

**Economic Impact Study
and
Audience Research for
the 31st Annual**

Artscape

America's Largest Free Arts Festival

July 20-22, 2012

Prepared by
Forward Analytics
www.forwardanalytics.com

Highlights of the Study

Nationwide, it's been proven that the arts boost tourism, create jobs, and support local businesses. Specifically, 2012 Artscape employed more than 700 multi-disciplined performers, provided \$58,000 in commissions to approximately 110 artists, awarded \$42,500 to the winners and finalists of the Sondheim Prize, and generated sales revenue for 130 visual artists. Furthermore, Artscape annually attracts visitors to the City of Baltimore who spend fresh dollars in the local economy, increasing both the local business revenue and local and state government revenues. And just as Artscape is important to the community, the community is an essential companion for Artscape. Artscape is proud of its contributions, grateful for the support of the public, and intent on achieving another 31 years as a significant financial and cultural influence in the City of Baltimore and the region.

- The 2012 Artscape had a total economic impact on the City of Baltimore business volume of \$28.5 million, comprising \$7.7 million in direct impact and a further \$20.8 million in indirect impact. Direct spending by nonresident Artscape attendees generated \$462,583 in sales tax revenues for the State of Maryland.
- Artscape attendees spent \$760,865 at local hotels/motels. Hotel expenditures generate an estimated \$57,065 in hotel tax revenues that goes directly to the City of Baltimore.
- Travel to and from Artscape increased gas expenditures in the City of Baltimore by \$970,012 and generated \$61,609 in gasoline excise tax for the State of Maryland.
- According to survey data, 2012 Artscape attendees spent an estimated \$8,798,250 with Artscape vendors. Food and drink vendors received \$4.0 million in revenue. Attendees spent \$3.4 million in art from exhibitors. Other retailers gained nearly \$1.3 million in revenue.
- Artscape truly represents the performing arts and provides a diverse variety of activities over three days. The top attractions at Artscape are music and outdoor concerts (81.7%), visual art (70.5%), and artists selling their art (65.8%). When surveyed, 41.7% of attendees planned to spend two or more days at Artscape.
- Attendees have extraordinary awareness of the corporate sponsors of Artscape. Survey research demonstrates that *unaided* sponsorship awareness is high. Attendees are asked, "When you think of Artscape sponsors, which companies or brands come to mind?" An overwhelming 60% of attendees can identify two or more Artscape sponsors.
- This year, 47% percent of attendees (an estimated 164,500 people) visited from outside of the Baltimore Metropolitan Area. Twelve percent, or 42,000 attendees, traveled from outside of the State of Maryland to experience the festivities.
- Artscape attracts more singles (55.9%) than married (28.6%) or partnered (9.4%) attendees. Fifty-nine percent of attendees are under the age of 35. But the 50+ crowd enjoys Artscape as well and represents 20.7% of attendees.
- Artscape attendees are well-educated with almost two-thirds of attendees have earned a four-year degree or higher. An overwhelming 25.9% of all survey respondents earned a post-graduate degree and 39.8% earned a four-year degree. Accordingly, forty-one percent of respondents indicate their household income to be \$60,000 and above.

Introduction

Welcome to the largest free arts festival in the country, contributing nearly \$30 million in direct and indirect revenue to the local Baltimore economy. The economic impact of any industry has some similarities to what happens when a stone is cast into a body of water; the ripples extend outward from the point of impact for a considerable distance. But unlike many industries, the arts provide powerful, non-economic returns to the region that are no-less important in building a vibrant, livable, healthy and caring community.

Artscape is an encyclopedic arts event showcasing a comprehensive variety of artistic disciplines to both artists and non-artists, and those both familiar and unfamiliar with the arts. The event electrifies Baltimore's Mt. Royal neighborhood each July by blending artistry of all shades, from street theater and multiple live concert stages, to opera, film, and sculpture. Artscape is a grand fete of all-things-art, capable of generating lasting impressions and sustaining creative dreams while providing vital and imaginative outlets for young and old.

The support for Artscape can easily be justified solely on the economic benefits outlined in this report. However, economics tell only part of the story of the total impact by the Arts on the City of Baltimore. The festival builds strong and lasting community ties and in doing so fosters belief in the value of community interaction as evidenced by the more than 60 corporate, media, in-kind, and funding participants, of which 10% have shown continuous support for over 30 years!

