

Thunder Over the Boardwalk±
Atlantic City Air Show 2019:
Economic Impact Analysis Update



SUBMITTED TO:

Greater Atlantic City Chamber of Commerce

BY:

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March 2020

Atlantic City Air Show 2019: Economic Impact Analysis Update

PART I. INTRODUCTION AND SUMMARY

Introduction:

The Atlantic City Convention and Visitors Authority (ACCVA) and the Greater Atlantic City Chamber of Commerce (GACC) sent out a request for proposals for an *Atlantic City Air Show Economic Impact Study* in October of 2008. That study was intended to measure the economic impacts on the region that could be attributed to Thunder Over the Boardwalk 2008. The show was held in mid-week on August 20, 2008.

That study and subsequent updates for the 2012 – 2018 shows were conducted through the *Center for Regional and Business Research* at Atlantic Cape Community College by Richard C. Perniciaro, Ph.D. who is also the author of the current update for the 2019 air show as an Economic Consultant (see APPENDIX for author's qualifications). The economic impact estimates are developed from the following data sources:

- The attendance estimates are collected from the show coordinators, police and fire officials.
- Data available on travel and spending patterns is available from the annual **New Jersey Visitor Profile** conducted by DKSHIFFLET for the Division of Travel and Tourism. The latest study for 2018 can be found at: <https://www.visitnj.org/sites/default/master/files/2018-nj-visitor-profile.pdf>.
- Demographics of air show attendees are provided by the International Council of Air Shows (ICAS) from a survey of multiple air shows throughout the country (see: <https://www.airshows.aero/Docs/131>).

This current update uses the same methodology as the previous studies. This study uses multipliers from the most frequently used model for comparable impact studies. In addition, the multipliers

Three important points need to be emphasized:

1. The spending and impact values are solely for the number of attendees that are estimated to be in the Atlantic City region for the air show. The spending by residents and visitors that would be in the region

Purpose of the Current Study:

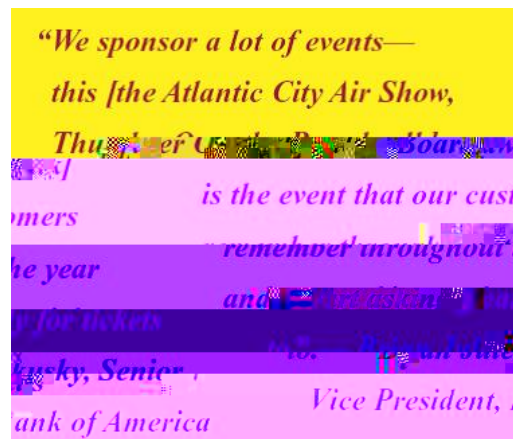
The scope of services for this update included:

- An estimate of air show attendance
- Estimates of spending by the attendees
- Economic impacts of the direct spending, including total output, earnings and employment
- Room nights generated by the attendees
- Other impacts, including taxes generated

The results of the economic impact study are used for the recruitment of future sponsors as well as funding for the show. In addition, the results give an indication of the positive impact that special events can have on Atlantic City and the regional economy, even events that do not charge an admission fee.

Highlights:

The summary of empirical findings reported in TABLE 1 below gives an excellent background to the worth of the Atlantic City Air Show to the region. While it should be recognized that more precise estimates could be made by more direct survey research on the viewers of the show, the estimates used are conservative in an effort to not overestimate the results. In light of this, there is no doubt that the show is a tremendous impetus for net new spending.



While the exact attendance is not easily determined, it is clear to anyone that attends the event that the number of attendees and the resulting economic impacts are substantial.

In addition, there are a variety of other benefits of the event. These include: improving the image of Atlantic City; focusing attention on the beach and boardwalk; providing a family-oriented venue for a full day at the shore; providing a mid-week event at the tail end of peak season; and, a host of other intangibles that obviously are

found to be attractive to tens of thousands of attendees.

One benefit that is quantified but not included directly in the economic impacts is the value of the media coverage received by Atlantic City due to the Air Show. The City itself has no formalized marketing effort. However, the Chamber and its partners provide both internet as well as print

information leading up to the show. This information was picked up by national and regional media outlets resulting in 666 news items.

There are, of course, some costs to the event. Some individual businesses can find the show detrimental to its business during the hours of the show itself. There is no doubt that some indoor activities are hurt by the draw and that traffic congestion causes a time cost to employees in the region.

