Canadian Sport Tourism Alliance

Alliance canadienne du tourisme sportif

# Country Music Week® 2015

## Halifax, Nova Scotia

## Economic Impact Assessment

**February 2016**

*The following analysis details the economic impact of the 2015 Country Music Week® which took place at the Scotiabank Centre in Halifax, Nova Scotia from September 10-13, 2015, as generated by the Sport Tourism Economic Assessment Model, Professional version.*

## Economic Impact Assessment Funding Partners

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# 1.0 Background

The 39th annual Country Music Week® was hosted in Halifax, Nova Scotia in mid-September of 2015. The event was made up of three primary components: the CCMA Awards Show, which is a two-hour live, television special highlighting a year in country music; a music festival (public events), which in 2015 included the CCMA Songwriters' Series; Irving Oil FanFest, a full-day, free event; the CCMA Legends Show, which pays tribute to Canada's most cherished country artists; the CCMA Kitchen Party, where country fans let loose in a party atmosphere and other talent showcases; as well as an industry conference which allowed the Canadian country music industry to honour those working behind the scenes via educational workshops and seminars, networking receptions, awards ceremonies and more. The 2015 CCMA Awards Show saw nearly 10,000 country music fans gather at the Halifax Scotiabank Centre. The spending of these fans, along with the thousands of other country music enthusiasts who attended the music festival and the industry conference provided a considerable impact for the Halifax tourism industry, and in turn, a boost in economic activity for the Halifax economy as a whole.

The next section of the report provides details of the results obtained from the on-site survey that was given to guests attending Country Music Week. The survey results were used to ascertain both the number and origin of visitors and the expenditures that visitors made while in Halifax for the music festival and CCMA Awards Show. A second survey was given to delegates who attended the industry conference. Section 3 of the report provides details of operational expenditures and revenues that further contributed to the impact of the event, while Section 4 presents the STEAM PRO[1] results from the combined expenditures of the visitors and the event organizers' operational expenditures. The appendices include additional information regarding the economic impact model and a glossary of the terms used.

[1]The Canadian Sport Tourism Alliance's (CSTA's) **Sport Tourism Economic Assessment Model**, Professional version (STEAM PRO) was used to generate the economic impact estimates detailed in this report. STEAM PRO, which was developed in 2006, is a model that has been designed to incorporate the results of primary data collected from event visitors and the budget / capital expenditures of event organizers and others to prepare economic impact assessments. The model is based on the Canadian Tourism Research Institute's (CTRI - a branch of The Conference Board of Canada) TEAM model, which is the most widely used tourism economic impact model in Canada. The results of STEAM PRO are fully consistent with the CSTA's STEAM model. A more detailed description of STEAM PRO is contained within Appendix 1.

# 2.0 Methodology / Survey Results

## *Country Music Week Public Events / CCMA Awards Show Survey*

Information regarding the origin and spending of attendees at the public events of Country Music Week 2015 and the CCMA Awards Show was collected through the administration of an on-site intercept survey. The survey captured information about the origin and opinions of the spectators attending the event. Out of town visitors were also asked questions about their visit and the expenditures while they were in Halifax. Surveys were conducted using tablet computers running Survey Analytics' Survey Pocket software.[2]

A total of 356 parties were approached at several different events associated with Country Music Week with 15 parties choosing not to participate (4%) and 13 having responded previously (4%) for a total of 328 valid surveys.

The survey found that 53% of respondents came from the HRM or within 40km while the majority of other spectators came from within Nova Scotia (20%), 8% from other Atlantic provinces and 17% from other parts of Canada while only 1% of respondents were international respondents.

The number of unique individuals attending the public events of Country Music Week 2015 and the CCMA Awards Show was developed by first calculating the share of respondents who attended the CCMA Awards Show versus those who only went to the public events of Country Music Week. The survey found that for every CCMA Awards Show attendee there was an additional 0.55 people attending a public event of Country Music Week. There were a total of 9,449 people attending the CCMA Awards Show, consequently there were an additional 5,249 people who attended a public event of Country Music Week only for a total of 14,698 attendees. The actual origin of people attending public events and the CCMA Awards Show was then broken out based on the survey response share. (Table 2.1)

