

RESEARCH NOTE

THE ATTRACTION POWER AND SPENDING IMPACT OF THREE FESTIVALS IN OCEAN CITY, MARYLAND

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Ocean City is a traditional resort community stretching for 10 miles along a barrier island on the coast of Maryland. Tourism is the basis of the town's economy and the reason for the community's existence. It is estimated that more than 8 million people visit the resort each year. The full-time resident population of the town is approximately 7000. However, visitors and part-time residents swell this number to 300,000 in the height of the summer season.

The resort community hosts three annual major festivals: Springfest, Sunfest, and Winterfest. The primary goal of the festivals is to stimulate the local tourism economy during the shoulder and off-season months. The study reported here compares and contrasts the geographic and economic spending profiles of visitors to the three different festivals. The research question investigated was, "Do major festivals held at different times of the year in the same community exhibit similar attraction power and generate similar economic impacts?"

Overview of the Festivals

Springfest celebrates the onset of Spring and signals the start of the resort's summer season. It is held annually for 4 days in the first week in May from Thursday through Sunday. The grounds are open from 10 a.m. to 10 p.m. on Thursday through Saturday, and from 10 a.m. to 6 p.m. on Sunday. Big-top tents are erected on the site and are filled with arts and crafts, ethnic and regional foods, children's activities, music, and other ongoing entertainment.

Sunfest is held in late September. Like Springfest, it focuses on providing family entertainment, and while the activities and entertainment differ somewhat from Springfest, the format is similar. It operates from Thursday through Sunday and opening hours are the same as Springfest. It celebrates the onset of fall and Ocean City's "Second Season."

Winterfest of Lights invites visitors to celebrate the holiday season by touring Ocean City's "Dazzling

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Lights on Cold Winter Nights." Twinkling lights festoon the resort and special exhibits and displays in Northside Park are accessible each evening by a train ride. Winterfest is open from mid-November through January 2 each year.

Data Collection

The same data collection instrument was used at all three festivals, and the sampling procedures were similar. The procedures involved recruiting and training individuals who were paid to conduct personal interviews with the selected sample. The intent in each case was to secure a probability sample. To this end, sampling plans were developed specifying different times of the day and different site entrances at which interviews were to be undertaken. Every *n*th individual was interviewed as he/she passed through the entrance gate. The *n* was specified in the sampling plan and varied to reflect different visitor flows through the different gates.

Interviews were conducted on each day of the Springfest and Sunfest events. The longer period of Winterfest required a different sampling strategy. At this event, interviews were undertaken on at least 3 days each week. At least one of those days was a Friday or Saturday, and at least one was from the Sunday through Thursday period. The third day of sampling alternated between these two categories.

Table 1 reports the festivals' attendances, the sample sizes, and the samples' proportions of out-of-town and local residents. The geographic location was determined by respondents' zip codes. The definition of "local residents" was expanded beyond the town boundaries of Ocean City to also include surrounding communities that constituted parts of Ocean City's natural service area.

Attraction Power of the Festivals

Attraction power was assessed by two variables. The first of these was the proportion of out-of-towners who

would not have visited Ocean City if the festivals had not been held. The main reason some out-of-town visitors who attended the festivals came to Ocean City had nothing to do with the festivals. For example, they may have come to town to visit friends and then gone with the friends to a festival. The percentages who belonged to this category are reported in column 2 of Table 2, in which such respondents are denoted as "Casuals," reflecting that the festivals were not the attractions that brought them to Ocean City.

The festivals' attraction power is derived by aggregating the casual and local resident respondents and subtracting them from the aggregate visitations. The residual is comprised of those who were attracted to Ocean City by the festivals. The last column in Table 2 shows that among the festivals' visitors, between 41% and 55% would not have come to Ocean City if the festivals had not been held.

The second measure of festival attraction was the distances that out-of-town visitors who came to Ocean City for the festivals were prepared to travel. All else equal, the expectation would be that the greater the power of attraction, the further people would travel to visit it. Respondents' zip codes were used to identify the distances they traveled. A summary of the results is shown in Table 3.

The table shows marked differences in the distances people traveled to visit the three festivals. The most striking difference in the catchment zones between the two events is in the 25% quartile range. The Sunfest average is double that of Springfest and almost quadruple that of Winterfest. This probably reflects the respective aggregate attendances of the three festivals. It is reasonable to expect that everybody with an interest in festivals who lives within a range of 28 miles of Ocean City would attend all three festivals. However, if the same number attended each festival from within this range, it would translate into a lower percentage at

Table 1
Visitation and Sample Sizes at the Three Festivals

	Aggregate Visitation	Sample Size	% Ocean City Residents	% Out-of-Town Residents
Springfest	101,807	1,447	23%	77%
Sunfest	179,248	1,238	15%	85%
Winterfest	58,470	1,564	31%	69%

Table 2
The Proportion of the Festivals' Visitors Who Would Not Have Come to Ocean City if the Festivals Had Not Been Staged

	Out-of-Towners	% Casuals	Aggregate % Local Residents and Casuals	Attracted to Ocean City by the Festival
Springfest	1,130	35%	51%	49%
Sunfest	1,052	35%	45%	55%
Winterfest	1,080	40%	59%	41%

Table 3
The Mean Distance of Visitors Traveling to the Festivals
Quartile
25%
50%
75%
Mean
Median

Sunfest because it was much higher

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Because of new money and boundaries by the festivals, the analysis defined in the instrument reflects features in the sector. Direct expenditures and income are reported. This was used to calculate

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Table 3
The Mean Distances (Miles) Each Quartile of Out-of-Town Visitors Traveled to the Festivals

Quartile	Springfest	Sunfest	Winterfest
25%	48	98	28
50%	106	122	60
75%	143	160	111
Mean	118	156	94
Median	106	122	60

Sunfest because the overall attendance at that festival was much higher.

