

# WALWORTH COUNTY FAIR

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## An Economic Impact Analysis

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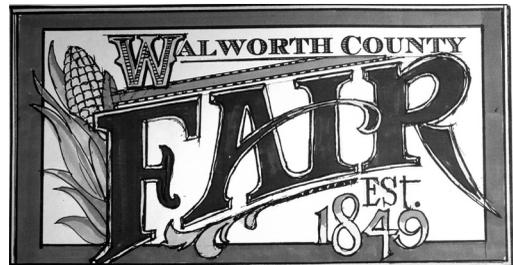
### INTRODUCTION

For 160 years, the Walworth County Fair has brought together residents and visitors to southeastern Wisconsin. The fair offers family entertainment through its grandstand programming, midway activity and agriculture advancement. The Walworth County Agricultural Society organizes an annual six-day celebration that closes on Labor Day -- thereby symbolizing the end of summer. While the fair serves to entertain local residents of Walworth County and the surrounding area, attendance records indicate the fair attracts visitors from Milwaukee, Beloit, Rockford, Ill., as well as Chicago. The Walworth County Agricultural Society believes the fair's long-term success is a reflection of its solid foundation and membership support. By combining the historic rural characteristic of the county fair with modern technology, the Walworth County Fair is a leader in accessibility and entertainment.

The first years of the fair were celebrated in several locations including East Troy, Elkhorn and Delavan. In 1854, the Walworth County Fair returned to Elkhorn, where it has been held (at its present location) each year thereafter. The land for the fairgrounds was purchased in 1855, and is located in the City of Elkhorn in southeastern Wisconsin. The Walworth County Agricultural Society owns an estimated 99 acres for county fair use. A variety of events are typically held during the fair, ranging from concerts to tractor pulls to demolition derbies; but above all, local people have the chance to show off their livestock, handicrafts, agricultural farm-products (e.g., grains, vegetables, fruits, etc.) and even their performance abilities in the “Walworth County Country Idol” contest and the “Fairest of the Fair” competition. Similar to other types of attractions, the main challenge the fair faces is to generate attendance. To do this, fair planners change and update programming and events in order to keep the interest of annual attendees and attract new fairgoers.

While the primary purpose of the fair is to bring together urban and rural citizens in an environment of community, it is important to recognize that the fair also has an important economic impact on the area. In 2009, the Fiscal and Economic Research Center (FERC) at the University of Wisconsin–Whitewater surveyed fair attendees to estimate the economic impact the county fair has on the region. FERC members randomly surveyed fairgoers about the amount of money spent at the fair, with whom they attended the event, and their household income. Some results indicated that few people paid for lodging to stay more than one day, as many drive and return to their homes the same day. It was also estimated that many of the attendees spent money outside the fairgrounds, generating revenue for neighboring businesses. The survey also tracked the amount of money spent on the fairgrounds by category (i.e., drinks and snacks, transportation,

parking, lodging, etc.). The survey also uncovered how money was spent outside 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. 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.



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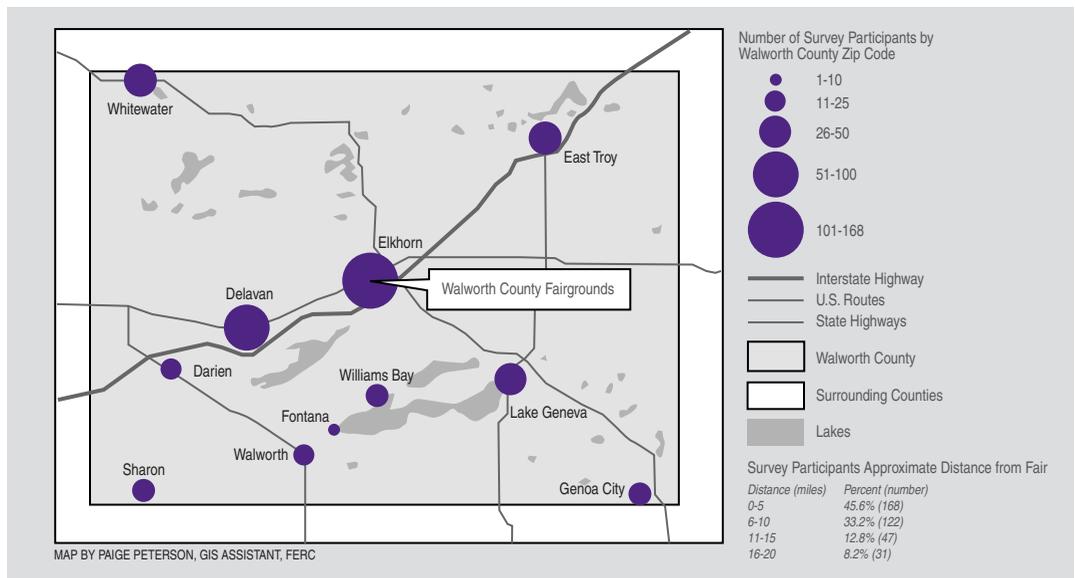
## PROFILES OF FAIR ATTENDEES