[2] For information see www.surveypocket.com

**Table 2.1 Visitor Origin - Visitors**

| Origin | Attended Awards | | Did not attend awards | | |
|---|---|---|---|---|---|
| | % | # | % | # | Total |
| Halifax *(HRM under 40km)* | 47% | 4,428 | 67% | 3,515 | 7,944 |
| Other Nova Scotia | 23% | 2,191 | 14% | 730 | 2,921 |
| Other Atlantic | 11% | 1,050 | 3% | 137 | 1,187 |
| Other Canada | 18% | 1,735 | 13% | 685 | 2,420 |
| US | 0% | 46 | 1% | 46 | 92 |
| International | 0% | 0 | 3% | 137 | 137 |
| **Total** | 100% | 9,449 | 100% | 5,249 | 14,701 |
| *Visitors* | *53%* | *5,022* | *33%* | *1,735* | *6,757* |

Country Music Week 2015 was the first time visit to Nova Scotia for 38% of out of province visitors. Survey respondents indicated that 26% of Atlantic Canada visitors made use of a Nova Scotia Tourism website(s) prior to departure, increasing to 36% for long distance Canada / U.S. / International visitors.

## *Visitor Expenditures*

Out of town visitors were also asked what they spent in Halifax while they were attending Country Music Week 2015. With the size of the sample collected, out of town spectators were divided into several categories, sameday travellers; and overnight travellers from: other parts of Nova Scotia, other Atlantic Canada, and long-haul travellers (other Canada, U.S., & International). The survey found that the average sameday traveller spent $106 per person while overnight visitors spent $817 per person (Table 2.3). Combining the spending per person with the overall attendance shows that overall spectator spending reached $4.3 million (Table 2.4).

**Table 2.3 Visitors Spending per Person**

| Per person | Sameday | Other NS | Other Atlantic | Other Canada / US & Int'l | Average |
|---|---|---|---|---|---|
| *Party Size* | *2.8* | *3.2* | *2.6* | *2.8* | *2.9* |
| *Avg. Nights* | *2.1** | *7.0* | *6.0* | *7.4* | *7.2* |
| Accommodation | $0.00 | $114.52 | $244.02 | $571.15 | $279.03 |
| Restaurant | $37.32 | $89.51 | $159.68 | $275.63 | $158.28 |
| Grocery | $15.45 | $17.40 | $37.48 | $68.05 | $39.27 |
| Recreation & Entertainment | $5.49 | $19.71 | $50.54 | $82.41 | $44.96 |
| Shopping | $13.85 | $58.35 | $61.32 | $137.32 | $77.38 |
| Vehicle Expenses | $34.45 | $28.69 | $56.99 | $55.87 | $45.16 |
| **Total** | **$106.56** | **$328.18** | **$610.02** | **$1,190.44** | **$644.07** |
| *Per Person Per Daytrip / Night* | *$51.80* | *$46.88* | *$101.67* | *$160.00* | *$89.83* |

*day trips

**Table 2.4 Visitor Spectator Spending**

| Aggregate | Sameday | Other NS | Other Atlantic | Other Canada / US & Int'l | Average |
|---|---|---|---|---|---|
| *Visitors* | *1,645* | *1,415* | *1,187* | *2,510* | *6,757* |
| Accommodation | $0 | $162,040 | $289,653 | $1,433,823 | $1,885,516 |
| Restaurant | $61,391 | $126,645 | $189,539 | $691,953 | $1,069,528 |
| Grocery | $25,414 | $24,625 | $44,493 | $170,831 | $265,364 |
| Recreation & Entertainment | $9,030 | $27,885 | $59,988 | $206,879 | $303,782 |
| Shopping | $22,781 | $82,558 | $72,784 | $344,739 | $522,862 |
| Vehicle Expenses | $56,669 | $40,598 | $67,651 | $140,256 | $305,174 |
| **Total** | **$175,284** | **$464,351** | **$724,109** | **$2,988,482** | **$4,352,225** |

As a final step, spectators from outside of Halifax were asked as to the importance of Country Music Week in their decision to travel. The survey found that the importance of the event was very high with an overall score of 89%.[3] The attribution factor is then applied to the aggregate expenditure calculation to determine the amount of spending that is directly as a result of hosting the event. The results show that the spending in Halifax directly attributable to County Music Week 2015 was $3.7 million in 2015.

[3] Using a scale of 0-10 with 0 indicating the event had no influence in the decision to travel and 10 indicating it was the only reason for coming to Halifax.

