

Audience Research
and
Economic Impact Study of
Baltimore's Ports America Chesapeake
Fourth of July Celebration 2010

Prepared by
Forward Analytics, Inc.
3234 Eastmont Avenue
Pittsburgh, PA 15216
www.forwardanalytics.com

Highlights of the Study

The main event of most Fourth of July celebrations is, of course, the nightly fireworks display providing a colorful celebration of American Independence. Though many cities have had to make deep cuts to combat the recession's effects, visitors and residents of Baltimore continue to enjoy the Fourth of July tradition. An estimated 120,000 people canvassed Inner Harbor and the surrounding neighborhoods to view the brilliant colors in the sky and their reflections in the water. The crowds came as early as noon to discover, or rediscover, the City. As they waited for the explosion in the sky, visitors spent money in shops and restaurants and at attractions.

- Baltimore's Ports America Chesapeake Fourth of July Celebration 2010 attracted an estimated 120,000 people to the Inner Harbor/downtown area. While a total of 82.6% of attendees came from outside of downtown Baltimore, an overwhelming 42.6%, or more than 51,000 visitors, came to Inner Harbor/downtown from out-of-state.
- July 4, 2010 had a total economic impact on the City of Baltimore business volume of \$13.6 million, comprising \$5 million in direct impact and a further \$8.6 million in indirect impact. Direct spending by visitors generated \$268,136 in sales tax revenues for the State of Maryland.
- Overnight guests spent an estimated \$1.1 million at local hotels. Hotel expenditures generated an estimated \$80,057 in tax revenues that goes directly to the City of Baltimore, and \$64,045 for the State of Maryland.
- 62.4% of survey respondents indicated 'fireworks' are the primary reason for visiting Inner Harbor/downtown for Fourth of July. 'Enjoying the atmosphere or socializing' (50.4%) is another top reasons for visiting Inner Harbor/downtown on the July 4th.
- 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 92.6% of survey respondents indicate the fireworks display to be *very important* or *important*. The variety of restaurants and food is *very important* or *important* to 86.7% of visitors.
- 100% of interviewed restaurants and hotels *strongly agree* that Baltimore's Ports America Chesapeake Fourth of July Celebration 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 Ports America Chesapeake Fourth of July Celebration brings people to the Inner Harbor/downtown area and creates a significant economic impact for downtown businesses.
- For 27.5% of survey respondents, the July 4th holiday was the first time *in the past* year that they visited Inner Harbor/downtown. Thirty-three percent of survey respondents visited 2 or 3 previous times, while another 40% visited four or more times in the past year.

- Thirty percent all survey respondents earned an undergraduate degree, while another 21.8% earned a post-graduate degree. Accordingly, 46.8% percent of respondents indicate their household income to be \$50,000 and above.

Introduction

The patriotic spirit of America is alive and well in the City of Baltimore. For over 200 years, this maritime City has celebrated our nation's independence in a big way. Records date back to 1828 when in preparation for the Fourth of July celebration in Baltimore, several women were making an American flag to be flown on a miniature 40-foot ship to be pulled in the city parade.

Today, an estimated 120,000 people gathered in Inner Harbor/downtown and surrounding neighborhoods to commemorate our nation's birthday. Harborplace was brimming with music all day long. Street performers began entertaining at the Harborplace Amphitheatre stage at noon and continued during the fireworks display at dusk. Visitors and residents spent the long sun drenched day exploring the sights and ambiance of the Inner Harbor area. Not only did they spend money in shops and restaurants, visitors took home a favorable impression of the City of Baltimore.

Research shows that investment in Baltimore's Fourth of July fireworks brings a "high yield" in terms of returned economic value to the local businesses, government, and individuals. This investment takes a variety of forms including sponsorship dollars, investment by local governmental entities regarding policing and other services to support the event. What follows is a detailed account of the substantial ways in which for Baltimore's Ports America Chesapeake Fourth of July Celebration impacts the economy of the Inner Harbor, City of Baltimore, and State of Maryland.

