

Audience Research
and
Economic Impact Study of
Baltimore's New Year's Eve Spectacular
2009

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Highlights of the Study

Baltimore's New Year's Eve Spectacular is a tremendous asset that enriches the City's quality of life and attracts visitors from all over the state of Maryland and throughout the country. Perhaps there is no better place to watch the region's longest and largest New Year's Eve fireworks display than over the waterfront of historic Inner Harbor. The celebration triggered a positive economic impact for the City as an estimated 50,000 visitors rang in the New Year at Inner Harbor and its surrounding neighborhoods.

- Baltimore's New Year's Eve 2009 attracted an estimated 40,000 visitors from outside of the City of Baltimore. Approximately, 14,000 visitors traveled from outside of the State of Maryland.
- New Year's Eve 2009 had a total economic impact on the City of Baltimore business volume of \$6.9 million, comprising \$1.9 million in direct impact and a further \$5 million in indirect impact. Direct spending by visitors generated \$93,219 in sales tax revenues for the State of Maryland.
- Overnight guests spent an estimated \$226,670 at local hotels. Hotel expenditures generated an estimated \$17,000 in tax revenues that goes directly to the City of Baltimore, and \$11,333 for the State of Maryland.
- 73.2% of survey respondents indicated 'fireworks at midnight' are the primary reason for visiting Inner Harbor/downtown for New Year's Eve 2009. 'Dinner at a local restaurant' (45.8%) and 'enjoying the atmosphere or socializing' (30.7%) are also top reasons for visiting Inner Harbor/downtown on the Eve.
- Survey respondents were asked to rate the importance (on a four-point scale) of fireworks, free staged entertainment, variety of restaurants/ food, and available lodging. An overwhelming 92.2% of survey respondents indicate the fireworks display to be *very important* or *important*. Free stage entertainment is *very important* or *important* to 59.5% of visitors.
- 100% of interviewed restaurants and hotels *strongly agree* that Baltimore's New Year's Eve Spectacular brings the City alive, creating an unparalleled atmosphere and experience for Baltimore residents and visitors alike.
- 100% of interviewed restaurants and hotels *strongly agree* or *agree* that Baltimore's New Year's Eve Spectacular fireworks display brings people to the Inner Harbor/downtown area and creates a significant economic impact for downtown businesses.
- Baltimore's New Year's Eve Spectacular proves to be a family-friendly event as 61.4% of visitors came with the family, and another 17.1% came with both family and friends. Twenty-one percent of visitors came with friends.
- Forty percent all survey respondents earned an undergraduate degree, while another 26.2% earned a post-graduate degree. Accordingly, 44% percent of respondents indicate their household income to be \$75,000 and above.

Introduction

At the heart of Baltimore lies the Inner Harbor. It provides the lifeblood of Baltimore's financial structure and the rhythm of its cultural identity. Starting with the 18th century, Baltimore's harbor has been one of the Nation's major seaports and hence, commerce centers.

In the 1970's, a distinctive arts and cultural identity began to flourish around the harbor. Today, the Inner Harbor is a primary tourist destination. Nestled close to the water and downtown, the Inner Harbor and ring of surrounding neighborhoods offer tremendous diversity and the best of Baltimore's hotel, restaurant, and nightlife attractions.

An estimated 50,000 visitors came to Inner Harbor/downtown to ring in 2010. Baltimore Office of Promotion & The Arts hosts the New Year's Eve Spectacular. This is a family-friendly event that with live music starting at 7pm on the Eve. Despite the rain and colder temperatures, at midnight visitors enjoyed the region's largest and longest fireworks display set over Inner Harbor.

Baltimore's New Year's Eve Spectacular is a free community celebration and gift to the people of Baltimore and the thousands of visitors who gather here for the New Year. The event's title sponsor, Ports America, realizes that their support is an investment in the local economy as restaurants, hotels, and entertainment venues reap the financial benefits. The fireworks display over Baltimore's Inner Harbor brings the city alive, creating an atmosphere and experience for that is simply priceless.

