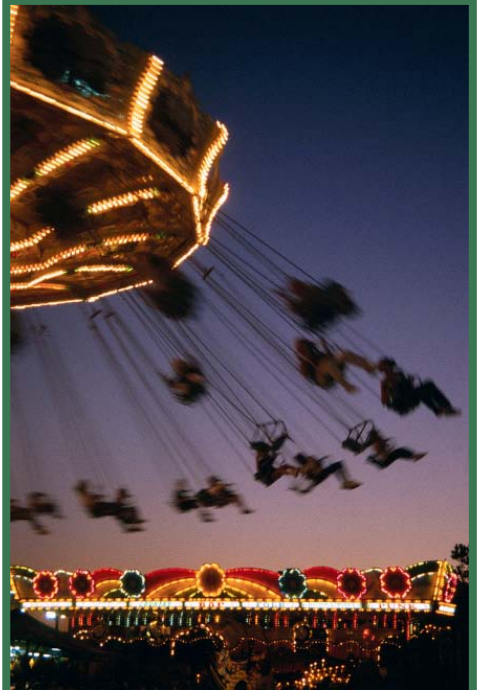
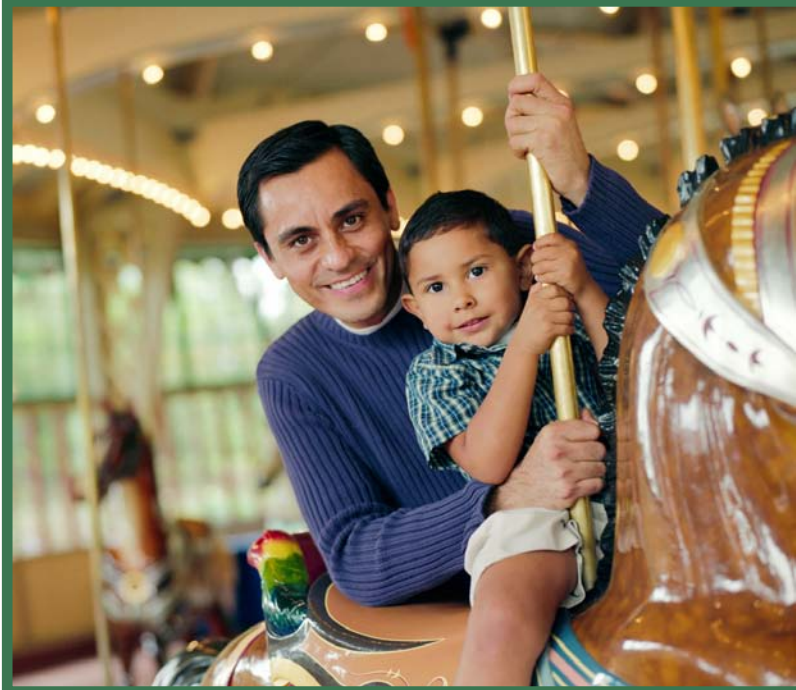


2007
AFA
ARIZONA FAIRS ASSOCIATION
**SOCIO-ECONOMIC
IMPACT STUDY**



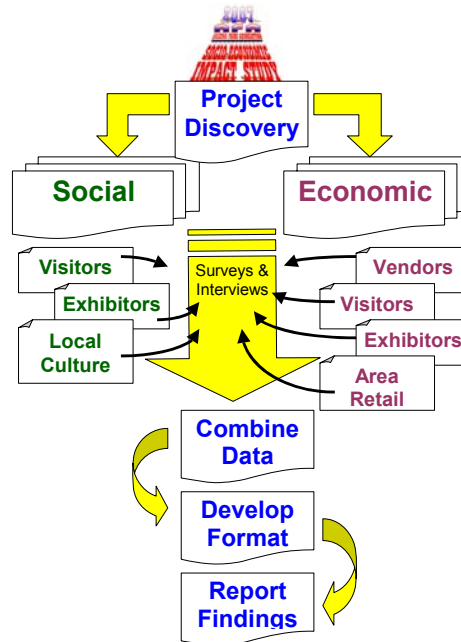
Steve Elliott
marketing
research

INTRODUCTION

This study was commissioned by the Arizona Fairs Association to determine the impact of the member fairs on the state of Arizona. The impact is part social and part economic. The results of this study indicate the type of impact and the degree of intensity.

The study was conducted between March and December 2007 and includes primary and secondary research, visitor, vendor and manager surveys as well as individual interviews and audits of fair data submitted as part of Governors Fund requirements. Internal fair evaluations were also reviewed in an effort to collect as many different data points as possible for cross tabulation.