However, the anticipation that many attendees feel for what has become an annual event is a tribute to its positive impact on the regional economy. This is true for the one day of intense activity and has increased as other events have been coordinated with it in the days prior. An event that is free, family-friendly, beneficial to business, and patriotic can only be a plus for the economy and the community.

Thunder Over the Boardwalk 2020

While it is always dangerous to predict the success of a free event that is a victim of the weather and date, the table below compares the results of the 2018 economic impact study with those of the current study. Given the fact that the 2020 show will also be held on a mid-week August 26th date and feature the Thunderbirds, the 2019 results are a good indication of what can be expected given favorable weather. As always, the event is much anticipated.

While TABLE 1 reports the summary results, the following sections give more detail on how they were derived.

TABLE 1

		2018	2019
% Change			
35%	Estimated Attendance	400,000	540,000
110%	Estimated Net, Non-Local Attendance	121,600	174,060
\$32,267,400	\$50,901,720	58%	Direct Spending

In this table, the Direct Spending of \$50.1M is the estimate of spending from the 174,960 estimated net attendees. (\$72M), earnings (\$18.5M) and employment (668 FTE jobs in Atlantic County) include the secondary o - Direct Spending. The room-nights include all paid accommodations by the net attendees, many more stayed with friends or relatives.

The summary results indicate that the 2019 was a very good year for the Atlantic City Air Show. The increase in attendance to levels reported in years prior to the casino closings (5 closed in 2014) can be attributed to a number of factors, with some of these being proactive changes resulting from efforts of the Chamber and show sponsors. These included:

- **Additional CRDA funds:** based on the past performance of the show to spur the regional economy, the CRDA increased its backing of the 2019 event by \$100,000. This allowed for additional marketing.
- **Adding the Red Arrows:** Adding the Royal Air Force s acrobatic team, the equivalent of the Thunderbirds and Blue Angels. While the synchronized maneuvers of the U.S. Armed Services teams have always been the highlight of the show, this doubled the excitement for attendees.
- **Overall Atlantic City Recovery:** Total gaming revenue was \$338.8 million, an increase of 13%, in August compared to the same month last year. The

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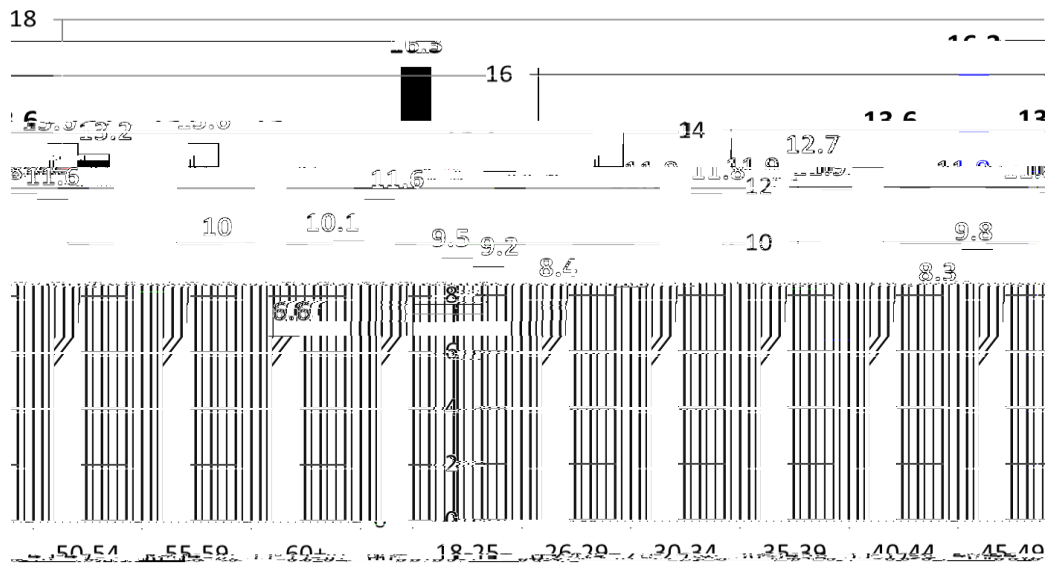
PART II. ESTIMATING ECONOMIC IMPACTS

Attendance at air shows in North America now exceeds 20 million people each year according to the International Council of Air Shows. These range from the Chicago Air Show where attendance is estimated to be 3.5 million to many smaller, regional ones such as the Oregon International Air Show which draws 65,000. In the tri-state area of New Jersey, New York and Pennsylvania, the Jones Beach (Bethpage) Air Show draws about 200,000 and is the largest after the Atlantic City Air Show.

