

## **The AVESTA Impact Guide:FAQ**

*What does this Impact Guide have to do with your sport, recreation or cultural events and facilities?*

### **The Purpose of the Impact guide**

The purpose of the Impact Guide is to encourage groups/organizations to participate in data collection that will enable an economic impact assessment of their event/facility. The basic idea is for you to collaborate with Dr. Brian VanBlarcom and students studying the economics of sport/recreation/tourism at Acadia University, in completing an economic impact assessment of your event/facility.

*What do sport/recreation/cultural event/facilities have to do with tourism and economics?*

### **Economic Impact Studies: Relevance of Events/Facilities to Tourism**

Since tourism, by definition, involves the influx of non-residents into a community outside of their normal environment, it follows quite logically that any expenditure made by these persons would represent an injection of funds into a local economy, thus increasing the economic activity of that community. Tourism then, by definition, lends itself quite naturally to economic impact analysis and a great number of such studies have been performed on tourism-based stimuli. Special events, such as sporting events, concerts or festivals, or permanent facilities, such as sports facilities, hiking trails/campgrounds, museums, etc., attract non-resident visitors who, by purchasing goods and services within the area, inject funds into the local economy thereby generating increased incomes for local residents.

*Why should my group/organization/business be interested in completing an economic impact assessment of an event/facility?*

### **The Rationale for Economic Impact Studies**

The rationale for conducting an economic impact study (EIS) can vary. In some instances an EIS may be used by a publicly funded event or organization to justify the use of scarce tax dollars, or scarce time in organizing events. An EIS may be conducted as a means to raise community awareness and to highlight economic benefits of festivals and events that allow

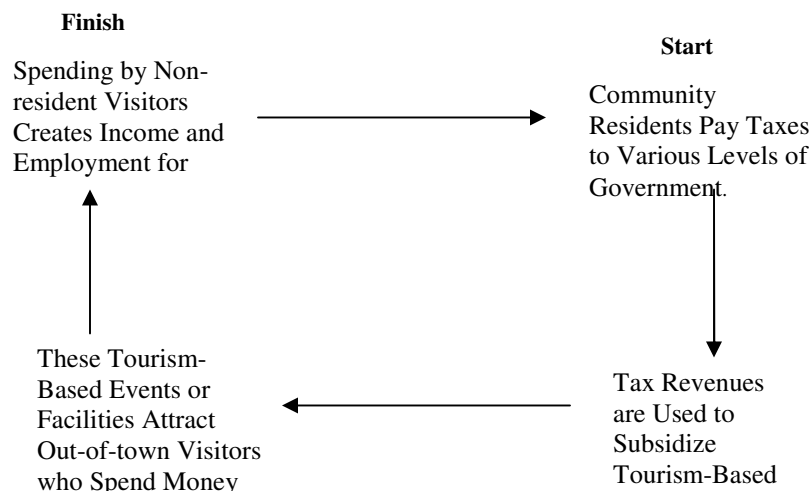
us to express pride and appreciation of being part of the community. An EIS may be used by governmental organizations when faced with difficult choices between competing worthwhile projects in light of the growing constraints on public funding.

Consider Figure 1 below, which has been adapted from *A Guide for Undertaking Economic Impact Studies: The Springfest Example* (Crompton, Lee, & Shuster, 2001). The Figure illustrates members of a community providing funds, in the form of taxes, to municipal, provincial or federal governments, which in turn may use a portion of these funds to subsidize, in part or in whole, tourism-based events or facilities. The subsidized event or facility attracts non-resident visitors who spend money within the local community creating employment and hence income for community residents. The community members pay taxes and the cycle continues (Crompton et al., 2001).

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Figure 1: The Conceptual Rationale for Undertaking Economic Impact Studies

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Source: Crompton, Lee, & Shuster, 2001

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The rationale for conducting an EIS, however, ultimately comes down to examining return on investment. The investment takes the form of money costs, time and effort in organizing and operating an event. The returns are the economic benefits, increased sense of community pride, spirit and well-being that accrue to members of the community (area). As illustrated in the Figure 1 above, it is important to consider the net benefits to the community members of the study area rather than just the net benefits to specific government agencies, businesses or groups that may

(or may not) be involved directly/indirectly in subsidizing/organizing/operating the event or facility .

