



**The Economic Impact Study of The
2006 Durango Independent Film Festival**

By

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Introduction

The definition of an independent film is when a film is originally produced without any financial aid from a major movie studio. Independent films started when filmmakers resisted the control of major movie productions and created their own distinctive styles of filmmaking. Independent film festivals are a way in which film lovers and critics can come together and view many independent films that may not necessarily be seen in a regular movie theater. Film festivals have also been a method in which independent filmmakers can showcase their film to the public that might not otherwise be released.

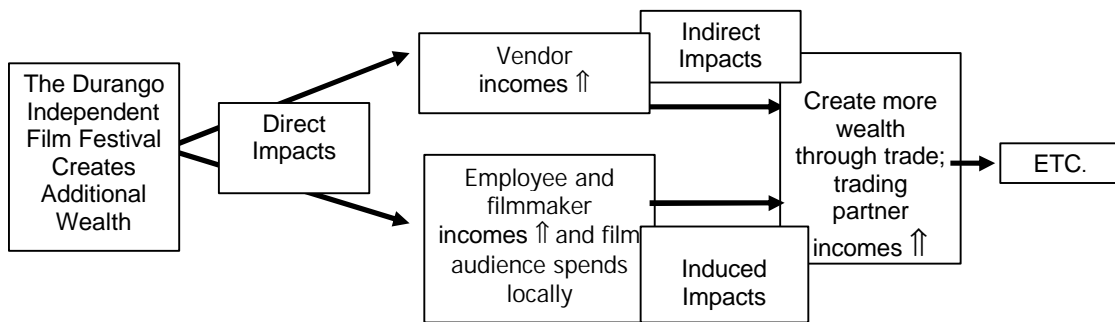
There are a wide variety of film festivals that present an assortment of the different filmmaking. A few festivals that have hosted award winning films are the Sundance Film Festival and the Cannes Film Festival. Independent film festivals sometimes have a theme for the films they are hosting, for example mystery or biography, but many times there is not a theme and an array of films will be played at one festival. According to the Motion Picture Association of America (MPAA) 15% of US domestic box office revenue was from independent studios. There is a continuing growth of independent films in the world and hopefully this trend will continue so such events as the Durango Independent Film Festival (DIFF) will continue.

The DIFF is a non-profit organization dedicated to bringing enlightening, entertaining and unique films to the Four Corners Area. 2006 was the inaugural year for the DIFF. There have been film festivals in the past in Durango, but this year a new organization that belongs to the community took over. With over 60 films there was something for everyone. The film categories ranged from documentaries to feature films. Films were shown in downtown Durango at the Abbey and Gaslight Theaters. The new festival received contributions from the community in the form of sponsorships, volunteers, and people who attended the films.

This study is an attempt to determine the economic impact of the DIFF. An “economic impact” is an increase in income to someone and/or a job being created for someone in the economy of a specified community. In order to gather data for this study, surveys were conducted by four Fort Lewis College students.

Direct, Indirect and Induced Effects

Direct economic effects occurred when the DIFF bought goods and services from vendors and paid employees wages and royalties to filmmakers. These activities increased the income of the vendors, employees and filmmakers. 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 vendors whose incomes increased due to doing business with the DIFF in turn purchase from others in the local economy. Induced effects are created when employees of the DIFF, filmmakers who received payments from the DIFF, and the film audience who would not have spent money locally if they didn’t attend the DIFF 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 organization (the DIFF) within the local region. Due to the rural nature of Durango, 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 were calculated for the Southwest Colorado region.¹

The Output Multiplier: 1.8262

This means that for every dollar that the DIFF and its movie goers spends, an estimated \$0.82 in additional economic income is produced in other industries. The BEA, by using a Regional Input-Output Modeling system (RIMS), has determined industry multipliers for specific regions of the country. The BEA has found that in “smaller communities” dollars will hold for shorter periods as residents look outside the region for many of their purchases.

The Economic Impact of the Durango Independent Film Festival

The majority of the direct economic impact of the DIFF came from the money spent locally by the DIFF on the production of the festival and the money spent by those who attended the festival. The filmmakers who attended the festival also added to the economic impact. See Table 1 for a summary of local spending due to the DIFF.