In the Atlantic City marketplace, the air show is held on a date that follows the closing of primary and secondary schools. It provides an attraction for families and youngsters that normally would not visit Atlantic City for a day-long activity. It serves to diversify the visitor profile while drawing large crowds directly to the beach and boardwalk.

The economic impacts of any large event depend upon a number of established facts and estimates. In the case of air shows, the method for turning this information into impacts is consistent and follows that of most economic impact studies. However, the collection of precise information is often difficult, especially in open air shows that are not controlled by admission tickets and centralized parking as would be the case at an air show on the grounds of an airport, such as those that have been held at Lakehurst Naval Air Base or Maguire Air Force Base (both are now part of Joint Base).

In addition, the official



Education Level of Air Show Spectators 2018

In short, the demographics of expected attendees makes the air show an opportunity for sponsors and advertisers to reach an audience that visits Atlantic City for this unique event.

In order to resist the overestimation of economic impacts where some variables have not been directly measured, the most conservative estimates were used. While this has most likely also resulted in conservative overall impacts, the results can be used for audiences that need clear evidence of results.

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PART III. ECONOMIC IMPACTS

This section develops the net economic impacts that can be attributed to the event itself. This implies that both those in attendance that would have normally been in the region on a Wednesday in August as well as residents of the region itself need to be netted out of the attendance estimate. In both cases, the conservative assumption is that any spending at the air show from these attendees would have occurred in the region in its absence and, as a result, the impacts would also have occurred anyway. Therefore, the impacts that follow can be considered the net effects of the event itself.

Attendance

Actual attendance can only be estimated. The estimate begins with the total viewing population provided by the Air Boss. While the total number of attendees was estimated to be 540,000, to get the net number of visitors those that would not have been in the region on a Wednesday in August if the show was not scheduled this number was decreased using information from similar shows as well as seasonal estimates of weekday visitors. The International Council of Air Shows has surveyed many air shows in North America and found that approximately 32.4% of attendees are not from the local region (within 40 miles of the show). The net number of attendees estimated is shown in the table below:



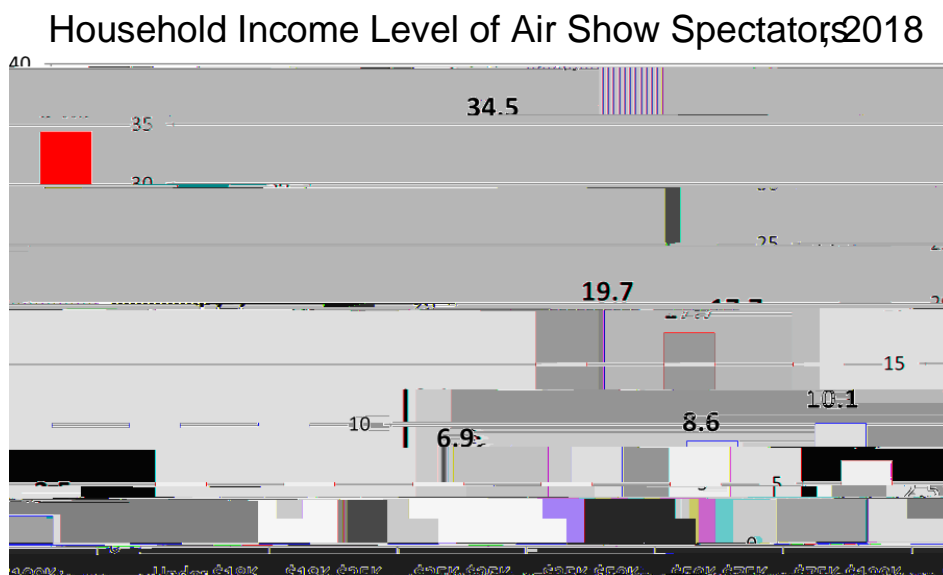
TABLE 2

ATLANTIC CITY AIRSHOW, 2019 ECONOMIC IMPACT ESTIMATE OF ATTENDANCE, 2018 - 2019 MARCH 2020		
	<u>2018</u>	<u>2019</u>
Estimated Attendance (ACOEM)	400,000	540,000
Estimated Net, Non-Local Attendance	121,600	174,960

In short, an estimated 174,960 people attended the Atlantic City Air Show in 2019 who would not have been in the region in its absence. This number alone makes the air show one of the largest in the region. The fact that an estimated 540,000 people actually viewed the show and also spend dollars on related activities adds greatly to its appeal and its attraction. However, to estimate the net impact only the spending of the 174,960 was used.

