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2022 Economic Impact & Guest Research

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Highlights of the Study

- The 2022 Balloon Fiesta attracted an estimated 828,800 guest-visits over the nine-day event, October 1st to 9th. Survey research shows the 50th Balloon Fiesta attracted approximately 629,890 guest-visits (76%) from outside of New Mexico. Survey respondents included residents of 44 other states, with most out-of-state visitors coming from Arizona, California, Colorado, and Texas. An estimated 150,850 guest-visits (18%) were by local residents of the Albuquerque area.
- The 50th Balloon Fiesta had a total estimated economic benefit of \$203.19 million on the Albuquerque area. Balloon Fiesta guest spending benefited local business volume by \$119.52 million and indirect impact of \$83.67 million.
- The 50th Balloon Fiesta benefited local and state governments generating \$12.4 million in tax revenue; \$6.87 million for the State of New Mexico; \$5.88 million for the City of Albuquerque, and \$1.57 million for Bernalillo County.
- The 2022 Balloon Fiesta had a greater economic benefit when compared to the 2019 Balloon Fiesta. The 48th annual Balloon Fiesta in 2019 had an estimated attendance of 866,414 guests and generated a total economic benefit of \$186.82 million for the Metro-Albuquerque economy. Comparatively, the 50th Balloon Fiesta generated \$16.37 million more than the 2019 event. In addition, per person spending increased from \$157 per day in 2019 to \$176 in 2022.
- The bulk of direct spending attributable to Balloon Fiesta guests (non-local) is for lodging and dining/drinking. An estimated \$19.66 million was spent at local restaurants and bars. Survey research determined that 64% of all Balloon Fiesta guests paid for overnight accommodations, either at a hotel, motel, inn, or RV facility, resulting in an estimated \$43.22 million in local lodging revenue and generating \$2.51 million in lodgers' tax and hospitality fees for the Albuquerque area.
- The estimated \$119,524 million in direct spending attributable to Balloon Fiesta produced an additional \$64.16 million in New Mexico's employment wages supporting 1,227 Full-Time Equivalent (FTE) jobs.
- Guests spent an average of \$27 per person with Balloon Fiesta concessionaires, many of which are regional businesses. Most of this spending was on food/drinks and retail and the estimated average spending excludes parking and admission charges.
- The most popular sessions at Balloon Fiesta (as indicated by survey respondents) are balloon mass ascensions, balloon glows, and fireworks. Survey research shows that the event was an overall positive experience among its guests as an overwhelming 88.4% of guests were either *very satisfied* or *satisfied* with 2022 Balloon Fiesta. (It's undoubtable that inclement weather and cancelled events played into the small decline in satisfaction.)
- Balloon Fiesta sponsors are-recognized and appreciated by guests, and their sponsorship creates a real brand affinity with consumers. Attendees were asked, "When you think of Balloon Fiesta sponsors, which companies or brands come to mind?" Nearly 64% could identify two or more Balloon Fiesta sponsors. Forty-one

percent of guests could identify four or more. Presenting-Sponsor ExxonMobil was identified by 66% of guests through unaided sponsorship awareness surveys.

Introduction

All eyes were on Albuquerque for the 2022 50th Balloon Fiesta. For decades, the annual balloon event has been attracting hundreds of thousands of locals, visitors and tourists wanting to see and experience a one-of-a-kind balloon palette in the skies of the Land of Enchantment. The excitement and energy for this year's *golden* event was lifted.

The only thing that stood in the way of another spectacular year was Mother Nature. Eight of the usual 14 ballooning sessions were cancelled due to poor weather conditions. Certainly, there was disappointment but the smorgasbord of activities on Balloon Fiesta grounds, including a new drone show, entertained the masses.

And outside of Balloon Fiesta grounds, guests explore attractions, museums, restaurants and shopping in Albuquerque and throughout the central part of New Mexico. The local economies benefit greatly over the nine-day event as it is infused with millions of dollars in additional tourism-related revenue. This year's uncooperative weather likely brought a bigger boost to the economy as guests were seeking alternative activities.