Table 1

Category	Expenditures in La Plata County
Expenditures by the DIFF (excluding payroll)	\$39,877.00
The DIFF employee expenditures in La Plata County (contract work) ¹	\$8,000.00
Filmmaker Spending in La Plata County ²	\$20,762.84
Film Audience Spending in La Plata County ³	\$97,434.84
Direct and Induced Economic Impact	\$166,074.68
Multiplier ⁴	1.8262
TOTAL ESTIMATED ECONOMIC IMPACT	\$303,285.59

Thus the total direct and indirect economic impact of the Durango Independent Film Festival was \$303,285.59. La Plata County's total combined personal income was \$1,486,584,000 in 2004 (the most recent number available).⁵ Therefore, the DIFF contributed approximately .02% to the earned personal income in La Plata County.

Impact From Attendees: Those who attended the DIFF spent most of their money on admission (\$8,430.00), \$1,383.75 was spent on snacks, \$6,676.00 was spent on meals, \$292.00 was spent on souvenirs, \$185.00 was spent on transportation, \$120.00 was spent on accommodations, and \$722.00 was spent on other miscellaneous activities or products (See Graph 1).

¹ We assume that all of the dollars paid to employees (contract work) were then spent in La Plata County.

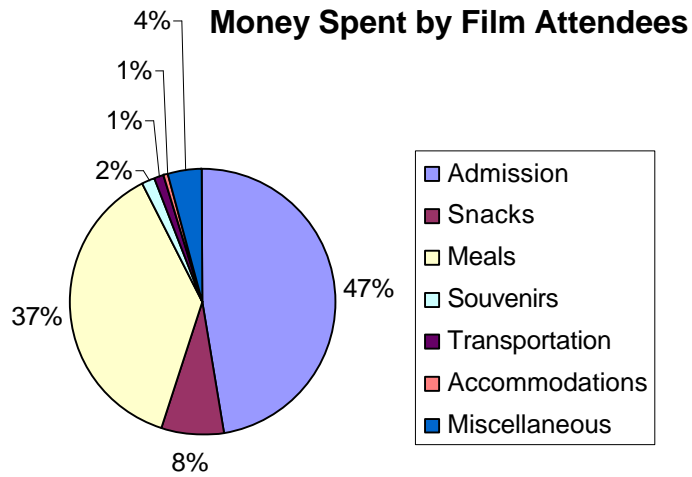
² This number is determined by taking the total amount spent as reported by the 13 surveys returned by the filmmakers (\$9,640), getting an average amount spent ($9,640/13 = \$741.53$), and then multiplying that number by the 28 filmmakers that attended the DIFF ($741.53 \times 28 = \$20,762.84$).

³ This number is determined by taking the total amount spent as reported by the 369 people surveyed at the festival excluding admission (since we assume that admission money was spent by the DIFF and would therefore be counted twice otherwise). This number is $\$9,378.75/369 = \25.42 per person. Since 3,833 people attended the festival – a total of \$97,434.86 was spent by attendees. This assumes that this money would not have been spent in the downtown area if the DIFF did not take place.

⁴ The United States Department of Commerce, Bureau of Economic Analysis, RIMS II Multipliers, Southwest Colorado Region, 2005. Multiplier is based on the 1997 Benchmark Input-Output Table for the nation and 2001 regional accounts data. The multiplier used for the output impact is a final demand multiplier. Since industry earnings (payroll and royalty payments) information was made available by surveying the firms in the industry, direct impact multipliers were used for the earnings

⁵ Latest data available from the Bureau of Economic Analysis.

