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AUTHORS: Kundi VIKTÓRIA

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## INTERNATIONAL AND NATIONAL MODELS USED FOR MEASURING FESTIVALS' ECONOMIC IMPACTS

### *FESTİVALLERİN İKTİSADİ ETKİLERİNİ ÖLÇMEDE KULLANILAN ULUSAL VE ULUSLARARASI MODELLER*

**Kundi Viktória**

Kodolányi János University For Applied Sciences, HUNGARY  
kundiviki@gmail.com

#### **ABSTRACT**

Festivals are today's most popular events. Their impacts on the organizer cities and regions are undisputed but the economic studies about them in Hungary are only focused on their business-success. Instead of this in West-Europe and in the USA it is clear that the measure of festival's impacts is necessary in regional dimension because it influences the economic growth (development of tourism, infrastructure, parking possibilities and better human recourses) and it adds also to the living standard of the citizens.

This document tries to assume and synthesize the results of the international theoretical works and their results about festival's impact measuring methods. To do this it is necessary to characterize the festivals and festival-tourism as a part of cultural city tourism. This is indispensable to understand the importance and impacts of festivals on the cities. These can be read in the first part of the paper.

But the main aim of this paper is to introduce the measuring models of festival's economic impacts focused mainly on their needed input data, difficulties and adaptation possibilities for Hungary, which can be read in the second part of the analyzes. There are four types of measuring methods which are used abroad for measuring festival's impacts and were analyzed during this research. This type of analyzes were never been made before in Hungary so this paper can be a compliment for the earlier festival-researches.

**Keywords:** festivals, tourism, economic impact analysis, measuring models, and regionalism

#### **ÖZET**

Festivaller, günümüzün en popüler organizasyonlarıdır. Festivallerin, ev sahibi şehirlerin ve bölgelerin üzerindeki etkileri tartışılmaz fakat bu konuda Macaristan'da yapılan iktisadi çalışmalar sadece işletme başarısına odaklanmıştır. Buna rağmen, Batı Avrupada ve ABD'de festivallerin etkisinin bölgesel boyutta değerlendirildiği açıktır çünkü bu olaylar iktisadi büyümeyi etkiler (turizmin gelişimi, altyapı, park olanakları ve daha iyi insan kaynakları) ve ayrıca vatandaşların yaşam kalitesine katkıda bulunur. Bu çalışma, festivallerin etkisini ölçme yöntemleri üzerine yapılan uluslararası kuramsal çalışmaları ve sonuçlarını sentezlemeyi amaçlamaktadır. Bu amaç için, festivalleri ve festival turizmini, kültür şehri turizminin bir parçası olarak değerlendirmek gerekmektedir. Festivallerin, şehirler üzerindeki etkisini ve önemini anlamak gereklidir. Bu nokta, çalışmamızın ilk kısmını oluşturmaktadır. Fakat bu

çalışmanın ana amacı, ikinci kısmı oluşturan festivallerin iktisadi etkilerini Macaristan için gerekli girdi bilgisi, zorluklar ve uyum olanakları üzerinden ölçme modellerinin tanıtılmasıdır. Festivallerin etkisini ölçmekte kullanılan ve bu çalışmada analiz edilecek dört farklı ölçme modeli bulunmaktadır. Macaristan'da bu alanda daha önce çalışma yapılmadığı için, bu çalışma daha önceki çalışmalar için tamamlayıcı özellik taşımaktadır.

**Anahtar Kelimeler:** festivaller, turizm, iktisadi etki analizi, ölçme modelleri ve bölgeselcilik

## **1.INTRODUCTION**

Owing to their growing popularity festivals, which are in the segment of city and cultural tourism, are nowadays in the focus of analyses in Hungary. Comprehensive research on their economic impact however has not already been taken. This paper is mainly theoretical, includes no empirical results but it fills the theoretical gaps for Hungary and Eastern Europe in turn.