The following illustrates the initial project plan. That project plan was modified as the project progressed to include data that was discovered during the process and to exclude inefficient methodologies and data that was determined to be of no relevance.



The results of this project needed to develop an understanding of the socio-economic impact of member fairs currently but also to enable the Arizona Fairs Association (AFA) to periodically self examine that impact based on statistics that change over time.

Data analysis revealed that certain data points are considered to be more constant than others. Fair visitor behaviors in terms of ancillary activities could be said to be less susceptible to change in the short term while attendance and pure participation do see growth and decline from year to year.

What this means is that what a visitor spends external of the fair visit remains more constant than not. Dollars spent on travel, other recreation and shopping, grocery and restaurants do not change as much as gross fair attendance, admission and money spent at the fair itself on games, rides and food.

The AFA has an internal process for monitoring and recording behaviors that are a direct result of fair activities. Visitors as well as exhibitors are calculated and reported each year.

The external behavioral data that was collected, as part of this study, is believed to have relative consistency for up to three years. That is to say that, based on other similar projects conducted, the kind and type of questions asked (and answers received) would remain reasonably constant when determining any change to the socio-economic impact that the member fairs have on the state of Arizona.

Therefore, to enable the AFA to periodically self examine it's impact, it was part of the project plan to develop a simple table where the updated internally collected data could be cross-tabbed with the more constant externally collected data and provide a refreshed impact perspective.

The data used to report the findings in this study come from the following AFA member fairs, their visitors, exhibitors, vendors and communities.

Coconino
So. AZ International Livestock
Santa Cruz
Maricopa
AZ State Fair
Greenlee
Gila County

Northern Gila
AZ National Livestock
Navaho
Cochise
Gila Young District
La Paz
Apache

Mohave
Yavapai
Verde Valley
Pinal
Graham
Pima
Yuma

Excluding the potential for unique visitors, 2.1 million mostly Arizonans visit one of the member fairs of the AFA. Considering the state population to be 6.3 million, that's 33 percent of the population of Arizona who visit and enjoy one of the 21 different fairs held over 110 days or nearly one-third of the days of the year.

“About how far do you travel when you visit the fair?”

One out of every 4 fair visitors drives more than 30 miles when they visit the fair. In fact, more than 15% of all fair visitors in the state of Arizona travel more than 50 miles while 87% travel at least nine miles or more. That's an average of nearly 25 miles for everyone who visits a fair.

less than 1 mi	0.9%
1 to 2 mi	1.3%
3 to 4 mi	3.3%
5 to 6 mi	4.8%
7 to 8 mi	2.8%
9 to 10 mi	10.0%
11 to 15 mi	16.7%
16 to 20 mi	18.5%
21 to 30 mi	17.6%
31 to 50 mi	8.9%
more than 50 mi	15.2%
total	100.0%

30+ mi	24.1%
8 or less mi	13.0%
ave miles	24.30

In order to determine the total miles driven, the dynamic of group size needs to be understood. Steve Elliott Marketing Research (SEMR) has conducted various fair intercept research studies across the Southwestern United States and Northern California. When it comes to a standard for group size, it is the consensus of many studies (including 8 consecutive years of data dating back to 2000 on the Arizona State Fair) that the average size is between 3.50 and 3.90 persons per group. Data collected specifically for this study indicates average group size to be 3.75.

That means the 2.1 million visitors to fairs in Arizona are made up of groups of 3.75 people or 560 thousand groups traveling 25 miles each. That's over 14 million travel miles.

“Not including the money you spend when you are at the fair itself, about how much do you spend traveling to and from the fair?”

- 92.3% of fair visitors spend money on gas and transportation and they spend an average of \$33.53 each. That results in visitors to fairs in Arizona accounting for \$17.2 million annually.
- 31.5% of fair visitors spend money shopping and they spend an average of \$129.73 each or a total of \$85 million annually.
- 45.4% of fair visitors spend money on restaurants and grocery stores to and from the fair and they spend an average of \$81.94 contributing over 20 million dollars to the states economy.