Graph 1

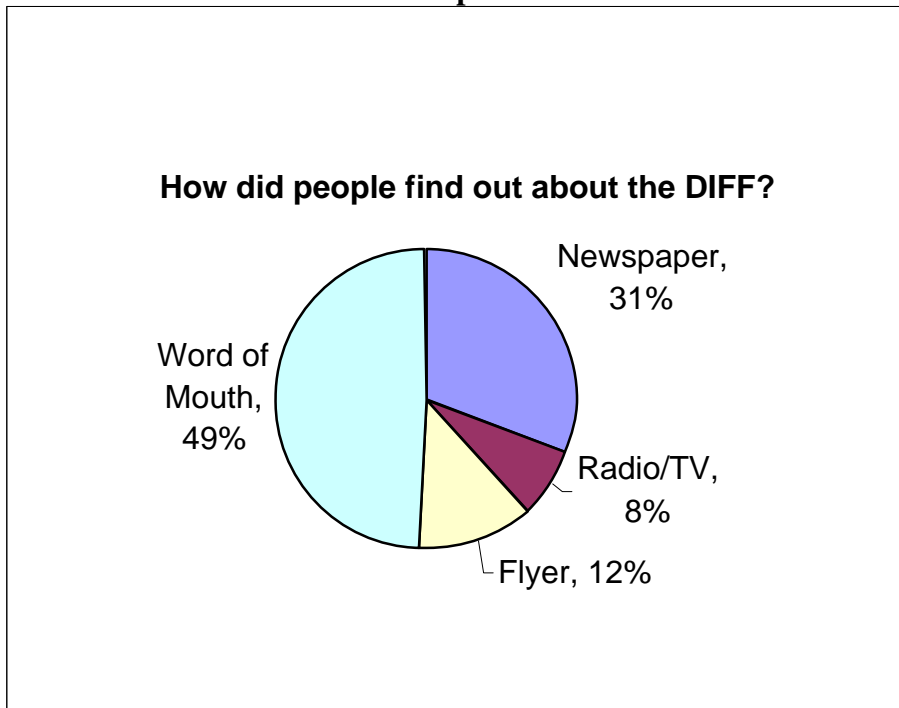


Impact From Filmmakers: Filmmaker spending (13 of 28 surveys were returned) in La Plata County was \$9,640. Of that total, \$250.00 was spent on snacks and refreshments, \$1,600.00 was spent on meals, \$2,610.00 was spent on souvenirs, \$3,980.00 was spent on transportation, \$975.00 was spent on accommodations, and \$225.00 was spent on miscellaneous.

Demographics

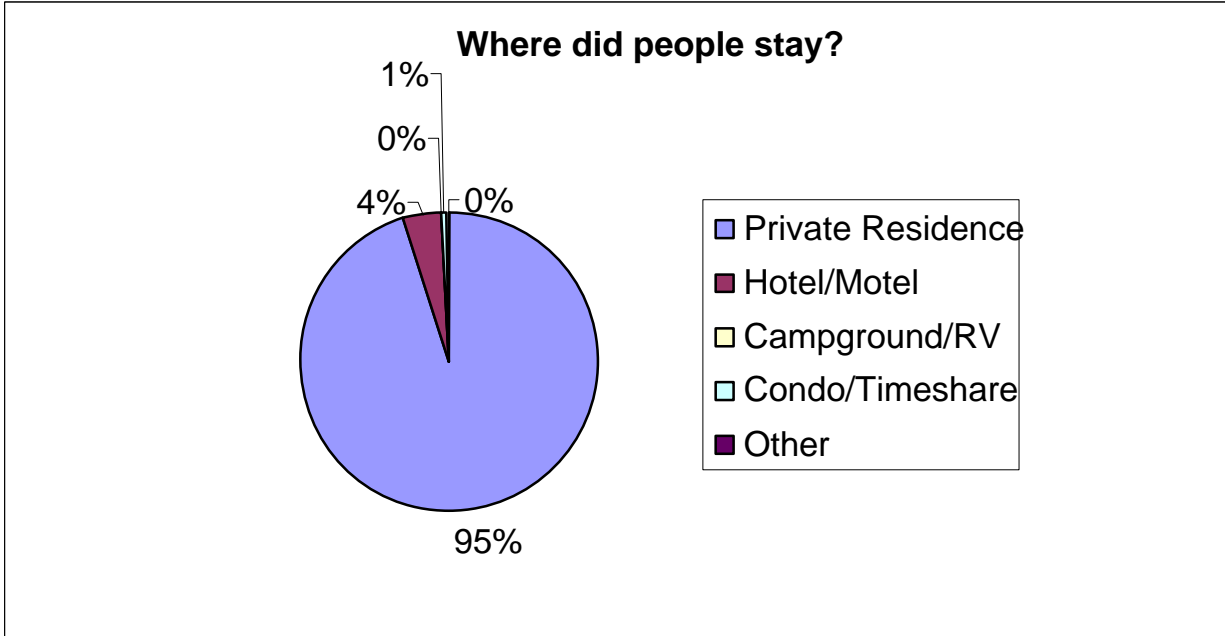
The data gathered from the 369 people surveyed provided us with data regarding the people you attended the DIFF. It was found that the majority of the people, 49%, heard about the DIFF from word of mouth (See Graph 2).

