

# **SUMMARY OF TASKS IN ASSESSING THE ECONOMIC IMPACT OF SPORT/RECREATION/CULTURAL EVENTS/FACILITIES**

What follows is a brief summary of the Tasks and related issues to be considered when conducting economic impact analysis of recreation events/facilities. These Tasks are discussed in more details in the Economic Impact “Complete Guide” and can be referenced by following the links.

## **TASK 1 Determine the Scope of the Study**

- Clearly define the event and exactly what constitutes related activities.
- Identify the sources of the impacts. Who is injecting money to produce the impacts (non-resident participants/spectators, etc.)?
- Precisely define the area over which the impacts will be assessed (community(s)/ county(s)/ province, etc). This Task is critical as it influences local/non-local direct expenditures and the multiplier(s).
- Determine the type of impacts to be assessed in terms of expenditures/incomes/employment/taxes, etc.

## **TASK 2 Data Collection:**

### **2.1 Data Collection Approach:**

- Finding adequate data can be a major obstacle. Poor data undermine the validity and accuracy of the analyses. Whether using existing data or collecting original data, the primary goal is the same: Develop some way to delineate incremental spending (event/facility related spending from other economic activity that would occur in absence of the event/facility). There are two basic approaches.

Demand Approach - Surveying to identify non-local participants and related persons who would not be in the area in absence of the event/facility, their numbers and spending levels (survey methods include: interviews, self-administered questionnaires, expenditure diaries, email/internet/mailed surveys, telephone surveys, etc.

Supply Approach - Collect data from firms/agencies/organization that are receiving visitor expenditures. Response rates are often a problem here, as is the ability to delineate resident/non-resident expenditures.

Ideally use both demand and supply methods to cross reference data accuracy but previous efforts have shown the demand side to be more effective.

## **2.2 Data Collection Instrument(s):**

- Data collection tools include (interviews/mail/telephone, etc.)
- Identify purpose of trip. Breakdown expenditure by type: accommodation/restaurant meals and beverages, etc.
- Geographical location of expenditures (inside/outside study area).
- Breakdown visitors by type: participant/accompanying participant/spectator, use/not use accommodations, type of accommodations, length of stay, etc.
- Identify the party for whom the expenditures refer (single person respondent/those traveling/staying together, etc).

## **2.3 Data Collection Strategy:**

- Accurate estimates or counts of the number of participants/spectators, etc. and the proportions that are from outside the study area are critical.
- Collecting valid/accurate information through sampling requires careful planning, including determination of appropriate sample size and obtaining an unbiased sample. Without careful planning, information obtained through sampling may be of little use.
- Sampling issues include sufficient sample size, sample selection (who/where/when), sampling method (random/segmented).

## **TASK 3 Estimate Total Direct Visitors Spending**

- This Task initially involves tabulating the collected data from the sample of visitors captured in the survey. The tabulation would typically involve calculating total/average expenditure (and related information) per person/party. This information would then be combined with the estimate of total number of visitors (segmented by type if applicable and delineated by expenditure category) to calculate total direct visitor expenditures. In summary this Task involves using the sample characteristics (spending by visitor type) and projecting these spending profiles over the total number of visitors (by type) to derive the total direct spending by visitors (direct impact).

## **TASK 4 Measuring Total Economic Impacts (Assessing Indirect Impacts via the Multiplier Effect)**

(Note this Task may not be possible/relevant for some smaller communities/areas. Please note this in no way reduces the

validity/importance of completing an accurate estimate of direct expenditures as a measure of the economic impact).

- This Task involves combining the direct visitor expenditures with relevant multipliers/models to capture the spin-off effects (or multiplied impacts) and hence capture the total impacts of visitor expenditures.
- The methods used to calculate the spin-off effects will depend on the availability of existing multipliers/models or the availability of data to construct such instruments.
- The ultimate goal of this Task is to assess the total impacts on the study area in terms of relevant economic variables (sales, income, employment, taxes, etc.) and by industrial sector (food & beverage, accommodation, retail sales, etc. (if possible).
- Analysis should focus on the income impacts, especially if the study region is small and a significant proportion of expenditures flow directly out of the local economy, thereby reducing re-spending and local income generation.

### **TASK 5 State Conclusions and Acknowledge Study Limitations**

- Clearly state the conclusions of the study and identify the implications of the results.
- Acknowledge the weaknesses of the study and how future research can be improved.
- Estimate where possible, and at least acknowledge direct and implicit costs associated with the event (cost of running the event, cleanup costs, traffic congestion, etc.).

#### **NOTE**

A discussion of relevant economic and social benefits and costs is also included in the Impact Guide. There is also a summary of common errors in economic impact analysis. As above, this material can be accessed by following the links.