

## Highlights of the Study

- The 20<sup>th</sup> Baltimore Book Festival attracted an estimated 100,000 visitors to Inner Harbor over the three-day event, September 25<sup>th</sup> to 27<sup>h</sup>, 2015. Survey research shows that approximately 32,500 Baltimore residents experienced the event, another 44,500 reside elsewhere in Maryland, while an overwhelming 23,000 visitors came from out-of-state. Survey respondents included residents of 17 other states, spanning the country as far north as New Hampshire, Florida in the south, California and Washington to the west.
- Each year, the free-of-charge Baltimore Book Festival attracts hundreds of author appearances and book signing, 120+ exhibitors and booksellers, non-stop readings, cooking demos by celebrity chefs, poetry, panel discussions, storytellers, children's activities, live music and dance, and a variety food and beverages.
- Baltimore Book Festival attendees gave high ratings to some of the main attractions of the literary celebration: Food for Thought (91.4%); Literary Salon (88.8%); Inner Harbor Stage (88.3%), and Health and Wellness stage (86.8%).
- Seventy-five percent of survey respondents purchased books at the Baltimore Book Festival. Sixty-seven percent of respondents are *very likely* or *likely* to purchase authors, books or new genres of writing experienced at the festival.
- The total economic impact of the 2015 Baltimore Book Festival is estimated at \$8.30 million for the three-day literary event. Baltimore Book Festival increased the local business volume by \$2.58 million in direct impact and \$5.45 million in indirect impact.
- Baltimore Book Festival visitors spent an estimated \$1.72 million at local restaurants. Overnight visitors accommodated approximately 2,300 room nights resulting in a direct impact of \$355,100 for hotels and other overnight accommodations. Other expenditures included retail, attractions, parking, gasoline, and ground transportation. Each non-local visitor spent an estimated \$34 while enjoying the Baltimore Book Festival.
- The State of Maryland received an estimated \$31,700 in tax revenue from the economic activity generated by Baltimore Book Festival visitors. In addition to the \$2.54 million in spending by visitors, the City of Baltimore gained an estimated \$40,600 in tax revenues.
- The \$2.58 million in direct spending attributable to the Baltimore Book Festival generated an additional \$3.97 million in Maryland's employment wages<sup>1</sup> supporting 107 FTE at an annual salary of approximately \$37,300.
- In addition to the total economic impact, Baltimore Book Festival attendees spent an estimated \$2.26 million on food and beverages, books and other retail sold by festival vendors. Each visitor spent an estimated \$23 with festival vendors.
- Seventy-eight percent of survey respondents rated the availability of cultural activities in Baltimore as excellent (34.5%) or good (43.6%).

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<sup>1</sup> Forward Analytics utilizes the Gross Employment Multiplier of 1.5368 generated by United States Bureau of Economic Analysis to determine the employment wage impact.

## I. Introduction

It's been 20 years since the Baltimore Book Festival began, and its purpose to celebrate literature and promote a culture of reading has stayed the same. The 2015 Baltimore Book Festival, September 25th-27th, 2015, attracted an estimated 100,000 to Inner Harbor. What more inspiring place to enjoy the Book Festival than the water's edge with a beautiful city skyline reflecting on the harbor?

Historically hosted in the Mt Vernon neighborhood, construction on the Washington Monument, as well as an increase in volume of interested exhibitors, and additional programming partners, informed the move to the Inner Harbor two years ago. As such, the literary celebration has doubled in size, as well as social, cultural, and economic impact.

## II. Framework of the Study

While the Baltimore Book Festival is an essential piece of the Baltimore cultural scene, inspiring and promoting literary, performing and visual arts, the three-day event has a significant role in tourism development and economic impact for the City. Audience research and economic impact analysis provides a quantitative method to estimate these social and economic benefits to the community. The intent of this framework section is to acquaint the audience with the method used.