For Albuquerque residents, Balloon Fiesta is a unique occasion to celebrate the local culture and interact within the community. It's an annual ritual where they can meet with friends and family, enjoy local foods, and take pride in the natural beauty of the place called home. The people of Albuquerque are flattered by the national and worldwide interest in their long-standing tradition showcasing their city and state.

Purpose of the Study

Nothing brings people together like festivals do! Events like Balloon Fiesta have been recognized as a major stimulator of the New Mexico tourism industry and part of what makes the state a great place to live. No doubt, the assembly of Balloon Fiesta guests coming to Albuquerque year after year is a significant contributor to the "Land of Enchantment". The local economies depend upon the revenue, employment, and wages that Balloon Fiesta brings, along with the sense of community and general good feelings.

Evaluating the impact of Balloon Fiesta is crucial to analyze the return on investment (ROI) for event planners, sponsors, government entities, and the community's support of the annual event. In addition to the standard economic impact questions, audience research was designed to measure the following:

- overall event satisfaction
- demographics of attendees
- attendance motivators
- communications and marketing activities
- and sponsorship awareness.

Methodology

The study utilized a trending survey to collect spending data, demographics, satisfaction, sponsorship awareness from a random sample of Balloon Fiesta guests. The 2022 survey instrument was updated, but was detailed similarly to previous years, so that Balloon Fiesta can capture changes in event importance and satisfaction and per person spending. The four-page survey was designed to provide fuel to event planners, sponsors, government, and the supporting community in the form of pertinent and quantifiable data.

Forward Analytics fielded on-site, intercept interviews with 966 adult attendees (ages 18+) during 12 of the 14 sessions of Balloon Fiesta. A small incentive (a well-appreciated Balloon Fiesta jar opener) was provided to survey respondents. The sample size represents a statistical significance of +/-3.15% margin at the 95% confidence interval. This means the statistics are within 3.15 percentage points of the real population 95% of the time. Generally, a +/-5% margin of error at a 95% confidence level is considered significant data for business decisions.

The Economic Impact Model

The methodology employed in the economic impact section of this report was derived from the nationally renowned Caffrey & Isaacs model developed for the American Council on Education (ACE). The methodology employs linear cash flow modeling to track the impact of money brought into the economy from outside sources, or tourists. In this study, Forward Analytics' ACE-based economic impact has been designed to measure the spending of Balloon Fiesta guests and the indirect impact of their spending in the Albuquerque Metro.

This "fresh dollar" approach represents a true expansion of the economy and does not track dollars that already exist within the region. Specifically, this study measures *new money* brought into the economy by out-of-area Balloon Fiesta guests. Spending by attending local residents represents a redistribution of existing money in the community and is not included in this study. Survey research revealed that 18% of Balloon Fiesta guests reside in the Albuquerque Metro area, and their spending information is not included in this study. That said, 82% of Balloon Fiesta guests (an estimated 678,000 non-residents) spent "new dollars" and impacted the local economy, as outlined further in this report.

Direct business revenue is generated from Balloon Fiesta guests spending at local hotels and restaurants, retailers, and attractions, plus for travel sources like transportation, parking, and fuel. The linear cash flow model used in this study considers the re-spending of first line (direct) expenditures within the economy because of what professional economists term the "multiplier effect." The indirect impact tracks guest spending in the tourism industry by successive recipients until the funds eventually leak out of the economy. The sum of these direct and indirect expenditures represents the total impact of Balloon Fiesta on the local business volume.

Additionally, the direct spending of Balloon Fiesta guests generates government revenues for the city, county, and state and adds to salaries and wages for workers who support the annual event. The impact analysis measures the tax revenues generated for the City of Albuquerque, Bernalillo County, and State of New Mexico.

We consider the following economic impact measure a conservative one. There are additional sources of economic activity not accounted for in this report. We omit impacts

due to spending by Balloon Fiesta, official festival sponsors and vendors, and unaffiliated businesses that operate around the event. We should note that much of the organization's operating budget comes from out-of-area sponsor dollars and covers costs for PR and advertising, equipment rentals, direct mail, insurance, entertainment, and hospitality, etc. Many of these dollars are spent with local companies and on local products.

