

An Economic Impact Analysis

THE IOLA CAR SHOW'S 50TH ANNIVERSARY

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Introduction

This analysis estimates the economic impact of the Iola Car Show on Waupaca County and the 6 contiguous Wisconsin counties (Marathon, Outagamie, Portage, Shawano, Waushara, and Winnebago). Economic impacts arise from at least the three following sources: organizational spending, visitor spending, and out of area investment on the Iola Car Show Grounds. The bill of goods approach looks at organizational spending by category to obtain a refined set of measurements. Visitors were surveyed. Spending data were collected and analyzed to estimate average visitor spending by category within 50 miles of the Iola Car Show Grounds. Finally, Iola Car Show Grounds construction spending by other organizations are tallied from the previous 5 years (2017-2021).

The economic impact of a change in spending is best measured utilizing one of several regional economic modelling methods. This analysis adopts the regional input-output model to follow money as it filters through the Wisconsin economy. Take for example an additional \$1 of spending within a particular sector. This spending may create a multiplier effect in one of at least two ways. First, the additional spending may stimulate economic activity through backward linkages of the Wisconsin supply chain. In the case of the Iola Car Show, the organization's print expenditures on promotional materials may stimulate activity within the Wisconsin paper and print industry, NAICS 32. Second, a share of the additional \$1 in spending may be paid to Wisconsin workers across all industries. These households then spend some of that income on the purchase of made-in-Wisconsin goods and services. The economic impact is the sum of the initial purchase, the supply chain activity satisfying that initial purchase, and the earned household income.

Economic Impacts

Through an application of industry-specific multipliers, this report evaluates the economic impact of the organization using a bill of goods approach. These estimates, however, overstate gross domestic product (GDP) calculations by counting both intermediate and final goods.

GDP is the market value of all final goods and services. Intermediate goods, such as bulk paper, require further processing before final use and are often bought by one firm to be used in the production of their output. On the other hand, final goods, such as marketing brochures, are bought and used as an end product. Intermediate goods, such as rental equipment, are inputs required to carry out Iola Car Show operations and are used in the production of their final goods and services.

Alternatively, included in the economic impact estimates are value-added estimates. These estimates are comparable to GDP and offer an additional measure of the organization's contributions to the Wisconsin economy. In 2019, Wisconsin was responsible for over 1.6% of US GDP, approximately \$350 billion. At the same time, the number wage and salary jobs in Wisconsin was just over 3 million, 1.9% of the national employment estimates.

Organizational Spending

Iola Old Car Show Inc.'s 2021 expense report details the organizational spending by category. Each category was assigned an industry as defined by the BEA. Multipliers from 16

aggregate industries are interacted with spending to estimate economic impacts. This analysis excludes the following expenses: FICA and Medicare, Property Taxes, Licenses and Permits, and Community Giving.

Table 1 estimates of the economic impact attributable to organizational spending, \$1.35 million. The economic impact estimates are presented as lower and upper bounds, because, economic multipliers¹ come largely in one of two types: Type I or Type II. Whereas the prior ignores the household income generated from the organization or event, the latter does not. In other words, the Type I multipliers provide a relatively conservative estimate of the organization’s economic impact – the lower estimates. Upper estimates are derived using Type II and account for household income.

Table 1: Organizational Spending: Economic Impact of Iola Old Car Show Inc on Central Wisconsin

	Employment	Earnings	Value-added	Output
Lower Estimate (Type I)	10	\$300,000	\$700,000	\$1,600,000
Upper Estimate (Type II)	14	\$500,000	\$1,000,000	\$2,200,000

Note: Estimates exclude FICA and Medicare, Property Taxes, Licenses and Permits, and Community Giving

The Iola Old Car Show Inc.’s annual budget supports between 10 and 14 jobs per year in the region. The spending generates between \$300 and \$500 thousand worth of household earnings in the region. In addition, the spending generates between \$700 thousand and \$1 million of value-added in the region with a total economic impact of between \$1.6 and \$2.2 million.

Visitor Spending

To capture visitor spending, we use survey analysis. There are 1,035 survey responses that were complete. Respondents self-identified as Vendor, Attendee, Show Car Participant, Car Corral Seller, and/or Camper. Some respondents selected multiple types. If a respondent reported spending in any category, all missing spending data were assumed to be zero. Finally, the data were cleaned of outliers reporting unrealistic spending levels; i.e., respondents reporting total spending exceeding \$10 thousand were omitted from the study.