### A. Purpose of the Study

The Baltimore economy depends on revenue, employment, and income that festivals and special events bring to the City. Forward Analytics was contracted by Baltimore Office of Promotions & The Arts (BOPA) to measure the extent to which the Baltimore Book Festival enhances cultural tourism, expands the local economy, and creates a positive image for the City. The research firm has extensive experience and expertise in conducting economic and social impact studies for a wide variety of clients in Maryland and top tourism events throughout the country.

The goals of this research was to measure the economic impact of the Baltimore Book Festival, specifically direct and indirect business volume, local and state tax revenue, and resulting employment and wages. Evaluating the impact of Baltimore Book Festival is crucial to analyze the return on investment (ROI) for the citizens, event planners, sponsors, government entities and the affected communities. In addition, audience research was designed to measure the following:

- overall event satisfaction;
- socio-graphics and psychographics of attendees;
- attendance motivators, and
- sponsorship data.

### B. Methodology

The study utilized a customized survey to collect data from a random sample of Baltimore Book Festival attendees. Prior to the festival, Forward Analytics collaborated with BOPA to create a 4-page survey.

Forward Analytics administered in-person interviews to 389 adult attendees (ages 18+) during the 3-day festival. The sample size represents a statistical significance of +/-3.5% margin at the 95% confidence interval. This allowed analysis at the 95% confidence interval, with a +/-5% margin of error- a confidence level considered significant for making business decisions. In order to gather representative data, Forward Analytics conducted surveys during diverse hours of the day and at various sites throughout the festival grounds of Inner Harbor.

Additionally, the methodology incorporated detailed information supplied by BOPA. The event planners reported back the expenditure levels and geo-spatial distribution (spending locally vs. non-locally) along other related economic information.

### C. The Economic Impact Model

The economic impact study measured the direct and indirect business volume and government revenues attributed to the Baltimore Book Festival. The impact model used employs a linear cash flow methodology first developed by Cafferty & Isaacs for the American Council on Education. The Cafferty & Isaacs methodology is the most widely-used impact study tool and has been used throughout the United States in impact analyses for both profit and not-for-profit organizations, corporations, institutions and events.

The economic impact of a special event is largely a function of the spending made by the visitors. When calculating the economic impact of an event, it is necessary to know the crowd size or attendance. Baltimore Book Festival was a free event. As such, there were no ticket sales or admission gates to quantify people participating in the three days of events. Baltimore Office of Promotions & The Arts uses reliable sources to estimate crowd size. Based on the information received, Baltimore Book Festival drew an estimated 100,000 people to Inner Harbor over three days.

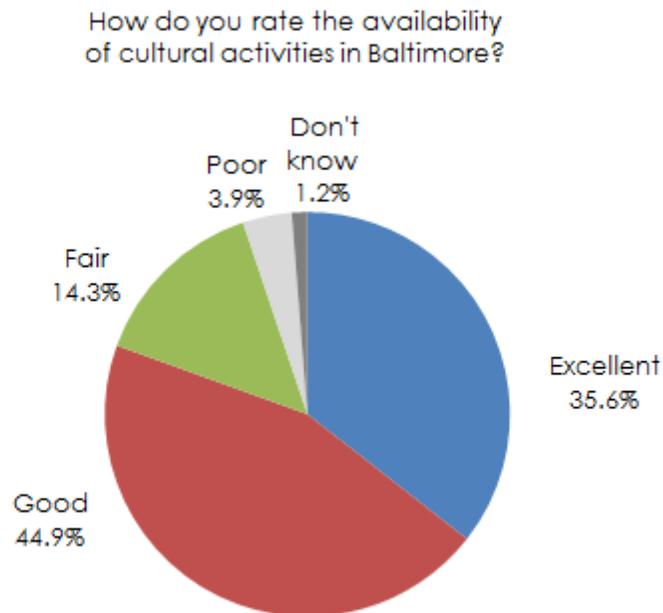
Economic impact generally measures *new money* brought into the economy by out-of-area visitors. Spending by local residents (residing in Baltimore City) represents a redistribution of existing money in the community and is not included in this study. Data shows that 32.5% of attendees reside in Baltimore City. That said, 67.5% of Baltimore Book Festival attendees (67,500 people) spent "new dollars" in the area and impact the local economy as outlined further in this report.

