

The Economic Impact on the Town of Mancos

Mancos Valley Balloon Festival

September 29 – October 1, 2006

by

**Evan Bottcher, David Bunt,
Becky Cranston and Seth Lurie**

**Under the Supervision of Dr. Deborah Walker
Fort Lewis College
School of Business Administration**



Introduction

The purpose of the annual Mancos Valley Balloon Festival has been to increase tourism to the area, produce an annual world class event, increase public awareness of the unique activity of flying hot air balloons, and finally, to provide a venue for community connections and host a fun event for everyone involved. Mancos, being the host community of this Balloon Festival, has the opportunity to not only take part in a unique and exciting event but also increase revenue from tourism.

Surveys were administered to the pilots, the audience, the vendors and the organizers of the Balloon Festival in order to determine its economic impact on the Town of Mancos [see Appendix A]. The information gathered also provides the opportunity to understand how the Festival might be better organized in the future.

First discussed will be the demographic and expenditure information obtained from the pilots, the vendors, the audience and the organizers. Next, the analysis of the economic impact is presented. Finally, comments expressed by those involved in the Balloon Festival are provided in Appendix C.

Demographics & Dollars Spent

In order to determine the economic impact of the Balloon Festival we must first evaluate the groups that spent money in Mancos due to attending the Festival. Each of the groups participated for different reasons and their expenditures are reflective of their involvement.

The Pilots. The following table (Diagram 1) indicates the location of the pilot's place of origin.

Diagram 1

Pilots Place of Origin

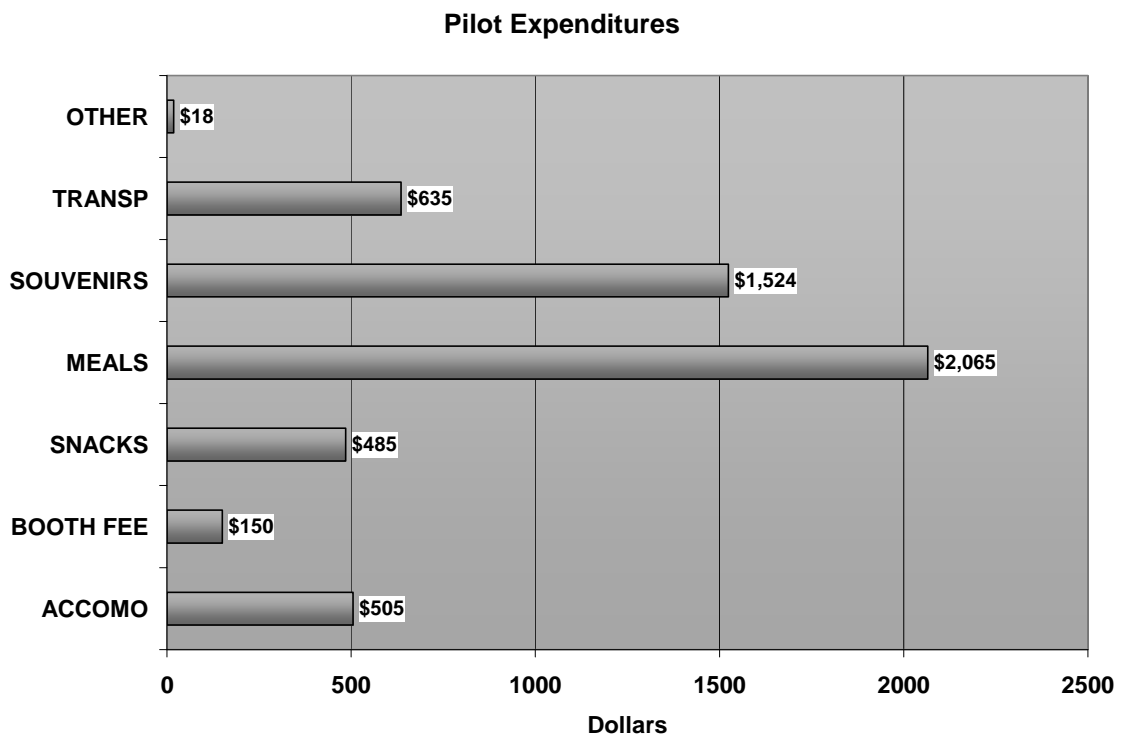
Virginia	28%
Alabama	14.4%
New Hampshire	14.4%
Colorado	14.4%
Florida	14.4%
United Kingdom	14.4%