Purpose of Study and Methodology

Forward Analytics, Inc. was hired by Baltimore Office of Promotion and The Arts to conduct audience research and an economic impact study for Baltimore's New Year's Eve Spectacular. The primary goal of the research is to measure the economic impact of the New Year's Eve Spectacular on the City of Baltimore, specifically its restaurants, hotels, and retailers. Such information is crucial to analyze the return on investment (ROI) for all constituents including; sponsors, local government, and the business community.

The study utilizes a customized survey to collect data from a random sample of visitors to the Inner Harbor on New Year's Eve. Prior to the event, Forward Analytics collaborated with event planners to create a 2-page questionnaire. In-person interviews were administered by Forward Analytics staff to 153 adult attendees (age 18+). The sample size represents a statistical significance of +/-8% margin at the 95% confidence interval. This means that the results reflect the answers between 90% and 100% of the total population. The confidence level is considered significant for making sound business decisions.

In addition to the economic impact, the audience survey was designed to measure sponsorship awareness, demographics, and to what degree the sponsored fireworks display factor in drawing visitors to spend New Year's Eve at Inner Harbor or surrounding neighborhoods.

The research also incorporates guided interviews with 10 hotels and 10 restaurants located in the Inner Harbor and surrounding neighborhoods. Similar to the audience survey, the goal of the merchant interviews is to gauge the impact of the New Year's Eve Spectacular and fireworks display on the volume of business and the dollars spent by customers.

“Visit Characteristics” and Demographics

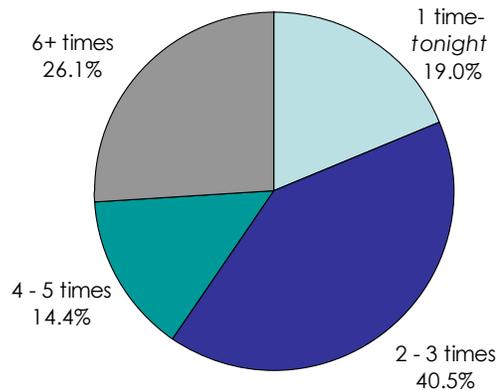
As mentioned, an estimated 50,000 people celebrated New Year's Eve 2009 at Inner Harbor and surrounding neighborhoods. Visitors came from all corners of Maryland and from across the country. Audience research demonstrates that 80% of New Year's Eve visitors to Inner Harbor/downtown traveled from outside of downtown Baltimore to join the festivities.

Residence of NYE Spectacular Visitors

Downtown Baltimore	20.0%
Baltimore Metropolitan Area, not including downtown	31.3%
In Maryland, but outside Baltimore Metropolitan Area	20.7%
out-of-state	28.0%

For 19% of survey respondents, New Year's Eve was the first time *in the past year* that they visited Inner Harbor/downtown. Forty percent of survey respondents visited 2 or 3 previous times, while another 40% visited four or more times in the past year.

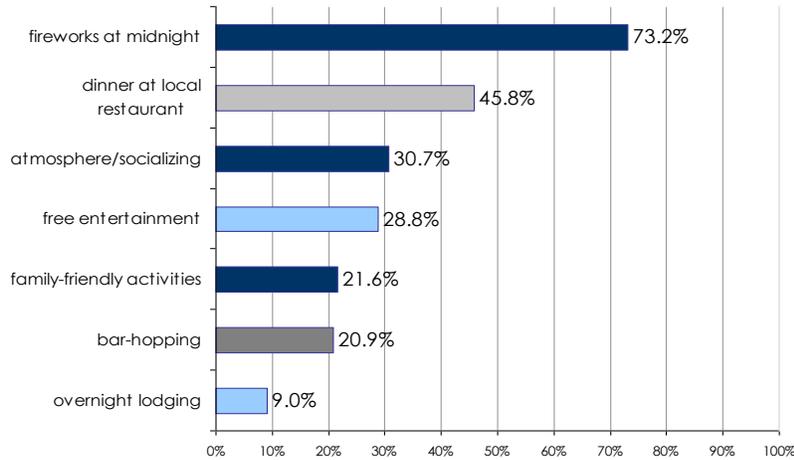
How many times *in the past year* did you visit Baltimore's Inner Harbor/downtown?



