

Economic Impact of

# SOUTHEASTERN'S 2013 FCS PLAYOFF GAMES

on Tangipahoa Parish

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Herb Holloway | Dr. Abul Jamal | William Joubert



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Sincerely,

A handwritten signature in black ink that reads "William Joubert".

William Joubert  
Director  
Business Research Center

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## INTRODUCTION

The Southeastern Louisiana University (Southeastern) football team had a very successful 2013 season, winning the Southland Conference championship and progressing to the Quarterfinal round of the 2013 Football Championship Subdivision (FCS) playoffs.

Southeastern's two playoff games (after a bye in the first round) were both played at Strawberry Field in Hammond, Louisiana -- a victory in the second round over Sam Houston State University (SHSU) on December 7, 2013 and a loss to the University of New Hampshire (UNH) on December 14, 2013.

Both games drew large crowds (~5,000 – 6,000), including numerous out-of-state fans supporting both the Lions and the visiting teams.

This study was conducted in order to estimate the economic impact of the two FCS playoff games on the economy of Tangipahoa Parish, Louisiana.

## METHODOLOGY

This analysis utilized the input-output method to estimate the economic impacts of Southeastern's 2013 FCS playoff games on the Tangipahoa Parish economy. The input-output method is based on the economic linkages between various sectors and industries, which cause every dollar of expenditures to "ripple through" the local economy. This results in every dollar of expenditures being "multiplied" to various degrees, causing a larger economic effect than the original amount of the expenditure. These "ripple" or "multiplier" effects continue to contribute to the economic impact of the expenditure until the effects leave the study area or become too small to measure.

The total economic impact of a sporting event consists of *direct*, *indirect*, and *induced* effects. *Direct* effects are the immediate economic effects of expenditures in the area, in this case restricted to the estimated spending of non-local spectators at the event. This includes lodging and restaurant expenditures, the retail mark-up portion of local retail purchases, and other event-related expenditures by visitors. (NOTE: The typical impact analysis of a sporting event would also include expenditures by the event organizers (to the extent they are funded by "outside" money), but expenditures by Southeastern Louisiana University and affiliated entities in hosting the 2013 playoff games were not available within the required time frame for this analysis, and so are not included in this report.)

*Indirect* effects occur in sectors that supply materials, goods, and services to those industries that were directly impacted by the event-related expenditures. For example, restaurants are *directly* impacted by expenditures of event participants. The suppliers who provide food, paper products, utilities, etc. to the restaurants are *indirectly* impacted, when the restaurants purchase more of these items in response to their increased sales. In turn, businesses that provide goods and services to the restaurant suppliers are indirectly impacted from the increased activities of the restaurant suppliers. These indirect impacts continue to contribute to the economic impact of the event under study until the subsequent

expenditures become too small to measure or leave the study area, e.g. if the paper product supplier purchased the napkins he or she sells to the restaurants from outside the study area, that impact chain would stop. However, other expenditures by the paper product supplier, such as fuel and maintenance for a delivery truck, may continue to accrue to the study area.

*Induced* effects are created by the increase in consumer spending generated by increased payrolls in the directly and indirectly impacted industries. In the example above, restaurants will hire staff to handle the extra customers from the event in question. These restaurant employees will then spend their wages on food, housing, entertainment, etc. In addition, the restaurant supply companies increase their payrolls, also resulting in additional consumer spending. The sum of all of the impacts deriving from increased payroll spending is the induced effect.

The sum of the direct, indirect, and induced effects represents the total economic impact. The total economic impact divided by the direct effect yields the economic impact *multiplier* of the event in question. For most events the multiplier will be between 1.0 and 2.0.

IMPLAN Version 3.0<sup>®</sup> software and structural matrices were utilized to complete the economic impact analysis of Southeastern's 2013 FCS Playoff games.

## DATA AND BACKGROUND INFORMATION

Online and telephone ticket sales data, which included the address and/or phone number of most purchasers, were obtained from the Southeastern Athletic Department. No data were available for individuals who purchased their tickets in person at the game, so those sales are ignored in this analysis. These "walk-up" sales only made-up approximately 5 – 15% of the total ticket sales for each game, and it would be reasonable to assume that most were local residents whose spending would not be included in the impact analysis anyway.

