

Measuring and Tracking the Economic Impact of Folk Music Festivals in Ontario

Final Report

October 2018 (Updated March 2019)

Prepared by

Nordicity

On behalf of



With support from



Disclaimer: Funding for this study was generously provided by Ontario Creates. Any opinions, findings, conclusions or recommendations expressed in this material are those of the author and do not necessarily reflect the views of Ontario Creates or the Government of Ontario. The Government of Ontario and its agencies are in no way bound by the recommendations contained in this document.

1. Introduction

The following document is a summary of the work conducted by Nordicity as part of Folk Music Ontario's (FMO) investigation into the economic impact of folk music festivals in Ontario. The project was funded in part by the Ontario Music Fund.

2. Economic Impact and Profile of Ticketed Folk Music Festivals in Ontario

One element of this project is the establishment of a baseline economic impact assessment of Ontario's folk music festivals, which would then inform the creation of the online tool designed to help folk music festivals to gauge their own economic impacts (which will be developed by FMO in the future). However, based on the consultations conducted it became clear that additional capacity building steps would need to be taken to gain a complete picture of that impact. More precisely, many non-ticketed and non-gated festivals did not have the human or economic resources required to conduct a rigorous data collection exercise. As such, the pragmatic decision was made to conduct an economic assessment of primarily ticketed, gated folk music festivals in Ontario. The results of that analysis are presented below.

2.1 Methodology

The baseline economic impact study included 13 festivals that were gated and ticketed, one non-gated festival and one non-ticketed festival. As will be elaborated upon in Section 3, this survey was based on the distribution of an Excel-based worksheet, which, in turn, was developed based on the feedback from the consultation process.

Survey

A survey form was distributed to the FMO members selected to be part of the study (referred to as "festivals" from here on). The worksheet had 4 sections:

- Section 1 asked for basic information about the organization;
- Section 2 asked for visitor information. The responses to these questions were used in calculating the tourism impact;
- Section 3 asked for expenditure information relating to operations; and
- Section 4 asked for expenditure information relating to putting on the festival. Responses to questions in sections 3 and 4 were used in calculating the operations economic impact.

Nordicity received completed survey forms from 13 out of the 15 festivals, a response rate of 87% of all eligible festivals. Given this positive response, Nordicity is confident that the questions, their format and their level of specificity are appropriate for the forthcoming online tool (as alluded to above).

Economic Impact

The total economic impact of the industry is a sum of the economic impact of festival *operations* and the impact of *tourist* activity.

In preparing the *operations* economic impact estimates, Nordicity used its MyEIA™ model, which employs Statistics Canada's Input-Output tables to compute economic impacts. The inputs for the model are primarily gross revenue for the industry, gross margin, average FTE salary, average contractor wages and gross expenditures, as gathered by the survey.

Gross revenue, expenditure and employment were estimated by first calculating averages for each size of festival and multiplying those averages by the number of festivals in the study. Industry operating margin was calculated as the difference between gross revenue and expenditure.

Average FTE salary was calculated by dividing the gross employee wages and benefits expenditure by gross number of full-time employees (average FTE * gross number of festivals). Average contract wages were calculated by dividing the contract labour expenditure by gross number of contract and freelance employees (average number of contractors and freelancers * gross number of festivals).

The contribution of the festivals to the provincial economy can be articulated in two ways:

- The **direct** economic impact refers to the income, GDP and jobs generated in the course of the festivals' operations. This economic impact is largely in the form of wages and salaries paid to employees and contract workers.
- The **spin-off** economic impact includes both indirect and induced impacts:
 - The indirect economic impact refers to the increase in economic activity that occurs when festivals purchase goods and services from their suppliers. These purchases increase income and employment at the supplier companies and, in turn, increase demand for other upstream suppliers – i.e., the suppliers' suppliers; and
 - The induced economic impact refers to the increase in household income, GDP and jobs that can be attributed to the re-spending of income by households that earned income at both the direct and indirect stages described above.

The economic impact of *tourist* activity was estimated using the visitor spending averages on accommodation, meals and merchandise purchases that the Ontario Ministry of Tourism, Culture and Sport's (MTCS) employs in their Tourism Regional Economic Impact Model (TREIM).

Nordicity used tourism spending data obtained from MTCS to model the expenditure patterns of visitors to Ontario's folk music festivals. Visitor counts were estimated by multiplying average number of visitors for each size category and the gross number of festivals. A breakdown of visitors by provenance was also calculated from survey responses and was used to calculate total visitor spend. Total visitor spend was adjusted by an attribution factor which was derived from survey responses. Festivals were asked for the percentage of visitors that visit only to attend their festival and responses to this question were used to calculate the attribution factor.

