

Full Length Research Paper

Economic benefits of four special events in Taiwan

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Abstract

In order to stimulate local economy and raise international publicity of Taiwan, many special events and festivals have been developed to become tourism attractions, among which the Twelve Major Special Events promoted by Tourism Bureau in 2003 were the focus. Whether the event tourism is sustainable largely depends on the quality of the special events and the extent to which the event tourists are satisfied. Four of the Twelve Major Special Events were selected for the study. They included Tainan International Chishi Art Festival, Festival of Austronesian and Formosa Indigenous Cultures Taitung, Sanyi Wood Carving Festival, and Yingge International Ceramics Festival. The results of the multiple regression analyses revealed that the quality of traffic direction signs, cleanliness and sanitary, service attitude of attendants, interpretation services, and food and beverage had significant effects on the overall satisfaction. It was also found that the willingness to re-visit was significantly affected by the quality of traffic direction signs, cleanliness and sanitary, and interpretation services. Furthermore, the overall attractiveness for each of the four special events was just fine, which meant a lot of improvements were needed.

Keywords: Special events, service quality, willingness to revisit.

INTRODUCTION

A special event is “a onetime or infrequently occurring event outside the normal program or activities of the sponsoring or organizing body” (Getz, 1991:44). From the perspective of customers, it is also “an opportunity for a leisure, social, or cultural experience outside the normal range of choices or beyond everyday experience” (Getz, 1991:44). A similar term to special event is festival which can be defined as “a public celebration that conveys through a kaleidoscope of activities, certain meanings to participants and spectators” (Goldblatt and McKibben, 1996:70). Special events and festivals have been closely related to tourism for a long time. A general comprehension is that special events and festivals can boost number of visits and thus yield economic benefits. This general conception, though

having been criticized as “misleading presumption” (Getz, 1994:439) has been spread into varieties of culture, including Taiwan. Under this conception, the public as well as private sectors always like to take the advantages of special events to develop state or local economy.

Since 2001 the Tourism Bureau of Taiwan has started to subsidize the “12 Major Special Events of Taiwan,” with almost one for each month, for tourism promotion. Furthermore, in 2002 the government in Taiwan launched a “Challenge 2008—National Development Plan” which included ten key individual plans. One of them related to tourism was called “Doubling Tourist Arrivals Plan.” The goal of this plan was to increase the number of inbound tourists from one million in 2002 to two millions by 2006. One of the action strategies to reach the goal was to launch an international tourism promotion campaign. This acted as a catalyst to push the “12 Major Special Events of Taiwan” to the peak. To obtain grant from the Tourism Bureau of Taiwan and other public sectors, the event

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organizers did their best to prove the economic benefits of their special events in their proposals and final evaluation reports. For example, the organizer of Taipei Lantern Festival 2004 reported that there were 4.8 millions of visits to the event among which 12,000 were international tourists and the estimated total income of the event was NT\$1.5 billions (about US\$45 millions). The accuracy of these tourism and economic benefits was in doubt. As one of the major grant-givers of these special events, Tourism Bureau of Taiwan would like to develop a concise and feasible way to verify these figures of benefits—a way which is not involved with sophisticated economic theories and methodologies and is easy to implement at each level of the public sectors. This is the background of this study.

PROCEDURES

Selection of Evaluation Approach

Getz (1994) summarized five approaches to assess event impact. Arranged in order of easiest to most difficult to implement, these included: break-even or profit/loss, return on investment, economic scale, economic impact, and costs and benefits. The first is “break-even or profit/loss” approach. Although the economic scale approach has some problems, it was adopted to evaluate the economic benefits due to the bottom-line principles of conciseness and feasibility required by Tourism Bureau of Taiwan. The economic scale approach measures total attendance, expenditure of event consumers, and organizers’ expenditures.

Selection of Special Events

The selection of special events for evaluation was based on the following criteria: the balanced distribution of the geographic locations hosting the events, the diversity of types of special events, being on the list of the 12 Major Special Events of Taiwan, and being subsidized by Tourism Bureau of Taiwan. According to the criteria, four of the 12 Major Special Events in 2005 were selected for evaluation. They included Tainan International Chishi Art Festival (abbreviated as Tainan Chishi), Festival of Austronesian and Formosa Indigenous Cultures Taitung (abbreviated as Taitung Austronesian), Sanyi Wood Carving Festival (abbreviated as Sanyi Wood), and Yingge International Ceramics Festival (abbreviated as Yingge Ceramics). The hosting locations of the four special events were distributed at southern, eastern, central, and northern Taiwan, respectively. Moreover, the four events were

categorized into three types: festivity, culture, and industry (Table 1).

