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THE IMPACT ON NORFOLK OF THE PATRIOTIC FESTIVAL

ECONOMIC & FISCAL IMPACT



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About Mangum Economics, LLC

Mangum Economics is a Glen Allen, Virginia based firm that was founded in 2003. Since then, we have become known as a leader in industry analysis, economic impact assessment, policy and program evaluation, and economic and workforce strategy development. The Mangum Team specializes in producing objective and actionable quantitative economic research that our clients use for strategic decision making in a variety of industries and environments. We know that our clients are unique, and that one size does not fit all. As a result, we have a well-earned reputation for tailoring our analyses to meet the specific needs of specific clients, with a specific audience.

Most of our research falls into four general categories:

- **Information Technology:** Working with some of the largest names in the industry, to date the Mangum Team has produced analyses of the economic and fiscal impact of the data center industry in multiple states. Among those were studies conducted in Arizona, Georgia, Illinois, Maryland, and Virginia that were instrumental in the passage of industry-specific legislation.
- **Economic Development and Special Projects:** The Mangum Team has performed hundreds of analyses of proposed economic development projects. One recent example was an analysis of the proposed \$2.3 billion Green City “net-zero ecodistrict.” The Mangum Team has also authored multiple economic development plans, including identifying industry recruitment opportunities created by the high-speed MAREA and BRUSA sub-sea cable landings in Virginia Beach.
- **Energy:** The Mangum Team has produced analyses of the economic and fiscal impact of over 16 GW of proposed solar, wind, battery, and hydro projects spanning at least twelve states. Among those projects was Dominion Energy’s 2.6 GW Coastal Virginia Offshore Wind project off of Virginia Beach. In addition, the Mangum Team has also performed economic and fiscal impact analyses for the natural gas, nuclear, oil, and pipeline industries.
- **Policy Analysis:** The Mangum Team also has extensive experience in identifying and quantifying the intended and unintended economic consequences of proposed legislative and regulatory initiatives.

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Executive Summary

- In 2022, the Patriotic Festival was held in Norfolk for the first time.
- It drew 30,000 people over the course of 3 days. On the third day of the festival alone, over 13,000 people attended. There were over 25,000 individual holders of either 1- or 3-day tickets.
- The festival draws both a local and a national audience.
- 90 percent of attendees came from outside of Norfolk; 36 percent from outside of Hampton Roads.
- 1,250 attendees came from California; 750 from New York; 32 from Hawaii; 100 from Canada.
- In 2022, the Patriot Festival generated \$8 million in direct spending, contributing over \$2 million in worker pay, and sustaining 63 jobs.
- Once indirect and induced economic effects are counted, in total, the festival generated \$9 million in economic activity in Norfolk, supporting \$3 million in worker pay, and supporting 80 jobs.
- The City of Norfolk took in \$354,000 in tax revenue from the total impact of the festival.
- The festival spurs the tourist economy at the beginning of the summer when the tourist economy's labor costs are increasing but before summer school vacations begin.
- Extensive coverage of the festival by the cable channel CMT may generate additional millions of dollars in tourism to the Norfolk economy.

Introduction

Hampton Roads, Virginia is home to a large concentration of United States military active duty, reserve, and veteran personnel. The Patriotic Festival honors the personnel and families of the United States armed services. For the first time in its almost 18-year history, in 2022, the Patriotic Festival celebrated the United States military along the Norfolk waterfront – the home port of the U.S. Navy’s Fleet Forces Command and the largest naval complex in the world. The Patriotic Festival has long been the largest regional patriotic celebration of the U.S. military in the country and a primary event of the summer season for the City of Norfolk.

In 2022, the major concerts were held at the Norfolk Scope Arena and in front of the Waterside District on Waterside Drive on Friday and Saturday evenings and Sunday afternoon. The 2022 concert lineup included Jon Pardi (2017 Academy of Country Music New Male Vocalist of the Year), Kane Brown (2021 Academy of Country Music Video of the Year Winner), Morgan Wallen (2022 Academy of Country Music Album of the Year Winner), and ERNEST (Singer-songwriter, podcast host). Other artists performed concerts at Town Point Park on Saturday and Sunday afternoon.

