



Estimated Economic Impact of the **2013 Bogalusa Blues & Heritage Festival** on Washington Parish

November 2013

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Southeastern Louisiana University
Business Research Center &
College of Business



November 22, 2013

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The following study was requested by the City of Bogalusa and the Bogalusa Blues and Heritage Festival board, and was conducted using generally accepted research methods, models and techniques.

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Sincerely,

A handwritten signature in black ink that reads 'William Joubert'. The signature is written in a cursive style with a long, sweeping tail on the letter 't'.

William Joubert
Director
Business Research Center

Southeastern Louisiana University Business Research Center
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Estimated Economic Impact of the 2013 Bogalusa Blues and Heritage Festival

Introduction

The 2013 Bogalusa Blues and Heritage Festival (BBHF or “the Festival”) was held September 28, 2013 in Cassidy Park in Bogalusa, Louisiana. Estimated attendance increased from approximately 2,000 at the inaugural event in 2012 to an estimated 5,000 attendees in 2013.

Analysis Methodology

This analysis utilized the input-output method to estimate the economic impacts of the 2013 Bogalusa Blues and Heritage Festival on the Washington Parish economy. The input-output method is based on the economic linkages between various sectors and industries, which cause every dollar of expenditures to “ripple through” the local economy. This results in every dollar of expenditures being “multiplied” to various degrees, causing a larger economic effect than the original amount of the expenditure. These “ripple” or “multiplier” effects continue to contribute to the economic impact of the expenditure until the effects leave the study area or become too small to measure.

The total economic impact of an event consists of *direct*, *indirect*, and *induced* effects. *Direct* effects are the immediate economic effects of expenditures in the area by organizers, participants, and spectators at the event. This includes lodging and restaurant expenditures, the retail mark-up portion of local retail purchases, event administration and operating expenses, etc.

Indirect effects occur in sectors that supply materials, goods, and services to those industries that were directly impacted by the event-related expenditures. For example, restaurants are *directly* impacted by expenditures of event participants. The suppliers who provide food, paper products, utilities, etc. to the restaurants are *indirectly* impacted, when the restaurants purchase more of these items in response to their increased sales. In turn, businesses that provide goods and services to the restaurant suppliers are indirectly impacted from the increased activities of the restaurant suppliers. These indirect impacts continue to contribute to the economic impact of the event under study until the subsequent expenditures become too small to measure or leave the study area, e.g. if the paper product supplier purchased the napkins he or she sells to the restaurants from outside the study area, that impact chain would stop. However, other expenditures by the paper product supplier, such as fuel and maintenance for a delivery truck, may continue to accrue to the study area.

Induced effects are created by the increase in consumer spending generated by increased payrolls in the directly and indirectly impacted industries. In the example above, restaurants will hire staff to handle the extra customers from the event in question. These restaurant employees will then spend their wages on food, housing, entertainment, etc. In addition, the restaurant supply companies increase their payrolls, also resulting in additional consumer spending. The sum of all of the impacts deriving from increased payroll spending is the induced effect.

The sum of the direct, indirect, and induced effects represents the total economic impact. The total economic impact divided by the direct effect yields the economic impact *multiplier* of the event in question. For most events the multiplier will be between 1.0 and 2.0.

IMPLAN Version 3.0[®] software and structural matrices were utilized to complete the economic impact analysis of the 2013 BBHF.

Survey of Festival Attendees

The Southeastern Louisiana University Business Research Center (BRC) developed survey questionnaires (see Appendix A) for use by BBHF volunteers in collecting impact information from Festival attendees.

A total of 276 attendees were polled during the Festival. This represents approximately 5.5 percent of the estimated 5,000 attendees. However, a majority of the respondents were providing information for a family or group. The total estimated number of people represented in the survey spending data equaled 688, or approximately 14 percent of all Festival attendees.

Survey volunteers were encouraged to interview a diverse range of attendees, but it is not known how representative the sample of attendees who responded to the survey are of all Festival attendees.

Location of Residence of Survey Respondents

Survey respondents were asked in the first question of the survey to indicate the zip code of their primary home address. Although 11 of the respondents did not answer the question, their location either in Washington Parish (one of the 11) or outside Washington Parish (10 of the 11) was determined based on responses to subsequent questions.

<u>Response Group</u>	<u># of Responses</u>	<u>Percentage</u>
Washington Parish attendees	142	51.4%
Visitors from rest of Louisiana	75	27.2%
Out-of-State visitors	47	17.0%
International visitors	2	0.7%
Other non-local respondents	<u>10</u>	<u>3.6%</u>
Total	276	100.0%

Approximately 51.4 percent of attendees lived within Washington Parish, at least 27.2 percent were from somewhere in Louisiana outside of Washington Parish, and at least 17.8 percent of attendees were from outside of Louisiana.

The place of residence of the 141 Washington Parish respondents is shown in Table 2.