Add an additional \$24 million spent annually on hotels and camping, \$8 million every year on recreational activities and \$15.5 million in other miscellaneous expenditures the amount spent by fair visitors going to and from a fair in the state of Arizona is in excess of \$170 million.

	hotel-camping	restaurant-grocery	other recreation
average spent per person	\$ 245.98	\$ 81.94	\$ 100.53
those who spent (%)	17.7%	45.4%	14.5%
total dollars spent	\$ 24,393,055.56	\$ 20,844,444.44	\$ 8,164,885.50

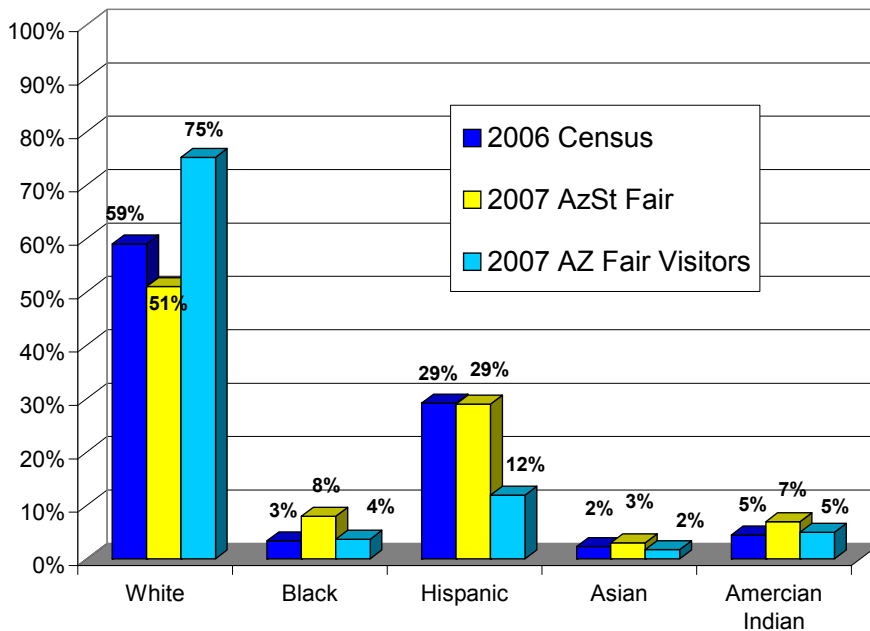
	shopping	gas-transportation	other
average spent per person	\$ 129.73	\$ 33.55	\$ 107.22
those who spent (%)	31.5%	92.3%	25.9%
total dollars spent	\$ 85,368,970.46	\$ 17,339,631.75	\$ 15,557,570.85

Some visitors to fairs in Arizona, who travel, need hotels or RV parks to facilitate their visit. For those who do need lodging, an average of 2.7 hotel nights are used per visit. The latest information supplied by Smith Travel Research indicated the ADR (average daily rate) in Arizona to be \$91.77.

Don't forget to consider those travelers who use motor homes or campers in RV parks. Those visitors use an average of 3.9 nights of space. A random SEMR survey of RV park rates in Arizona indicated that the ADR for this category is \$31.00.

When visitors arrive at their fair destination, dollars continue to impact fair communities. Visitors spend approximately \$7 million on fair sponsored parking and fair admission. In larger fair communities some parking is privately owned accounting for purchases at an average of \$7.00 or an additional expenditure of up to \$367K.

Member AFA fairs serve an ethnically representative group of visitors from across Arizona. According to the U.S. Census update in 2006 for Arizona, the visitor composition for the Arizona State Fair was nearly identical. Generally, visitors to member AFA fairs reflect the population of Arizona.



Where the latest available census figures have indicated the information included in the preceding chart, it is important to note that a referral to the Census Bureau raw data is recommended to arrive at any conclusions more specific than reported here. Member AFA fairs appear to be relevant to a similar ethnic composition as the population of Arizona. It could be said that fair relevance may be stronger with certain ethnic backgrounds depending on the region of the state that the member fair operates in.

Relevance can be measured in different ways. It is a consensus opinion that visitors attend a fair to have fun. Therefore, visitor response to that idea was a necessary element in determining social impact.

“Rate how fun your fair is. Rate from 1 to 6 where 1 is not fun at all and 6 is very fun”

Visitors were asked to rate their fair visit on how fun it was on a 1 to 6 scale. A 1 to 6 scale is used to allow the visitor to have a broad range of response choices and at the same time enable the returning information to be meaningful. A six-point response matrix does not allow the visitor to pick the middle of the scale and thereby indicating that the fair was neither fun nor not fun.