2.2 Size and Structure

The following section examines the size and structure of the Folk Music Ontario member festivals who participated in the study. The table below shows a breakdown of the participating festivals by location, based on the provincial tourism regions. Roughly half of the participating festivals are defined as rural and half are defined as urban.¹

¹ The "urban" or "rural" nature of a festival was determined on a case-by-case basis, although most rural events are located outside major cities and/or in large parks.

Table 1: Breakdown of festivals in the study by location

Ontario Region	Rural	Urban
Region 1: Southwest Ontario	1	2
Region 4: Huron, Perth, Waterloo, Wellington		1
Region 5: Greater Toronto Area		1
Region 7: Bruce Peninsula, Southern Georgian Bay, Lake Simcoe	1	1
Region 9: South Eastern Ontario	1	1
Region 10: Ottawa and Countryside	2	1
Region 13a, 13b, 13c: Northern Ontario	2	1
Total	7	8

Of the 15 participating festivals, eight were medium-sized with between 1,000 and 5,000 attendees, and six were classified as huge with more than 10,000 attendees. One participating festival was considered an outlier due to its size being several times larger than the other festivals.

On average, participating festivals were three-day events and in 2018 they collectively welcomed an estimated total of 545,000 visitors to their events.

2.3 Economic Impact of the Folk Music Festivals in Ontario

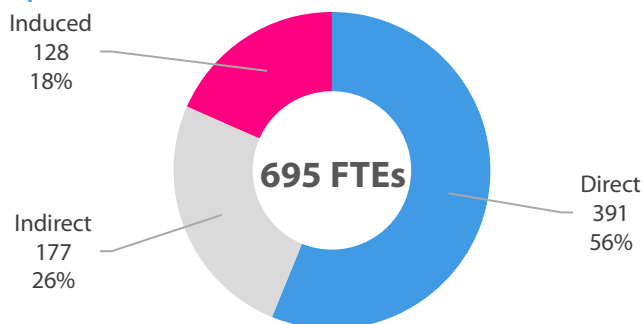
The following section outlines the economic impacts generated by the sample of Folk Music Festivals included in this study. All economic impacts presented in this section are stated using direct, indirect, and induced impact classifications, which are defined in Section 2.1 above.

2.3.1 Employment

One measure of the economic impact of an industry is the employment that it supports in a given region or jurisdiction. On average, participating festivals employed two full-time employees and two contract or freelance workers. Full-time employees earned an average \$51,000 per year and contract or freelance workers earned \$40,600 per year.

Festival operations, along with the effects of tourist spending related to festival attendees, generated a total of **\$33.5 million** in direct, indirect and induced **labour income** for the province and supported a total of **695 FTEs** (in direct, indirect and induced employment). A breakdown of the employment impacts of the festivals captured by this study is shown in the figure below.

Figure 1: Employment impact of folk music festivals in Ontario



n = 15

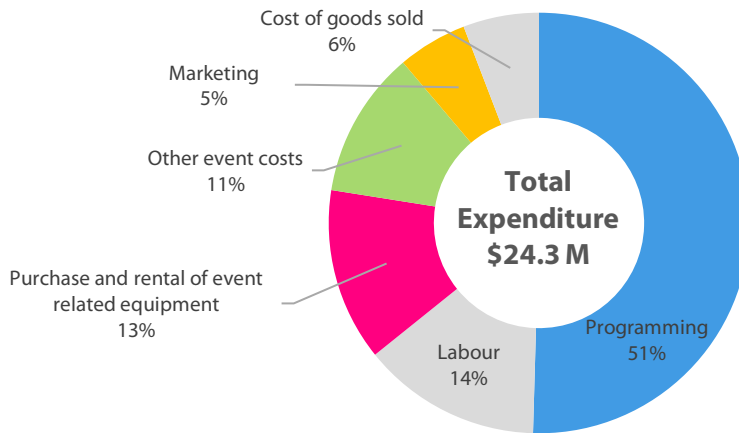
Source: Nordicity MyEIA™ Model, Statistics Canada, federal and provincial government accounts.

2.3.2 Expenditure Profile

The festivals included in this study spent an estimated total of **\$24.3 million** in 2018. A breakdown of the festivals' expenditure is shown in the figure below. The largest portion (51%) of festival expenditure went to programming costs which includes:

- Fees paid to artists, musicians, performers, celebrities, special guests, and speakers, including travel and accommodation and entertainment agencies;
- Fees paid for new programming;
- Training and professional development activities for artists; and,
- Fees associated with finding new talent.