<u>City or Town</u>	<u># of Responses</u>	<u>% of Washington Parish Responses</u>	<u>% of All Responses</u>
Bogalusa	108	76.1%	39.1%
Angie	15	10.6%	5.4%
Franklinton	13	9.2%	4.7%
Mount Hermon	4	2.8%	1.4%
Varnado	1	0.7%	0.4%
Unknown	<u>1</u>	<u>0.7%</u>	<u>0.4%</u>
Total	142	100.0%	51.4%

Over three-fourths (76.1 percent) of Washington Parish respondents lived in Bogalusa. The next two highest towns of residence for Washington Parish respondents were Angie and Franklinton, with approximately 11 percent and nine percent, respectively. Four respondents (2.8 percent of local attendees) indicated Mount Hermon as their place of residence, and one respondent lived in Varnado.

The states or countries of residence of the non-local attendees are tabulated in Table 3.

<u>State or Country</u>	<u># of Responses</u>	<u>% of Non-Local Responses</u>	<u>% of All Responses</u>
Other LA parishes	75	56.0%	27.2%
Mississippi	27	20.1%	9.8%
Texas	6	4.5%	2.2%
Florida	4	3.0%	1.4%
Alabama	2	1.5%	0.7%
Arkansas	2	1.5%	0.7%
California	2	1.5%	0.7%
Arizona	1	0.7%	0.4%
Georgia	1	0.7%	0.4%
New York	1	0.7%	0.4%
Pennsylvania	1	0.7%	0.4%
Germany	1	0.7%	0.4%
Yemen	1	0.7%	0.4%
Unknown	<u>10</u>	<u>7.5%</u>	<u>3.6%</u>
Total	134	100.0%	48.6%

Over one-half (56.0 percent) of non-local respondents lived in other parishes within Louisiana. Approximately 20 percent (1 in 5) were Mississippi residents, followed by Texas with 4.5 percent, Florida with 3.0 percent, and Alabama, Arkansas, and California with two respondents (1.5 percent) each.

Arizona, Georgia, New York, and Pennsylvania each were the home of one respondent (0.7 percent), as were the foreign countries of Germany and Yemen.

Ten non-local respondents (7.5 percent) did not provide their place of residence.

Survey Place of Residence Responses Expanded to All Festival Attendees

When the percentages from the survey shown in Table 1 are expanded to all of the estimated 5,000 Festival attendees, the estimated numbers of attendees from various locations of residence are shown in Table 4.

<u>Place of Residence</u>	<u>Percentage</u>	<u>Est. # of Attendees</u>
Washington Parish	51.4%	2,572
Rest of Louisiana	27.2%	1,359
Out-of-state visitors	17.0%	851
International visitors	0.7%	36
Unknown non-local areas	<u>3.6%</u>	<u>181</u>
Total	100.0%	5,000

Determining the Share of Attendees (and Spending) the 2013 BBHF Kept in or Brought to Washington Parish

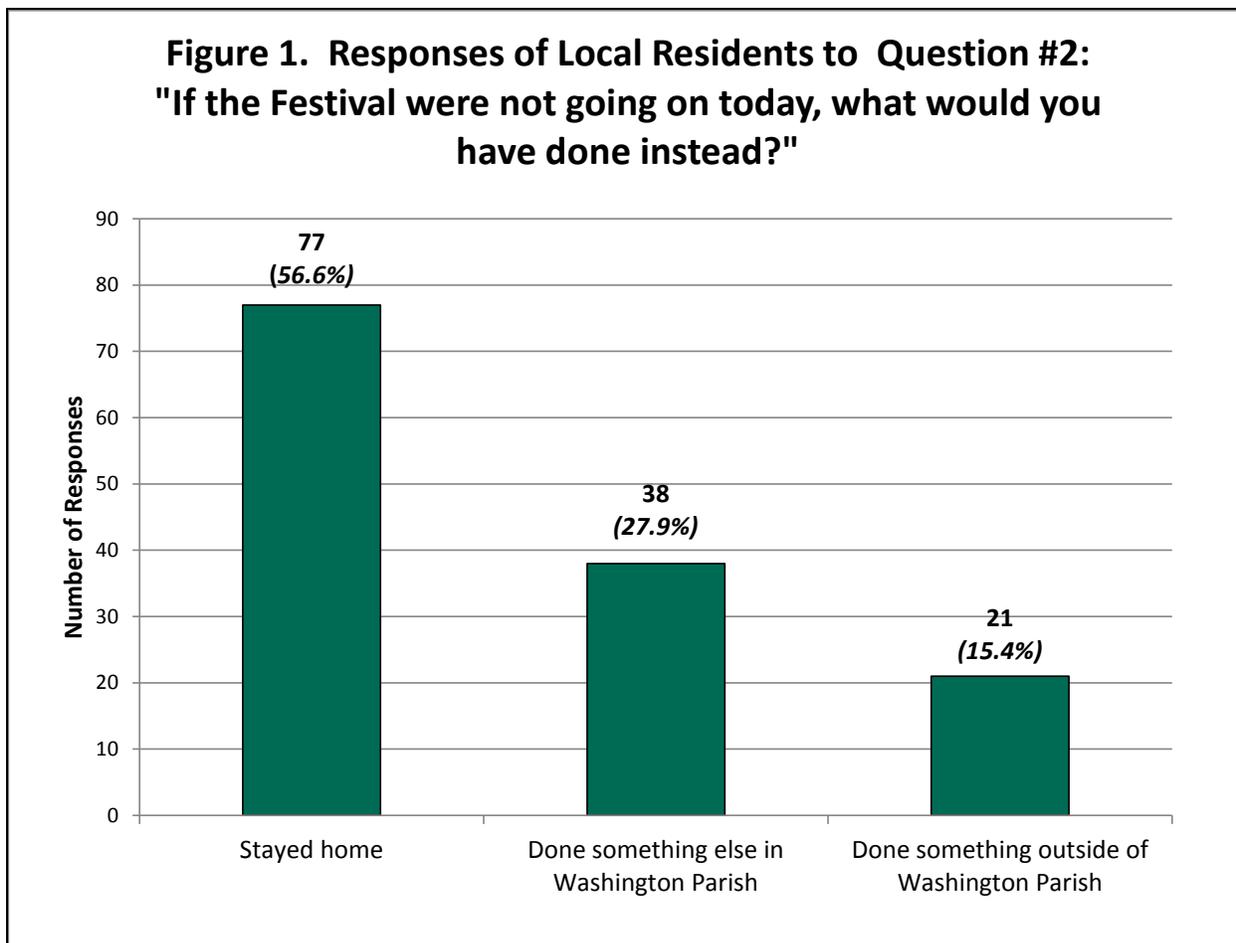
Since the purpose of this study is to estimate the economic impact of spending in Washington Parish due to the 2013 BBHF, it is important to aggregate attendees and their spending into two groups – 1) spending solely attributable to the Festival and 2) spending which likely would have occurred in Washington Parish whether the Festival was going on or not.

