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LOUISIANA: AN INTERNATIONAL DESTINATION

Marlise Moody Taylor and Frédéric Dimanche

INTRODUCTION

International travel to the U.S.A has grown significantly in the past several years. In 1997, international travelers to this country reached an estimated 49 million, with travel expenditures reaching just over \$75 billion (US Travel Data Center, 1998). As a result of these record-setting performances, competing destinations are scrambling to attract these international visitors, as well as their resulting economic impact. In order to develop effective marketing strategies for international tourism, it is important to describe the characteristics and behaviors of visitors to the destination as well as to monitor changes and trends in a region's tourism industry. One of the most common methods to accomplish this is a visitor profile study.

In the summer of 1997, the Louisiana Office of Tourism contracted with the Division of Business and Economic Research and the School of Hotel, Restaurant, and Tourism Administration at the University of New Orleans to conduct an international visitor study. The primary purpose of this study was to determine trip characteristics, demographic characteristics, and satisfaction levels of international visitors to Louisiana. Economic expenditure information was also gathered in order to learn more about the economic impact of these visitors to the State. This study profiled international visitors as a whole, and more specifically from the following target markets: Brazil, Canada, England, France, Germany, Japan, and Mexico.

METHODOLOGY

The questionnaire used for the Louisiana International Visitor Profile was a 27-question, five-page survey. It included questions to determine trip characteristics, demographics, and satisfaction levels of international visitors to Louisiana. It also included a map of Louisiana that visitors were to use to show where in the state they spent nights and visited. Due to the international nature of this study, the survey instrument was translated into

five languages (German, French, Spanish, Portuguese, and Japanese). These surveys were offered to those visitors who felt more comfortable answering questions in their native language. Not only did this help capture more international visitors, but more valid and reliable information was obtained from them when they could read the questions in their native language.

For the purpose of this study, the researchers and the Louisiana Office of Tourism made the assumption that international visitors who would be intercepted in New Orleans would be representative of all international visitors to Louisiana. This was supported by the fact that, according to Department of Commerce information, more than 90% of all international travelers to Louisiana visit New Orleans. This assumption was made to justify collecting data in the New Orleans area only instead of intercepting visitors throughout the State, therefore greatly reducing the cost of the study.

Visitor intercepts were conducted with approximately 2,100 international visitors. Intercepts occurred in a variety of locations throughout the New Orleans area, including the airport. Between 200 and 300 intercepts were conducted with visitors from each of the seven target markets, as well as approximately 250 from residents of "other" countries.

RESULTS

Length of Stay.

International visitors travel for longer periods than do domestic tourists. On average, international visitors to Louisiana spend slightly more than half of their US traveling time in the State, for an average stay of 6.2 nights. The average length of stay in the US by international visitors to Louisiana is 12 nights. English visitors spend the longest time in the USA, followed by Brazilians, and Germans. However, the French spend the longest time in Louisiana, followed by English and Brazilian visitors. Japanese spend the least amount of

time in Louisiana (Table 1). Nearly half (42.6%) of the international visitors to Louisiana did not visit any other state while in the USA. Those who visited multiple states tended to visit mostly Florida, Texas, and New York, in addition to Louisiana.

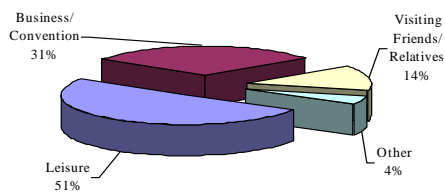
Table 1: Length of Stay for International Visitors

Country	Average Length of Stay in the US (nights)	Average Length of Stay in Louisiana (nights)
Brazil	13.2	7.6
Canada	8.7	5.7
England	13.8	7.6
France	11.9	8.0
Germany	12.5	5.6
Japan	10.5	4.6
Mexico	9.4	6.3
All International Visitors	12.0	6.2

Purpose of visit and trip planning.

Leisure travel (50.7%), business/convention travel (31%), and visiting friends and relatives (13.9%) are the three top reasons foreign travelers come to Louisiana (Figure 1). Mexican (61.8%) and Japanese (57.3%) travelers come mostly for vacation. The largest visit friends and relatives (VFR) percentages come from the Brazilians (22.5%) and the French (15.2%). English visitors have a large percentage of business-related trips (26.7%) followed by Canadians (21.3%) and French visitors (17.6%). The highest percentages of convention related trips come from the Canadians (22.1%), the Japanese (19.7%), and the Germans (19.2%).

