

Tulip Time 2015: Economic Impact and Attendee Profile

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IV. Economic Impact of Tulip Time

In this section, we quantify attendee spending and Tulip Time’s organizational spending to host the event. We ultimately use these findings to estimate the economic impact of Tulip Time 2015 in the Holland area.

NET IMPACT DEFINED

We define “net economic impact” as new economic activity directly or indirectly caused by Tulip Time. To quantify the economic impact of the event, we asked, in effect, “What economic activity in the Holland area is exclusively due to Tulip Time 2015?” There are two types of expenditures that are sources of new economic activity. The first include spending by spectators, participants, and media on meals, accommodations, and incidentals. The second comes from expenditures by Tulip Time for event operations.

In estimating the event’s impact, we include expenditures to individuals and vendors in the Holland area for the purchase of goods and services. We exclude any expenditures that displace or replace other economic activity in the Holland area. For example, we do not include entertainment expenditures by resident attendees who would have spent that money in the region in the absence of Tulip Time. For instance, residents could have gone to a movie theater in the area, instead of attending the Tulip Time carnival. By accounting for substitution, we provide an estimate of the economic activity directly attributable to the event.

The impact of spending due to Tulip Time goes beyond the direct economic activity that occurred in the Holland area. The dollars spent by Tulip Time the organization and by attendees are then re-spent as businesses and households purchase other goods and services in the region. To account for this indirect economic activity, we use the U.S. Bureau of Economic Analysis RIMS II Final Demand Multipliers for Output, Earnings, and Employment for Ottawa County.

ECONOMIC IMPACT OF TULIP TIME ATTENDEE SPENDING

We estimate the economic impact of attendee spending by first estimating the amount of spending in the Holland area due to Tulip Time. We then apply economic multipliers to account for both the direct and indirect economic impact.

Tulip Time Attendee Spending

Spectators. Attendees of Tulip Time 2015 generated significant spending in the region. Due to the range of shopping, dining, lodging, and entertainment opportunities, local spectators spent \$18 per person per day and visiting spectators spent nearly \$40 per person per day in the Holland area in addition to what they would have spent if it were not for Tulip Time.⁶ This net new spending includes local residents who didn’t spend anything beyond what they normally would have; people who went to the carnival or one of the ticketed shows instead of a

local cinema to see a movie; and attendees from out-of-state who stayed at a hotel, ate out for every meal, and bought gifts for family. When applied across the 290,000 attendee-days, this totals over \$8.7 million in net new spending for the region.

Participants and Media. We estimate that visiting participants and media spent an average of about \$75 per day in the Holland area due to Tulip Time, while local participants spent roughly the same as they would have in the absence of the event. These estimates include money spent on hotel stays, food, and other such expenses. Based on 6,350 attendee-days for visiting participants and media, this totals \$470,000 in net-new direct expenditures.

Total Attendee Spending. We estimate that total net-new spending from both spectators and participants and media came to about \$9.2 million. We summarize our estimates in Table 4 below.

See “Tulip Time Attendee Impact” on page A-3 for a discussion of our methodology and Table B-4 on page B-5 for a detailed exhibit of our analysis.

TABLE 4. Net New Tulip Time 2015 Attendee Spending

	Attendee-Days	Net New Daily Spending per Person	Total Net New Spending (millions)
Local spectators	129,002	\$18.33	\$2.4
Visiting spectators	161,246	\$39.52	\$6.4
Visiting participants and media	6,349	\$75.00	\$0.5
Total Net New Attendee Spending			\$9.2

Source: AEG analysis based on data sourced from AEG survey research, Tulip Time, AEG estimates

Economic Impact of Attendee Spending

The net new attendee spending directly increased spending in the Holland area. This spending circulates throughout the regional economy and creates a multiplier effect that leads to additional economic activity. This \$9.2 million in net new spending led to an indirect impact of \$2.9 million for a total impact of \$12.1 million in new spending. This net new attendee spending also led to \$1.1 million in additional earnings to households in the Holland area and created over 60 jobs. These jobs include employees at the restaurants, hotels, retail shops, and other businesses that Tulip Time attendees patronized. They also include people employed by the Holland-area vendors for these types of businesses.