Over the years, many top entertainers have performed at the Patriotic Festival, such as:

- Alabama,
- The Band Perry,
- The Beach Boys,
- Big & Rich,
- Bobby Bones,
- Brantley Gilbert,
- Carrie Underwood,
- Darius Rucker,
- Daryl Hall & John Oates,
- The Four Tops,
- Gretchen Wilson,
- Huey Lewis & The News,
- Hunter Hayes,
- Jake Owen,
- Jason Aldean,
- Little Big Town,
- Luke Combs,
- Lynyrd Skynyrd,
- Miranda Lambert,
- Old Dominion,
- Rascal Flatts,
- Robin Meade,
- Sam Hunt,
- Sinbad,
- Sugarland,
- The Temptations,
- Travis Tritt,
- Uncle Kracker,
- Wayne Newton, and
- Zac Brown Band.

In addition to music performances, Fountain Park was the site of the Monster Energy BMX Tour. Town Point Park included exhibits from the U.S. Air Force, Marines, and Navy (including Naval Special Warfare Group Two) plus numerous corporate displays.

This report quantifies the fiscal and economic impact of the Patriotic Festival on the City of Norfolk. It is based, in large part, on data from credit card records of ticket sales from the 2022 festival. This credit card billing data provides information on the billing address zip code for the credit cards used to purchase tickets for the festival, which gives information on where attendees travel from in order to attend the festival.

The Patriotic Festival benefits the Norfolk economy in four ways. First, when the festival draws people from outside of Norfolk to spend money in the city that they would otherwise spend elsewhere. Secondly, when businesses and people in Norfolk who benefited from the economic activity of the Patriotic Festival spend their incremental festival-associated earnings in the city. Thirdly, when the presence of the festival in Norfolk provides city residents with a place to spend their entertainment dollars inside the city, instead of spending it outside of Norfolk. Finally, when exposure to the festival (by attendance or media coverage of it) causes people who live outside of Norfolk to visit the city at times other than for the festival.

The festival also benefits the Norfolk tourist economy in other ways that are very difficult to quantify. It contributes to the image and impression that people throughout North America have of Norfolk. This is important for the long-run strength of the Norfolk tourist/convention economy. Additionally, because it is scheduled for Memorial Day weekend, it also serves to draw a large crowd of people to Norfolk at the start of the summer before schools are out and the vacation season begins in the Mid-Atlantic region.

Patriotic Festival 2022 Attendance

The Patriotic Festival is a 3-day event that draws a large audience from across the United States and even Canada and Mexico. Total attendance for the 2022 3-day festival was 30,206.

[Table 1: Patriotic Festival Attendance, 2022](#)

Day	Total Festival Attendance
Friday	6,775*
Saturday	10,206
Sunday	13,225
Total	30,206

* Friday activities at Town Point Park were rained out.