Figure 1: Purpose of Visit



Most of Louisiana international travelers (over 80%) are individual travelers and nearly two thirds of the respondents reported using the services of a travel agent. Organized tour groups accounted for 17.7% of Louisiana international travelers. Japanese visitors clearly use more organized group tours than others (46.2%). They are followed in that category by Mexican travelers (21.2%). The most adventurous travelers are the Germans; 44.5% of them choose to travel individually and independently.

Transportation, accommodations, and party size.

Flying (87.5%) and driving a rental car (10.3%) are the preferred forms of transportation for international travelers coming to Louisiana. Once in the State, most of them use rental cars (44.1%) and public or chartered bus transportation (35.1%). French travelers (58.2%), followed by Germans (55.2%) and Canadians (50%) are the heaviest users of rental cars when traveling within Louisiana. Japanese lead in chartered bus usage (37.9%) with the Germans (21.2%) and English (20%). French travelers dislike chartered bus the most with only 4.6% of them using this mode of transportation. However, they use public bus transportation the most (26.4%), followed by English (21.7%) and Japanese (19.8%) travelers.

Hotel/motel accommodations are used by almost 75% of international travelers, but a large percentage (20.4%) also favor staying with friends and family. Japanese (91.3%) and Germans (86.1%) are the heaviest users of hotel/motel accommodations. Mexicans (67.1%) and Brazilians (71.8%) use these accommodations the least. On the other hand, Mexican (26.6%), French (23%), and Brazilian (21.2%) travelers take most advantage of friends and family when visiting Louisiana. Germans (9.8%), Japanese (10.4%), and Canadians (11.1%) are the lowest users of friends and family's accommodations. Bed and Breakfast accommodations are also a favorite of the French (12.3%), Canadians (9.1%), and English (8.2%) travelers.

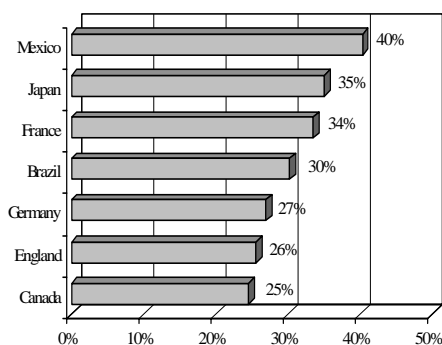
The average party size is 2.7 travelers, but the typical party size is a couple. The average size is highest for Japanese (3.2), Mexican (3), and French (3) travelers. Lowest averages are reported for Germans (2.4), English (2.5) and Canadians (2.5).

Spending, shopping, and other activities.

International visitors to Louisiana spend the largest proportion of money on shopping, an average of \$102.04 per day. Other average expenditures are lodging (\$88.23), meals (\$50.31), recreation/entertainment (\$44.51) and local transportation (\$25.77). The highest spenders in Louisiana are the Mexicans (\$338.48 per day), followed by the Japanese (\$332.56) and the Brazilians (\$302.25). Germans (\$279.32) and Canadians (\$282.59) are the lowest spenders. Most of the spending differences result from whether visitors stay with friends and relatives (no or lower accommodations expenditures) and from shopping behavior. Heavy shopping spenders are the Mexicans (\$136.90), followed by the Japanese (\$116.88). On the other hand, Canadians (\$69.53) and Germans (\$75.45) spend the least on shopping (Figure 2). It should be noted that visitors may overestimate spending estimates. Caution should be exercised with these spending data.

When taking in consideration the amount of time spent in Louisiana, French travelers overall spend the most in Louisiana, followed by Brazilian and English visitors. Because of their shorter visits, Japanese and Germans are spending the least in Louisiana.

Figure 2: Proportion of Total Expenditures Spent on Shopping



Shopping, dining out, visiting historic places and sightseeing in cities are the most popular activities engaged in by international visitors. Very few travelers are attracted by Louisiana's outdoor activities, except for swamp tours.

Tourists' perceptions and satisfaction.