Purchasers of suite tickets were also not included in this analysis. Again, the majority of these are assumed to be local residents or businesses whose spending would not factor into the impact analysis.

### ***Allocation of ticket sales between the two playoff games***

The ticket sales data indicated whether the purchaser had purchased tickets to only one or both of the playoff games. However, if an individual only purchased tickets to one of the games, it was not possible to determine which game they attended.

Also, if an individual who bought tickets for both games purchased multiple tickets for friends or family members, it was not possible to determine how many tickets were for each game.

In order to separate the ticket sales into estimated totals for each of the two games, the following assumptions were made:

- Single ticket purchasers from Louisiana (LA) and Mississippi (MS) were divided equally between the two games.

- Single ticket purchasers from Texas (TX) were assumed to have attended the SHSU game.
- Single ticket purchasers from all states except LA, MS, and TX were assumed to have attended the UNH game.
- The total number of tickets purchased by individuals purchasing tickets to both games was divided equally between the two games.

### ***Allocation of ticket sales into local, day-tripper, and overnight visitor categories***

An economic impact study of an event is designed to measure the impacts of “new” or “outside” money on an economy, so spending by local residents is not included. This is based on the presumption that local residents will be spending their money in the local economy whether the event under study occurred or not.

If Southeastern’s FCS playoff games had never happened, local residents probably would have spent the entertainment funds they spent attending the games on going to movies, eating out, playing golf, or some other activity in the local area.

Since this study is analyzing the impact of the FCS playoff games on the economy of Tangipahoa Parish, ticket sales to residents of Tangipahoa Parish (and all their associated spending) were not considered in the impact calculations.

The remaining fans from outside Tangipahoa Parish need to be separated into “day-trippers” who drove in the day of the game and returned home afterwards, and “overnight visitors” who stayed one or more nights in local hotels. As will be shown in a following section, overnight visitors tend to spend substantially more money in the local economy than day-trippers.

In order to segregate attendees from outside Tangipahoa Parish into these two categories, attendees from all other parishes in Louisiana and all of Mississippi were assumed to be day-trippers and fans from all states other than LA and MS were assumed to be overnight visitors.

Ticket sales to purchasers who did not provide either an address or telephone number were allocated based on percentages of purchasers with known locations.

### ***Estimated number of fans in each category attending each playoff game***

Based on the assumptions discussed previously and ticket sale data obtained from Southeastern’s Athletic Department, the estimated number of fans by category attending the two FCS playoff games are as shown in Table 1.

**Table 1. Estimated number of fans attending Southeastern's 2013 FCS playoff games: by category**  
(Does not include purchasers of suite tickets.)

<u>Category</u>	Southeastern vs. SHSU <u>12/7/2013</u>	Southeastern vs. UNH <u>12/14/2013</u>
Tangipahoa Parish residents	2,748	2,748
Day-trippers (balance of LA + MS)	1,562	1,560
Overnight visitors (all states other than LA & MS)	677	364
Walk-up ticket purchasers (not incl. in analysis)	<u>745</u>	<u>262</u>
Total Non-Suite Tickets Sold	5,732	4,934

### ***Estimated local expenditures per day-tripper and overnight visitor***

No survey of attendees was conducted to collect spending estimates from visitors at Southeastern's FCS playoff games. Therefore, data from other college football economic impact studies around the country were used to develop day-tripper and overnight visitor spending estimates for use in making the impact calculations for this analysis.

The impact studies used in developing the spending estimates did not include spending on tickets, because ticket revenues were included in the organizer revenue and expenditure calculations.

Because organizer revenues and expenditures were not included in this analysis, it was necessary to add ticket purchase expenditures to the visitor spending estimates calculated from the outside studies. Estimated spending per person for tickets was based on playoff game ticket prices and total ticket sales to adults and youth obtained from the Southeastern Athletic Department.

The estimated spending amounts per day-tripper and overnight visitor used in this analysis are shown in Table 2.

Because both the SHSU and UNH football teams stayed in local hotels for their respective games, the overnight visitor spending estimates (minus the ticket fees) were also assumed to have been spent by 100 players, coaches, and staff from the visiting team for each of the games.