Purpose of Study & Methodology

In support of a more in-depth understanding of the economic impact Artscape has on the City of Baltimore and the state of Maryland, Baltimore's Office of Promotions & the Arts retained *Forward Analytics* to conduct an Economic Impact Study. The analysis is based upon survey research conducted on-site during each day of Artscape, July 20-22, 2012. Forward Analytics conducted survey research with 596 Artscape attendees. These results represent a statistical significance of +/- 4.01% margin at the 95% confidence interval. This means that the results reflect the answers of between 90.99% and 99.01% of the total population. *Generally, a +/- 5% margin of error at a 95% confidence level is considered significant for making business decisions.*

The results of the survey generated an unbiased measure of the economic impact of Artscape, as well as an analysis of event satisfaction and sponsorship awareness. Forward Analytics specializes in conducting economic impact studies for special events, and has performed such studies for major sporting events, American Business Association's Top 100 events, and fairs and festivals throughout the country. Forward Analytics has become the firm of choice for economic impact studies as their methodology is not a guess or estimated measure. The methodology utilizes survey research where the event audience is asked to provide their *actual spending* in the region as a result of the event.

In addition to the economic impact, Artscape surveys were designed to measure the following:

- socio-graphics and psychographics of attendees;
- participant motivators;
- features that would enhance attendee appeal;
- sponsorship awareness, and
- effectiveness of advertising/communications.

In effect, audience research can expand the economic impact of Artscape. The Baltimore Office of Promotion & The Arts intends to utilize the reporting to enhance Artscape and broaden the appeal of the event to both locals and tourists, thus increasing the economic impact of the annual event.

The Economic Impact Assessment

This economic impact study employs a linear cash flow methodology first developed by Cafferty & Isaacs for the American Council on Education. The Cafferty & Isaacs methodology is the most widely used impact study tool and has been used throughout the United States in impact analyses for both for-profit and not-for-profit organizations, corporations, institutions, and events.

The economic impact reports the direct and indirect business volume and government revenues generated as a consequence of Artscape. Economic impact generally measures *new money* brought into the economy by out-of-area visitors. Spending by local residents (residing in the City of Baltimore) is not included. Local spending merely represents a redistribution of existing money in the community and as such is not considered new money. Survey research reveals that 9.8% of 2012 Artscape attendees reside in Baltimore City. That said, 90.2% of Artscape attendees represent "fresh dollars" and impact the local economy as outlined in this report.

The linear cash flow model used in this study takes into account the re-spending of money within the economy as a result of what professional economists term "the multiplier effect". The multiplier effect measures the indirect impact, or the circulation of dollars originally attributable to Artscape, and tracks their spending by successive recipients until the funds eventually leak out of the economy. The sum of these direct and indirect expenditures represents the total impact of Artscape on the local business volume.

When calculating the economic impact of an event, it is necessary to know the crowd size or attendance. While there are no ticket sales or admission gate to quantify attendance at Artscape, we use several sources to accurately estimate crowd size. These include police and EMS measures, the use of onsite ATM machines, portable waste, and crowd density (as well as the area of available space and proportion of the space that is occupied).

In previous years, the aforementioned sources estimated Artscape attendance at 350,000. This number is, and has been, successfully used by BOPA as an operational figure for effective event planning. It's the foundation for everything from providing an appropriate number of vendors, emergency service personnel and restrooms, to site lay out for efficient traffic flow to ordering official merchandise.

Business Volume Impact

The Direct and Indirect Expansion of the Economy Attributable to 2012 Artscape

2012 Artscape has a total economic impact on the City of Baltimore's business volume of \$28.5 million, comprised of \$7.7 million in direct impact and a further \$20.8 million in indirect impacts.

Artscape continues to be a major contributor to the success of restaurants, retail operators, entertainment venues, and other area businesses in Baltimore City, and certainly in the Mt. Royal neighborhood. The following chart breaks down the dollars spent by nonresident Artscape attendees on food and alcohol, entertainment, retail, parking, gasoline, ground transportation and lodging. The indirect impact takes into account the re-spending of the direct impact within the economy as a result of the multiplier effect.