Some pilots traveled from surrounding areas and stayed in Mancos for the duration of the Festival. This is reflective of the amount they spent in the various categories shown below in Diagram 2.

Of the pilots who participated in the balloon festival, eighty six percent of the pilots were not local. Of this eighty six percent, forty six percent stayed in a motel in Mancos for the duration of the Festival and twenty nine percent stayed in a camper or RV. As for the remainder, some stayed in a home with a family, and others used a fourth form of accommodation.

As seen below, the largest amount of money was spent on meals and souvenirs by the pilots in Mancos. This makes up sixty four percent of the total pilot expenditures.

Diagram 2



The Vendors. The following table (Diagram 3) indicates the location of the Vendors place of origin.

Diagram 3

Vendors Place of Origin

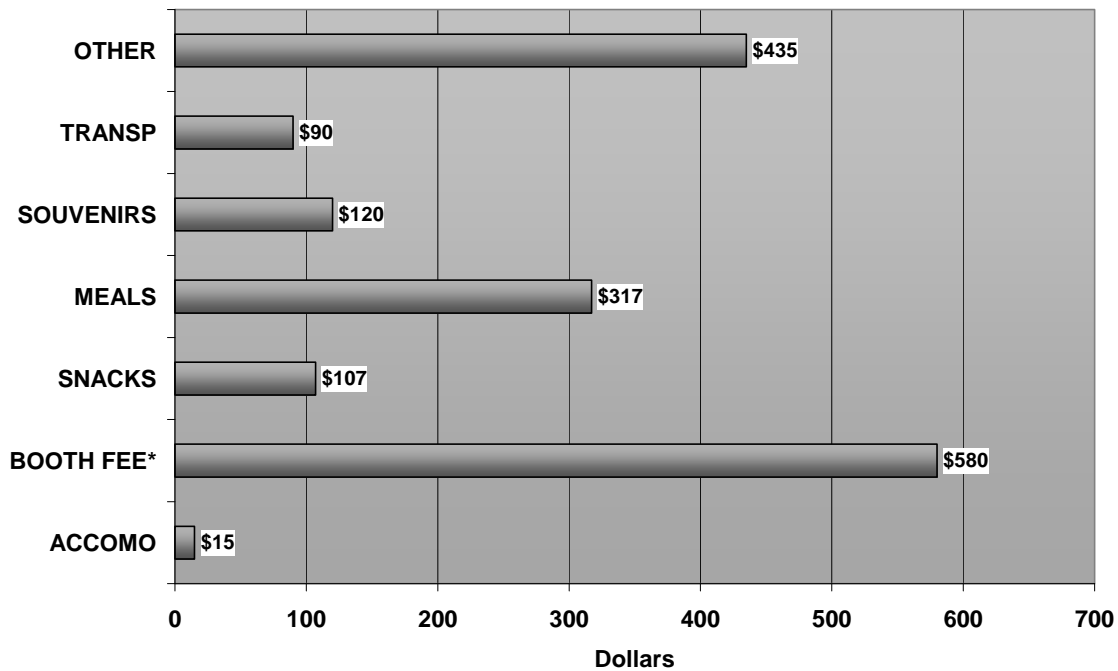
Mancos	38%
Cortez	25%
Dolores	12.34%
Phoenix	12.33%
Pleasant View	12.33%

Of the vendors who participated in the Balloon Festival, sixty two percent were not from Mancos. Of this sixty two percent, eighty percent were from southwestern Colorado. The other twenty percent came from Phoenix, Arizona. Every vendor had been to Mancos before, but only thirty eight percent had participated in a previous Balloon Festival.