Most international visitors (80.3%) perceive Louisiana to be a somewhat to very safe destination. However, while 50% of Brazilians and 65% of Mexicans perceive Louisiana to be "very safe," only 15.2% of Japanese and 20% of English visitors do so. In fact, English visitors (7.2%) are more likely to say that Louisiana is "very unsafe."

Overall (94.5% of respondents), international visitors are satisfied with their visit to Louisiana. Most of them (71.7%) reported being very satisfied with their visit. The most "very satisfied" are the Mexicans (88.6%), followed by Brazilians (75.6%), and Canadians (68.3%). Only 45.1% of Japanese travelers are very satisfied with Louisiana, but most of them (51.1%) are somewhat satisfied. The highest percentages of somewhat or very dissatisfied people are Brazilians (9.7%) and Canadians (8.1%). When people were not "very satisfied," crime and insecurity are their primary concerns (30% of these respondents).

A large proportion (over 75%) of international visitors who were intercepted, indicated that they are likely to return to Louisiana in the next five years. The primary reasons for international visitors to return to Louisiana would be business or convention (18.4%), to visit family and friends (19.0%), or because Louisiana is a fun place to visit and spend a vacation (16.8%). Mexicans (55.5%) have the highest percentage of visitors indicating that they are very likely to return to Louisiana, followed by French (47.1%), and Canadian travelers (37.8%). Over 50% of Japanese visitors indicated that they are unlikely or very unlikely to return.

When asked why people would not return, nearly 22% of international visitors indicated that the high price of traveling would be a reason for not returning to Louisiana. In addition, fear of crime is seen as a primary reason for not returning by 15.2% of those respondents.

Louisiana locations visited.

New Orleans and Baton Rouge are, not surprisingly, the two most popular destinations in the State for all international travelers. The main cross-national difference

that appears is the popularity of Lafayette with the French (36.9%) and to a lesser degree with Canadian (12.8%), English (11.4%) and German (9.6%) travelers. The popularity of other destinations in Louisiana is very marginal.

Social-demographic profile.

Most Louisiana international visitors are white-collar workers with an average age of 39.7 years. The various international markets are quite homogeneous with respect to age. Mean ages go from 37 for Brazilians to 41.3 for Germans.

More than 65% of the international visitors have a total household income above \$50,000. The most affluent travelers are from Japan and England, with over 50% of these visitors earning more than \$75,000. On the other hand, over 55% of Mexican travelers earn less than \$50,000.

CONCLUSIONS

This study provides a market profile for international travelers to Louisiana as a whole, as well as specifically for seven target markets. In addition, it highlights some of the major cross-national differences that appeared in the results. The results confirm the significance of international markets to Louisiana tourism and suggest that there is a potential for additional benefits. By profiling the typical international visitor to Louisiana, marketing efforts can be refined and become more effective. It is recommended to profile international visitors on an annual basis in order to evaluate the Louisiana Office of Tourism's international marketing strategies and to determine visitor trends.

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THE LOUISIANA TAX FREE SHOPPING PROGRAM

INTRODUCTION

While tourism destinations compete to attract international visitors, retailers in Louisiana are slowly realizing the impact international tourists have on their operations. Shopping ranks high in direct tourist expenditures and is an integral part of the international visitor's experience. Destination marketing organizations (DMO's) increasingly use shopping as a tourism resource and may even promote shopping as the main attraction of a region. In order to attract international tourists, a shopping destination must offer a quality shopping experience, as well as relative value for the goods as compared to the tourists' home countries. One strategy that is used to create such value is to offer goods duty free or tax-free. Duty-free and tax-free programs throughout the world have contributed to an increase in the popularity of shopping for travelers.

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Tourists benefit from such programs, and destinations can benefit as well if they can generate additional arrivals and spending as a result of tax-free shopping. Otherwise, the taxes refunded and the costs associated with the operation of a tax-free program may not be recovered. Louisiana is the only state in the U.S.A to have a statewide tax-free program for international visitors. The Louisiana Tax-Free Shopping Program (LTFS), initiated by the World Trade Center in New Orleans, was passed into law in 1988. A five-member commission was created to oversee its implementation and operation. The first full year of operation was 1990. The Louisiana Department of Revenue and Taxation currently administers the program. A provision of the law requires program officials to come before lawmakers every five years to renew it.