The linear cash flow model that we used in this study takes into account the re-spending of money within the economy as a result of what professional economists term "the multiplier effect." The multiplier effect measured the indirect impact, or the circulation of dollars originally attributable to the Baltimore Book Festival, and tracks their spending by successive recipients until the funds eventually leak out of the economy. The sum of these direct and indirect expenditures represents the total impact of the Baltimore Book Festival on the local business volume. The direct spending attributable to the \$200 events generated government revenues for the City and State which may include hotel taxes, sales taxes, gasoline excise tax, etc.

## III. Research Findings

BOPA's mission is to *produce high-quality special events, festivals and arts programming that stimulate communities economically, artistically, and culturally*. Accordingly, the organization's events have been recognized as essential to Baltimore's tourism industry, cultural well-being, and

pride. In fact, survey research shows that the availability of cultural activities in Baltimore is seen as *excellent* or *good* by the majority of survey respondents.



No doubt, Baltimore Book Festival has contributed to the city's social and cultural scene. Here's what the attendees are saying:

*"I enjoyed the cultural diversity. There are books for everyone to enjoy and learn from."*

*"I love that the book festival is at the Inner Harbor now. It has plenty of parking and I make an entire day of visiting."*

*"I'll be back soon to enjoy the shops and water taxi."*

*"I had a blind date with a book. It was an amazing experience."*

*"We live in the city partly because of all the amazing walkable events available."*

*"Spent the whole afternoon at the Literary Salon. The authors and host were so interesting."*

*"I liked the live music and food/drink-it helped create a whole festival atmosphere that I feel brought in more people."*

Certainly, the excitement from Baltimore Book Festival will be exploited to further attract tourists as well as locals to the Inner Harbor and downtown. But knowing demographics and travel motivations is essential for successful tourism planning, destination management and sponsor support.

#### A. Demographics and Attendee Information

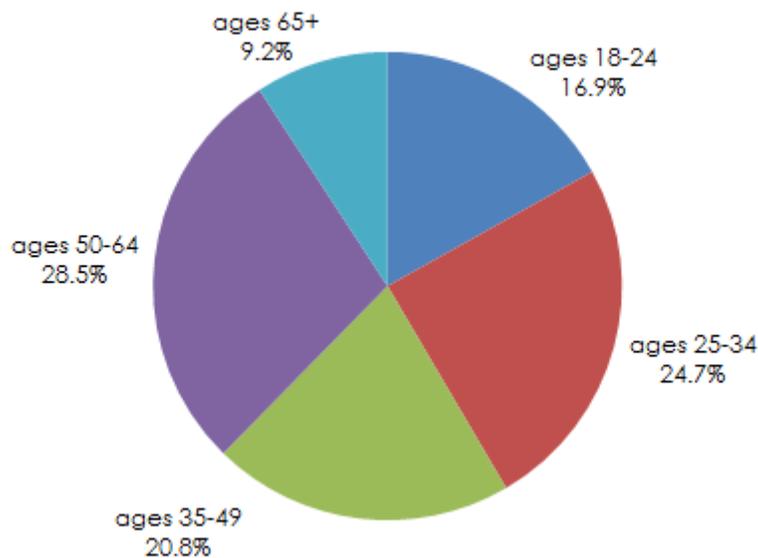
As previously indicated, 32.5% of Baltimore Book Festival attendees reside in Baltimore City. Another 43.8% reside elsewhere in the State of Maryland. Twenty-four percent of attendees reside outside of Maryland (a weighty increase from 11% in 2012). Survey respondents

represent 17 other states, as well as D.C. These states include residents of D.C. and 17 other state. The most represented states include Pennsylvania, Virginia, New York, Arizona and Florida.

