

# IOWA COUNTY FAIR

## AN ECONOMIC IMPACT ANALYSIS



UNIVERSITY OF WISCONSIN  
WHITEWATER



Fiscal & Economic Research Center

## Introduction

Since 1851, the Iowa County Fair's primary focus has been to add a social element to the community. By staying true to this vision, the Iowa County fair annually gathers visitors and residents together for a long weekend of wholesome activities. Family friendly entertainment at the Iowa County Fair consists of grandstand programming, agricultural exhibits, as well as, games, rides, and shopping at the Midway. The Iowa County Fair Board works year round to put together this five day celebration of summer that closes as school begins for local youth – thereby symbolizing the close of summer. This successful event draws almost 12,000 paid and free admissions. While the Iowa County Fair serves to entertain local residents of Iowa County, visitors from as far as Illinois, Indiana, and California attend the festivities. Iowa County Fair's long term success can largely be attributed to its unique blend of family values and exciting entertainment opportunities.



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The Iowa County Agricultural Society held their first fair in Dodgeville in 1851. In 1858, the Industrial Arts Union held their first fair in Mineral Point. For many years the two cities held competing fairs a week apart. In 1875, the Mineral Point fair was moved to its current location. The Dodgeville fair held its last celebration in approximately 1914. In 1989, the fair transitioned into a non-profit event. It is this non-profit fair that has evolved into the fair that is known and loved today.

A variety of events are typically held during the fair. These events range from concerts to demolition derbies. Perhaps most importantly, local people have the chance to show off their livestock, hand crafts, agricultural farm products. In addition, the youth have the opportunity to show off their poise and performance abilities in the "Fairest of the Fair"

competition. Similar to most types of attractions, the biggest challenge the Iowa County Fair faces is generating and retaining attendance. To do this, fair planners change and update programming and events to maintain the interest of annual fair attendees and attract new attendees.

While the primary focus of the fair is to bring together residents and visitors by adding a social element to the community, it is important to recognize that the fair also has an important economic impact on the area. In 2011, the Fiscal and Economic Research Center (FERC) at the University of Wisconsin-Whitewater was asked to develop a survey to be completed by fair attendees to estimate the economic impact the county fair has on the region. Volunteers randomly surveyed fairgoers about the amount of money they spent at the fair, with whom they attended the event, and their household income. The results indicate that few people paid for overnight lodging because they simply drive back to their homes on the same day. It was also estimated that many of the attendees spend money outside of the fairgrounds, generating revenue for the surrounding businesses. The survey uncovered how people spend their money both within the fairgrounds and outside of the fairgrounds before, during, or after the fair. The FERC also inquired about visitors' interests by including questions as to which area of the fair they enjoyed the most. Finally, the loyalty of participants was also recorded by asking how many days they spend at the fair,

as well as how many years they have attended the fair.

## Profiles of Fair Attendees

There were 418 unique surveys completed by fair attendees while at the fair. The majority of fair attendees surveyed were female (64.5 percent). Approximately 58 percent of attendees surveyed held either a high school diploma or an Associate's Degree. An additional 31 percent of attendees held a Bachelor's Degree. The majority of fair attendees (nearly 80 percent) make less than \$80,000 annually. For a complete breakdown of education and annual income see Table I. Of those attending the fair, 40.0 percent said they plan to attend the fair for one day, while 26.3 percent said they plan on attending the fair all five days.



<b>Table I</b> Profile of Iowa County Fair Attendees	
<b>Household Income</b>	<b>%</b>
< \$40,000	23.6
\$40,000 - \$59,999	24.7
\$60,000 - \$79,999	21.4
\$80,000 - \$99,999	17.3
\$100,000 - \$119,999	6.3
\$120,000 +	6.6
<b>Education Level</b>	<b>%</b>
Less than High School	2.9
High School	28.8
Associate's Degree	22
Bachelor's Degree	31.2
Master's Degree	12.7
Doctoral Degree	2.4

It is important to note that 91 percent of people surveyed plan to spend money on refreshments and snacks within the fair and 40 percent planned on spending money on carnival rides and games. Those who spent money on refreshments and snacks at the Iowa County Fair, spent an average of \$9.83. Those who spent money on carnival rides and games spent an average of \$4.84. Table II shows the average spending per person of all people surveyed.

