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Economic Impact of Small Scale Event to the Local Economy: Case of Canfield Fair

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1. Introduction

The creation of special fairs or events is considered to be critical to local economies because they attract event-visitors to the destinations, and further induce their spending within the local community (Crompton, 2006; Snowball, 2008). The latter is "new money" that promotes local economic activities through linkages of special events with other sectors of the local economy (Croes and Severt, 2007; Snowball, 2008). On the other hand, community-based events, such as the Canfield Fair, require relatively little energy, moderate amounts of capital, and average amounts of skills when compared to mega sport-events, and moreover the fairs significantly contribute to local communities, such as through job support (Crompton, 2006). These characteristics of community-based events can increase local economic activities through visitors' spending in uncertain economic climates. The fair attracts various types of attendees including local residents and visitors during a limited time period.

The Mahoning County Agricultural and Horticultural Society, founded in 1846 at Canfield, Ohio, established its annual fair in 1847 to bring together people and their products. The first fair was held at the village green, and included a small livestock show, a plowing contest, and a horserace. Women gathered in the First Congressional Church building where they displayed their homemade products and food preserves. In recent times, the organization of the fair has undergone immense changes. Not only does the fair help promote Mahoning County's agricultural and industrial products, but it also offers the opportunity for out-of-town visitors to partake in entertainment events, visit the county's museum, and enjoy a perfect place for social networking (Canfield Fair, 2015).

Despite the accepted importance of the Canfield fair to the local community, the economic impact derived from the fair has not been examined. In general, the most important economic feature of tourism-related activities is that they play an important role in economic development of a local/regional economy through the generation of income and creation of jobs (Crompton, 2006). Expenditures associated with tourism "flows" make a significant contribution to the local economy by allowing the inflow of income into the local economy through the sale of goods and services (Kim and Miller, 2014). In addition, the fair can provide an inflow of new money to the economy through visitors, media, vendors, external entities, or any other investors from outside the community area (Crompton & Lee, 2000). The more outside revenue an event brings into the community, the more beneficial the event is economically to the area. Depending on the spending patterns of out-of-town visitors (i.e., tourists), these transactions

may take place around certain specific sectors of the local economy, which benefit other sectors mainly through direct, indirect and induced effects.

While there are multiple studies regarding the economic impact of local events and fairs (Andersson and Lundberg, 2013; Thomas, Holt, and Sant, 2015), there is a gap regarding local events of a smaller-scale, in particular, for the Canfield fair. In this regard, the main purpose of this study is to examine the effects of out-of-town visitors' expenditures on the local economy, precisely, on local earnings. Especially, the results of this study would be beneficial to Mahoning and other counties that are considering offering similar types of local fairs or events to determine comparative economic impacts on the local community. There is currently a paucity of statistical data to justify the investment in capital improvements and infrastructure necessary for hosting the fairs or other events. The results of this study could help the county and other communities to better understand the potential economic impact of hosting smaller scale events.

2. Multiplier Effects on the Local Economy

An event like the Canfield Fair enhances the inflow of money into the local economy. An economic input- output analysis generates the estimates of the indirect and induced effects, commonly referred to as multiplier effects, depending on the spending patterns of out-of-town visitors (Dwyer, Forsyth, and Spurr, 2005). These multiplier effects measure the impact on output, income and employment that result from an increase in final demand (Stynes, 1997; Thrane and Farstal, 2011). An increase in final demand results in a total increase in output, income or employment in the economy. The multipliers estimate the amount of direct, indirect and induced effects of expenditure patterns of out-of-town visitors on income or employment that result from each additional dollar of output, jobs and employees' compensation in the sector during the period of the Canfield Fair. This study estimates the direct, indirect and induced impacts in terms of local earnings. As Stynes (1997) indicated, ''generally, only sixty to seventy percent of tourist spending appears as final demand in a local region''(p. 17). For this study, therefore, 65% RPC (regional purchase coefficient) was used to calculate the economic impact.