The first step of this aggregation process is to separate local attendees based on alternative activities and non-local attendees based on what brought them to Washington Parish or kept them there the day of the Festival. Protocols developed by Dr. John Crompton at Texas A&M University were utilized for the aggregation process (Crompton and McKay (1994) and Crompton, et al. (2001)).

Alternative Activities of Local Respondents

Respondents who indicated that they were residents of Washington Parish were asked in Question #2 to indicate what they would have done if the Festival were not occurring the day they were surveyed (September 28th, 2013).

Responses of local attendees are illustrated in Figure 1.



Of the 136 Washington Parish residents who answered the question, 77 (56.6 percent) said they would have stayed home, and 38 (27.9 percent) said they would have done something else within Washington Parish.

When expanded to the total estimated number of local visitors (2,572; Table 4), these two groups represent 1,456 and 719 attendees, respectively, of the total attendees at the Festival (Table 5).

The estimated spending of these two groups of local visitors will not be included in the economic impact analysis of the Festival, because the money they spent at the Festival does not represent “new money” to the Parish. What they spent at the Festival would have likely been spent within Washington Parish anyway (eating out, recreation, shopping, etc.).

The remaining 21 (15.4 percent) of Washington Parish survey respondents indicated in Question #2 that they would have done something outside of Washington Parish on September 28th if the Festival weren’t going on.

The spending of this group, representing 397 total attendees at the Festival, will be included in the impact analysis, because the money they spent at the Festival would likely have been spent outside of Washington Parish if not for the Festival.

Alternative activity if no <u>Festival</u>	<u>Percentage</u>	Est. # of local <u>attendees</u>	Spending Included in <u>impact analysis?</u>
Stayed home	56.6%	1,456	No
Done something else within Washington Parish	27.9%	719	No
Done something outside of Washington Parish	<u>15.4%</u>	<u>397</u>	Yes
Total	100.0%	2,572	

Circumstances of Non-Local Visitors' Attendance at the Festival

Festival attendees from outside of Washington Parish were asked in Question #3 of the survey to select the response which best explained their attendance at the 2013 BBHF from the following four choices:

- a. I came to the area specifically to attend the Bogalusa Blues & Heritage Festival.
- b. I was already visiting Washington Parish and decided to attend while I was here
- c. I extended my visit to Washington Parish in order to attend the Festival
- d. I was coming to the area sometime anyway, but decided to come now because of the BBH Festival

Based on the Crompton protocols discussed earlier, spending by respondents answering "a" or "c" should be included in Festival impact estimates, because their spending represents money that would not have been spent in Washington Parish if not for the Festival.

However, spending by respondents answering "b" ("casual visitors") or "d" ("time switchers") should not be included, because they would likely be spending the money in the local area anyway.

As illustrated in Figure 2, 91.5 percent of non-local respondents selected answer "a", indicating that they came to Washington Parish specifically to attend the Festival, and another 1.5 percent of respondents said they extended their visit to Washington Parish because of the Festival (choice "c"). Combined, these two groups represent 93 percent of non-local visitors whose spending will be included in the impact analysis.

Five respondents (3.8 percent) selected "b", classifying them as "casual visitors", and another four (3.1 percent) answered "d", indicating that they were planning a visit to Washington Parish anyway and just moved the date to coincide with the Festival ("time switchers").

