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Assessment and analysis of the regional economic impact of cultural and sports events organized in Estonia

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Foreword

Each year Estonia hosts hundreds of cultural and sports events, which in addition to enriching the cultural life and offering entertainment also have a significant impact on local economy. Organizing such events makes the venues more well-known and promotes tourism, thereby being of direct benefit for businesses, and primarily service providers.

The regional economic impact of cultural and sports events far surpasses the initial estimates. Surveys conducted elsewhere in the world have indicated that the initial impact is followed by numerous after-effects that persist long after the events themselves have ended. This is the first time that impacts arising from cultural and sports events are analyzed in Estonia. Many local governments are only beginning to discover the economic importance of cultural and sports events and to see more clearly their own role in attracting events to their territories and the need for support mechanisms. In order to be able to step beyond speaking of merely indirect impacts and of improving the general profile of regions, this survey has been called to life.

As similar studies have been carried out in the rest of the world already for more than 30 years, our survey will also focus on interpreting the best methodologies and reflecting and using the existing practices.

In determining the regional economic impact of cultural and sports events we assessed both the direct impact of visitor spending on local businesses as well as the entire economic impact in the regions. In addition to outlining the financial indicators of organizers, the benefiting businesses and visitor spending, the survey describes the regional impact of the events in more general terms as well. The survey includes recommendations for event organizers, local governments, businesses and the state, and specific attention is drawn to stepping up cooperation among the various parties and to the resulting increase in economic activity.

The regional economic impact was analyzed by the Estonian Institute of Economic Research on the basis of 20 nation-wide cultural and sports events organized in 2011. The survey was commissioned by the Ministry of Culture and was conducted in cooperation with organizers of the 20 cultural and sports events, several local businesses and institutions and event visitors. The survey was conducted with support from the European Social Fund.

We wish to thank all parties involved for their pleasant and open cooperation. With their help we now have the first-ever overview of the regional economic impact of cultural and sports events in Estonia.

1. Objective and tasks of the survey

Each year hundreds of cultural and sports events are organized in Estonia, and their impact is not limited to only culture or entertainment. Organizing such events increases the reputation of regions, promotes tourism and brings direct benefit to local businesses and institutions, primarily service providers.

The objective of this study was to determine the regional economic impact resulting from cultural and sports events. To this end, the analysis focussed on the impact of events on local businesses and institutions, the direct impact resulting from visitor spending, the benefit to regions resulting from budgetary spending by events, as well as the wider impact of events in the regions; the analysis resulted in recommendations for increasing this impact.

The tasks of the survey on the regional economic impact of 20 cultural and sports events organized in Estonia in 2011 were as follows:

1. To gather information on, inter alia, the background, numbers of visitors and participants, budgets, sources of financing, cooperation partners and sponsors, profitability of events
2. To determine the impact of the events on the economic activities (return on sales, profit, number of employees, visitor numbers) of local businesses and institutions and service providers, on the reputation and renown of regions and on the various spheres of cultural and sports life; also to analyze the attitudes of local businesses and institutions and their willingness to cooperate with the organizers of events taking place in their regions and to explore the views of business operators on the need for such events
3. To outline the profiles of event-goers (age, gender, place of residence, time spent in the region, size of the party visiting an event), spending in the region, satisfaction and feedback regarding the events
4. To determine and analyze the economic impact (total benefit) of cultural and sports events on regions in terms of visitor spending and revenue from budgetary spending in the regions
5. To elaborate recommendations for amplifying the mutual positive effects generated by event organizers, local businesses and institutions and local governments in the regions

2.3. Methods and sample of the survey

The aspect analyzed the most in surveys of cultural and sports events is their economic impact. Analyzing economic impact is widespread because it helps event organizers and local governments achieve budgetary goals, justify expenses and illustrate the importance of the events; in financial terms, economic impact is also easier to assess than other types of impact. At the same time, international surveys are increasingly emphasizing the need for a more integrated approach, whereby economic impact would be analyzed together with impact on tourism, socio-cultural aspects, the environment, etc.

