

ECONOMIC IMPACT AND AUDIENCE RESEARCH REPORT
PREPARED BY FORWARD ANALYTICS

2013 Chesapeake Campaign

Discover the War of 1812 along the Chesapeake Bay

Attack on Havre de Grace: May 3–5
Battle of St. Michaels: August 10–11

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Highlights of the Study

- Maryland's Chesapeake Campaign, a series of weekend festivals branded to commemorate the bicentennial of War of 1812 battles across the State, welcomed more than 70,000 people this past summer. The Chesapeake Campaign included ten events in eight Maryland counties in 2013. Audience research and impact analysis was conducted for two events, *Attack on Havre de Grace* (May 3-5) and *Battle of St. Michaels* (August 10-11).
- Chesapeake Campaign events provided educational and social opportunities for Marylanders but also attracted tourists to the various campaign towns. The two events drew 26,000 people to the City of Havre de Grace and 5,500 to St. Michaels. Maryland residents made up 85.7% of the crowd.
- The two Chesapeake Campaign events generated nearly \$2 million in economic impact for their respective regions. The events cost an estimated \$238,000 to produce, and were supported by more than \$162,000 from the Star-Spangled 200 grant fund.
- Sixty-nine percent of visitors to *Attack on Havre de Grace* came from out of the area and spent an estimated \$795,100 with local restaurants, hotels, retailers, etc. The indirect impact of this spending generated an additional \$556,570 in indirect impact. Thus, the total impact of *Attack on Havre de Grace* is estimated at \$1,351,670.
- The *Battle of St. Michaels* generated a total impact of \$524,790 for Talbot County. The direct impact of out-of-area visitors (67%) is estimated at \$308,700, with an indirect impact estimated at \$216,090.
- The direct spending of visitors to the Chesapeake Campaign events resulted in substantial tax revenues for the State of Maryland. Sales tax, alcohol tax and gasoline excise tax brought in an estimated \$579,300 for the State.
- Chesapeake Campaign events fostered interest in the history of the Maryland War of 1812. Sixty-seven percent of survey respondents indicated they are *very interested* or *interested* in learning more about the history of the Maryland War of 1812.
- The majority of visitors (61.4%) spent more than 5 hours learning the history of Maryland War of 1812 and exploring the host towns. Forty-eight percent of visitors attended Chesapeake Campaign events multiple days. Viewing tall ships (69.7%), free tours of ships (60.9%), reenactments/military march (59.2%) and War of 1812 activities (54.8%) were the top activities of *Attack on Havre de Grace* visitors.
- More than half of survey respondents (53.7%) indicated the Waterman's Appreciation event was most important to them during their trip to St. Michaels. And 53% came for the festival food/crab feast. Shopping was important to 42.5% of respondents, while others valued the War of 1812 activities (31.3%) and reenactments (34.3%).
- Survey research proved that Chesapeake Campaign events are a positive experience as 84.8% of visitors are *very satisfied* or *satisfied* with the events. And, 58.5% are *very likely* or *likely* to participate in future events.

I. Introduction

Two hundred years ago, the British Navy launched its "Chesapeake Campaign" looting and burning and creating economic devastation in towns along the Bay. Now dozens of Maryland communities share a national story of triumph which began in April 1813 when the British began their assault at the head of the Bay and climaxed September 1814 with the successful defense of Baltimore.

"The War of 1812 in the Chesapeake and the writing of The Star-Spangled Banner are important chapters in our history as a State and as a Nation," said Senate President Miller. Now, state and local officials see the celebration of the campaign's bicentennial as an occasion to boost economic development.

Today's *Chesapeake Campaign*, launched in April 2013 and continuing through September 2014, is a series of weekend festivals featuring commemorative War of 1812 events and interactive activities, tall ships, re-enactors, and more. The *Maryland War of 1812 Bicentennial Commission* awarded nearly \$400,000 in grants to support Chesapeake Campaign commemoration events in 2013. The festivals entice tourists to explore Maryland's charming small towns and historic cities, each filled with galleries, shops, lodging and restaurants.

The following study provides tangible and reliable information to some of the measurable economic returns resulting from investments and spending on the Chesapeake Campaign. The study explains the direct and indirect business volume and government revenues generated as a result of two 2013 Chesapeake Campaign events- *Attack on the Havre de Grace* (May 3-5, 2013) and *Battle of St. Michaels* (August 10-11, 2013).