Seventy-three percent of survey respondents indicated that the Baltimore Book Festival is the main reason they were at the Inner Harbor. Each year, the free-of-charge Baltimore Book Festival attracts hundreds of author appearances and book signing, 120+ exhibitors and booksellers, non-stop readings, cooking demos by celebrity chefs, poetry, panel discussions, storytellers, children's activities, live music and dance, and a variety food and beverages.

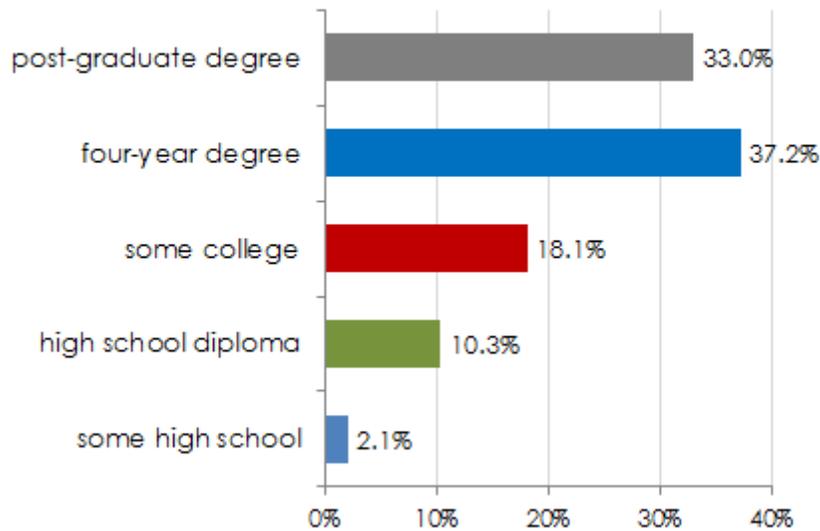
The population surveyed consists of 66.4% females and 31.1% males. Survey respondents indicated their ethnic or cultural background as 55.9% Caucasian/white; 28.5% African American/black; 6.1% Asian, and 4.6% Hispanic. Baltimore Book Festival attracted nearly the same number singles (42.4%) as married (38.5%) or partnered (6.4%) attendees. Attendees span all generations with 37.7% over the age of 50. Yet, slightly more, 41.6% of attendees, are age 34 or under. Thirty-three percent of attendees came to the festival with kids.

Adult Age Ranges of BBF Attendees



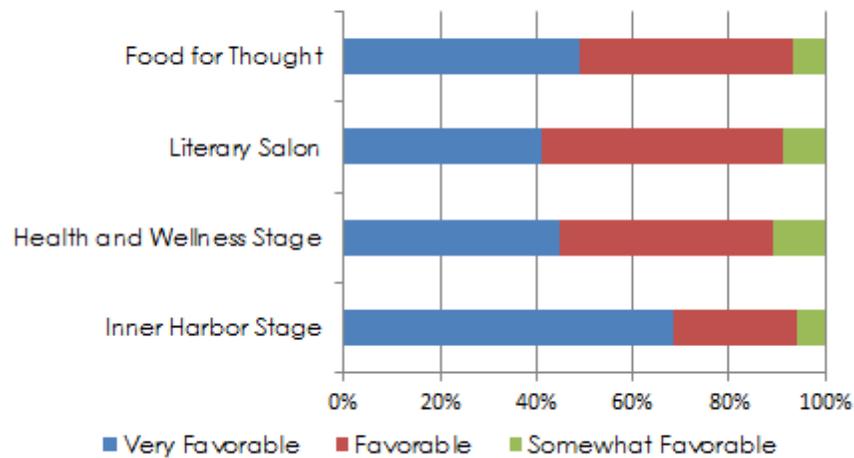
Attendees are well educated with 33% earning a post-graduate degree and 37.2% with a four-year degree.

Education Levels at Baltimore Book Festival



Baltimore Book Festival attendees gave high ratings to some of the main attractions of the literary celebration: Food for Thought (91.4%); Literary Salon (88.8%); Inner Harbor Stage (88.3%), and Health and Wellness stage (86.8%).