**Table 2. Estimated expenditures per day-tripper and overnight visitor used in calculating economic impact estimates**

<u>Expenditure Category</u>	Per Day-Tripper	Per Overnight Visitor
Lodging	\$ -	\$ 66
Eating & drinking	\$ 51	\$ 108
Groceries	\$ 6	\$ 13
Other entertainment	\$ 8	\$ 17
Miscellaneous retail	\$ 14	\$ 29
Tickets	<u>\$ 27</u>	<u>\$ 24</u>
Total Expenditures per Attendee	\$ 106	\$ 257

## ECONOMIC IMPACT ESTIMATES

### ***Estimated Impacts for Southeastern vs. SHSU (12/7/2013)***

Based on the estimated numbers of day-trippers and overnight visitors attending the SHSU game on 12/7/2013 (Table 1) and the estimated spending per person in Table 2, the estimated spending in Tangipahoa Parish by out-of-parish fans and the SHSU team totaled approximately \$363,000 (Figure 1 on next page).

The largest category of spending was “Eating and Drinking”, accounting for approximately 45 percent (\$163,853) of total estimated spending by non-local fans and the visiting team at the SHSU game.

The \$363,019 of estimated expenditures by day-trippers, overnight visitors, and the SHSU team, segregated by industry sector, was processed through the IMPLAN Version 3.0 model for Tangipahoa Parish. Estimated economic impacts of these expenditures are tabulated in Table 3.

**Table 3. Estimated economic impacts of spending by day-trippers, overnight visitors, and the visiting team for the Southeastern vs. SHSU playoff game on 12/7/2013**

Type of Impact	Amount	Sub-Totals	Totals
Employee Compensation	\$106,058		
Proprietor Income	<u>\$ 11,222</u>		
Total Earnings Impacts	\$117,280		
Other property-type income*	\$ 73,962		
Indirect Business Taxes	<u>\$ 31,565</u>		
Total Value-Added Impacts			\$222,807
Employment Impacts (# of jobs supported)			7.1
Sales/Output Impacts			\$469,603

\* Includes dividends, interest, rents, and corporate profits.

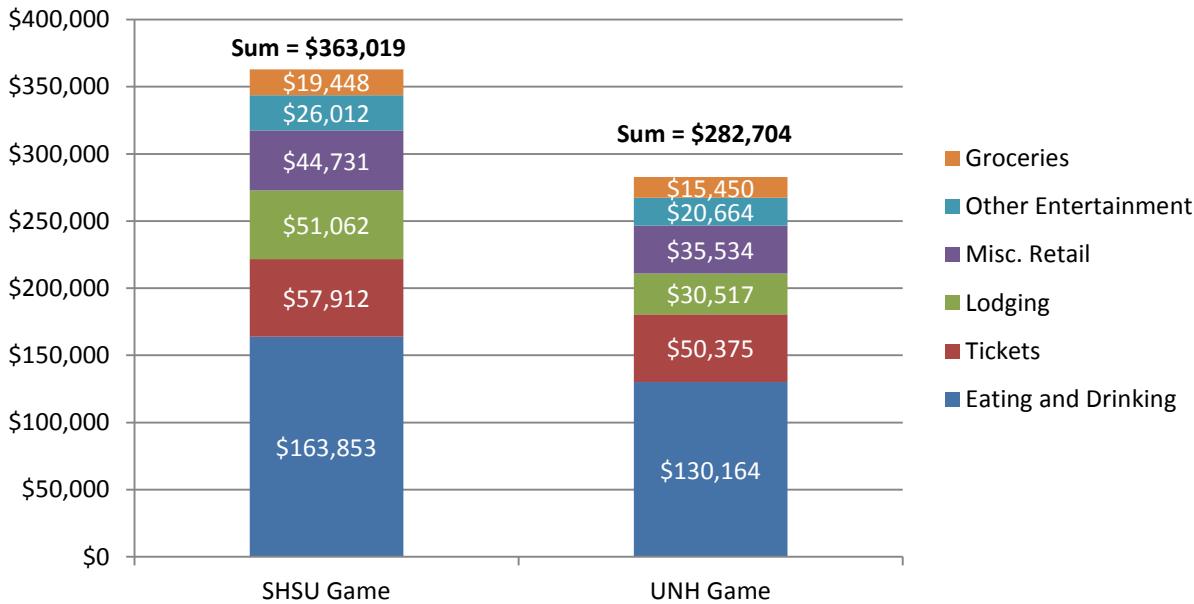
Non-local visitors for the playoff game against SHSU contributed an estimated \$106,058 of employee compensation and \$11,222 of proprietor income, combining for a total earnings impact of \$117,280 in the Tangipahoa Parish economy.