Spending:

The direct spending attributed to the show is shown below in TABLE 3. The \$50.9M in spending causes a multiple of secondary impacts including earnings and employment. These are known as secondary and induced effects. The household income of air show attendees is extremely high as shown by the ICAS chart below:



While the spending per person used in this study is one for special events in general, resulting in conservative estimates, the overall estimate of \$50.9M reported in TABLE 3 below is substantial for a one-day event. While some of the overall attendees stay overnight, the large majority do not.

TABLE 3

CATEGORY	PER PARTY	PER PERSON	TOTAL EXPENDITURES	CATEGORY
Food & Beverage	\$232	\$104	\$18,203,264	Food
Lodging	\$82	\$37	\$6,404,852	Lodging
Entertainment	\$104	\$46	\$9,100,612	Entertainment
Transportation	\$104	\$46	\$9,100,612	Transportation
Other	\$104	\$46	\$9,100,612	Other
Totals:	\$50,901,720	\$649	\$291	

As reported by the NJ Division of Tourism, the typical special event is attended by a party of 2.2 people traveling together. The spending of \$291 per person occurs over an average period of 2.4 days. Therefore, the impacts of the air show are probably spread over 2-3 days as some of those staying in town arrive or depart on days other than the actual show date. This does not include any attendees that commute or stay but live less than 40 miles away. Again, the overall spending at the show far exceeds the direct spending estimated in this study.



In all, the 174,960 net visitors spent approximately \$50.9M while in the region to attend the show. This spending is turned into income and revenue for workers and vendors. As they spend these dollars and about 80% of all workers in Atlantic City live within 20 miles part of the local region indirect impacts occur.

Economic Impacts:

The overall expenditures associated with the event exceed \$50.9M and these dollars are

Room Nights Generated:

The spending patterns of event-goers include an average of \$80 per party for lodging. This low spending level reflects the fact that many do not stay overnight or stay with relatives or friends. However, as some air show attendees do pay for their overnight stay, and some stay for more than one night, the number of room nights generated by the event can be estimated as reported below:

TABLE 5

These paid room nights are spread throughout the region.

Tax Revenues:

The direct and indirect economic activity generated by the air show creates a number of tax streams for state and local agencies. Wh973 240912 0 612 240.53 Tm00912 0 612 792 reW*nBT/F4 12 Tf1 0 0 1 208.73

TOTAL NEWS ITEMS BY MEDIA TYPE, 2018 vs. 2019



Summary and Conclusion

This study has made every effort to calculate the economic impacts of the annual Atlantic City Air Show *Thunder Over the Boardwalk*. The best and most relevant information from reputable and tested sources have been used. And while the study does not take into account some of the negative non-economic costs such as increased traffic congestion, there are many less-tangible benefits of the show that are not included in the study but over time add to the economic well-being of Atlantic City and the region. Not the least of these is the ability of employees from casinos, banks, public entities and other regional stakeholders to spend an enjoyable and anticipated day with clients and supporters and their families. For both these and the economic benefits estimated in the study, the Air Show is now both a unique and positive fixture in the region.

APPENDIX

Qualifications

Richard C. Perniciaro, Ph.D. (phdrpc@gmail.com) has been active in education, economic research and economic development in Southern New Jersey for the past forty years. Most recently, he served as both the Executive Vice President of Facilities, Planning and Research at Atlantic Cape Community College as well as the Director of the *Center for Regional and Business Research* which performed economic, marketing and demographic studies for public agencies and private businesses. He is currently continuing this work as an economic consultant.

Dr. Perniciaro holds a doctorate in Economics from Temple University, a MA degree from the London School of Economics and a BA degree from Columbia University. His areas of specialization include regional forecasting and economic analysis as well as utility deregulation.