The Walworth County Fair is a very popular event drawing attendees from the county and the surrounding region. Attendees have also hailed from as far away as New York and California. Of the people surveyed, 16 percent were from Elkhorn and 6 percent were from Delavan. However, the small villages and townships participate greatly as their smaller population attends en masse (see map below). “Word-of-mouth” and “regular visitors” were significant fair attendance drivers with 23.5 percent of those surveyed indicating that they either heard about the fair from other people or knew about the fair from having attended since they were young. The average person surveyed said they have been attending the fair for 19.2 years. Of those surveyed, most attendees visited the fair in couples or in groups of five or more (see Table 4), with more than 25 percent attending the fair for more than 30 years. Of the people surveyed, 69.6 percent were married (see Table 5). Of the people who attended the fair, 16.3 percent received

a discount on admission with an additional 1.7 percent having a lifetime pass (see Table 6). Only 29.2 percent said that they would use a credit card to pay for the fair if it was available. Walworth County Fair’s only direct competition comes from St. Martin’s Fair, which is an open-air marketplace in Franklin, Wis.

There were 1,022 unique surveys completed by fair attendees while at the fair. The average age of fair attendees surveyed was 46 years old and the majority was female (64.5 percent). Approximately 52 percent of attendees surveyed held either a high school diploma or a two-year degree. An additional 30 percent of attendees held a bachelor’s degree – the largest percent-per-unique-education-level category – and had a median rate of income between \$60,000 - \$79,999 (See Table 1). This is greater than the average household income of Walworth County, which is \$54,084. Of those attending the fair, 57.2 percent said they planned to attend the fair for one day while 13.6 percent of the people said they planned on attending the full six days.

## WALWORTH COUNTY FAIR ATTENDANCE | ELKHORN 2009



**TABLE 1: PROFILE OF WALWORTH COUNTY FAIR ATTENDEES**

<b>Household Income</b>	<b>%</b>
Less than \$40,000	21.2
\$40,000-\$59,999	21.0
\$60,000-\$79,999	18.7
\$80,000-\$99,999	14.8
\$100,000-\$119,999	11.7
\$120,000+	12.5
<b>Education Level</b>	<b>%</b>
Less Than High School Diploma	1.7
High School Diploma	28.6
2-Year Degree	23.7
Bachelor's Degree	29.5
Master's Degree	13.5
Doctoral Degree	3.0

It is important to note that, 97.5 percent of people surveyed spent money on refreshments and snacks within the fair and 43 percent spent or planned on spending money on carnival rides. Those who spent money on refreshments and snacks at the Walworth County Fair, on average, spent \$11.79. (Including those who did not spend any money on refreshments this average is \$11.50.) Those who spent money on carnival rides and games spent \$11.11. Table 2 shows the average spending per person of all people surveyed.

Based on the spending patterns shown in Table 3, it is clear that people surveyed prefer particular events while attending the fair. As shown in Table 3, nearly 68 percent of people look forward to the food and beverages sold on the fairgrounds. There was a relatively even distribution among people who looked forward to youth exhibits, side stages, livestock auctions, or open-class exhibits. People who came in groups with children more highly anticipated Barnyard Adventure than either the Discovery Barn or the Kiddie Carnival. The

grandstand was clearly the favorite, outside of food and beverages, with a significant number of people saying their most memorable experience came from watching concerts performed on the grandstand.

**TABLE 2: ATTENDEE SPENDING PROFILE PER PERSON**

<b>Expenditure</b>	<b>\$</b>
Refreshments and/or Snacks at the Fair	\$11.50
Carnival Rides and Games	\$4.78
Other Events in the County	\$4.53
Souvenirs from Local Merchants	\$3.27
Local Transportation (Gas, Parking, Tolls, Rental Car, Taxi, etc.)	\$3.17
Food Purchased at a Local Grocery Store	\$2.38
Meals Purchased Before or After the Fair (Local Restaurant)	\$1.56
Overnight Accommodations (Hotel or Motel)	\$1.16

**TABLE 3 MOST ANTICIPATED FAIR ACTIVITY**

<b>Activity</b>	<b>%</b>
Food/Beverages	67.9
Grandstand	66.3
Barnyard Adventure	48.1
Youth Exhibits	38.5
Side Stages	33.7
Kiddie Carnival	28.2
Livestock Auctions	25.2
Discovery Barn	23.6
Farm Equipment	19.1
Carnival	13.0

