

## **A 2008-09 Assessment of Texas Department of Agriculture Programs to Support Rural Economic Tourism Events. How Strong Are These Economic Returns?**

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## Executive Summary

Hometown STARS and Bootstrap Bucks are two programs under GO TEXAN rural community program with Texas Department of Agriculture. The goal of these programs is to help rural communities leverage their tourism marketing dollars.

The role of Texas Tech team is to create a data set using individual and community surveys for reported events and to analyze these data by estimating return on investment from visitor spending and from economic impacts, using IMPLAN multiplier for social/civic events.

A total of 14 communities responded to all surveys, which identifies...

- Response rate of 41 percent
- Average attendance of 15,679 with 14 events attracting 219,506 visitors to rural Texas.
- Average number of visitors per event has increased during last year by 3.5 times
- Rating of TDA support of 9.5 of 10.0 scales, which is a high evaluation of support
- Events covering all types of events (% types listed in pie chart)

2008-09 Events Experienced...

- 18 percent of visitors reported staying in hotel
- 63 percent planning to visit other surrounding areas and 46 percent staying in a nearby town, which illustrates state economic value beyond this report
- 95 percent plan on revisiting the community with 98 percent planned to attend the event again
- An average of \$164 in tourism individual spending per event
- Using a 95 percent confidence value of visitor spending, there is an average \$2,605,558 per event which totals for all events to reach over \$36 million
- Visitor spending has an economic value of over \$70 million (IMPLAN multiplier \$1.926)

GO TEXAN Funding created...

- A 5 percent investment share for events (\$100,074 funding / \$2,051,639 total event cost), which accounts for the events results related to funding
- \$1.78 million of direct impact from GO TEXAN event funding (5 percent multiplied by \$36.5 million)
- Direct return on state funds (ROI) from visitor spending of \$17.78 per \$1 of GO TEXAN funding (\$1.78 million / \$100,074)
- Direct Economic impact, which are economic values above the previously mentioned visitor spending reach nearly \$3.4 million (\$1.78M \* \$1.926 IMPLAN economic multiplier)
- Direct economic impact of state funds (ROI) from visitor spending of \$34.24 per \$1 of GO TEXAN funding (\$3.4 million / \$100,074)

2008-09 results compared to previous assessment reports illustrates

- Decrease in percent of events responding to surveys, from 82% in 2007 to 41% this reporting year
- Increase in the average number of visitors per event: from 4,488 visitors in 2007 to 15,679 visitors in 2008-09 reporting year
- Highly rated TDA support values similar to other assessment reports (9.5 of 10)
- Investment share percentage went down due to larger number of participants in these programs (14 percent 2007 and 5 percent 2008-09)
- ROI from visitor spending is \$17.78 which is much higher than in 2007 (\$7.50)
- ROI from economic impacts is \$34.24 (\$15.66 in 2007), which is also a large increase

## **INTRODUCTION**

Fine arts, music and western festivals, cook-offs, and rodeos are just a few of the unique rural tourism events approved for matching reimbursement funds from the Texas Department of Agriculture's GO TEXAN rural community program. This program is designed to highlight and promote rural Texas.

Hometown STARS (Supporting Tourism and Rural Success) is one of the programs under GO TEXAN rural community program with Texas Department of Agriculture (TDA). GO TEXAN Hometown STARS is a broad-based membership program open to rural communities, businesses and organizations. The goal of the GO TEXAN Hometown STARS program is to help rural communities leverage their tourism marketing dollars.

Hometown STARS is a competitive dollar-for-dollar matching reimbursement program open to GO TEXAN community members. Eligible communities apply for funds up to \$10,000 by submitting a tourism event promotion proposal to TDA. Matching reimbursement funds can be utilized for the following materials and services to directly promote rural tourism events: billboards, brochures, direct mail, Internet advertizing, signage, trade shows and web sites.

The objective of this report is to test hypothesis that an increased exposure of the communities to the world by putting on different events will bring additional revenues to the local communities and to estimate the amount of revenues.

