

*Canadian Sport Tourism Alliance*



*Alliance canadienne du tourisme sportif*

# 2014 CheerExpo National Championships Halifax, Nova Scotia

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Economic Impact Assessment

August 2014

*The following analysis provides the economic impact of the 2014 CheerExpo National Championships hosted from March 27-29, 2014 in Halifax Nova Scotia as generated by the Sport Tourism Economic Assessment Model – Professional Version.*

## **Economic Impact Assessment Funding Partner**

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## 1.0 Background

The 2014 CheerExpo National Championships is a competition and trade show / exhibition specifically targeted at cheerleaders, dancers and coaches. The event, which took place at the Halifax Forum from March 27-29 2014 featured competitions, performances, classes, and a large trade show and exhibition. The event attracted just over 3,000 participants, coaches trainers and vendors as well as 2,600 spectators who watched one or more days of the event. With the spending of the considerable number of out of town visitors to the Halifax Regional Municipality (HRM) along with that of the event organizers, the 2014 CheerExpo National Championships also generated a significant economic impact for the host community, which is the subject of this report.

In measuring the economic impact of the 2014 CheerExpo National Championships, spectators and participants at the event were surveyed as to their origin, length of stay, and spending in Halifax, with the survey methodology and results being the subject of the next section. The study also includes the expenditures made in Halifax by the event organizers as noted in Section 3. Finally, section 4 reports the STEAM PRO<sup>1</sup> results from the combined expenditures of visitors to Halifax and the event organizers' operational expenditures. The appendices include more details about STEAM PRO, the economic impact assessment model used and a glossary of terms.

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<sup>1</sup>The Canadian Sport Tourism Alliance's (CSTA's) **Sport Tourism Economic Assessment Model**, Professional version (STEAM PRO) was used to generate the economic impact estimates detailed in this report. STEAM PRO, which was developed in 2006, is a model that has been designed to incorporate the results of primary data collected from event visitors and the budget / capital expenditures of event organizers and others to prepare economic impact assessments. The model is based on the Canadian Tourism Research Institute's (CTRI - a branch of The Conference Board of Canada) TEAM model, which is the most widely used tourism economic impact model in Canada. The results of STEAM PRO are fully consistent with the CSTA's STEAM model. A more detailed description of STEAM PRO is contained within Appendix 1.

## 2.0 Methodology/ Survey Results

Information regarding the composition and spending of spectators and participants at the 2014 CheerExpo National Championships was collected through the administration of a face-to-face intercept survey. The survey captured essential information to determine the origin of participants taking part in the event and the expenditures of out-of-town visitors to Halifax. The survey was conducted using Samsung Galaxy Tablets running Survey Analytics' Survey Pocket software.<sup>2</sup>

### Survey Results

A total of 369 visitor parties were approached during the event with 345 parties agreeing to participate (a rejection rate of 7%). Of this group, 10 people intercepted were not participating in the CheerExpo and an additional 47 parties had been previously surveyed (14%), yielding a total of 288 valid surveys. The overall sample of valid surveys consisted of 32% of responses from Halifax residents, 36% were from other parts of Nova Scotia, 21% were from other parts of Atlantic Canada and 10% from other areas of Canada and the U.S.<sup>3</sup> Among the out of town visitors 19% were making day trips to Halifax while 68% spent one or more nights in the region.

The overall attendance figures to the CheerExpo were provided by the event organizers and cross referenced with the survey results. In total, the organizers reported that there were 3,017 participants attending the competition with an additional 2,626 spectators in attendance. The study used information from the survey to determine the origin of the spectators through the use of a participant to spectator ratio as illustrated in Table 2.1. In total the study found that the 2014 CheerExpo attracted 4,017 people to the HRM, of which 3,622 stayed overnight.

**Table 2.1 Visitor Origin**

Origin	Participants	Spectator / Participant		Total
		Ratio	Spectators	
Halifax HRM; within 40km	721	1.26	905	1,626
Other NS	859	0.58	498	1,357
Other Atlantic	845	0.84	712	1,557
Other Can / U.S.	401	0.77	307	708
Sameday	191	1.07	204	395
<b>Total</b>	<b>3,017</b>	<b>0.87</b>	<b>2,626</b>	<b>5,643</b>

<sup>2</sup>The survey and methodology were prepared in consultation with the "Guidelines for Measuring Tourism Economic Impact At Gated Festivals and Events", available at:

<http://www.tourism.gov.on.ca/english/tourdiv/research/resources.htm>

<sup>3</sup> The sample size of 446 visitors representing 3,371 visitors gives a statistically significant confidence interval of +/- 4.3%, 19 times in 20.

