

**The Economic Impact
of A
Short Term Event on Tourism
(1994 National Slo-pitch Tournament)**

MPA Research Report

Submitted to

**The Local Government Program
Department of Political Science
The University of Western Ontario**

August 1995

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INTRODUCTION

The economic benefits of major sport, recreation and cultural events at the Provincial and National levels are well documented. ¹& ² The positive results of these studies have been effective in influencing governments and decision makers alike. This data, however, is not always relevant to local government or parks and recreation administrators who plan and organize special events.

Yardley, MacDonald, and Clark, states" In a Municipal World of scarce, and in some cases diminishingly fiscal resources, there is a need for local government managers to be able to successfully compete for, and justify the tax dollars of their Municipality".³ The ability to determine the economic impacts of fairs, festivals, tournaments and other local special events is of great value to a sponsoring community, since the economic outcome may be the deciding factor for continuing the event. ⁴

¹Richie, J. R. and Aitken, C.E. Assessing the Impacts of the 1988 Olympic Winter games. The Research Program and Initial Results. Journal of Travel Research Winter, 1984

²Burns J.P.A., Hatch J. H. 1986. The Adelaide Grand Prix: The Impact of a Special Event. The Centre for South Australian Economic Studies.

³Yardley, J. MacDonald, J. and Clark, B. The Economic Impact of a short- Term Recreation Event on a local economy. Journal of Park and Recreation Administration, Winter 1990, 8-4.

⁴Turo, D. and Kersey, C Measuring the Economics of Special Events. Parks and Recreation, December. 1993.

Local recreation events have not been studied to the same extent as " Hallmark" events such as the Olympics, the Calgary Stampede, the Tall Ships, the Winter Festival of Lights, or the Adelaide Grand Prix. However, municipal managers need to know the significance of their services and events on the local economy. This knowledge will provide them the ability to justify the view that short term special events are central, not peripheral, to the local community and its economy.

The primary purpose of this paper is to identify the economic impact of a short term recreation event on its host community, specifically the 1994 National Slo-Pitch Championship held in Niagara Falls. In addition, the paper will address the broader picture of tourism, and how local events play an increasingly more significant role in tourism. The reader will be left with an understanding of how to evaluate the impact of a proposed event on a community and to estimate the economic impacts of such an event.

The North American economy has shifted from an industrial and manufacturing base to a high technology, communication, service industry base. The market for these industries has expanded world wide. The influence of this new global economy has required local economic development officials to refocus and extend their reach beyond their immediate geographic boundaries. Progressive local governments have taken the initiative to conduct specific economic activities and develop initiatives which allow them to be effective players in the global market.

As we look to the global market for opportunities and growth industries the significance of tourism becomes obvious. Tourism is the world's largest industry.⁵ Tourism is estimated to account for 10.1% of the world's gross domestic product and employs one worker in nine. It also represents 10.9% of worldwide consumer spending. Tourism is expected to double its current gross output to \$7.9 trillion, generate 90% more jobs, triple its capital investment to \$1.7 trillion and attract more than twice the current level of consumer spending, for a total of \$4.6 trillion by the year 2005.⁶

The Tourism Industry is actually a myriad of large and small businesses as opposed to one large industry. Its main industries include accommodation, food and beverage, transportation, retail, events, convention and meetings, travel trade attractions and services. In support of each of the main segments of the tourism industry many other businesses (Figure 1) are indirectly impacted and therefore benefit by the visitor or tourist who utilizes the various services provided.

The Broad Structure of the Tourism Industry



Figure 1

⁵Ministry of Culture Tourism and Recreation, Ontario's Tourism Industry opportunity-Progress-Innovation) Feb. 1994 p.11

⁶Ministry of Culture Tourism and Recreation Ibid p.11

Indirect or secondary industries include construction, food and beverage processing, manufacturing, construction, and financial services.

While tourism's future continues to expand, Canada's position in the international tourism market has fallen. In fact, Canada is the only country of the top ten tourism destinations to experience a decline in visitors over the last several years.⁷

Canada's market share fell slightly between 1986 and 1991, from 2.78% to 2.25% of the global total. The reason for the decline is that Canada has been unable to capitalize on the growing tourism demand, by responding to the changing interests and demands of tourists.⁸ One of the new directions for growth is in the expanding interest of the traveller in outdoor adventure and sport activities. This trend has led to a need for research in the area of short term special events and their potential for economic growth in local communities.

As the primary gateway to Canada, Ontario accounts for 36% of the national tourism revenue (Figure 2)⁹ & ¹⁰. In 1992 Ontario received 66% of the U.S. visitors to Canada

⁷ Ministry of Culture Tourism and Recreation, Ontario's Tourism Industry Opportunities-Progress-Innovation. Feb. 1994 p.11

⁸ Ibid p.13

⁹Ibid p.13

¹⁰Financial Post. Canadian Markets 1994

and 53% of overseas visitors. There are over 272,000 jobs in tourism's primary sectors. Tourism is one of the top employers in Ontario, representing 6.6% of Ontario's total employment. It is interesting to note that while Ontario generates the largest percent of tourism receipts in Canada, several other provinces generate more per capital than Ontario. This is particularly noticeable in Alberta and British Columbia, where, for

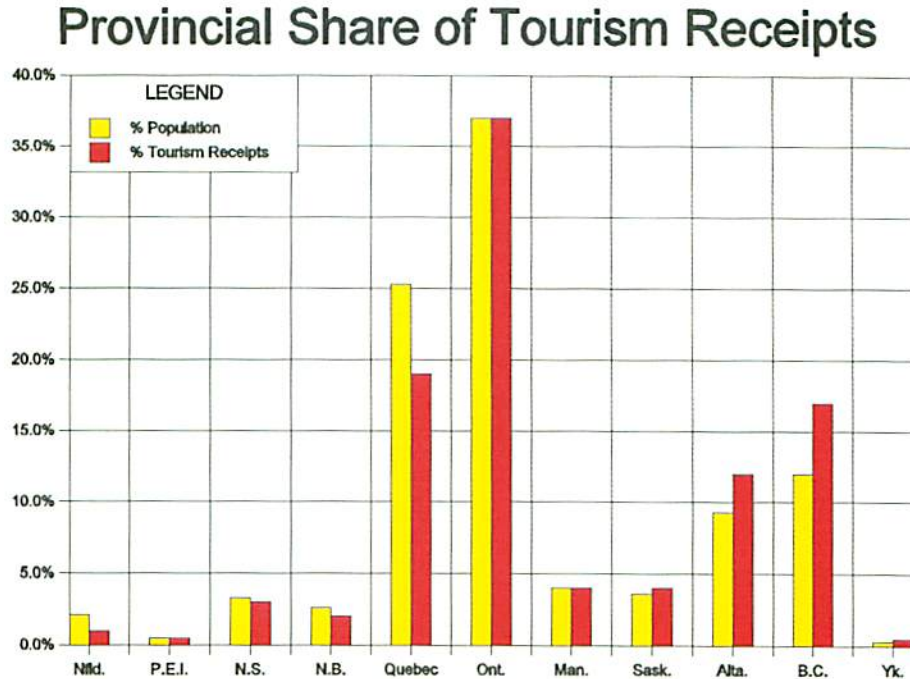


Figure 2

example, Alberta's population is less than 10.5% of Canada, however their tourism receipts equal 12%. Conversely, Ontario's population and tourism receipts are the same at 36.5% (Figure 2).