Why do people visit Inner Harbor for New Year's Eve and how long do they stay? With so many restaurants, bars and entertainment venues in the area, it's no wonder the crowd chose to ring in the New Year at this locale. Yet, when asked the *primary* reason for

visiting Inner Harbor/downtown for New Year's Eve, 73.2% of survey respondents indicated 'fireworks at midnight'. 'Dinner at a local restaurant' (45.8%) and 'enjoying the atmosphere or socializing' (30.7%) are also top reasons for visiting Inner Harbor/downtown on the Eve.

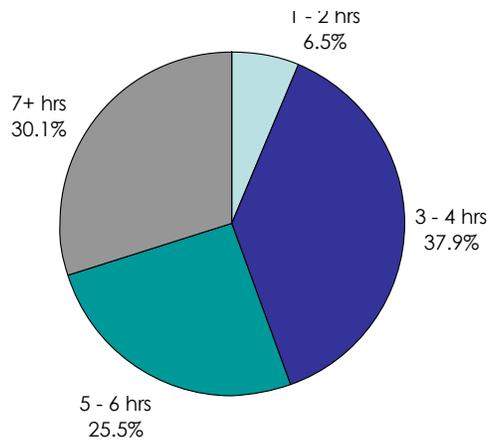
What is the primary reason(s) for visiting Inner Harbor/downtown on New Year's Eve?



Respondents were asked to chose up to three responses.

The smorgasbord of entertainment options in Inner Harbor and surrounding neighborhoods enticed visitors to remain in the area throughout the entire span of the evening's planned festivities. Over half of survey respondents (55.6%) spent 5 or more hours in Inner Harbor and the surrounding neighborhoods, likely spending money and stimulating the economy.

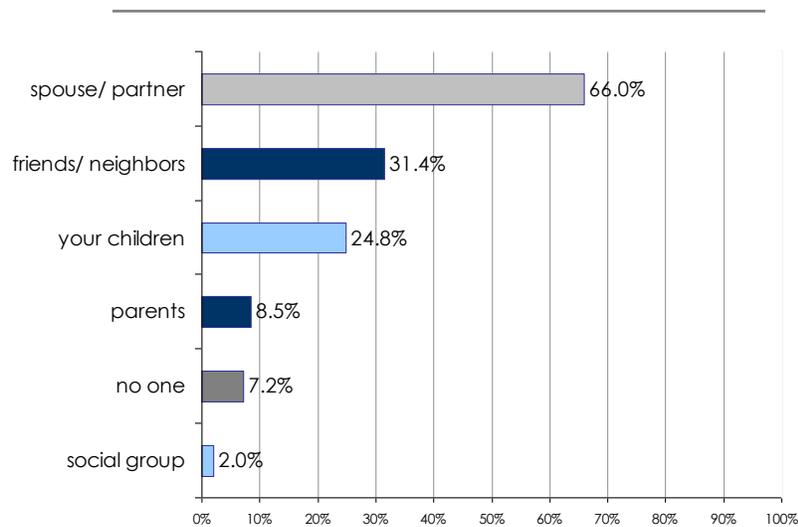
How many hours do you plan to spend in Inner Harbor and the surrounding neighborhoods tonight?



Visitor party size ranges from just one visitor to groups of 10+. The average party size is 3.6. The mode for attendee party size, or the more frequently encountered party size, is two persons. Pairs rank the highest proportionally (38.8%), followed by groups of four people (23.7%).

Sixty-six percent of attendees celebrated New Year's Eve 2009 with their spouses/partners, while 24.8% celebrated with children. Another 31.4% of survey respondents rang in the New Year with friends.

Who did you spend New Year's Eve with?

