

Kansas State Fair Economic Impact and Marketing Study

Executive Summary

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OVERVIEW OF THE STATE FAIR PROJECT

During 1996, the Institute for Public Policy and Business Research, University of Kansas, conducted an extensive analysis of the activities of the Kansas State Fair. The study included all aspects of the State Fair's activities, including:

- the Kansas State Fair itself, held in September, 1996 (Report Volume 1); and
- Non-Fair events held throughout the year (Report Volume 2).

The study examines both the marketing aspects of Fair and Non-Fair activities and their economic impacts on the economies of Reno County, South Central Kansas, and the State of Kansas as a whole. Marketing aspects of the events include attendance, demographics, place of residence of event-goers, reasons for attending events, and perceptions of the quality of Fair and Non-Fair events and facilities. Economic impacts include per capita expenditures and the overall effect of these expenditures on payroll and employment in the aforementioned geographic areas.

Our study makes use of data from many sources. The most important data sources are original surveys that IPPBR developed in conjunction with the State Fair staff. An on-site survey of over 1,600 visitors was conducted during the State Fair in September, 1996. All State Fair exhibitors and concessionaires were surveyed by mail in October and November of the same year. Hutchinson tourism-related businesses were surveyed in November and December, 1996. A telephone survey of a random sample of 900 Kansans was conducted during December, 1996 and January, 1997 to find out opinions of people who had not attended the Fair. Finally, on-site surveys were conducted of visitors to and participants in Non-Fair events throughout the year. Survey data was supplemented by administrative statistics on Fair attendance, income sources, and expenditures. Finally, Fair-specific data were supplemented by data from the U.S. Bureau of the Census and the U.S. Bureau of Economic Analysis.

Information for the marketing analysis comes primarily from the surveys described above. The survey questions were designed to provide the State Fair staff with information that they considered important.

The economic impacts of Fair and Non-Fair events were estimated by applying an economic impact model of the State of Kansas and Kansas counties developed at the University of Kansas.

The report that follows is laid out in two volumes. Volume 1 deals with the marketing considerations and economic impacts of the 1996 State Fair. It also includes the impacts of the State Fair organization's spending on payroll and supplies of Non-Fair events, since this analysis so closely parallels the analysis for the Fair itself. Volume 2 provides a detailed analysis of nine Non-Fair events and provides suggestions on how to generalize the results of these nine events to other events during the year.

The study was a cooperative effort of the State Fair staff and IPPBR. All survey forms were developed jointly. IPPBR conducted the on-site surveys at the Fair in September, 1996, while State Fair staff conducted most of the on-site surveys at Non-Fair events. The study also required the cooperation of hundreds of visitors, exhibitors, and concessionaires, who, for the most part, were very willing to provide the information needed.