Tourism contributes substantially to the tax base of all levels of government. This has been demonstrated by a recent Cooper Lybrand study which has projected the economic impact on taxes to be \$377.6 Million annually if a Casino was built in Niagara Falls (see Table 1).¹¹

Table 1: ECONOMIC IMPACT -TAXES (\$MILLIONS)

	Niagara Falls Construction & Start up	Niagara Falls Operation	Province wide Construction & Start up	Niagara Falls Operation
WIN	N/A	63.6	N/A	63.3
Federal	\$15.5	\$123.5	N/A	\$190.0
Provincial	\$7.5	\$60.0	\$15.3	\$92.9
Local	\$2.9	\$19.9	\$5.6	\$31.3
Total	\$25.9	\$267.0	\$52.6	\$377.6

While the tourism industry faces a number of critical issues affecting its current performance, there are also significant opportunities that are a direct outgrowth of the many attractive strengths that Ontario has to offer. One opportunity not yet fully developed is in the area of community culture and sport events.

¹¹ Coopers & Lybrand Consultants, Niagara Falls Market and Economic Impact, February, 1994.

The impact of sport and culture on our economy has yet to be fully developed. The benefits from local and regional sporting events include sales in accommodations, food, beverage, and gasoline. Provincial and community awareness of the economic benefit of hosting such events needs to be created and developed.

The tourism industry has identified children and adults participating in culture and sport events as an opportunity for market development. These participants or travellers are becoming a valued commodity in many communities, as they begin to support an industry which has become an economic alternative to the declining industrial and manufacturing sectors in many communities.¹² Therefore, more data on the spending patterns of these participants is required by the tourism industry.

The appeal of tourism development has attracted local governments, who are seeking to increase income and employment. Major stakeholders, including operators of hotels, restaurants and attractions, are also becoming more aggressive as they increase their efforts to attract tourism through events. This trend is evident in the recent initiative by the Provincial Government to develop a Provincial Sectoral Strategy for Tourism. In addition, several Ontario communities, including North Bay and Brantford are also recognizing their role in tourism by re-organizing their municipal administrative structure to include tourism as an operating department. The Town of Richmond Hill has

¹² Fleming, W.R., and Toepper, L., 1990 The Economic Impact Studies : Relating The Positive and Negative Impacts of Tourism Development. Journal of Travel Research

identified, within its corporate strategic plan, the desire to have Richmond Hill the number one tournament location in the province. This trend is also evident in the increasing number of tournaments and events scheduled in communities of all sizes across the province. An example from the City of Niagara Falls, is the "Winter Festival of Lights" which is supported by a budget in excess of 1 million dollars and provides an economic benefit of approximately \$14 million dollars to the Niagara area.¹³

In addition to the direct and indirect economic benefits of the Winter Festival of Lights, the organizers are of the view that this type of event acts as a marketing tool to highlight the amenities of the area, attracting visitors during other times of the year. Therefore, the Winter Festival of lights provides a benefit which extends beyond the duration of the event itself.

It is evident that communities cannot compete equally to attract Hallmark events.

However, all communities can host community, cultural, and sport events consistent with their mandate, facilities and size. The hosting of such events requires the coordinated effort of local residents, merchants, and politicians. The ability to maintain this support will be directly related to the success municipal managers have in identifying the economic impact of such events and how successful they are in making this information known.

¹³Dore, M. and Patterson, M. The Economic Impact of The Winter Festival of Lights, Niagara Falls, Ontario The Winter Festival of Lights Committee, 1994.

REVIEW OF LITERATURE

The attention of government and business has long been directed to "Hallmark" events.

These events continue to be viewed as viable options for economic development.

However, only larger communities have the resources to host such large events. Smaller communities may, however, benefit from specific special events and niche markets. A special event is defined as a "one-time or recurring event of limited duration, developed primarily to enhance the awareness, appeal and profitability of a tourism destination in the short and/ or long run".¹⁴ All communities can begin by assessing their ability to attract visitors to community sport, and cultural events and to market their assets to specific target groups.

These events must be justified, and one way to do this is by conducting economic impact studies specific to the given community. When conducting an economic impact assessment, numerous variables should be addressed including;

- ▶ how to determine the direct economic impact of the event
- ▶ how to measure the indirect impact
- ▶ how to determine to what percent of the impact is the result of switching from other spending in the same area?
- ▶ how to determine what degree leakage will reduce the impact of the event?

¹⁴ Richie, J. R. and Aitken, C.E. Assessing the Impacts of the 1988 Olympic Winter Games, The Research Program and the Initial Results. Journal of Travel Research Winter, 1984 P.2

An economic impact analysis focuses on the monetary effect of an event. This effect arises from the primary expenditures directly associated with the event and from further rounds of indirect expenditures that the direct expenditure stimulates as it flows to supplying industries and into incomes and consumption.

The primary or direct expenditures of an event are those which occur directly as a result of the event being held. It is likely that these expenditures would not have occurred if the event had not taken place. These direct expenses include visitor expenditure, operational expenses, and participant expenditures. The indirect expenditures refer to the further rounds of spending that are stimulated by the direct expenditures, such as staff wages and the cost of replenishing supplies. A third area of increased expenditures is referred to as induced effects, which are the increases in output, income and employment that result from the increase in consumption which follows as a consequence of the increased incomes being paid to households in the direct and indirect effect stages.

To determine the indirect and induced spending that are stimulated by primary expenditures, a multiplier is often applied to the estimate of direct expenditures. There are various economic models used depending on the goals of the study and the knowledge of the researcher.

Four types of multiplier models are in common use. First, the Sales Multiplier relates tourism expenditures to the increase in business turnover which it creates. It is intended

to measure the effects of an extra unit of tourist spending on economic activity. Second, the Output Multiplier takes into account the level of sales as in the sales multiplier and only real change which takes place in the level of inventories (stock) held in the economy. Third, the Income Multiplier shows the relationship between an additional unit of tourist spending and the changes which result in the level of income in the economy. Often confusion exists with the income multiplier in determining whether disposable income or gross income is to be used. Lastly, the Employment Multiplier refers to the amount of employment generated by a given amount of tourist spending.¹⁵

The employment effect is often referred to by the Provincial Government as they make reference to the number of person years of employment they generate by their investments in community projects, such as Jobs Ontario or the Federal/Provincial Infrastructure Program.