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 Ports America Chesapeake Fourth of July Celebration. The primary goal of the research is to measure the economic impact of the July 4th fireworks celebration on the City of Baltimore, specifically its restaurants, hotels, retailers, and marinas. 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 area on July 4th, 2010. Prior to the event, Forward Analytics collaborated with BOPA to create a 2-page questionnaire. In-person interviews were administered by Forward Analytics staff to 204 adult attendees (age 18+). The sample size represents a statistical significance of +/-6.9% margin at the 95% confidence interval. 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 factors in drawing visitors to spend the Fourth of July at Inner Harbor or surrounding neighborhoods.

The research also incorporates guided interviews with 10 hotels, 10 restaurants, and 10 marinas of the Inner Harbor. Similar to the audience survey, the goal of the business interviews is to gauge the impact of the Fourth of July fireworks display on the volume of business and the dollars spent by customers.

“Visit Characteristics” and Demographics

As mentioned, an estimated 120,000 people celebrated July 4th at Inner Harbor and surrounding neighborhoods. Visitors came from all corners of Maryland and from many states along the east coast. Audience research demonstrates that 82.6% of July 4th visitors to Inner Harbor/downtown traveled from outside of downtown Baltimore to celebrate our nation’s independence.

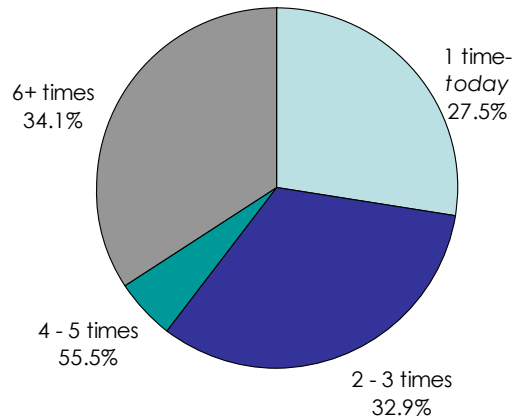
Residence of Baltimore’s Fourth of July Celebration

Downtown Baltimore	17.4%
Baltimore Metropolitan Area, not including downtown	13.1%
In Maryland, but outside Baltimore Metropolitan Area	26.9%
out-of-state	42.6%

For 27.5% of survey respondents, the July 4th holiday was the first time *in the past year* that they visited Inner Harbor/downtown. Thirty-three percent of survey respondents visited 2 or 3 previous times, while another 40% visited four or more times in the past year.

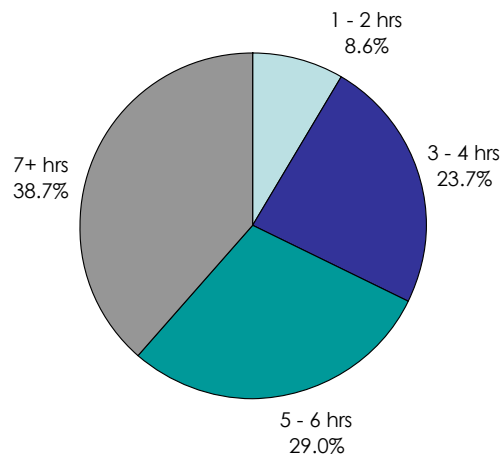
Why do people visit Inner Harbor for July 4th and how long to they stay? The backdrop of Inner Harbor- the water, boats, and architecture- makes it a relaxing AND exciting place to spend a summer holiday. And when asked the *primary* reason for visiting Inner Harbor/downtown for the Fourth of July, 62.4% of survey respondents indicated ‘fireworks in the evening’. ‘Enjoying the atmosphere or socializing’ (50.4%) and ‘dining at restaurants’ (27.7%) are also top reasons for visiting Inner Harbor/downtown on the Fourth.

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



The perfectly sunny Sunday enticed visitors to spend the majority of the day at Inner Harbor and remain in the area for the fireworks display. Over half of survey respondents (67.7%) spent 5 or more hours in Inner Harbor and the surrounding neighborhoods, reportedly spending money and stimulating the economy.