EXECUTIVE SUMMARY: VOLUME 1
Analysis of the 1996 Kansas State Fair

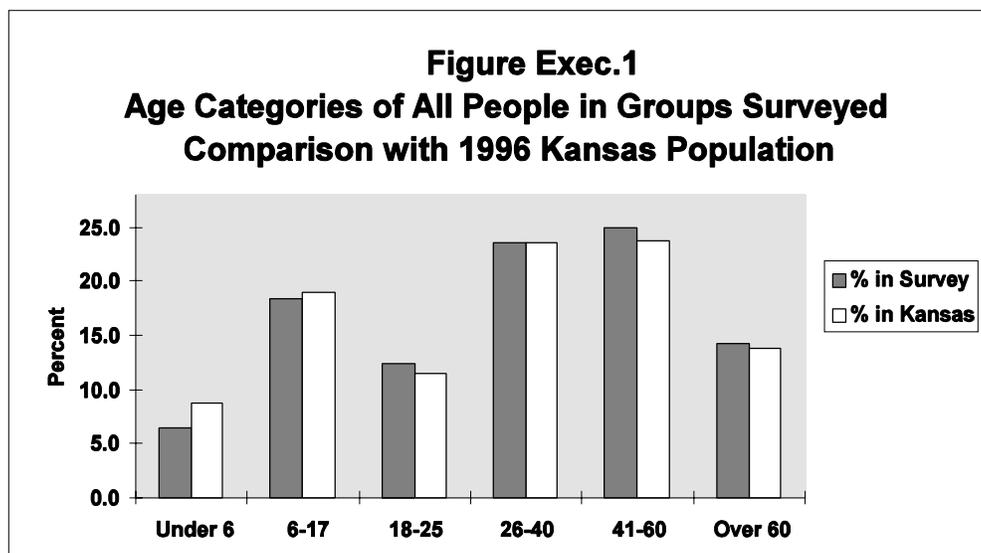
Survey of Fair-goers

- IPPBR conducted on-site surveys at the 1996 State Fair in Hutchinson, Kansas, and collected 1,616 surveys with valid data. The survey covered Fair-goer demographics, interests, and expenditures.
- Based on the survey, the age breakdown of 1996 Fair-goers appears fairly representative of the Kansas population (under age 80) as a whole. The Fair drew a slightly lower percentage of very young children (5 and under) than in the general population, and a slightly higher percentage of adults in the 41-60 age range. Overall, the data show that the Fair attracts visitors from all age groups.
- Fair-goers were asked questions about the state, city, and county where they lived. Most Fair-going groups were from Kansas while fewer than 4 percent were from out of state. Respondents listed 21 other states besides Kansas as their place of residence. Of these, Texas, Oklahoma, and Missouri had the most respondents. Participants were more likely to come from out of state than were visitors. About 3.2 percent of visitor groups, and 7.7 percent of participant groups reported an out-of-state residence.

Table Exec.1
Age Categories of All Fair-goers in Groups Surveyed
Comparison with 1996 Kansas Population

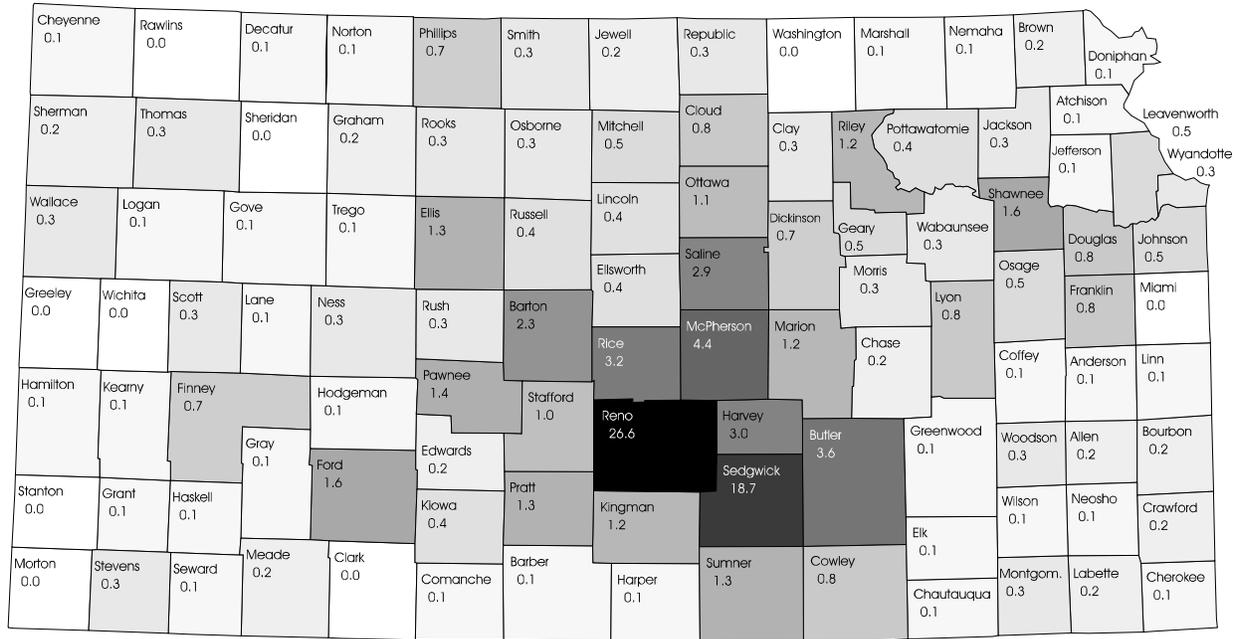
Age	Number in Survey	% in Survey	% in Kansas Pop
under 6	301	6.4	8.7
6-17	861	18.4	18.9
18-25	578	12.4	11.4
26-40	1102	23.6	23.5
41-60	1168	25.0	23.7
over 60	664	14.2	13.8
total	4674	100.0	100.0

Source: population data from US Bureau of the Census, Population Estimates for States, 1996.



