

ECONOMIC IMPACT OF THE 2008 AMERICAN FOLK FESTIVAL IN BANGOR, MAINE

Bernardita Silva

Graduate Assistant
Center for Tourism Research and Outreach (CenTRO)
University of Maine
bernardita.silva@umit.maine.edu

Marilynne Mann

University of Maine

Harold Daniel, Ph.D.

University of Maine

Abstract.—Festivals and events are becoming increasingly important drivers of tourism activity in Maine. Based on a survey of festival visitors, this study used an IMPLAN™ input-output model to estimate the economic impact of the 2008 American Folk Festival in Bangor, ME. The Center for Tourism Research and Outreach estimated that 95,626 local and non-local individuals visited the festival. Visitors' spending outside of the festival was highest for restaurants and/or lounges, followed by gasoline, hotels, gifts, and outdoor equipment. For those who visited the festival exclusively, the highest expenditures were for hotels and other accommodations, followed by grocery and convenience store purchases, restaurants and/or lounges, and gasoline. Visitors' estimated total direct spending was \$6.5 million. The festival's estimated economic impact in the Bangor area was \$9.8 million. Implications for the local economy and suggested strategies for promoting the festival are discussed.

1.0 INTRODUCTION

Festivals and events are important drivers of tourism activity in a growing number of communities in Maine. The Portland Sidewalk Art Festival, American Folk Festival in Bangor, Yarmouth Clam Festival, and Rockland Lobster Festival are some of the better known events that take place every year.

The American Folk Festival on the Bangor waterfront has been a celebration of multi-cultural traditional arts and music for 7 years. Attendees enjoy music, dance, and

other performing arts representing cultural traditions from Maine, the nation, and the world. Festival-goers are offered the opportunity to purchase authentic, traditionally made crafts from Maine artisans. The festival experience is enhanced by a variety of regional, ethnic, and fair food.

The impact of the American Folk Festival on the area occurs through: 1) spurring economic activity; 2) expanding the cultural and artistic opportunities available to Bangor residents; and 3) increasing the visibility of Bangor as a tourist destination.

Working with festival organizers, the University of Maine's Center for Tourism Research and Outreach conducted a study of the 2008 American Folk Festival to gauge attendees' experience and estimate both the direct and indirect economic contribution of the festival to the regional economy.

2.0 LITERATURE REVIEW

Festival organizers may focus on the social and cultural benefits that festivals bring to local communities by preserving traditions and contributing to community cohesiveness (Gursoy et al. 2004). However, many researchers have also highlighted the role of festivals and events in attracting new money to a local economy and increasing tourist visits in an area (Long and Perdue 1990, MacDonnell et al. 1999, Jackson et al. 2005). Studies by Howell and Bemisderfer (1981), Della Bitta and London (1982), Wilson and Udall (1982), and Getz and Frisby (1988) have analyzed the impacts of festivals on local economies.

Input-output models are often used for analyzing the economic impact of tourism events for a specific region (Fletcher 1989, Johnson 1999). Saayman and Saayman (2006) used an input-output model to estimate the economic impact of three festivals in South Africa. They also demonstrated that the location and size of a festival have a great influence on its economic impact. Using data from festival visitors' expenditures, their model provided

an estimate of the economic impact of the festival, including the effects of visitor spending on income and jobs in the local community.

3.0 METHODS

The present study used a two-stage approach for contacting and surveying American Folk Festival attendees in Bangor. The first stage was an intercept contact with visitors, where they were asked to complete a short questionnaire about demographics and factors that influenced their attendance at the festival. To identify visitors attending only the festival (“exclusive festival visitors”), we asked them whether they would come to Bangor if the festival were not held. Email contact information collected from the first stage was used to distribute a second, online questionnaire, which explored visitors’ satisfaction with the festival, perceptions, and expenditures at the festival and in the Bangor area. To calculate the average expenditures per person, we asked respondents to estimate the amount of spending by their group and indicate the total number of people in the group.