When expanded to the estimated total number of non-local attendees (2,428; Table 4), these percentages of respondents from the survey yield the estimated number of non-local attendees in each classification shown in Table 6.

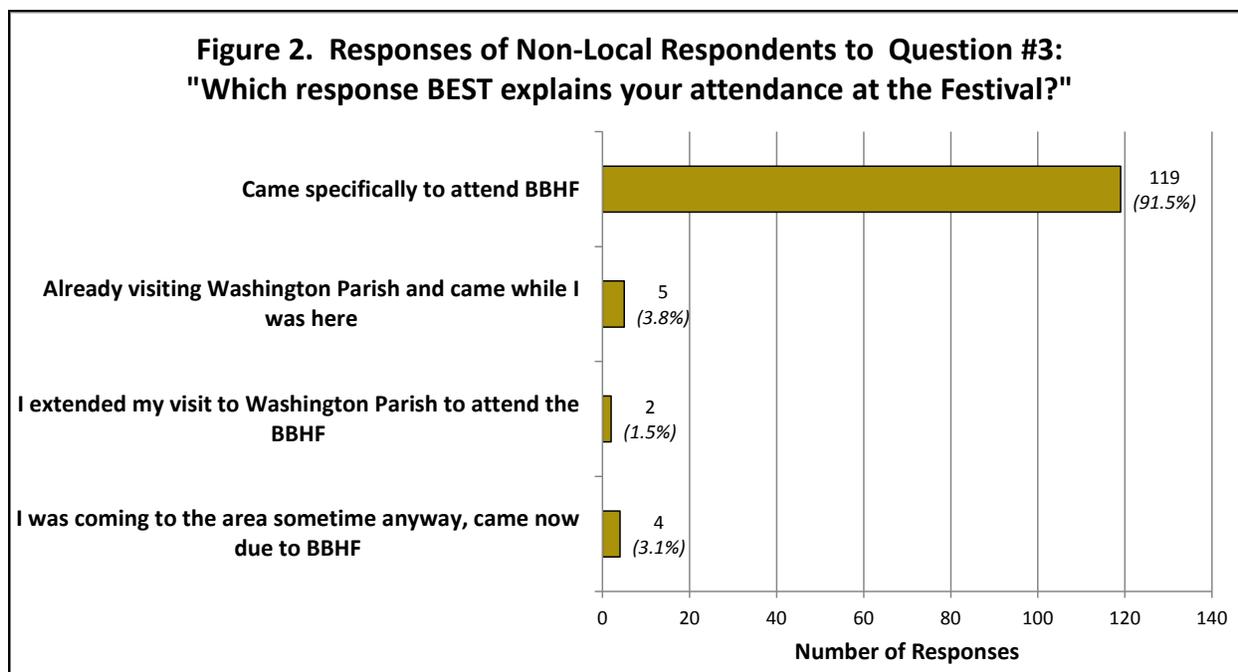


Table 6. Estimated number of non-local attendees in four classifications based on Festival attendance responses indicated in Question #3

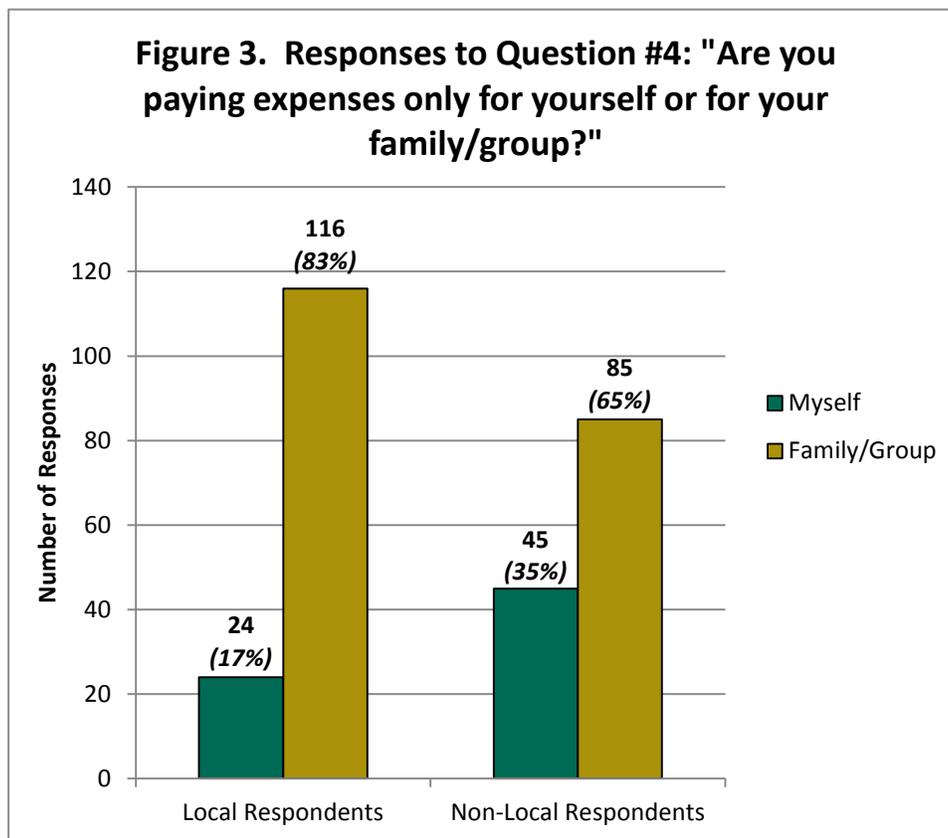
Circumstances surrounding attendance at Festival	Percentage	Est. # of non-local attendees	Spending Included in impact analysis?
Came specifically to attend Festival	91.5%	2,223	Yes
Already visiting Washington Parish	3.8%	93	No
Extended visit to attend Festival	1.5%	37	Yes
Coming sometime, decided to come now for Festival	3.1%	75	No
Total	100.0%	2,428	