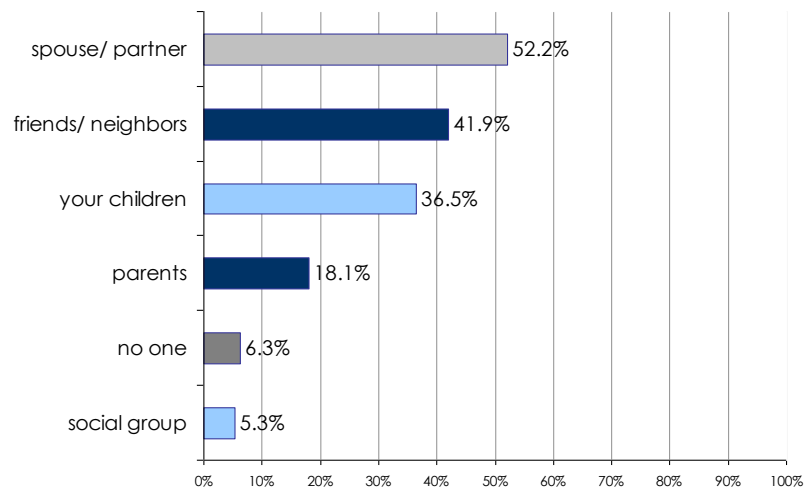
How many hours do you plan to spend in Inner Harbor and the surrounding neighborhoods today?



Visitor party size ranges from just one visitor to groups of 12+. The average party size is 3.4. The mode for attendee party size, or the more frequently encountered party size, is two persons. Pairs rank the highest proportionally (36.3%), followed by groups of three people (20.9%).

Fifty-two percent of attendees celebrated the Fourth of July with their spouses/partners, while 36.5% celebrated with children. Another 41.9% of survey respondents celebrated their independence with friends.

Who did you spend the Fourth of July with?

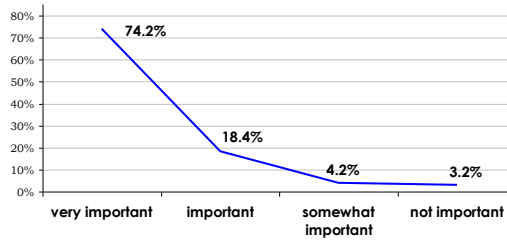


Respondents were asked to check all that apply.

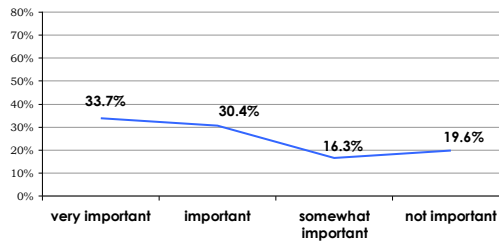
Another survey question was designed to gauge the value of various entertainment options when deciding to visit Inner Harbor/downtown for the Fourth of July. Survey respondents were asked to rate the importance (on a four-point scale) of fireworks, free staged entertainment, variety of restaurants/ food, and available lodging. An overwhelming 92.6% of survey respondents indicate the fireworks display to be very important or important.

When deciding to visit the Inner Harbor/downtown for July 4th, how important are the following?

