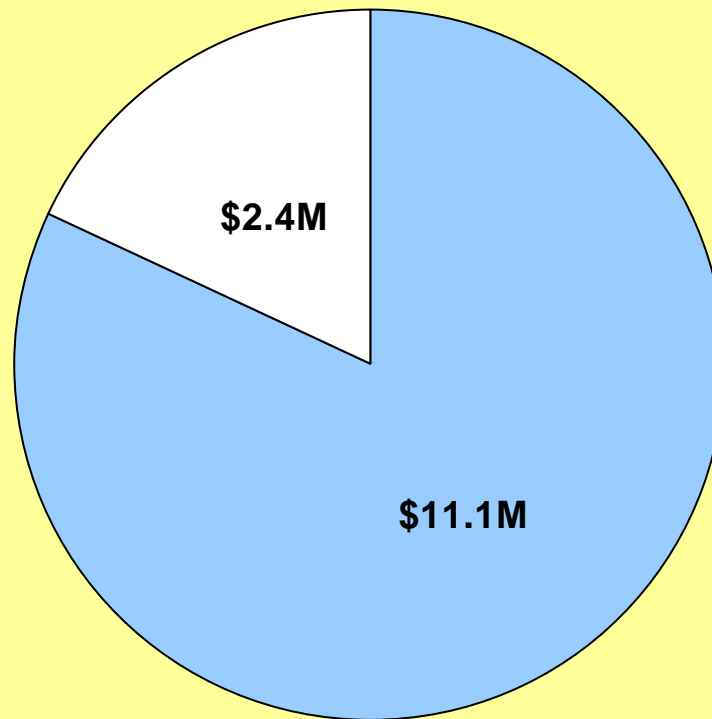
# Source of impact

■ Tourists ■ Operations



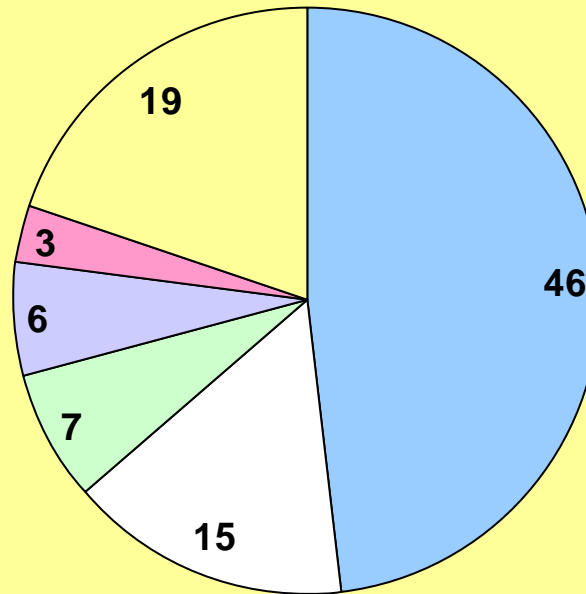
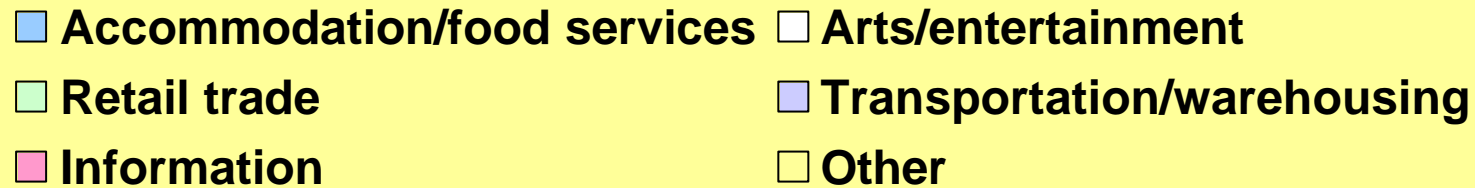
# Type of impact

■ Direct & Indirect ■ Induced



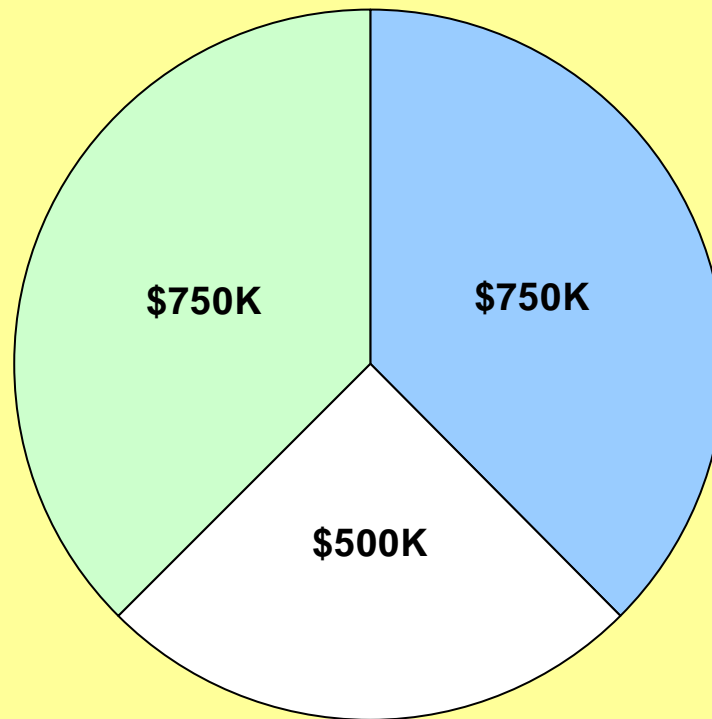
# Employment supported

(full-year job equivalents)



# Taxes collected

■ Federal ■ State ■ Local



# Other findings

- Analysis by **category**
  - \$1.6M hotels
  - \$1.1M restaurants and bars

# Discussion

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