## **LITERATURE REVIEW**

Rural communities face the challenge of continuous economic development. These communities realize their potential through development of local resources, culture, and heritage. Tourism is one way of exposing these resources to the world and gain some economic profit from it. Tourists seek rural destinations because of pleasant experiences

related to natural environment, clean air, and historic sites (Hardy, 1988, Millar, 1989). McNulty (1991) and Weiler and Hall (1992) consider family patterns, social customs, museums, monuments as a part of cultural tourism. Tourists visit rural areas to gain some information about the culture and to experience folklore, customs, and natural landscapes.

The rural tourism concept can have many interpretations. Bramwell and Lane (1994) suggested that rural tourism can include activities and interests in farms, nature, adventure, education, sport, health, art and heritage.

According to a recent study, nearly two-thirds of all adults in the U.S., or 87 million individuals, have taken a trip to a rural destination within the past three years (Travel Industry Association of America, 2001). Modern tourism is moving away from “mass product” to a wide range of niche experiences that offer customized products to visitors. Through GO TEXAN Hometown STARS program assistance to rural communities is offered in terms of advertizing and conducting a variety of rural events, such as art festivals, heritage festivals, cultural and food tasting events. Polish Day, Burton Cotton Gin Festival, Poteet Strawberry Festival, and Founders Day Festival are just several out of 34 events that took place during year 2009.

## **COLLECTION OF DATA**

Event data is captured by utilizing two survey forms. GO TEXAN partner communities complete one community form and have visitors to the event complete a visitor survey form. The community form is completed by the tourism event contact person, and consists of questions regarding attendance, type of event, hotel revenues during event dates, measurement of weather quality, and assistance of GO TEXAN staff with organizational questions and carrying out the event. The visitor survey captures values from those attending, which include demographic variables, plans to revisit, personal expenditures, and other relevant information. These surveys are compiled in MS-Excel

for data analysis and presentation. This report includes fourteen Texas Community events and analyzes the Hometown Stars program during the marketing year 2008-09.

## **GENERAL SUMMARY OF EVENTS**

GO TEXAN Hometown STARS funds are utilized for event advertising and promotion, so a primary success measure is event attendance. Based on previous history, there was a 900 percent increase in attendance of Lights Spectacular: Hill Country Style event in Johnson City. Two other events had a 100 percent increase in attendance. These are: 3<sup>rd</sup> annual Jacksonville Music Jam (Jacksonville) and 50<sup>th</sup> Annual Yorktown Western Days Festival (Yorktown). Cowboy Culture Celebration is a new event that took place in the City of Dublin. It was a success with attendance of 1500 people. Several events: Cotton Gin Festival (City of Burton), Founders Day Festival (City of Dripping Springs), Sulphur Spring Ranch Rodeo (Hopkins County), Festival of Lights (Smithville) had a decrease in attendance. Largest decrease across all events happened during Cotton Gin Festival (City of Burton) due to a bad weather and weather warnings on the radio and TV. All fourteen communities plan to execute these events again next year.

For all fourteen events, there was an average attendance per event of 15,679 visitors, with a total of 219,506 attending rural community events. Weather was cooperative and helped to increase attendance for most events. Ten events rated weather as 10 and 9 (on a 10 point scale), however during Cotton Gin Festival (City of Burton) and Founders Day Festival (City of Dripping Springs) bad weather decreased attendance drastically by 58 percent and 26 percent, respectively.

Lights Spectacular: Hill Country Style event at Johnson City increased their attendance this year from 4,000 people to 40,000 people. On their community survey they stated:

*“The funding enabled us to purchase advertising outside our area, signs, brochures and banners. Our event was picked up by channel 24, KVUE, Austin and CNN. We were featured in several newsprint publications "as the place to visit". Travel and leisure*

*featured us as one of the top places to visit for the holidays, <http://www.travelandleisure.com/slideshows/worlds-best-holiday-light-displays>. Hill Country happenings featured lights in a full page spread. Attached is a breakdown of advertising costs had we purchased air time on KVUE and CNN. We are very appreciative of the funding and the courteous help from your staff. These figures only cover two days of our 30 day event.”*