II. The Framework

Forward Analytics, Inc. was contracted by Star-Spangled 200, Inc. ("SS200")¹ to conduct audience research for key signature events between June 2012 and December 2014 commemorating the Maryland War of 1812 Bicentennial and to measure the economic impact of the events. Such information is crucial to analyze the return on investment (ROI) for citizens, event managers, sponsors, government entities and the affected communities.

The first event of the series, Star-Spangled Sailabration, was the national launch of the War of 1812 Bicentennial hosted June 13-19, 2012. More than 45 vessels from around the world were docked at the Inner Harbor, Fell's Point, and Locust Point, with over 4,000 crew members greeting the 260,000 visitors that boarded and toured the ships. The Blue Angels soared the skies. Forward Analytics research showed that Sailabration drew 1.5 million people and poured \$166 million into the state's economy.

¹ Star-Spangled 200, Inc. is the non-profit 501(c)(3) organization that supports the fundraising goals of the Maryland War of 1812 Bicentennial Commission ("Commission") and is charged with helping to ensure the realization of successful programs, events and community investment during the three-year commemoration period. Established by Governor Martin O'Malley, the Commission is staffed by the Maryland Department of Business and Economic Development, Division of Tourism Film and the Arts. The bicentennial period runs from June 2012 through February 2015. It commemorates Maryland's unique contributions to the defense and heritage of the nation, including the pivotal battle that led to an American victory and the birth of "The Star-Spangled Banner."

A. Purpose of Study

This year, survey research was conducted for two (out of 10) 2013 Chesapeake Campaign events - *Attack on Havre de Grace* and *Battle of St. Michaels*. The purpose of the research was to measure the economic impact of the specific events and analyze audience research for the use of planning and promoting future SS200 events. In addition to the standard economic impact questions, audience research was designed to measure the following:

- overall event satisfaction;
- socio-graphics and psychographics of attendees;
- attendance motivators;
- interest in the history of the War of 1812 and its commemoration events;
- communications and marketing activities,
- and sponsorship awareness.

B. Methodology

The study utilized a customized survey to collect data from a random sample of Chesapeake Campaign visitors. Last year, Forward Analytics collaborated with staff from SS200, the Maryland War of 1812 Bicentennial Commission, Visit Baltimore, and the Maryland Office of Tourism to create a 3-page questionnaire for Sailabration. The survey was then customized for *Attack on Havre de Grace* and *Battle of St. Michaels* audiences. During each event, in-person interviews were administered by Forward Analytics staff to adult attendees (ages 18+). In order to gather representative data, Forward Analytics conducted surveys during diverse hours of the day and at various spots of the festivals. The data collected represents a statistical significance of +/-3.5% margin at the 99% confidence interval. This means that the results reflect the answers between 91.4% and 98.5% of the total population at 99% of the time. Generally, a +/-5% margin of error at a 95% confidence level is considered significant for making business decisions.

In addition, the methodology incorporated detailed impact information supplied by planners of both festivals. The staff reported back the expenditure levels and geo-spatial distribution (spending locally vs. non-locally) along other social and cultural impact details.

C. The Economic Impact Model

The economic impact study measured the direct and indirect business volume and government revenues attributed to Chesapeake Campaign events. This impact study employed 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.

The linear cash flow model that we use 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 measures the indirect impact, or the circulation of

dollars originally attributable to the representative events, 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 on the local business volume.

The direct impact, or the direct spending, of visitors generated government revenues for the State of Maryland and are calculated herein.

III. Research Findings

Attack on Havre de Grace and *Battle of St. Michaels* provided educational and social opportunities for residents while also attracting tourists to the Chesapeake Campaign host towns and regions. In total, an estimated 31,500 guests enjoyed *Attack on Havre de Grace* or the *Battle of St. Michaels*. Maryland residents made up 85.7% of the crowd, or an estimated 27,000 people. The bicentennial activities enticed first time visitors to the host towns, as well as frequent visitors, who generated substantial revenue for local businesses.