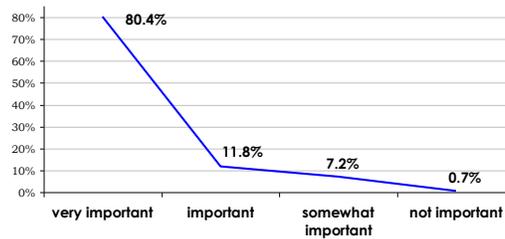


Respondents were asked to check all that apply.

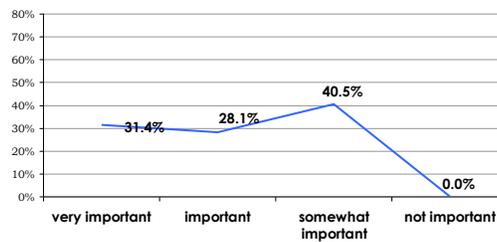
Another survey question was designed to gauge the value of various entertainment options when deciding to visit Inner Harbor/downtown for New Year's Eve. Survey respondents were asked to rate the importance (on a four-point scale) of fireworks, free staged entertainment, variety of restaurants/ food, and available lodging. An overwhelming 92.2% of survey respondents indicate the fireworks display to be very important or important.

When deciding to visit the Inner Harbor/downtown for New Year's Eve, how important are the following?

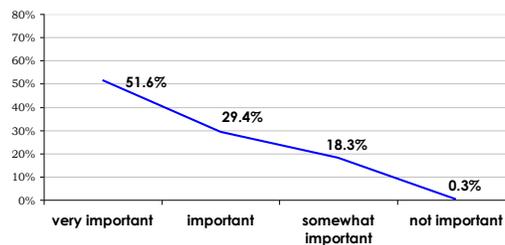
Fireworks Display



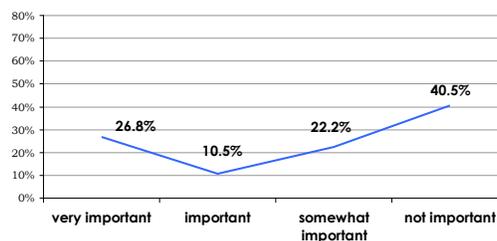
Free Stage Entertainment



Variety of Restaurants/ Food



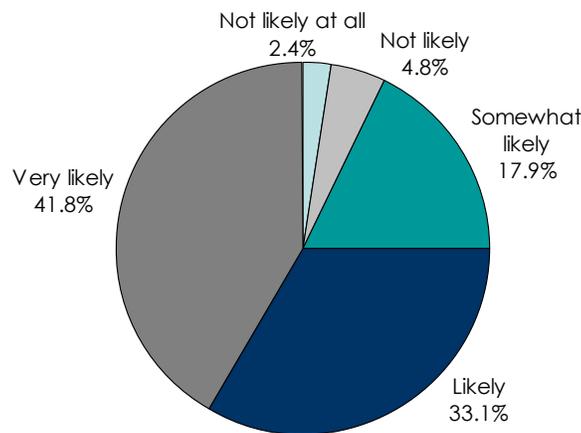
Available Lodging



Perhaps the most revealing data regarding the importance of fireworks comes from the following questions. Survey respondents were asked, “How likely would you have visited Inner Harbor/downtown for New Year’s Eve if there were no fireworks display?” Sixty-eight percent indicated *not likely* or *not likely at all*. That’s an estimated 34,000 visitors who would have spent their money elsewhere. Furthermore, 31.4% of survey respondents were *not likely* or *not likely at all* to visit Inner Harbor/ downtown for New Year’s Eve if there was no music or stage entertainment. Clearly, Baltimore’s New Year’s Eve Spectacular and fireworks display attracts people to the Inner Harbor/downtown area creating a significant economic impact for the local businesses.