The 50<sup>th</sup> Annual Yorktown Western Days Festival doubled attendance from 20,000 to 40,000 people. Their comments stated:

*‘The GO TEXAN program was a vital part of the event's success this year. The additional marketing funding was a key component to our increased attendance.’*

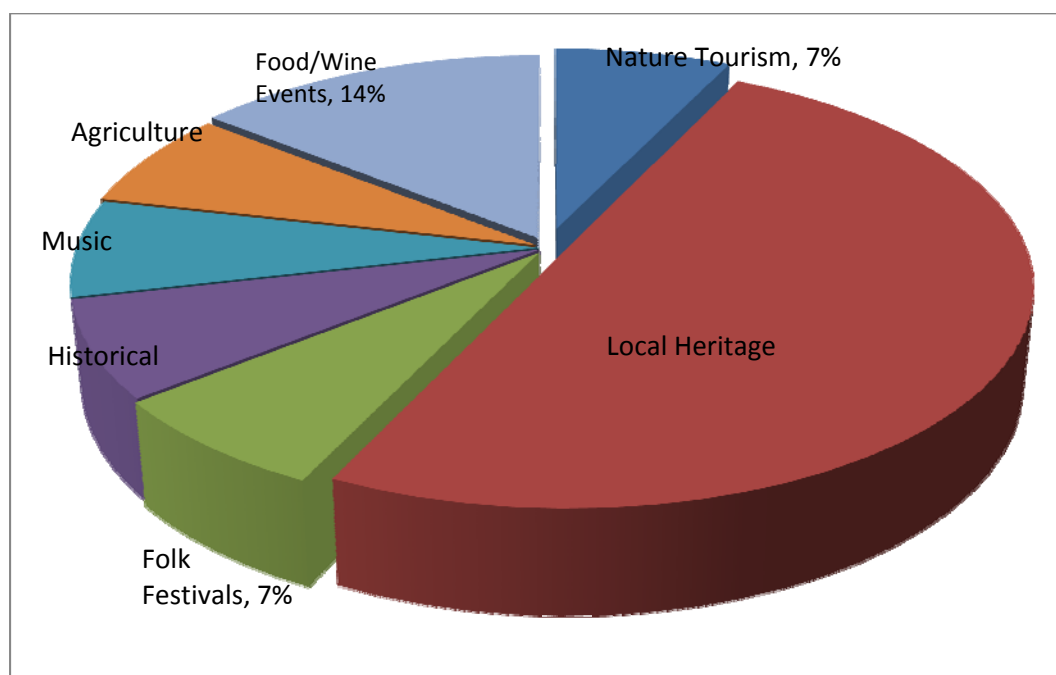


Figure 1. Types of Events

Figure 1 illustrates the percent of all described events by type of event. Local heritage events represent 50 % of all events supported by GO TEXAN rural community program funding. Other 50 percent is shared between the following six categories: folk festivals (7%), historical events (7%), music events (7%), agriculture events (7%), food and wine events (14%), and nature tourism (7%).

The assistance of Texas Department of Agriculture staff is another descriptive factor of events. All fourteen communities had TDA staff assistance and rated the TDA staff as “excellent” with a score of 9.5 (on a 10 point scale). Several community contact personnel commented on staff assistance:

*“The staff at GO TEXAN was very helpful throughout the process. This being the first year to receive grant funds, we had a lot of questions. The staff was always responsive and responded within a timely manner”.*

*‘Very helpful staff.’*

*“Sonia Hernandez and Debbie wall were extremely helpful and responsive to our questions. The Go Texan program was vital to our event this year.”*

## **SUPPORT OF GO TEXAN HOMETOWN STARS PROGRAM FUNDING**

Financial funding from the GO TEXAN rural community program describes the amount of support for each event. Program regulations are that maximum support is 50 percent, but most communities invest some additional funds. Considering fourteen events, there was a total investment of \$100,074 in GO TEXAN Hometown STARS funding. Average support for each event was \$7,148, with support amount ranging from \$1,175 to the maximum allowed amount of \$10,000.