The economic impact of an event depends on the number of visitors and money spent, the reputation of the event and the region, the content of the event and the professionalism and marketing skills of the organizers. Other important factors are the region's infrastructure (availability of accommodation, catering, shops, etc.), the willingness of businesses and institutions to cater to visitors (in terms of stocking up, hiring additional staff, extending opening hours, etc.) and to provide the goods and services needed for organizing the event.

For measuring the economic impact of events we determined the expected area of impact of each event, i.e. the geographic scope of the impact generated by the event. For example, the August Blues Festival took place in the town of Haapsalu, but as the expected economic benefit outside Haapsalu was small, the area of impact of this event was limited to Haapsalu. The Rabarock festival, on the other hand, was expected to benefit a larger area than only the local Järvakandi rural municipality, and so the event's area of impact was Järvakandi plus a 40-km radius, which included the town of Rapla. The sample generally consisted of businesses/institutions operating in the immediate vicinity of the event venue area, while businesses/institutions operating in the surrounding area were included to a lesser extent. The event venue areas and the analyzed areas of impacts are featured in Table 2.3.1.

Table 2.3.1. Events included in the survey and their respective counties, venue areas and areas of impact

Event	County	Venue area	Area of impact
FIS Cross-Country World Cup, Otepää	Valga County	Otepää	Otepää + 20 km
Tartu Maraton (Tartu Cross-Country Marathon)	Tartu County, Valga County	Otepää, Elva, Tartu	Otepää-Elva + 30 km
Pärnu Jäähfestival (Pärnu Ice Festival)	Pärnu County	Pärnu	Pärnu
Jõhvi Balletifestival (Jõhvi Ballet Festival)	Ida-Viru County	Jõhvi	Jõhvi + 20 km
Ruila Kevadtuur	Harju County	Ruila	Ruila + 30 km

(Ruila Spring Tour horseshow)

Punk Laulupidu (Punk Song Festival)	Lääne-Viru County	Rakvere	Rakvere
Eesti Naiste Tantsupidu (Women's Dance Festival)	Jõgeva County	Jõgeva	Jõgeva + 20 km
Rabarock (rock festival)	Rapla County	Järvakandi	Järvakandi + 40 km
Suure-Jaani Muusikafestival (Suure-Jaani Music Festival)	Viljandi County	Suure-Jaani	Suure-Jaani + 30 km
Sõru Jazz (jazz festival)	Hiiu County	Sõru	Hiiumaa
Muhu Tulevikumuusika Festival "Juu Jääh" (Muhu Future Festival "Juu Jääh")	Saare County	Muhumaa	Muhumaa
Saaremaa Ooperipäevad (Saaremaa Opera Days)	Saare County	Kuressaare, Saaremaa	Kuressaare
Europeade folk festival (together with Tartu Hanseatic Days)	Tartu County	Tartu	Tartu
Viljandi Pärimusmuusika Festival (Viljandi Folk Music Festival)	Viljandi County	Viljandi	Viljandi + 20 km
Põlva youth football tournament Lootosspring	Põlva County	Põlva	Põlva + 20 km
Leigo Järvemuusika (Leigo Lake Music Festival)	Valga County	Leigo	Leigo + 20 km
Viru Folk (folk music festival)	Lääne-Viru County	Käsmu	Käsmu + 20 km
Narva Energiajooks (Narva Energy Run)	Ida-Viru County	Narva	Narva, Narva- Jõesuu
Augustibliuus (August Blues Festival)	Lääne County	Haapsalu	Haapsalu
Saaremaa Ralli (Saaremaa Rally)	Saare County	Saaremaa	Kuressaare

Events have both a direct and more indirect impact on the economy of regions. The influx of money into the region generated by an event launches a process where the impact of the event on the region's economy surpasses benefiting tourism-based businesses and institutions and turns out to be considerably more extensive and far-reaching than it initially appears. Regional economic impact is defined as impact generated by additional cash-flow from outside the region which would not have happened without the event. This survey identified the direct economic impact of events on local businesses and institutions, based on the economic impact generated by visitor spending and budgetary spending in the regions by the events.