## **2. FESTIVALS IN FOCUS OF CULTURAL-CITY TOURISM**

Cultural tourism has outgrown its traditional meaning and fits the definition of Richards (2001). Accordingly, cultural tourism means not only the consumption of the past cultural values but it also refers to getting acquainted with our present culture, the region itself and people's everyday life.

Festivals are excellent examples for the above mentioned definition because they relay a piece of the present culture for the participants (Richards, 2001; Smith, 2003). The main objective of the organizers of festivals is to create annual events based on local culture and history which are able to attract visitors to the destination (Liang – Illum – Cole, 2008; Raj, 2003). The event must ensure sharing local culture and development with participants as well (Liang – Illum – Cole, 2008). Thanks to festival- and event tourism today we live the golden age of cultural tourism (Liang – Illum – Cole, 2008; Raj, 2003, UNEP, 2002).

According to the fact that festival tourists are a type of cultural tourist they have cultural motivation and wish to get experiences of valuable cultural transmission. The most important part of their expenditure structure is to buy a ticket for the event and they also pay for catering and accommodation as a secondary cost. Compared to cultural tourists it is not always true for festival tourists that they primarily prefer high quality services (sport festivals, pop-rock festivals, etc.).

### **2.1. Typology of Festivals**

The market of festivals is atomized. Beside some international and national events which attract a very high number of visitors, local and regional events with fewer visitors can also be found (Erdős, 2004:33). The greatest strength of festivals lies in their positive impact on the image what is reflected

by the distance from which visitors arrive to places that became well-known through a festival.

According to Getz (1991) those festivals are important which are able to attract visitors from at least 60 km and to generate at least one-night spending in the destination (Getz, 1991; Sulyok – Sziva, 2009:4). Subsequently these events may be grouped according to their catchment area.

Festivals with appropriate interpretive tools and services worked out for the need of visitors can be even international attraction thanks to the systematic planning, development and build on. The marketing of festivals as tourist attractions can be a catalyst for the destination and can enhance the image of the attractions and the destination (Hunyadi – Inkei – Szabó, 2006). In this respect these events can revitalize backward areas. With good planning and creativity, a festival may be successful and react to the environment and the citizens' quality of life.

According to Erdős (2004) the attraction of the event is assigned by the subject who can be diverse: folk customs, religious holidays, historical events, events associated with art styles, music and pop music festivals. These can motivate the visit of the destination themselves. Also the main theme, the above mentioned subject defines the length of the festival which can be one or two days or even more month long.

Some of the festivals can be attraction themselves but other are only with different other types of cultural tourism a complex touristic product. An example can be the Hungarian Savaria Historical Festival where king scenes, the presence of vendors, gastronomic and wine pavilions and other suppliers make together the complex touristic product.

Also a grouping factor can be the organization. Some of the events are organized pure by the governments, NGOs or event-planner others in a combination of them. Governments organize often festivals in Hungary mainly in those destinations which are suffering in poor economic situation. They try to find a solution, a brake out point for them. Events, organized by the NGOs offer mainly a community meeting place for local people.

If festivals are analyzed as touristic products their lifecycle do not have to be forgotten (Getz, 1991; Sulyok -Sulyok -Sziva, 2009; Hunyadi, 2004; Hunyadi Inkei Szabó, 2006). There are some festivals which are new, they are in the developing part of their lifecycle but others which are still well known are in the growth or maturity stages (f.E. in Hungary the Sziget Festival or Budapest Spring Festival).

The main grouping factors can be the festivals function, contain and size (Hunyadi – Inkei – Szabó, 2006:8) their genre art festivals, amateur art and pure "lineage competitions", and other culinary and non-arts festivals (MFSZ, 2008; Sulyok – Sziva 2009:4), their popularity - community celebrations, community

public events, arts festivals (Kralic, 2007), or the combination of the above mentioned - representative festivals, national festivals, thematic festivals and target-group-festivals (Rosta, 2007).