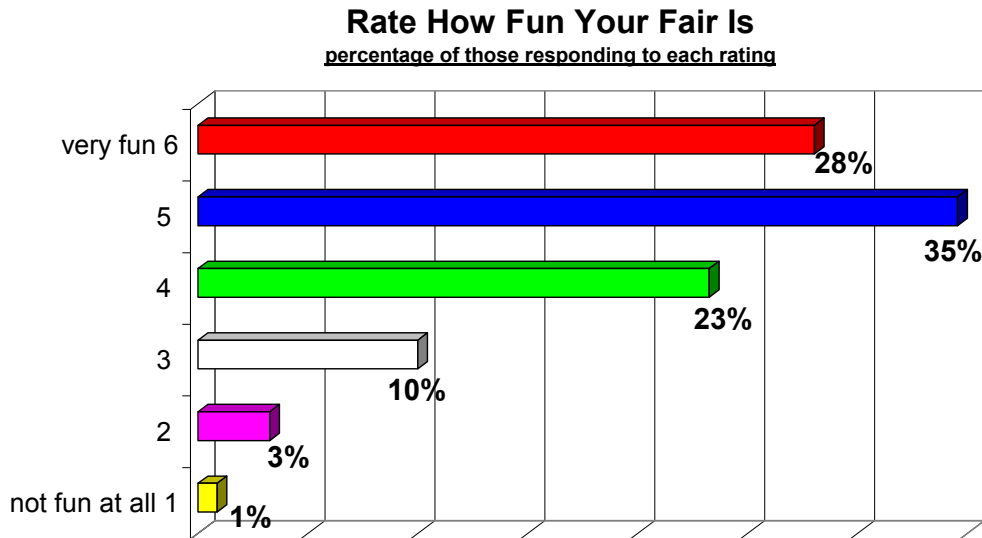
The mean of a six-point scale is 3.5. It can be said that any response above the mean could indicate a more fun experience while any response below the mean could indicate a less than fun experience.

In addition, it allows perceptual flexibility for the visitor response in how they feel and the numeric value they would equate to that response. By that, we mean that many visitors may respond: *“...my fair is really, really fun...I’ll give it a 5...”* When examining the verbatim portion of that response you might expect the visitor to rate it a 6.

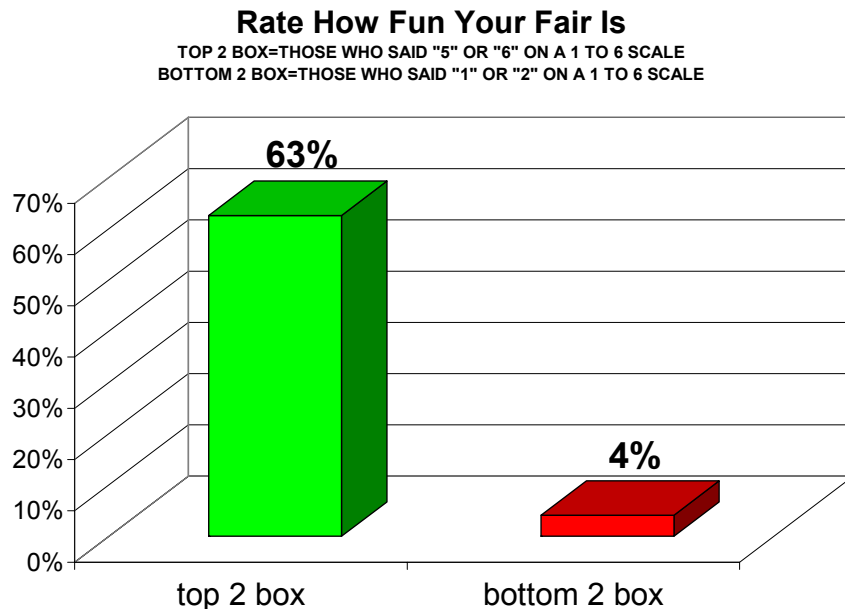
SEMR has used a six-point gradient scale in respondent query with great success for over 15 years and it is through that experience that SEMR has come to understand that there are respondents, no matter how impressed or happy they are with an experience, service

or product, will never use the top of the rating scale and, conversely with a poor experience, the bottom of the scale.

The answer to the question of fun as it relates to the visitor experience can now be expressed in a variety of composite groupings. Obviously, the data can be expressed in the percentage of visitors that responded to each rating.



In the preceding chart, nearly a third of the visitors (28%) have indicated that the fair they visit is a “6” or “very fun”. In contrast, only 1% say that they fair they visit is a “1” or “not fun at all”.



As we broaden the scope slightly and create composite scores of those visitors who believe their fair is really fun and those who think the contrary, the illustration becomes more definitive. Clearly a consensus of visitors to AFA member fairs believes the fair is very fun. When totaling all the rating points to determine the average as 4.72 you can again see that is also above the mean on this scale of 3.5 and therefore certainly more fun than not.