Among out of province respondents, 18% indicated that this was their first visit to Nova Scotia. More than half of out of province visitors indicated that they visited a tourism website prior to or during their visit. One in five out of province visitors spent one or more nights in other parts of Nova Scotia in addition to visiting Halifax for an additional 1.3 nights.

### Visitor Spending

Out-of-town visitors were asked about their expenditures while in Halifax. For the analysis, spectators were divided into four categories: sameday visitors, Nova Scotia visitors spending one or more nights in Halifax, overnight visitors from other parts of Atlantic Canada and overnight visitors from other parts of Canada and the U.S. The average spending per person ranged from \$97 per person for sameday visitors to \$382 per person for visitors from other parts of Canada.

**Table 2.2 Visitor Spending per Person**

	Other NS	Other Atlantic	Other Canada & US	Sameday	Average
<i>Avg Nights</i>	2.13	2.33	3.14	n/a	2.38
Accommodation	\$86.11	\$118.75	\$166.91	\$0.00	\$116.64
Food & Beverage	\$60.61	\$78.11	\$100.82	\$20.39	\$65.17
Recreation & Entertainment	\$9.85	\$19.20	\$17.11	\$6.43	\$13.37
Event Merchandise	\$45.99	\$44.40	\$26.10	\$21.77	\$38.94
Shopping	\$62.14	\$76.13	\$40.92	\$21.93	\$57.56
Transportation	\$27.27	\$42.41	\$30.87	\$26.94	\$32.61
<b>Total</b>	<b>\$291.97</b>	<b>\$379.00</b>	<b>\$382.73</b>	<b>\$97.46</b>	<b>\$324.30</b>

Combining the attendance estimates of Table 2.1 with the average spending per person from Table 2.2 shows that visitors to the 2014 CheerExpo spent \$1.3 million in Halifax.

**Table 2.4 Aggregate Visitor Spending**

	Other NS	Other Atlantic	Other Canada & US	Sameday	Total
<i>Visitors</i>	<i>1,357</i>	<i>1,557</i>	<i>708</i>	<i>395</i>	<i>4,017</i>
Accommodation	\$116,856	\$184,891	\$118,177	\$0	\$419,924
Food & Beverage	\$82,251	\$121,614	\$71,383	\$8,056	\$283,303
Recreation & Entertainment	\$13,365	\$29,894	\$12,113	\$2,539	\$57,911
Event Merchandise	\$62,408	\$69,130	\$18,480	\$8,600	\$158,618
Shopping	\$84,322	\$118,534	\$28,970	\$8,663	\$240,489
Transportation	\$37,001	\$66,031	\$21,856	\$10,640	\$135,529
Total	\$396,203	\$590,095	\$270,980	\$38,497	\$1,295,775

Typically, the final step in the analysis is to incorporate the attribution factor, or the importance of the 2014 CheerExpo in respondents' decision to visit Halifax. Survey respondents were asked to rate the importance of the event using a scale of 1-10. The overall attribution factor was 94%, thus all visitor spending has been included as part of the study.

### 3.0 Operational Expenditures

An analysis was also made of the operational expenditures made by the event organizers in hosting the 2014 CheerExpo National Championships. The total budget for the event which was spent in Halifax reached \$120,000.

While not included as a direct expenditure in the budget, the 2014 CheerExpo National Championships was supported by a considerable number of volunteers whose time and effort greatly contributed to the success of the event.

## 4.0 Economic Impact Results

The spending of participants and spectators attending the 2014 CheerExpo National Championships in combination with the expenditures made by the event organizers in producing the event reached \$1.5 million, generating an estimated net economic activity (GDP) of \$1.5 million in the Province of Nova Scotia, of which \$958,000 occurred in Halifax. These expenditures supported \$887,000 in wages and salaries in the Province and an estimated 24 jobs, of which 19 jobs and \$620,000 in wages and salaries was in Halifax.<sup>4</sup> The total economic activity (industry output) generated by the event was \$3.1 million in the Province, with \$2.1 million occurring in Halifax.

The total tax revenues supported by the 2014 CheerExpo National Championships reached \$641,000. Of this total, \$270,000 was attributable to the federal government while provincial tax revenues reached \$303,000 and municipal taxes were \$68,400, of which \$55,900 was in Halifax.

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<sup>4</sup> Jobs reported in this study refers to the number of jobs not. Full-time equivalent (i.e. if a typical occupation featured 20 hours of employment and the event supported 40 hours of work, it would support 2jobs or 1 FTE).