The amount of money spent by the vendors during their stay in Mancos can be seen in Diagram 4. The majority of their money was spent on the booth fee.

Diagram 4

Vendor Expenditures



*Please note that although the Booth Fee at the Balloon Festival was the largest expenditure, it was not included in the total economic impact study (see appendix B).

The Audience. Those who attended the Balloon Festival in order to watch the balloons came mostly from the four corners area, while one person interviewed resides in California (data shown in Diagram 5).

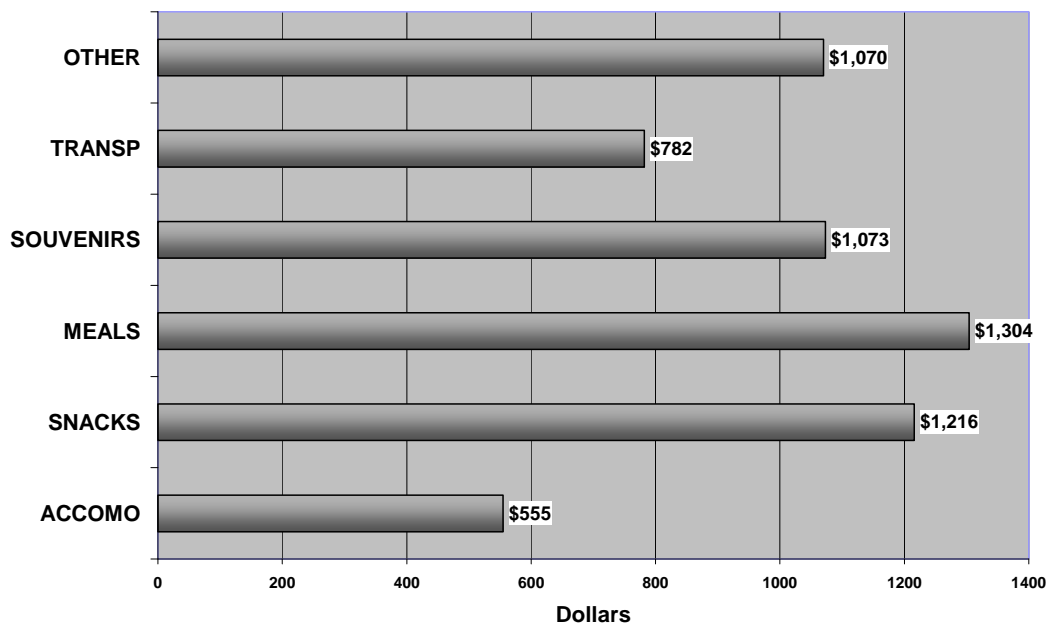
Diagram 5
Origin of Audience

Mancos	37%
Durango	12%
Cortez	6%
Dolores	4%
Hesperus	1%
Other	40%

Most attendees had been to or traveled through Mancos before attending the Festival. Seventeen percent of those interviewed have never been to Mancos. However, the Balloon Festival did entice people to actually stop and visit Mancos for the first time. Due to their location of origin, many chose to make the Festival a day-trip and returned home after attending the Festival, while five percent spent the night in a motel in Mancos

The amount spent in Mancos by the audience was directly caused by the Balloon Festival. The largest portion was spent on meals/snacks and souvenirs.