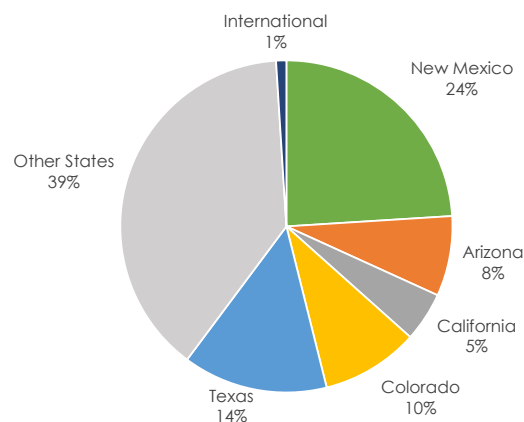
Demographics and Guest Information

What started out as a small gathering of 13 balloons in a mall parking lot has blown into a 50th celebration of the world's largest annual ballooning event, attracting 648 pilots and 828,800 guest visits from all over the globe to the City of Albuquerque. Balloon Fiesta helped put Albuquerque and New Mexico on the map for national and international tourists and has built a stronger community for those who call it home.

The 50th event of the Balloon Fiesta was a *must do* for "regulars" - 11% of survey respondents have been coming for 10 or more years. Three out of five survey respondents came to Balloon Fiesta for the first time.

This year, Balloon Fiesta wooed 630,000 out-of-state guests (76%) to the Land of Enchantment to experience hundreds of hot air balloons filling the Albuquerque skies. Another 48,070 (6%) of guests reside in New Mexico but came from outside of the metro area. Survey respondents represented 44 states and international countries, including Germany, Portugal, Canada, and United Kingdom, to name a few. Seventy-three percent of guests stayed overnight and away from home while attending Balloon Fiesta; either at paid accommodations or with friends/family. The average night stay was 4.3 nights.

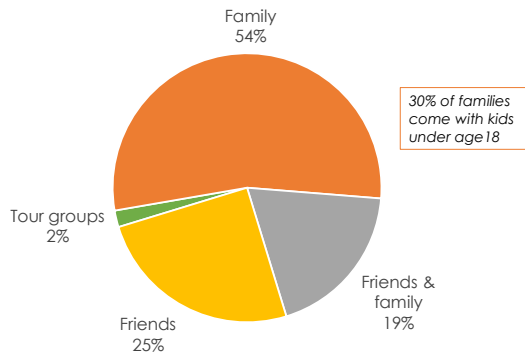
3 out of 5 Balloon Fiesta Guests Reside
in New Mexico, Arizona, California, Colorado, or Texas



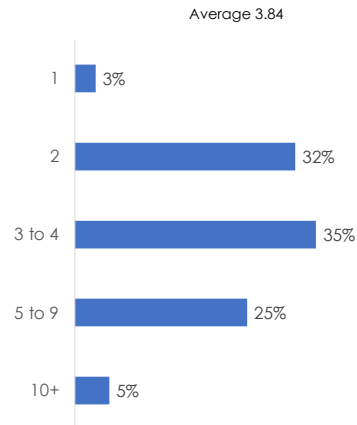
There's something for everyone! Balloon Fiesta is a top travel destination for tour groups and RVers. It's a place where friends from all parts of the country reunite. Couples wed and others honeymoon at the sublime event. It's a family-friendly event, too.

One out of three guests attend Balloon Fiesta as a party of two; another 30% came with 5+ people. Three out of five guests come with family of which 30% brought kids. The average party size, or groups visiting Balloon Fiesta, is 3.84 people, of whom 3.10 are adults and .74 are children. This data is illustrated below.