TABLE 4  
ATTENDEE AVERAGE GROUP SIZE

Group Size	%
1	18.8
2	34.9
3	13
4	13.2
5+	20.1

TABLE 5: ATTENDEE MARITAL STATUS

Group Size	%
Married	69.6
Unmarried	30.4

TABLE 6: ADMSSION DISCOUNT RECEIVED

Discount	%
Yes	16.3
No	82.0
Lifetime Pass	1.7

### THE ECONOMIC MULTIPLIER – ATTENDEES OF THE FAIR AND EXPENSES PAID BY THE FAIR

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 spent on the Walworth 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 county other than Walworth. 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. This spending creates additional jobs in those industries that supply those services. These impacts are referred to as indirect effects because they are indirectly created by the 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 Walworth County Fair and money spent by fairgoers in Walworth 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 for 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 Walworth 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 the 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 Walworth County Fair. The first type of data, direct spending by the fair, is measured in terms of the costs of operating the fair during the week that 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 Walworth County Fair caused by the people who attended the fair is measured across industry sales, job creation and employment income. The Walworth County Fair attendees contribute \$6,318,449 in industry sales in the local economy and create 77.3 annual full-time jobs with a total labor income of \$1,334,730. This gives a “Walworth County Fair industry sales multiplier” of 1.26 ( $6,318,449/5,010,984$ ), which suggests that for every dollar of sales at the fair, an additional 19 cents of economic activity will be generated in Walworth County. The “Walworth County Fair employment multiplier” is 1.25 ( $77.3/61.6$ ), which implies that for every job created by attendees of the fair, .25 additional jobs will be created. Finally, the income multiplier created by the attendees of the Walworth County Fair is 1.40, implying that for every dollar of labor income earned by employees of the fair, an additional 40 cents of income is earned in the community.

The second economic impact was caused by expenses that the fair paid, i.e. 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. Walworth County Fair expenses bring an economic impact of \$1,112,330 in industry sales, creates 25.7 jobs and \$458,231 toward employment income. This gives a “Walworth County Fair Expense Multiplier” of 1.41 ( $\$1,112,330/\$791,084$ ), which means that for every dollar spent by the Walworth County Fair, 41 cents will be generated within Walworth County. The “Walworth County Fair Expenses Employment Multiplier” is 1.19 ( $25.7/21.6$ ), which means that for every job created by expenses of the Walworth County Fair, an additional .19 jobs will be created within the Walworth County economy. The income generated from these jobs gives the “Walworth County Fair Expense Employment Income Multiplier” a value of 1.29 ( $\$458,231/\$355,032$ ). This means that for every dollar spent on employment income, an additional

29 cents will be spent throughout the economy on employment income. These calculations are available on request.

The third impact area is the 4-H and FFA animal auctions, which impact the community differently from the other two impact areas due to the dispersion of the farmers throughout the county. The Walworth County Fair generated auction receipts of \$364,343 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 a 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 prices and the 4-H and FFA 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 sales impact is \$590,358 with a multiplier of 1.62; the total number of jobs created by the livestock auctions is 13.6 with a multiplier of 1.28; and the total labor income is \$141,595 with a multiplier of 1.90.

## CONCLUSION

The combined direct impact of the Walworth County Fair by expenses of the fair and by

attendees of the fair is \$6,318,449. This money led directly to the creation of 77.3 jobs within Walworth County. Although the indirect spending is not as great as would be liked, this is to be expected because a large portion of the money is “leaked” out of Walworth County.

These results show how nearly all facets of Walworth County are positively affected by the fair. With the injection of more than \$6 million into the economy, businesses in the Walworth area directly benefit. The areas of Walworth 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, Walworth County provides benefits to the community in not only economic terms, but also in social terms.

The IMPLAN model suggests that \$6.3 million is generated within Walworth County during the six 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 any additional activities that might take place on the grounds and generate further income for the county. From an annual contribution of \$10,000 from Walworth County, the fair generates returns well in excess of this original amount. It is clear that the Walworth County Fair will continue to pay dividends to the county on its investment.

TABLE 7: MULTIPLIER EFFECT CALCULATION OF FAIRGOER SPENDING

	SPENDING CATEGORY			
	Direct	Indirect	Induced	Total
Industry Sales	\$5,010,984	\$638,145	\$669,320	\$6,318,449
Jobs	61.6	8.0	7.7	77.3
Employment Income	\$987,559	\$200,156	\$147,015	\$1,334,730