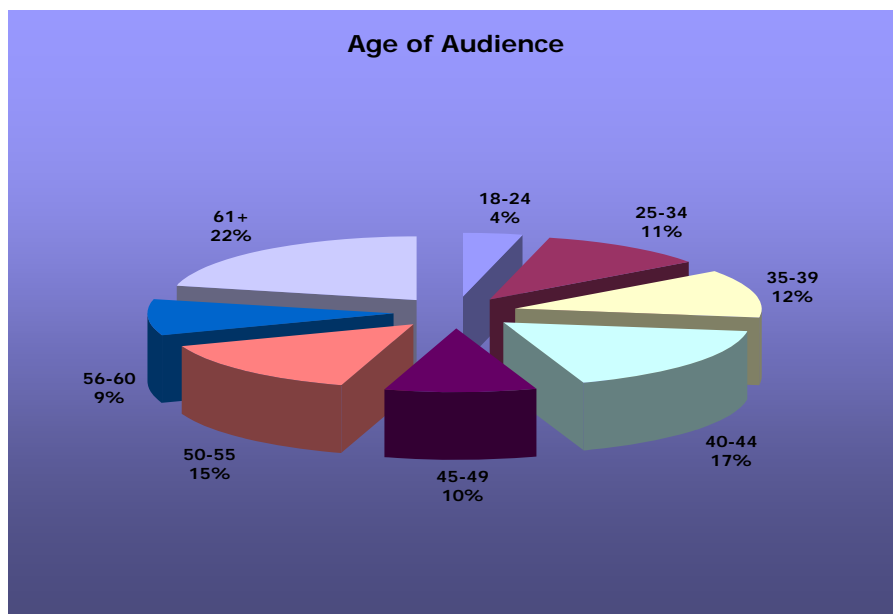
Diagram 6
Audience Expenditures



Who Attended the Festival?

The Balloon Festival attracted members of all age groups. Though not represented in this graph, children also attended (data shown in Diagram 7). Twenty two percent of those who attended the festival were in the age group 61+ years of age, which was the largest age group percentage. The next largest percentage came from the age group 40-44 and made up seventeen percent of the total.