One of the most extensive economic impact analysis was conducted on the 1985 Adelaide Grand Prix.¹⁶ This study suggests that assessments which use the output

¹⁵ Archer. B.H. 1982 The Value of Multipliers and Their Policy Implications. Tourism Management, P.C. 236-241

¹⁶Burns J.P.A., Hatch J. H. and Mules T. J. 1986. The Adelaide Grand Prix: The Impact of a Special Event. The centre for South Australia Economic Studies.

multiplier clearly overstate and provide a grossly misleading picture of the economic¹⁷ impact. For instance, "Studies which report output multipliers are either in ignorance of the real benefit measures or are trying to boost their results by misreporting." At the production level, value-added multipliers should not exceed one. Burns et al, further states, it can only reach one if there are no imported goods purchased from outside the host area.

The concept of leakage must be considered when determining net economic impacts. Leakage refers to that percent of the revenue which is required to purchase supplies outside the area, and the monies that leave without impacting the immediate area. The smaller the area under review the greater the leakage. In South Australia, the location of the Grand Prix, approximately 35% of turnover is imported and has been considered as leakage in their assessment, leaving the direct impact of only 65% of every dollar spent.

Actual benefits only arise from expenditure that creates extra demand. Simply switching demand from one industry to another within the area achieves no net benefits. While the Adelaide Study eliminated expenditures by local residents in their calculations, most studies do not make this distinction. This brings into question the net economic impact of events which only attract local residents. For instance, one of the major economic advantages of the new casino in Windsor is the fact that of the approximate 16,000

¹⁷Burns, *ibid* p. 14

visitors per day, 75% are new to Windsor.¹⁸

The authors of the Grand Prix study applied a value added multiplier taken from the updated input-output tables for South Australia. The results of this analysis utilizes a combined tourism multiplier of 1.192. This same process is utilized in this paper to assess the impact of the 1994 National Slo-pitch Championships. To understand the different types and proper calculation of these multipliers an example is provided from the Adelaide Grand Prix Study:

"Consider a visitor who buys a locally made shirt in a department store or gift shop while in the host community. Their action generates direct expenditures equivalent to the price of the shirt. Let us say that this is a \$40 shirt and that \$15 of this represents incomes earned by the store (wages, salaries, profits). The remaining \$25 is the wholesale price of the shirt and represents sales by the manufacturer of \$25 of which \$12 is income bought in components. Suppose that \$8 is for cotton fabrics and thread purchased locally and \$5 is for imported items. What is the total effect on the economy?"

As some studies have incorrectly done, the shop's \$40 sale is counted along with the manufacturer's \$25 sale and the local sales of fabric and thread. The total would be \$73, resulting in an incorrect effect benefit. While the only way to provide the exact economic impact of an event would be to develop a community specific multiplier, a specific multiplier for each community would be costly, time consuming, and impractical

¹⁸ Coopers, Lybrand Ibid

to create. As a result, most events select multipliers developed for broader geographic areas or larger economic centres and apply them. Regardless, it is important that the selected multiplier take into consideration the concepts of switching, leakage, and costs of hosting the event. Regardless of the weaknesses and limitations, multiplier analysis is a powerful and valuable tool for analyzing tourism impact.

The City of Brantford used an economic impact multiplier of 1.57 when analyzing an international hockey tournament held in their community in 1992. The economic impact model used to calculate the expenditures of their event was provided by the Ontario Ministry of Culture, Tourism and Recreation.¹⁹ No reference is made as to whether or not the multiplier is intended for events of this nature or other types of economic activity. Based on the comments made by Burns et al, it would appear that the use of this multiplier would produce an inflated impact.

Many researchers borrow a multiplier derived from some other area or event and apply them to their own, with little thought given to the unique circumstances of that community. Regardless of this situation, " using a multiplier derived from general models of a regional economy might be the only way organizers of an event can calculate the total economic effects."²⁰

¹⁹Wang, J. and Quern J. Economic Impact Study. Parks and Recreation, City of Brantford

²⁰Getz, D. 1990, Festivals, Special Events and Tourism. Vastrand, New York. p.298-307.

Some studies provide a range of multipliers, leaving the reader to draw his/her own conclusions. This method was used in the economic impact of an old timers hockey tournament analysis conducted by B. Clark.²¹ The range of multiplier was from 1.16 to 2.54. The 1.16 was provided for active recreation expenditures from an input/output analysis for the Ontario Economy compiled by Dr. A. Kubursi of McMaster University. The 2.54 multiplier was used by the Niagara Grape and Wine Festival as the accepted standard in the tourism industry.²²

The use of a 2.54 multiplier is an example of how studies can over estimate the net economic impact of events. Event organizers have been guilty, knowingly or not, of misrepresenting economic impact results through these and other methods.

Unfortunately, this variability has led to suspicion of the information obtained through economic impact estimation studies and has undermined much of their credibility.²³

The small, short term, community based studies reviewed clearly identified the direct spending of participants, including the Collingwood Parks, Recreation and Culture

²¹Clark, B. The Economic Impact of a Short-Term Recreational Event. City of Niagara Falls, Recreation Department, 1985

²²Clark, B. *ibid*

²³ Fleming, W.R. and Topper, L. Summer 1990. The Economic Impact Studies: Relating the Positive and Negative Impacts to Tourism Development. Journal of Travel Research.

Department, which conducted an assessment of the Georgian Bay Outdoor Craft Show.²⁴ However, the question remains "does this spending provide a net impact on the local community?" To address this issue information from the business section would be required. However, no effort was made in any of these reviews to gather this data.

Research conducted for this paper on the 1994 National Slo-pitch Tournament included an analysis of the motels/hotels that accommodated the participants. The purpose in this exercise is to determine if this event generates new money or replaces other lost opportunities. The studies prepared by Brantford, Peterborough, or Burlington did not deal with this issue, of lost opportunity. The Georgian Bay economic impact survey did not provide cross tabulations or provide relationships between variables.²⁵

The seven summer festival events studied by the City of Edmonton attempted to isolate the economic benefits of consumer and producer expenditures during the festival²⁶. A survey was used to calculate the direct impact on the city and was administered to all visitors and residents attending the events of the festival. Unfortunately, because many of the events did not have controlled entrances, it was not possible to ensure a random sample and total attendance had to be estimated. The National Slo-Pitch championships

²⁴ Collingwood Parks, Recreation and Culture Dept. Georgian Bay Outdoor Craft show. Gala Events 1992

²⁵ Collingwood Parks , Recreation and Culture Department. Georgian Bay Outdoor Craft Show. Gala Events 1992

²⁶ Salkey, Payne, and Cook Inc. and Manecon Partnership. 1988. Edmonton Summer Festivals 1988 Marker Study, Executive Summary.

review had the advantage of knowing the exact number of participants and could accurately identify the random sample. As can be seen from the above, the estimate of numbers of participants is also problematic. Clearly, proper counts should have been taken by Edmonton.