While stimulating tourism, the Chesapeake Campaign events also educated guests and fostered interest in the Maryland War of 1812. Research demonstrates that the festivals provided engaging opportunities to learn that “*Maryland is recognized as the most important portal to understand the significance and relevance of the events of the War of 1812.*”

Survey data showed that 66.7% of guests are *very interested* or *interested* in learning more about the history of the Maryland War of 1812. Similarly, 58.5% are *very likely* or *likely* to participate in future events in Maryland commemorating the War of 1812. They are inclined to attend for reasons including:

- Family-friendly, educational activities (35.6%),
- Mere convenience (34.1%),
- Interest in War of 1812 (32.2%),
- Pride in Maryland’s history (27.8%), and
- Good entertainment (25.4%).

The majority of guests were familiar that the *Attack on Havre de Grace* (78.8%) and *Battle of St. Michaels* (54.1%) were part of a *series of traveling festivals that trace the battle lines of the War of 1812 along the Chesapeake*. Similarly, they were familiar that the events were part of *Star-Spangled 200, the bicentennial of the War of 1812 and the writing of the National Anthem*. And 21.6% of guests attended last year’s *Star-Spangled Sailabration* event.

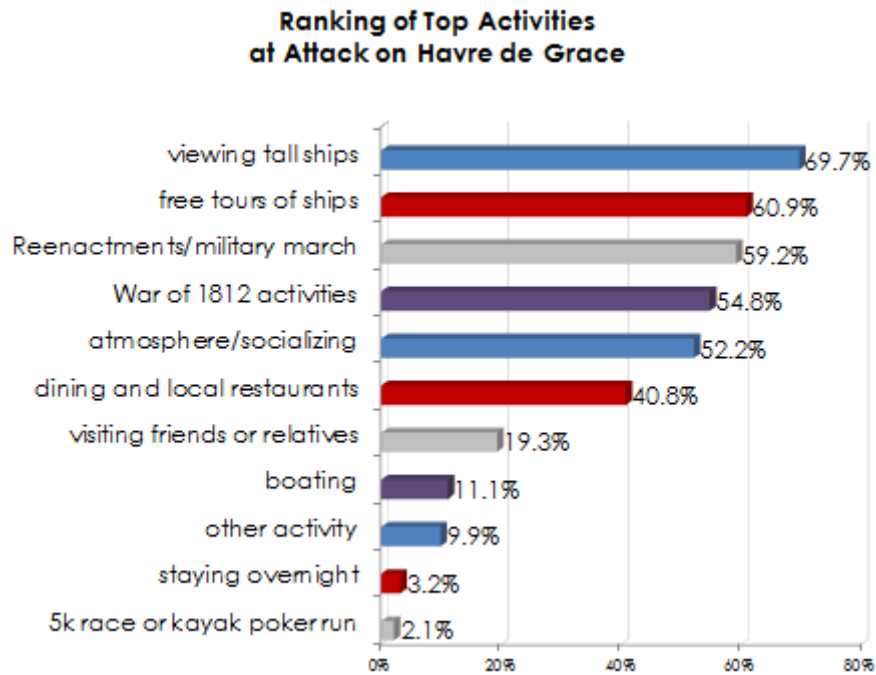
There is no doubt that guests enjoyed the Chesapeake Campaign experiences. Eighty four percent of the guests were *very satisfied* or *satisfied* with *Attack on Havre de Grace*. *Battle of St. Michaels* also received high satisfaction ratings at 86.4%.

Next, we individually report the demographics, or “visit” characteristics, and economic impact of *Attack on Havre de Grace* and *Battle of St. Michaels*.

A. Attack on Havre de Grace

Attack on Havre de Grace was a three-day festival that included full-event reenactment through the town including the Fort McHenry Guard and Star-Spangled Flag raising. Furthermore, tall ships, storytelling, The Red Coat Run 5k race, and the Columbia Orchestra performance at the lighthouse grounds entertained the crowds as fireworks burst over the Susquehanna River. The *Attack on Havre de Grace* commemoration coincided with the 32nd Annual Havre de Grace Decoy & Wildlife Art Festival.

Survey respondents were asked to indicate “up to 5 activities that are most important to you during your trip to Havre de Grace.” Below is a ranking of the top activities. Viewing tall ships (69.7%) and free tours of ships (60.9%) were ranked highest. Reenactments/military march (59.2%) and War of 1812 activities (54.8%) were also ranked high. And 52.2% of respondents thought the atmosphere or socializing was important.