Graph 2



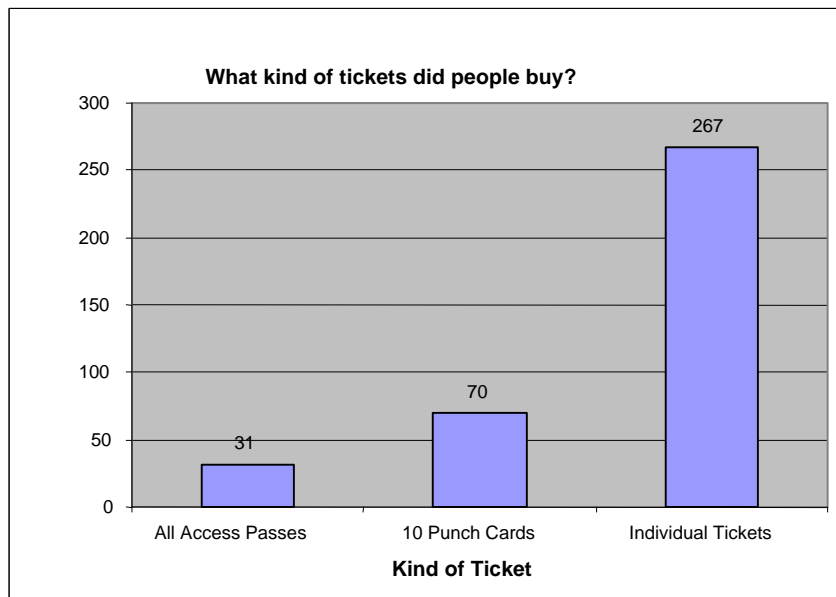
People that attended the DIFF were almost all, 95%, staying in a private residence, whether it was their own residence or the residence of a family member or friend (See Graph 3).

Graph 3



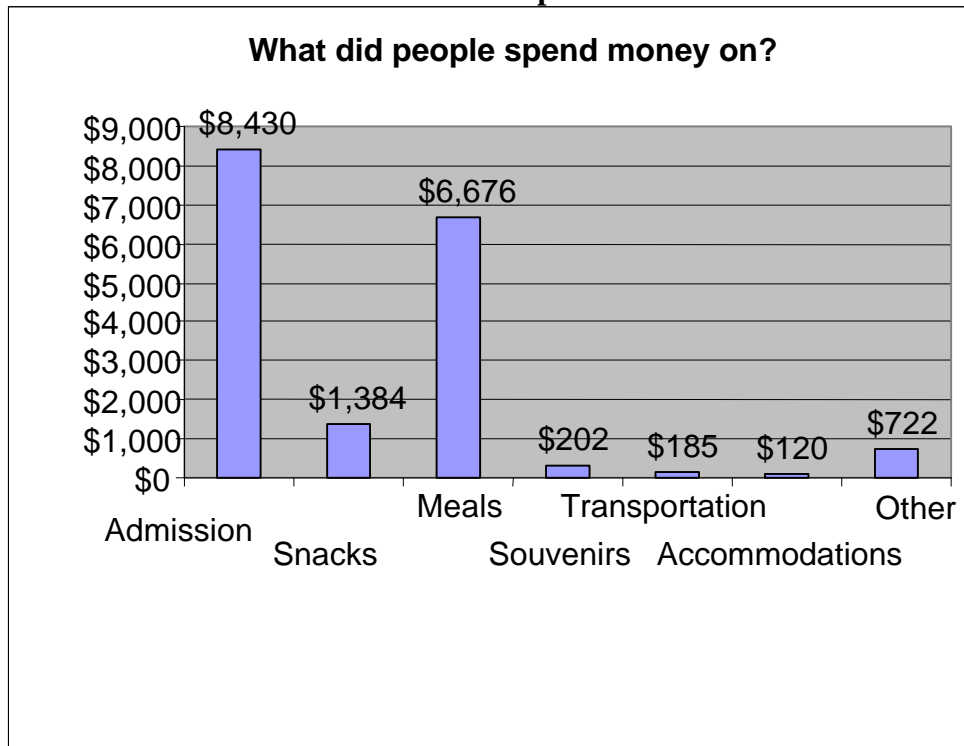
When it comes to the kinds of tickets that people purchased it was concluded that most people, 267 out of the 369 surveyed, bought individual tickets. The ten-punch card was the second highest with 70 people using them. It was found that many people were using a ten-punch card, but did not necessarily purchase it themselves. Instead, the business that they work for had purchased it and all of the employees got to use it a few times. It was found that 31 “all access” passes were purchased and used (See Graph 4).