Direct Spending Category	Spending by Artscape Attendees
Food at restaurants	\$2,085,863
Alcohol at restaurants	\$549,527
Non-Festival Entertainment	\$1,036,983
Non-Festival Retail	\$1,591,988
Parking	\$527,371
Gasoline purchases	\$970,012
Ground transportation	\$187,109
Lodging	\$760,865
Direct Impact	\$7,709,718
multiplier	
Indirect Impact	\$20,816,236
Total Economic Impact	\$28,525,954

Artscape provides an extended sales channel for local and non-local artists and businesses to promote their art, talent, products and services. Survey data demonstrates that 2012 Artscape attendees also spent \$8,798,250 with Artscape vendors for food and drinks, art and retail! However, Forward Analytics does not include this figure in the overall economic impact as the research was not designed to track transitory retail, which would require understanding which funds remained in Baltimore. (e.g., does a sculptor from Providence take their profits back to Rhode Island?) Please note, the vendor spending figures represent *all* Artscape attendees, not only nonresident attendees as required in the methodology described above.

Spending with Artscape Vendors	Spending
food and drinks	\$4,064,175
art from exhibitors	\$3,446,903
other retail	\$1,287,172
Direct Impact	\$8,798,250

The indirect impact of the dollars spent by Artscape vendors is likely substantial (also not included in the economic impact measure). To explain, local Artscape vendors purchase products and services such as artisan supplies, food costs and paper goods, materials and equipment for

building and equipping their temporary operations, transportation, advertising, printing, giveaways, and public relations, etc.

Government Revenue Impact

Artscape boosts local business volume and also generates substantial tax revenues for the local and state government. Tax revenues are paid directly by the nonresident attendees on purchases with local businesses as mentioned above.

The state of Maryland received an estimated \$540,677 in tax revenue from the economic activity generated by 2012 Artscape. The City of Baltimore gained \$57,065 in tax revenues. The government revenue impacts comprise the following:

Sales Tax

As outlined above, 2012 Artscape generated substantial revenue for businesses in the City of Baltimore. Accordingly, direct spending by nonresident attendees generated \$462,583 in state sales tax revenues for the State of Maryland.

Alcohol Sales Tax

In July 2011, the state of Maryland added a 3 percent surcharge on top of the 6 percent sales tax. Artscape attendees spent \$549,527 on alcohol at local restaurants and bars- *not on festival grounds*. The alcohol tax hike adds another \$16,485 to Maryland tax revenue that is attributable to Artscape.

Hotel Tax

While 12.1% of Artscape attendees travel to Baltimore from out-of-state, survey data reveals that only 3.6% of attendees spend the night at local hotels/motels. However, this sample represents approximately 2,500 Baltimore hotel rooms occupied by Artscape attendees.

Survey research measures the average nights stayed and average cost of accommodations. Artscape attendees generated a direct impact of \$760,865 for the local hotel industry. The City of Baltimore receives \$57,065 in hotel tax revenues (in addition to Maryland state sales tax revenues).

State Gasoline Excise Tax

Nonresident Artscape attendees spent an estimated \$970,012 in gasoline while traveling to the Mt. Royal neighborhood. A gasoline excise tax of \$.235 per gallon generated \$61,609 for the State of Maryland.

The Value of Volunteers

Volunteers are of paramount importance to Artscape, as they are at most other festivals and special events. It would not be possible to implement an event of this scope without volunteers who are willing to spend a good deal of time and effort dedicated to Artscape. That said, volunteers do more than support Artscape.

Artscape attracted over 215 volunteers this year. Estimating their monetary worth of Artscape volunteers is less critical than the notion that those who volunteered their time could have spent it in many ways, but decided that this event was of most importance to them in allocating their time. If the total of 1,380 volunteer hours is calculated at the *government dollar value of a volunteer hour* (2010), an estimated \$31,423 is donated in time to the City of Baltimore and its' people.