Baltimore’s New Year’s Eve Spectacular proves to be a worthwhile investment and will continue to generate economic impact for the City of Baltimore, specifically Inner Harbor and the surrounding neighborhoods, for years to come. Seventy-five percent of survey respondents are *very likely* or *likely* to visit Inner Harbor/downtown for New Year’s Eve *in the next three years*.

How likely are you to visit Inner Harbor/downtown for New Year’s Eve *in the next three years*?



New Year’s Eve is truly a “big tent” event in the sense that it is almost universally celebrated no matter what age, gender, race, religion, music or sports affiliation. The following data aims to provide quantifiable demographic information that can help form, support, or benchmark the direction of the event.

Visitor Demographics

Age

- 4.6% are 18-24 year olds
- 25.5% are 25-34 year olds
- 48.4% are 35-49 year olds
- 19.0% are 50-64 year olds
- 2.6% are 65+ year olds

Gender

- 53.6% male
- 46.4% female

Marital Status

- 17.0% single
- 58.2% married
- 20.9% partnered
- 3.9% separated/ divorced

- 51.6% live with dependent children

Education

- 6.5% high school graduates
- 26.8% some college/technical or vocations school
- 40.5% four-year college
- 26.2% post graduate degree

Income

- 2.7% - less than \$25,000
- 20.0% - \$25,000 to \$49,999
- 33.3% - \$50,000 to \$74,999
- 27.3% - \$75,000 to \$99,999
- 12.0% - \$100,000 to \$124,999
- 4.7% - \$125,000+

Ethnic or Cultural Background

- 15.0% African American/ Black
- 5.9% Asian
- 75.2% Caucasian/ White
- 3.9% Hispanic

Economic Impact of Inner Harbor/Downtown Visitors

The need for information about the economic impact and financial benefits of special events and festivals on communities and cities is imperative. Whether public or private stewards, event managers face the challenge of communicating how an event will generate enough financial gain to offset the money and effort required to produce it. By clearly illustrating the economic impact produced by a social or cultural event, a link can then be drawn to its role in the overall economic vitality of the community.

This section explains the direct and indirect business volume and government revenues generated by visitors to Inner Harbor/downtown on New Year's Eve. While we can not assume that all dollars spent in the area are attributable to Baltimore's New Year's Eve Spectacular, research demonstrates that the fireworks extravaganza plays a significant role in drawing people to Inner Harbor/downtown. To reiterate these statistical findings, 68% of survey respondents indicated that they were *not likely* or *not likely at all* to visit Inner Harbor/downtown if there were no fireworks on New Year's Eve. And 73.2% of respondents revealed that fireworks were their primary reason for celebrating at Inner Harbor/downtown.

Economic impact generally measures *new money* brought into the economy by out-of-area visitors. Spending by local residents, those residing in downtown Baltimore are not included. Local spending merely represents a redistribution of existing money in the community and as such is not considered new money.

With 50,000 people visiting Inner Harbor/downtown, market research determined that 20% of attendees reside in downtown Baltimore. And 40,000 people came from outside of area bringing fresh dollars into the local economy.

Business Volume Impact
The Direct and Indirect Expansion of the Economy

New Year's Eve 2009 had a total economic impact on Inner Harbor/downtown Baltimore's business volume of \$6.9 million, comprising \$1.9 million in direct impact and a further \$5 million in indirect impact.

The following chart breaks down the visitor dollars spent on food and drinks and local restaurants and bars, entertainment, retail, gasoline, ground transportation, lodging, etc. in Inner Harbor/downtown Baltimore. The indirect impact takes into account the re-spending of direct impact within the economy as a result of the multiplier effect.

Visitor Spending	Impact
Food and drinks in restaurants	\$789,791
Overnight accommodations	\$226,670
Retail	\$281,371
Entertainment	\$289,130
Ground transportation	\$21,037
Gasoline purchases	\$115,389
Parking	\$140,998
Direct Impact	\$1,864,386
<i>multiplier</i>	<i>1.7</i>
Indirect Impact	\$5,033,844
Total Economic Impact	\$6,898,230

Eighty-seven percent of survey respondents spent money on food and drinks at local restaurants on New Year's Eve. The average party expenditure at restaurants is \$82.91. Seventy-four percent of visitors generated revenue for downtown parking garages, while 25.1% relied on public transportation, including light rail, Metro, or cab services.