Ratings for Favorite Experiences at Book Festival



Sixty-seven percent of survey respondents said they are likely to purchase authors, books or new genres of writing that were experienced at the Book Festival. Seventy-five percent of respondents purchased books at the festival (at the time of conducting the survey).

The 20<sup>th</sup> Anniversary of the Baltimore Book Festival was an amazing success, thanks to the authors, sponsors, volunteers, and many people behind the scenes. While BOPA is the producing organization of the literary event, little recognition is received. Survey research shows half of survey respondents do not know who primarily produces the event. Twenty-nine percent of respondents successfully acknowledged BOPA as the primary producing group, but 11.8% think it's Baltimore City and 8.7% think it's Enoch Pratt Library.

## B. Economic Impact Findings

*The 2015 Baltimore Book Festival had an estimated total economic impact on the City of Baltimore business volume of \$8.03 million, comprised of \$2.58 million in direct impact and a further \$5.45 million in indirect impacts.*



The direct economic impact, or “first-round” spending, of the 2015 Baltimore Book Festival is estimated at \$2.58 million. This figure is the sum of a.) attendee spending and b.) event-host spending. Additionally, these “direct” expenditures are re-circulated in the local economy as recipients of this first round income re-spend a portion with other businesses in the area. Thus, the “indirect” impact of the Baltimore Book Festival is estimated at \$5.45 million.

### 1. Baltimore Book Festival Attendee Spending

The total economic impact of audience spending in the City of Baltimore attributable to Baltimore Book Festival is estimated to be \$7.87 million. The total economic impact consists of \$2.54 million in direct impact and \$5.33 million in indirect impact.

As previously stated, an estimated 67,500 visitors (from outside the City) traveled to Inner Harbor to enjoy the Baltimore Book Festival. The following chart breaks down the dollars spent at local restaurants, and for entertainment, retail, gasoline, ground transportation, lodging, etc. in the City of Baltimore. The indirect impact takes into account the re-spending of direct impact within the economy as a result of the multiplier effect.

<b>Baltimore Book Festival Attendee spending in the City of Baltimore</b>	<b>Impact</b>
Food at local restaurants	\$1,172,700
Alcohol at local restaurants	\$181,800
Non-festival entertainment	\$177,600
Retail purchases	\$260,700
Parking	\$214,900
Gasoline	\$103,400
Ground transportation (light rail, bus, cab, car rental)	\$72,000
Overnight accommodations	\$355,100
<b>Direct Impact</b>	<b>\$2,538,200</b>
<i>multiplier</i>	
<b>Indirect Impact</b>	<b>\$5,330,220</b>
<b>Total Economic Impact</b>	<b>\$7,868,420</b>

## 2. Spending by BOPA Vendors, Services, Products, etc.

Next, the operating expenditures of the event's host, BOPA, are considered. This category of economic impact includes the purchase of goods and professional services from local businesses with money from the organization's operating budget. Whenever possible, Baltimore Book Festival chooses to do business with local vendors. An estimated \$33,000 was spent with businesses in Baltimore City and \$12,000 spent in Baltimore County vendors. (Another \$85,300 spent elsewhere in Maryland.) The direct organizational expenditures in the city and county moved through the local economy and generated an additional \$121,500 in indirect impact. The total local economic impact for organizational spending is \$166,500.

Baltimore Book Festival would not be possible with the support of sponsors. Over \$51,000 in sponsor dollars came from corporations headquartered outside of Baltimore City and County. This represents new dollars that, in turn, generate direct and indirect revenue for the local economy.

## 3. Government Revenue Impact of Attendee Spending

The Baltimore Book Festival continues to boost local business volume and also generated substantial tax revenues for the local and state government. Tax revenues are paid directly by the nonresident festival attendees on purchases with local businesses as mentioned above.