Other Economic Impacts

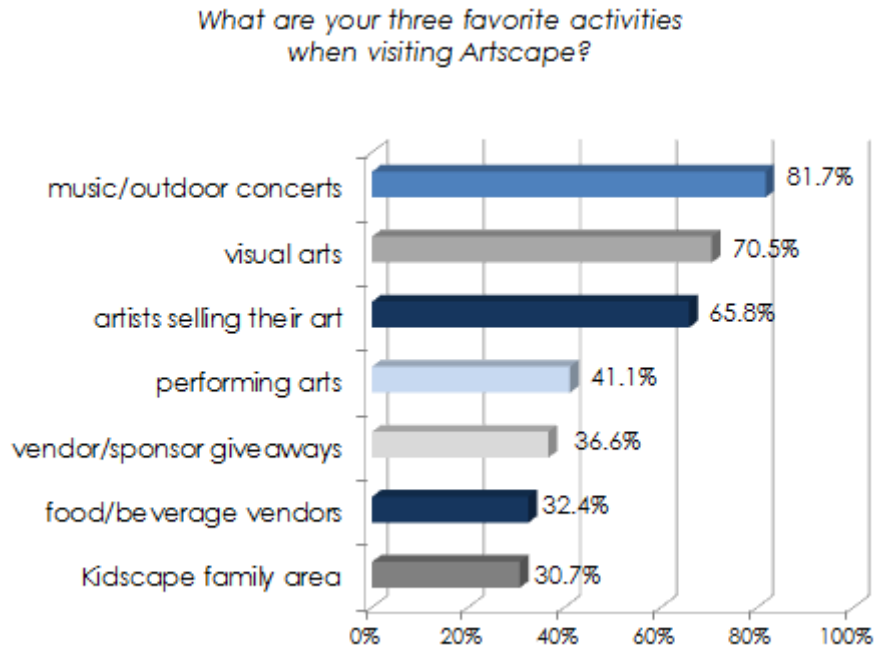
In addition to business volume and government revenues allocable to Artscape, The Baltimore Office of Promotion & The Arts (as well as other regional arts organizations) provides numerous other local economic benefits.

Baltimore's economy benefits from a number of commercial industries, which in part, rely on the arts as a feeder of the skilled labor talent they require. Businesses in advertising, design, architecture, media, publishing, industrial design, etc. all have obvious requirements for skills acquired through art training.

The Baltimore Office of Promotion & The Arts has been in the forefront of community revitalization. As the City's designated arts council, events center and film office, BOPA offers more than 40 programs reaching an audience of over 1 million. Such projects not only have a positive impact on the livability of Baltimore, they also have positive financial effects in terms of enhancing adjacent property. Additionally, a strong vibrant cultural scene has been identified by economic developers as a positive contributor to the marketability of a city to businesses that depend on attracting highly educated or highly skilled workers.

Audience Research

Artscape is dubbed as “America's largest free arts festival”. Over 350,000 art enthusiasts from near and far spend a weekend in July reveling in the Mt. Royal neighborhood, experiencing the sights and sounds of regional favorites to national superstars across the various arts. When attendees are asked, “What are your three favorite activities when visiting Artscape”, *music/outdoor concerts*, *visual arts*, and *artists selling their art* rank on top.