Number of People for whom Survey Respondent was Paying Expenses

Question #4 of the survey asked respondents to indicate if they were paying expenses only for themselves or for a family or group. If for a family/group, respondents were asked to provide how many people were in the family/group.

Question #4 was answered by 140 local and 130 non-local respondents (Figure 3).

Approximately 17 percent of local respondents were paying expenses only for themselves, compared to 35 percent of non-local respondents. Conversely, 83 percent of local respondents were paying for a family/group, compared to 65 percent of non-local respondents.



The average group/family size for respondents who provided an answer was 3.1 for those from Washington Parish and 3.0 for non-local respondents. These averages were used as proxies for respondents who did not provide the size of their family/group to calculate expenditures per attendee.

Estimated Expenditures by Festival Attendees

Estimated Expenditures per Attendee

Question #6 of the survey asked respondents how much they had spent or planned to spend in the local area for seven categories of expenditures:

- Souvenirs on the Festival grounds
- CDs/other items from performing artists
- Prepared food & beverages (from restaurants & Festival booths)
- Groceries, snacks, etc. purchased in retail stores
- Gasoline
- Lodging at a local hotel/campground
- Shopping in local stores (souvenirs, clothes, etc.)

Respondents were also provided with an "Other" blank for any amounts spent for items not listed. All of the items named by respondents as "Other" expenses were either merged into one of the seven existing

categories, or disregarded since they will be included in the analysis of Festival organization revenues and expenditures in the following section.

The list of “Other” expenses named by respondents and their classification for the analysis is shown in Table 7.

<u>“Other” expenditure type</u>	<u>Classification</u>
“Beer”	Prepared food & beverages
“Miscellaneous”	Shopping in local stores
“Vendors”	Souvenirs on Festival grounds
“Sponsorship”	Incl. in organization revenues
“Tickets”	Incl. in organization revenues

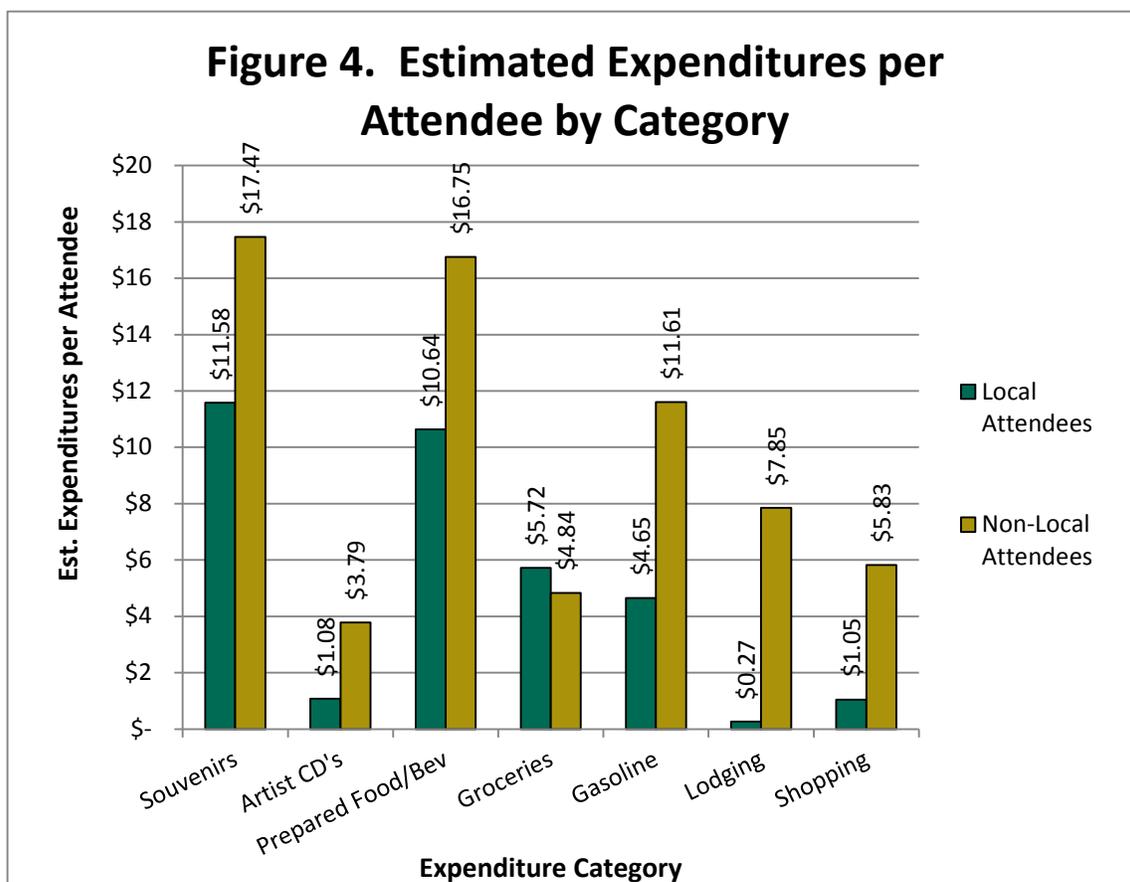
Responses were tabulated and divided by the reported or estimated number of people in the family/group (if applicable) to yield “per attendee” expenditure estimates. Results for local and non-local attendees are shown in Table 8 and Figure 4.