**Table 4.1 Total Economic Impact**

	<b>Total Nova Scotia</b>	<b>Local Area Halifax</b>	<b>Rest of Nova Scotia</b>
Initial Expenditure	\$1,510,775	\$1,510,775	\$0
<b>Gross Domestic Product</b>			
Direct Impact	\$600,515	\$600,515	\$0
Indirect Impact	\$541,679	\$196,121	\$345,557
Induced Impact	\$351,791	\$161,339	\$190,452
Total Impact	\$1,493,984	\$957,975	\$536,009
<b>Industry Output</b>			
Direct & Indirect	\$2,367,266	\$1,803,080	\$564,185
Induced Impact	\$749,542	\$343,664	\$405,879
Total Impact	\$3,116,808	\$2,146,744	\$970,064
<b>Wages &amp; Salaries</b>			
Direct Impact	\$366,620	\$366,620	\$0
Indirect Impact	\$305,910	\$152,321	\$153,589
Induced Impact	\$214,840	\$100,818	\$114,022
Total Impact	\$887,370	\$619,759	\$267,611
<b>Employment (Full-year jobs)</b>			
Direct Impact <sup>5</sup>	13.0	13.0	-
Indirect Impact	6.2	3.1	3.1
Induced Impact	4.9	3.1	1.8
Total Impact	24.1	19.2	4.9
<b>Taxes (Total)</b>			
Federal	\$270,012	\$192,536	\$77,475
Provincial	\$302,988	\$233,099	\$69,889
Municipal	\$68,442	\$55,936	\$12,506
Total	\$641,441	\$481,571	\$159,870

<sup>5</sup> Direct employment impact is generally extra shifts or overtime for existing workers rather than new employment.

## **Appendix 1: Economic Impact Methodology – STEAM PRO**

### *Background*

Briefly, the purpose of STEAM PRO is to calculate both the provincial and regional economic impacts of sport tourism. The economic impacts are calculated on the basis of capital and operating expenditures on goods, services and employee salaries, and on the basis of tourist spending within a designated tourism sector. The elements used to measure the economic impacts are Gross Domestic Product (GDP), Employment, Taxes, Industry Output and Imports. STEAM PRO measures the direct, indirect & induced effects for each of these elements.

### *Technical Description of the Impact Methodology used by STEAM PRO*

STEAM PRO and many other impact studies are based on input-output techniques. Input-output models involve the use of coefficients that are based on economic or business linkages. These linkages trace how tourist expenditures or business operations filter through the economy. In turn, the coefficients applied are then used to quantify how tourism related activity in a particular region generates employment, taxes, income, etc. The input-output approach indicates not only the direct and indirect impact of tourism, but can also indicate the induced effect resulting from the re-spending of wages and salaries generated.

All impacts generated by the model are given at the direct impact stage (i.e. the "front line" businesses impacted by tourism expenditures), indirect impact stage (i.e. those industries which supply commodities and/or services to the "front line" businesses) and the induced impact stage (induced consumption attributable to the wages and salaries generated from both the direct and indirect impact). In this sense, the model is closed with respect to wages. Imports are also determined within the model, so the model is closed with respect to imports. Exports are not endogenized (i.e. additional exports are not assumed with the induced impact) which consequently generates more conservative impacts. Another assumption of the model, which leads to more conservative impacts, is that not all commodities and/or services purchased are assumed to have at least one stage of production within the province. This assumption is crucial for souvenirs, gasoline and other commodities.

Taxes and employment are key economic considerations. However, as these concepts fall outside of the System of National Account Provincial input/output tables, their impacts must be calculated separately. Current tax and employment data for each region is used to econometrically estimate a series of coefficients and rates. These coefficients and/or rates are then applied to measures determined within the input-output framework of the model, yielding the final tax and employment figures.

### *Regional (Sub-Provincial) Impact Methodology*

The method used to simulate intraprovincial commodity flows and ultimately regional impacts follows directly from regional economic principles. The principle is referred to as the "gravity model". Basically the "gravity model" states that the required commodity (& service) inputs will be "recruited" in a manner that takes into consideration economies of scale (i.e. production costs), transportation costs and the availability of specific industries. Economies of scale (i.e. lower production costs) are positively correlated with input demand while greater transportation costs are negatively correlated with input demand. Fulfilling that demand from other provincial regions is contingent on the fact that the specific industry does actually exist. An advantage of using the "gravity model" to simulate intraprovincial commodity flows is that as the industrial composition of the labour force changes, or as new industries appear for the first time in specific regions, the share of production between the various sub-provincial regions also changes.