Table 2. are descriptive statistics providing the share of respondents by type, average spending per respondent by aggregate category. The spending statistics are aggregated by category and are self-reported spending by respondents in transactions within 50 miles of the Iola Car Show Grounds.

¹ The Bureau of Economic Analysis (BEA) Regional Input-Output Modelling System (RIMS) II multipliers are used in estimating economic impact. The Regional Product Division of the BEA produces these multipliers for a fee. The 2012 national benchmark input-output table derives the estimates based upon 2019 regional data.

Table 2: Average Characteristics of the Respondent (N=1,035)

	Full Sample	Out of Area Only	Out of Area and Would not Recreate
Vendor	16%	16%	16%
Attendee	63%	66%	65%
Show Car Participant	34%	30%	29%
Camper	14%	18%	19%
Car Corral Seller	4%	5%	5%
Lodging	\$94	\$129	\$154
Food and Beverages	\$141	\$164	\$172
Transportation	\$81	\$95	\$98
Other Expenses	\$55	\$63	\$69
Total Spending	\$370	\$451	\$493
Number of Respondents	1035	723	498

Detailed average spending characteristics by respondent type are presented in Table 3. These are the basis for the measuring the economic impact of visitor spending on the regional economy.

Table 3: Detailed Average Spending Characteristics by Respondent Type

	Vendor	Attendee	Show Car Participant	Car Corral Seller	Camper
Hotels, motels, B&B	\$71.99	\$71.57	\$92.90	\$146.22	\$13.78
Campground (excluding Iola)	\$14.55	\$16.86	\$15.75	\$10.56	\$32.84
Restaurants	\$81.61	\$71.81	\$88.45	\$105.51	\$65.71
Bars/Taverns	\$36.43	\$25.44	\$32.53	\$38.56	\$36.44
Groceries	\$62.51	\$33.50	\$39.84	\$44.98	\$75.26
Gas/Diesel	\$95.85	\$70.19	\$79.52	\$105.00	\$104.29
Air, Rail, etc.	\$0.00	\$2.32	\$0.00	\$0.00	\$0.00
Other	\$6.73	\$1.97	\$4.26	\$5.89	\$3.67
Recreation & Entertainment	\$12.51	\$23.13	\$24.93	\$18.38	\$26.51
Sporting Goods (Golf, etc.)	\$2.23	\$3.18	\$2.68	\$7.78	\$5.95
Clothing	\$13.54	\$14.71	\$15.00	\$17.22	\$12.82
Other Goods (film, books, etc.)	\$11.01	\$14.05	\$12.81	\$10.22	\$31.00
Other Services (haircuts, etc.)	\$2.26	\$5.53	\$7.30	\$1.67	\$3.81
	\$411.22	\$354.26	\$415.97	\$511.99	\$412.08
Number of Respondents	168	657	351	45	147

Attendance by type estimates were provided by the organization and are reported in Table 4. In calculating the economic impacts of visitor spending, the number of attendees is scaled by the average size of US household. The measure provided by the US Census Bureau serves as a proxy for party size. The attendee respondent is assumed to be head of household reporting total spending by the party.

Table 4: Attendance Estimates by Type

	Count
Vendor	1,200
Attendee	100,000
Show Car	2,000
Car Corral	445
Campers	2,300
Average US Household	2.53

Estimated visitor spending in the region is \$16.7 million. Interacting industry specific multipliers with the aggregate visitor spending estimates and summing across industries yield economic impacts of visitor spending in the region, Table 5. Visitor spending supports between 227 and 261 jobs per year in the region. The spending generates between \$6.5 and \$7.8 million worth of household earnings in the region. In addition, the spending generates between \$12.5 and \$15.2 million of value-added in the region with a total economic impact of between \$22.2 and \$26.9 million. In addition, another \$1.8 million is spent with vendors at the Iola Car Show.

Table 5: Visitor Spending: Economic Impact of Iola Car Show on Central Wisconsin

	Employment	Earnings	Value-added	Output
Lower Estimate	227	\$6,500,000	\$12,500,000	\$22,200,000
Upper Estimate	261	\$7,800,000	\$15,200,000	\$26,900,000

Table 6 evaluates the impact of the Iola Car Show on the respondent's decision to recreate in the region. Among the respondents, fewer than one in three reported a zip code within a 50-mile radius of the Iola Car Show Grounds. In other words, 70% of visitors live further than 50 miles from Iola, WI. 57% of those respondents reported they would not have recreated in the area but for the Iola Car Show. Among out of area respondents only, that number jumps to 69%.