**1. Table:** Summary of categorization of festivals

Grouping criteria	Grouping possibilities	
Theme	thematic range	cultural characteristic (art, sport, tradition, science, etc.)
Function	primarily touristic function	primarily artistic function
Genre	art festivals, amateur art and pure "lineage competitions"	gastronomically and other, non art festivals
Popularity	community celebrations, community mass events, art festivals	representative festivals, homeland festivals, thematic festivals, target-group festivals
Catchment-area	more than 60 km: touristic relevant festivals	less than 60 km: local festivals
Motivation level	primarily motivation festivals	secondary motivation festivals
Duration	short term festivals: one-two days, maximum one week long festivals	long term festivals
Organization	institutional, or by the government or state	profit-oriented businesses
Life-cycle	festivals in rising phase	decay events
Periodicity	only one organized festivals	more or regular organized festivals

**Source:** According to Getz, 1991; Hunyadi, 2004; Hunyadi – Inkei – Szabó, 2006:8; Kralic, 2007; Rosta, 2007; MFSZ, 2008; Sulyok – Sziva, 2009:4 own edition

## 2.2.Festivals Importance in Cities

Häussermann (1993) emphasizes that for governments, suffering from the changing economic structures, the modification of city culture to festival culture can be a new development solution.

Festivals as special form of public have a lot of preferred properties so they can facilitate the structuring development of cities and contribute to their reputation. However their major significance is economic, so as the new development opportunities by creating awareness of investors, government subsidies and attract tourists to the area, enhance markets and job creation (Häussermann, 1993; Szíjártó, 2004).

The festival tourism can be a possible brake out on those areas which suffer from the changing economic structure, decreasing of number of jobs and emigration. These kinds of events need a physical environment and through these touristic investments a new positive image can be ensured for the destination. Therefore these touristic investments must be integrated in the long term plans and development concepts of the destination. Thanks to these benefits governments turn more and more to these events to promote tourism. Also the regional touristic agencies' development plans contain more often parts about events, attractions and exhibition (Getz, 1989; Walo – Bull – Breen,

1996). Festivals have increasingly important role on national and local level too because they enhance the image, generate economic impact, extend the season, add to the development of local community and economy and strengthen the economic sector (Raj, 2003). According to the above mentioned reasons the benefit of the festival is the income which the destination would have lost in case if the festival hadn't been organized.

### 2.3. Impacts of Festivals

Festivals, as parts of cultural tourism, have socio-cultural, physical, environmental, political and economical impacts which can be positive or negative. Furthermore these impacts can be grouped also according to territorial division, impact on the individuals, their time dimension and direction of the effect.

**1. Figure:** Grouping of festival's touristic impacts **Source:** own edition, 2012

General impacts	Time dimension	Territorial dimension	Impact on the individuals	Direction of the impact
<ul style="list-style-type: none"> <li>• social</li> <li>• physical</li> <li>• economical</li> <li>• cultural</li> <li>• environmental</li> </ul>	<ul style="list-style-type: none"> <li>• short term</li> <li>• middle-long term</li> <li>• long term</li> </ul>	<ul style="list-style-type: none"> <li>• local</li> <li>• regional</li> <li>• national</li> <li>• international</li> <li>• global</li> </ul>	<ul style="list-style-type: none"> <li>• individual</li> <li>• familiar</li> <li>• group</li> </ul>	<ul style="list-style-type: none"> <li>• positiv</li> <li>• negativ</li> <li>• natural</li> </ul>

### 3. THE IMPORTANCE OF IMPACT STUDIES OF FESTIVALS

In case of measuring economic impacts of festivals it is necessary to start analyzes from the impacts of tourism which could be characterized according to the changing economic structures of sending and host destinations (Puczkó – Rátz, 2001).

If festivals are analyzed as part of cultural tourism the research must also focus on their cultural economy effects (Csite, 2007; Csomortáni, 2008). The first macroeconomic studies about the cultural economy effects of festivals were made in the 90's. Festivals show a strong urban character so it is necessary to analyze the products and services of festivals as a part of the urban economy. According to this, the urban development conceptions and studies must include the role of the cultural economy on employment and attracting financial capital (Harsányi, 1997; Enyedi, 2002).

