

Measuring the Economic Impact
of the Great Emperors Exhibit
on Mobile County

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The Alexander I Napoleon I Great Emperors Exhibit is scheduled for showing in Mobile from October 1, 1999 through February 20, 2000. This study measures the economic impact of the Exhibit. Since this study is made before the Exhibit is actually shown rather than after it is shown, conclusions of this study are preliminary.

Attendance Projection

A similar exhibit, called the Czar Exhibit, was shown at Topeka, Kansas during 1996. A study was made by Wichita State University for estimation of its impact. The estimated attendance for the Czar Exhibit was 520,000. The total number of visitors for the Great Emperors's Exhibit is expected to be similar and is projected in Table 1 for each ticket price category.

Table 1. Attendance Projection by Ticket Price

Type of Visitors	Ticket Price	Number of Visitors
Adults	\$ 20	158,004
Seniors	18	63,202
Tour patrons	16	184,338
School	8	121,136
Total		526,680

Source: MCVV, 1998.

For the purpose of estimating an economic impact, the projected attendance is classified in Table 2 by the location of residence. The percentage distribution is obtained as follows. First of all, on the basis of the Topeka study, 40.8 percent of all visitors (i.e., 214,886) are assumed to be local residents, while the remaining 59.2

percent of total attendance (i.e., 311,794) then represents out-of-town visitors. Unlike the Topeka study that assumed two-thirds of all out-of-town visitors stayed at local hotels and motels for one or two nights, it is assumed in this study that half of all out-of-town visitors will stay at local hotels and motels for one night only.

Table 2. Attendance Projection by Residence

Visitors	By Residence
214,886	local visitors (40.8%)
155,897	day trippers (29.6%)
155,897	one-nighters (29.6%)
526,680	total

It may be noted that Topeka is smaller than Mobile, and located only 50 miles from Kansas City which is larger than New Orleans that is located 150 miles from Mobile. This may reduce the percentage of out-of-town visitors. On the other hand, Population surrounding Mobile is greater than population surrounding Topeka. This may increase the percentage of out-of-town visitors.

Daily Visitor Expenditures

To estimate an economic impact, it is necessary to determine how much a typical visitor spends while the visitor stays in Mobile. The average daily visitor expenditures in the South region are shown in Table 3, on the basis of surveys made by the National Tour Association and International Association of Convention and Visitor Bureaus. Table 3 also shows the percentage of expenditures on major categories such as shopping, food & beverage, and lodging for overnighters.

Table 3. Average Daily Expenditures

Type of Visitor	Amount	Notes
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Day trippers	\$ 29.55	41.6% shopping 24.7% food & beverage
hotel/motel guests	\$100.72	30.5% lodging 25.6% shopping 20.2% food & beverage

Source: National Tour Association and International Association of Convention and Visitor Bureaus, Economic Impact Study of Leisure Travelers & Group Tour Takers, 1995, pages 3, 7 and 9.

Direct Visitor Expenditures Impact

The estimation of the out-of-town visitor expenditures impact is summarized in Table 4. As the heading of the table indicates, the impact estimation is limited to expenditures made by out-of-town visitors only as projected in this study. Out-of-town visitor expenditures per person within the exhibit are assumed to be \$7.50. Out-of-town visitors' expenditures per person for souvenirs are expected to be a little higher at \$7.50 than local visitors' expenditures per person. The ticket price for out-of-town visitors is the average between individual adult price (\$20) and tour price (\$16).

Table 4. Direct Economic Impact

Source of Impact	Amount	Methodology
Day tripper expenditures	\$ 4,606,756	155,897 x \$29.55
Day tripper tickets	2,806,146	155,897 x 18 (adult+tour)/2
Overnighter expenditures	15,701,946	155,897 x 100.72
Overnighter tickets	2,806,146	155,897 x 18 (adult+tour)/2
On-site souvenirs	2,338,455	311,794 x 7.50
Total Direct Impact	\$28,259,449	

As shown in Table 3, 30.5 percent of overnigher expenditures are on lodging and 20.2 percent of overnigher expenditures are on 20.2% food & beverage. This means that the direct impact of the Great Emperors Exhibit on the local hospitality industry (lodging and restaurants) is:

$$\$15,701,946 \times 0.507 = \$ 7,960,887$$

Impact on Tax Revenue

The direct impact of the Great Emperors Exhibit on tax revenues of the state and local government is summarized in Table 5. In reading Table 5, it should be noted that the tax on ticket sales includes the tax on tickets purchased by out-of-town visitors as well as by local visitors. Likewise, the tax on souvenirs includes the tax on souvenir purchases by out-of-town visitors (assumed at \$7.50/person) and by local visitors (assumed at \$5.00/person). Tax revenues do not make a distinction between ones contributed by out-of-town visitors and ones contributed by local visitors. It should also be noted that the amount of souvenir sales depends greatly on the quality and diversity of gifts available for shopping.

Table 5. Direct Tax Impact

Source of Revenue	City	County	State
Tax on ticket sales	\$ 328,648	\$ 82,162	\$ 328,648
Tax on souvenirs:			
out-of-town visitors	93,538	23,385	93,538
local visitors	42,977	10,744	42,977
Room tax revenue	239,455	47,891	191,564
Tax on general sales:			
Shopping	237,444	59,361	237,444
Food & beverage	215,483	43,097	172,386
Total	\$1,157,545	\$266,640	\$1,066,557

Total Expenditures Impact: A Note

Effective planning for public and private sector projects requires a systematic analysis of the economic impacts of the projects on affected areas. Systematic analysis of economic impacts, in turn, must account for the interindustry relation within areas because these relations largely determine how area economies are likely to respond to project changes. For instance, expenditures made by out-of-town visitors during their stay in Mobile will eventually become incomes of local residents, which then generate additional tax revenues, especially state income tax.

The multiplier for expenditures in the service sector for Mobile County is 1.619, according to the U.S. Department of Commerce, Bureau of Economic Analysis, RIMS II multipliers. Because of the short-term nature of the Exhibit, however, the multiplier effect is expected to be rather small, if any, and thus is not presented in this report.