Based on the objective and tasks of the survey, a questionnaire survey was compiled and conducted among local businesses and institutions and service providers (see sample questionnaire form for businesses and institutions in Annex 1). The objective of the survey was to determine the impact of the events on the economic activities (return on sales, profit, number of employees, visitor numbers) of local businesses and institutions and service providers, on the reputation and renown of regions and on the various spheres of cultural and sports life; also to analyze the attitudes of local businesses and institutions and their willingness to cooperate with the organizers of events taking place in their regions, and to explore the views of business operators on the need for such events. The questionnaire survey did not include questions on the absolute revenues of businesses and institutions, as this would probably have decreased questionnaire response rate.

Local businesses and service providers were contacted a couple of weeks prior to the events, and were given information about the survey and asked to fill out a web-based questionnaire immediately after the events in question had taken place. If the period assigned for filling out the questionnaires (one–two weeks) had passed and there was no response, the businesses and institutions were phoned up again, and the objective and questions of the survey were explained to them and they were asked to fill out the questionnaire for the sake of survey objectivity, i.e. even if they had not detected any impact.

The first step in selecting the sample for the questionnaire survey of local businesses and institutions was to identify the businesses and institutions providing catering, accommodation and services in the area of impact. Information was gathered from different sources, such as tourist information websites, the site www.puhkaestis.ee, the register of economic activities, websites of local governments, suggestions by the organizers, etc. The sample selection process revealed that the number of local businesses and institutions was very small in some regions. For example, there were only 30 businesses and institutions in the area of impact of the Ruila Spring Tour horseshow, 45 in the area of impact of the Suure-Jaani Music Festival, 46 in the area of impact of the Põlva youth football tournament Lootosspring, and 49 in the area of impact of the Leigo Lake Music Festival. Because of this, these events could be expected to generate a weaker economic impact, as the visitors did not get much chance to leave money in the regions. Where possible, not necessarily local service providers at the event venues were also approached, in addition to local businesses and institutions. The sample of businesses and institutions approached thus illustrates general tourism-friendliness and the resulting potential economic benefit (see Table 2.3.2. for the number of businesses and institutions in the questionnaire sample).

The table indicates that the following events had many businesses and institutions (permanent or for the duration of the event) in their respective areas of impact: international folk festival Europeade, Tartu Cross-Country Marathon, Women's Dance Festival, Pärnu Ice Festival, Viljandi Folk Music Festival, Saaremaa Opera Days and Saaremaa Rally. In the cases of the Europeade folk festival and the Women's Dance Festival, the sample was increased considerably by fairs that took place during the event. In addition to larger towns on the mainland (Tartu, Pärnu, Viljandi), the islands also

featured more businesses providing accommodation, catering and services, as these regions are more geared towards tourism. The sample of 20 events featured a total of 2,126 businesses/institutions, 939 of whom answered the questionnaire survey (resulting in a 44% response rate). Of these, 87% were local businesses-institutions and 13% were merchants and service providers at the event venues originating from outside the counties where the events took place. The share of service providers among respondents was the highest at the Europeade folk festival (47%), which was organized together with Tartu Hanseatic Days.

Table 2.3.2. Sample of the questionnaire survey of businesses and institutions, and number of businesses and institutions that answered the questionnaire

Sample of events	Number of businesses and institutions in the questionnaire sample	Number of businesses and institutions that responded	incl. local businesses, institutions	incl. merchants, service providers	Share of respondents in the sample (%)
TOTAL	2,126	939	815	124	44
Cultural events	1,585	719	600	119	45
Sports events	541	220	215	5	41
FIS Cross-Country World Cup, Otepää	111	34	29	5	31
Tartu Maraton (Tartu Cross-Country Marathon)	161	51	51	0	32
Pärnu Jääfestival (Pärnu Ice Festival)	134	68	68	0	51
Jõhvi Balletifestival (Jõhvi Ballet Festival)	52	26	25	1	50
Ruila Kevadtuur (Ruila Spring Tour horseshow)	30	15	15	0	50
Punk Laulupidu (Punk Song Festival)	87	38	38	0	44
Naiste Tantsupidu (Women's Dance Festival)	147	65	43	22	44
Rabarock (rock festival)	77	34	26	8	44