“Rate your fair on value for the dollar. Rate from 1 to 6 where 1 is poor value and 6 is excellent value”

Visitors were asked to rate how they felt about the value of their fair visit. This “value for the dollar” indicator is relative to the money the visitor spent getting to the fair as well as the parking fees, admission price and money spent inside the fair on exhibits, amusements, food and other entertainment.

In a 2001 SEMR study, it was determined that approximately 63% of fair visitors spend money on non-food amusements like rides and games. Further, that study showed the average spent was \$30.59 per visitor group. In 2007 that would mean an excess of \$10 million was expended for non-food amusements.

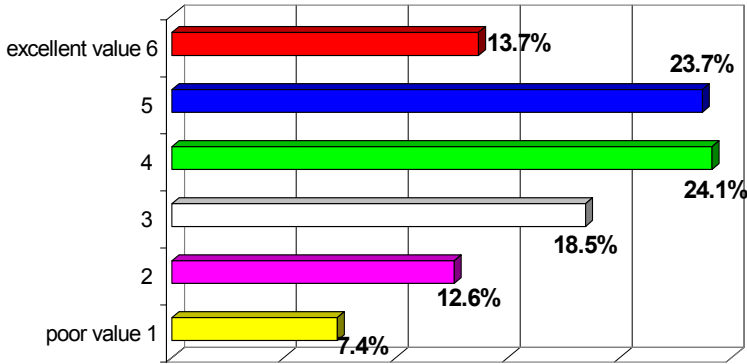
Food purchases also impact the value for the dollar perception. Where specific data is estimated to indicate expenditures for food, “fair food” has long known to be a top influencer for general fair attendance. In a 2005 SEMR study, “fair food” (indicated by 39% of the respondents) was second only to “thrill rides” (44%) as the reason visitors attend the fair.

Using the same 1 to 6 scale as previously explained, the average rating for “value for the dollar” was 3.85 above the mean of 3.5 indicating more visitors than not felt the value for the dollar was closer to excellent than it was to poor.

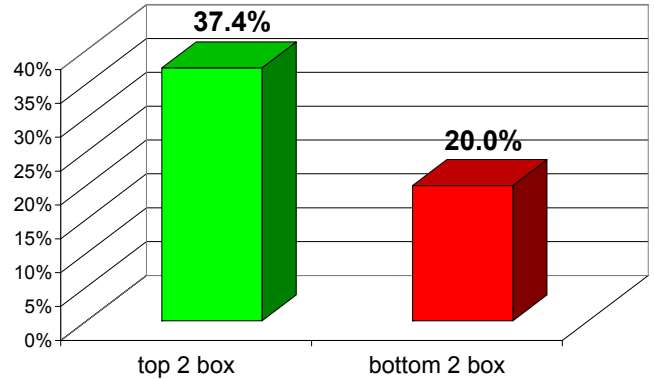
While the average score and ratings for value for the dollar are lower than the ratings for fun, visitors still indicate positive positions when it comes to price and expenditure as it relates to value.

AFA Socio-Economic Impact Study 2007

Rate Your Fair On Value For The Dollar
percentage of those responding to each rating



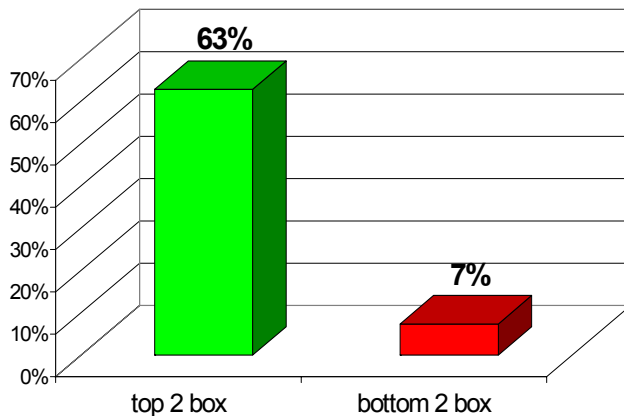
Rate Your Fair On Value For The Dollar
TOP 2 BOX=THOSE WHO SAID "5" OR "6" ON A 1 TO 6 SCALE
BOTTOM 2 BOX=THOSE WHO SAID "1" OR "2" ON A 1 TO 6 SCALE



AFA member fairs social impact is also measured by the importance to children, organizations and charities. In many cases, particularly in less urban areas of Arizona, fair visitors are also members of clubs and organizations, work for juvenile advocacy services and volunteer with one or more charities. Those perceptions are spread through Arizona's social fabric and it is the larger group that includes all visitors that ultimately sees value or the lack of value in Arizona's fair system.