The on-site surveying took place on August 22, 23, and 24, 2008, during the entire duration of the Festival (Friday afternoon, Saturday afternoon and evening, and Sunday afternoon). Attendees completed 953 questionnaires. Twenty-five percent of respondents were surveyed on Friday, 40 percent on Saturday, and 35 percent on Sunday.

Online surveys have the inherent bias of excluding people without Internet access and those who decline to disclose their email addresses for privacy reasons. In this case, the on-site questionnaire collected 602 email addresses from 63 percent of the Stage 1 contacts. Follow-up emails in mid-September asked participants to complete the online survey. Two follow-up email invitations were subsequently sent at 1- to 2-week intervals. Three hundred fourteen questionnaires were completed, for a response rate of 52 percent. The online survey collected information about expenditures for lodging, food, gasoline, entertainment, and various kinds of retail shopping in the area outside of the festival. Visitors also reported the total amount of money spent at the festival for food, arts and crafts, donations, and other items.

An IMPLAN™ (Minnesota IMPLAN Group, Stillwater, MN) input-output model was used to calculate the economic impact of the festival in the Bangor area. Impacts included estimates of aggregate output, income, and employment change attributable to the festival. Estimated dollar multipliers were not available for Penobscot County, so state of Maine multipliers were used to estimate the economic impact in the Bangor area. This method assumes that all vendors were local and that all spending remained in the area. If there was leakage, the calculated impact may actually cover a larger geographic area than just Bangor. This approach is not a cost-benefit analysis because the costs associated with staging the Folk Festival are unknown.

4.0 RESULTS

The total outcome created by the festival in the region was analyzed through two different scenarios. The first scenario included total expenditures for all Festival visitors. The second scenario calculated the impact from the visitors who came to Bangor exclusively because of the festival; thus we excluded expenditures that would have taken place regardless of the festival. Numbers were estimated and total expenditures were calculated for spending both at the festival and in the Bangor area (Table 1).

“Total visits” to the festival were based on a gate count of 168,000 visits provided by festival organizers; this number does not distinguish visitors who attended multiple days. Based on the onsite survey, an estimated 47 percent of “total visits” were by people who attended the festival for 1 day, 30 percent visited for 2 days, and 23 percent attended all 3 days. Using the gate count and these percentages, we estimated that 95,626 individuals attended the festival in 2008.

In the onsite survey, 22 percent of respondents indicated that they went to Bangor specifically to attend the festival. Therefore, of the estimated total number of visitors (95,626), approximately 21,108 are exclusive festival visitors (would not have been in Bangor if there were no festival).

Table 1 shows the estimated breakdown of expenditures by all visitors (n = 95,626) and by exclusive festival

Table 1.—Expenditures by 2008 American Folk Festival visitors

| | All Visitors ^a | | Exclusive Festival Visitors ^b | |
|-----------------------------|---------------------------|---------|--|---------|
| | Expenditures (\$) | Percent | Expenditures (\$) | Percent |
| Restaurant and/or lounge | \$857,179 | 21.2 | \$181,498 | 12.2 |
| Gasoline | 673,004 | 16.6 | 164,174 | 11.1 |
| Hotel | 605,106 | 14.9 | 339,675 | 22.9 |
| Gifts and outdoor equipment | 406,535 | 10.0 | 129,474 | 8.7 |
| Grocery and convenience | 340,348 | 8.4 | 214,812 | 14.5 |
| Recreation/entertainment | 338,447 | 8.4 | 103,142 | 6.9 |
| Other accommodation | 309,181 | 7.6 | 239,865 | 16.1 |
| Other shopping | 287,088 | 7.1 | 31,982 | 2.2 |
| Artwork and antiques | 135,790 | 3.4 | 56,981 | 3.8 |
| Other trip expenses | 99,113 | 2.4 | 23,986 | 1.6 |
| Nonfestival Expenditures | \$4,051,789 | 100.0 | \$1,485,590 | 100.0 |
| Festival Expenditures | \$2,459,781 | | \$732,387 | |
| TOTALS | \$6,511,570 | | \$2,217,977 | |

^a 95,626 estimated people attending the festival.