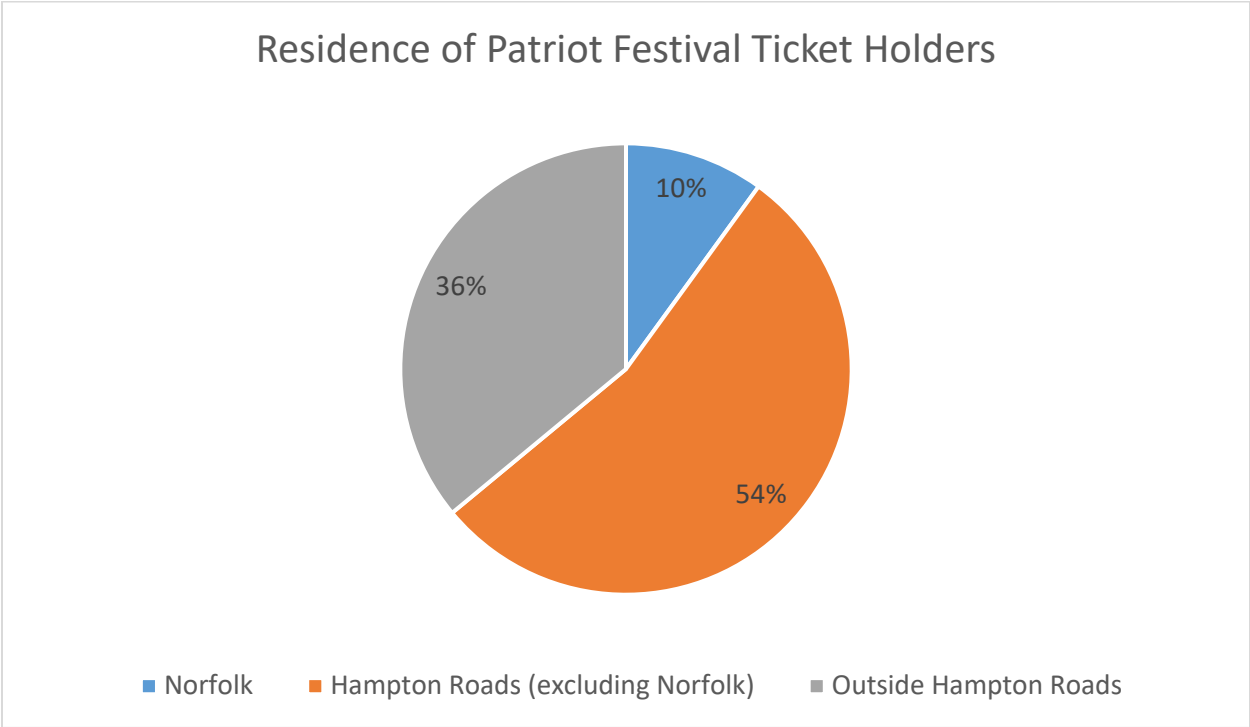
The total number of ticket holders for the 3-day festival was 25,099 people. We estimate that 18,220 separate parties (regardless of size) attended the event, and 16,270 (almost 90 percent) of those came from outside of the City of Norfolk. This makes the Patriotic Festival a major tourist event for Norfolk, drawing in many visitors from outside of the city (and the Hampton Roads area) to experience Norfolk, benefit the city's economy, and add to the City of Norfolk's tax base.



LOCAL, NATIONAL, AND INTERNATIONAL AUDIENCE

The 2022 Patriotic Festival drew attendees from almost all 50 states and the District of Columbia and even some visitors from Canada and Mexico. While the majority of attendees were from Hampton Roads, 36 percent came from outside of the area, while only 10 percent were Norfolk residents. Figure 1 shows the share of ticket holders by place of residence for 2022 Patriot Festival attendees. This information is based on the billing addresses of people that purchased tickets in advance using a credit card. We assumed that tickets purchased at the gate were for people from Norfolk or other parts of Hampton Roads.

Figure 1: Patriotic Festival Ticket Holders, 2022



A total of 9,356 ticket holders came from outside of Virginia including 3,541 from west of the Mississippi River, 97 from Canada, and 4 from Mexico. After Virginia, the state with the most attendees is on the other side of the continent. There were even 32 ticket holders from Hawaii. Table 2 lists the top 10 states (excluding Virginia) in 2022 Patriotic Festival attendance.

Table 2: Patriotic Festival Ticket Holders from Top 10 States Outside of Virginia, 2022