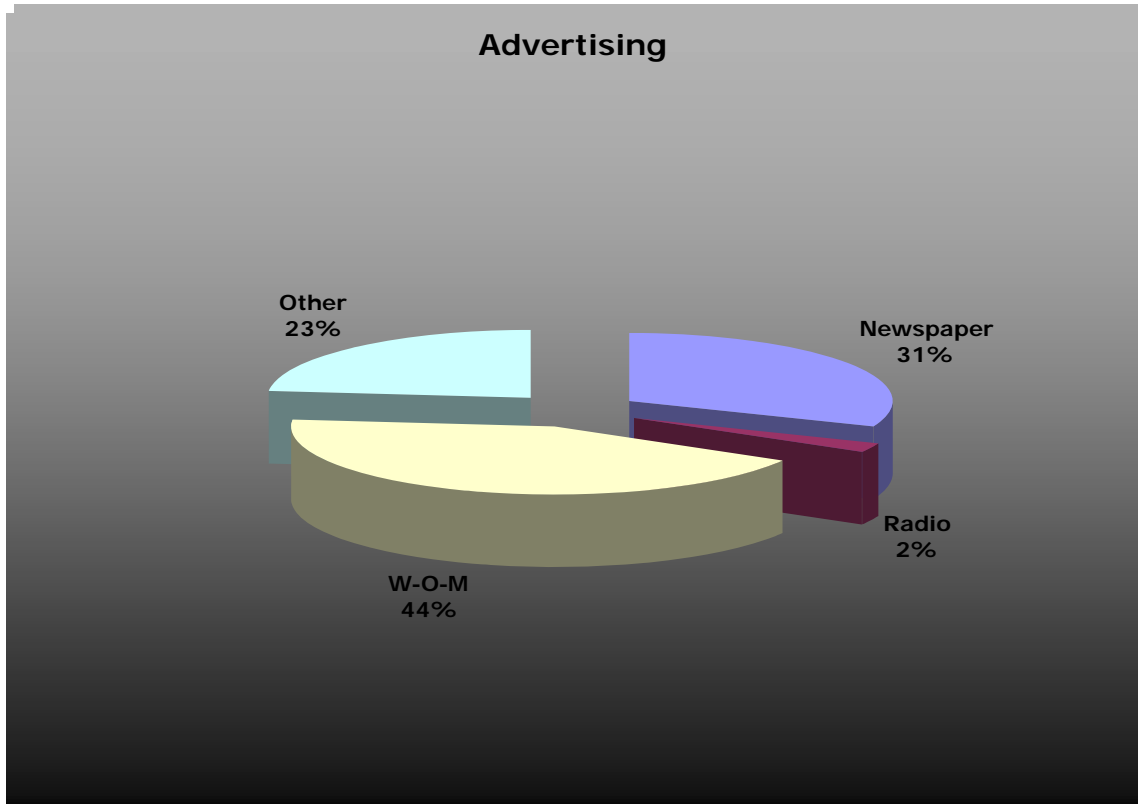
Diagram 7



What Was the Most Effective Method of Advertising?

There were different methods used to attract spectators to the Balloon Festival. The most effective method of advertising was word of mouth, followed by the insert in the four corners newspapers (data shown in Diagram 8).

Diagram 8



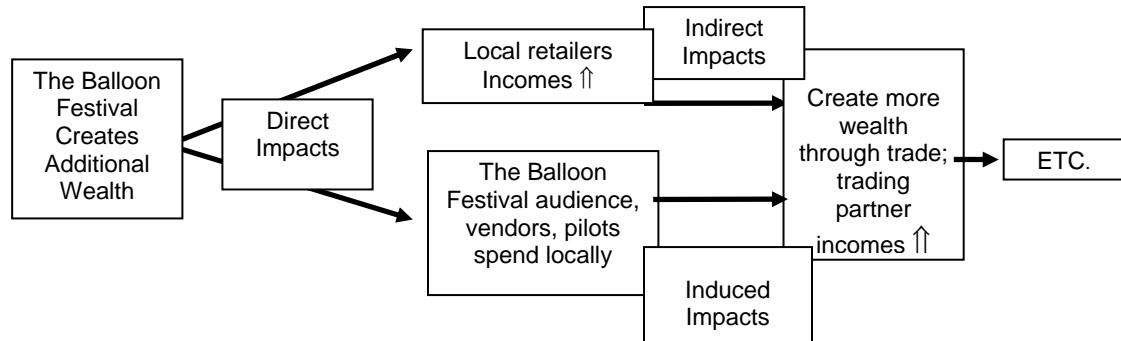
The Organizers. The organizers of the Balloon Festival also spent dollars in Mancos in order to put on the event. Below shows how this money was spent. There were no employment expenditures since all 800 hours worked were on a volunteer basis.

Total Overhead and Operating Expenses Spent in Mancos, CO:	\$14,497.00
Total Equipment Expenses Spent in Mancos, CO:	<u>+ \$91.52</u>
Total Organizers Expenditures =	\$14,588.52

The Economic Impact of the Mancos Valley Balloon Festival

Direct, Indirect and Induced Effects

Direct economic effects occurred when the Mancos Balloon Festival bought goods and services from local retailers. These activities increased the income of the retailers. From this direct business activity, there is a “ripple” effect throughout the local economy. These effects are known as indirect and induced impacts that generate income in a local economy. Indirect effects include the increase in income that is created when the retailers whose incomes increased due to doing business with the Balloon Festival in turn purchase from others in the local economy. Induced effects are created when the Balloon Festival audience, pilots, and vendors spend their personal income within the local economy on goods, services, property, taxes, etc.



Economists typically estimate indirect and induced impacts by using a “multiplier.” Multipliers are used to represent the “ripple effects” of money in the economy as it is traded and traded again, generating wealth and income. For example, a multiplier of 1.5 would mean that for every dollar of payroll that an industry pays to its own employees, an estimated \$0.50 in additional economic value or income is generated in other industries. When determining the multiplier for an area it is imperative to account for the variety of purchases made by the organization (Balloon Festival) within the local region. Due to the rural nature of Mancos, the producers may often purchase materials and equipment from outside the region. The multiplier used in this study was obtained from the Bureau of Economic Analysis (BEA) and was calculated for the Southwest Colorado region.