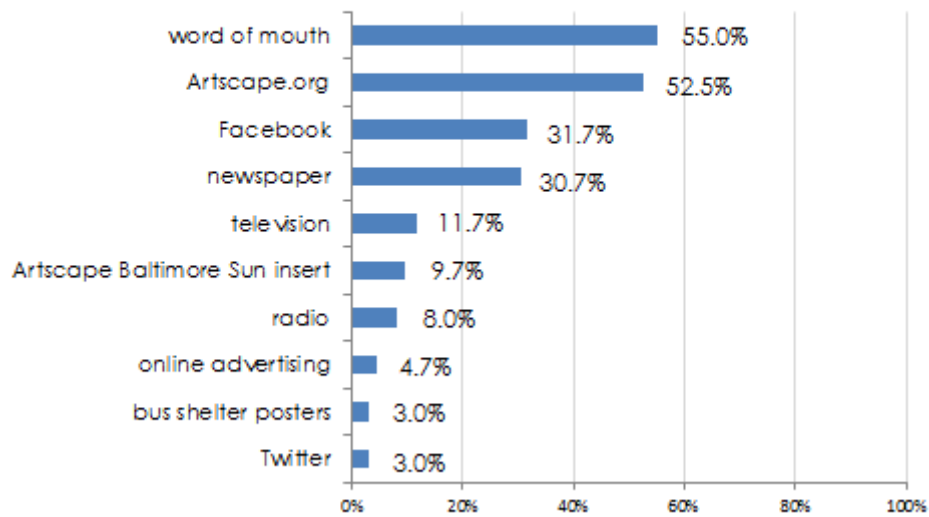


Despite erratic weather this year, visitors were largely unfazed with nearly half (47%) committing to attend multiple days. That's 25.3% of attendees planning to attend two days and 21.8% planning to attend three days.

Advertising and Communications

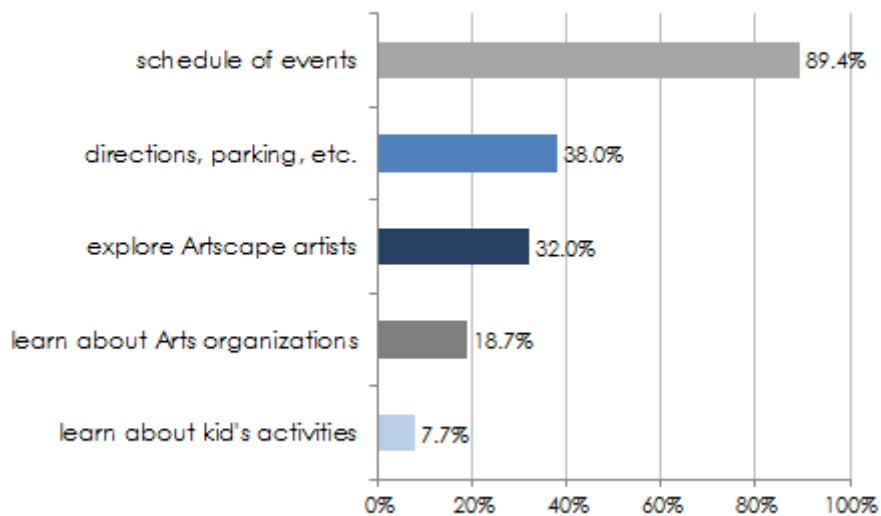
In its 31st year, Artscape has become an annual ritual for many Baltimore residents as well as for visitors to the region. Consequently, *word of mouth* is the top means of communication for Artscape. People also rely on Artscape.org and Facebook to learn more about the annual event. Of note in 2012, Facebook surpassed traditional newspaper media. Next in rank are more traditional methods of advertising and communication- newspaper and television.

Where do you obtain information about Artscape?



When survey respondents were asked if they use the website www.Artscape.org, data revealed that 64.9% of Artscape attendees use the site. Ninety percent of this population use it to review the schedule of events offered at Artscape, and 38.0% use the Artscape website for directions, parking, and other logistics. Another 32.0% explore the various Artscape artists through the website.

Why do people use www.Artscape.org?



Demographics

In order to continue creating a first-class event that reflects such a diverse patron base, it is imperative that the organizers have access to all possible relevant audience information. Furthermore, sponsors too require this demographic information. This section aims to provide quantifiable information that can help form, support, or benchmark the direction of Artscape.

The 2012 study revealed many important findings. The changing face of marketing was noticed as Facebook overtook newspaper media for awareness. The majority of populations for each attendee category reduces to the following telltale sentence: [college educated], [single], [females], [under the age of 35].