With regards to the Canfield Fair, direct economic impact is created as visitors increase their demand for goods and services at shops, restaurants and hotels/motels where tourists can shop, dine, and stay. There is an increase in the output of those services, as producers react to meet increased demands (i.e., direct

effects). As producers increase their output, there is an increase in demand on their suppliers (i.e., indirect effect). Direct and indirect effects increase the level of household income throughout the economy. Finally, an induced effect occurs when a proportion of this increased income is re-spent on final goods and services. The ability to quantify these multiplier effects is important as it allows economic impact analysis to be carried out on the local economy.

3. Methodology

3.1. Sample Selection and Survey Development

The survey questionnaire was developed based on the guidelines of Crompton et al. (2001), and on-site surveys were conducted to obtain visitors' expenditures. A systematic random sample was used to obtain visitors' expenditures in the Canfield Fair. Research assistants were present at the main gate area of the Canfield Fair during three different time periods (morning, afternoon, and late afternoon) over the four days in order to include a diverse variety of respondents. Research assistants selected a number from a random table, and counted those who entered the gates of the fair and passed by each research assistant. The person or a group of people who passed by research assistants at the corresponding number was asked for their willingness to complete the survey questions. If a group of people was chosen, only one person among the group was asked to fill out the survey, which addressed various demographic and marketing areas relevant to fair attendance. Concurrently with completion of the survey, research assistants asked respondents to carefully estimate or recall their spending relevant to the Canfield Fair. They were asked to estimate their spending in eight categories: lodging, food and beverages, entrance fee, retail shopping (souvenirs, gifts etc.), parking, recreation (entertainment) and other spending. For this study, parking fee is combined with transportation, and entrance fee with recreation in order to run the IMPLAN Input-Output model. Based on the surveys collected, average spending per person figures are calculated. Multiplying the average spending per person by the estimated number of attendees yields an overall estimate of visitor spending

3.2. Data Analysis

To estimate the economic impact of the Canfield Fair by local and out-of-town visitors, IMPLAN input/output model is used. The Impact Analysis for Planning (IMPLAN) model is one of the most widely used models in the tourism field (Deller, 1992), thus facilitating comparison with other tourism related studies. However, attendees of community-based fairs primarily come from local

and the most immediate areas thus are not considered tourists. Tourists, as defined by typical tourism studies (i.e., those who travel about 50 to 150 miles one-way to destinations or events) are rarely in attendance unless they are visiting friends and relatives (VFR), and are then considered casual visitors, often excluded by economic impact studies (Crompton, 2006). As such, in this study, out-of-town visitors (i.e., tourists) are defined as those who reside outside Mahoning County by combining zip code proximity and estimated driving time, which include day-trip attendees, VFR market, casuals, and time-switchers.

More importantly, multipliers estimate the amount of direct, indirect, and induced effects, for instance, in this study, direct economic impact is created by various attendees, whereas indirect economic impact is considered additional jobs and payroll created or supported in the surrounding economy as a result of the purchase of inputs by shops, hotels, and restaurants where out-of-town visitors stay and shop, possibly, including local residents' extra spending at shops, restaurants, and so on. Also, induced economic effect consists of changes in economic activity resulting from household spending of income earned directly or indirectly as a result of attendees' spending.

4. Results

4.1. Visitor Impact

The Canfield Fair attracted thousands of visitors from Mahoning County and its environs. Data collected from the intercept survey included the home location of attendees. From the systematic random sample, 691 travel parties, comprised of 354 local residents and 337 non-residents partook in the survey (an average of 2.90 persons per travel party). A travel party is one or more household or non-household members travelling together to the Canfield Fair.

Table 1. Origins of Surveyed Canfield Fair Attendees (Local vs. Out-of-Town)

	Travel Parties	Travel Parties (Filter Check Applied)	Total Persons without Vendors	%	Attendees
Local	354	117	1,027	51.23	149,355
Non-residents	337	188	977	48.77	142,184
Total	691		2,004	100	291,539

Out-of-town visitors are the drivers of economic impacts due their spending in the local economy that would not have otherwise occurred. Within the scope of this study, however, local residents are not included in terms of estimated economic impact on Mahoning County. As seen in Table 1, about 49%

of the surveys were completed by out- town visitors. Over the 5-day period the event was held, 149,355 local residents and 142,184 out-of-town visitors attended the Canfield Fair, for a total of 291,539 estimated attendees.