**Table 2.5 Visitor Spending Adjusted for Importance of Event**

| Aggregate Spend Scaled by Importance | Sameday | Other NS | Other Atlantic | Other Canada / US & Int'l | Average |
|---|---|---|---|---|---|
| *Importance* | *93%* | *99%* | *88%* | *81%* | *89%* |
| Accommodation | $0 | $159,949 | $254,894 | $1,162,990 | $1,577,833 |
| Restaurant | $56,830 | $125,011 | $166,794 | $561,251 | $909,886 |
| Grocery | $23,526 | $24,307 | $39,154 | $138,563 | $225,551 |
| Recreation & Entertainment | $8,359 | $27,526 | $52,790 | $167,802 | $256,476 |
| Shopping | $21,089 | $81,493 | $64,050 | $279,622 | $446,253 |
| Vehicle Expenses | $52,459 | $40,074 | $59,533 | $113,763 | $265,829 |
| **Total** | **$162,263** | **$458,359** | **$637,216** | **$2,423,991** | **$3,681,828** |

## *Industry Conference Survey*

An online survey was sent to delegates attending the industry conference portion of Country Music Week 2015. Delegates were asked a number of questions regarding the events they attended as well as their spending while in Halifax. Using a similar method as for the on-site visitor survey, the on-line survey found that the average delegate spent $793 per person or $157 per person per night. In total, the 530 delegates spent $99,200, or $90,600 when adjusting for the importance of the industry conference portion of Country Music Week 2015 in their decision to travel to Halifax (Table 2.5).

| Industry Conference | Per Person | Aggregate | Aggregate Adjusted for Importance |
|---|---|---|---|
| Accommodation | $463.46 | $245,636 | $224,379 |
| Restaurant | $142.81 | $75,687 | $69,137 |
| Grocery | $39.93 | $21,163 | $19,331 |
| Recreation & Entertainment | $55.25 | $29,284 | $26,750 |
| Shopping | $42.04 | $22,281 | $20,352 |
| Vehicle Expenses | $49.96 | $26,478 | $24,186 |
| **Total** | **$793.45** | **$420,529** | **$384,137** |

# 3.0 Operations Expenditures

The organizers of Country Music Week 2015 invested significantly in producing a high-caliber event in Halifax, with expenditures covering items such as rental of the venues, volunteers, advertising, food and beverages and the business operations of supporting the event.

Even though they are not included directly in the budget, Country Music Week 2015 was supported by hundreds of volunteers from Halifax who donated considerable amounts of their time to make the event happen.

# 4.0 Economic Impact Results

The combined spending of out of town visitors, in combination with the expenditures made by the organizers through hosting Country Music Week 2015 totaled $5.2 million. This generated an estimated $11.8 million in economic activity for the Province of Nova Scotia, of which $7.9 million occurred in Halifax. These expenditures supported $3.6 million in wages and salaries in the Province through the support of 97 jobs, of which an estimated 76 jobs and $2.5 million in wages and salaries were supported in Halifax.[4] The total net economic activity (GDP) generated by the event was $5.5 million through the Province, with $3.3 million occurring in Halifax.

Considerable tax revenues were also produced by the event, totaling $2.4 million. The event supported federal government tax revenues of $1,016,000 with an additional $1,084,000 in taxes accruing to the Province of Nova Scotia. Moreover, $264,000 in municipal taxes were supported in Nova Scotia municipalities with $211,000 of the municipal tax base in the HRM being supported by Country Music Week 2015.

**Table 4.1 Economic Impact of Country Music Week 2015 – Summary Table**

| | Total Nova Scotia | Halifax |
|---|---|---|
| Initial Expenditure | $5,242,018 | $5,242,018 |
| GDP | $5,532,023 | $3,314,007 |
| Wages & Salaries | $3,572,021 | $2,457,458 |
| Employment | 97.2 | 75.9 |
| Industry Output | $11,838,570 | $7,916,678 |
| Total Taxes | $2,363,931 | $1,708,672 |
| Federal | $1,016,291 | $700,424 |
| Provincial | $1,083,983 | $797,067 |
| Municipal | $263,656 | $211,181 |

[4] Jobs reported in this study refer to the number of jobs, vs. full time equivalent (i.e.: two people working half time in a job that typically features half time employment would represent two jobs or one FTE). Additionally, the direct employment effects are generally extra shifts or overtime for existing workers rather than new employment.