The expenditures were tabulated and a process was used to determine the total economic impact on the city. The first part of the process combined the expenditures of Edmonton residents, visitors to Edmonton and tourists who were in the area for reasons other than attending the festivals, but also attended the event. These individual groups were isolated and their average spending calculated. Once calculated, it was multiplied by the estimated number of people attending in that category. The results yielded an estimate of the direct economic impact of that group. Summed together, the consultant believed these categories represented the direct economic impacts of visitors attending the seven summer festivals. This exercise appears to be so speculative that the results would be questionable at best.

In 1988 a study of the annual Calgary Exhibition and Stampede calculated incremental income both on and off site as a direct impact of the event and used multipliers to calculate secondary and induced impacts.

As previously mentioned, to calculate total expenditures one must first find the estimate of the average expenditure per person and then multiply this figure by the number of

visitors attending. A number of mathematical approaches may be used to carry out this calculation. Unfortunately, the Calgary Stampede study did not use any surveys or questionnaires to estimate the expenditure. Instead, two earlier surveys of the stampede were used and indexed for inflation to calculate average resident expenditure. In calculating non-resident expenditures, a survey regarding visitors to Vancouver's Expo 86 was used and indexed for inflation. Then, in estimating the total number of visitors, attendance counts for each exhibition events were available. However, this included repeat visits. Therefore, in attempting not to over estimate total attendance, a visitor survey from 1985 Calgary Stampede and unrelated data concerning the Calgary meetings market were used for the estimate of repeat visits. Once this was done, the total number of visitors attending was calculated. Unfortunately, assumptions again were required by the consultants to decide the proportions of tourists versus residents attending the event.

The consultant attempted to determine the incremental income to Calgary, paying close attention to the switching effect. To correct for this effect, they assumed that ten percent of spending by residents of Calgary was incremental or the result of switching. Again, the Niagara Falls National Slo-Pitch study had the advantage of knowing that the expenditures at that event would only occur as a result of the event. Therefore, switching of spending patterns would not have an influence on the direct expenditures at the slo-pitch event.

The impact assessment of the "Eight Festivals in the Nations Capital Region." was one of

the most ambitious. ²⁷ The consulting group judged that benefits could occur as a result of consumer or producer contributions. To identify the impacts, a telephone survey of the region, using a stratified random sample, was made in an attempt to evaluate the total attendance. The telephone survey was required, in addition to the spot interviews because, many of the events were free and open, and thus making any attempt to estimate the total attendance was difficult.

Random surveys were conducted on site to determine direct expenditures. The first question asked was to the visitor from Ottawa. The reason for this question was to allow for the separation of tourists from residents, so that different calculations of incremental income could be used. Visitors were asked what proportion of their trip to the region was attributed to the festival. This percentage was then used as a gauge to compare the various events. The second function of these proportions was to calculate the incremental income of each event. Therefore these proportions were applied to the gross tourist expenditures to yield estimates of incremental income.

The consultant applied the Conference Board of Canada's economic provincial medium term forecasting rather than multipliers as in other studies. It was shown that this model calculated impacts over a five year period by taking into account the actual state of the economy during and after the event, thereby avoiding problems associated with

²⁷ Getz, D. Festivals, Special Events and Tourism. Vanstrand Reichold, New York. p 238-307.

multipliers. Only 10% of the long term impact was found to be "secondary", as opposed to being generated by direct incremental spending.

While community based studies tend to be narrow in their focus, the 1985 analysis of the Adelaide Grand Prix was broad and far reaching. This review provide a comprehensive analysis and diagnosis of the positive and negative impacts of a major event. Included in its review were expenditures in transportation, accommodation, the restaurant industry as well as the negative implication created by increased traffic and noise. Social implications of the event on residents close to the race circuit were also considered. The Adelaide study identified three main elements to be surveyed and prepared separate instruments for each.

This first visitor survey was designed to calculate the direct economic impact on the Adelaide Region. The target population was identified as all visitors to Adelaide who were attending the Grand Prix. The expenditure and behaviour patterns of this population were expected to be highly variable, since visitors included a wide range of categories including residents of Australia. To correct for this expected variability in visitor type a stratified sampling procedure was used to increase sampling efficiency and provide a more homogeneous sub-group.

The second survey was a resident survey. Its main purpose was to identify the costs imposed by staging the event. Again a stratified random sampling approach was adopted. The target population was considered to be all residents aged fifteen years of

extent of influence created by a special event would allow local communities to be more realistic when preparing to host an event or when providing the results of the true impact of their event.

RESEARCH QUESTIONS

Based on the review of various studies and related literature, this research is intended to address the following research questions in the economic impact assessment of the 1994 Canadian Molson's Slo-Pitch National Championships.

Main Research Questions

- Does a short term special event provide a positive net economic benefit to the host community ? (Specifically the 1994 Canadian National Slo- pitch Championships.)
- Which sectors of the community benefit by these events?
- Is seasonality an important factor in hosting an event?
- What percent of the total expenditures are actually new revenue or substitution spending?
- What factors should a host community consider prior to deciding if an event will have a positive net effect on its community?
- Do spending patterns vary with distance travelled to tournaments?
- What are the demographic characteristics of tournament participants in the 1994 Canadian National Slo-pitch Championships?
- What are the satisfaction levels of tournament participants?
- Does the accommodation sector perceive a net benefit for this event held in August?

METHODOLOGY and PROCEDURES

To assess the economic benefits of the 1994 Canadian National Slo-pitch National Championships, information was collected from the participants and the local business community. The event was hosted in Niagara Falls and attracted 103 teams from across Canada. This event was held during the August 1st (civic) long weekend which is traditionally a busy time for tourism in the Niagara Region.

To obtain the necessary information from each group, separate surveys were designed. The first survey was a participant's survey designed to identify demographic information and to calculate the direct spending patterns for this event. (See Appendix A) A second survey was designed to gather the direct impact on the hotels/motels that accommodated the participants. (See Appendix B)

The researcher worked closely with the Slo-pitch National office and the local organizing committee to design and distribute the research instruments. Co-operation from both groups was essential for the success of the study.

A letter, co-authored by the President of Slo-pitch National and the researcher was included in the event program and mailed a month prior to the event. This letter was intended to make the participants aware of the study and encourage them to respond to the surveys. (See Appendix C)

As an incentive to the participants, each individual who completed a survey was eligible for a draw to win baseball equipment. To further encourage a high response rate, each team who completed at least five surveys, would be entered in a draw for a team prize valued at \$350.