From touristic aspects analyzed, festival's impact researches must focus to their impacts on the balance of payments. From this sight the most important events are those which are not only national but international well known so there are able to attract foreign tourists to the destination. Direct economic

impacts of festivals are mostly conspicuous through their impacts on tourism because festival tourists belong to the most spending visitors. The indirect and induced economic impacts are also very significant beside the direct impacts like the extension of the touristic season or the economic effects on the employment (Janeczko – Mules – Ritchie, 2002; Hunyadi – Inkei – Szabó, 2005; Dinmanche, 2007).

**2. Table:** Grouping of the main economic impacts of festival's on cities

Impact	Positive	Negative
Economical	impact on revenues (income generation, increasing sales revenues)	rising price level
	equalization function	opportunity cost
	market expansion function (like capital inflow)	monocultural economy
	structure-repair function	profiteering – short-term view
	stronger production (multiplier effect)	improved export
	quality growth	growing gray and black economy
	extending season	stronger seasonality in the economy
	impact on the balance of payments	

Source: own edition, 2012

From touristic aspects analyzed, festival's impact researches must focus to their impacts on the balance of payments. From this sight the most important events are those which are not only national but international well known so there are able to attract foreign tourists to the destination. Direct economic impacts of festivals are mostly conspicuous through their impacts on tourism because festival tourists belong to the most spending visitors. The indirect and induced economic impacts are also very significant beside the direct impacts like the extension of the touristic season or the economic effects on the employment (Janeczko – Mules – Ritchie, 2002; Hunyadi – Inkei – Szabó, 2005; Dinmanche, 2007).

The positive effects of tourism could be reflected through the multiplier effects like increasing income, new jobs, infrastructure investments, preservation of local culture, positive environmental image, entrepreneurial capital inflows and that unfavorable demographic processes could be stopped (Lengyel, 2004).

Among the economic aspects of this sector, one of the most important factors is the income generating capacity because citizens, companies and also the state – in varying degrees – enjoy the benefits from income of tourism (Jandala, 1992). From economic aspect the employment function of tourism appear in workforce management – it increases the number of jobs, adds to the reducing of unemployment through extending the season – which means saving

and income for the state and government while it also increases the quality of local life (Boothroyd, 1978; Rátz, 1999, Michalkó – Rátz, 2005) and also the service standard.

Festival organization can also have a dark side. It bases on the fact that festivals are a kind of touristic products. As effect of the festival – thanks to the increasing number of visitors – the price level is increasing and a well-established festival can lead to monocultural economy. If this festival is the only touristic product of the destination the season can be concentrated on the few days of the year when the festival is held.

According to research interviews festivals as touristic products are usually few days long which is unfortunate from view of employment because it can add to the gray and black economy. If festival's organizers need technology and services from abroad the growing import can add negatively to the balance of payments. The popularity of organization of festivals can contribute to short-life events because in a lot of case, the most important motivation is the rapid gain. It could be more worth if a festival must be canceled because it causes loss of income at the providers, organizers and also indirectly at the government and at local citizens (opportunity cost).

The measure of economic impacts causes a lot of problems in Hungary. One of these is the above mentioned short-term view while the organizers only do care about profit and not about measuring the economic effects of festivals on medium and long term. From another point of view there are only very few data available, consequently it takes a lot of time and need a high budget to make an impact study with considerably expertise.

In Hungary it is only possible to measure these economic impacts according to the collected data of the governments and organizers (balance sheet, profit and loss account, business Report), other data are not or just barely available, so longitudinal measures about the effects of festivals on the economic structures are impossible.