<u>Expenditure Category</u>	<u>Local Attendees</u>	<u>Non-local Attendees</u>
Souvenirs	\$ 11.58	\$ 17.47
Artist CD’s, etc.	\$ 1.08	\$ 3.79
Prepared food and beverages	\$ 10.64	\$ 16.75
Groceries and snacks	\$ 5.72	\$ 4.84
Gasoline	\$ 4.65	\$ 11.61
Lodging	\$ 0.27	\$ 7.85
Shopping in retail stores	\$ 1.05	\$ 5.83
Total per Person	\$ 34.99	\$ 68.14

Expenditures by non-local Festival attendees totaled \$68.14 per person, almost twice the \$34.99 total for local attendees. Non-local attendees spent more than local attendees in every category except “Groceries and snacks”, where local attendees spent \$5.72 per person compared to \$4.84 for non-local attendees.

The largest expenditure category for both local and non-local attendees was “Souvenirs”, at \$11.58 and \$17.47 per person, respectively. The second-highest expenditure category for both local and non-local attendees was “Prepared food and beverages” at \$10.64 and \$16.75, respectively.

The category with the largest difference in expenditures for local versus non-local attendees was “Lodging”, at \$0.27 per local attendee and \$7.85 per non-local attendee.



Estimated Total Expenditures for All Festival Attendees

In order to estimate the economic impact of expenditures by Festival attendees, the per person spending amounts calculated from survey responses were multiplied by the estimated number of local and non-local attendees. As shown in Table 9, the attendees and spending were further aggregated into the various impact and non-impact groups discussed previously.

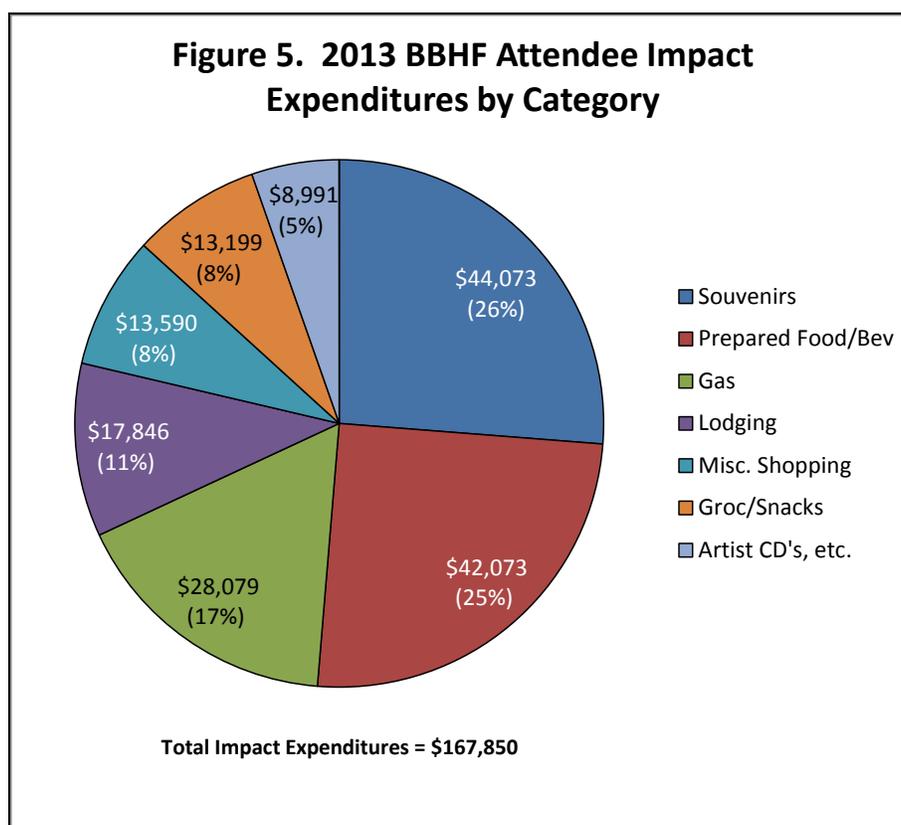
The estimated 5,000 attendees spent an estimated total of \$255,413 for Festival-related purchases, in addition to their ticket fees and sponsorship donations (which are accounted for in the Festival organizer expenses discussed in the following section).