Participant's Survey Procedure

On registration day, each team manager was provided ten surveys with a covering letter to the participants. The Manager was asked to randomly distribute them to the players. The letter suggested that it should take approximately five minutes to complete the questionnaire. The completed surveys were to be dropped off at the registration area at the tournament headquarters. This area was supervised at all times by staff and volunteers of Slo-pitch National who accepted the completed surveys. As game results were returned to the headquarters, teams were encouraged again to complete the surveys. A total of 1030 surveys were distributed and 400 hundred were returned. The data from the participant's survey was coded and placed in disk format on a Macintosh Computer. The Program Statistical Package for the Social Sciences (SPSS) was used to tabulate and analyze the data.

Business Survey Procedure

The business survey was delivered to the managers of the eleven hotels who were hosting teams. The list of hotels was provided by the travel agency that was co-coordinating the

accommodations for the tournament. Hotel managers were contacted in advance to ask if they would be willing to participate in the survey. All eleven agreed to participate. The survey, with a covering letter, was then delivered to the hotels. Following the tournament, calls were made to the managers reminding them to return the surveys and all eleven were completed and returned.

Limitations

The study is limited by the method used to distribute and collect the data and the accuracy with which the respondents replied to the surveys. The results will also be limited due to the fact that the respondents may not have interpreted all questions as intended by the researcher. For instance, some respondents reported their spending patterns for the total trip rather than the per day expenditures. A 38.8% response rate will also limit the report. The type of event studied will also place limitations on its use in that it may not be a good model to use for comparison with certain other events.

Population-Sample

It is estimated that there were approximately 1545 participants (103 teams x 15 participants) registered in the tournament. Consequently, 10 surveys were made available for each team manager who was asked to randomly distribute them. In addition, individuals who did not receive a survey from their manager and requested one were permitted to receive one as well. Approximately 100 were distributed in this

fashion. Of the 1130 surveys distributed, 393 valid surveys were returned, providing a response rate of approximately 35%. This return rate provides a confidence rate of 96%.

The completed surveys represent teams from various parts of the country, including the Niagara Region (19), other parts of Ontario (265), Newfoundland (29), New Brunswick (10), Nova Scotia (17), Quebec (13), Manitoba (30) and British Columbia with (10).

The tournament was made up of 55 men's teams, 21 women's teams and 27 co-ed teams. See Figure 3 for a break down of the origin of participants. These categories were further broken down in Men's A, B, E Women's A, B and Co-ed A, D.

To determine the economic impact of the National Championships, it was first necessary to determine the total number of participants and spectators at the event each day. The survey requested data as to the visitor expenditures for the event. These two figures were multiplied to determine the total direct expenditures produced by the event.

Origin of Participants

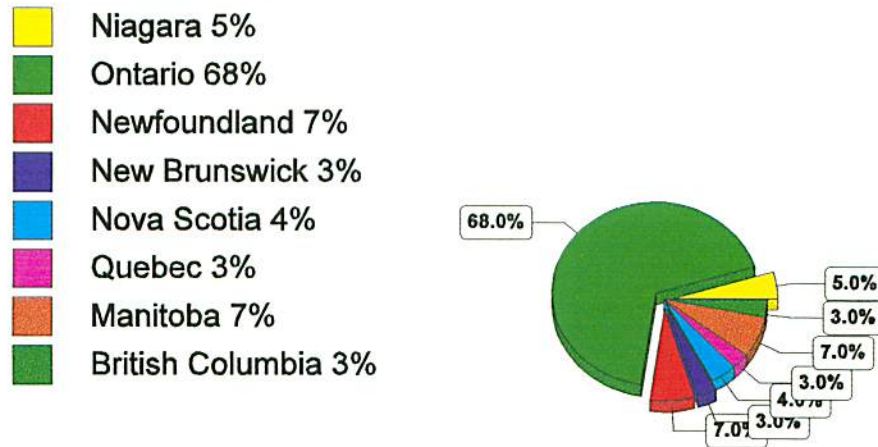


Figure 3

RESULTS

Participants

Due to the fact that this was a national tournament, it is important to identify the origins of the participants. Of the total surveyed, 72% were from Ontario with 4.8% of this number being from the Niagara Region. The remaining 28% were from across Canada representing six Provinces. The total registered teams included 55 men's teams, 21 women's teams and 27 co-ed. Of these, the greatest response was from the men's teams with one hundred and fifty surveys returned (Table 2). However, there were a larger

percentage of women returning surveys with a response of 127.

Table 2: Profile of Teams Responding to Survey

	Men	Women	Co-ed	Total
Total Registered	55	21	27	103
Teams Responding	15 (27%)	13 (61%)	14 (51 %)	32
Surveys Returned	150	127	123	400

The average age of those participating was 29.66 years with the mode being 31. This shows the majority of participants to be approximately 30 years old. The results of this question indicated the number of people aged 15-20 and 47-59. Therefore, the standard deviation for this question was quite high at 6.13 years.

In order to determine the total number of people included in the tournament, the survey asked how many, if any, participants were accompanied by friends or relatives. The responses showed that 57% of the participants were accompanied by someone else. Of the 57%, 246 people indicated their spouse also attended. Eleven percent of those who were not alone brought children, and 28% were accompanied by friends or relatives.

Attendance Calculations

Spouses:

The data indicated that 36.4% of respondents were accompanied by their spouse.

Therefore $1545 \times 36.4 = 562$ spouses were in attendance.

Children:

Eleven percent of respondents indicated that they were accompanied by children.

Therefore, $1545 \times 11\% = 169$ participants brought children. On average each participant was accompanied by 1.6 children for a total of 270 children.

Friends or Relatives:

Friends or relatives accompanied 28% of participants ($1545 \times 28\% = 432$). On average the data showed that those that were accompanied by friends or relatives were accompanied by 3.2 people. Therefore 1382 friends or relatives were also in attendance.

Based on the data the total attendance was: 3,759 (see Table 3).