### **3.1. Comprehensive Analysis of Measuring Methods of Festivals Economic Impacts**

The main aim of the above mentioned measures to analyze the value of community properties like arts festivals, sport events, etc., and through these it could help the community support (Snowball – Antrobus 2002). Researches emphasize that economic impact studies provide financial support for decision-makers but raise a lot of methodological problems (Crompton – McKay 199; Crompton, 1995; Snowball – Androbus, 2002).

Attempts to measure economic impacts of festivals are made since the 90's. They have in common the definition of the component effects which can be direct, indirect or induced (Getz, 1991). These are analyzed traditionally with input-output or cost-benefit methods since the 70's (Blake, 2000; Blake –



Burbarry – Sinclair Th. M. Sugiyarto, 2001; Fletcher – Archer, 1991). However economic studies of festivals are only made about operating profit and direct economic effects and also the effects on the local society and economy can be also calculated with using these methods (Getz, 1991; Raj, 2003).

In territorial dimension the direct impact in the spending of touristic businesses which is in circumstance and generate indirect and induced impacts in the economy. The direct impacts have also effects on the households spending what is called induced impact. Geographically this means the consumption of touristic goods in the touristic destination (Striernstrand, 1996; Raj, 2003). To measure these impacts there are needed complex methods. These indirect impacts are called in the literature as “intangible” (Coopers&LybrandCoopers Lybrand Deloitte, 1990; Bieger – Frey, 1998; Scherer – Strauf – Bieger, 2002), “knock-on” (BAFA – SAM, 2008), “ripple-effect” (Janeczko – Mules – Ritchie, 2002), multiplier, spillover, or not measureable effects.

The main critic about impact’s measurement of festival according to Johnson and Sack (1996) is that organizers don’t take care in their researches about the opportunity cost if there is no tourism in the destination thanks to the event or if the festival is cancelled. According to their opinion all incomes must be interpreted and measured as new income in the economy because in case if the festival is not organized these incomes wouldn’t have appeared. Besides of this, these incremental spending is the base for the indirect impacts (Johnson – Sack, 1996:374; Snowball – Antrobus, 2002). According to Crompton and McKay (1994), who have another point of view, opportunity cost can’t be interpreted because if the festival is not organized or is cancelled in a destination the local citizens would spend the money, which they would have spent for tickets, to other services or products.

Snowball and Androbus (2002) rightly define their concern because if we analyze the full-impact assessment of festivals and events on economy, it must also cover the local spending because it also contributes to the spillover effects. It is also not confirmed that in case of cancelling a festival, local citizens would spend the whole amount of money which they were spend to festival tickets or just a part of that. So it is not able to analyze what kind of changes could happen in the economic structure in case of cancellation of the program. Although the spending of local citizens is not relevant in the touristic spending, but if they using catering services on the “outdoor”, free programs these expenditures belongs to the indirect impacts caused by festival.

Below the international used economic measurement methods can be read, focused their needed data and application, especially for the Hungarian facilities.

### 3. Table: Summary table of festival's economic impact analyzes models

Name of the model	Main criteria	Application problems
Multiplication model	To analyze the impact of one unit touristic spending on income, consumption and production (Jandala, 1992); Starting point: 4A <sup>1</sup> ; Analyze the direct, indirect and induced impacts; The one unit tourist spending is multiplied with the number of visitors (direct impact) and with the multiplier index (to get indirect and induced impacts) (Getz, 1991)	Difficult and complex model with a deep need of data. It needs a software and expert skills to calculate. In Hungary it is not able to use because of the missing data but the direct impact measure methodology of the model can be adopted.
Regional incident analysis	Simplified multiplier analyzes. Assume model of state budget and other public interventions. According to accounting and public information. Don't count with the intangible effects.	Its measurement is only partly possible because of the missing governmental and stat data. The use of this model is expensive and takes lot of time. Its adaptable part is the data-collecting method of 4A.
Contribution model	It bases on the spending of visitors, organizers, media and journalists and it is multiplied with the multiplier index. The more simplified model of the territorial incident analyzes.	Its measurement is only partly possible because of the missing governmental and stat data. The use of this model is expensive and takes lot of time. The adaptable part of it is the method of data-collect of touristic spending.
Ticket marketing and accommodation model	It measures the impacts according to the sold tickets and to the hotel's stats. Does not calculate with the spending of visitors.	This model can be adapted easily.