6. Based on responses to question eight from our economic survey of Tulip Time attendees.

We present our summary of the direct and indirect impacts of Tulip Time attendee spending in Table 5 below. See “Economic Impact Analysis” on page 3 for a discussion of our methodology and Table B-4 on page B-5 for a detailed exhibit of our analysis.

TABLE 5. Net Economic Impact of Tulip Time 2015 Attendee Spending

	Output (millions)	Earnings (millions)	Employment
Direct Impact	\$9.2	0	0
Indirect Impact	\$2.9	\$1.1	63
Total Impact	\$12.1	\$1.1	63

Source: AEG analysis based on data sourced from AEG survey research, Tulip Time, Bureau of Economic Analysis, 2010 RIMS II Multipliers

**ECONOMIC IMPACT
OF TULIP TIME
ORGANIZATIONAL
SPENDING**

In order to estimate the economic impact of spending for event operations, we first estimate the organizational spending in the region that is exclusively due to Tulip Time. We then apply economic multipliers to arrive at the total economic impact.

Tulip Time Organizational Spending

Tulip Time’s budget for its employees and spending on goods and services came to \$1.2 million. Much of the funding came from the generosity of individual and corporate donors. Tulip Time is also supported by participant entry fees, ticket sales, and retail sales of Tulip Time merchandise.

There is a concentrated effort to use local suppliers where ever possible. Tulip Time spent over \$410,000 on payroll for its local employees and \$380,000 for goods and services to local vendors. This is a total of \$790,000 spending in the Holland area. Of this local spending, we estimate that nearly \$590,000 was net new to the region, or would not have been spent in the region if not for Tulip Time. We estimate that \$373,000 of the payroll spending and \$216,000 of the non-payroll was net new to the Holland area.

See a summary of this spending in Table 6 on page 26. We describe our methodology in “Tulip Time Organizational Impact” on page A-4 and provide a detailed summary in Table B-3 on page B-4.

TABLE 6. Net New Tulip Time 2015 Organizational Spending

	Spending in the Holland Area (thousands)	Net New Spending in the Holland Area (thousands)
Payroll	\$414.4	\$372.9
Non-payroll	\$379.6	\$216.0
Total Tulip Time 2015 Organizational Spending	\$794.0	\$589.0

Estimates do not sum to total due to rounding.

Source: AEG analysis based on data sourced from AEG survey research, Tulip Time, Bureau of Economic Analysis, 2010 RIMS II Multipliers

Economic Impact of Organizational Spending

We estimate that the Tulip Time organization has a total impact of nearly \$740,000 on gross sales in the Holland area. About \$230,000 was due to direct spending, while nearly \$510,000 was due to the circulation of this spending throughout the regional economy. In addition to the \$370,000 in direct earnings, Tulip Time spending resulted in nearly \$60,000 in indirect earnings for a total of \$430,000. Organizational spending also created an additional two jobs on top of the 14 direct employees.

We summarize these estimates in Table 7 below. See “Tulip Time Organizational Impact” on page A-4 for a discussion of our methodology and Table B-4 on page B-5 for more detailed exhibits of our analysis.

TABLE 7. Net Economic Impact of Tulip Time 2015 Organizational Spending

	Output (thousands)	Earnings (thousands)	Employment
Direct Impact	\$229.8	\$372.9	14
Indirect Impact	\$505.9	\$58.3	2
Total Impact	\$735.6	\$431.3	16

Estimates may not sum to total due to rounding.

Source: AEG analysis based on data sourced from Tulip Time, Bureau of Economic Analysis, 2010 RIMS II Multipliers

TOTAL ECONOMIC IMPACT

When we add the economic impacts of both attendee spending and organizational spending, we estimate that Tulip Time 2015 generated an extra \$12.9 million in economic activity in the Holland area. The festival increased earnings to local households by \$1.5 million and created a total of 79 jobs. We present a summary of these estimates in Table 8 on page 27.