Table 3: Total Attendance

Participants	1545
Children	270
Spouses	562
Friends or Relatives	1382
Total	3759

Of those responding, 88% indicated that they required paid accommodations. The average number of nights required was 3.33 with a standard deviation of 1.29. The majority of people stayed in hotels (88.6%), with only 14% staying with friends or at a campground. (see Figure 4)

Accommodations used by Visitors

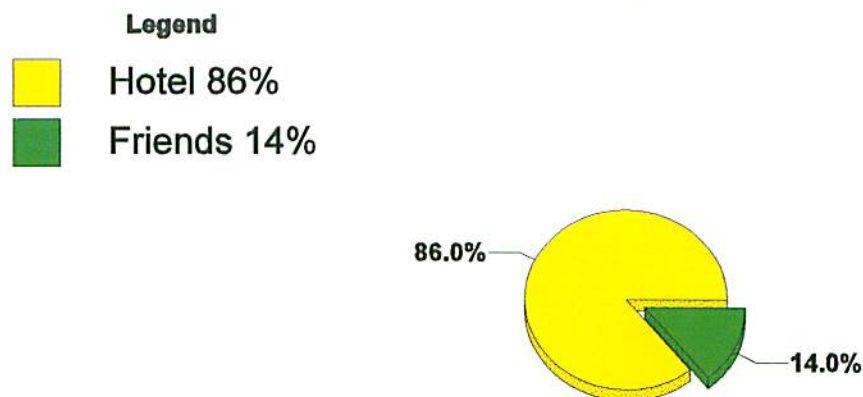


Figure 4

When asked where they ate most of their meals, the results showed that over 75% of the breakfast meals were in the hotel, full menu restaurant or fast food restaurant. The majority of people had lunch at fast food restaurants or at the tournament headquarters. The majority of dinner meals (56%) were at full menu restaurants with only 24% having

dinner at fast food restaurants.

Tournament organizers were of the opinion that the many attractions in Niagara Falls would also be a draw to participants. The survey showed that 61% of participants visited attractions while in the community. The most popular attraction were the Niagara Falls themselves, Marineland, and the Clifton Hill attractions.

Participants reported that the average expenditure on accommodations per day for each family group was \$72.00 The average expenditure for meals per day was \$48.00 The survey also asked about average daily expenditures in other areas, the results are listed below (Table 4).

Table 4: Visitor Expenditures Per Day

Item	Expenditure per Family per Day	Distribution of Expenditures
Entertainment	\$30	13.69%
Shopping	\$33	14.32%
Sight Seeing	\$14	6.07%
Travel	\$24	10.52%
Accommodation	\$72	31.48%
Meals	\$49	21.37%
Other	\$7	3.08%
Total	\$229	100.00 %

To determine the total direct expenditures it is necessary to multiply the total daily expenditures (\$229) by the number of family units (1545) by the average number of days each family participated (3.33). (Table 5).

Table 5: Total Direct Expenditures

Daily Expenditures	\$229
Family Units	1545
Number of days	3.33
Total Direct Expenditures	\$1,178.170.

To determine indirect and induced impacts of this event the direct expenditures were entered into a Niagara Regional Impact model developed by A. Kurbursi²⁸. This model integrated input-output analysis and location theory. The model utilizes a large set of economic and technical databases that are regularly published by Statistics Canada. Included in the analysis are the interprovincial input-output tables, employment by sector, taxes by type of tax and level of government collecting the tax etc.. The results shown in Table 6 indicate both the Provincial impact (multiplier) of 1.86 and the local Niagara Impact (multiplier) of 1.13.

²⁸ Kurbursi, A. Niagara Regional Impact Model 1993. Econometric Research Limited

Table 6 Total Impact of Event

Impacts	Province Wide	Niagara
Initial Expenditures	\$1,179.000	\$1,179.000
Value Added		
Direct	\$590.000	\$590.000
Indirect & Induced	\$1,604.000	\$746.000
Total	\$2,194.000	\$1,336.000
Multiplier	1.86	1.13

One of the attractive features of Niagara Falls as a host community is its proximity to the U.S. border. The survey asked if participants visited the U.S. during the tournament. The response showed that 37.2% did cross the border. Participants were asked what their purpose in visiting the U.S. was and what their total expenditure was while in the United States (Table 7).

Table 7: Total Spending while in the U.S.

Purpose	Expenditures (\$) Canadian
Restaurant	\$23.06
Entertainment	\$8.89
Attractions	\$1.88
Shopping	\$21.75
Other	\$3.57

Total	\$59.33
-------	---------

Participants were also asked about their level of satisfaction with the tournament, and the way it was run. In addition they were asked to respond to their feelings about Niagara Falls as a host community. A scale was used in this question and resulted in the following responses:

Table 8: Satisfaction Level of Participants, with Tournament and City

Very Satisfied	Generally Satisfied	Generally Dissatisfied	Very Dissatisfied	No Opinion
46.4%	48.9%	2.5%	2.6%	2%

Business Survey

The Event Organizing Committee provided the services of an accommodation booking agency for all teams. Eleven hotels were used by the agency and each one was contacted by the researcher. The initial contact was made by phone to ask if they would be willing to participate in a survey. A follow up letter and survey was then delivered to the manager of each hotel prior to the event weekend. One week after the event, anyone who had not returned the survey was contacted again. Eventually all eleven surveys were returned.

The total number of rooms represented by all hotel respondents was 814. When asked if the hotel operators believed that the National Slo-pitch tournament had a positive net impact on their operation, 3 strongly agreed, 5 agreed and 5 disagreed.(Figure 5)

The survey revealed that the average room charge during the tournament was \$68.

In total, 1001 room nights were booked from Wednesday to Monday through the agency.

The majority of the rooms were booked from Thursday to Sunday with an average of



Figure 5

approximately 225 rooms booked each night.(Figure 6)

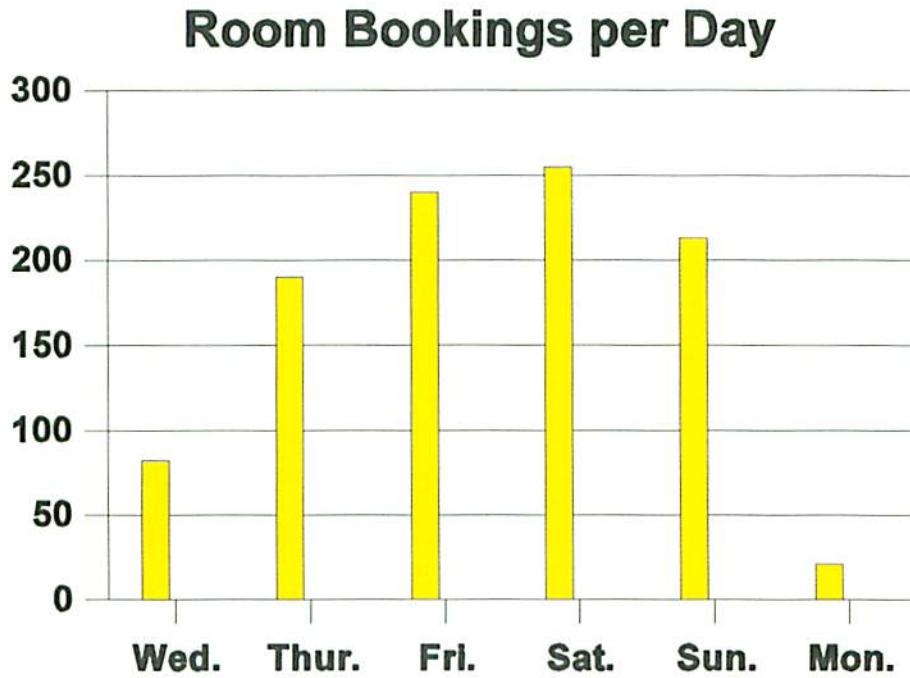


Figure 6

The hotels reported that their occupancy averaged 99% during the weekend of the tournament. In addition, ten of the eleven respondents indicated that they had to turn business away during the weekend.