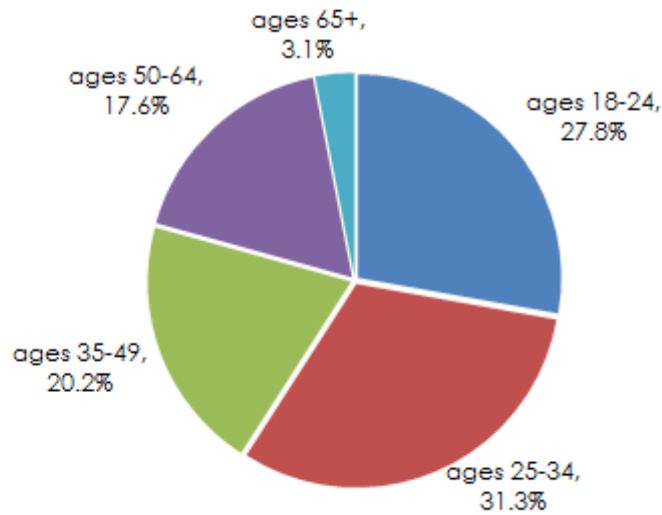
As previously indicated, 9.8% of Artscape attendees reside in the City of Baltimore. Another 49.8% reside elsewhere in the Baltimore Metropolitan Area. 28.3% in Maryland, but outside of the Baltimore Metropolitan Area. And 12.1% of Artscape attendees reside out-of-state. Survey respondents include residents of 13 other states, reaching as far as California, Colorado, Texas, Massachusetts, and Florida, *to name a few*.

Residence of Artscape Attendees

City of Baltimore	9.8%
Baltimore Metropolitan Area, outside of City of Baltimore	49.8%
In Maryland, but outside Baltimore Metropolitan Area	28.3%
Out-of-State	12.1%

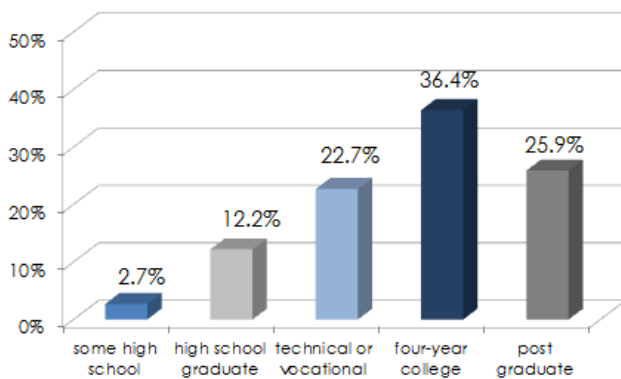
The population surveyed consists of 58.3% females and 41.7% males. Survey respondents indicate their ethnic or cultural background as 67.5% Caucasian/white; 19.7% African American/black; 7.0% Asian, and 5.3% Hispanic. Artscape attracts more singles (55.9%) than married (28.6%) or partnered (9.4%) attendees. Fifty-nine percent of attendees are under the age of 35. But the 50+ crowd enjoys Artscape as well and represents 20.7% of attendees.

Age Range of Artscape Attendees

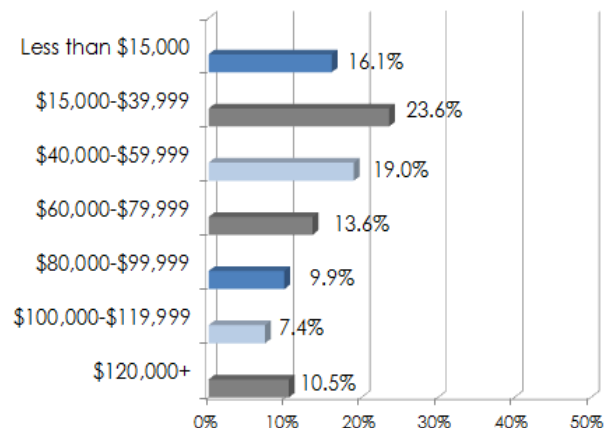


Artscape attendees are well-educated with almost two-thirds of attendees earning a four-year degree or higher. An overwhelming 25.9% of all survey respondents earned a post-graduate degree and 39.8% earned a four-year degree. Another 22.7% of attendees earned a technical or vocational degree. Consequently, sixty percent of attendees have household incomes above the median household income level in Baltimore (\$38,199). And, 27.8% of respondents indicate their household income to be \$80,000 and above.

Education Levels of Artscape Attendees



Income Range of Artscape Attendees



Sponsorship Data

While demographics are of great importance to present and potential Artscape sponsors/partners, understanding habits, lifestyle and purchase intentions and behavior can help the festival identify and respond to first-rate sponsors who want to be connected with this savvy audience.