Table 6: Iola Car Show's Impact on Respondent's Decision to Recreate in the Region

	Full Sample	Out of Area Only
Reside Within 50 Miles	30%	0%
Would NOT Recreate in the Region	57%	69%
Number of Respondents	1035	723

Iola Car Show Grounds Spending

Finally, there has been approximately \$500 thousand worth of construction on the Iola Car Show Grounds by firms located outside the region. The estimated economic impacts

of this construction are in Table 7. On an annual average, this supports roughly 1 job in the region annually. The spending generates between \$40 and \$60 thousand worth of household earnings in the region annually. In addition, the spending generates between \$80 and \$100 thousand of value-added in the region annually with a total economic impact of between \$140 and \$180 thousand per year.

Table 7: 5-Year Construction Spending - Economic Impact of Iola Car Show on Central Wisconsin

	Employment	Earnings	Value-added	Output
Lower Estimate	4	\$200,000	\$400,000	\$700,000
Upper Estimate	5	\$300,000	\$500,000	\$900,000

Results

Table 8 estimates the total economic impact of the Iola Car Show on the region and is the sum of the economic impacts presented in Table 1, Table 5, and Table 7. Between 240 and 280 jobs per year in the region. Between \$7 and \$8.6 million worth of household earnings in the region. In addition, the spending generates between \$13.6 and \$16.7 million of value-added in the region with a total economic impact of between \$24.5 and \$30 million.

Table 8: Economic Impact of Iola Car Show on Central Wisconsin

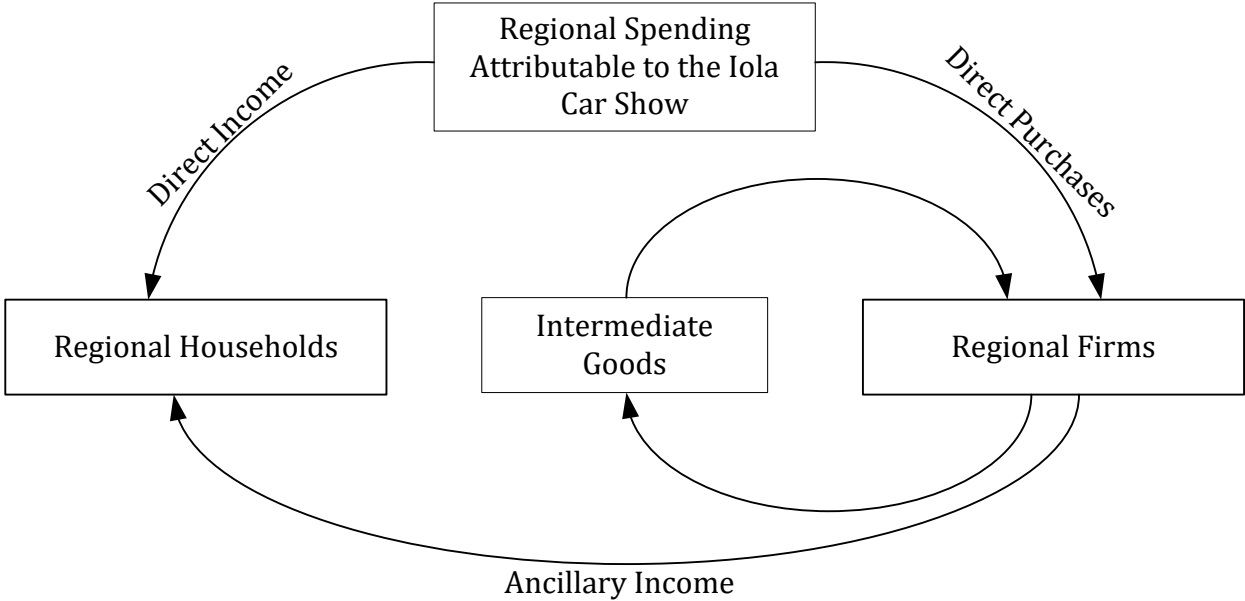
	Employment	Earnings	Value-added	Output
Lower Estimate	240	\$7,000,000	\$13,600,000	\$24,500,000
Upper Estimate	280	\$8,600,000	\$16,700,000	\$30,000,000

Summary

The validity of the estimates presented in this study is sensitive to differences between the behavior of a specific organization and the average behavior of all organizations within the sectors. In other words, there may be some variation in terms of how backwardly linked to the Wisconsin supply chain any particular organization is relative to the sector as a whole.