LOUISIANA TAX-FREE SHOPPING PROGRAM

International visitors with a valid passport and a round trip international transportation ticket of less than a one-month duration are eligible for a refund of sales taxes in Louisiana. Eligibility is limited for purchases of tangible items that will be permanently removed from the U.S. Purchases of services (e.g., hotel and food services) do not qualify for a refund.

When shopping at the participating stores, the visitor shows his/her passport and receives, with the sales receipt, a voucher for the sales tax that was paid. There is no minimum-spending requirement for being eligible. Visitors can obtain their tax refund in cash at the New Orleans airport, or can claim it by mail within 30 days of returning to their country. All visitors claiming a refund are charged a handling fee based on the total purchase amount. Only retailers who are members of the program may offer refund vouchers. About 1,100 Louisiana retailers have become members by paying a \$100 fee per year. After paying the fee, members receive store identification materials as LTFS participants, a listing in the LTFS shopping directory, a book of vouchers, and training for the sales clerks or store managers. Additional voucher books cost \$5 per book. LTFS is available in well-known retail outlets, shopping centers that are designated "tax free shopping zones," and small specialty shops throughout the state.

FINDINGS

The main users of the LTFS in 1997 were visitors from Mexico, Honduras, Germany, and France. The most popular items are women's wear (24.5% of sales), men's wear (16.6%), photographic equipment (13.6%), and jewelry (5.8%). The LTFS Economic Impact Estimate, conducted locally by the research commission of the Chamber of Commerce, and based on the Regional Input-Output Modeling System developed by the U.S. Department of Commerce, indicates that the total economic impact of the program was \$321 million in 1997, and that the net tax increase for the state was \$17 million.

Primary research conducted with an intercept survey of international tourists by the University of New Orleans

(1999) suggests that 61.7% of the tourists were aware of the LTFS before their arrival in Louisiana, and that 81.4% of them used the program. These results varied by nationality (Table 1). For example, Japanese (78.1%) and Mexican (72.0%) visitors were more aware of the program than the German (58.4%) or British (47.5%) visitors were. However, only 48.0% of all respondents indicated that they spent more than originally planned because of the tax incentive.

Table 1: Awareness and Use of LTFS Program by International Travelers (selected countries and all respondents)

Country	Awareness of LTFS	Use of LTFS
Mexico	72.0%	92.5%
France	62.6	86.3
Canada	55.6	79.3
Germany	58.4	78.6
Japan	78.1	77.9
England	48.3	77.4
Brazil	57.5	70.9
All countries	61.7	81.4

Some limitations hinder the development of LTFS. First, the program does not benefit from a strong commitment to the international market from retailers and shopping centers. A large majority of retailers do not market themselves to international travelers, tour operators, and travel agents. Few of them invest in this market by attending tourism trade shows or by training their sales forces for international visitors. In addition, Louisiana lacks upper quality retailers or brands, such as those found in Florida or New York, which would contribute to an increase in international sales. This, however, may be difficult to overcome, as Louisiana has an insufficient local market for luxury goods. Finally, the LTFS does not benefit from enough state funding to become a prominent advertiser in the international marketplace. The consumer awareness that the program generates with such limited advertising dollars is in itself a wonder.

(Continued on p.9)

LOUISIANA WELCOME CENTER VISITORS

Marlise Moody Taylor

INTRODUCTION

Overall, growth in U.S. resident travel has been slow, but steady, in the last several years. Total U.S. resident person-trips were over 1.2 billion in 1997. Domestic tourism to Louisiana has increased steadily over the last few years. Approximately 25 million domestic visitors traveled through Louisiana in 1997. During 1997, Louisiana visitors spent over \$7.3 billion on transportation, lodging, food, entertainment and recreation, and shopping. Spending by domestic travelers comprised nearly 94% of the state total, according to the U.S. Travel Data Center (1998).

State Offices of Tourism are becoming increasingly accountable for their marketing budget, and travel economic impact studies are important to justify those marketing budgets. However, states also need to conduct studies about tourist behavior to help in their marketing strategies. Visitor profile studies are typically conducted to help understand visitors' behavior in a destination and to determine their characteristics.