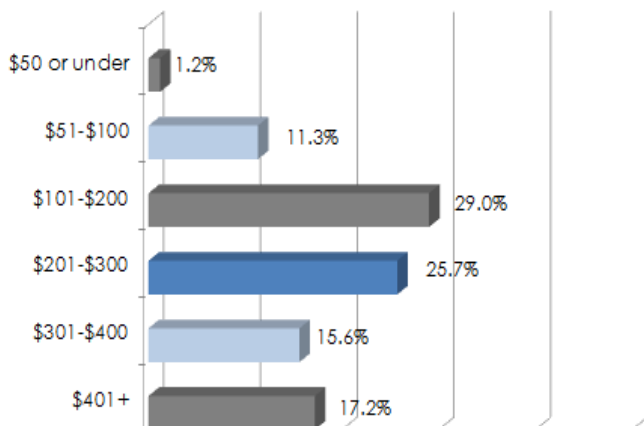
First, the survey asked purchase intentions of Artscape attendees. Data reveals that the majority of Artscape attendees intend to purchase airline tickets (78.8%), cell phones (56.2%), and desktop or laptop computers (51.5%) in the next three years. The following table identified purchase intentions for a variety of products and services and the potential target market size to be reached through Artscape sponsorship or partnership.

Product or Service	Intending to Purchase	Target Market Size
airline tickets	73.8%	258,300
cell phone	56.2%	196,700
desktop or laptop computer	51.5%	180,250
train tickets	41.3%	144,550
household appliances	39.8%	139,300
vehicle	34.7%	121,450
audio or visual equipment	32.7%	114,450
auto insurance	31.2%	109,200
medical insurance	23.8%	83,300
house	17.1%	59,850
life insurance	12.8%	44,800

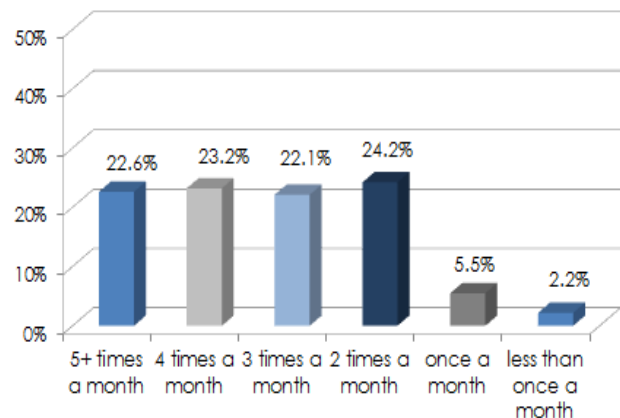
We see that life insurance is ranked as the "least likely" purchase among the various products and services. But, let's recognize that 12.8% of the crowd size at Artscape (350,000) is nearly 45,000 potential buyers! This figure would be considered a significant target market size for many companies or businesses.

Next, the survey asks respondents, "How often do you (your household) shop for groceries?" and "How much money, on average, do you (your household) spend on groceries per month?" Sixty-eight percent of respondents' shop 3 or more times a month for groceries and 32.8% spend more than \$300/month.

How much money do you (your household) spend on groceries per month?



How often do you (your household) shop for groceries?