Spending Impact at the Festivals

Because economic impact is concerned only with new money entering into the town from outside its boundaries by those who were attracted by the festivals, the analyses were confined to the respondents defined in column 4 of Table 2. The data collection instrument requested visitors to report their expenditures in the seven categories shown in Table 4. The direct expenditures and the economic impact on personal income are reported in Table 4. The IMPLAN software was used to calculate the personal income impact.

As anticipated, the data in Table 4 generally reflect the festivals' attendances, so the Sunfest expenditures substantially exceed those at Springfest, which in turn are much greater than those at Winterfest.

Discussion

While there is no objective criterion of "success," most would probably agree when interpreting these data

that Springfest and Sunfest are powerful attractions. They bring to Ocean City almost 50,000 and 100,000 visitors, respectively, in their 4-day periods in the shoulder months of the tourism season, who would not otherwise have visited the town. The median travel distances of 106 and 122 miles, respectively, reinforce the strength of their attraction.

The attraction power of Winterfest is less obvious. Ostensibly, it seems to be significantly less successful in attracting people to Ocean City than the other two festivals. Fewer people come to the festival from out-of-town and those who do visit Winterfest live much closer to Ocean City. However, this probably reflects the time of year and the weather. The November-December time period in Maryland is cold with the possibility of rain, snow, and ice, and the days are short. These conditions are not conducive to encouraging people to drive relatively long distances to see the lights show. Further, the Winterfest hours of 5:30 p.m. to 10 p.m. mean that if people drove into Ocean City after finishing work for the day, then they would be driving home relatively late at night, unless they elected to stay overnight. The situation was exacerbated in the year the study was undertaken because the weather was unusually cold. In the previous 2 years, the attendances at Winterfest had been 90,000 and 81,000, and the much lower 58,000 attendance in the study year was attributed to the unusually cold weather. Despite these disadvantages, Winterfest entices almost 24,000 visitors from out-of-town into Ocean City at a time of year when it could reasonably expect few tourists to come to the resort.

The per capita spending by out-of-town visitors at Springfest, Sunfest, and Winterfest was \$28.50, \$25.00,

Table 4
The Spending Impact of Out-of-Town Visitors Associated With Each of the Three Festivals

	Springfest		Sunfest		Winterfest	
	Direct Expenditure (\$000's)	Personal Income (\$000's)	Direct Expenditure (\$000's)	Personal Income (\$000's)	Direct Expenditure (\$000's)	Personal Income (\$000's)
Food & beverages	506	261	905	468	265	137
Night clubs, lounges, bars	58	30	112	58	11	6
Retail shopping	429	294	603	413	168	115
Lodging expenses	333	183	662	363	102	56
Private auto expenses	98	52	167	88	54	29
Other expenses	0	0	23	11	0	0
Total	1,424	820	2,472	1,401	600	343

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and \$25.00, respectively. Hence, differences in their economic contributions to Ocean City are attributable almost exclusively to the number of visitors and not differences in the amount those visitors spend in the town.

The spending impact of visitors reported in Table 4 becomes meaningful only when these impacts are weighted against the investment made by the town in staging the festivals. This investment was approximately \$250,000 for Springfest and Sunfest, and \$400,000 for Winterfest. Income to the town of Ocean City derived from admission fees, vendor concessions, and other small miscellaneous sources enabled the town to recoup the \$250,000 investment for Springfest and Sunfest, but generated only \$170,000 towards offsetting the costs of Winterfest.

Because these direct revenues received by the town council could be directly measured, they were specifically excluded from the amounts reported in Table 4, which were solicited from the samples of visitors. The rationale for economic impact studies is that most of the income that attraction visitors bring into the town

is not captured by the town council. Conceptually, it is not important who in the town receives the income. The investment in the festivals made by the council is comprised of residents' tax dollars. It is residents' money, not the council's money, that is being invested! Thus, the relevant question is, how much do residents receive in income from the investments of their tax dollars? The data in Table 4 indicate they receive a good return.

The town council may "lose" \$230,000 on Winterfest (\$400,000 - \$170,000), but Table 4 shows this \$230,000 is more than recouped by the town's residents from the \$600,000 spent in Ocean City by Winterfest visitors, since \$343,000 accrued in income to residents. Hence, the \$400,000 investment generated \$513,000 in income (\$170,000 + \$343,000), which represents a 28% return to residents on their tax dollar investment. The corresponding returns on the Springfest and Sunfest investments are 425% and 660%, respectively. When viewed in these terms, it is likely that residents and elected officials will look favorably on requests for additional tax investments to retain or improve the attraction power of the festivals.

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