An important goal of tourism marketing is to use information to modify or influence travelers' behavior in order to increase the number of days spent in a state or the level of expenditures. Travelers use welcome centers for a variety of reasons, from restroom use to obtaining maps and travel information.

Though there are numerous research methodologies, two types of surveys are common in state-supported tourism research. The first is the inquiry conversion survey which has the primary objective of evaluating the effectiveness of different types of media advertising that lead to converting inquirers into actual visitors. The second type of survey common in state-supported research is the visitor intercept survey. These surveys are conducted to develop visitor profiles and to monitor changes and trends in a state's tourism industry, describing the characteristics and behaviors

of visitors to the state during a specific period. It had been over five years since a study of Welcome Center visitors had been conducted for the State of Louisiana.

The Louisiana Welcome Center Visitor Survey was a research project conducted by the University of New Orleans for the Louisiana Office of Tourism (LOT) to profile Louisiana visitors who stopped at a Louisiana welcome center. Twenty-five welcome centers throughout the state agreed to participate in the study and to intercept visitors by handing out surveys. The study was conducted over a one-year period from October 1997 to September 1998, and 9,458 surveys were collected during that time.

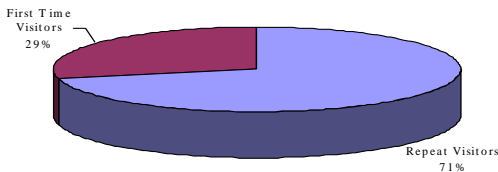
METHODOLOGY

This study was designed to collect data from Louisiana State welcome centers visitors and from local state visitor centers. The one-page questionnaire was developed in cooperation with the Louisiana Office of Tourism. It consisted of behavioral questions about the travelers' trip to Louisiana, as well as some basic demographic questions. The LOT assured participation from all State centers located on all Interstates going through Louisiana. The LOT also encouraged local visitor centers throughout the State to participate in the study. The study was conducted over a one-year period from October 1997 to September 1998. All ten State centers participated and thirteen local visitor centers cooperated in the data collection effort throughout the year. Local centers that participated are positioned throughout Louisiana; therefore, the sample should be reasonably representative of the traveling public who stop at visitor centers in the State. At each welcome center, travel counselors and other welcome staff members were instructed to give a short, self-administered questionnaire to every nth visitor coming into their centers. The values of "n" varied according to size of and traffic patterns at the centers. A total of 9,458 surveys were collected over the data collection period.

RESULTS

Over two thirds of the respondents were repeat Louisiana visitors (Figure 1). Most of the visitors came from neighboring states with Texas providing the largest percentage of all visitors (23.2%). Florida and California are two other strong sources of visitors, together accounting for 13.1% of visitors. Louisiana domestic travelers accounted for 5.5% of all respondents. Of the intercepted visitors, 53.4% indicated that Louisiana was their final destination. Others were passing through the State. For those visitors who were going elsewhere, Texas and Florida were the two main destinations.

Figure 1: Repeat Visitors to Louisiana



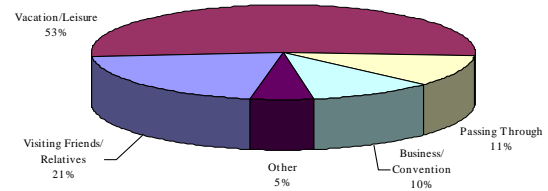
Of all visitors, 38.8% are above 55 years old and 57.2% are above 45 years old. Only 28.7% of Louisiana welcome centers visitors are under 35 years old. The average party size of Louisiana visitors to the welcome centers is 2.8.

Most visitors stay in commercial accommodations such as hotel and motels (67.9%), followed by people staying with friends and family (21.7%). When asked what was the main reason for their visit to Louisiana, visitors responded vacation and leisure (52.4%), visiting friends and relatives (20.8%), just passing through (11%), and business or attending a convention (10.4%) (Figure 2). New Orleans was the most popular destination in the state with 56.8% of all visitors surveyed going there. Other popular destinations were Baton Rouge (33.4%) and Lafayette (20.9%).