Graph 4



Those who attended the DIFF spent money in downtown Durango. It was found that the most money, \$8,430, was spent on admission to gain entrance to the films. The money that was spent on food consumption was \$9,814. This number can be broken down into two categories, meals and snacks. Meals are defined as a portion of food that is being eaten to satisfy an appetite. Snacks are defined as food eaten between regular meals. Film goers spent \$6,676 on meals and \$1,384 on snacks. Another \$722 was spent on other items that were not defined specifically. The survey showed that people spent \$202 on souvenirs. The two categories that people spent the least money on were accommodations, \$120, and transportation, \$105 (See Graph 5).

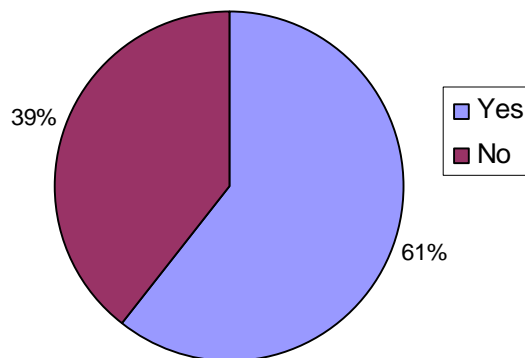
Graph 5



Most people, 61%, had attended a film festival in Durango before and 39% had not (See Graph 6).

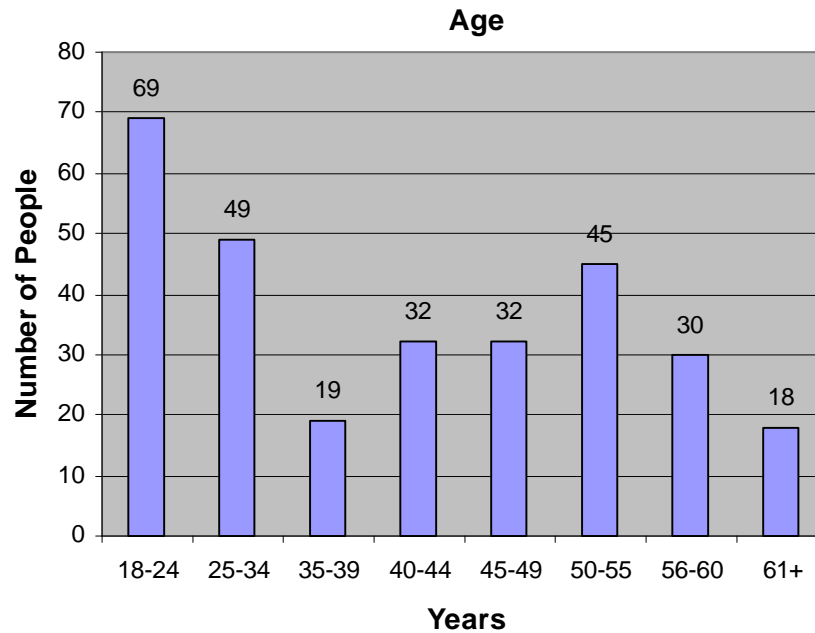
Graph 6

Attended a film festival in Durango before?



There was an age range of people that attended the DIFF. The three most common age categories were 18-24 years old, 25-34 years old and 50-55 years old. There were sixty-nine 18-24 year olds, forty-nine 25-34 year olds, and forty-five 50-55 year olds. Graph 7 illustrates all the age ranges that were surveyed.

Graph 7



Zip codes were collected from the individuals surveyed. There were 18 different zip codes collected. It was found that the most people, 292, had Durango, CO zip codes. The next largest group was from Hesperus, CO with 13 people. The majority came from the Durango, CO area, but there were a couple that came from other areas outside of Colorado (See Table 2).

Table 2

City	Zip Code	Number
Aspen, CO	81612	1
Aztec, NM	87410	1
Bayfield, CO	81122	10
Berkely, CA	94703	1
Cortez, CO	81321	2
Durango, CO	81301	275
Durango, CO	81302	10
Durango, CO	81303	7
Hesperus, CO	81326	13
Los Angeles, CA	90025	1
Los Angeles, CA	90034	1
Los Angeles, CA	90045	2
Los Angeles, CA	90064	1
Mancos, CO	81328	1
Ouray, CO	81427	3
San Diego, CA	92126	1
Telluride, CO	81435	2
Tucson, AZ	85737	1

Comments of Filmgoers

“New management is good.”

“Well Organized.”

“Always an enjoyable event.”

“Excited to try THE DIFF beer!”

“The festival has got to stay!”

“Good selection of films.”

“Thanks for the free film!”

Works Cited

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