Source: own edition, 2012

### 3.1.1. Multiplier models

In case of measuring any cultural activity the biggest part of the expenditures in the destination the visitors spending for accommodation, catering, travelling and purchasing (McDonell – Allen – O'Toole, 1999; Raj, 2003; BAFA – SAM, 2008).

Economic impact analyzes oft count with those multiplier effects which express how many direct, indirect and induced impacts are caused by one unit touristic spending. It can be count that one visitors spending is multiplied by the total number of visitors what makes the direct spending, after this with using a multiplier, indirect and induced impacts can be also calculated. Sometimes only other empirical data can help to calculate incidental expenses (from the sight of the town these are incomes) (Hunyadi – Inkei – Szabó, 2006).

<sup>1</sup> 4A mean: Attraction, Approach, Accommodation, Attitude

These secondary spending which don't belong into the 4 main group of touristic spending have also socio-cultural importance because the additional supply, involves for festival tourists, reacts to the standard of living of the local citizens through the investments.

In tourism impact studies is usually used the "income multiplier" what is a coefficient which expresses the additional revenue which appears in the economy due to spending of tourists (Raj, 2003).

More researcher engage with the multiplier model and its importance (Frey – Häusel, 1983; Getz, 1991; Getz 1997; Crompton – McKay, 1994; Crompton, 1995; Bieger, 1997; Bieger – Frey, 1998; Coopers & Lybrand Deloitte, 1990; Spilling, 1999; Scherer – Strauf – Behrendt, 2002; Raj, 2003). The application of this model comes up in more impact studies of international festivals (Scherer – Strauf – Behrendt, 2001; Crompton – McKay, 1994).

**2. Figure:** Spending-cycle thanks to festival tourist's spending

Non-town tourist's spending – primary money in the economy
• accommodation
• catering
• travelling
• Other spending (festival tickets, festival products, photo exhibition, dance-course, etc.)
Direct and induced effects thanks to spending of tourists – secondary money in the economy
• purchases of local industry
• income of the local government
• income of the non-local governments
• direct income of households (discretionary income)
• other, non-town spending
Spending-circle thanks to the above mentioned direct and induced spending in the economy
• motivates other local, industrial purchases
• adds to the growing income of households
• generates additional incomes for local and non-local governments
• generates other, non-town spending

**Source:** According to Crompton – McKay, 1994 own edition

Especially for festivals worked out model focus to the sales and transactions multiplier. It measures the direct, indirect and induced effect of an extra unit of visitor spending on economic activity within a host community. In contrast, an income multiplier measures the direct, indirect and induced effect of an extra unit of visitor spending on the changes which result in level of household incomes in the host community (Crompton – McKay, 1994: 36).

There are also spillover effects which can't be quantified alone; they can only be estimated with empirical replacements (Hunyadi – Inkei – Szabó, 2006).

According to Snowball and Antrobus (2002) by calculating multipliers not only the number of visitors and the territorial dimension must be estimated but also their result in the amount of import (Snowball – Antrobus, 2002:6).

The complexity of the model is shown that mostly computers are only able to calculate multiplier index with synthesize of data. Crompton and McKay (1994) draw attention because of the different methodology of software because so they calculate this coefficient on a different way.

### 3.1.2. Regional incident analysis

The complexity of the multiplier models made the simplification and the work out of new models necessary. Bieger – Frey (1998; Scherer – Strauf – Bieger, 2002) worked out the model of regional incident analyzes which bases on their earlier results and experiences. It is not else as a simplified multiplier calculation. Thanks to its easy application it is used more often as the multiplier analyzes model. It is a summary method of state budget and other public financial intervention. Incident means all monetary effect of interventions.