Figure 2: Breakdown of expenditure of folk music festivals in Ontario



n = 15

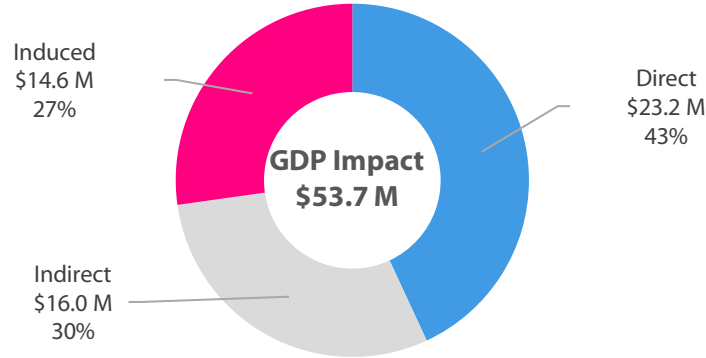
Source: Nordicity survey to FMO members, 2018

Event related equipment and other event costs represented another significant area of expenditure, together they made up almost one quarter (24%) of total expenditure in 2018. Labour costs are a relatively smaller category of expenditure likely due to festivals relying on volunteer labour, as opposed to paid employees or freelancers. Marketing only represented 5% of festival expenditure.

2.3.3 GDP Impact

Nordicity estimates that the participating festivals in this study collectively **contributed a total of \$23.2 million to Ontario's GDP in 2018**, as shown in the following chart. In addition, the **spin-off impact** (induced + indirect) of these festivals is estimated to be **\$30.6 million**. These impacts are calculated based on a combination of the festival operations as well as tourist spending.

Figure 3: GDP impact of folk music festivals in Ontario



Source: Nordicity MyEIA™ Model, Statistics Canada, federal and provincial government accounts.

The **tax impacts** of the festivals' operations and the tourism activity it generated was estimated to be **\$19.1 million**, which is the combination of federal, provincial and property taxes. The table below summarizes the total economic impact generated by participating festivals on the provincial economy.

Table 2: Breakdown of economic impact of folk music festivals in Ontario

Economic Impact	Type	Operations	Tourism	Total
GDP	Direct	\$1.6 M	\$21.6 M	\$23.2 M
	Indirect	\$7.6 M	\$8.3 M	\$16.0 M
	Induced	\$4.8 M	\$9.9 M	\$14.6 M
	Total	\$14.0 M	\$39.7 M	\$53.7 M
Labour Income	Direct	\$2.8 M	\$12.4 M	\$15.2 M
	Indirect	\$4.5 M	\$5.3 M	\$9.8 M
	Induced	\$2.3 M	\$6.2 M	\$8.4 M
	Total	\$9.7 M	\$23.9 M	\$33.5 M
Employment (FTEs)	Direct	70	321	391
	Indirect	100	77	177
	Induced	50	78	128
	Total	220	475	695
Taxes	Federal taxes	\$2.1 M	\$6.7 M	\$8.8 M
	Provincial taxes	\$1.6 M	\$6.4 M	\$8.0 M
	Property taxes and fees	\$0.6 M	\$1.7 M	\$2.3 M
	Total	\$4.3 M	\$14.8 M	\$19.1 M

Source: Nordicity MyEIA™ Model, Statistics Canada, federal and provincial government accounts.

3. Summary of Findings

The following represent the key findings of the economic impact of (ticketed) folk music festivals in Ontario:

- The festivals together support the employment of the equivalent of **695 full time employees in 2018**;
- These FTEs earn an average of **\$51,000 in salary** per year;
- 51% of festivals' expenditures are spent on programming activities;
- These festivals accounted for a total of **\$30.6 million to Ontario's GDP in 2018** (of which \$23.2 million was directly contributed);
- Folk festivals contributed to **\$19.1 million in federal and provincial taxes in 2018**.

Appendix A. Festivals Approached

The following festivals were approached to participate in this study:

- Ashkenaz Festival
- Mariposa Folk Festival
- Northern Lights Festival Boréal
- CityFolk
- RBC Bluesfest
- Stewart Park Festival
- Blue Skies Music Festival
- Goderich Celtic Roots Festival
- Hillside Festival
- Kingsville Folk Festival
- Live From the Rock Folk and Blues Festival
- Summerfolk Music & Craft Festival
- Trout Forest Music Festival
- Tottenham Bluegradd Festival
- Arboretum Festival (Bon-Fire Music Festival)