When other property-type income impacts of \$73,962 and indirect business taxes of \$31,565 are added to the estimated earnings impacts, the SHSU playoff game contributed a total of \$222,807 of value-added impacts to the Tangipahoa Parish economy. This represents the closest equivalent of the game’s contribution to the parish’s “Gross Parish Product”, or total value of production.

The \$117,280 of earnings impact supported an estimated 7.1 job equivalents. Because of the short-term nature of the game and its preparations, these employment impacts are spread over many industries for a very short time period, and should not be considered as long-term or full-time jobs.

Although the sales or output impact only represents the “flow-through” of money through the community, the estimated output impact of \$469,603 is provided for informational purposes.

**Figure 1. Estimated Total Spending in Tangipahoa Parish by Non-Local Fans and Visiting Teams Attending Southeastern's 2013 FCS Playoff Games**



### ***Estimated Impacts for Southeastern vs. UNH (12/14/2013)***

Using the estimated numbers of day-trippers and overnight visitors attending the UNH game on 12/14/2013 (Table 1) and the estimated spending per person in Table 2, the estimated spending in Tangipahoa Parish by out-of-parish fans and the UNH team is approximately \$283,000 (Figure 1 above).

The largest category of spending was again “Eating and Drinking”, accounting for approximately 46 percent (\$130,164) of total estimated spending by non-local fans and the visiting team at the SHSU game.

The \$282,704 of estimated expenditures by day-trippers, overnight visitors, and the UNH team generated the estimated economic impacts shown in Table 4.

Non-local visitors and the visiting team for the playoff game against UNH contributed an estimated \$82,502 of employee compensation and \$8,281 of proprietor income, combining for a total earnings impact on the Tangipahoa Parish economy of \$90,784. These earnings supported an estimated 5.7 job equivalents.

When other property-type income impacts of \$57,083 and indirect business taxes of \$23,956 are added to the estimated earnings impacts, the UNH playoff game contributed a total of \$171,823 of value-added impacts to the Tangipahoa Parish economy.

**Table 4. Estimated economic impacts of spending by day-trippers, overnight visitors, and the visiting team for the Southeastern vs. UNH playoff game on 12/7/2013**

Type of Impact	Amount	Sub-Totals	Totals
Employee Compensation	\$ 82,502		
Proprietor Income	\$ 8,281		
Total Earnings Impacts		\$ 90,784	
Other property-type income*		\$ 57,083	
Indirect Business Taxes		\$ 23,956	
Total Value-Added Impacts			\$171,823
Employment Impacts (# of jobs supported)			5.7
Sales/Output Impacts			\$365,730

\* Includes dividends, interest, rents, and corporate profits.

The estimated sales or output impact from the UNH game was \$365,730.

### ***Estimated Combined Impacts for Southeastern's 2013 Playoff Games***

Combining the spending for the SHSU and UNH games, non-local visitors (including opposing teams) spent an estimated \$645,723 in Tangipahoa Parish in activities related to the two playoff games.

This influx of new money circulating in the parish economy generated estimated total **earnings impacts of \$208,064**, supporting the equivalent of **12.8 jobs** (Table 5).

When combined with other property-type income of \$131,045 and indirect business taxes of \$55,522, the **total value-added impacts**, representing the boost to total production of goods and services in the parish, **equaled \$394,630**.

The total sales or output impacts, representing the cumulative flow-through of new funds in the parish, totaled \$835,333.

**Table 5. Estimated combined economic impacts of Southeastern's 2013 playoff games**

Type of Impact	Amount	Sub-Totals	Totals
Employee Compensation	\$ 188,560		
Proprietor Income	\$ 19,503		
<b>Total Earnings Impacts</b>		<b>\$ 208,064</b>	
Other property-type income*		\$ 131,045	
Indirect Business Taxes		\$ 55,522	
<b>Total Value-Added Impacts</b>			<b>\$ 394,630</b>
<b>Employment Impacts (# of jobs supported)</b>			<b>12.8</b>
Sales/Output Impacts			\$ 835,333

\* Includes dividends, interest, rents, and corporate profits.