Suure-Jaani Muusikafestival (Suure-Jaani Music Festival)	45	30	30	0	67
Sõru Jazz (jazz festival)	102	32	32	0	31
Muhu Tuleviku-muusika Festival "Juu Jääd" (Muhu Future Music Festival "Juu Jääd")	51	28	28	0	55
Saaremaa Ooperipäevad (Saaremaa Opera Days)	125	67	67	0	54
Folk festival Europeade (together with Hanseatic Days)	404	146	78	68	36
Viljandi Pärimusmuusika Festival (Viljandi Folk Music Festival)	126	66	60	6	52
Põlva youth football tournament Lootospring	46	29	29	0	63
Leigo Järvemuusika (Leigo Lake Music Festival)	49	24	24	0	49
Viru Folk (folk music festival)	86	36	22	14	42
Narva Energiajooks (Narva Energy Run)	68	26	26	0	38
Augustiblius (August Blues Festival)	100	59	59	0	59
Saaremaa Ralli (Saaremaa Rally)	125	65	65	0	52

In terms of areas of activity, 36% of respondents provided accommodation, 20% catering and 44% services (including merchants, service providers) (see Table 2.3.3). Businesses and institutions were grouped based on their principal activities, although several

businesses having, for example, accommodation as their principal activity provided also catering, etc.

Table 2.3.3. Businesses and institutions interviewed by area of activity

Area of activity of businesses and institutions interviewed	Number of businesses and institutions interviewed	Share of businesses and institutions interviewed (%)	Classification of businesses by area of activity
TOTAL	939	100	
1. Accommodation	343	36	accommodation (hotels, motels, bed-and-breakfast, holiday villages, etc.)
2. Catering	185	20	serving food and drink (restaurants, cafeterias, pubs, diners, etc.), service providers (merchants) at event venues
3. Services	411	44	retail, transportation and advertising businesses, gas stations, sports establishments, entertainment and leisure establishments, creative, arts and recreational establishments, museums, galleries and other cultural establishments, service providers (merchants) at event venues

In order to widen the scope of the survey, the Estonian Institute of Economic Research initiated and funded another questionnaire survey, among visitors and participants (see sample questionnaire form for visitors in Annex 2). The gathered information was used to draw up a profile of a so-called typical visitor (age, gender, place of residence, time spent in the region, size of the party visiting the event), determine visitor spending, assess visitor satisfaction and provide feedback for organizers.

The visitor survey was conducted mainly via the Internet and without using interviewers, but there was a possibility to fill out questionnaires on paper at the venues of some events (e.g. Women's Dance Festival, Saaremaa Opera Days, the Europeade folk festival, Ruila Spring Tour horseshow, Jõhvi Ballet Festival, Suure-Jaani Music Festival). The survey was publicized using various channels (flyers, outdoor advertising, letters to fans and newsletters, event folders, social networks, event cooperation partners, websites of newspapers, etc.). Event organizers also had prize draws for survey respondents, the prizes being promotional items for the events, souvenirs, tickets to the following year's event, tickets to related events, etc. The survey of visitors and participants yielded 5,508

responses, i.e. an average of 275 responses per event. The most active feedback was received from the visitors and participants of the Women's Dance Festival, Viljandi Folk Music Festival and the Rabarock festival, with 1,190, 931 and 781 responses submitted, respectively.

Regional economic impact is also reflected in the organization of events, as holding events involves different types of spending – on the accommodation of performers and participants, catering and transportation, advertising, light and sound technology, activities at the venue, etc. Thus, spending by event organizers in the region has economic importance, as it supports local businesses and benefits people living in the regions. Event organizers were asked to provide information on their spending in order to get an overview of how much of it remained in the regions. Meetings were held with organizers prior to the events in order to gather information on their background, history, visitor and performer numbers, sources of funding, cooperation partners, etc. Following the events, budget implementation and budgetary spending in the regions were specified.