^b 21,108 estimated people who came to Bangor only because of the festival.

visitors (n = 21,108). Visitors' spending outside the festival was highest for restaurants and/or lounges (21.2 percent), followed by gasoline (16.6 percent), hotels (14.9 percent), and gifts and outdoor equipment (10 percent). For exclusive festival visitors, the highest expenditures were for hotels (22.9 percent) and other accommodations (16.1 percent), followed by grocery and convenience store purchases, restaurants and/or lounges, and gasoline. This pattern makes sense considering that the group coming from outside the area to attend the festival would be more likely to make hospitality expenditures. In both scenarios, visitors' expenditures at the festival itself are more than 50 percent of their total expenditures in the Bangor area.

The input-output model used to evaluate the impact of expenditures in a region describes commodity flows from producers to intermediate and final consumers. IMPLAN software and database were used to develop the regional input-output model. For retail categories, IMPLAN calculated the retail margin, which represents the portion of retail purchases captured in the local economy by retailers who make goods available to consumers. This retail margin, plus purchases of locally produced goods and services, represents the direct impact or direct effect of the expenditures. Using Maine industry multipliers,

IMPLAN calculated the festival's indirect and induced effects on the regional economy. The sum of the direct, indirect, and induced effects represented the total effect of the expenditures in the region because of the festival.

Table 2 presents IMPLAN results for both total visitors and exclusive festival visitors. For all visitors' expenditures, the direct effect was \$6.5 million. The calculated total output multiplier for expenditures was 1.51 for every dollar spent; therefore, the total output generated in the Bangor area because of the festival was estimated to be \$9.8 million.

For exclusive festival visitors, direct effects are estimated to be \$2,217,977 and total effects are almost \$3.5 million.

The employment impact in Table 2 shows that the 2008 American Folk Festival supported an estimated 121 jobs and \$2.8 million of income. IMPLAN estimated the number of jobs using a national average wage. Employment multipliers are generally based on the total number of jobs (full, part, or seasonal jobs). Using data from exclusive festival visitors, an estimated 41 jobs were created because of the festival, with a total income effect of \$928,553 for the workers who held those jobs.

Table 2.—Estimated economic impact of American Folk Festival visitors' expenditures in Bangor Region^a

| All Visitors (N = 95,626) | | | | | |
|--|-------------|-------------|-------------|-------------|------------|
| | Direct | Indirect | Induced | Total | Multiplier |
| Output | \$6,511,570 | \$1,408,227 | \$1,934,104 | \$9,853,901 | 1.51 |
| Employment | 88 | 14 | 20 | 122 | 1.39 |
| Income | \$1,745,361 | \$ 433,943 | \$627,257 | \$2,806,561 | 1.61 |
| Exclusive Festival Visitors (N=21,108) | | | | | |
| | Direct | Indirect | Induced | Total | Multiplier |
| Output | \$2,217,977 | \$482,017 | \$639,899 | \$3,339,893 | 1.51 |
| Employment | 29 | 5 | 7 | 41 | 1.40 |
| Income | \$573,464 | \$147,560 | \$207,529 | \$928,553 | 1.62 |

^a Calculated using IMPLAN™.

5.0 CONCLUSIONS AND IMPLICATIONS

The 2008 American Folk Festival in Bangor, ME, attracted approximately 95,000 visitors, about 22 percent of whom came to Bangor exclusively to attend the festival. Their expenditures in the area and at the festival had a large impact on the local economy.