Communities reported that these events had a total cost of \$2,051,639 which includes GO TEXAN Hometown STARS funds. Considering the total cost, GO TEXAN Hometown STARS support represents 5 percent of the average total event cost of \$146,545. These costs include not only promotional funding that GO TEXAN Hometown STARS targeted, but also include other operational costs. Comparing GO TEXAN Hometown STARS funding to all costs creates an “investment share” that represents the level of support from GO TEXAN Hometown STARS funding while considering all areas of event management.



## IMPACTS TO LOCAL COMMUNITIES

As previously mentioned, increasing event attendance brings more people to rural Texas communities and many will plan to stay overnight at a local hotel or a nearby town. Nine communities out of fourteen communities reported collected hotel revenues of \$154,994. City of Bandera, for example, collected \$72,000 in total hotel revenues. The average hotel revenue per community during an event was \$11,923. Unfortunately, not all communities reported hotel occupancy rate as well. This variable can show how well community is prepared to increase an amount of attendees when hosting future events. Communities also reported a range of 0 to 100 percent increase in hotel revenues, with an average community reporting hotel revenues increasing by 13 percent.

An additional benefit to more people attending an event is increases in restaurant sales. Communities recognized an average increase of 26 percent in restaurant sales revenues compared to the previous year. Another source of revenues in events is food vendors. In all communities but one, vendors were present. Communities reported that estimated total revenue for vendors was \$692,350, with average revenue per event being equal to \$62,941.

Job creation is another benefit to a larger event. While some events are held with only volunteer help, others hire additional people to help make the event a success. Five communities hired additional assistance, with total of \$50,640 in additional job hires. This additional job is usually filled by the representative from the local community, and has a direct economic impact on local community.

As previously mentioned, increases in attendance are important but reaching potential visitors that inquire about the community is also important. These contacts may become future visitors or even ones that did attend the event. The Chamber of Commerce for each community measured contacts during promotion times for the event. Chambers of Commerce of ten participating communities recognized increases in contacts. These recognized increases range from 20 percent to 100 percent per community. Most

communities measure chamber contacts with phone calls that request information about upcoming event or by number of visits to communities' websites. Increased visits to communities' websites were recognized by eight communities.

Collected sales taxes are the bottom line measurement of municipal value of events. Bandera and Yorktown communities reported that normally a total of \$447,918 of sales taxes would be collected, but during the community event sales taxes increased to \$464,393, which represents an increase of 3.7%.

### **MEASURING IMPACTS FROM EVENT VISITORS**

Assessing visitors involves a wide spectrum of questions, including whether they previously visited the community, whether they plan to revisit, gender, miles traveled, personal expenses, and recognized media advertising that attracted them to the event. The goal of this assessment is to describe those attending GO TEXAN Hometown STARS supported events and to measuring their economic impact.

GO TEXAN Hometown STARS events are promoted through a variety of media including radio, logo signage, websites, and television. The most recognized advertising is printed material (30%). Radio rates as the second most popular media, followed by Banner promotion, Brochure advertising, and then Website advertising. Figure 2 illustrates how the responding event attendees recognized types of media used to promote GO TEXAN Hometown STARS funded events.