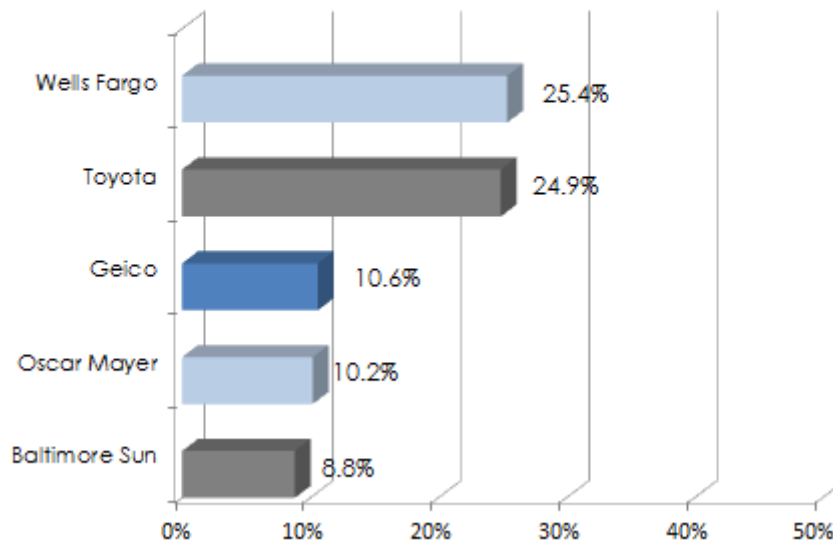
Sponsorship Awareness

Most major festivals and events rely heavily on financial contributions of their sponsors. For their investment, sponsors of these events expect results. The popularity of event sponsorship with corporate marketers is due in part to its ability to generate positive consumer brand awareness and attitudes. If sponsors are properly marketed at an event, consumers may be more receptive to messages accessed through integrated sponsorship campaigns rather than through other forms of commercial communications.

Artscape has a variety of sponsorship opportunities including music stage sponsors, on-site sampling, on-site exhibit space, giveaways, children's Kidscape area, and more. Survey research tested the attitudes attendees formed with the sponsors of Artscape. And, clearly, companies benefit from the positive association attendees developed with the annual arts festival. Artscape attendees have extraordinary awareness of the corporate sponsors of the 2012 Artscape. Survey research demonstrated that unaided sponsorship awareness is high. Attendees were asked, "When you think of Artscape sponsors, which companies or brands come to mind?" Nearly 60 percent of attendees identified two or more Artscape sponsors.

Did any of the sponsors stand out? Wells Fargo and Toyota were each identified by one-fourth of survey respondents, representing a target audience of 87,500 people. Geico and Oscar Mayer were recognized as Artscape sponsors by ten percent of survey respondents, representing a captured audience of 35,000.

When you think of Artscape sponsors, which companies or brands come to mind?



Survey research also demonstrates the combination of awareness, favorability, and effectiveness is unparalleled for Artscape sponsors.

- **Artscape attendees recognize and appreciate sponsors' contributions.** The majority of attendees (94.1%) agree that corporate sponsorship makes Artscape possible.

- **Artscape sponsorship touches the soul.** 89.3% of attendees indicate having a positive attitude toward Artscape sponsors because of their association.
- **Consumers with an interest in the arts are brand loyal** 65% of attendees are more likely to purchase brands from Artscape sponsors because of their association
- **Arts sponsorship has an edge over general sponsorship** 85.0% of Artscape attendees feel that sponsorship of the arts is a better way to reach them- more than through traditional advertising.

As a major sponsor of Artscape, Toyota utilized the survey to measure the influence of their sponsorship on attendees. Toyota had a strong presence at Artscape with a landscape of brightly colored logo tents and activities and games for all ages. Compelling music and a sharp promotional team consistently drew a big crowd. Survey data revealed that, indeed, Toyota reaped great marketing and sales benefits from their sponsorship of Artscape. Here are the highlights of the research:

- Forty-one percent of attendees felt that Toyota's sponsorship of the event *greatly improved or somewhat improved* their overall opinion of Toyota.
- Toyota's sponsorship of Artscape has positively influenced one-third of attendees and their purchase consideration of Toyota products. Sixty-two percent of attendees indicated no change in purchase consideration.
- Forty-six percent of Artscape attendees are *very likely* or *likely* to recommend a Toyota vehicle to friends and family.

Corporate sponsorship does more than promote a company or brand or service. Sponsorship benefits livability and image of the City of Baltimore. At least Artscape attendees feel this way. An overwhelming 98.3% of attendees agree that Artscape and other festivals are attractive to and enhance city living. The abundance of artistic talent in addition to the cutting edge cultural experience of Artscape amplifies the vibrancy of Baltimore as a great place to live, work, and play.

Conclusion

The data collected, and impact modeling performed, indicates that Artscape is a valuable contributor to the Baltimore economy. The festival has a particularly strong impact – an impact, for example, that compares favorably to local sporting events, public shows and conventions. The majority of Artscape attendees come from outside of the City and Baltimore Metropolitan Area, and bring with them an influx of fresh dollars to the local economy.

Artscape is deeply rooted in the community *and* carries the message of Baltimore's quality-of-life far afield. Most importantly, the arts are a part of the city's collective consciousness, encouraging everyone to be creative, open to new ideas, tolerant of our differences, and appreciative of the great community of Baltimore.