To demonstrate the festival's economic impact, expenditures by exclusive festival visitors (those who visited the area specifically to attend the festival) were separated from all visitors' expenditures. Using the IMPLAN input-output model, total output for all visitors was estimated at nearly \$10 million and total output for exclusive festival visitors was estimated at \$3.3 million. Survey data showed that local visitors also increased their normal expenditures because of the festival, especially money spent directly at the event; this amount represents almost 40 percent of total expenditures. For this reason, the final impact is likely to account for more of the \$10 million total output than the \$3.3 million reported by exclusive visitors.

By attracting large numbers of visitors, festivals can bring attention to and help to preserve local arts, culture, and traditions. Festival impacts also include socio-economic benefits at the local, regional, and state level. Festivals can increase demand at tourist attractions and present opportunities for promoting other state and regional attractions to residents and visitors. Using the American Folk Festival to promote other man-made and nature-based attractions in the Bangor area may encourage

visitors to extend the length of their trips to the area and help increase the economic impact of this festival. Specific outreach efforts could include links to other nearby attractions' Websites on the festival Website and having a "Visitor Information Center" booth at the festival.

At the same time, this study found that visitors' highest average expenditures were for lodging and restaurants and that they did not spend significant amounts of money outside the festival on recreation or shopping. This finding suggests the availability of opportunities to encourage spending in these areas to increase the festival's economic contributions to the region. For example, local business-owners could provide more information to festival-goers to promote local services, stores, and restaurants.

To increase the festival's economic impacts, organizers could also encourage return visits by first-time visitors and increase new visits by promoting the festival to out-of-state, car-based tourists. Collaborations with organizers of other music-focused festivals in neighboring states and Canada for free promotional exchanges could provide access to like-minded festival goers without spending scarce advertising dollars. A partnership with another festival in the same geographic area, scheduled either directly before or after the Folk Festival, has the potential to draw week-long vacationers shared by both areas.

6.0 CITATIONS

- Della Bitta, A.; London, D. 1982. **Assessing the economic impact of short duration tourist events.** *New England Journal of Business and Economics*. 1: 37-45.
- Fletcher, J.E. 1989. **Input-output analysis and tourism impact studies.** *Annals of Tourism Research*. 16: 514-529.
- Getz, D.; Frisby, W. 1988. **Evaluating management effectiveness in community-run festivals.** *Journal of Travel Research*. 27: 22-27.
- Gursoy, D.; Kim, K.; Uysal, M. 2004. **Perceived impacts of festivals and special events by organizers: An extension and validation.** *Tourism Management*. 25: 171-181.
- Howell, R.; Bemisderfer, T. 1981. **South Carolina tourist development handbook: A primer for local communities.** Clemson, SC: Clemson University, Department of Recreation and Park Administration.
- Jackson, J.; Houghton, M.; Russell, R.; Triandos, P. 2005. **Innovations in measuring economic impacts of regional festivals: A do-it-yourself kit.** *Journal of Travel Research*. 43: 360-367.
- Johnson, R. 1999. **Estimating the economic impact of a tourism accommodation development on my local government area, region, state or territory.** In: Corcoran, K., ed. *Valuing tourism: Methods and techniques*. Occasional Paper No.28. Canberra: Bureau of Tourism Research.
- Long, P.T.; Perdue, R.R. 1990. **The economic impact of rural festivals and special events: Assessing the spatial distribution of expenditures.** *Journal of Travel Research*. 28(2): 10-14.
- MacDonnell, I.; Allen, J.; O'Toole, W. 1999. **Festival and special event management.** Melbourne, Australia: John and Sons Australia, Ltd.
- Saayman, M.; Saayman, A. 2006. **Does the location of arts festivals matter for the economic impact?** *Papers in Regional Science*. 85: 569-584.
- Wilson, J.T.; Udall, L. 1982. **Folk festivals: a handbook for organization and management.** Knoxville: The University of Tennessee Press.

The content of this paper reflects the views of the author(s), who are responsible for the facts and accuracy of the information presented herein.