## SUMMARY and CONCLUSIONS

Southeastern's two FCS playoff games hosted in Strawberry Stadium brought an estimated 4,163 fans and 200 athletes and support personnel from outside Tangipahoa Parish.

These fans and visiting teams spent an estimated \$645,723 within Tangipahoa Parish while attending the games, adding almost \$400,000 of production value to the parish economy and supporting 12.8 job equivalents with earnings of an estimated \$208,000.

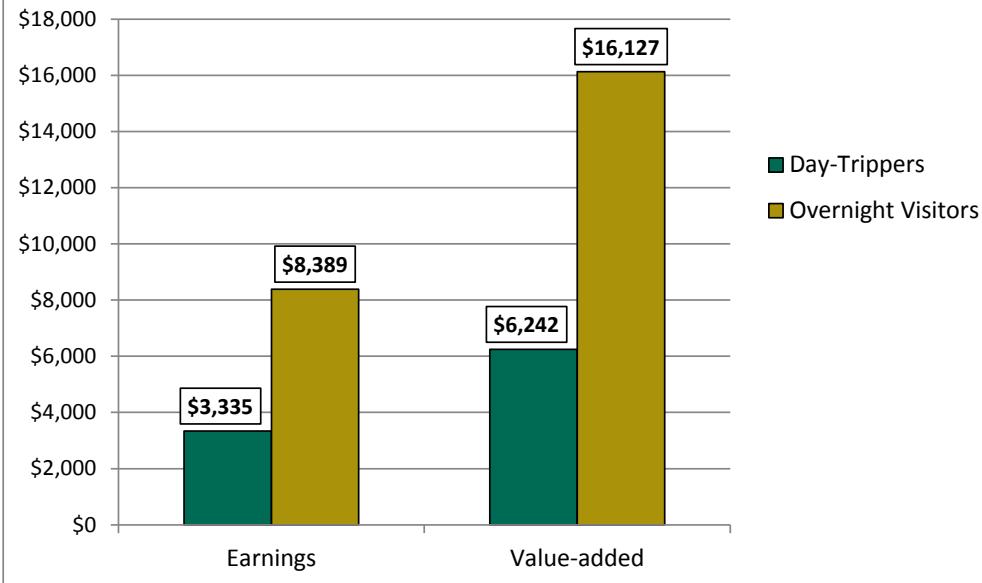
The SHSU game generated larger estimated impacts than the UNH game, because of a larger estimated number of overnight visitors and team members (777 vs. 464). This is reflected in the hotel room-nights generated for the two games: 404 for the SHSU game and 175 for the UNH game (counts provided by the Tangipahoa Parish Convention & Visitors Bureau).

The proximity of SHSU (Huntsville, TX) made it an easy day's drive (~ 5 hours), while the necessity of air travel from UNH (Durham, NH) was a likely deterrent for many UNH fans.

Overnight visitors are estimated to spend almost 2.5 times the amount spent by day-tripper fans (\$257 vs. \$106). This higher spending by overnight visitors translates to larger impacts on the local economy.

As illustrated in Figure 2, estimated spending by every 100 day-trippers generates estimated earnings and value-added impacts of \$3,335 and \$6,242, respectively.

**Figure 2. Estimated Earnings and Value-added Impacts per every 100 Day-Trippers and Overnight Visitors**



The greater estimated spending by overnight visitors generates estimated earnings impacts of \$8,389 and value-added impacts of \$16,127.

The recent trend of visiting teams staying in Hammond hotels instead of Baton Rouge or New Orleans is an exciting development, as this provides approximately 100 “overnight visitors” for every game whose expenditures for lodging, catering, and other purchases are spent at area establishments.

Southeastern’s successful 2013 season and playoff run generated much excitement among Lions fans, the University populace, and the local community. This will likely provide continuing benefits for the University’s growth and development into the future.

As this analysis has revealed, the two playoff games also provided substantial economic benefits to the businesses and residents of Tangipahoa Parish. The games provided a “ready-made” tourism draw that brought an influx of over 4,000 visitors and almost \$650,000 of their recreation spending to the parish.

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