When asked if they rented more rooms during this weekend this year when compared to last, seven indicated *yes* and four said *no*. All respondents replied they thought the tournament would be more beneficial if it was conducted at another time of the year, when the occupancy rate is lower.

DISCUSSIONS

The 1994 Canadian Molson's Slow-Pitch National Championships attracted a total of 1545 participants. Surprisingly, for a National tournament only 28.2% of this group were from outside the Province of Ontario. The data collected showed that the spending patterns of the Ontario residents (those living outside the Niagara region) and those from other Provinces were very similar. This would suggest that a Provincial or National event would have similar financial impacts as long as the majority of the participants were from outside the region. It should be noted that the questionnaire administered for this study did not address transportation costs incurred when travelling to Niagara Falls. However money spent travelling to and from the tournament would not impact the local economy in any case.

As expected, the spending by Niagara Region participants was very low. This data confirms the conclusions made by Yardley et al, which suggests that local communities should encourage, short term events that are of greater than local significance, since the influx of dollars from outside the region is a stimulant to the local economy.

In addition to the participants, many others were attracted to the event including family and friends. As indicated, the total in attendance including friends and relatives was 3,759. This figure does not include local residents who would visit the parks to enjoy

the Slo-Pitch events, thereby increasing the total in attendance even more. Those who accompany the participants increase the economic impact of the event considerably. Therefore, event organizers should ensure opportunities are made available for the non-playing visitors. Each participant was accompanied by 3.2 people. This is supported by the finding of the Gretzky International Minor Hockey Tournament where participants were accompanied by an average of 3.2 people.²⁹ and Yardley et al, who indicated that 3.5 people accompanied each participant in the Al Reid Old Timers Hockey Tournament.³⁰

The expenditures incurred by overnight travellers in the area of accommodation, food, and shopping are very high compared to other expenditures, suggesting that overnight events should be encouraged. The data shows that 96% of those attending this event required accommodations. The participants also indicated that their average stay was 3.33 days. This number is high when compared to the Al Reid tournament studied by Yardley et al, in which the average accommodation required was only 1.99 nights. This is clearly a result of the fact that the National Slo-Pitch tournament attracted people from distant locations and held them over for more days.

The average expenditure per day of \$229.24 is very high when compared to similar studies which assessed the economic impact of a recreation event which extended at least

²⁹ Wong, J. Querin, J. Economic Impact Study, Parks and Recreation. City of Brantford, 1993

³⁰Yardley ibid p.76

two nights to be in the order of \$200.00 to \$300.00 per participant for the **total event**.³¹

The data collected from the Gretzky International Hockey Tournament indicated that the average expenditure for their event was \$298.00 per participant for the total event.³²

This higher spending pattern with the 1994 National Championships could be due to several reasons including:

1. People who travel to National Events normally come from farther away and are prepared to spend more, during the event.
2. The average stay of 3.33 days is higher than the 1.99 days of the Al Reid Old Timers Hockey Tournament or the Gretzky International Tournament which showed only .43 nights per participant. The number of over night required by participants has the greatest single impact on the economic impact of an event.

Review of the data shows that 83% of Niagara Regional participants spent less than \$25.00 per day. Fifty two percent of participants from other parts of the Province spent an average of \$150.00 per day while over 60% of participants from outside Ontario also spent over \$150.00 per day.

³¹ Yardley *ibid* p.77

³² Wong, *ibid*

The age group participating in such events would be very attractive to potential corporate sponsors who would assess this age group as a potential market for their product. The demographic profile of the participants includes male/female with an average age of 30 years. This study clearly identifies a potential market for many corporations who would normally target this age group. The potential of selling this "captive" market to corporate sponsors is great.

While this event currently has Molson as their major sponsor, numerous other sponsors would, no doubt be attracted to this event. While the local organizers would not wish to encourage the tournament participants to travel across the U.S. border the fact remains that 36.9% of the participants did take advantage of this opportunity. Therefore, corporate sponsorships could also be considered with American companies. The average expenditure for participants visiting the U.S. was \$49.00.

The future of any successful event is directly related to the satisfaction of its participants. It appears that this event is very well received by the participants with very few people indicating any degree of dis-satisfaction with the event.

When a multiplier of 1.13³³ is applied to the direct impact of this event the results are significant with a total economic impact of \$1,336,000. It is little wonder that

³³ Kubursi, A. Ibid

communities would be anxious to host similar events. The data shows, on average, each team would produce an economic impact of \$12,970.00 as a result of this event. If this same formula is applied to other similar events, it would be quite simple to calculate their economic impact. Niagara Falls is also host to the Provincial slo-pitch Championships which attracts approximately 1000 teams during the month of September each year. If the same ratio of expenditure per team, was applied the Provincial event the result would be approximately \$ 13,000,000.

The information on expenditures is, however, only a part of the story. Some very revealing data has been provided in the business survey which may question the actual net impact of this and any other event. To some degree the net impact may be simply transferring income from one area to another within the same economic area. Hotel operators have indicated that their occupancy during the tournament was at almost 100% capacity. Some hotels also indicated that they turned people away and were equally busy during previous civic holiday weekends. We could assume, therefore that the hotels would have been filled, regardless of the impact of the tournament. Event organizers therefore, may wonder why a community would allocate the resources required to host such an event. This issue was addressed with follow up discussion with the hotel operators, who suggested that this event is important and does impact the accommodations industry. This view is based on several points; the first being the need to have a certain degree of guaranteed bookings; second, that many Niagara Falls visitors are day trippers who decide to visit within a day or two depending on the weather forecast.

normally not filled during this period. It is also important to note that, while hotels have a specific capacity on any one night, restaurants, shopping and attractions rarely reach their full capacity.

All participants in the hotel survey indicated that while they were supportive of this event, they feel a much greater net economic impact would be realized if it were scheduled during the shoulder season, specifically May-June or September-October.

CONCLUSIONS

The data gathered in this study provides support to previous research on tournaments and events which suggests that significant economic benefits can be gained by hosting short term special events. The extent of the economic benefits is increased considerably when the event requires participants to stay in the host community over night.