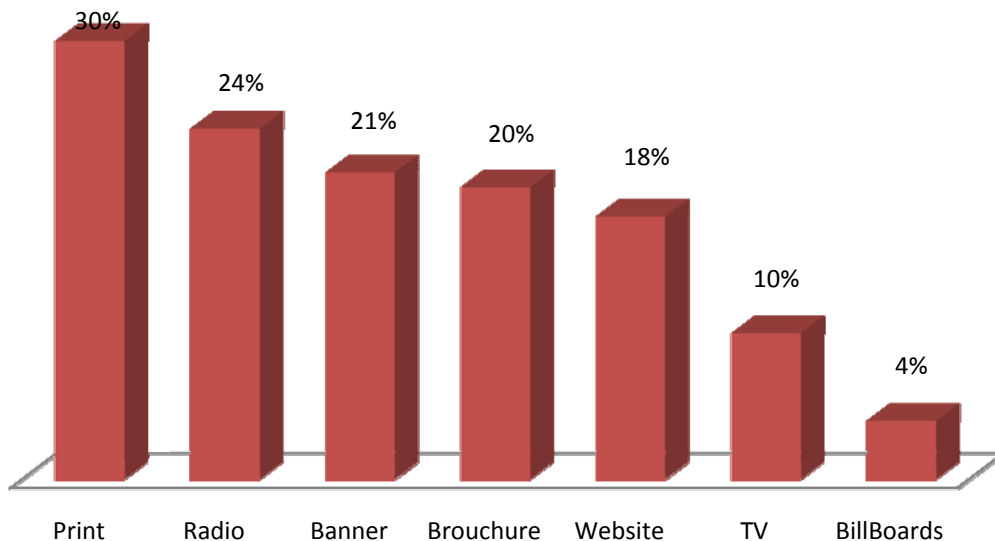


Figure 2. Types of Media

Gender make-up included more females (61%) than males (39%). The average distance traveled by visitors to attend an event is 83 miles, which according to current travel research likely leads to overnight stays. Visitors that plan to stay overnight tend to have higher expenses and therefore create a greater community economic benefit.

Satisfied visitors also create higher economic benefits, so visitors were asked to rate their experience of the event. The result was an overall average rating of “excellent” (9 of a 10 point scale). For some, this was their first visit to the event or community, while for others it was an annual occasion. Of these attendees, 98 percent plan to revisit the event and 95 percent plan to revisit the community in which the event was held. Comments which came from visitors state:

*‘I love the Texan hospitality.’*

*‘Wonderful event that has gotten better, every year- wonderful way to celebrate land, introduce others to our Texas heritage.’*

*‘Always like coming to Bandera, TX, lots to see and do.’*

*‘This parade is so good/longhorns.’*

*'Love the river and kayaking, coming back for sure.'*

*'Excited to be here for my 1st nature fest- hope to bring grand kids next time.'*

*'Coming back!'*

*'Great event, can't wait for next year!'*

Figure 3 illustrates other comments regarding their impact to local communities and plans they have regarding events.