Data Collection

Since the economic scale approach was adopted to evaluate the economic benefits of the four special events, data regarding total attendance, expenditure of event visitors, and organizers’ expenditures were measured. Although this study aimed to assess the economic benefits, it also included the evaluation of event quality and attractiveness. The total attendance to each of the four events was estimated from day visits of the sampled weekdays and weekends. The day visits were measured by counting the number of event visitors at the major entrances of the areas hosting the event. The expenditure of event visitors was estimated using data from on-site questionnaire surveys. The organizers’ expenditures were provided by the event organizers after the end of the event.

For the purpose of a more precise estimation, visitors were categorized into different groups according to tour types (individual vs group visitors), origins of trip (local residents vs visitors from various regions outside the event hosting area), and length of stay (same-day visitors vs over-night visitors). The expenditure of event visitors was divided into eight categories including: food and beverage, lodging, gas, souvenirs, transportation, ticket, entertainment, and miscellaneous. For the group visitors, the amount they paid for the package was measured and was decomposed into the categories of food and beverage, lodging, and transportation according to the general cost proportions adopted by domestic travel agencies. All these data were collected using on-site questionnaire surveys. Data collections began on Aug. 8 and ended on Oct. 23, 2005.

RESULTS AND DISCUSSIONS

Profiles of the Sample

The sample sizes for the four special events ranged from 232 to 498. There were no significant differences among the four special events in regard to the profiles of the sample. There were slightly more females than males (Table 2). Over 55% of the sample was aged from 20 to 39 and about half of the sample was single.

Estimation of Total Attendance

The total attendance to each of the four events was

Table 1. The Characteristics of the Four Special Events Selected for Evaluation of Economic Benefits

Characteristics	Four Special Events			
	Tainan Chishi	Taitung Austronesian	Sanyi Wood	Yingge Ceramics
Time Period	Aug. 6 ~ 11	Aug. 13 ~ 28	Oct. 1 ~ 23	Oct. 7 ~ 23
Geographic Location	Southern Taiwan	Eastern Taiwan	Central Taiwan	Northern Taiwan
Categorization	festivity	culture	industry	industry

Table 2. Profiles of the Sample for Each of the Four Special Events

	Special Events			
	Tainan Chishi	Taitung Austronesian	Sanyi Wood	Yingge Ceramics
Gender	female (61.6%)	female (60.4%)	female (52.6%)	female (62.6%)
Age	20-29 (29.7%)	20-29 (31.0%)	20-29 (42.2%)	20-29 (38.1%)
	30-39 (26.3%)	30-39 (23.8%)	30-39 (27.6%)	30-39 (33.0%)
	40-49 (22.1%)			
Education	college (35.9%)	high school (35.1%)	college (47.0%)	college (39.7%)
family	single (51.2%)	single (46.7%)	single (52.6%)	single (47.8%)
Income per month ^a	No regular income (32.9%)	No regular income (27.6%)	30,000-50,000 (31.9%)	30,000-50,000 (38.0%)
		Less than 30,000 (27.9%)		
		30,000-50,000 (27.9%)		
Sample Size	498	336	232	412

^a Unit: New Taiwan Dollar (NT\$).

estimated from day visits of the sampled weekdays and weekends. A general equation used to compute the total attendance was:

$$N = M_1 D_1 + M_2 D_2$$

where

N : total attendance to a special event

M_1 : average day visits of the sampled weekends

M_2 : average day visits of the sampled weekdays

D_1 : number of weekend during the period of a special event

D_2 : number of weekday during the period of a special event

The results of the estimation were show in Table 3. The number of total attendance for the four special events ranged from about 52,000 to 68,000 except for "Yingge Ceramics" which was over 230,000. Compared with the total attendances expected by event organizers which were shown in their proposals, these total attendances were far less than expected. Moreover, the

numbers of foreign visitors to the four special events were so low that they might be omitted.