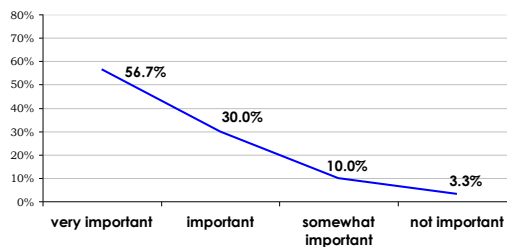
Fireworks Display



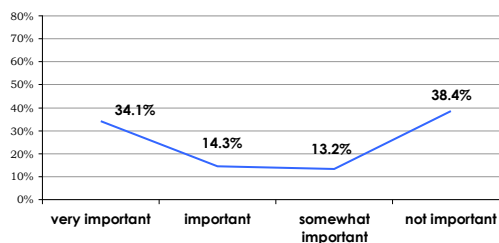
Free Staged Entertainment



Variety of Restaurants/ Food



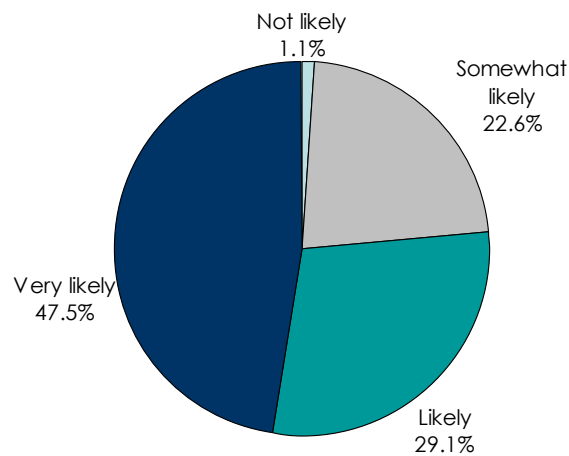
Available Lodging



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 the Fourth of July if there were no fireworks display?" Fifty-two percent indicated *not likely* or *not likely at all*. That's an estimated 62,400 visitors who would have spent their money elsewhere. Furthermore, 16.3% of survey respondents were *not likely* or *not likely at all* to visit Inner Harbor/ downtown for the Fourth of July if there was no music or staged entertainment. Clearly, Ports America Chesapeake Fourth of July Celebration attracts people to the Inner Harbor/downtown area creating a significant economic impact for the local businesses.

Baltimore's Fourth of July fireworks display 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. An overwhelming 76.6% of survey respondents are *very likely* or *likely* to visit Inner Harbor/downtown for the Fourth of July *in the next three years*.

How likely are you to visit Inner Harbor/downtown for July 4th *in the next three years*?



The following data aims to provide quantifiable demographic information that can help form, support, or benchmark the direction of the event.

Visitor Demographics

Age

- 26.8% are 18-24 year olds
- 25.6% are 25-34 year olds
- 26.8% are 35-49 year olds
- 19.5% are 50-64 year olds
- 1.3% are 65+ year olds

Gender

- 55.7% male
- 44.6% female

Marital Status

- 43.9% single
- 35.4% married
- 13.4% partnered
- 7.3% separated/ divorced

- 33.4% live with dependent children

Education

- 15.6% high school graduates
- 32.1% some college/technical or vocations school
- 30.5% four-year college
- 21.8% post graduate degree

Income

- 11.7% - less than \$25,000
- 29.9% - \$25,000 to \$49,999
- 20.8% - \$50,000 to \$74,999
- 13.0% - \$75,000 to \$99,999
- 10.4% - \$100,000 to \$124,999
- 2.6% - \$125,000+

Ethnic or Cultural Background

- 52.5% African American/ Black
- 6.3% Asian
- 36.3% Caucasian/ White
- 4.9% Hispanic

Economic Impact of Inner Harbor/Downtown Visitors

The Fourth of July continues to be the busiest travel holiday of the year as children are out of school and families head to their favorite or new vacation spot. Nearly 35 million travelers were expected to take the roads and skies over the Fourth of July weekend. The east coast is full of great places to enjoy the weekend and cities and towns are competing for tourist dollars.

This section explains the direct and indirect business volume and government revenues generated by visitors to Inner Harbor/downtown on July 4th, 2010. While we can not assume that all dollars spent in the area are attributable to the Baltimore's Office of Promotion and Arts firework display, research demonstrates that the fireworks plays a significant role in drawing people to Inner Harbor/downtown. To reiterate these statistical findings, 52% of survey respondents indicated that they were *not likely* or *not likely at all* to visit Inner Harbor/downtown if there were no fireworks in the evening of the Fourth of July. And 62.4% of respondents revealed that fireworks were their primary reason for celebrating the Fourth 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 120,000 people visiting Inner Harbor/downtown, market research determined that 17.4% of attendees reside in downtown Baltimore. And 99,120 people came from *outside* of area bringing fresh dollars into the local economy.