<b>Table II</b> Attendee Spending Profile	
<b>Expenditure</b>	<b>\$</b>
Food / Beverage at fair	\$9.83
Carnival rides and games	\$4.84
Souvenirs / household items purchased at fair	\$1.51
Items purchased at local grocery store	\$6.55
Meals purchased before or after the fair	\$2.66
Gasoline used to get to fair	\$5.84
Overnight accommodations	\$2.03
Purchases at local stores	\$2.30
Money spent on other events in Iowa County	\$2.65

Based on the results shown in Table III, it is clear that people surveyed prefer particular events while attending the fair. Survey respondents were asked to choose the one activity they most look forward to out of two lists of choices. In the first group of activities, youth exhibits were dominantly preferred with almost 63 percent of respondents choosing this activity. In the second group, the majority of the votes went to Animals with over 47 percent of the vote. The other choices in both lists were relatively evenly distributed.

<b>Table III</b> Most Anticipated Fair Activity	
<b>Activity List 1</b>	<b>%</b>
Youth Exhibits	62.6
Livestock Auctions	5.6
Open Class Exhibits	5.4
Harness Racing	14.2
Tractor Pull	9.1
Draft Horse Pull	2.7

<b>Table III</b> Most Anticipated Fair Activity	
<b>Activity List 2</b>	<b>%</b>
Food / Beverages	11.8
The Midway	7.6
Music	14.5
Demolition Derby	10.1
Children's Activities	8.5
Animals	47.4

<b>Table IV</b> Average Group Size	
<b>Size</b>	<b>%</b>
1	19.5
2	27.3
3	11
4	21.8
5+	20.5



<b>Table V</b> Attendee Marital Status	
<b>Status</b>	<b>%</b>
Married	73.2
Not Married	26.8

## The Economic Multiplier

There were three major forms of economic impact on the county from the fair. The first is the impact caused by expenditures at and around the fair, such as on refreshments and carnival rides. The second is the expenses paid by the fair such as salaries to employees. The third impact is the livestock auctions of the youth animals. To determine the economic impact of the fair on the community, the 2006 IMPLAN economic modeling system was used. This produces an economic multiplier, which is a quantitative measure of economic impact that recognizes

that all levels of economies are interconnected networks of interdependent activity. When there is a change in one part of the economy it will change throughout the system. This will typically result in a greater total impact than was caused by the original injection of capital into the economy.

Each time money is spent, a portion of the money will “leak” out of the local economy through taxes or money being spent outside the local economy. Only a fraction of the money is spent on the Iowa County Fair is likely to stay in the local economy. People who worked the fair could be from outside the county. Insurance paid by the fair might be paid to a company in a different state. The carnival rides could have been not only assembled by people from outside the community, but also designed and fabricated in a country other than Iowa County. Each of these and many more possibilities allow for money to leak out of the economy and to have effects on other areas.

An example of an economic multiplier is to consider that 30 employees were hired to work at a county fair; employment will increase by more than 30 jobs directly tied to the fair. Employment increases by more than 30 for two reasons. First, the operation of the fair requires several expenditures including utilities, insurance and maintenance costs. These impacts are referred to as indirect effects because they are indirectly created by establishment of jobs for the fair. Another

impact occurs from the people who work at the fair spending their earned income in the local community. This spending creates jobs in the businesses that provide the services. These impacts are called induced impacts. This defines the employment multiplier as the number that is multiplied by the number of jobs directly involved in the fair to give the total number of jobs created (both directly and those created in the community by the fair). If the total number of jobs created by the fair was 40, then the employment multiplier would be 1.33 (40/30).

To calculate the impact of expenditures by the Iowa County Fair and money spent by fairgoers in Iowa County, an IMPLAN input-output model was used. An IMPLAN model is capable of determining the overall economic impact that initial spending has on the local economy. The IMPLAN model uses data gathered in surveys and estimates to what extent different spending categories affect the local economy in terms of initial effect, direct effect, indirect effect and induced effect. This Input / Output (I/O) Model provides a means to capture and measure these effects. It uses the following three effects to measure economic impact:

- **Direct Effect** refers to production change associated with a change in demand or the good itself. It is the initial impact to the economy, which is exogenous to the model. In the case of the fair, it is the spending brought about by the visitors to the fair and the fair organization.