4.2. Visitor Spending Patterns

Out-of-town visitors were asked to estimate their spending patterns in eight categories: lodging, food and beverages, entrance fee, retail shopping (souvenirs, gifts etc.), parking, recreation (entertainment) and other spending. Parking fee was combined with transportation, and entrance fee was combined with recreation in order to run an IMPLAN Input-Output model. Based on the surveys collected, average spending per person was calculated by multiplying the average spending per person by the estimated number of out-of-town attendees, yielding an overall estimate of total visitor spending. As illustrated in table 2, out-of-town visitors spent approximately $9,578,936. Out of this total amount, 37.47% was spent on food and beverages, whereas expenditures for shopping and recreation comprised 17.46% and 13.21%, respectively.

Table 2. Spending by out-of-town visitors

NAICS	Description	Per Person (Average) $	Total Spending $	Local Purchasing (65%)
721110	Lodging	7.22	1,026,568.48	667,269.51
722310	Food and Beverages	19.54	2,778,275.36	1,805,878.98
424490	Other F&B (i.e.groceries)	5.72	813,292.48	528,640.11
485999	Transportation	7.42	1,055,005.28	685,753.43
453220	Shopping	11.77	1,673,505.68	1,087,778.69
713990	Recreation	8.90	1,265,437.60	822,534.44
812990	Other Spending	6.80	966,851.20	628,453.28
	Total	67.37	9,578,936.08	6,226,308.45

Note: Transportation including Parking Fee ($18.23); Recreation including Entrance Fee ($7.86)

The Regional Purchase Coefficient (RPC) is the proportion of regional demand fulfilled from regional production and is an important consideration for measuring the true economic impact of visitor spending. When visitors purchase goods and services from local establishments, which is new money that stimulates regional economic activities through linkages of tourism with other sectors of the economy, some of the spending immediately leaks from the region. For example, the industry classification for food and beverages "NAICS code: 722310" spending amount was $1,805,879. The multiplier effect for food service contractor is 1.17 or $2,112,877 in local earnings. Similarly, the lodging, except casino hotels, and motels with an industrial classification code "NAICS code: 721110" spending amount was $667,270 with a corresponding multiplier effect of

1.40 or $934,178 in local earnings. For the purposes of this study, only sixty-five percent (65%) of the total estimated spending was used to calculate the economic impact.

4.3. Local Earnings Generation

Visitors' total spending adjusted for regional purchasing coefficient was $9,578,936. This was entered by industry classification into the "Input" category of the model, which subsequently generated three output categories of local earnings: direct, indirect and induced. Table 3 shows the economic impact from the event spending, which resulted in an overall effect of $13,419,332.

Table 3. Local Earning Created by Out-of-Town Visitor Spending

INPUT		OUTPUT			
		Initial	Direct	Indirect	Induced
Canfield Fair Spending for Local Economy ($)	$9,578,936				
Local Earnings		$9,578,936	$8,166,956	$2,880,940	$2,371,436
Aggregate Effect on Earning			$13,419,332		

An amount of $9,578,936 was estimated by the model as the initial effects of inflow of income into the local economy. Additionally, $8,166,956 was estimated by the model as direct effects, whereas $2,880,940 and $2,371,436 as indirect and induced effects, respectively. In summary, direct, indirect and induced effects resulted in the spinoff spending within the local economy.

Direct effect emanates from the initial impact. The $9,578,936 refers to the local businesses that become more active as they engage in transactions with other retailers (e.g., restaurants) where out-of-town visitors spend their money during the Canfield Fair. This results in supply chain activity triggering more spending by other local vendors, as long as the supply chain businesses increase their sales to visitors. The indirect effect is really a secondary supply chain effect, which explains how different businesses benefit from contractual relationships to supply services, products and goods. This occurs when those businesses' increased activity prompts additional spending in an industry, setting off the same kind of reaction in its own supply chain. This study resulted in $2,880,940 indirect spending from the Canfield Fair. The induced effect is a much broader effect, as evidenced by the number of jobs represented there (e.g., for a total ripple effect of $2,371,436 in local earnings as indicated in Table 3). For

instance, hotel and linen supply employees, supported directly or indirectly by tourists' expenditures, spend their earnings (income) in the local region for housing, food, transportation, and the usual array of household product and service needs. The sales, income, and jobs that result from household spending of added wage, salary, or proprietor's income are induced effects. In this regard, the increase in economic activity can further increase demand and growth of other businesses within the region.