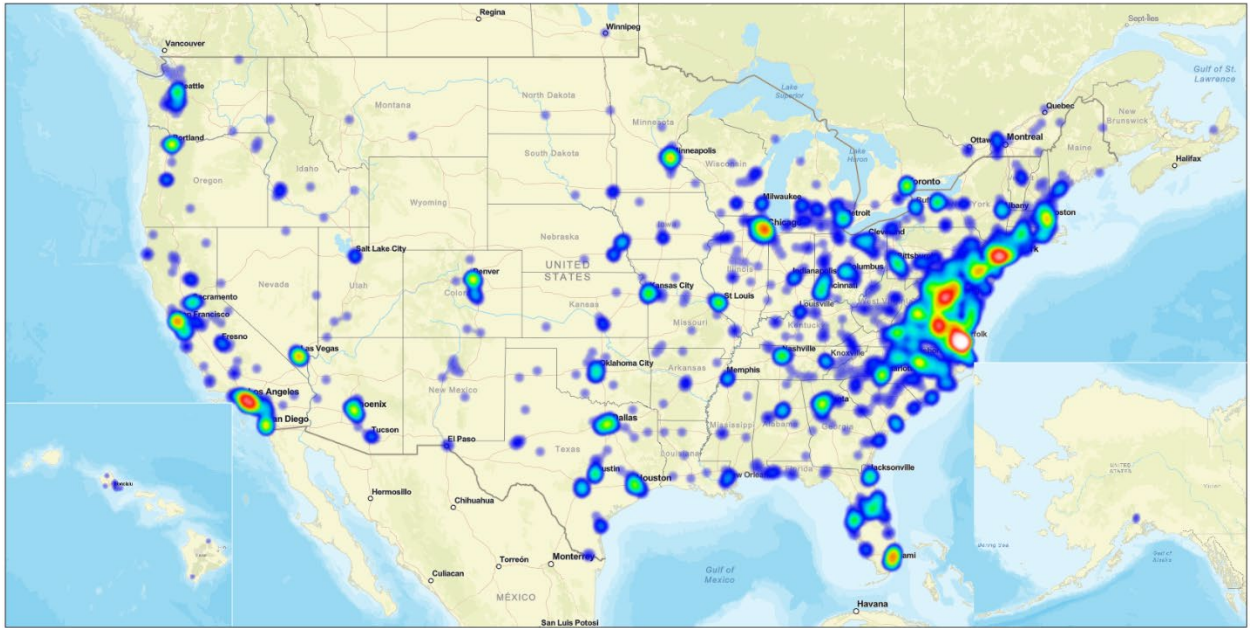
State	Ticket Holders
California	1,257
New York	749
North Carolina	678
Florida	483
Maryland	413
Texas	404
Illinois	382
Pennsylvania	378
Ohio	287
Minnesota	242





Figure 2 gives a clearer picture of the nationwide draw of the 2022 Patriotic Festival. The concentration of attendance from the upper east coast area of Hampton Roads, Greater Richmond, the DC Area, Philadelphia, New York City, and Boston is impressive, but not unexpected. But there is almost a similar intensity of attendance from the Los Angeles, San Francisco, Las Vegas, Minneapolis-Saint Paul, Chicago, Miami, and Boston areas. Additionally, the strong attraction that the 2022 Patriotic Festival had in places as far-flung and diverse as Portland, San Diego, Phoenix, Denver, Dallas-Fort Worth, Houston, Atlanta, Charlotte, Raleigh-Durham, Harrisonburg, and Toronto is remarkable.

Figure 2: Patriotic Festival Ticket Holders by Zip Code, 2022



\$8 Million in Direct Spending

Direct spending associated with the 2022 Patriotic Festival includes the expenditures of people that attended the event as well as the cost of producing the event. Direct spending does not include expenditures on event admission or travel to Hampton Roads from outside of the area. Any payments to entertainers are not included in direct spending since the entertainers are based outside of Norfolk. Direct spending also does not include any unpaid goods or services contributed to the production of the festival.

This study was initiated after the 2022 festival was concluded. We do not have the advantage of a survey of Patriot Festival attendees to estimate the amount that attendees spent because of the festival. Therefore, we have used survey data from the Virginia Tourism Corporation. Longwoods International surveyed people that traveled to Virginia in 2020 to attend music festivals. Respondents provided information on the size of their party and how much they spent per party per trip. The Virginia Tourism Corporation also provides 2020 survey information on how much people typically spend on day trips. In addition to attendee spending, there is additional direct spending for festival production. We have excluded from the direct festival payments made to entertainers. It is worth noting that Patriot Festival attendees are typically 25 to 45 years old. Therefore, they have more disposable income than attendees to events that attract younger audiences. Table 3 shows our estimate of the number of parties attending the 2022 Patriotic Festival and the direct spending associated with it.

[Table 3: Patriotic Festival Total Direct Spending, 2022](#)

Spending Category	Number of Parties	Total Direct Spending
Norfolk Residents	1,950	\$273,000
Other Hampton Roads Residents	10,500	\$1,869,000
Non-Hampton Roads Residents	5,770	\$4,872,000
Subtotal Attendee Spending	18,220	\$7,014,000
Festival Production		\$1,022,000
Total Direct Spending		\$8,036,000

Table 4 shows how the direct spending breaks down by spending category. The Entertainment category does *not* include money spent on Patriot Festival tickets. It includes spending associated with recreational activities like sightseeing, tours, and admissions to non-festival activities, such as cruises, museums, and related amenities. The Other category includes money spent on souvenirs & other retail items and on local transportation.

