

# Economics/Spring

## I. Introduction

As the largest city in Western North Carolina Asheville attracts many visitors and tourists from out of market areas, entertained by the distinctive restaurants, locally owned shops and galleries, and exciting entertainment venues. Building an ice arena in the city of Asheville is anticipated to increase tourism from out of market visitors to the city and have a significant economic impact on the Buncombe County Community. Since 2009 Buncombe County has not had a facility to accommodate ice skating and related sports at any time during the year. Accommodating programs for ice hockey and figure skating, the Asheville ice arena is estimated to generate year-round attraction, specifically enticing tourism to the area during mid-October to early April. Economic impact research will assess out of market visitors whose expenditures bring new wealth into Buncombe County, generated by the existence of an ice arena in Asheville.

The economic impact of many sports events and facilities is a popular topic in economics. In the context of sport, economic impact is defined as the net economic change in a host community that results from spending attributed to a sport event or facility (Turco & Kelsey, 1992). The principal economic theory embraced by economic impact studies is the use of multipliers. The multiplier recognizes that changes in the level of economic activity created by visitors to a sports facility or event bring changes in the level of economic activity in other sectors and, therefore, create a *multiple* effect throughout the economy (Crompton, 1995). Minnesota Group Inc's Impact and Planning (IMPLAN) software system helps analysts address questions about economic analysis by using multiplier models to study the impact of a user-specified change in a chosen economy.

The use of IMPLAN software is common in scholarly research of economic impact analysis. IMPLAN can predict the effect of building sports facilities and the other economic infrastructures that arise around sports sites and look at the economic effects of visitors being drawn to the site (Alward1). The IMPLAN system offers a set of tools to model economic impacts and is made up of three elements: specific data for a local economy (sold separately), the IMPLAN software interface, and a portable hard drive that stores the data and models. IMPLAN data sets include regional employment, income, value-added, household and government consumption for a specific region (Alward1). The result you receive from using this IMPLAN system is a detailed summary of economic impacts, including changes in jobs, household incomes, tax impacts, and gross regional product specific to the chosen region (Alward1).

An anonymous survey will be conducted with 200 visitors of Asheville to collect data to be used with the IMPLAN software. The survey used in this research has two objectives: to collect data about out of market visitors to Asheville and estimate the number of extended stays in Asheville generated by the new ice arena. The survey is designed so that only visitors who reside outside the community and whose primary motivation for visiting is generated through the new ice arena, or those who choose to stay longer and spend more because of it, will be included (Crompton, Lee & Shuster, 2001). The data collection and surveying process will be conducted over a one month period from December 1, 2012 through December 31, 2012 in order to capture the best possible sample of visitors in Asheville during the high season of tourism.

Finally, the data collected from the Asheville Ice Arena Visitor Surveys will be used as inputs in the IMPLAN modeling system. Specific data, such as spending by category, will interact with multiplier models from the data set and generate an economic impact report for Buncombe County. The UNC Asheville economics department currently owns the IMPLAN appliance and Version 2.0 software that past students such as Dustin Allison used in his undergraduate research, *The Economic Impact of the University of North Carolina at Asheville*. However, the department owns an older data file for

Buncombe County. To obtain the most accurate results in my research, I would like to purchase the IMPLAN data file for 2010 for Buncombe County. If purchased, the 2010 Buncombe County data file also comes with an upgrade to the Version 3.0 IMPLAN software at no extra cost. This complete IMPLAN system could be used by future economics students wishing to conduct regional economic impact studies.

**II. Goals/Objectives**

The research aims to estimate the expenditures of outside visitors generated by the new Asheville ice arena, as it creates income and jobs in Buncombe County for residents. We will be purchasing the 2010 Buncombe County data set to use appropriate regional multiplier models and generate a detailed summary of the direct and indirect impact of the ice arena.

**III. Methodology**

The two-fold method used to assess the economic impact of the Asheville ice arena on Buncombe County employs a survey to visitors as well as economic impact estimation facilitated by IMPLAN software. Data will be collected through means of an anonymous, face-to-face survey of visitors in Asheville. With approval from hotel management, subjects will be recruited from various hotels in Asheville to participate in the anonymous survey designed to assess the economic impact of out-of-town visitors and extended stayers. The survey is a web-based survey facilitated by the use of iPad technology. Secondly, the economic impact of visits generated by the new ice arena will be estimated using data collected from the survey.

**IV. Timetable**

Research will be completed in three phases beginning December 1, 2012 and ending April 28, 2013. I will be presenting my findings at UNC Asheville’s Undergraduate Spring symposium.

	<b>Description of Work</b>	<b>Start and End Dates</b>
Phase One	Drafting visitor survey	November 1, 2012 – November 30, 2012
Phase Two	Drafting IRB application and getting IRB approval from UNC Asheville	November 1, 2012 – November 30, 2012
Phase Three	Recruitment of subjects for visitor survey (200 subjects total) and completion of data collection	December 1, 2012 – December 31, 2012
Phase Four	Purchase and use of IMPLAN software for Economic Impact Analysis and compilation of research findings	January 1, 2013 – February 28, 2013
Phase Five	Prepare for, and complete presentation of findings in the UNC Asheville Undergraduate Research Spring Symposium	March 1, 2013 – April 28, 2013

**V. Budget**

The two costs associated with the research are gasoline and the purchase of the Buncombe County data set for the IMPLAN software to complete the economic impact analysis. I will be traveling to Asheville hotels, per approval of hotel managers, over a 4 week period from December 1, 2012 – December 31, 2012, during the high season of tourism in Asheville. Gasoline is estimated to be \$3.50 per gallon during

this time. The cost of the individual county file can be found on the data price list of IMPLAN products by visiting the website at: [www.implan.com](http://www.implan.com). IMPLAN Version 3.0 software and shipping are included in data plan purchases.

	Description of Work	Expense	Anticipated Costs
Phase One	Gasoline	4 weeks x {[100 mi. round trip) ÷ (20 mpg)] x \$3.50/gal. }	\$70
Phase Two	2010 IMPLAN Software Data Set	individual county file + shipping costs	\$350
	<b>Total</b>		<b>\$ 420.00</b>

## VI. References

Allison, Dustin . "We Lift Our Wallets to the Mountains: *The Economic Impact of the University of North Carolina at Asheville*." Diss. University of North Carolina at Asheville, 2010. Ramsey Library D6. U55. Print.

Alward1, Aaron. *What is IMPLAN?*. MIG, Inc., 2009. Web.

<[http://implan.com/v4/index.php?option=com\\_content&view=article&id=282:what-is-implan&catid=188:general-information&Itemid=2](http://implan.com/v4/index.php?option=com_content&view=article&id=282:what-is-implan&catid=188:general-information&Itemid=2)>.

Crompton, John L. "Eleven Sources of Misapplication." *Journal of Sport Management* 9 (1995): 14-35.

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Turco, Douglas M., and Craig Kelsey. *Conducting economic impact studies of recreation and parks special events*. National Recreation and Park Association, 1992.