Most respondents (49.3%) indicated that friends and relatives provided the greatest influence on their decision to visit. Other sources of information were comparatively marginal. Magazine articles, mentioned by 7.9%

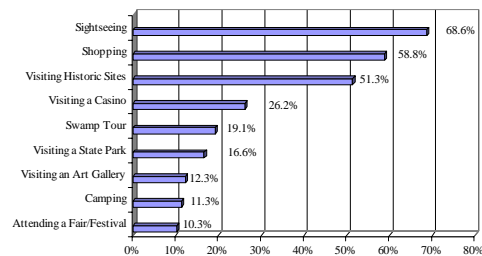
of the respondents, and state and city travel bureaus (6.4%) were the other most influential sources of information.

Figure 2: Purpose of Visit



The most popular activities participated in by all visitors were sightseeing (68.6%), shopping (58.8%), and visiting historic sites and museums (51.3%) (Fig. 3). Casinos were visited by 26.2% of respondents. The least popular activities included boating (6.5%), hiking (6%), or fishing and hunting (5.4%).

Figure 3: Activities Participated in While Visiting Louisiana



* Percentages do not equal 100%, because multiple responses were allowed.

Overall, travelers to Louisiana were on the road for 13.3 nights on average, but the average length of stay in Louisiana was 3.9 nights. People interested in receiving information about retirement opportunities in Louisiana consisted of 15.9% of all visitors surveyed.

CONCLUSIONS

The study of Louisiana Welcome Centers performed for the Louisiana Office of Tourism resulted in valuable information for the marketing teams of these local and

State centers. In order to influence behaviors of travelers who stop at these centers, it is important to have a profile of these visitors. Ideally, profiles would be performed on an ongoing basis, so that changes and trends in the visitor profiles could be analyzed and marketing strategies could be adjusted accordingly.

The results presented in this article are the aggregates of the results of all participating welcome centers. Specific results for each welcome center can be obtained by contacting the Louisiana Office of Tourism. Table 1 shows welcome centers that returned enough surveys to provide valid individual results.

Table 1 – Participating Welcome Centers

Ascension Parish Tourist Commission
 Greenwood Welcome Center
 Kentwood Welcome Center
 Lafayette Convention & Visitors Bureau
 Lafourche Parish Tourist Commission
 Mound Welcome Center

(TAX FREE SHOPPING—Continued from p.6)

CONCLUSIONS

Tax-free shopping has proven to be positive for Louisiana. The LTFS program provides several benefits to the State. First, it is a strong marketing tool that helps attract international travelers to Louisiana. Second, it induces a number of international visitors to spend more than originally planned on tangible goods. Third, it facilitates the collection of greatly needed information on international visitors and their shopping behavior. The true economic impact of the program is yet to be determined. Indeed, the great economic impact is questionable because the assumptions of the impact study conducted during the past few years appear to be inadequate. The economic impact estimate attributes **all** spending by international visitors to the LTFS. In reality, even without LTFS, most international visitors would have come and spent in the State. Although this economic impact may be overestimated, it remains a valuable barometer of the impact of the program over time. But until a specific study is conducted to determine the direct

Table 1 – Participating Welcome Centers (Cont'd.)

New Orleans Welcome Center
 Pearl River Welcome Center
 Sabine River Authority (Toledo Bend Tourist Information Center)
 Slidell Welcome Center
 Southwest Louisiana/Lake Charles Convention & Visitors Bureau
 St. Francisville Welcome Center
 St. Mary Parish Tourist Commission
 St. Tammany Parish Convention & Visitors Bureau
 State Capitol Welcome Center
 Vinton Welcome Center
 West Baton Rouge Tourist Commission

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impact of the program on tourist arrivals and shopping behavior, some of the conclusions drawn for the LTFS should be considered incomplete. Tax-free shopping, to the extent that it is developed in Louisiana is unique in the USA. Even without proper funding to make it work to its full potential, the program can be considered a success for the State. It remains to be seen, though, whether this unique international tourism marketing strategy, will cause other states to follow in Louisiana’s footsteps.

(Editor's Note: The authors acknowledge that data for this article was obtained from the international visitor study conducted for the Louisiana Office of Tourism (see p.2). Marlise Moody Taylor is the Tourism Research Analyst, Division of Business and Economic Research, University of New Orleans, and Frédéric Dimanche is an Associate Professor, School of Hotel, Restaurant, and Tourism Administration, University of New Orleans.)