[Table 4: Patriotic Festival Total Direct Spending by Tourism Category, 2022](#)

Category	Lodging	Food & Beverage	Entertainment	Other
Festival Production				\$1,022,000
Norfolk Residents	-	\$123,000	\$49,000	\$101,000
Other Hampton Roads Residents	-	\$661,000	\$264,000	\$944,000
Non-Hampton Roads Residents	\$974,000	\$1,121,000	\$877,000	\$1,900,000
Total Direct Spending	\$974,000	\$1,905,000	\$1,190,000	\$3,967,000

\$9 Million in Total Economic Impact in Norfolk

The vast majority of direct spending associated with the festival contributes to the local Norfolk economy, but some of the spending benefits other localities – mainly other parts of Hampton Roads. We estimate that 73 percent of the direct spending for the festival stayed in the Norfolk economy.

Direct spending for the festival in Norfolk has a multiplier effect for the city’s economy. As attendees spend money at hotels, restaurants, and shops in Norfolk, the additional revenue from the festival allows those businesses to make improvements that they otherwise would not be able to make. And those businesses are able to give more work hours to their hourly employees. The businesses and workers that receive some of this spending supported by the festival, in turn, are able to spend more on goods and services in Norfolk. This is often referred to as indirect and induced economic impacts. The sum of direct, indirect, and induced economic activity is the total economic impact of the festival. For simplicity, we only report direct and total economic impacts.

Based on ticket sales data from 2019 when the Patriotic Festival was held in Virginia Beach and 2022 tickets for the Patriotic Festival in Norfolk, we estimate that 50 percent more Norfolk residents attended the 2022 festival than the 2019 festival. Therefore, for the calculation of the total economic impact in this report, we estimate that two-thirds of the Norfolk residents that attended the festival in 2022 would have gone to the festival outside of Norfolk and spent their money there, if the Patriotic Festival was held elsewhere in Hampton Roads. So, having the festival in Norfolk kept Norfolk dollars in the city creating a benefit to the local economy instead of that money being spent outside of the city benefiting the economies of other jurisdictions.

Using the regional input-output model, IMPLAN, we can calculate the total economic impact of direct, indirect, and induced effects on the Norfolk economy from the 2022 Patriotic Festival. Table 5 shows the estimated total economic impact on Norfolk of the 2022 Patriotic Festival in terms of economic output, worker pay, and full-time-equivalent (*i.e.*, annualized) jobs.

Table 5: Patriotic Festival Total Norfolk Economic Impact, 2022

Category	Economic Output	Total Contribution to Worker Pay	Total FTE Jobs Supported
Direct Impact	\$5,850,000	\$2,159,000	63
Total Impact	\$8,785,000	\$3,114,000	80

\$354,000 in City of Norfolk Tax Revenue

People that attended the 2022 Patriotic Festival paid taxes on the goods and services that they purchased. Table 6 shows the taxes collected by the City of Norfolk for each tourism sector.

Table 6: City of Norfolk Tax Collections on Patriotic Festival Direct Spending, 2022

Category	Lodging	Food & Beverage	Entertainment	Other
9 Percent Lodging Tax ¹	\$88,000	-	-	-
\$3/Room Lodging Fee	\$22,000	-	-	-
6.5 Percent Meals Tax	-	\$124,000	-	-
1 Percent Sales Tax (Local)	\$10,000	\$19,000	\$12,000	\$18,000
City of Norfolk Tax Total	\$120,000	\$143,000	\$12,000	\$18,000

The estimated total of tax collections by the City of Norfolk from direct expenditures associated with the 2022 Patriotic Festival is \$293,000. Estimates of City of Norfolk tax revenues from the 2022 Patriotic Festival rise to \$354,000 once taxes on indirect and induced economic activity are included.

¹ The City imposes a 9.5 percent tax on lodging in the Sandbridge District. We ignore that distinction in this report, causing a small underestimate in the total fiscal impact of the festival.

