

**Culture
Counts**

Economic Impact Handbook



Economic Impact Handbook



Economic Impact Assessment is an essential tool used to evaluate the economic effects of events or programs.

It measures the impact of the initiative for the local economy, including visitor expenditure, job creation, income generation, and other indirect effects.

Many funders ask event organisers to procure an independent economic impact assessment of their event. This typically involves compiling and analysing event behaviour and expenditure information from attendees and event delivery partners.

While Economic Impact Assessment is a complex process, there are several key success factors that will help to achieve a streamlined and rigorous approach and output. These include:

- ✓ Having a clear scope and purpose
- ✓ Collecting relevant and reliable data
- ✓ Using consistent and transparent methodologies
- ✓ Effectively communicating findings

This document covers important considerations when carrying out or procuring an economic impact assessment. To help clarify and simplify the process for event organisers, it includes an outline of the five main steps involved in assessing impact. Explanations of common terminologies used are provided to increase transparency and understanding.

Let us help you

The Culture Counts team is comprised of economists, data scientists and client managers, who are experts in reliable, transparent and streamlined economic impact assessment.

Contact us at culturecounts.cc/contact to speak to us about evaluating your event.



1 Define Scope and Purpose

The first step is to determine the scope and purpose of the assessment. This involves identifying the specific event or program to be evaluated, whether it's a one-off event or spans multiple days, the reporting requirements of the relevant stakeholders or funders, the geographical area of interest, and the groups that may contribute to the economic uplift.

Funder requirements

As funders often require third-party evaluation of economic impact, it is important to identify exactly what data and information they will require to acquit your grant and commit to ongoing event funding. Many funders prefer consistent and transparent impact measurement, so they can compare the value of their investments and make evidence-based resourcing decisions.



Geographical area

For local government funded activities, the main geographical area of interest is typically the local government area. For events funded by state tourism bodies, the geographical area of interest may be the state. Some funders are interested in both the local and state impact. Defining these correctly ensures that survey questions can be tailored to ask about behaviour and spending in the relevant area(s) in a way that is clear to survey respondents (e.g. Did you stay away from home overnight in the City of Melbourne while attending this event? Did you visit other parts of Victoria during this trip?).



Relevant groups

Considering the different groups that contribute expenditure as a result of an event or activity is also important, to ensure that data can be collected from all relevant sources. For example, visit and expenditure data is typically collected from event attendees or audiences, but groups such as event volunteers or artists taking part in an event will also spend significant time and money in the local area. As they are likely to have different behavioural and spend profiles to public attendees, collecting and analysing survey data from each group will help to generate the most accurate impact figure.



2 Identify Economic Indicators

The next step is to identify the key economic indicators to use in the assessment. Some indicators can be collected by the event organiser - such as expenditure to deliver the event, or total attendance numbers - while some must be collected via survey.



Attendance Counts

Event-based economic impact is highly dependent on the number of people attending or participating in an event. Visitor counting methodologies vary based on factors such as the type and size of an event. Events that are fully ticketed can use ticketing data to reflect unique visitation, while events that do not require tickets or registration must employ manual or technology-based methods.

Events with defined entry points can use pedestrian counters at entry and exit, while unfenced open events may segment the site into activity zones and estimate crowd numbers within each zone at different time periods. Drones can also take aerial photography to help estimate the density of particular zones. Newer technologies enable visitation to be captured via wireless access points that count the number of unique mobile phones in areas at various time. Being as transparent and consistent as possible with the methodologies used ensures credible results and reliable year-on-year comparisons.

Organiser Figures

As well as expenditure by event attendees, a significant contribution to the specified economy is made by organiser expenditure and the full time equivalent (FTE) employees hired to deliver the event. Organiser expenditure covers all spending on staff, facilities, equipment, suppliers and promotions, and can include funds derived from ticket sales, grants and sponsorships. FTE can be calculated by summing the total number of hours people put towards delivering the event divided by the full time equivalent hours.

Survey Measures

For tourism-based economic impact assessments, it is important to ask visitors whether the event influenced their decision to travel to the area, so that spending can be directly attributable to the event and would not have occurred anyway had the event not happened. Other survey questions typically include:

- Visitor location of origin (local, intrastate, interstate, overseas)
- Visit or behaviour data (nights stayed in each geographical area of interest, event days attended)
- Expenditure information (accommodation, food and beverage and tourism-related activities)

3 Collect Data

Collecting a sufficient amount of reliable data is critical to reporting economic impact in a credible way. The use of digital survey tools can streamline the data collection process, ensuring consistent question and answer formats and generating real-time reporting outputs.