**Table 4.2 Total Economic Impact**

| | Total Nova Scotia | Total Halifax | Rest of Nova Scotia |
|---|---|---|---|
| Initial Expenditure | $5,242,018 | $5,242,018 | $0 |
| **Gross Domestic Product** | | | |
| Direct Impact | $1,790,090 | $1,790,090 | $0 |
| Indirect Impact | $2,296,604 | $872,338 | $1,424,266 |
| Induced Impact | $1,445,329 | $651,579 | $793,750 |
| Total Impact | $5,532,023 | $3,314,007 | $2,218,016 |
| **Industry Output** | | | |
| Direct & Indirect | $8,765,395 | $6,530,896 | $2,234,499 |
| Induced Impact | $3,073,174 | $1,385,782 | $1,687,393 |
| Total Impact | $11,838,570 | $7,916,678 | $3,921,892 |
| **Wages & Salaries** | | | |
| Direct Impact | $1,329,280 | $1,329,280 | $0 |
| Indirect Impact | $1,360,827 | $723,589 | $637,238 |
| Induced Impact | $881,913 | $404,589 | $477,325 |
| Total Impact | $3,572,021 | $2,457,458 | $1,114,562 |
| **Employment (Full-year jobs)** | | | |
| Direct Impact [5] | 48.3 | 48.3 | - |
| Indirect Impact | 29.2 | 15.4 | 13.8 |
| Induced Impact | 19.7 | 12.2 | 7.5 |
| Total Impact | 97.2 | 75.9 | 21.3 |
| **Taxes (Total)** | | | |
| Federal | $1,016,291 | $700,424 | $315,867 |
| Provincial | $1,083,983 | $797,067 | $286,916 |
| Municipal | $263,656 | $211,181 | $52,476 |
| Total | $2,363,931 | $1,708,672 | $655,258 |

[5] Jobs reported in this study refer to the number of jobs, vs. full time equivalent (i.e.: two people working half time in a job that typically features half time employment would represent two jobs or one FTE). Additionally, the direct employment effects are generally extra shifts or overtime for existing workers rather than new employment.

# Appendix 1: Economic Impact Methodology – Sport Tourism Economic Assessment Model

**Background**

Briefly, the purpose of STEAM is to calculate both the provincial and regional economic impacts of sport and event based tourism. The economic impacts are calculated on the basis of capital and operating expenditures on goods, services and employee salaries, and on the basis of tourist spending within a designated tourism sector. The elements used to measure the economic impacts are Gross Domestic Product (GDP), Employment, Taxes, Industry Output and Imports. STEAM measures the direct, indirect & induced effects for each of these elements.

**Technical Description of the Impact Methodology used by STEAM**

STEAM and many other impact studies are based on input-output techniques. Input-output models involve the use of coefficients that are based on economic or business linkages. These linkages trace how tourist expenditures or business operations filter through the economy. In turn, the coefficients applied are then used to quantify how tourism related activity in a particular region generates employment, taxes, income, etc. The input-output approach indicates not only the direct and indirect impact of tourism, but can also indicate the induced effect resulting from the re-spending of wages and salaries generated.

All impacts generated by the model are given at the direct impact stage (i.e. the "front line" businesses impacted by tourism expenditures), indirect impact stage (i.e. those industries which supply commodities and/or services to the "front line" businesses) and the induced impact stage (induced consumption attributable to the wages and salaries generated from both the direct and indirect impact). In this sense, the model is closed with respect to wages. Imports are also determined within the model, so the model is closed with respect to imports. Exports are not endogenized (i.e. additional exports are not assumed with the induced impact) which consequently generates more conservative impacts. Another assumption of the model, which leads to more conservative impacts, is that not all commodities and/or services purchased are assumed to have at least one stage of production within the province. This assumption is crucial for souvenirs, gasoline and other commodities.

Taxes and employment are key economic considerations. However, as these concepts fall outside of the System of National Account Provincial input/output tables, their impacts must be calculated separately. Current tax and employment data for each region is used to econometrically estimate a series of coefficients and rates. These coefficients and/or rates are then applied to measures determined within the input-output framework of the model, yielding the final tax and employment figures.

**Regional (Sub-Provincial) Impact Methodology**

The method used to simulate intraprovincial commodity flows and ultimately regional impacts follows directly from regional economic principles. The principle is referred to as the "gravity model". Basically the "gravity model" states that the required commodity (& service) inputs will be "recruited" in a manner that takes into consideration economies of scale (i.e. production costs), transportation costs and the availability of specific industries. Economies of scale (i.e. lower production costs) are positively correlated with input demand while greater transportation costs are negatively correlated with input demand. Fulfilling that demand from other provincial regions is contingent on the fact that the specific industry does actually exist. An advantage of using the "gravity model" to simulate intraprovincial commodity flows is that as the industrial composition of the labour force changes, or as new industries appear for the first time in specific regions, the share of production between the various sub-provincial regions also changes.

By following this principle of the gravity model, all sub-provincial regions of a province are assigned a coefficient for their relative economies of scale in each industry (using the latest industry labour force measures) as well as a coefficient to represent the transportation cost involved to get each industry's output to the designated market. One variation on the "gravity model" principle involves the estimation of "relative trade distances" by incorporating different "weights" for different modes of transport. Once these coefficients are generated for all regions and over all industries, a measure of sensitivity (mostly relative to price, but in the case of service industries also to a "local preference criteria") is then applied to all commodities. Another variation on the strict "gravity model" approach is that the measure of sensitivity is adjusted by varying the distance exponent (which in the basic "gravity model" is 2) based on the commodity or service required. The variation in distance exponents revolve, principally, around two research hypotheses: (1) the greater the proportion of total shipments from the largest producer (or shipper), the lower the exponent, and (2) the greater the proportion of total flow which is local (intraregional), the higher the exponent.