The economic impact of events based on visitor spending and budgetary spending in the regions by the events was calculated using the following formula:

$$\text{Economic impact} = \text{direct revenue} + \text{revenue from budgetary spending}$$

Direct revenue indicates revenue for the regions from visitor spending in local businesses and institutions offering accommodation, retail, catering, transportation and other services. Although the economic impact of events is reflected through directly tourism-based businesses and institutions also in businesses of related sectors and in the income of local people, this survey did not assess such secondary impacts due to the limited size of the events and event venue areas.¹ Spending by local residents and by people staying in the regions for other reasons was excluded from the economic impact assessment, as this spending would have occurred to a large extent also in relation to consuming some other services or products. Although spending by local people on tickets and other similar items is not directly reflected in the economic impact calculation, it is still significant. It is thus important to note that the economic impact assessment includes only spending by visitors who were from outside the counties where the events took place and who had gone there because of the event, as the aim was to determine the added value generated by the events, i.e. to find out how much so-called new money flowed into the regions thanks to the events.

Direct revenue, or visitor spending, does not carry automatically and in its entirety over to the businesses and residents of the regions; rather, a part of it leaks for various reasons, such as resupplying and taxes, and some of it going to people, businesses and organizations from outside the regions, etc. As the exact intended purpose of visitor

¹ Secondary economic impact varies across regions, depending on the characteristics of regional economy and links between sectors catering to tourists and other sectors. The more independent a region is in providing goods and services, the greater the revenue generated in the region by the euros spent there. Measuring secondary impact is a complicated process. Due to the limited scope of the objective, volume and events of this survey, secondary impact has not been included in assessing regional economic impact.

spending is not known, it was adjusted only by indirect taxes that take money out of the regions. The value added tax levied on the sales of services and goods, with the standard rate of 20%, was excluded from the assessment.² The remaining visitor spending amount was named direct input from visitor spending. Direct revenue from events is calculated using the following formula:

$$\text{Direct revenue} = \text{spending by visitors staying in the regions because of the events} \\ - \text{taxes}$$

The total number of event visitors was provided by the organizers, who sent in their visitor numbers calculated on the basis of ticket sales, observations, etc. The questionnaire survey conducted among visitors provided the input for calculating regional economic impact – the share, among all visitors, of culture and sports lovers from outside the regions attracted to the regions by the events, and their spending and spending structures in the regions. In some cases, the estimates of organizers were used for determining the number of visitors from outside the regions attracted to the regions by the events.

The other input for calculating economic impact, revenue from budgetary spending, reflects the amount of budgetary spending by the event in the region. Revenue from budgetary spending, or the economic impact of the organization of the event, was calculated using the following formula:

$$\text{Revenue from budgetary spending} = \text{budgetary spending in the region by the event} \\ - \text{taxes}$$

Budgetary spending in the region is also reflected without value added tax. Revenue from budgetary spending was calculated on the basis of meetings and consultations with organizers.

In conclusion, a total of 939 businesses (815 local businesses/institutions and 124 service providers at event venues during events) answered the questionnaire surveys aimed at local businesses/institutions and conducted immediately after each event; a total of 5,508 people answered the visitor questionnaires, and meetings were held with organizers of the 20 events to determine budgetary spending in the regions and to go over the budget formation process. These results of questionnaire surveys conducted among visitors, local institutions/businesses and service providers at the events as well as the financial data of organizers formed the basis for analyzing the economic impact of each of the 20 events, resulting in this summary report.

² In reality, not all expenses were necessarily subject to value added tax (a business becomes liable to value added tax when its taxable supply as of the beginning of the calendar year exceeds €16,000), and some goods and services are also subject to a reduced value added tax (e.g. 9% for accommodation and books).

SUMMARY

• According to the Estonian Institute of Economic Research, the cultural and creative industries sector accounted for 3% of Estonia's GDP in 2007, employing 4.3% of the working population. The economic impact contributed to the society by cultural and creative industries, culture and sports is however much more extensive than this directly measured added value. Organizing cultural and sports events generates significant additional demand in the related tourism, services, catering, accommodation, trade and transport sectors.

• The Ministry of Culture commissioned the Estonian Institute of Economic Research to carry out a study, spanning from January 2011 to February 2012, with the aim of assessing the impact that the events organized in the various regions of Estonia have on the economy of the regions.