The estimated spending of local attendees who would have stayed home or done something else within Washington Parish and the estimated spending of non-local “casual” and “time-switcher” attendees, which combined totaled \$87,563, was not included in the impact calculations (as previously discussed).

The remaining \$167,850 of estimated spending by a) local attendees who would have done an activity outside of Washing Parish if not for the BBHF, b) non-local attendees who came specifically for the Festival, and c) non-local attendees who extended trips in order to attend the Festival, will be included in the impact calculations later in this report.

The separation of the \$167,850 of “impact spending” by type of expenditure is illustrated in Figure 5.

Table 9. Estimated total expenditures by local and non-local attendees: by group				
<u>Group</u>	<u>Est. # of Attendees</u>	<u>Est. \$ Per Attendee</u>	<u>Est. Non-Impact Expenditures</u>	<u>Est. Impact Expenditures</u>
Local attendees who would have stayed home if not for BBHF	1,456	\$34.99	\$50,962	
Local attendees who would have done something else in Wash. Parish	719	\$34.99	\$25,150	
Local attendees who would have done something outside of Wash. Parish	397	\$34.99		\$13,899
Non-local attendees who came specifically for BBHF	2,222	\$68.14		\$151,407
Non-local attendees who were already visiting Washington Parish	93	\$68.14	\$6,362	
Non-local attendees who extended the length of their visit to attend BBHF	37	\$68.14		\$2,545
Non-local attendees who changed the time of their visit to attend BBHF	<u>75</u>	\$68.14	<u>\$5,089</u>	
Totals	5,000		\$87,563	\$167,850



The two largest spending categories were “Souvenirs” and “Prepared Food/Beverages”, which combined to equal over one-half (51 percent) of total impact expenditures.

Festival Organization Expenditures

Bogalusa Blues and Heritage Festival, Inc. incurred \$119,462 of expenses in organizing and hosting the 2013 Festival.

Approximately \$15,450 of this amount was for the purchase of items to be resold to attendees at the Festival (beer, jewelry, and posters). Because the sales of these items were included in the estimated total of attendee expenditures calculated in the previous section, this amount was subtracted from the total Festival expenses to prevent double-counting. Remaining Festival organization expenses equaled \$104,011.

Before calculating the economic impact of Festival organization expenses, those expenditures funded by local sources must be removed. Funds from local sources are already in the Washington Parish community, and are therefore not “new money” brought into the Parish by the Festival. These local funds would likely have been spent within the Parish even if they had not been used for support of the Festival.

Analysis of BBHF Inc. revenues showed that an estimated 60.3 percent of its funding came from Washington Parish sources, while an estimated 39.7 percent came from ticket sales to non-local attendees, ticket sales to local attendees who said they would have done something outside of the Parish if not for the Festival, and sponsorship and grant funds from outside of the Parish.

When multiplied by the \$104,011 of BBHF Inc. expenses, the 39.7 percent funded by non-local revenue sources equaled \$41,292 of applicable expenditures which were included in the impact analysis.

Estimated Economic Impacts of the 2013 BBHF on Washington Parish

Estimated Impacts of Festival Attendee Spending

The \$167,850 of “impact expenditures” by selected groups of Festival attendees was segregated by industry sector and processed through the IMPLAN Version 3.0 model for Washington Parish. Estimated economic impacts of attendee expenditures are tabulated in Table 10.

<u>Type of Impact</u>	<u>Amount</u>	<u>Sub-Totals</u>	<u>Totals</u>
Employee Compensation	\$50,124		
Proprietor Income	<u>\$15,401</u>		
Total Earnings		\$65,525	
Other property-type income*		\$35,347	
State & Local Taxes		<u>\$14,305</u>	
Total Value-Added			\$115,176
Employment (# of jobs supported)			2.6
Sales/Output			\$205,354
* Includes dividends, interest, rents, and corporate profits.			

Estimated Impacts of Festival Organization Expenditures

The \$41,292 of non-locally funded expenditures by Bogalusa Blues & Heritage Festival, Inc. also contributed to the economic impacts of the 2013 Festival. The estimated impacts of the organization expenditures on the Washington Parish economy are shown in Table 11.

<u>Type of Impact</u>	<u>Amount</u>	<u>Sub-Totals</u>	<u>Totals</u>
Employee Compensation	\$8,673		
Proprietor Income	<u>\$1,840</u>		
Total Earnings		\$10,513	
Other property-type income*		\$ 5,901	
State & Local Taxes		<u>\$ 2,613</u>	
Total Value-Added			\$19,027
Employment (# of jobs supported)			0.9
Sales/Output			\$70,510
* Includes dividends, interest, rents, and corporate profits.			