By all accounts, the City saw attendance of 26,000 throughout the weekend, with 69% residing outside of Havre de Grace. Seventy-three percent of survey respondents indicated *Attack on Havre de Grace* and its events were the *main reason for visiting the area*. A record-breaking 150 volunteers aided in the success of the festival. Also setting records were the tall ships; the *Pride of Baltimore II* and *Sultana* declared the highest number of visitors in the history of the vessels.

With a full schedule of War of 1812 events, along with great restaurants and shopping, the majority of visitors (60.8%) spent more than five hours in Havre de Grace. And 45.9% of attendees dedicated more than one day to *Attack on Havre de Grace* and its events. Consequently, 3.7% of survey respondents reported staying overnight in a hotel or B&B while another 10.9% stayed with friends or relatives.

Word of mouth (41.1%) proved to be the most effective means of marketing *Attack on Havre de Grace* and its events. Online marketing reached 18% percent of respondents who referred to the website www.hdg tourism.com while another 16.0% viewed www.havredegracemd.com. Traditional marketing tools, local newspaper articles (26.0%) and newspaper ads (14.9%), were also effective in reaching attendees.

While pairs, or couples, comprised more than half the visitors (53.6%), a surprise was the anecdotal report of groups taking advantage of free offerings to expand their programming abilities. This included groups serving people with disabilities and seniors, youth groups, such as scouts, religious organizations and more. Ten percent of survey respondents attended with parties of twelve or more people.

Half of visitors are ages 50+ but the under 35 crowd enjoyed the event as well and represented slightly under a third (29%) of visitors. More visitors are married (66.5%) versus single (20.3%). Thirty-nine percent of survey respondents brought a mean of 1.74 kids to the commemoration. These children range in age from 0 to 3 year olds (17.9%), 4 to 9 year olds (34.5%), 10 to 14 year olds (28.3%), and 15 to 18 year olds (19.3%).

Fifty percent of guests have a four-year degree or higher (23% post graduate). More than half (51.3%) have a household income at \$75,000 or above. This data supports the significant economic impact of *Attack on Havre de Grace* and its events.

The City's population essentially doubled during the three-day festival commemorating the *Attack on Havre de Grace*. As indicated, 69% of guests came from outside of Havre de Grace and 12.4% traveled from outside of the State of Maryland. These "tourists" spent money at local restaurants, shops, tourist attractions, hotels, etc. This spending represents "fresh dollars" into the community attributable to *Attack on Havre de Grace*.

The total economic impact of visitor spending in Havre de Grace was estimated at \$1.35 million. The economic impact consisted of \$795,100 in direct impact and \$556,570 million in indirect impact attributable to *Attack on Havre de Grace* and its events. Another \$81,090 attributable to the festival was generated elsewhere in Maryland. Here is how visitors spent their money:

	Havre de Grace	Elsewhere in Maryland
Food at restaurants/bars	\$434,400	\$16,500
Alcohol at restaurants/bars	\$161,800	\$4,000
Retail/souvenir purchases	\$123,000	\$6,900
Tourist attractions /entertainment	\$51,400	\$3,700
Overnight accommodations	\$14,500	\$9,600
Parking	\$200	\$1,300
Gasoline	\$9,800	\$5,700
Visitor Spending Direct Impact	\$795,100	\$47,700

Indirect Impact	\$556,570	\$33,390
Total Impact	\$1,351,670	\$81,090

Government Revenue Impact

During *Attack on Havre de Grace*, The Office of Tourism and Visitor Center recorded a 93% increase in visitation from the year prior. The City's hotel and bed and breakfasts reported 90%-100% occupancy during the festivities. All restaurants canvassed reported record sales. The direct revenue of visitors to Havre de Grace generated substantial tax revenues for local and state governments. The State of Maryland received \$56,631 in tax revenues attributable to *Attack on Havre de Grace*.

Sales and Use Tax

Havre de Grace merchants gained an estimated \$795,100 in economic activity. Another \$47,700 attributable to the festival was spent elsewhere in Maryland. Direct spending generated approximately \$50,570 in sales tax for the State of Maryland.