This analyzes is a special cost-benefit method in practice what focus to the calculation of impacts on infrastructure, business and other institutions territorial effects. The main aim of this method is to synthesize the spatial data according to accounting and public information. Its main advantage is – according to more researchers – that it does not need deeper methodical previous experience, but its results are transparent (Scherer – Strauf – Bieger, 2001; DHPG, 2009). My opinion is that the above mentioned statement can only be true, if data are collected all quarter of the year. In other cases collecting and replacement of date take lot of time and it needs extremely high unit cost.

Regional incident analyzes also calculate with non-direct effects which refers the effects on infrastructure, image, awareness and employment and analyze also the better cooperation effect in government, public and businesses environment (Coopers&LybrandCoopers Lybrand Deloitte, 1990; Spilling, 1999; Scherer – Strauf – Bieger, 2002). The model of Bieger – Frey (1998; Scherer – Strauf – Strauf – Bieger, 2002) below is the base of regional incident analyzes.

The main difference between the multiplier and regional incident analyzes models is the definition of the local spending. The multiplier model not always calculates with this local spending claiming that it doesn't influence the "new money" appear in the economy thanks to the event in the destination. In this case the multiplier model only calculate the spending of visitors, media and external governmental, bank and investors resources which do not coming from the local community.

**5. Table:** Measuring model of big-event's impacts

	<b>Effect</b>	<b>Example</b>
Intangible Effects	Network effects	<ul style="list-style-type: none"> <li>• cooperation between businesses</li> <li>• destination marketing</li> </ul>
	Competent effects	<ul style="list-style-type: none"> <li>• quality of services</li> <li>• service clusters</li> </ul>

	Structural effects	<ul style="list-style-type: none"> <li>• infrastructural arrangements</li> <li>• infrastructural supply</li> </ul>
Tangible Effects	Image effects	<ul style="list-style-type: none"> <li>• press releases</li> <li>• value adding function of the media</li> </ul>
	Regional value creation	<ul style="list-style-type: none"> <li>• value-added multiplier</li> </ul>
	Direct economic impact thanks to the visitors	<ul style="list-style-type: none"> <li>• spending of performers</li> <li>• spending of sponsors</li> <li>• spending of visitors</li> </ul>
	Other direct impacts of the festival	<ul style="list-style-type: none"> <li>• revenue and expenditure</li> <li>• subventions and taxes</li> </ul>

Source: Bieger – Frey, 1998 cites Scherer – Strauf – Bieger, 2002

In contrast, regional incident analyzes model base also on the local spending because the change in the consumption of local people, thanks to an event, is also determinable (Crompton – McKay, 1994; Crompton 1995; Snowball – Antrobus, 2002; Scherer – Strauf – Behrendt, 2002). I'm also on the opinion of the second group because as Johnson and Sack (1996) write: local consumption means also "new money" in economy in case if local people would not spend this money if the event is not organized or is cancelled (opportunity cost).

### 3.1.3. Contribution model

In case of not using multiplier or regional incident analyzes model, the calculation of "contribution" can be a good solution (Vrettos, 2006). This model was used to measure the economic impacts of the Edinburgh Festival in 1990-91 and 2005. In these cases the calculation of effects was based mainly on the spending of visitors, performing artists, journalists and media, and festival organizers (Snowball – Antrobus, 2002; SQW – TNS, 2005). The Multiplier Research of Scotland was based in to calculate the contribution where the analysis was made with the output (Output multipliers reflect the total level of expenditure stimulated by the increase in spending) and input multiplier (Income multipliers represent the overall change in income generated by the new expenditure) (SQW – TNS, 2005:9) but it is not clear how the multiplier index was calculated.

This model is not else as the more simplified version of the regional incident analyzes model. This statement is based on the model made by Bieger – Frey in 1998, in that the factors which are taken in the calculation of contribution mean only a narrow part of a complex multiplier analyzes.