Sample Size

A significant survey sample means that if you were able to survey your total audience or visitor population, you could be confident that their opinions or behaviour would not differ significantly from that of your sample. Many organisations find that 100-300 responses easily fall within a significant range, but there are simple online tools for calculating target sample size based on estimated audience size, and margins of error can be calculated once data is collected to the sample provides a good representation of the entire audience.



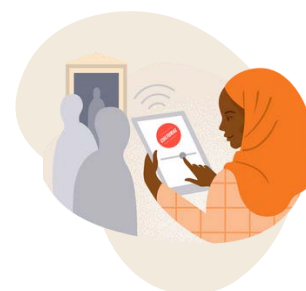
Representation

When calculating economic impact, different visitor types typically have different behaviour and spending profiles. For example, visitors travelling from another state are likely to stay more nights and spend more money than visitors from within the same state. This means it's important to collect a representative number of responses from each visitor group in order to accurately represent their respective impacts.



Distribution Methods

For ticketed events, emailing the survey out post-event can be one of the easiest and most reliable distribution methods. Collecting feedback from visitors to unticketed events may require intercept interviews using tablets, which can also enable spot sampling and targeting of groups that may otherwise not complete a survey (including elderly or disadvantaged communities, or non-local visitors). Recently the use of QR codes has increased, in which QR codes are displayed on posters or flyers at events and attendees are encouraged to scan and self-complete linked surveys on their own smart devices. Survey links can also be posted on social media channels related to the event, with the ability to reach large numbers of followers.



4 Analyse Data



Once an appropriate amount of data has been collected, the individual pieces of data from the organisation (visitor count) and from the survey sample (origin of visitors, nights stayed, money spent) must be combined in particular ways to ensure the most accurate picture of event impact.

Unique Attendance

While event organisers can typically provide total attendance figures, determining the estimated number of unique visitors is relevant if events span multiple days and people attend more than once. This can be calculated by dividing the total visitor count by the average number of times attended over the event period (taken from the survey data), and ensures that attendee expenditure is not double-counted.

Benchmarks for Low Samples

Trends from the survey sample (such as average nights stayed) are applied to the estimated total visitor count to calculate the impact of all attendees. Where there are low samples for particular visitor groups (meaning average results are not representative of the wider group), benchmark values may be used in a transparent way in place of the survey results. An outlier-handling methodology should also be used, to ensure that mistaken or inaccurate individual survey responses do not skew the overall sample.

Additionality

Additionality refers to the economic contribution to the area of interest that is additional to spending that would have occurred in the area anyway (had the event not occurred). Survey questions such as asking respondents if the event influenced their trip, or whether they would have done something in the local area had they not attended, enable attendees to be classified as 'in-scope' or 'primary purpose'. All expenditure at the event and in the area of interest by primary purpose visitors can be attributed to the event.

Stimulated and Additional Spend

Analysis may differentiate between stimulated and additional spend. For example, an event might stimulate local residents to leave the house, interact and spend money, which they may not have spent within their local area if the event was not held. The same event could bring additional money into the local economy from people that live outside of the area of interest. Some funders prefer to report on 'stimulated local spend' and 'additional visitor spend' separately in order to distinguish between locally-driven and tourism-generated expenditure.

5 Communicate Findings

The final step is to prepare a report that communicates the findings of the economic impact assessment to stakeholders. Being transparent about data sources, analysis methodologies and assumptions used can aid in understanding and interpretation, while also reinforcing the credibility of the results. Presenting findings in a clear and concise manner can help to engage stakeholders, while more in-depth interpretation and discussion of results may be appropriate for the internal resourcing and programming team.

Return on Investment

Some funders may be interested in the return on their investment, which can be reported as the ratio between direct attendee expenditure and the funds provided. For example, a return on investment of 3:1 would indicate that \$3 was contributed to the economy for every \$1 invested in the event. This can help funders to compare the benefits generated from their allocation of resources.



Multipliers

Audience and event organiser expenditure incur direct and indirect economic impacts as their spending flows through the economy. For example, spending at a venue is then further spent on things such as supplies or staff wages. Direct spending is captured through surveys and financial reporting. If stakeholders would like to consider multiplier effects, indirect spending can be reported by applying economy-wide output and employment multipliers sourced from the Australian Bureau of Statistics (ABS) National Accounts data to direct expenditure.



Holistic Impact

Reporting economic impact alongside other data may help to provide a more holistic view of the event's role and value within the community. This could include cultural and social impact data, feedback on the quality and experience of the event, and a breakdown of demographic profile and reach. Audience surveys can be crafted to include a succinct but meaningful selection of measures across these areas.



Contact us at culturecounts.cc/contact to find out how you can confidently showcase the economic contribution of your cultural investments with Culture Counts.