Alcohol Sales Tax

In July 2011, the State of Maryland added a 3 percent surcharge on top of the 6 percent sales tax. Festival attendees spent \$165,800 on alcohol at local restaurants and bars. The alcohol tax hike adds another \$4,974 to Maryland tax revenue that is attributable to *Attack on Havre de Grace*.

State Gasoline Excise Tax

Tourists spent an estimated \$19,800 in gasoline while traveling to and from Havre de Grace. A gasoline excise tax of \$.235 per gallon generated \$1,087 for the State of Maryland.

Revenue Generated by Event Organizers

Havre de Grace secured a matching grant from the Bicentennial Commission of \$86,000. The City cash match was \$44,000 and in-kind contribution from volunteers, City services, and sponsors was over \$130,000. Ninety eight percent of all expenditures paid to contractors, suppliers, re-enactors, and vendors were kept within the State, County and City economies. Local disbursements were estimated at \$28,500 for the City of Havre de Grace.

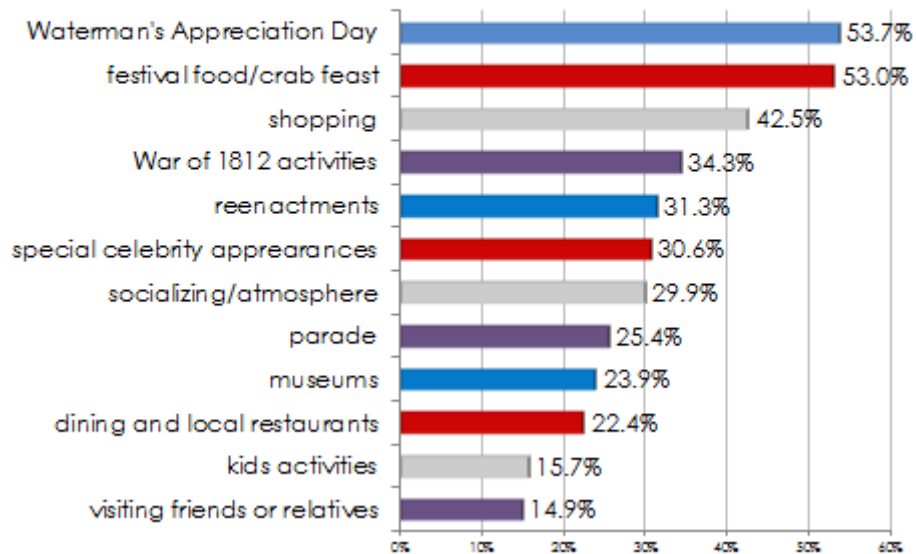
B. Battle of St. Michaels

A huge celebration filled the historic and picturesque harbor town of St. Michaels, August 10th and 11th. The town's waterfront and historic district transformed to a time 200 years ago, with re-enactments, boat rides, canon firings, horse drawn carriage rides and a Talbot Street parade. The bicentennial of the *Battle of St. Michaels* was remembered by a "whole town" event with residents, visitors, and businesses all contributing to the red, white and blue festivities.

The *Battle of St. Michaels* commemoration corresponded with the Talbot County's annual Waterman's Appreciation Day held at the Chesapeake Bay Maritime Museum. The event featured a celebrity guest appearance by reality television shows, *Deadliest Catch* and *Swamp People*. The day also included live music, boat docking contest, museum tours, and all-you-can-eat steamed crabs.

St. Michaels nearly reached town capacity with an estimated 5,500 guests over the two-day period. More than half (53.7%) indicated the Waterman's Appreciation event was most important to them during their trip to St. Michaels. And 53% came for the festival food/crab feast. Shopping was important to 42.5% of respondents, while others valued the War of 1812 activities (34.3%) and reenactments (31.3%).

**Ranking of Top Activities
at Battle of St. Michaels**



Close to 63% of *Battle of St. Michaels* guests spent more than five hours in the town, while 29.2% took two days to enjoy the bicentennial events. Ten percent of guests stayed overnight in Talbot County; either in a hotel or B&B. Another 14.1% stayed overnight at a friend's or relative's home.

Again, word-of-mouth (33.7%) proved to be the most effective communication tool, while local newspapers (32.7%) and local newspaper ads (13.9%) also provided information about *Battle of St. Michaels* and its events.