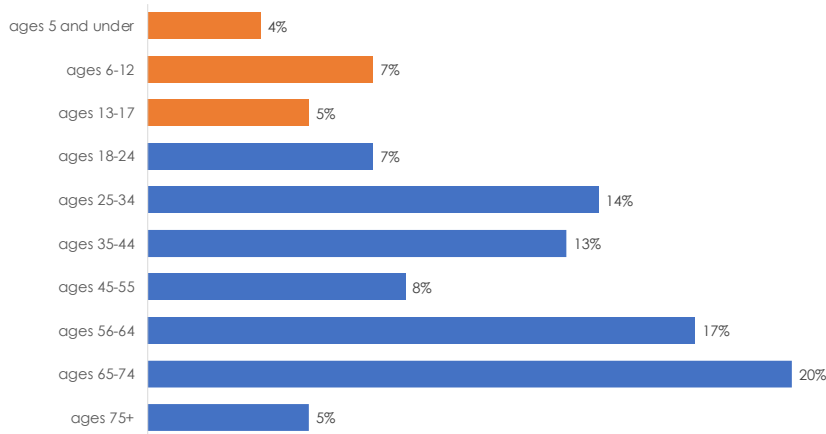
I came to Balloon Fiesta with...



Guest Party Size

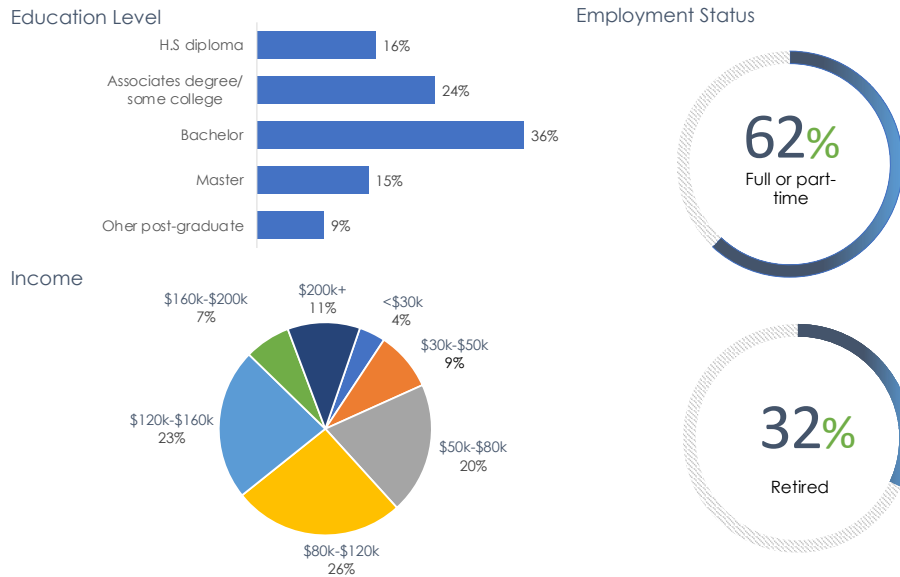


Age Breakdown of Balloon Fiesta Guests



Sixty percent of Balloon Fiesta guests have a bachelor's or advanced degree as their highest level of education (exceeding the 2020 U.S. Census Bureau report of 37.9% of U.S. adults ages 25 and older with a bachelor's degree or more). Household incomes reflect the high level of education of guests as 67% of guests have a household income of \$80,000 or more. Retirees make up 32% of the surveyed population; 62% are employed full-time or part-time, and 6% are students/homemakers.