4.4. Spending by Local Residents

Comparatively, local residents spent a lesser amount than out-of-town visitors. As highlighted in table 4, an estimated amount of $7,295,991 was spent by local residents; 31.2% less than that of out-of-town visitors. For the purposes of this study, spending by local residents is not included in the estimated economic impact (Crompton, 2001). The rationale is that expenditures associated with the event by local residents are likely merely to be 'switched spending', which offers no net economic stimulus to Mahoning County. In other words, they would dispose of it either now or later by purchasing other goods and services in the community. Only out-of-town visitors are evaluated for economic impact on Mahoning County.

Table 4. Spending by Local Attendees

NAICS	Description	Per Person (Average) $	Total Spending $
721110	Lodging	4.46	666,123.30
722310	Food and Beverages	15.34	2,291,105.70
424490	Other F & B	5.60	836,388.00
485999	Transportation	2.39	356,958.45
453220	Shopping	9.30	1,389,001.50
713990	Recreation	3.14	468,974.70
812990	Other Spending	8.62	1,287,440.10
	Total	48.85	7,295,991.75

Note) Transportation including Parking Fee ($21.67); Recreation including Entrance Fee ($8.47)

5. Conclusion

Local fairs or events, which affect economic development within a county or Metropolitan Statistical Area (MSA), might differ depending on the area and specific type of event. Because of these differences, it is difficult to determine an exact formula for capturing the economic impact of these small-scale fairs or events. In particular, research regarding small-scale fairs is scarce, which adds to the difficulty of analyzing and evaluating the Canfield Fair relative to other small-scale fairs or events. Because few (or no) economic impact studies related to small-scale local fairs have been completed, the results of this study are important

to determine the feasibility and benefit of smaller-scales fairs in order to provide a framework for estimating the economic impact an event might have, and as a point of reference in determining the feasibility and benefit of hosting a smaller scale fair or event. The largest economic boost found in this study came from the monies spent on food and beverages within Mahoning County, followed by shopping and recreation activities. These have the largest overall impact on the local community from a visitor perspective. According to Crompton (2006), tourism related activities are one of the many ways that create an inflow of income into local economies, resulting in potential demand for restaurants and hotels, as well as services offered by retail shops.

This study revealed that the 2014 Canfield Fair in Mahoning County accounted for $13,419,332 in new money generated in the local economy and total expenditures of $16,874,927. Out of this total, $9,578,936 was generated from out-of-town visitors, whereas $7,295,991 came from local attendees. The initial amount of $9,578,936 spent within the County by out-of-town visitors, created other direct, indirect, and induced impacts within the local economy. The direct effect of this spending as estimated by an IMPLAN input/output model was $8,166,956, along with $2,880,940 and $2,371,436 as indirect and induced impacts respectively, for a total aggregate effect on local earnings of $13,419,332. Importantly, the success of this fair has implications regarding the decision of the fair administrators to pursue hosting this and other similar fairs or events in the future. This study adds to the existing knowledge regarding the economic impact of small-scale fairs on counties of comparable size to Mahoning County. This aids in the research available for county officials and other stakeholders who are looking to host fairs or events, especially regional or local smaller-scale events or fairs. This research has an impact on decision making about whether to make the investment necessary to host visitors in the local area, and provide a statistical basis for estimating potential benefits from investing in the needed facilities, hotels, and restaurants, and other service requirements.

5.1. Limitation of Study

Despite adherence to the basic principles of economic impact analysis and cautious efforts to accurately sample visitors and, thus, estimate the total attendance, the resulting impacts might still remain "best estimates." There is likely to be some measurement errors in both the total attendance count and sampling procedures, although researchers made every effort to use a systematic random sampling procedure, which further guaranteed the generalization of the results to the sample population. In addition, notwithstanding the assumption of good faith efforts by respondents to provide accurate data, survey errors are

inevitable and their marginal errors might not be calculable. As Crompton et al. (2001) indicated, "the questionable assumption has to be made that the error is random and thus self-canceling" (p. 87).

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