The state of Maryland received an estimated \$31,700 in tax revenue from the economic activity generated by the 2015 Baltimore Book Festival. The City of Baltimore gained \$40,600 in tax revenues. The government revenue impacts comprise the following:

a. Sales Tax

As outlined above, the 2015 Book Festival generated substantial revenue for businesses in the City of Baltimore. Accordingly, direct spending by nonresident attendees generated \$15,200 in state sales tax revenues for the State of Maryland.

b. Alcohol Sales Tax

In July 2011, the state of Maryland added a 3 percent alcohol surcharge on top of the 6 percent sales tax. Baltimore Book Festival attendees spent \$181,800 on alcohol at local restaurants and bars- *not with Baltimore Book Festival vendors*. The alcohol tax hike added another \$5,500 to Maryland tax revenue that is attributable to Baltimore Book Festival.

c. Parking Tax

With an inflow of tourists traveling to the Inner Harbor for Baltimore Book Festival, survey data measured an estimated \$214,900 which was spent on parking in the City. This impact generated approximately \$14,000 for the City of Baltimore.

d. Hotel Tax

While 23.7% of Baltimore Book Festival attendees traveled to Baltimore from out-of-state, survey data revealed that only 9.6% of attendees spent the night at local hotels/motels. This sample represents approximately 2,300 Baltimore hotel rooms occupied by Baltimore Book Festival attendees.

Survey research measured the average nights stayed and average cost of accommodations. Baltimore Book Festival attendees generated a direct impact of \$355,100 for the local hotel industry. The City of Baltimore receives an estimated \$26,600 in hotel tax revenues (in addition to Maryland state sales tax revenues).

e. State Gasoline Excise Tax

Nonresident Baltimore Book Festival attendees spent an estimated \$103,400 in gasoline while traveling to Inner Harbor to experience the festival. A gasoline excise tax of \$.235 per gallon generated \$11,000 for the State of Maryland.

C. Additional Impact

Each year the Baltimore Book Festival contracts with a variety of vendors, concessionaires, and suppliers. The festival generates an extended sales channel and marketplace where local and non-local exhibitors have an occasion to grow their revenues or market a cause. Baltimore Book Festival turns out such great profits and networking opportunities for these exhibitors that many return year-after-year to reap the marketing opportunities and financial gains. In fact, the 2015 festival attracted over 120 businesses and organizations.

According to survey data, 2015 Baltimore Book Festival attendees spent an estimated \$2,264,700 with the event vendors. (These figures represent *all* Book Festival attendees, not only out-of-area visitors. The following figures are not included in the impact analysis.) Each visitor spent an estimated \$23 with Baltimore Book Festival vendors.

<b>Spending with Book Festival Vendors</b>	<b>Impact</b>
Food	\$963,800
Alcohol	\$234,800
Books	\$1,011,500
Other retail	\$54,600
<b>Total</b>	<b>\$2,264,700</b>

Baltimore Book Festival vendors and exhibitors also generated money for the City and State. In taking part in the festival, vendors purchased products and services. Their expenditures included artisan supplies, materials and equipment for building and equipping their temporary operations, transportation, advertising, printing, giveaways, public relations, etc. Non-local vendors spent additional dollars on food, retail and entertainment, not to mention hotel accommodations.

#### D. Impactful Volunteerism

Establishing the vision and direction of an important community event, such as the Baltimore Book Festival, could never have been accomplished without the care and participation of many volunteers. Their involvement enhanced the scale of the festival and enabled a multi-faceted event to effectively serve many community objectives. Undoubtedly, their heartfelt efforts enhanced the social, economic, and educational impacts of Baltimore Book Festival.

An overwhelming 106 spirited volunteers are to be commended for all their efforts and the many hours they gave to help make Baltimore Book Festival a success. They donated an estimated 710 volunteer work hours.

Appraising the exact dollar amount is less critical than the notion that those who volunteered their time could have spent it in many ways but decided this event was of key importance and worth donating their time. If the total of 710 volunteer hours is calculated at the *government dollar value of a volunteer hour* (2013), an estimated \$18,100 was donated in time to the Baltimore Book Festival, the City of Baltimore and its residents.