By following this principle of the gravity model, all sub-provincial regions of a province are assigned a coefficient for their relative economies of scale in each industry (using the latest industry labour force measures) as well as a coefficient to represent the transportation cost involved to get each industry's output to the designated market. One variation on the "gravity model" principle involves the estimation of "relative trade distances" by incorporating different "weights" for different modes of transport. Once these coefficients are generated for all regions and over all industries, a measure of sensitivity (mostly relative to price, but in the case of service industries also to a "local preference criteria") is then applied to all commodities. Another variation on the strict "gravity model" approach is that the measure of sensitivity is adjusted by varying the distance exponent (which in the basic "gravity model" is 2) based on the commodity or service required. The variation in distance exponents revolve, principally, around two research hypotheses: (1) the greater the proportion of total shipments from the largest producer (or shipper), the lower the exponent, and (2) the greater the proportion of total flow which is local (intraregional), the higher the exponent.

## Appendix 2: Glossary of Terms Used by STEAM PRO

**Initial Expenditure** - This figure indicates the amount of initial expenditures or revenue used in the analysis. This heading indicates not only the total magnitude of the spending but also the region in which it was spent (thus establishing the "impact" region).

**Direct Impact** - Relates ONLY to the impact on “front-line” businesses. These are businesses that initially receive the operating revenue or tourist expenditures for the project under analysis. From a business perspective, this impact is limited only to that particular business or group of businesses involved. From a tourist spending perspective, this can include all businesses such as hotels, restaurants, retail stores, transportation carriers, attraction facilities and so forth.

**Indirect Impact** - Refers to the impacts resulting from all intermediate rounds of production in the supply of goods and services to industry sectors identified in the direct impact phase. An example of this would be the supply and production of bed sheets to a hotel.

**Induced Impact** - These impacts are generated as a result of spending by employees (in the form of consumer spending) and businesses (in the form of investment) that benefited either directly or indirectly from the initial expenditures under analysis. An example of induced consumer spending would be the impacts generated by hotel employees on typical consumer items such as groceries, shoes, cameras, etc. An example of induced business investment would be the impacts generated by the spending of retained earnings, attributable to the expenditures under analysis, on machinery and equipment.

**Gross Domestic Product (GDP)** - This figure represents the total value of production of goods and services in the economy resulting from the initial expenditure under analysis (valued at market prices).

**NOTE:** The multiplier (A), Total/Initial, represents the total (direct, indirect and induced) impact on GDP for every dollar of direct GDP. This is a measure of the level of spin-off activity generated as a result of a particular project. For instance if this multiplier is 1.5 then this implies that for every dollar of GDP directly generated by “front-line” tourism businesses an additional \$0.50 of GDP is generated in spin-off activity (e.g. suppliers).

The multiplier (B), Total/\$ Expenditure, represent the total (direct, indirect and induced) impact on GDP for every dollar of expenditure (or revenue from a business perspective). This is a measure of how effective project related expenditures translate into GDP for the province (or region). Depending upon the level of expenditures, this multiplier ultimately determines the overall level of net economic activity associated with the project. To take an example, if this

multiplier is 1.0, this means that for every dollar of expenditure, one dollar of total GDP is generated. The magnitude of this multiplier is influenced by the level of withdrawals, or imports, necessary to sustain both production and final demand requirements. The less capable a region or province is at fulfilling all necessary production and final demand requirements, all things being equal, the lower the eventual economic impact will be.

**GDP (at factor cost)** - This figure represents the total value of production of goods and services produced by industries resulting from the factors of production. The distinction to GDP (at market prices) is that GDP (at factor cost) is less by the amount of indirect taxes plus subsidies.

**Wages & Salaries** - This figure represents the amount of wages and salaries generated by the initial expenditure. This information is broken down by the direct, indirect and induced impacts.

**Employment** - Depending upon the selection of employment units (person-years or equivalent full-year jobs) these figures represent the employment generated by the initial expenditure. These figures distinguish between the direct, indirect and induced impact. “Equivalent Full-Year Jobs”, if selected, include both part-time and full-time work in ratios consistent with the specific industries.

**NOTE:** The multiplier (B) is analogous to Multiplier (B) described earlier with the exception being that employment values are represented per \$1,000,000 of spending rather than per dollar of spending. This is done to alleviate the problem of comparing very small numbers that would be generated using the traditional notion of a multiplier (i.e. employment per dollar of initial expenditure).

**Industry Output** - These figures represent the direct & indirect and total impact (including induced impacts) on industry output generated by the initial tourism expenditure. It should be noted that the industry output measure represents the **sum** total of all economic activity that has taken place and consequently involve double counting on the part of the intermediate production phase. Since the Gross Domestic Product (GDP) figure includes only the **net** total of all economic activity (i.e. considers only the value added), the industry output measure will always exceed or at least equal the value of GDP.

**Taxes** - These figures represent the amount of taxes contributed to municipal, provincial and federal levels of government relating to the project under analysis. This information is broken down by the direct, indirect and induced impacts.

**Imports** - These figures indicate the direct, indirect and induced final demand and intermediate production requirements for imports both outside the province and internationally.