"Rate your fair on social value. Social value means value your fair adds to the community when it comes to involving kids, organizations and different charities. Rate from 1 to 6 where 1 means poor value and 6 is excellent value"

Rate Your Fair On Social Value
TOP 2 BOX=THOSE WHO SAID "5" OR "6" ON A 1 TO 6 SCALE
BOTTOM 2 BOX=THOSE WHO SAID "1" OR "2" ON A 1 TO 6 SCALE



Not surprisingly, the average rating score for this area was very near to the "fun" average score. Social value averaged 4.69 on the same 1 to 6 scale and can be considered a strong component of the socio-economic impact the AFA member fairs have on Arizona. Its top 2 box score clearly demonstrates how visitors feel about the role fairs play in Arizona.

Social value and local impact are by-products of community outreach. Outreach is clearly a large component of AFA member fairs. These 21 fairs across the state each reach into the population and engage citizens. Hundreds of clubs, service organizations and charitable groups are the beneficiaries of the support, partnership and mentoring of Arizona fairs.

The average number of organizations that participate in AFA member fairs is 100. In many cases *well over* 100 clubs or groups participate with one member fair reporting over 250 such organizations that engage in activities during the run of the fair.

Youth organizations like scouting, church and school clubs count on member AFA fairs for fundraising, exhibits and robust additions to their annual schedule of events. Organizations that enjoy AFA support are not limited to Arizona youth. Senior clubs, hobby groups and other adult functions are also greatly impacted by fairs in Arizona. In turn, the AFA system benefits from the volunteer resources of many of these organizations.

In an effort to illustrate value in fair social impact, this study analyzed periodic evaluations of AFA fairs conducted on site by a third party team. These evaluations are part of each fairs record and file kept by the AFA. These evaluations were examined as part of this study and given quantitative values. Those quantitative values were returned as letter grades in 31 different categories that each fair was evaluated on. One of the 31 categories was “Volunteer Support”.

As indicated by the table, 84% of the AFA fairs evaluated graded an “A” in this area. In fact, no fairs graded at a “D” level or lower and only 1 fair graded at a “C” level.

In fact in a similar category, “Staff and Volunteer Organization”, 18 of 19 graded fairs received an “A”.

VOLUNTEER SUPPORT	
GRADE	number of AFA fairs receiving grade
A+	1
A	15
A-	0
B+	0
B	2
B-	0
C+	0
C	0
C-	1
D+	0
D	0
D-	0
TOTAL	19

When it comes to agriculture-livestock club participation and the role AFA member fairs play in educating Arizona youth in this area, it appears to be a reasonably strong component. When considering the county-by-county enrollment in 4-H and FFA, it is estimated that approximately 50% of those individuals are exhibitors at AFA member fairs. Add to that, over \$5 million is paid out from the livestock auctions fairs conduct with an additional \$50K in non-animal exhibitor awards.

EDUCATIONAL VALUE

GRADE	number of AFA fairs receiving grade
A+	0
A	14
A-	1
B+	0
B	4
B-	0
C+	0
C	0
C-	0
D+	0
D	0
D-	0
TOTAL	19

Evidenced by the table above, 83% of the AFA fairs graded in this area received a letter grade of “A”.

PARTICIPATION

GRADE	number of AFA fairs receiving grade
A+	0
A	15
A-	0
B+	0
B	2
B-	0
C+	0
C	2
C-	0
D+	0
D	0
D-	0
TOTAL	19

As expected, the more urban or city based the fair is, the lower the participation by percentage of enrollment is. However, youth exhibitors in other categories beyond agriculture and livestock