Combined Total Estimated Economic Impacts of the 2013 BBHF

When the estimated impacts from attendee spending (Table 10) and organization expenditures (Table 11) are added together to calculate the total economic impacts of the 2013 BBHF on Washington Parish, the results are the totals shown in Table 12.

<u>Type of Impact</u>	<u>Amount</u>	<u>Sub-Totals</u>	<u>Totals</u>
Employee Compensation	\$58,797		
Proprietor Income	<u>\$17,241</u>		
Total Earnings		\$76,038	
Other property-type income*		\$41,248	
State & Local Taxes		<u>\$16,918</u>	
Total Value-Added			\$134,203
Employment (# of jobs supported)			3.5
Sales/Output			\$275,863
* Includes dividends, interest, rents, and corporate profits.			

Of particular interest to Washington Parish residents, the 2013 BBHF contributed an estimated \$58,797 of employee compensation and \$17,241 of proprietor income, combining for a **total earnings impact of \$76,038** on the Washington Parish economy.

When other property-type income impacts of \$41,248 and state & local taxes of \$16,918 are added to the estimated earnings impacts, the 2013 BBHF contributed a total of **\$134,203 of value-added impacts** to the Washington Parish economy. This represents the closest equivalent of the Festival's contribution to the parish's "Gross Parish Product", or total value of production.

The \$76,038 of earnings impact supported an estimated **3.5 job equivalents**. Because of the nature of the Festival, these employment impacts are spread over many industries for a very short time period, and should not be considered as long-term or full-time jobs.

Although the sales or output impact only represents the "flow-through" of money through the community, the estimated output impact of \$275,863 is provided for informational purposes.

Conclusion

The inaugural Bogalusa Blues and Heritage Festival in 2012 drew very favorable reviews and was named "New Event of the Year" by the Louisiana Association of Fairs and Festivals, leading to its inclusion in the list of "10 Must-Visit Louisiana Festivals" on www.louisianatravel.com, the official travel website of the Louisiana Department of Culture, Recreation, and Tourism.

All of the accolades and favorable press regarding the 2012 Festival no doubt helped the attendance at the 2013 Festival grow to an estimated 5,000 attendees, a 150 percent increase over the estimated 2,000 in 2012.

Based on the results of a survey conducted on-site at the 2013 Festival, almost half (48.6 percent) of the 5,000 visitors, over 2,400 visitors, reside outside of Washington Parish, and at least 36.5 percent of the out-of-parish visitors (~ 900 individuals) reside outside the State of Louisiana.

The impressive number of non-local attendees brought an influx of "new money" into Washington Parish, leading to an estimated value-added impact of over \$134,000 on the parish's economy.

Included in this impact was approximately \$59,000 of wages for local employees and \$17,000 of profits for local proprietors. Combined, this represents approximately \$76,000 of additional earnings to parish residents.

With the continued support of local residents, businesses, and civic and governmental leaders, and the continued efforts of Festival organizers toward hosting a dynamic Festival with popular and exciting performers and new activities, attendance at future Bogalusa Blues and Heritage Festivals is likely to continue to grow.

With continued attention to inviting and welcoming attendees from outside the parish and state, the economic impact of the Festival on the parish's economy should continue to grow, as well.

References

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Appendix

2013 Bogalusa Blues & Heritage Festival Questionnaire

- 1) What is the zip code at your primary home address?
_____ (if not in Washington Parish, go to #3)
- 2) Washington Residents only: If the Festival were not going on today, what would you have done instead?
 - a. ___ Stayed at home
 - b. ___ Done something else within Wash. Parish
 - c. ___ Done something outside of Wash. Parish

Skip to Question #4.
- 3) Out-of-parish attendees only: Please select the response which BEST explains your attendance at the Festival:
 - a. ___ I came to the area specifically to attend the Bogalusa Blues & Heritage Festival
 - b. ___ I was already visiting Washington Parish and decided to attend while I was here
 - c. ___ I extended my visit to Washington Parish in order to attend the Festival
 - d. ___ I was coming to the area sometime anyway, but decided to come now because of the BBH Festival
- 4) Are you paying expenses only for yourself or for your family/group? (Please check the appropriate response and indicate how many in family/group if applicable.)

Myself Family/group of ___ people
- 5) How much have you spent (or do you plan to spend) for yourself or your group/family in the local area for:

\$ ___ Souvenirs on the Festival grounds

\$ ___ CDs/other items from the artists

\$ ___ Prepared food & beverages (from restaurants & festival booths)

\$ ___ Groceries, snacks, etc. purchased in retail stores

\$ ___ Gasoline

\$ ___ Lodging at a local hotel/campground

\$ ___ Shopping in local stores (souvenirs, clothes, etc.)

\$ ___ Other, please specify _____

Thank you!!!

Daytime (10am – 5pm) Survey Form



*Southeastern Louisiana University
Business Research Center &
College of Business*