Estimation of Economic Benefits

The economic benefits were evaluated based on the expenditure of event consumers and the organizers' expenditure. The expenditure of event consumers was estimated using data from on-site questionnaire surveys and the estimated total attendance. The organizers' expenditures were provided by the event organizers after the end of the event. However, upon the end of this study the event organizers did not make it to provide these data. Thus, only the expenditure of event consumers was used as an estimate of the economic benefits. The estimation of the total expenditure of event visitors on each category of consumption was first estimated and then the sum of the expenditures on all

Table 3. The Estimated Total Attendance for Four Special Events

	Four Special Events			
	Tainan Chishi	Taitung Austronesian	Sanyi Wood	Yingge Ceramics
Number of Event Days	6	16	23	17
Estimated Domestic Visits	65,748 (96.2%)	61,773 (99.94%)	51,756 (99.71%)	229,965 (99.75%)
Estimated Foreign Visits	2,613 (3.8%)	35 (0.06)	150 (0.29%)	570 (0.25%)
Estimated Total Attendance	68,361	61,808	51,906	230,535
Total Attendance Expected by Event Organizers	200,000	150,000	150,000	600,000

Table 4. The Economic Benefits of Four Special Events

Categories of Consumption	Four Special Events			
	Tainan Chishi	Taitung Austronesian	Sanyi Wood	Yingge Ceramics
Food and Beverage	10,815,760 ^a 38.85% ^b	28,481,269 26.45%	5,962,474 36.16%	35,161,879 31.32%
Lodging	6,140,488 22.05%	41,455,449 38.50%	2,431,929 14.75%	356,042 0.32%
Gas	5,416,870 19.45%	17,100,432 15.88%	5,560,474 33.72%	14,236,613 12.68%
Souvenir	1,257,660 4.52%	9,472,371 8.80%	2,443,164 14.82%	19,210,966 17.11%
Transportation	2,207,617 7.93%	9,900,264 9.20%	75,914 0.46%	15,841,658 14.11%
Entertainment	1,237,255 4.44%	476,075 0.44%	-	28,593 0.03%
Ticket	338,811 1.22%	732,900 0.68%	15,183 0.09%	27,432,867 24.44%
Miscellaneous	428,811 1.54%	50,199 0.05%	-	-
Estimated Total Expenditure	27,843,272 ^a (843,736) ^c	107,668,959 (3,262,696)	16,489,138 (499,671)	112,268,618 (3,402,079)
Expected Total Expenditure	100,000,000 ^a (3,030,303) ^c	503,000,000 (15,242,424)	30,000,000 (909,091)	400,000,000 (12,121,212)

^a Unit: New Taiwan Dollar (NT\$).
^b Percentages of the grand total expenditure contributed by the expenditure on the category.
^c Unit: US Dollar (The foreign exchange rate of US\$ to NT\$ was set to 1:33.)

categories was computed as the grand total expenditure of event visitors. The following two equations were used for estimation:

$$E_j = \sum_k (N \times P_i \times M_{ij}) \dots\dots\dots(2)$$

$$E_{Total} \equiv \sum_{j=1} E_j \dots\dots\dots(3)$$

where:

E_j : the total expenditure of event visitors on the j^{th} category of consumption

E_{Total} : the grand total expenditure of event visitors

N : the estimated total attendance

P_i : the proportion of the i^{th} visitor group, $i = 1 \sim k$ depending on the characteristics of the visitors to each special event

M_{ij} : the average expenditure of the i^{th} visitor group on the j^{th} category of consumption (The extreme values identified according to Box Plot Rule were excluded.)

The results of the estimation were shown in Table 4. The estimated total expenditure for each event ranged from 499,671 US dollars to 3,402,079 US dollars. Compared with the total expenditure expected by the organizer of each special event, the economic benefits was largely lower than expected.

RECOMMENDATIONS

According to the results, it was suggested that event organizers should not inflate the tourism and economic benefits of the special events in order to obtain large amount of grant from the government. It was also suggested that the public as well as the private sectors

start to revise various special events by evaluating the event positioning in the tourism market. Not all of the 12 Major Special Events were qualified to be promoted to international tourism market. These special events need large improvements in quality and promotion to obtain international publicity.

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