Guest Demographics

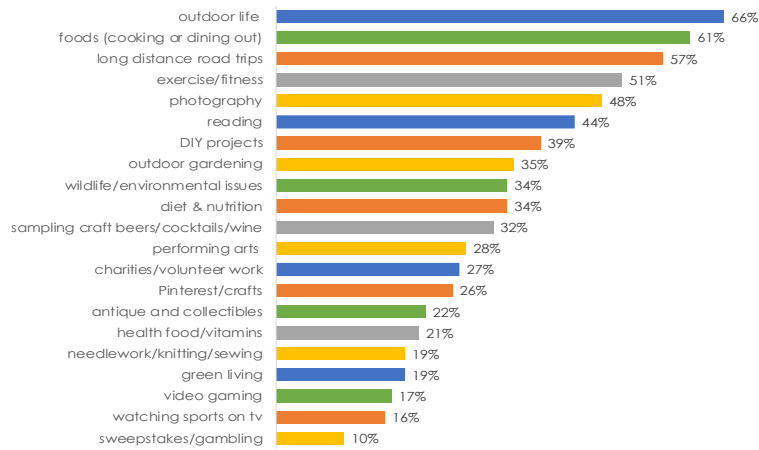


Balloon Fiesta guests represent diverse ethnic groups with 73% White (Non-Hispanic), 19% Hispanic (of any race), 4% Native American; 2% African American, and 2% Asian American. (It is possible that non-English speaking guests are underrepresented in the survey population because of language barriers of the survey team.)

While demographics are important to the event organizer, sponsors looking to reach enthusiastic guests want to know “who” the audience is. Essentially, company use corporate sponsorship to gain visibility for the product or brand, and it's important they tell the right story to the audience. Guests' psychographics, such as the unique hobbies and interests of the crowd, can help new sponsors know if the audience aligns with their product or brand and how they can best message consumers at the festival.

Some of the top interests and lifestyles of Balloon Fiesta guests include the outdoors and travel to food and fitness.

Hobbies & Interests of Balloon Fiesta Guests



Sponsorship Awareness

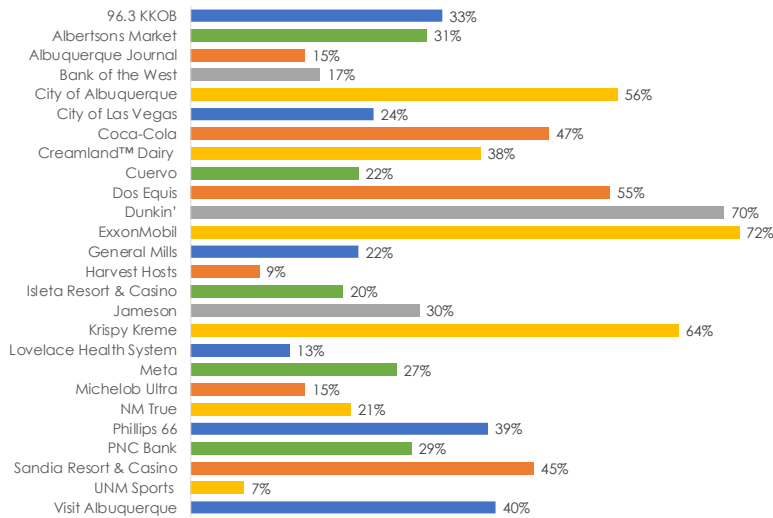
After an event, sponsors want some measure as to how effective their efforts were and what their return on investment is. To this end, survey research tested the awareness and emotions guests formed with generous sponsors of Balloon Fiesta. First measured was unaided sponsorship awareness. Survey respondents were asked, "Can you list any corporate sponsors who support Balloon Fiesta?" Guests have remarkable awareness and nearly 64% could identify two or more top-of-mind corporate sponsors; 57% could identify three or more.

ExxonMobil, the presenting sponsor, was identified by 66% of Balloon Fiesta guests. Krispy Kreme (32%), Dos Equis (30%), Dunkin' (28%), Xfinity (22%), and Sandia Resort & Casino (19%) ranked on top for building strong *unaided* brand awareness through their sponsorship of Balloon Fiesta.

Next, we measured aided awareness of sponsorship. Survey respondents were presented with a list of companies/brands and asked, "Which of the following do you recognize as sponsors of Balloon Fiesta?"

ExxonMobil and Dunkin' were recognized by 3 out of 4 guests. Over half of guests acknowledged City of Albuquerque, Dos Equis, and Krispy Kreme for their sponsor contributions.