• The survey cantered on 20 nation-wide cultural and sports events that took place in 2011. The events were the following:

Event	Time, 2011
FIS Cross-Country World Cup, Otepää	22.–23.01
Tartu Maraton (Tartu Cross-Country Marathon)	19.–20.02
Pärnu Jäähfestival (Pärnu Ice Festival)	18.–27.02
Jõhvi Balletifestival (Jõhvi Ballet Festival)	25.–27.02
Ruila Kevadtuur (Ruila Spring Tour horseshow)	27.–29.05 and 02.–05.06
Punk Laulupidu (Punk Song Festival)	11.06
Eesti Naiste Tantsupidu (Women's Dance Festival)	12.06
Rabarock (rock festival)	17.–18.06
Suure-Jaani Muusikafestival (Suure-Jaani Music Festival)	17.–23.06
Sõru Jazz (jazz festival)	18.–19.06
Muhu Tulevikumuusika Festival "Juu Jäab" (Muhu Future Music Festival "Juu Jäab")	5.–10.07
Saaremaa Ooperipäevad (Saaremaa Opera Days)	18.–23.07
Europeade (folk festival)	20.–24.07
Viljandi Pärimusmuusika Festival (Viljandi Folk Music Festival)	28.–31.07
Põlva youth football tournament Lootospring	4.–7.08
Leigo Järvemuusika (Leigo Lake Music Festival)	5.–6.08
Viru Folk (folk music festival)	12.–14.08
Narva Energiajooks (Narva Energy Run)	13.08
Augustibluus (August Blues Festival)	5.–6.08
Saaremaa Ralli (Saaremaa Rally)	7.–8.10

• In total, more than 230,000 people visited these events. Of them 88% were visitors/spectators and 12% participants/performers. The ratio of visitors to participants of course depended on the nature of the event. For example, the Otepää FIS Cross-

Country World Cup had 500 participants and 13,800 spectators, while the Tartu Cross-Country Marathon had 8,037 people participating and 3,000 spectators.

- The Estonian Institute of Economic Research conducted **questionnaire surveys of visitors/participants** of events. A total of 5,508 people answered the questionnaires.
- The answers to the questionnaires showed that event-goers were on average 36 years old, and in the case of cultural events slightly older, 38 years old. Women made up 66% of visitors and men 34%. The average age of people attending or participating in sports events was slightly lower, 31 years. Men outnumbered women in the cases of the Tartu Cross-Country Marathon and Saaremaa Rally (making up 73% and 81% of respondents, respectively), while women were more numerous at the Women's Dance Festival, Jõhvi Ballet Festival and Suure-Jaani Music Festival (making up 95%, 91% and 89% of respondents, respectively). Analysis of the ages of event-goers by event revealed that 80% of visitors were less than 50 years old, and 37% were less than 30 years old; 43% were aged from 30 to 49 years and 20% were more than 50 years old. The share of respondents less than 30 years old was the highest at the Ruila Spring Tour horseshow (79% of respondents), at Rabarock (71%) and at Saaremaa Rally (61%). The age group from 30 to 49 years was the most numerous at the Tartu Cross-Country Marathon (61%) and at Sõru Jazz (61%). The share of people aged 50 years and older was higher than on average at Saaremaa Opera Days (71%) and Suure-Jaani Music Festival (66%).
- According to questionnaire results, the events that attracted the highest number of visitors/participants from outside the local region were the Otepää FIS Cross-Country World Cup, Women's Dance Festival and Rabarock. Events geared more towards local people were the Jõhvi Ballet Festival and Suure-Jaani Music Festival. The events can be considered very important for counties, as without them 64% of visitors would have not gone to the regions in question.
- The events with the largest share of foreign visitors and participants were Saaremaa Opera Days, the Europeade folk festival, Tartu Cross-Country Marathon and Otepää FIS Cross-Country World Cup.
- The average duration of an event was four days. According to questionnaire results, the visitors staid near the event venue an average of 2.8 days and 1.5 nights. They staid in the region longer in the case of events that required preparations and rehearsals; the distance of venues from where people lived was also a factor.
- The average visitor spending in a region during an event was €80 per visitor, with spending being slightly higher (€88) in the case of cultural events, and slightly lower (€61) in the case of sports events. The average spending by visitors varied from €22 (at the Põlva youth football tournament Lootosspring) to €400 (Saaremaa Opera Days). Considering that the average visitor spending during an entire event was €80 (the average stay being 2.8 days), the average daily spending was €32, and in the case of cultural events €33 and €31 in the case of sports events.