- The survey sample represented Fair-goers from almost every county in Kansas (96 of 105 counties). About 26.6 percent of Kansas groups of Fair-goers came from Reno county, followed by 18.7 percent from Sedgwick County. The top 10 counties for Fair attendance together accounted for about two-thirds of total Kansas attendance (see Figure Exec.2). About 2 percent of groups attending the Fair came from the counties in and near the Kansas City metropolitan area (Johnson, Wyandotte, Leavenworth, Miami, Douglas). The counties that make up the South Central Kansas area (Barber, Barton, Butler, Cowley, Ellsworth, Harper, Harvey, Kingman, McPherson, Marion, Pratt, Reno, Rice, Sedgwick, Stafford, Sumner) accounted for 69.2 percent of groups attending the Fair.
- Participants were more widely scattered across the state than were Fair-goers in general. 58.2 percent of participants were concentrated in the top 10 counties, in contrast with 67.9 percent of Fair-goers in general. Two counties from the urban area of Northeast Kansas (Douglas and Leavenworth) were represented on the top 10 list for participants, each with 4 respondents.
- About 43 percent of the respondents from outside of Hutchinson reported driving 25-60 miles to the Fair. This range included people who traveled from Wichita and other Sedgwick County communities. Over 30 percent of respondents outside Hutchinson reported that they traveled over more than 100 miles to attend the Fair.

Figure Exec.2
County of Residence of 1996 Fair-Goers
 (Percent of Fair-goer Groups from Kansas)



- Fair-goers were asked how important each of several types of activities was in their decision to attend the Fair. Livestock and agricultural exhibits were the highest-rated factors attracting people to the Fair, with over 46 percent of respondents citing these activities as “very important.” In other words, people said that the traditional emphasis of the Fair was what drew them in. Commercial exhibits and fine arts/domestic arts exhibits were also cited as “very important” by over 40 percent of respondents.
- Fair-goers were asked to rate several Fair facilities on a scale of “good,” “adequate,” or “needs improvement.” All facilities were rated as “good” by at least 55 percent of respondents. Restrooms and parking were most commonly cited as needing improvement, and least commonly cited as “good”. Still, no Fair facility received a rating of under 55 percent “good,” indicating a high degree of satisfaction with facilities.
- On average, visitors reported spending close to \$18 per person each day on concessions, rides, food, and other Fair attractions. Visitors from outside the state spent on average about \$3.70 per person per day on restaurant meals, about \$3.51 on retail purchases, and about \$.92 per person per day on motels. The amount spent by out-of-towners on motels seems rather small. One possible explanation, supported by some of our interviews with respondents, is that many people stay overnight in recreational vehicles parked in the general Fair parking lots.

Telephone Survey

- IPPBR conducted telephone surveys of 900 households to find out about their awareness of and interest in the Kansas State Fair. The households were broken into two groups: those living within 100 miles of Hutchinson and those living outside that radius.
- Not surprisingly, there were significant differences in Fair attendance between the two geographic survey regions. Of the group living within 100 miles of the Fair, 26 percent stated that they had attended the Fair in 1996. This contrasted with 8.7 percent of the group that lives farther away from the Fairgrounds. We conducted additional analysis on a subgroup of respondents living in the Kansas City area. About five percent of the respondents in the Kansas City subgroup reported that they attended the Fair last year.
- People who did not attend the Fair were asked if they knew the month, place, and approximate admission price of the event. Overall, awareness about the time and place of the Fair was high, particularly in the area within 100 miles of the Fairgrounds. However, respondents were not very aware of the price of the Fair. About 32 percent of the overall sample and 27 percent of those outside a 100-mile radius of the Fair knew that the price of an adult admission was less than \$5.00.
- The level of exposure to information and advertising about the Fair was high in the geographic area within 100 miles of the Fairgrounds. Three-fourths of respondents recalled seeing TV advertisements and TV news pieces about the Fair. They also reported seeing newspaper ads and articles and hearing about the Fair on the radio. Exposure to information about the Fair declines with distance from the Fairgrounds. For example, fewer than one-third of respondents from the Northeast Kansas metro area reported seeing a TV ad or news piece.
- People were asked why they did not attend the Fair. The major reason mentioned by respondents in both groups was that they were too busy. Not surprisingly, a high percentage of people who live more than 100 miles from the Fairgrounds mentioned distance as a major reason. A high percentage of people also mentioned that they were simply not interested in this type of event. This was a more common response for the group living far from the Fair than for the group living within 100 miles. Very few people mentioned that the Fair was too expensive. For the group that lives more than 100 miles from the Fair, not knowing about the Fair was a significant reason for non-attendance.

Concessionaires and Commercial Exhibitors Survey

- IPPBR conducted a mail survey of concessionaires and commercial exhibitors. Of 626 surveys mailed, 316 were returned.