Business Volume Impact
The Direct and Indirect Expansion of the Economy

July 4th, 2010 had a total economic impact on Inner Harbor/downtown Baltimore's business volume of \$13.6 million, comprising \$5 million in direct impact and a further \$8.6 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	\$2,075,203
Overnight accommodations	\$1,067,427
Retail	\$926,058
Entertainment	\$400,264
Ground transportation	\$30,357
Gasoline purchases	\$170,225
Parking	\$360,913
Direct Impact	\$5,030,447
<i>multiplier</i>	<i>1.7</i>
Indirect Impact	\$8,551,760
Total Economic Impact	\$13,582,207

Seventy-three percent of survey respondents spent money on food and drinks at local restaurants on July 4th. The average party expenditure at restaurants is \$96.98. Sixty-six percent of visitors generated revenue for retailers while the average party spent \$63.28 on souvenirs, clothing, etc.

Government Revenue Impact

When a holiday such as the Fourth of July 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, as well as gasoline and parking. This study does not measure the government revenues generated by the indirect impact of the event.

Sales Tax

As previously detailed, Fourth of July generated substantial revenue for businesses in Inner Harbor/downtown. Accordingly, direct spending by out-of-area visitors generated \$204,091 in sales tax revenues for the State of Maryland from food and beverage, retail, and entertainment purchases.

Hotel Tax

July 4th, 2010 guaranteed full occupancy for many local hotels. Survey research reveals that 31.3% of Inner Harbor/downtown visitors spent the night at a local hotel/motel. Survey respondents paid an average price of \$147.64 per night. Overnight guests generated a direct impact of \$1.1 million for local hotel merchants. This spending also generates hotel room tax revenues for the local and state governments. The City of Baltimore gained \$80,057 in hotel tax revenue on July 4th. The State of Maryland gained \$64,045 in tax revenue.

Gasoline Excise Tax

Out-of-area visitors spent \$170,225 in gasoline during their travels to Inner Harbor/downtown to celebrate July 4th. A gasoline excise tax of \$.235 per gallon generates \$14,546 for the State of Maryland.

Parking Tax

A 16% parking tax generated \$57,746 for the City of Baltimore during its July 4th celebrations.

Restaurant, Hotel, and Marina Interviews

The above data proves that tourism on the Fourth of July generated significant revenue for Inner Harbor/downtown businesses. Moreover, survey research reveals that Inner Harbor 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, 10 hotels, and 10 Marinas in the Inner Harbor/downtown. The purpose is measure the attitudes and opinions of businesses regarding the impact of sponsored fireworks and entertainment on their business and revenue. The highlights are as follows:

- 100% of restaurants, hotels, and marinas *strongly agree* that Baltimore's Fourth of July fireworks display 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 Fourth of July fireworks display brings people to the Inner Harbor/downtown area and creates a significant economic impact for downtown businesses.
- 6 out of 10 hotels had 100% occupancy rate on July 4th. 4 of the 10 hotels had an occupancy rate of 95%. 10 out of 10 marinas had 100% occupancy. The fireworks display nearly doubled marina business when compared to a typical summer weekend.
- During the July 4th weekend, hotels received premium rates for rooms with a view of the fireworks. The fireworks display allows hotels and marinas to require a two- or three-night minimum stay during the holiday weekend. While this guarantees additional revenue for the hotel or marina, other businesses reap the economic benefits, too.
- Several hotels and marinas indicated that reservations for the Fourth of July holiday were made as early as January. Though it was reported that some travelers cancelled their reservation when they heard a rumor that there would be no July 4th fireworks display due to lack of sponsors/money. However, business was recouped once the fireworks display was confirmed.
- Unlike New Years Eve, July 4th generated a steady flow of business for restaurants. Patrons filled the restaurants from lunch until close.