Battle of St. Michaels truly brought the community together as 57.5% of guests enjoyed the bicentennial events in groups of 4 or more. Couples made up 22.7% of attendees. Thirty-six percent of survey respondents brought a mean of 2.04 kids to the commemoration. These children ranged in age from 0 to 3 year olds (12.2%), 4 to 9 year olds (28.6%), 10 to 14 year olds (27.6%), and 15 to 18 year olds (31.2%).

The 50+ crowd made up 61.6% of guests while under age 35 made up 10.6%. More guests are married (72.8%) rather than single (11.4%). And 22.3% of guests have children under the age of 18 or dependent children living in their home. Sixty percent of guests had earned a four-year degree or higher and just as many have a household income of \$75,000 or more.

The total economic impact of visitor spending is estimated at \$524,790 in Talbot County. The total economic impact consisted of \$308,700 in direct impact and \$216,090 million in indirect impact. Another \$15,800 in direct revenue attributable to the festival was generated elsewhere in Maryland. Direct spending generated an additional \$11,060 in indirect revenue, with a total impact of \$26,860 elsewhere in Maryland.

	Talbot County	Elsewhere in Maryland
Food at restaurants/bars	\$115,000	\$4,600
Alcohol at restaurants/bars	\$59,300	\$1,700
Retail/souvenir purchases	\$42,500	\$1,500
Tourist attractions/entertainment	\$19,400	\$1,200
Overnight accommodations	\$51,100	\$5,200
Parking	\$700	\$100
Gasoline	\$18,300	\$1,500
Car rental	\$2,400	\$0
Visitor Spending Direct Impact	\$308,700	\$15,800
Indirect Impact	\$216,090	\$11,060
Total Impact	\$524,790	\$26,860

Government Revenue Impact

Battle of St. Michaels increased local business volume and also generated substantial tax revenues for the local and state government. Tax revenues are paid directly by the nonresident guests on purchases with local businesses as mentioned above.

The State of Maryland received an estimated \$22,689 in tax revenue from the economic activity generated by the *Battle of St. Michaels*. Talbot County gained \$2,044 from hotel taxes. The government revenue impacts comprise the following:

Sales Tax

As outlined above, the *Battle of St. Michaels* generated substantial revenue for businesses in the town of St. Michaels, Talbot County, and the state of Maryland.

Accordingly, direct spending by nonresident attendees generated \$19,470 in state sales tax revenues for the State of Maryland.

Alcohol Sales Tax

Festival attendees spent \$63,900 on alcohol at local restaurants and bars. The alcohol tax hike added another \$1,830 to Maryland tax revenue that was attributable to *Battle of St. Michaels*.

Hotel Tax

As previously indicated, 10% of festival guests spent the night at a hotel, motel or B&B in Talbot County. Survey research measured the average nights stayed and average cost of accommodations. *Battle of St. Michaels* guests generated a direct impact of \$51,100 for the Talbot County hotel industry. The County received \$2,044 in hotel tax revenues (in addition to Maryland state sales tax revenues).

State Gasoline Excise Tax

Nonresident festival guests spent an estimated \$19,800 in gasoline while traveling to and from St. Michaels. A gasoline excise tax of \$.235 per gallon generated \$1,389 for the State of Maryland.

Revenue Generated by Event Organizers

Lastly, the operating expenditures for *Battle of St. Michaels* by festival organizers are considered. Commissioners of St. Michaels disclosed that an estimated \$52,800 of their operating budget was spent on businesses and organizations operating in the town. Another \$16,900 was spent with businesses in Talbot County (and \$18,200 was spent elsewhere in Maryland). Operating expenditures include the purchase of goods and professional services from local businesses for marketing and PR, signage, construction, building supplies, landscaping, professional services, hospitality, to name a few. *Battle of St. Michaels* was supplemented by a \$75,600 grant from Maryland 1812 Commission.

IV. The Value of Volunteers

Attack on Havre de Grace and *Battle of St. Michaels* attracted nearly 200 volunteers providing an estimated 800 volunteer hours. Estimating their monetary worth of volunteers is less critical than the notion that those who volunteered their time could have spent it in many ways, but decided that the events were of most importance to them in allocating their time. If the total of 800 volunteer hours is calculated at the *government dollar value of a volunteer hour* (2011), an estimated \$18,440 is donated in time the Chesapeake Campaign and their host towns.