# Appendix 2: Glossary of Terms used by STEAM

**Initial Expenditure -** This figure indicates the amount of initial expenditures or revenue used in the analysis. This heading indicates not only the total magnitude of the spending but also the region in which it was spent (thus establishing the "impact" region).

**Direct Impact** - Relates ONLY to the impact on “front-line” businesses. These are businesses that initially receive the operating revenue or tourist expenditures for the project under analysis. From a business perspective, this impact is limited only to that particular business or group of businesses involved. From a tourist spending perspective, this can include all businesses such as hotels, restaurants, retail stores, transportation carriers, attraction facilities and so forth.

**Indirect Impact** - Refers to the impacts resulting from all intermediate rounds of production in the supply of goods and services to industry sectors identified in the direct impact phase. An example of this would be the supply and production of bed sheets to a hotel.

**Induced Impact** - These impacts are generated as a result of spending by employees (in the form of consumer spending) and businesses (in the form of investment) that benefited either directly or indirectly from the initial expenditures under analysis. An example of induced consumer spending would be the impacts generated by hotel employees on typical consumer items such as groceries, shoes, cameras, etc. An example of induced business investment would be the impacts generated by the spending of retained earnings, attributable to the expenditures under analysis, on machinery and equipment.

**Gross Domestic Product (GDP) -** This figure represents the total value of production of goods and services in the economy resulting from the initial expenditure under analysis (valued at market prices).

**NOTE:** The multiplier (A), Total/Initial, represents the total (direct, indirect and induced) impact on GDP for every dollar of direct GDP. This is a measure of the level of spin-off activity generated as a result of a particular project. For instance if this multiplier is 1.5 then this implies that for every dollar of GDP directly generated by “front-line” tourism businesses an additional $0.50 of GDP is generated in spin-off activity (e.g. suppliers).

The multiplier (B), Total/$ Expenditure, represent the total (direct, indirect and induced) impact on GDP for every dollar of expenditure (or revenue from a business perspective). This is a measure of how effective project related expenditures translate into GDP for the province (or region). Depending upon the level of expenditures, this multiplier ultimately determines the overall level of net economic activity associated with the project. To take an example, if this multiplier is 1.0, this means that for every dollar of expenditure, one dollar of total GDP is generated. The magnitude of this multiplier is influenced by the level of withdrawals, or imports, necessary to sustain both production and final demand requirements. The less capable a region or province is at fulfilling all necessary production and final demand requirements, all things being equal, the lower the eventual economic impact will be.

**GDP (at factor cost) -** This figure represents the total value of production of goods and services produced by industries resulting from the factors of production. The distinction to GDP (at market prices) is that GDP (at factor cost) is less by the amount of indirect taxes plus subsidies.

**Wages & Salaries -** This figure represents the amount of wages and salaries generated by the initial expenditure. This information is broken down by the direct, indirect and induced impacts.

**Employment -** Depending upon the selection of employment units (person-years or equivalent full-year jobs) these figures represent the employment generated by the initial expenditure. These figures distinguish between the direct, indirect and induced impact. "Equivalent Full-Year Jobs", if selected, include both part-time and full-time work in ratios consistent with the specific industries.

**NOTE:** The multiplier (B) is analogous to Multiplier (B) described earlier with the exception being that employment values are represented per $1,000,000 of spending rather than per dollar of spending. This is done to alleviate the problem of comparing very small numbers that would be generated using the traditional notion of a multiplier (i.e. employment per dollar of initial expenditure).

**Industry Output -** These figures represent the direct & indirect and total impact (including induced impacts) on industry output generated by the initial tourism expenditure. It should be noted that the industry output measure represents the **sum** total of all economic activity that has taken place and consequently involve double counting on the part of the intermediate production phase. Since the Gross Domestic Product (GDP) figure includes only the **net** total of all economic activity (i.e. considers only the value added), the industry output measure will always exceed or at least equal the value of GDP.

**Taxes -** These figures represent the amount of taxes contributed to municipal, provincial and federal levels of government relating to the project under analysis. This information is broken down by the direct, indirect and induced impacts.

**Imports -** These figures indicate the direct, indirect and induced final demand and intermediate production requirements for imports both outside the province and internationally.