THE ECONOMIC IMPACT OF MARDI GRAS, 1998

James J. McLain

Editor's Note: The complete 27 page study *The Economic Impact of Mardi Gras - 1998*, upon which this article is based, may be purchased from the Division of Business and Economic Research, College of Business Administration, University of New Orleans.

It is pleasing to report that after two years of downturn, carnival spending and tax collections for 1998 increased by 5% from 1997. Likely explanations for this return to the longer-run growth pattern include the later date of 1998 Mardi Gras (February 24 compared to 1997's February 11), the addition of 1,000 rooms to the area's hotel inventory, increased advertising, and a seventh straight year of national prosperity. Overall spending in 1998 increased by \$40 million (to \$841 million in 1998 from \$801 million in 1997).

The overall trend in tax revenues and total spending since these annual studies began may be seen in Table 1. As the table suggests, Carnival spending in metropolitan New Orleans increased 251% between 1986 and 1998; during the same period, the national price level rose 45%. Still, the twelve-year growth in real (that is, inflation-adjusted) spending was 206%, or 17.2% simple annual real growth on average.

TABLE 1: Governmental Revenues and Area Spending 1986-98 (\$millions)

Year	City of N.O. gvt. revenues from parades	Orleans Parish City+RTA+ Schools	Spending by N.O. Area Residents	Overall Spending Resulting from Carnival	% Change from preceding year
1986	4.3	11.9	29.9	239.2	-
1987	4.8	14.3	35.3	275.3	15.1
1988	5.6	16.7	35.7	309.6	12.5
1989	5.6	16.5	45.2	330.4	6.7
1990	8.3	27.2	50.0	487.9	47.7
1991	8.9	27.7	52.9	499.1	2.3
1992	10.9	32.3	48.4	579.9	16.2
1993	10.6	31.4	49.0	567.7	-2.1
1994	12.7	37.7	46.5	660.0	16.3
1995	18.2	54.8	43.9	929.1	40.8
1996	15.8	48.8	45.9	810.6	-13.6
1997	15.3	40.4	39.8	800.8	-1.2
1998	17.1	43.7	39.9	840.7	5.0

Source: Earlier annual studies in this series.

1. Estimated 1998 Local Government Revenues from Orleans Parish Carnival Parades.

The grand total of all local government revenues generated directly and indirectly by the parades in New Orleans during 1998 was nearly \$44 million. If parades in Orleans Parish were abolished, this is the amount by which local tax revenue would be likely to fall. Parader viewer tax revenue was up 6.6% from 1997, reflecting a 3.5% increase in the number of tourists (and 1,000 more hotel rooms and higher occupancy rates). Overall, 1998 City tax and other revenues were up by 11.3% as compared to 1997 (including over \$1 million generated by the City itself).

Finally, the total revenue generated of \$17,059,986 for City government (and \$43,713,694 for overall government in Orleans Parish) compares favorably with the direct expenses of City government in connection with Mardi Gras (as provided by the New Orleans Mayor's Office) in the amount of \$3,568,513. Clearly, the 2.5 cents the City receives on each dollar of spending by tourists (and locals) dwarfs the amount the City must expend in government services for Carnival. This is a return-on-investment of 478% (and 1,225% in the case of overall City-Parish government).

TABLE 2: Estimated 1998 Carnival Spending in Greater New Orleans

Category	Spending
A. Official Krewe Spending	13,537,500
B. Individual Parade Spending	15,832,500
C. Individual Ball and Dinner-Dance Spending	20,424,371
D. Individual Parade-Viewer Spending	350,532,060
Total Direct Spending (A through D)	400,326,631
Overall Spending from Carnival 1998 (multiplier of 2.1 applied)	840,685,925

2. Carnival Spending in Greater New Orleans, 1998

The ideal approach to estimating total expenditures on Mardi Gras would be to include an aggregation of all official krewe spending (that is, annual expenditures by the organizations from present dues and fund raising) plus all spending by members for goods and services associated with festivities such as extra costume and throw expenses. It has been possible to generate from published and confidential sources the following estimates for the year 1998. (The present figures are limited to krewes and activities in Orleans, Jefferson, and St. Bernard Parishes.) Sources for these figures include visual observation (including pictures and videotapes), confidential information from krewe captains and members, and estimates by college students whose relatives are krewe members.