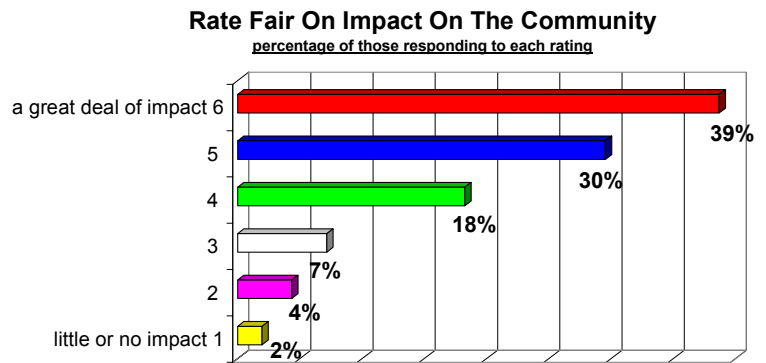
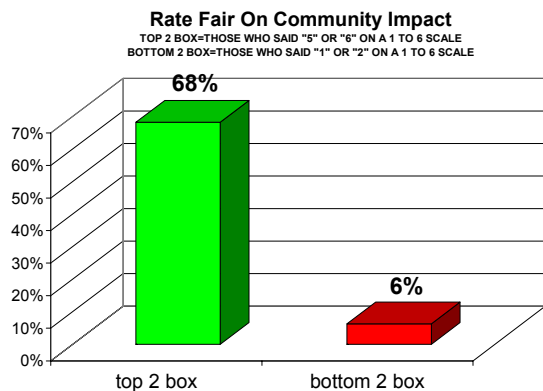
balance that participation in the more urban fairs. From fair to fair in the AFA system, youth exhibitor numbers range from less than 100 to more than 3000 with the average number of youths engaged at just under 800 (791) per fair over the entire AFA system.

SAFETY

GRADE	number of AFA fairs receiving grade
A+	0
A	12
A-	0
B+	3
B	3
B-	0
C+	0
C	1
C-	0
D+	0
D	0
D-	0
TOTAL	19

While safety grades are not as glowing as some of the other areas, it should be noted that no fair received a grade lower than “C” and today’s general societal attitude towards community safety is certainly not something a member fair can control.

“Rate your fair on the overall impact it has on the community. Rate from 1 to 6 where 1 means it has little or no impact on the community...if it did not exist it would not be missed very much and 6 means the fair has a great deal of impact on the community...if it did not exist it would be missed a lot”



Visitors seem to agree with the overall impact AFA fairs generally have on the community. Clearly an overwhelming consensus indicates the absence of their local fair would be a great loss as illustrated by the charts.

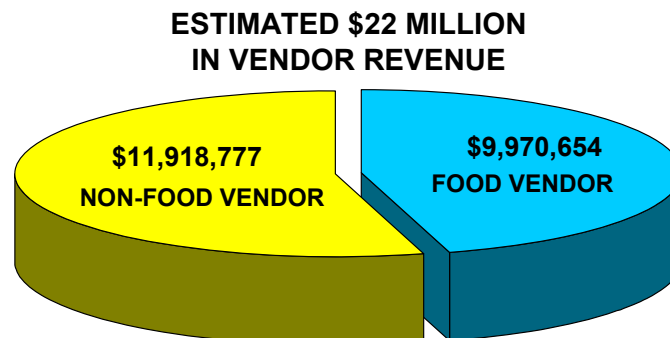
It is impossible to account for every vendor by name or identity that serves the AFA member fairs and its visitors. There are hundreds of vendors across the state and regionally. These vendors fall into four basic categories.

- a. Single person operations that may constitute a second income or seasonal dates of operation.
- b. Multi-employee operations that may be run by a family with the potential of family members constituting most or all of the employees.
- c. Small businesses that may have regional trade areas of operation and most likely service not only the fair industry but also other event based industries as well.
- d. Medium to large businesses that have 50 or more employees that serve the AFA and other like groups on a regional basis.

This study took measurements based on an AFA member fair-by-fair analysis and understanding what the collective impact may be. Vendor organizations work an average of 20 days serving AFA member fairs each year paying vendor employees an average of \$1,275 per day. Each vendor spends approximately \$3K annually on transportation costs averaging over 11 hotel nights per year per vendor. However, nearly 1 in 5 vendors spend in excess of \$7500 annually in transportation expenses. Vendors also account for a portion of the \$4.3 million paid to fairs for rental and entry fees. Vendors are estimated to have average daily revenue in excess of \$5K each.

The average number of food vendors at AFA fairs is nearly 22 with the average number of non-food vendors at slightly less than 96 bringing the average number of total vendors to 118.

The estimate for visitor expenditures with fair vendors is \$22 million on food and amusements.