### 3.1.4. Ticket marketing and accommodation method

To measure the local effects can be the unification of the "ticket selling" and "accommodation measure" models through the calculation of visitors as it was used for measure economic impacts of the Grahamstown Festival. In this method the spending of local people for tickets are do not take in account (Snowball – Antrobus, 2002).

This method has also some methodological problems because local people can not only buy tickets for themselves but also for their relatives who are arriving remotely and who may spend one or more nights in the destination. So the leave out of local peoples spending from the calculation is not significant. This method can be just enough for the measure of direct touristic effects and it is able only to make local impacts.

### 3.2. The National Adaptation Opportunities of the Economic Measurement Methods

The measurement of the economic effects of festivals – similar to average economic effects of tourism – the exploration of the section coherences are hardly limited, since the monetary parameters necessary to the analysis are almost completely missing because of the above-mentioned lack of the statistical collecting. The data collection usually related to only a few typical industry quantitative indicators (e.g. guest arrivals, numbers of guest nights) or limited to very aggregate numbers (tourist export and import, travel balance, balance of domestic tourist) (Bakucz, 2003).

According to my opinion, regarding to the efficiency, cost claims and human resource requirements of the internationally used models as well as the available data, the combination of regional incident analysis, the contribution model and the ticket marketing and accommodation model would be appropriate for measurement of the economic effects of festivals in our homeland. I base this on the regional incident analysis making measurements in regional dimensions possible but the local festival organizers do not have enough human resources and financial resources to make such a big examination.

In addition the missing data means huge problem which make the multiplier calculations impossible. In my opinion the measurement of following factors are necessary and can be measured for festival organizers, regardless of their legal status.

**6. Table:** A possible measurement model onto the definition of the local economic effects of the Hungarian festivals – RCT Model

Regional dimension	Origin model	Factors to be measured	Source of data
Local	<u>Regional incident analysis</u> <u>Contribution model</u> <u>Ticket marketing and accommodation model</u>	the visitors' direct economic effect	
		visitors' spending	based on a questionnaire survey
		participants' spending	
		journalist's spending	
		media's spending	
		performers' spending	
		direct economic effects of the festival	
		revenues and expenditures	from festival budget data
		subsidies and taxes	

The 6th table summarize the regional incident analysis, the “contribution” model, furthermore the elements of the accommodation and ticket sales methods which collection and analysis by the festival organizers is relatively simple, low cost can be solved, but the long-term results allow conclusions to be drawn. Both the regional incident analysis and the “contribution” model count with direct economic effects, which connected to visitors, actors, journalists and the media furthermore artists and festivals organizers.

The survey is basically should focus the amount of spending on 4A, because this appears in the economy based on primary spending. It is important to measure the change of number of sold tickets with the partial adaptation of ticket marketing and accommodation measurement method with the changes that research must cover the bought tickets of local citizens too.

#### **4. SUMMARY**

It can be justified according to the international articles that festivals are in the section of cultural and city tourism. It bases on the physically needs of this events (both of view of supply and demand) what can be found in the town and their cultural-value transmission.

Festivals play an important role in development of cities since the 90's and mainly on those areas which are economic depressive. These events can be a new attraction there and they are able to boost the economy. Therefore it is necessary to analyze their economic impacts but in Hungary there was not worked out a methodology for measuring them yet as there is in still more in abroad.

According to synthesize of international methodologies it can be seen that there are more used models in Europe used for measuring economic impacts of festivals. Most of them can't be used in Hungary because of the missing date but some parts of the methodologies could be adapted. Now it is only possible to analyze these impacts according to the data of organizers, government and NGO supplemented by the data of touristic consumption. To make deeper researches the collect of data would be indispensable every quarter of a year by CSO.

The above mentioned RCT model can be a solution to measure a wide spread of festival's economic impact so that it is not too expensive. Of course there are also empirical researches needed to decide how this model can be used in practice but that was not the aim of this research.

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4A mean: Attraction, Approach, Accommodation, Attitude