Government Revenue Impact

When an event such as Baltimore's New Year's Eve Spectacular brings people and money into the area, tax revenues are generated for local and state governments. Tax revenues are paid directly by the event visitors on purchases such as retail, food and drinks, and overnight lodging. This study does not measure the government revenues generated by the indirect impact of the event.

Sales Tax

As previously detailed, New Year's Eve generated substantial revenue for businesses in Inner Harbor/downtown. Accordingly, direct spending by out-of-area visitors generated \$93,219 in sales tax revenues for the State of Maryland.

Hotel Tax

New Year's Eve 2009 guaranteed full occupancy for many local hotels. Nearly 13% of survey respondents paid an average price of \$161.97 to spend the Eve in Inner Harbor/downtown. Overnight guests generated a direct impact of \$226,670 for local hotel merchants. This spending also generates hotel room tax revenues for the local and state governments. The City of Baltimore gained \$17,000 in hotel tax revenue on New Year's Eve. The State of Maryland gained \$11,333 in tax revenue.

Gasoline Excise Tax

Out-of-area visitors spent \$115,389 in gasoline during their travels to Inner Harbor/downtown to celebrate New Year's Eve 2009. A gasoline excise tax of \$.235 per gallon generates \$10,429 for the State of Maryland.

Parking Tax

A 16% parking tax generated \$22,559 for the City of Baltimore during its New Year's Eve celebrations.

Restaurant and Hotel Interviews

The above data proves that New Year's Eve 2009 generated significant revenue for Inner Harbor/downtown businesses. Moreover, survey research reveals that Baltimore's New Year's Eve Spectacular, particularly the fireworks display, contributes largely to the crowds and dollars spent locally.

Baltimore Office of Promotion & The Arts commissioned Forward Analytics research team to conduct interviews with 10 restaurants and 10 hotels in the Inner Harbor/downtown. The purpose is measure the attitudes and opinions of merchants regarding the impact of sponsored fireworks and entertainment on their business and revenue. The highlights are as follows:

- 100% of restaurants and hotels *strongly agree* that Baltimore's New Year's Eve Spectacular brings the City alive, creating an unparalleled atmosphere and experience for Baltimore residents and visitors alike.
- 100% of restaurants and hotels *strongly agree* or *agree* that Baltimore's New Year's Eve Spectacular fireworks display brings people to the Inner Harbor/downtown area and creates a significant economic impact for downtown businesses.
- 7 out of 10 hotels had 100% occupancy rate on New Year's Eve. 3 of the 10 hotels had an occupancy rate of 95%. These 10 hotels offer nearly 4,000 rooms. Interviews reveal that occupancy on an ordinary winter's night may be at 55%.
- On New Year's Eve, hotels received premium rates for rooms with a view of the fireworks. For example, one hotel charged \$400 for rooms with a view.
- Some hotels hosted New Year's Eve parties in their ballroom, but others hosted private parties- weddings, reunions, etc. 6 out of 10 hotels indicated that the ballrooms are booked for New Year's Eve 2011.
- Several hotels indicated that they have many reservations for Fourth of July fireworks at Inner Harbor. Again, rooms with a view are selling for premium prices.
- Hotel and restaurant staff was at a high on New Year's Eve. One hotel staffed 600 employees for the celebration. This generates significant income tax revenue for the City and State.
- 10 out of 10 restaurants served to capacity on New Year's Eve. An estimated 4,500 dinners were served at these 10 restaurants. For some restaurants, New Year's Eve business was more than double an ordinary winter's night.
- Restaurants were asked to rate the impact that the New Year's Eve Spectacular fireworks event may have on their business. The average score is a 4.1 on a scale of 1 to 5, where 1=no impact and 5=very strong impact.