Event organizers should note that the major expenditures at events is in the area of accommodations, meals and shopping. Therefore, events which only attract local or regional visitors are unlikely to have a significant impact in these areas. This and similar research should be shared with local government and businesses, with a view to promote the hosting of events as an economic initiative rather than simply as a social or recreational activity. Local politicians and managers should be encouraged to solicit and host tournaments and events as a way to promote community spirit and generate revenue.

To be attractive as a host community it is important to provide adequate and well maintained facilities. This of course requires appropriate budget allocations to be made on an annual bases. Politicians will have to recognize that funds spent to improve recreation facilities are actually an investment in the economic viability of their community.

While this paper focused on the economic impacts, close attention should also be given to studies such as the one conducted on the Adelaide Grand Prix which also addressed community and social impacts of their event.

As referred to in the introduction of this paper, tourism has significant growth potential. This potential will develop quickly as both the public and private sectors acknowledge and respond to the fact that activities and events are a key elements to future growth.

All Information will be held in confidence.

**COMPLETE THE QUESTIONNAIRE AND WIN
A TEAM PRIZE and an
INDIVIDUAL PRIZE**

**1994 CANADIAN MOLSON'S SLO-PITCH
NATIONAL CHAMPIONSHIPS
PARTICIPANTS' SURVEY**

- 1) Where do you live? City/Town _____
Province _____
- 2) Team Name _____
- 3) Please indicate the division in which you are playing?
- | | Male | Female | Co-ed |
|---|-------|--------|-------|
| A | _____ | _____ | _____ |
| B | _____ | _____ | _____ |
| D | _____ | _____ | _____ |
| E | _____ | _____ | _____ |
- 4) Please indicate your age _____
- 5) Who was with your party at this tournament?
- self only
- spouse yes no
- children 0 1 2 3 4 5 (Circle)
- relatives/friends 0 1 2 3 4 5 (Circle)

6) **How many nights did you stay in paid accommodation in Niagara Falls?**
 Please specify _____

7) **What type of accommodation did you use?**
 _____ hotel/motel
 _____ relative/friend
 other - Please specify _____

8) **Where in Niagara Falls did you eat most of your meals?**

	Breakfast	Lunch	Dinner	Snacks
hotel/motel	_____	_____	_____	_____
full menu restaurant	_____	_____	_____	_____
fast food restaurant	_____	_____	_____	_____
Optimist Park	_____	_____	_____	_____
relatives/friends	_____	_____	_____	_____

9) **What attractions/entertainment, if any, did you attend in Niagara Falls?**

10) **Approximately how much did you (if alone) or your family group spend on the following items per day?**

	<u>Total Expenditures Per Day</u>
_____ accommodations	_____
_____ meals	_____
_____ entertainment	_____
_____ shopping	_____
_____ sightseeing/attractions	_____
_____ travel	_____
_____ other	_____

11) Did you or your family visit the U.S. during the Tournament?

Yes _____ No _____

12) If you visited the U.S. please indicate the purpose for visiting and approximately how much you spend in Canadian \$.

<u>Purpose</u>	<u>Expenditure</u>
_____ Restaurant	_____
_____ Entertainment	_____
_____ Attractions	_____
_____ Shopping	_____
_____ Other	_____

13) Please indicate your degree of satisfaction with your visit to Niagara Falls (please check)

Very satisfied _____ Generally dissatisfied _____ No opinion _____
Generally satisfied _____ Very dissatisfied _____

14) Is there anything you particularly liked or disliked about your visit. Please comment.

Thank you for your assistance. Please drop off the Questionnaire in the box located at the Optimist Park or fax your completed questionnaire to (905) 356-2354.

You must fill out the Questionnaire in order to be eligible for the team draw. The draw will take place on Monday, August 1st at Optimist Park after all games are played. (You do not have to be in attendance to win).

*** ALL TEAMS WHO RETURN A MINIMUM OF 5 COMPLETED QUESTIONNAIRES WILL BE ELIGIBLE FOR A TEAM PRIZE VALUED AT \$350.00. THE PRIZE INCLUDES TEAM BAG, BAT, SWEATERS ETC.**

PLEASE TEAR OFF BALLOT AND RETURN WITH YOUR QUESTIONNAIRE FOR THE INDIVIDUAL DRAW TO WIN A GLOVE OR BAT

BALLOT FOR INDIVIDUAL PRIZE

Name _____

Team Name _____

Address _____ **Phone** _____

All information will be held in strict confidence.
--

1994 CANADIAN MOLSON'S SLO-PITCH
NATIONAL CHAMPIONSHIPS
BUSINESS SURVEY

- 1) **Please indicate the type of your business.**
 ___ hotel # of rooms at your business _____
 ___ motel

- 2) **Please indicate your agreement or disagreement with the following statement by checking the appropriate blank.**
 The Canadian Slo-pitch Championships have had a positive financial impact on my business.
 Strongly agree ___ Disagree ___ No opinion ___
 Agree ___ Strongly disagree ___

- 3) **Please indicate the number of rooms booked each night by slo-pitch participants.**
 Wednesday - ___ Thursday - ___ Friday - ___
 Saturday - _____ Sunday - ___ Monday - ___

- 4) **Please indicate the average charge for rooms per night during the tournament.**
 Please specify (\$) _____

- 5) **At what operating capacity was your business during the Tournament?**
 Please specify (%) _____

- 6) **Did you turn away business during the tournament due to being filled?**
 Yes ___ No ___

If yes, how many additional rooms would you have been able to book if you had the capacity during the weekend? Approximate # of rooms _____.

- 7) Did you have more rooms rented during the 1994 tournament than during the same period last year without the tournament?

Yes ____ No ____

If yes please indicate the additional # of rooms. _____

- 8) Do you believe tournaments held at other times of the year would provide more benefit to your business?

Yes ____ No ____

Suggested time periods _____

- 9) Suggestions/comments

APPENDIX C

July 1994

Team Managers:

Slo-Pitch National and the City of Niagara Falls will be conducting an economic impact study of the 1994 National Championship Tournament and we need your help.

If you will assist us by randomly distributing and encouraging 10 of your players to complete a short questionnaire, we will provide the following:

- 1) For every team that returns at least 5 completed questionnaires, that team enters a draw to win

<p>a value package of over \$350 that includes a team bag, Easton bat, team sweaters, etc.</p>
--

For each team that completes all 10 questionnaires, their names go in twice.

- 2) For each player that returns a completed questionnaire, that player enters a draw to win

<p>either an Easton bat - value \$150 or an Easton glove - value \$125</p>
--

The information which will be collected from this survey is important to Slo-Pitch National and the hosts of the tournament.

The questionnaires will be given to you when you register. All information provided by individuals will be kept in confidence.

Your cooperation will be appreciated.

Bill Miller
Slo-Pitch National

John MacDonald
City of Niagara Falls