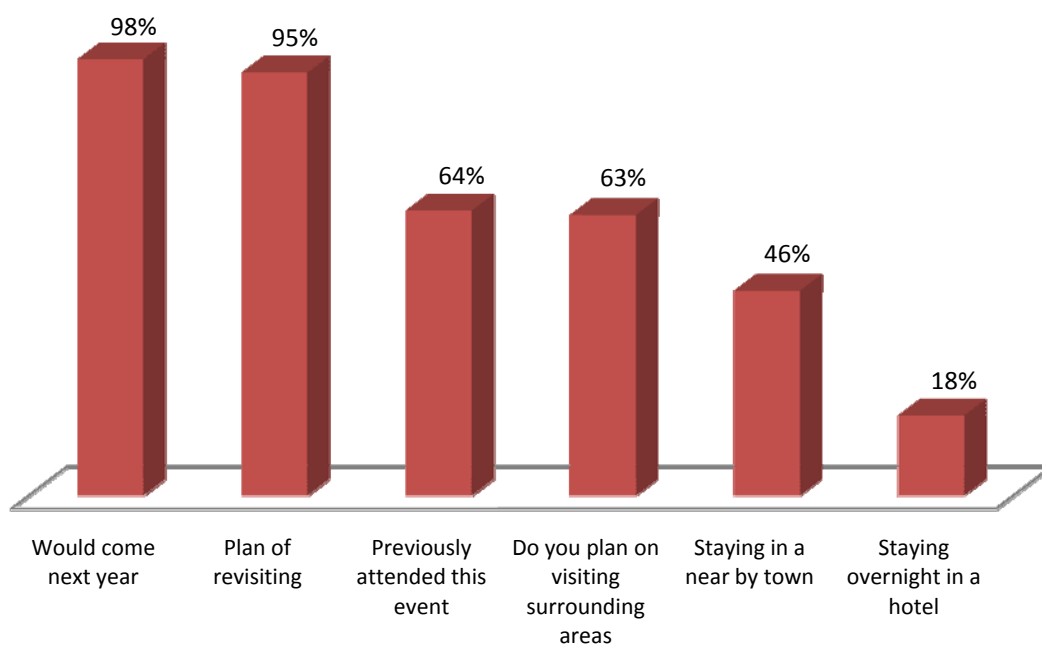


Figure 3. Summary of Visitor Plans

Direct economic impact from events includes admission fees, products sold by vendors, lodging, meals, and entertainment. Considering all 14 reported events the average tourist spent \$164 for each event. The total spending for all visitors across all 14 events is \$36.5 million with an event average per event of \$2.6 million, which is a substantial economic impact to the local community. Some events, such as Poteet Strawberry Festival has the highest average spending per person of \$433, second highest average spending of \$365 per person occurred at the Cotton Gin Festival. Largest total visitor

spending of \$22.6 million happened during the Poteet Strawberry Festival (Atascosa County).

## **ECONOMIC IMPACT FROM GO TEXAN HOMETOWN STARS EVENT FUNDING**

As previously reported, the “investment share” of Texas Department of Agriculture in GO TEXAN Hometown STARS events represent 5 percent. This percentage was used to estimate direct impact from visitor spending, which is \$1,779,297. This amount of \$1,779,297 was used to estimate direct economic impact of \$3,426,926. Based on GO TEXAN Hometown STARS funding of \$100,074 for the 14 reporting communities, there is a direct return on state funds of \$17.78 visitor spending per \$1 of GO TEXAN Hometown STARS funding.

The economic impact from these events is tourism spending in the local economy, which for local community of civic events is \$1.926 per \$1 in spending. This creates the previously mentioned \$3.4 million in direct economic impact, which considering GO TEXAN Hometown STARS funding is \$34.24 per \$1 in funding.

Table 1 provides a summary of all economic data and illustrates an estimated total economic return for all GO TEXAN Hometown STARS rural community programs.

Table 1. Summary of the Economic Impacts from GO TEXAN Funding of Events

	GO TEXAN Budget Support for 14 events	\$	100,074
	Total Event Budget Cost for Communities	\$	2,051,639
	Total Visitor Spending for 14 events	\$	36,477,815
	IMPLAN Economic Multiplier (Social / Civil Events)		1.926
	Total Event Economic Impact (\$36.5 million x 1.926)	\$	70,256,271
	GO TEXAN Investment Share of Events (\$100,074 / \$2,051,639)		5%
	GO TEXAN Direct Impact from Visitor Spending (5% x \$36.5 million)	\$	1,779,297
	GO TEXAN Direct Economic Impact (\$1.78 million x 1.926)	\$	3,426,926
	GO TEXAN ROI from Visitor Spending (\$1.78 million / \$100,074)	\$	17.78
	GO TEXAN ROI from Economic Impacts (\$3.4 million / \$100,074)	\$	34.24

## BOOTSTRAP BUCKS PROGRAM

The GO TEXAN Bootstrap Bucks Program is designed to help promote smaller tourism events or festivals throughout the state of Texas that are supported by GO TEXAN community members. Members received up to \$2,500 in reimbursable funds to help leverage the dollars available to directly promote a local tourism event or festival. GO TEXAN eligible promotional items are banners, posters, newspaper advertisements, radio and television spots. There were 37 accessed events for the year 2008-09 that utilized \$91,111.53 in program funding. These events represented a wide range of events that are illustrated in figure 4.