The economic contribution of visitor expenditures in the local economy is of interest to area businesses, public agencies and citizens. Informed decision making and public policy necessitates that stakeholders understand the economic contribution made by tourists (directly and indirectly) to the local economy. Awareness of the economic benefits is vital in order to compare with the associated economic and social costs related to event tourism development.

An economic impact assessment enables an evaluation of a specific event (or series of events) that attract visitors to the area, not only in terms of the sponsoring organization's balance sheet (revenues and expenditures), but also from a the perspective the total local area economic impacts associated with visitor spending. The ability to provide a broader based assessment of the total impacts that sport/cultural events have on area residents, can be a valuable tool in guiding decision making.

***I don't know how to complete an economic impact study – it sounds complicated!***

### **Economic Impact Studies: Some Basic Principles**

Economic impact studies can provide meaningful and quantifiable outcomes. Those with experience in economic impact analysis caution that this process involves assumptions and estimates and the impact numbers should be regarded as a “best estimates” rather than as “infinitely precise.” An EIS can be misleading if it is improperly executed, either due to “honest mistakes” resulting from a lack of understanding of economic impact analysis or due to malicious adoption of inappropriate techniques in order to generate misleadingly large figures (Crompton, 1999). Fortunately, there are some basic principles which can be applied to an EIS to ensure that it is as clear and accurate as possible. These principles are contained in **Step 2** with the details contained in **Step 3** and the *Helpful Links* section.

***If I am interested in generating an economic impact assessment of an event/facility, what can I do now?***

### **It Can Be Done and We can Help**

This *Impact Guide* is designed to clearly illustrate the process of economic impact analysis. The AVESTA website also contains a number of local (Annapolis Valley) economic impact

reports related to events and facilities. The goal of the *Impact Guide* is to help groups/organizations that have an interest in determining what their event/facility means to the local economy.

The first thing you should do is contact Dr. Brian VanBlarcom of The Economics Department of Acadia University. Telephone Number: (902) 585 1137, Fax: (902) 585 1137, Email: [brian.vanblarcom@acadiu.ca](mailto:brian.vanblarcom@acadiu.ca) to discuss your event/facility and its economic impact.

A sequence of tasks would then unfold as given below. Remember that the basic principles behind each of these tasks (and references with more detailed information) are contained in subsequent “STEPS” of the *Impact Guide*.

### **The “To Do List” in an Economic Impact Assessment**

1. Contact Dr. VanBlarcom (Brian) and convey the objectives of the study.
2. In consultation with Brian, formalize the objectives and how they will be accomplished.
3. In consultation with Brian, select a data collection (sampling) strategy and a survey instrument (questionnaire to be completed by visitors) that can provide the needed information. There are number of “preformatted” questionnaires contained in **Step 4** but are easily revised for particular events/facilities.
4. Follow the devised data collection strategy to collect the data. This is the critical element in a successful study and the primary task for the group/organization that desires the economic impact assessment.
5. The next task is to put data contained on the questionnaires into a spreadsheet. There are a number of “preformatted” spreadsheets (see **STEP 5**) that can be revised in accordance with the particular version of the questionnaire.
6. Email the spreadsheet (See **Step 6**) containing the data to [brian.vanblarcom@acadiu.ca](mailto:brian.vanblarcom@acadiu.ca) Dr. Brian VanBlarcom, in conjunction with students of Acadia University, will analyze the data and produce an economic impact assessment.
7. Upon completion, the economic impact assessment will be presented to the group/organization. A copy of the report will also be added to the AVESTA website.

*What if I require more information related to specific aspects of economic impact assessment associated with sport and event tourism?*

**Step 2** outlines the Main Tasks necessary in completing an economic impact study. **Step 3** in the “Complete Guide” provides more detailed information on all the steps outlined in **Step 2**. Note that the detailed information given in the “Complete Guide” can be accessed by following the links given in the **Step 2 (Main Tasks)**. **Step 4** contains four preformatted versions of questionnaires for data collection. Note that these questionnaires are easily revised to fit specific user needs. **Step 5** contains information on how to code the questionnaire responses into spreadsheet data form. The coding sheets are easily changed to correspond to any changes in the selected questionnaire. **Step 6** allows you to easily download your completed spreadsheet to Dr. Brian VanBlarcom at Acadia University for completion of the analysis.

*What if I require even more detailed information related to specific aspects of economic impact assessment or aspects not covered in the “Complete Guide”?*

**Helpful Links** – contains a number of excellent websites associated with economic impact assessment. The websites are listed in order of anticipated use and contain a brief description.