A. Official Krewe Spending

Official krewe spending amounts to \$13,537,500 (Category A). This figure accounts for total payments for all the krewe organizations' expenses not only for parades but also for balls, dinner dances, and parties. In some years a surplus from dues is incurred which becomes a reserve for future years when costs may exceed dues. To keep such reserves at a modest level, krewes may expand or contract dues and spending for annual cocktail parties and dinner meetings. Hence, the total estimate of dues (and other fund-raising revenues such as bingo) collected may be taken as a fair indication of overall official krewe spending.

B. Individual Parade Expenditures

Information derived both from krewe members and from individual retailers indicates that the typical float rider spends about \$500 on throws. (For more details on this estimate, see the explanation of Category A in Part One of this study.) With 17,965 non-truck riders and 13,700 truck riders for a total of 31,665 riders at \$500 average spending on throws, a total may be obtained for throws spending in Orleans, Jefferson, and St. Bernard Parishes for 1998 in the amount of \$15,832,500.

C. Individual Ball and Dinner-Dance Spending

There is a wide divergence of practice among the 107 parading and non-parading krewes of the three parishes in assembling their celebrants and guests. Most krewes have both a ball and a supper dance, a few just a lavish dinner dance, some with world-class entertainment (the "extravaganzas"; several have festive "coronation dinners" early in the season, and reigning monarchs and captains hold parties and dinners for dukes, maids, and officers.

Although much of the expense for balls is included in the calculation for dues in the preceding section, the supper dances, dinner dances, dinners, and parties are generally paid for either by the regal host or by members who make reservations for themselves and their guests. While tracking down all such activities during Carnival is an almost impossible task, conversations with krewe captains, members, and hotel personnel have made it possible to provide these estimates, namely, and overall total of \$20,424,371.

D. Individual Parade-Viewer Spending

In the estimates of parade-viewing expenses in Orleans Parish, it was assumed that local viewers do not increase their spending at parade time—they simply divert spending to parade food, drink, and souvenirs from whatever purchases they might have made were there no parades. It is a fact that the overwhelming majority of parade viewers in the suburban parishes are locals; hence, the only increase in parade-viewer spending for the greater New Orleans area over the Orleans Parish figures would be for tourists who visit the suburbs for parades. It is assumed that such visits are insignificant. Thus, the estimate of visitor spending for Orleans Parish parades (adjusted to include an estimate of spending by out-of-town parade riders) is used for the entire metropolitan area, namely \$353,532,060 (including \$2.5 million by visiting riders). (See Category D in Table 2.)

When total direct spending, \$400,326,631 (A through D), is multiplied by the local economic multiplier of 2.1 to reflect

the circulation of spending, the following grand total is obtained for overall Carnival spending in greater New Orleans: \$840,685,925.

Since all of Category D and, it is assumed, 67% of Categories A, B, and C represent spending taking place in Orleans Parish itself, it is fair to conclude that \$383,894,289, or 96%, of the grant total of Total Direct Spending from Carnival in Greater New Orleans 1998 in fact takes place in Orleans Parish. Since the overwhelming bulk of this spending is by tourists, it is clear that Mardi Gras is an important "export" industry, bringing in many more dollars than the areas's citizens invest in it. These 1998 figures represent a dollar increase of 5% from the corresponding figures for the 1997 Carnival season.

Lacking the resources for deeper research into the causes for this increase, the present researcher can only speculate as to likely forces behind the uptrend, including (1) a later Mardi Gras (February 25 as opposed to February 11 in 1997), (2) an increased emphasis on promoting New Orleans as a tourist destination, (3) a national perception of lower crime in New Orleans, (4) the availability of 1,000 more hotel rooms than in 1997, and (5) the continuation of a seven-year national trend in increasing economic prosperity.

In any event, despite (or along with) the perception of some commentators of a bipolarizing trend toward smaller, weaker krewes on one extreme and larger, better-funded krewes on the other, spending by tourists for Carnival is up, and with it City and Parish governments are realizing a significant increase in tax collections (a point that also could be made for State government).

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