Appendix: Figures

Figure 1: A Visual Representation of \$1 Flowing Through the Economy



Appendix: Survey Questionnaire

1. Zip Code
2. Would you have recreated in central Wisconsin if not for the Iola Car Show?
3. What is your participation in the show?
 - a. Vendor (Swap, Commercial, Indoor, Flea Market)
 - b. Attendee
 - c. Show Car Participant
 - d. Camper
 - e. Car Corral Seller
4. Total Revenue at the Iola Car Show

The final set of questions are based entirely off of money spent OUTSIDE the Iola Car Show, but within a 50 mile radius. (See Map)

Please use \$ dollar increments.

5. Lodging \$ spent
 - a. Hotels, motels, B&B
 - b. Campground (excluding Iola)
6. Food & Beverages \$ spent
 - a. Restaurants
 - b. Bars/Taverns
 - c. Groceries
7. Transportation \$ spent
 - a. Gas/Diesel
 - b. Air, Rail, etc.
 - c. Other
8. Other Expenses \$ spent
 - a. Recreation & Entertainment
 - b. Sporting Goods (Golf, etc.)
 - c. Clothing Other Goods (film, books, etc.)
 - d. Other Services (haircuts, etc.)

Appendix: Detailed Respondent Spending Tables

Table 9: Detailed Lodging Expenses

	Hotels, motels, B&B	Campground (excluding Iola)	Total
Vendor	\$86,000	\$17,000	\$104,000
Attendee	\$2,829,000	\$666,000	\$3,495,000
Show Car Participant	\$186,000	\$31,000	\$217,000
Car Corral Seller	\$6,000	\$15,000	\$21,000
Camper	\$336,000	\$24,000	\$361,000
Total	\$3,444,000	\$754,000	\$4,198,000

Table 10: Detailed Food and Beverage Expenses

	Restaurants	Bars/Taverns	Groceries	Total
Vendor	\$98,000	\$44,000	\$75,000	\$217,000
Attendee	\$2,838,000	\$1,005,000	\$1,324,000	\$5,168,000
Show Car Participant	\$177,000	\$65,000	\$80,000	\$322,000
Car Corral Seller	\$29,000	\$16,000	\$33,000	\$79,000
Camper	\$243,000	\$89,000	\$103,000	\$435,000
Total	\$3,385,000	\$1,219,000	\$1,616,000	\$6,220,000

Table 11: Detailed Transportation Expenses

	Gas/Diesel	Air, Rail, etc.	Other	Total
Vendor	\$115,000	\$0	\$8,000	\$123,000
Attendee	\$2,774,000	\$92,000	\$78,000	\$2,944,000
Show Car Participant	\$159,000	\$0	\$9,000	\$168,000
Car Corral Seller	\$46,000	\$0	\$2,000	\$48,000
Camper	\$242,000	\$0	\$14,000	\$255,000
Total	\$3,336,000	\$92,000	\$110,000	\$3,538,000

Table 12: Detailed Other Expenses

	Recreation & Entertainment	Sporting Goods (Golf, etc.)	Clothing
Vendor	\$15,000	\$3,000	\$16,000
Attendee	\$914,000	\$126,000	\$582,000
Show Car Participant	\$50,000	\$5,000	\$30,000
Car Corral Seller	\$12,000	\$3,000	\$6,000
Camper	\$42,000	\$18,000	\$40,000
Total	\$1,033,000	\$154,000	\$673,000

Table 13: Detailed Other Expenses Continued

	Other Goods (film, books, etc.)	Other Services (haircuts, etc.)	Total
Vendor	\$13,000	\$3,000	\$50,000
Attendee	\$555,000	\$219,000	\$2,396,000
Show Car Participant	\$26,000	\$15,000	\$125,000
Car Corral Seller	\$14,000	\$2,000	\$36,000
Camper	\$24,000	\$4,000	\$127,000
Total	\$632,000	\$241,000	\$2,734,000