Sponsorship Awareness - Aided



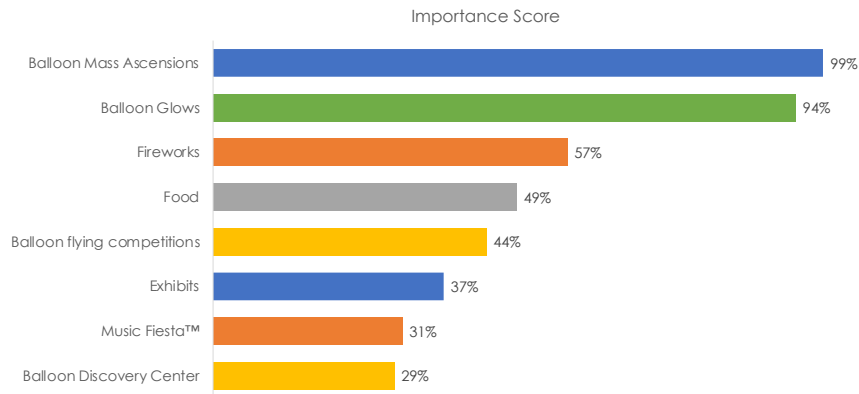
Survey research further demonstrates the combination of awareness, favorability, and effectiveness is unparalleled for Balloon Fiesta sponsors. Respondents were presented with a series of "emotional" and "attitudinal" statements pertaining to Balloon Fiesta sponsors and then asked to what level they agree or disagree. Here are their reactions:

- **Balloon Fiesta guests recognize and appreciate sponsors contributions:** Most guests (94%) *strongly agree* that corporate sponsorship makes Balloon Fiesta possible.
- **Balloon Fiesta creates passion for brands:** 84% of guests indicate having a positive attitude toward Balloon Fiesta sponsors because of their association.
- **Sponsorship influences brand equity and purchasing behavior:** 1 in 3 guests (35%) are more likely to purchase brands from Balloon Fiesta sponsors because of their association.
- **Sponsorship is the right reach for Balloon Fiesta guests:** 3 in 5 guests (58%) of guests felt that Balloon Fiesta sponsorship is a better way to reach them than through traditional advertising.
- **Sponsorship plays a significant role in enhancing the region's image and economy:** 97% of guests feel Balloon Fiesta adds value to the region.

Importance Ratings and Event Satisfaction

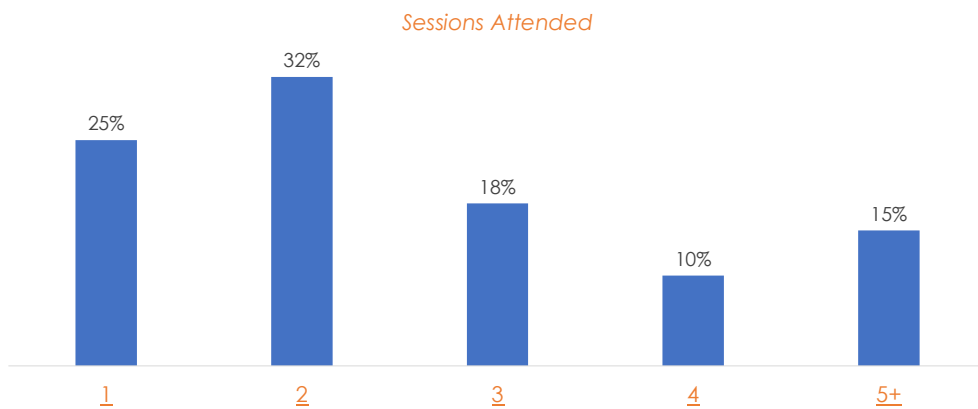
All contributors want to know they are associated with a positive experience, and it's confirmed! The below chart ranks Balloon Fiesta attractions by importance according to guests. The survey asks respondents to rate each attraction on a scale of 1 to 10, 1 being most important and 10 being not important. The percentages are based on a top three sum of guests rating the attraction as 1-3 (or very important). The most popular sessions at Balloon Fiesta are Mass Ascensions and Balloon Glows. The order of attractions has ranked similarly throughout the years.

Top Attractions at Balloon Fiesta



The hype of Balloon Fiesta is not inflated. The event offers something for everyone, and often more than guests could experience in one day. In fact, the balloons, foods, souvenirs and merchandise, fine arts, and performances enticed guests to attend 3.1 sessions on average in 2022.