- Average visitor spending during an event could be broken down as follows: 19% was spent on tickets (participation fees), 18% on eating out, 16% on accommodation, 15% on food and beverages and 14% on transportation. Other goods and services and other entertainment made up less than 10%.
- Money was spent on accommodation by an average of 23% of event-goers, 25% of visitors of cultural events and 16% of visitors of sports events. Those who spent on accommodation spent an average of €39, and €42 in the case of cultural events, and €32 in the case of sports events. As on average 69% of visitors were from outside the regions where the events took place, it is evident that not all of them staid in a hotel, motel, guest apartment, at commercial camping grounds, in a cabin, etc. Mostly people staid with relatives, acquaintances or friends, drove home after the event or camped outside the event's camping grounds. Spending on accommodation was low in regions with a shortage of hotels, tourism farms or camping grounds. There is great growth potential in spending on accommodation, as the demands of visitors are currently not met in this area.
- Travel agencies have not engaged in catering to these kinds of events and do not offer virtually any package deals (containing transportation, accommodation, entertainment and attending an event). Many event venues are practically impossible to reach without owning a car, and transportation is not provided.
- The events in question were distinctive and unique, all had found their target groups and suitable venues, and event visitors/participants were very satisfied with the quality of the events; 93% were satisfied and on a scale of one to seven, the average satisfaction rate was 6.1.
- The Estonian Institute of Economic Research also conducted **questionnaire surveys of businesses/institutions** in the regions. The respondents were 939 businesses/institutions (including 815 local businesses/institutions and 124 service providers) who could potentially cater to event organizers and visitors. The results indicated that the events have a definite positive impact on the economic activities of local businesses and institutions. The number of visitors grew in the week of the event in 46% of businesses, increasing return on sales in 42% and profit in 35% of the businesses and institutions that answered the questionnaires. Generally, the events did not prompt the use of additional workforce; this was done by about one business or institution in ten.
- In the questionnaires the businesses were asked to rate the regional impact of the events (on a scale of one to four, four being the maximum). Local businesses gave the highest overall rating to the role of events in shaping the reputation and renown of regions (3.5 points). This was followed by promoting cultural and sports tourism (3.3 points) and the favourable regional impact resulting from promoting cultural or sports activities (3.2 points). Higher than average importance was attributed to the role of events in increasing people's interest in culture and sports (3.0 points) and in enlivening local economy and business (2.9 points). The impact of events on local employment was rated below average (2.3 points).

- Local businesses and institutions did not highlight any problems arising from the events (92% of businesses/institutions stated this, while 8% also mentioned problems). The mentioned problems were chaotic parking, problems with facilities (not enough toilets, hand-washing facilities), security issues in the region. Business operators also lamented excessive alcohol consumption at some events and the resulting unsuitable behaviour, which was in discord with the image of the events.
- The Estonian Institute of Economic Research also analyzed **the budgets** of the events (expenditure and revenue, sources of revenue, budgetary balance). As a general rule, the budgets of cultural and sports events depended on visitor numbers: the higher the number of visitors, the bigger the budget. The average budget revenue of events was €208,000, and €194,000 in the case of cultural events and €242,000 in the case of sports events.
- Almost half (49%) of the budget revenue of events was self-generated, i.e. revenue from the event's main activities (ticket sales, participation fees, sales space rental charges, etc.). Self-generated revenue was the highest in the case of Rabarock and Saaremaa Opera Days, where it made up 82% of the budget revenue of events. A higher than average revenue was also generated by the Leigo Lake Music Festival (78%), Viljandi Folk Music Festival (70%), Saaremaa Rally (69%) and the Põlva youth football tournament Lootospring (67%).
- 30% of event revenue was received as support from the private sector, 12% from the state and 7% from local governments.
- The average budgetary expenditure was €216,000 €, and €240,000 for sports events and €206,000 for cultural events. The budgetary expenditure of almost half of the events exceeded €100,000. Organization costs were the highest in the case of the Otepää FIS Cross-Country World Cup (€804,000), followed by the Europeade folk festival (€568,000), Rabarock (€457,000), Viljandi Folk Music Festival (€421,000), Saaremaa Opera Days (€409,000) and Tartu Cross-Country Marathon (€368,000). These events had an international scope – thousands of foreign visitors and participants or world-famous artists were brought to Estonia.
- Of the 20 events analyzed, 12 resulted in a profit or broke even, and 8 suffered losses, which are covered either from past years' revenue or revenues from the organizers' other economic activities.
- The main inputs for determining **regional economic impact** were average spending by visitors who came from outside the counties in question to visit the particular events (so-called direct revenue) and budgetary spending in the regions by the events (so-called revenue from budgetary spending).
- The average post-VAT direct revenue of events was over half a million euros, ranging from almost €26,000 in the case of the Narva Energy Run to over €1,888,000 in the case of Saaremaa Opera Days.