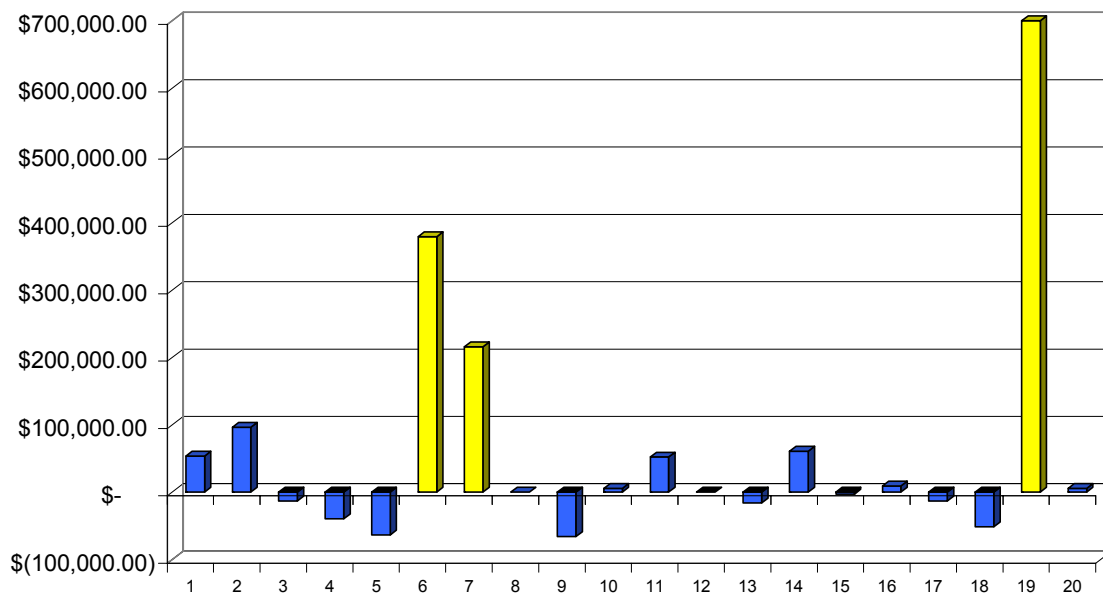


Steve Elliott Marketing Research

Member AFA fairs have various forms of funding. Each fair is granted a portion of the Governors Fund based on size and performance annually. In addition, proceeds from operational sales receipts and other miscellaneous incomes account for the revenue that financially sustains these fairs each year.

Further, several fairs due to facilities and property size have taken on additional responsibilities to the community in the form of other events like horse racing, concerts, special hobby shows and exhibits. Costs associated with maintenance and year round operation have to be considered when it comes to strategic planning. Those costs were not part of this study.

FAIR BY FAIR ANNUAL PROFIT OR LOSS



It also should be noted that analysis of this data was careful to examine each fair as it is designated by the AFA by level 1, 2, 3, and 4 used for categorical assignment in determination of funding. There are 4 fairs that constitute a higher degree of activity, 3 of which have an increased level of obligations year round. That higher degree of activity is a by-product of population density. It is no more or less important to a community, whether large or small, to its socio-economic impact. The average annual net profit or loss without those 3 fairs is about a thousand dollars; with them it is \$66K.

While it is the non-profit nature of fairs to be without a surplus of dollars at the end of a fiscal year, in today's economy that may not be a reasonable request. The AFA is best described as an intricate eco system. One adjustment or change and not only is there direct impact, but the chain reaction of subsequent impacts can be catastrophic. The domino theory may be the best way to position the AFA member fairs and their juxtaposed existence with each other.

The most difficult impact to illustrate is the very nature of a fair itself. The fair is a community standard. In fact, the smaller the fair, the more it is recognized as that standard. The larger the fair, the more important it is not just to a larger population base, but the entire system itself.

Some say that you can best judge the importance of something on how much it is missed (or not) if it disappears or goes away. The most telling statistic seems to be the answer to that very question this project asked fair visitors. Nearly 7 out of every 10 visitors we asked indicated that they would miss the fair very much if it were gone. Visitor spending along with the support of clubs, charities, organizations, exhibitors and vendors seem to support that response.

It may be difficult to judge the economic impact of the AFA member fairs on Arizona beyond the numbers and statistics. You can find other economic engines that create tremendous monetary activity. While it appears from examination that this AFA eco-system is balanced based on current funding, the economic visitor contribution and the expansive social network, it cannot be a static indicator. While many of the behaviors will remain the same, many data points will vary and have the potential to change outcomes discussed in this document.

The AFA has not gone without its' failures. Two fairs in the system have struggled to operate and have consequently ceased to be granted any portion of the Governors Fund. In today's economic climate many private sector companies would find this an acceptable failure rate. The AFA socio-economic engine is unique. Part private; part public with no comfortable comparisons in Arizona. The information submitted in this report is offered as an indication of its impact both economically and socially.

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