- **Indirect Effect** refers to the secondary impact caused by changing input needs of directly affected industries (e.g. additional input purchases to produce additional output.) It concerns inter-industry transactions. The Iowa County Fair has a demand for locally produced materials needed to produce their product (often foodstuff). The success of the fair affects all of the fair's suppliers.
- **Induced Effect** is caused by changes in household spending due to the additional employment generated by direct and indirect effects. The induced effect measures the effects of changes in household income: the workers at the fair and the fair's suppliers spend money at restaurants, grocery stores and shops

During this study, two types of data were used to assess the economic impact of the Iowa County Fair. The first type of data, direct spending by the fair, is measured in terms of the cost of operating the fair during the five days it is open. This includes employees of the fair and other expenses not directly connected to labor (utilities, maintenance, insurance, etc.). The other form of data is the spending of the fair attendees in the local economy.

The economic impact of the Iowa County Fair caused by the people who attend the fair is measured across industry sales, job creation and employment income. The Iowa County Fair attendees contribute \$439,362 in industry sales in the local economy and create 7.7 annual full-time jobs with total

labor income of \$135,773. This gives a "Iowa County Fair industry sales multiplier" of 1.25 ( $\$439,362/\$352,862$ ), which suggest that for every dollar of sales at the fair, and additional \$0.25 of economic activity will be generated in Iowa County. The "Iowa County Fair employment multiplier" is 1.12 ( $7.7/6/9$ ), which implies that for every job created by attendees of the fair, 0.8 additional jobs will be created. Finally, the income multiplier created by the attendees of the Iowa County Fair is 1.25, implying that for every dollar of labor income earned by employees of the fair, an additional \$0.25 of labor income is earned in the community.

The second economic impact was caused by expenses that the fair paid, such as entertainment, labor, services, insurance and various other activities. The impact caused by the expenses of the fair is measured across industry sales, job creation and employment income. Iowa County Fair expenses bring an economic impact of \$243,131 in industry sales, creates 2.7 jobs and \$65,271 toward employment income. This gives a "Iowa County Fair Expense Multiplier" of 1.29 ( $\$243,131/\$188,676$ ), which means that for every dollar spent by the Iowa County Fair, \$0.29 will be generated within Iowa County. The "Iowa County Fair Expenses Employment Multiplier" is 1.23 ( $2.7/2.2$ ), which means that for every job created by the expenses of the Iowa County Fair, an additional 0.23 jobs will be created within the Iowa County economy. The income generated from these jobs gives the "Iowa County Fair Expense Employment Income Multiplier" a value of



1.63 (47,659/29,178). This means that for every dollar spent on employment income, and additional \$0.63 will be spent throughout the economy on employment income. These calculations are available upon request.

The third are impact area is the 4-H animal auctions, which impact the community differently from the other two impact areas due to dispersion of the farmers throughout the county. The Iowa County Fair generated auction receipts of \$194,555 during the first few days of the fair. The important recognition is that this impact is not wholly realized within the given weekend of the fair; these animals take time to raise, feed and tend. Nevertheless, if the fair auction did not exist, these animals might not be raised and sold. The distinction can be made that since the animals are raised without regard to future fair value price and the 4-H

youth provide a continual supply of livestock each year, the impact is unique to each year and wholly realized in that year on a county level. The total industry sale impact is \$194,555 with a multiplier of 1.27; the total number of jobs created by the livestock auction is 4.2 with a multiplier of 1.25; and the total labor income is \$42,215 with a multiplier of 1.56.

## Conclusion

The combined direct impact of the Iowa County Fair by expenses of the fair and by the attendees is \$877,048. This money led directly to the creation of 12.5 jobs within Iowa County. Although the indirect spending is not as large as hoped, this is to be expected because large portion of the money is “leaked” out of Iowa County.

These results show how nearly all facets of Iowa County are positively affected by the fair. With the injection of more than \$877,048 into the economy, businesses in the Iowa County area directly benefit. The areas of Iowa County that are most positively affected are grocery stores, local restaurants and local organizations that set up food stands at the fair. With this investment, Iowa County provides benefits to the community in not only economic terms, but also in social terms.

The IMPLAN model suggests that revenue is generated within Iowa County during the five days of the fair between the expenditures of the fair and the money spent at the fair. This amount only includes the days that the fair takes place and does not include additional activities that might take place on the grounds and generate further income for the county. It is clear that the Iowa County Fair will continue to pay dividends to the county on its investment.

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