- One-hundred-seventy-nine firms and organizations reported making some sales during the fair. Ninety-three firms reported sales over \$5,000, while 33 firms reported sales over \$20,000.
- For many of the firms and organizations, the development of leads and the opportunity to disseminate information was the motivating force behind State Fair activities. Approximately two-thirds of respondents cited this as the major reason for participating in the Fair.
- Firms were asked to estimate their sales at the Fair. We estimated that the businesses that responded to the survey represented over \$3.3 million in sales at the Fair in 1996.
- The survey responses indicated that leads generated at the 1996 Fair were expected to bring in about \$8 million in future sales.
- Firms and organizations were asked whether they were satisfied with the success of their business activities at the 1996 State Fair. About 32 percent expressed some dissatisfaction, while about 25 percent were very satisfied.
- The overwhelming majority of exhibitors and concessionaires, close to 98 percent, reported that they planned to return to the Fair in 1997.

Economic Impacts

- Estimating the economic impact of the Fair involves several steps:
 - 1) collection of data on the actual magnitude of spending associated with various Fair activities;
 - 2) formulation of reasonable assumptions about the counterfactual; that is, what spending would have happened if the Fair activity in question had not taken place;
 - 3) adjustment of total spending for import coefficients and trade margins;
 - 4) application of an input-output model to estimate multiplier effects; and
 - 5) calculation of the difference between the actual and the counterfactual effects.
- The formulation of a counterfactual is a key element of impact modeling. Visitors were asked where they would have spent their funds if the Fair did not exist. About 2 percent of Kansas they would spend their money out of state. The Fair retains these funds within the Kansas economy.
- Multipliers are another key element of impact modeling. A multiplier allows us to calculate indirect effects that occur when a stimulus such as the Fair generates income that is then re-spent within the economy.
- Overall, we estimate that the September, 1996 Kansas State Fair was directly and indirectly responsible for about 179 full-time equivalent (FTE) jobs in Reno County, 142 FTE jobs in South Central Kansas, and 52 jobs in the state of Kansas as a whole.

- Non-Fair events contributed an additional 26 jobs in Reno County, 20 jobs in the South Central Kansas region, and 11 jobs in the state as a whole.
- The impacts on the state are smaller than those for South Central Kansas or Reno County. The reason for this is that a visitor from outside South Central Kansas (for instance, from Johnson County) brings new money into South Central Kansas, but takes money out of Johnson County. For the state a whole, the effects net out. Similarly, the impacts on South Central Kansas are smaller than those on Reno County.
- Table Exec.2 summarizes economic impacts of Fair and Non-Fair events. The table shows new expenditures added to the community, new payroll (income) and new jobs. All numbers have been adjusted to take into account the counterfactual assumptions and multiplier effects.

Table Exec.2
Summary of Impacts of Fair and Non-Fair Activities

Channel of Impact	Expend. Added: Reno County (\$)	Payroll Added: Reno County (\$)	Jobs Added: Reno County	Expend. Added: S. Central Kansas (\$)	Payroll Added : S. Central Kansas (\$)	Jobs Added: S. Central Kansas	Expend. Added: All of Kansas (\$)	Payroll Added: All of Kansas (\$)	Jobs Added: All of Kansas
State Fair visitors and participants: tourism	3,298,729	1,288,218	88.4	2,288,741	829,775	57.2	611,826	215,198	13.9
Concessionaires and commercial exhibitors	1,140,531	570,380	30.5	1,195,007	639,862	34.3	878,106	433,742	22.6
Carnival	49,395	28,477	1.9	28,323	15,863	1.1	5,128	2,217	0.2
State Fair operations	2,029,631	1,173,857	58.2	1,759,890	996,772	49.3	657,429	317,034	15.4
<i>Fair sub-total</i>	6,518,286	3,060,932	179.0	5,271,961	2,482,272	141.9	2,152,489	968,191	52.1
Non-Fair visitors and participants: tourism	799,622	293,901	21.0	629,613	219,052	15.3	388,732	141,583	9.0
Non-Fair events: operations	157,361	84,558	4.9	139,170	73,119	4.3	68,425	30,977	1.7
<i>Non-Fair sub-total</i>	956,983	378,459	25.9	768,783	292,171	19.6	457,157	172,560	10.7
<i>Combined Total</i>	7,475,269	3,439,391	204.9	6,040,744	2,774,443	161.5	2,609,646	1,140,751	62.8

note: numbers may not add up due to rounding errors

EXECUTIVE SUMMARY: VOLUME 2

An Overview of Non-Fair Events

During 1996 and 1997, the Institute for Public Policy and Business Research at the University of Kansas conducted a study of the marketing aspects and economic impacts of events that take place at the State Fairgrounds in Hutchinson during the off-season. The Fair staff and IPPBR together designed and implemented surveys of spectators, participants, and other visitors attending ten of these Non-Fair events. Survey data from nine of the surveys was considered to be of sufficient quality for analysis. Findings from the surveys and economic impact analysis are summarized below.