The Output Multiplier: 1.6454

This means that for every dollar that the Balloon Festival and its audience spend, an estimated \$0.64 in additional economic income is produced in other industries. This multiplier, provided by the Bureau of Economic Analysis, is estimated for the general industry of “amusements, gambling, and recreation” for the Southwest Colorado Region.

The Economic Impact

Table 1 displays the economic impact of the annual Mancos Valley Balloon Festival that took place in September 2006. Economic impacts of the festival occurring outside of Mancos are not represented in the table. All expenditures shown were made in Mancos, Colorado due to the Balloon Festival taking place.

Table 1 Results of Economic Impact Study, Mancos Valley Balloon Festival

Balloon Festival Organizers Budgetary Expenditures	\$14,588.52
Pilot's Expenditures	\$5,364.00
Vendor's Expenditures	\$1,664.16
Audience Expenditures	\$6,000.00
Direct and Induced Economic Impact	\$27,616.68
Multiplier	1.6454
Total Estimated Economic Impact	\$45,440.48

The numbers in Table 1 show that the direct and induced economic impacts were \$27,616.68, the sum of the pilot's, the vendor's, the organizer's (including volunteer expenditures) and the audience's expenditures. Note that approximately fifty three percent of the direct and induced economic impacts of the Balloon Festival were the result of the organizer's expenditures. The pilot's budgetary expenditures were approximately nineteen percent of the direct and induced economic impacts, and audience expenditures were twenty two percent.

Including the multiplier effect, the Balloon Festival's total estimated economic impact was \$45,440.48. Some perspective may be gained by recognizing that this event generated about .16 percent of the annual personal income of Mancos, Colorado (based on data in Appendix B).

Conclusion

The purpose of an economic impact study is to, "... help target specific markets to increase economic activity within a region, determine the financial feasibility of offering different facilities or programs, and project future profits derived from recreational/tourism development projects" (Graefe). The results of this study were obtained by gathering demographic and spending information of the audience, pilots, vendors and organizers of the Balloon Festival. More insight can be obtained through the comments provided by those who were surveyed [Appendix C]. Overall there was a positive

economic impact, and people were satisfied with the Mancos Valley Balloon Festival, as well as the community of Mancos.

Appendices

APPENDIX A

SURVEY QUESTIONS:

Audience:

1. Zip code
2. How did you find out about the race?
 - Newspaper 31%
 - Radio 2%
 - Word-of-mouth 43%
 - Other 23%
3. What was your mode of transportation to the race?
 - Own vehicle 90%
 - Bus 6%
 - Other 3%
 - (walk or bike)
 - Rental Car 1%
4. Will you be staying overnight in Mancos?
 - Yes 64%
 - No 36%

If no, where?

 - Durango 13%
 - Cortez 9%
 - Other 15%

If yes where?

 - A home with family 87%
 - Hotel/motel 5%
 - Inn/B&B 1%
 - Campground 4%
 - Other 2%
5. How many people are in your party?
 - Adults 67%
 - Children 33%
6. Amount you and your party have spent or plan to spend in Mancos specifically as a result of your attendance at this event. Remember to include money spent before, during, and after this event.

- Admission (n/a)
- Refreshments and/or snacks 20%
- Food, drink and meals purchased 22%
- Souvenirs purchased in Mancos 18%
- Transportation 13%
- Overnight Accommodations 9%
- Other 10%

7. Have you ever been to Mancos before?

- Yes 83%
- No 17%

8. Have you attended the Balloon Festival before?

- Yes 40%
- No 60%

9. Which range includes your age?

- 18-24-21%
- 25-34-17%
- 35-39-15%
- 40-44-12%
- 45-49-11%
- 50-55-10%
- 56-60-9%
- 61+-4%

Organizers:

Overhead and Operating Expenses

- Total overhead expenses \$14,497

Equipment Expenditures in:

- Mancos, CO \$91.52

Pilots:

Transportation:

- Own car: 100%

Accommodation:

- Mancos: 89%
- Other: 11%

In:

- In home/with family: 22%

- Other: 78%

Expenditures:

- Total:
 - Snacks-\$491
 - Meals-\$2,065
 - Souvenirs-\$1524
 - Transportation-\$635
 - Accommodation-\$505
 - Booth Fee-\$150
 - Other-\$18
- Total Spending: \$5,382
- % of total spending:
 - Snacks-9%
 - Meals-38%
 - Souvenirs- 28%
 - Transportation-12%
 - Accommodation-9%
 - Booth Fee-3%
 - Other-.3%

Number in Attendance:

- Adults: 20
- Children: 4

Been to Mancos?:

- Yes: 55%
- No: 45%

Attended Faire before?:

- Yes :45%
- No: 55%

Participated before?:

- Yes: 33%
- No: 67%

Consider returning?:

- Yes: 100%
- No: 0%

Vendors:

Transportation:

- Own car: 100%
- Other: 0%

Accommodation:

- Mancos: 71.5 %
- Other: 28.5%

In:

- In home/with family: 50%
- Other: 50%

Expenditures:

- Total:
 - Fee for Booth-\$580
 - Snacks-\$107
 - Meals-\$317.16
 - Souvenirs-\$120
 - Transportation-\$90
 - Accommodation-\$15
 - Other-\$435
- Total Spending: \$1,664.16
- % of total spending:
 - Fee for Booth-34.85%
 - Snacks-6.43%
 - Meals-19.06%
 - Souvenirs-7.21%
 - Transportation-53.41%
 - Accommodation-.9%
 - Other-26.14%

Number in Attendance:

- Adults: 18
- Children: 8

Been to Mancos?:

- Yes: 100%
- No: 0%

Attended Faire before?:

- Yes: 50%
- No: 50%

Participated before?:

- Yes: 37.5%
- No: 6.25%

Consider returning?:

- Yes: 87.5%
- No: 12.5%

APPENDIX B

Assumptions:

- We assume that the admission paid by the pilots was spent by the organizers – therefore, that dollar amount was not included in the pilot’s expenditures (but were included in the organizer’s expenditures) to avoid double counting.
- Total spending amounts for each group were calculated by determining an average expenditure amount from the survey data obtained; and then multiplying that average by the number of people in the group.
- Some expenditures by the organizers were not included because it was determined that those expenditures would have taken place in Mancos, CO even in the absence of the event.
- Payments made for the balloon rides were not included in the expenditures because that money belongs to the pilots and would not be spent in Mancos, CO.

Data Used in Calculations of Personal Income in Mancos, Colorado:

- Montezuma County 2004 Personal Income (Most recent date available from the Bureau of Economic Analysis) = \$615,979,000
- Montezuma Population (2000 Census) = 23,830
- Montezuma County Per Capita Income = $\$615,979,000 / 23,830 = \$25,848$
- Population of Mancos (2000 Census) = 1,119
- Estimated Personal Income for Mancos, CO = $\$25,848 \times 1,119 = \$28,923,912$
- Economic Impact = $\$45,440.48 / \$28,923,912 \approx .16\%$

APPENDIX C

Pilot Comments:

- Only if better organized with events closer together so people don't leave in between events. THEY DON'T COME BACK. If there is no foot traffic there is no point in having food vendors. Ask the vendors for input next year. Buying supplies for these shows is expensive; we don't want food left over. Get with vendors a head of time for suggestions about the event.

Audience Comments:

- Good Impact on our business (Columbine).
- Not a lot of info on where and when balloons. Even checked online etc.
- Fire house, all you can eat breakfasts - something to bring community together
- Marketing... can't emphasize enough.
- Remind people to show up early.
- Cheaper balloon rides.
- Great, keep it up!
- Getting better every year.
- More balloon glows every night.
- Nice Event, more promoting.
- Advertise

Bibliography

Graefe, A. (2001, March). Economic Impact Analysis: A Look at Useful Methods. *Parks & Recreation*. Retrieved from April 20, 2006 from www.findarticles.com.