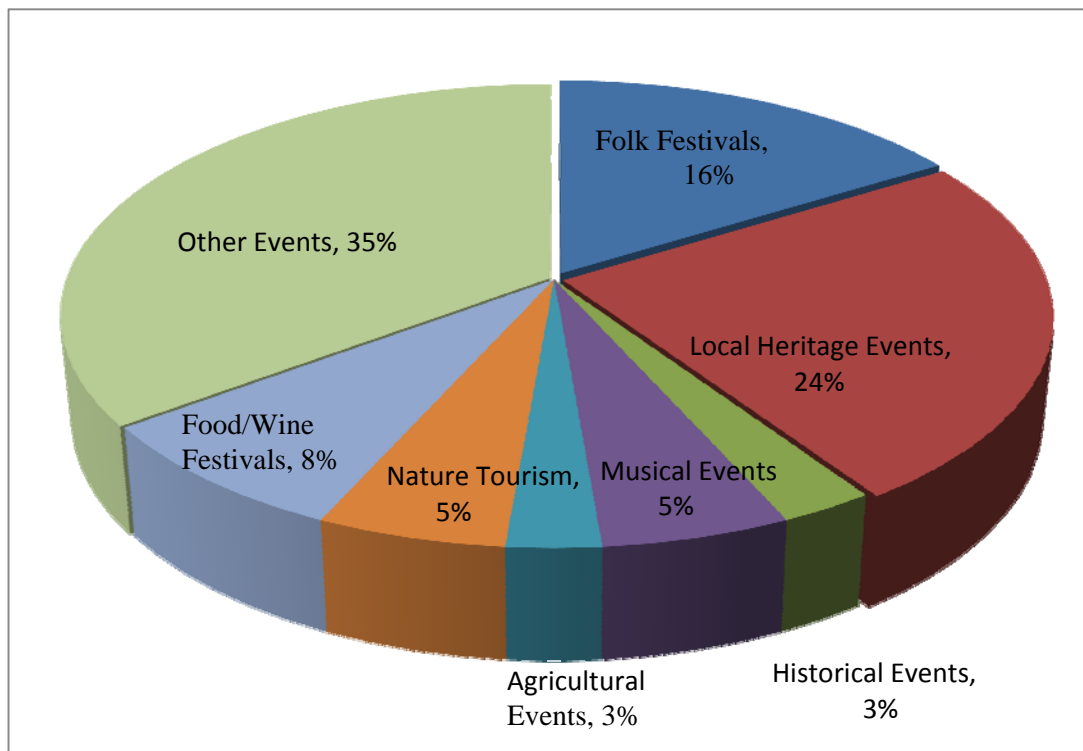


Figure 4. Bootstrap Bucks Events

A survey completed after the event measured community event success in community economic value, perceived value from funding, increase in attendance and comments regarding the event. Communities reported that Bootstrap Bucks supported events averaged \$160,905 in average economic value, which across all 37 events reached \$5.8

million in total estimated value. Average increase in attendance in comparison with previous year for 37 reported events is 45%. All responding communities (100 percent) reported that funding benefited their event. All of them plan to have this event again next year. However, there are not economic calculations that derive return on investment as the assessment process does not provide enough detail to create accurate estimates, but it is apparent that the level of funding and reported successes illustrates recognizable levels of success.

## **SUMMARY OR CONCLUSIONS**

GO TEXAN Hometown STARS and Bootstrap Bucks funding reached small rural communities and assisted them in creating economic benefits to their community. Many comments were received about how the funding supported marketing efforts, increased attendance, increased visitor plans to revisit, increased contacts to chambers of commerce, and other recognized benefits. GO TEXAN funding was not the only supporter of these events, but funding did play an important role in increasing event exposure. Other additional rural economic successes are that some communities hired additional labor to assist them in the management of the event. Increase in restaurant, hotels and vendors revenues also represents an economic success of these two programs.

The hypothesis that an increased exposure should increase attendance was reached, based on the assessment of these 14 events. The value of attendance is measured in spending, and the result for just 14 responding events is total spending of around \$36.5 million. Considering the investment share for GO TEXAN Hometown STARS, return on investment (ROI) for visitor spending and economic impacts are \$17.78 and \$34.24, respectively. These economic returns illustrate outstanding returns for state funds. In conclusion, this supports continued and expanded investment of similar rural community events.

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