- The events that were included in the surveys varied widely in size. Some events drew over 10,000 visitors, while others drew under 200. Overall, about 32,700 people attended the nine Non-Fair events.
- Some events drew most of their visitors from Reno and surrounding counties, while other events were statewide or even nationwide in scope. On average for the nine events, 39.7 percent of visitors were from Reno County, 29.3 percent were from other counties in South Central Kansas, 19.5 percent were from the remainder of Kansas, and 11.5 percent were from out-of-state.
- Visitors to most of the Non-Fair events rated facilities as good or adequate. Among those who were dissatisfied with facilities, restrooms were most frequently cited as inadequate.
- Most of the visitors to Non-Fair events had attended the State Fair in 1996 and even higher percentage were planning to attend in 1997.
- On average, visitors from South Central Kansas each spent about \$47 in Hutchinson during their visit to or participation in Non-Fair events. Visitors from more distant parts of Kansas and from out of state spend an average of \$63 in Hutchinson. Spending varied widely across events, from a low of \$18 per capita to a high of \$92 for visitors from South Central Kansas, and from a low of \$24 to a high of \$101 for visitors from other areas.
- In terms of economic impact, tourism related to the the nine Non-Fair events supported about \$294,000 in wages and salaries and 21 jobs within Reno county after all multiplier effects were taken into account. The events supported \$219,000 in wages and salaries and 15 jobs within South Central Kansas, and \$142,000 and 9 jobs statewide (see Table Exec.3).

Table Exec.3
Summary of Economic Impacts of Non-Fair Events

Event	Payroll Added: Reno County	Jobs Added: Reno County	Payroll Added : S. Central Kansas	Jobs Added: S. Central Kansas	Payroll Added: All of Kansas	Jobs Added: All of Kansas
Hutchinson National Auto Races	37,293	2.65	27,404	1.95	9,637	0.64
Kansas Angus Futurity	20,566	1.52	13,864	0.99	2,951	0.20
Salt City Rod and Custom Car Show	20,023	1.51	2,534	0.19	0.0	0.00
Showcase '97 Home and Garden Expo	40,184	2.92	24,947	1.82	1,452	0.10
GrassRoots Team Roping	112,309	8.07	110,877	7.70	108,317	6.91
Mennonite Relief Sale	46,548	3.06	27,251	1.80	12,443	0.78
Salt City Rabbit Show	3,574	0.26	3,187	0.22	2,499	0.16
Kansas Classic Beef and Sheep Show	10,177	0.72	6,799	0.47	660	0.04
Kansas Appaloosa Horse Show	3,227	0.24	2,189	0.16	2,624	0.17
Total	293,901	20.95	219,052	15.30	140,583	9.00

- Events (such as GrassRoots Team Roping) that bring in visitors and participants from out of state have a larger economic impact on the state, regional, and local economies than do events (such as the Rod and Custom Car Show) that draw most of their visitors from the local area.
- Overall county impacts are larger than regional impacts, which in turn are larger than statewide impacts. For the most part, a visitor from within Reno County does not bring new money into the county. A visitor from within the region (for instance a visitor from Wichita) brings new money into Reno county, but takes money out of another county in the region. A visitor from another part of Kansas (say from Johnson County) brings new money into the region but takes money out of another county in the state. Visitors from out-of-state bring new money into Kansas without a corresponding downside for the state.
- As a rule of thumb, 100 visitors from South Central Kansas who attend a Non-Fair event create about \$1,700 of new income in Reno County due to their tourism expenditures. They do not, however, add income to the region or the state as a whole. The visitors move income from one area of the state to another.
- One-hundred visitors from outside of South Central Kansas (but from within the state) who attend a Non-Fair event create about \$2,700 of new income in Reno County and \$2,800 of new income in South Central Kansas.
- One-hundred visitors from out-of-state create about \$2,700 of new income in Reno County, \$2,800 of new income in South Central Kansas, and \$3,300 for the state of Kansas as a whole.