- In addition to Saaremaa Opera Days, higher-than-average direct revenue was also generated by Saaremaa Rally (ca €1,386,000) and Viljandi Folk Music Festival (ca €918,000).
- The ratio of visitor spending to budgetary expenditure of events shows how much each euro used in the budget gave back to the region. The analysis showed that each euro used gave an average of €4 back to the region, from €0.7 in the case of the Otepää FIS Cross-Country World Cup to €17.8 in the case of Saaremaa Rally.
- Budgetary spending in the regions by the events was also considered regional revenue in terms of economic impact; revenue that would have been lost without the events. The extent of the regional economic impact of events depends on how many necessary products and services (e.g. publicity, security, sound and light services, catering, accommodation, transportation, etc.) are acquired from local businesses and institutions and on how involved local people are in organizing the events. The average post-VAT budgetary contribution to the region was over €72,000.
- The share of budgetary spending benefiting the regions in the total budgetary expenditure was on average 35%, ranging from 1–2% to 95%. The percentage was the lowest in the case of the Rabarock festival in Järvakandi, where lack of local service providers forced the organizers to use outside sources for providing almost all services and products needed for organizing the festival; in addition, a large proportion of budgetary resources were spent on the fees, transportation and accommodation of (foreign) artists. In the case of the Põlva youth football tournament Lootosspring, almost all budgetary expenditure benefited the region, as the major articles of expenditure had to do with the accommodation, prizes, security and transportation of the participants, and all these services were provided locally.
- The average economic impact of events (i.e. direct revenue + budgetary spending in the region) was over **€600,000**, and in the case of cultural events over €580,000 and in the case of sports events over €650,000.
- Although the amounts indicating economic impact were considerable, there is still much room for development in terms of increasing the regional economic impact of events. For example, if there was more cooperation among the organizers, local governments, businesses and local people, the budgetary spending benefiting the regions could be increased; also, local businesses and institutions could stand to gain much more if they were better prepared for catering to visitors.
- The level of cooperation between local governments and event organizers varied greatly, from local governments being co-organizers to indifference on their part. Local governments invest very little effort in promoting cooperation between event organizers and local businesses and in scheduling the events appropriately (so that several major events would not overlap, which causes a shortage of accommodation).

- The state could consider introducing an investment support scheme contributing to developing cheaper accommodation options for the summer period in Estonia. Estonia's camping-ground network is very basic, whereas the number of people coming to spend their vacation in Estonia travelling in cars (or campers) has been increasing year by year. Tourists also need to have access to the basic infrastructure (toilets, hand-washing facilities). Precisely these kinds of issues were the most problematic for event-goers.
- Event organizers also expect local businesses to be more open to cooperation. It is important to understand that events play a significant role in attracting more visitors to regions and that it would be wise to help event organizers where possible, so that the events could be repeated also in the following years and remain financially sustainable.
- Although the aim of this study was to explore the economic impact of events, the visitors, participants and business operators all agreed that all the events in question also have a wider impact – they increase the attractiveness of regions, improve the living environment, provide training opportunities for young volunteers and promote local cultural and sports life.