The Patriotic Festival on CMT Generates Thousands in Visitor Spending

The Patriotic Festival was filmed on Memorial Day weekend and then aired twice on CMT (Country Music Television) on the Independence Day weekend. Approximately 80 million households in the US have access to CMT and Hulu Live. Visuals of the festival performances and large crowds in Norfolk were televised on the station's three-hour Hot 20 Countdown show that has an average viewership of 1.2 million per weekend. The festival was shown on Viewers see some of their favorite musicians and thousands of fans enjoying their experience in Norfolk. This provides excellent free publicity for the City of Norfolk. Additionally, the festival was highlighted on all of CMT's accounts (with 7 million followers) on social media platforms.

According to CMT, the station's coverage of the 2022 Patriotic Festival garnered 8 million impressions from both the airing of the filmed festival and accompanying social media posts. Impressions can be valued. Advertisers buy impressions by the thousand at a price called, "cost per mille" or CPM. In 2019, the CPM for cable television channels in the U.S. was about \$19.45.² If Norfolk were to pay CMT for those 8 million impressions at the price of \$19.45 per 1,000, it would cost the City of Norfolk \$155,600.

Market research firm, Longwoods International investigated the return on investment that the City of Virginia Beach achieved for an advertising campaign. It estimated that a dollar spent advertising Virginia Beach yields \$67.84 in new visitor spending in the city and \$3.44 in City tax revenue.³ If that return on investment was applied to the 8 million impressions from CMT televising the Norfolk Patriotic Festival, then there will be an additional \$10,556,000 in visitor spending in Norfolk including over \$535,000 in additional City of Norfolk tax revenue. Even if the CMT televising of the Patriotic Festival is only 1/10th as effective as the advertising analyzed in the Longwoods International study, then the 2022 Patriotic Festival on CMT will generate over \$1 million in additional tourist revenue and almost \$54,000 in additional City tax revenue.

These estimates are provided to give a full sense of the broad impact of the 2022 Patriotic Festival. However, given the unusual and uncertain nature of these estimates, we do not add them in with our conventional estimates of the economic impact of the festival.

² Media Dynamics, Inc., *TV's 2019-20 Primetime Upfront Scores Another 5% Ad Revenue Gain*, August 8, 2019.

³ Maria Pohl, "Virginia Beach's tourism strategy: Excite millennials, promote winter visits," *Southside Daily*, November 11, 2016.

Conclusion

In 2022, the Patriotic Festival came to Norfolk on Memorial Day weekend and very nearly filled the city's hotels. Attendance at the 3-day event came exceeded 30,000 people. There were over 25,000 individual ticket holders for one or all three days of the festival, and on Sunday alone over 13,000 people attended.

An event of this size is important to Norfolk for a number of reasons. First, it gives many people exposure to the city who otherwise might never consider visiting Norfolk. Visitors came from across the United States, plus Canada and Mexico. A total of 9,356 ticket holders came from outside of Virginia. Over 30 attendees came from Hawaii; over 1,250 from California; over 3,500 from states west of the Mississippi River. Second, the Patriotic Festival contributes to the national image of Norfolk.

Third, the Patriotic Festival provides an early boost to the tourism industry in Norfolk before schools close for summer vacation. The festival is annually scheduled for Memorial Day weekend. It draws a large crowd to the hotels and restaurants and clubs in the city that add workers at the beginning of the summer in expectation of crowds arriving once school lets out in mid-June. The revenue from the Patriot Festival helps these tourist businesses cover the costs of the additional labor before the families with school-age children arrive for beach vacations later in the summer.

Fourth, the Patriotic Festival has a large positive economic and fiscal impact on Norfolk. In 2022, the Patriot Festival generated \$8 million in direct spending, contributing over \$2 million in worker pay, and sustaining 63 jobs. Once indirect and induced economic effects are counted, in total, the festival generated \$9 million in economic activity in Norfolk, supporting \$3 million in worker pay, and supporting 80 jobs. The City of Norfolk took in \$354,000 in tax revenue from the total impact of the festival.

Finally, the Patriotic Festival provides positive exposure for Norfolk that generates additional tourism. The cable TV channel CMT covers the Patriotic Festival extensively, taping the festival at the beginning of the summer and then televising the footage twice on Independence Day weekend. The CMT coverage garnered 8 million media impressions in 2022. That level of coverage and viewer attention is potentially worth hundreds of thousands of dollars in additional tourist revenue. As people watch the footage from the recorded festival, some viewers of the show are attracted to the City of Norfolk where their favorite performers and crowds of thousands of fans are enjoying the city.