2 out 5 Guests attend three or more event sessions



While most guests are looking to the skies, it's important that Balloon Fiesta maintains the grounds and surrounding atmosphere. In fact, they work all year long on Balloon Fiesta grounds, communications, and entertainment, and it's important to measure Balloon Fiesta's efforts. Most guests are satisfied through and through.

Satisfaction Ratings with Balloon Fiesta

quality of Balloon Fiesta grounds	94.2%
balloon shows	90.2%
website	80.2%
quality and selection of official merchandise	73.5%
quality and selection of food	66.8%
live entertainment/concerts	64.2%

While satisfaction ratings are undoubtedly high, there is a slight decline when compared to 2019 measures. We should recognize that this year's weather conditions caused several launch and glow cancellations which likely impacted satisfaction and perceptions by the guests. Survey respondents were asked, "How would you rate your overall satisfaction of the Balloon Fiesta experience you are having today?" **88.4% of guests rated said very satisfied or satisfied!**

Economic Impact of 2022 Balloon Fiesta

The total economic impact of 2022 Albuquerque International Balloon Fiesta is estimated at \$203.19 million for the nine-day event. Balloon Fiesta increased the local business volume by \$119.52 million in direct impact and \$83.67 million in indirect impact.

The following chart breaks down the direct business revenue generated by non-local guests who traveled to Albuquerque to experience Balloon Fiesta. Each guest spent an estimated \$176 per day outside of Balloon Fiesta grounds and in the economy of the Albuquerque metro.

Direct and Indirect Impact of 2022 Balloon Fiesta

Balloon Fiesta Guest spending outside of Balloon Fiesta grounds	Impact Dollars
Food and drinks at restaurants/bars	\$19,655,220
Non-festival entertainment	\$13,695,600
Retail purchases	\$20,984,100
Parking	\$1,647,540
Gasoline	\$8,278,380
Uber/other ground transportation	\$1,071,240
Car rental	\$8,122,440
Misc. items and services	\$2,847,600
Overnight accommodations	\$43,222,500
Direct Impact	\$119,524,620
Indirect Impact	\$83,667,234
Total Impact	\$203,191,854

While balloons are the main attraction, food and merchandise are a big draw. Guests come ready to spend (and stand in line) for cultural, traditional, and creative foods, themed clothes and gifts, and handcrafted goods. Balloon Fiesta provides an opportunity for local and non-local vendors to showcase their products to hundreds of thousands of people who have saved up for either a once in a lifetime event or a bookmarkable attraction that brings excitement year after year.

The study shows that non-local guests spent an average of \$14 per person with Balloon Fiesta food and drink concessionaires and \$11 per person with artisans and retailers.

Another \$2 per person was spent on average for miscellaneous items and services which includes balloon rides.

Please note: Forward Analytics does not include the vendor revenues in the overall economic impact measure as the research was not designed to track transitory retail, which would require understanding which funds remained in Albuquerque (e.g., does a merchandiser take their profits back to their residing state?).

Impact on Government Revenues

Direct spending by Balloon Fiesta guests generates substantial tax increases for the City of Albuquerque, Bernalillo County, and State of New Mexico. Government revenues come from taxes on guest spending for retail, food and drinks, overnight lodging, car rental, and gasoline.

The State of New Mexico receives an estimated \$6.87 million in tax revenues from the direct economic activity attributable to 2022 Balloon Fiesta. The City of Albuquerque gained an estimated \$5.88 million in tax revenues, and Bernalillo County gained an estimated \$1.57 million. The government revenue impacts allocable to 2022 Balloon Fiesta comprise the following:

Gross Receipts Tax

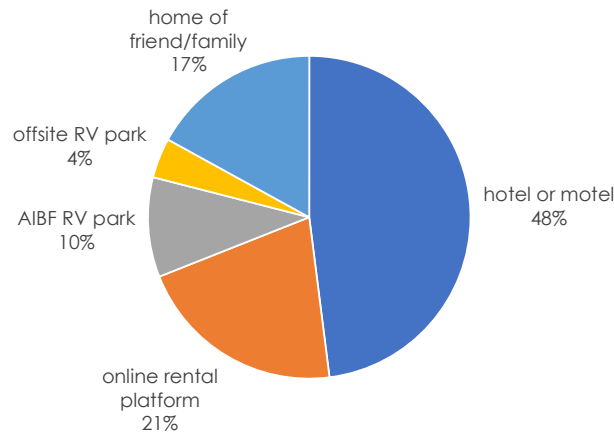
New Mexico's gross receipts tax rate is 5.125 percent but can vary throughout the state because of one or more local taxes. Albuquerque's Gross Receipts Tax rate is 7.750 percent. The gross receipt taxes attributable to Balloon Fiesta contributes \$3.29 million to the City; \$1.57 million to Bernalillo County, and \$5.98 million to the State of New Mexico.

Lodgers' Tax & Hospitality Fee

Economic impact analysis measured an estimated \$43.22 million spent by Balloon Fiesta guests on overnight accommodations in Albuquerque and the nearby communities. Presently, all bookings for overnight lodging are subject to taxes including lodgers' tax and hospitality fee that are paid to the City of Albuquerque, as well as and state gross receipts tax.

Survey research determined that 2 out of 3 Balloon Fiesta guest stayed overnight in the Albuquerque area. Among these guests, 48% of stayed at a hotel or motel, while 21% stayed at an online rental platform, i.e., Airbnb or Vrbo, while 14% stayed at RV parks. Measured by the cost of overnight accommodations and the average number of hotel/motel overnights reported by survey respondents, Balloon Fiesta guests generated an estimated \$2.59 million in lodgers' tax and hospitality fees for the Metro-Albuquerque area.

Accommodations for Overnight Guests



Leased Vehicle Gross Receipts Tax

Balloon Fiesta guests spent an estimated \$8.12 million on rental cars while visiting Albuquerque. The costs include layers of different taxes and fees that are often imposed on rental car firms directly then passed along to the consumer. In addition to collecting state and local gross receipts tax, New Mexico levies a 5% surcharge on rental cars generating \$406,122 in state revenue.

State Gasoline Excise Tax

Guests (non-residents) spent an estimated \$8.28 million in gasoline attributable to Balloon Fiesta. New Mexico's gasoline excise tax generates an estimated \$482,906 for the State of New Mexico.

Employment Impact

Business revenues attributable to Balloon Fiesta generated an additional \$64.16 million in New Mexico's employment wages* when direct impacts are considered. The additional employment wages supported an estimated 1,227 FTE jobs at an annual per capita personal income of approximately \$52,263**. The most impacted industries include tourism and hospitality, but also include other employment sectors like construction, manufacturing, transportation and warehousing, professional services, etc.

* Forward Analytics uses a Gross Employment Multiplier of 1.5368 generated by the United States Bureau of Economic Analysis to determine the employment wage impact. Employment wages= Direct Impact - (Direct impact * 1.5368).

** Per capita personal income in New Mexico was computed using Census Bureau midyear population estimates for 2020 and 2022. Released by the U.S. Bureau of Economic Analysis in March 2022.

Conclusion

With inflation, the cost-of-living crisis, and economic uncertainty, 2022 Balloon Fiesta could have experienced a severe negative financial impact. But guest spending and the economic impact of Balloon Fiesta stayed strong. Moreover, guest satisfaction remained high.

The data collected, and impact modeling performed, indicates the Albuquerque International Balloon Fiesta is a valuable contributor to the Albuquerque and New Mexico economies. With a total impact estimated at \$203.19 million, Balloon Fiesta has a particularly strong impact that compares favorably to national sporting events, large trade shows, and political conventions.

From a purely economic standpoint, public investment in Balloon Fiesta is justified many times over. From a social standpoint, the event is an opportunity to join and celebrate the rich culture and traditions of New Mexico as well as the state's natural beauty. Lastly, Balloon Fiesta adds to the vitality and image of Albuquerque as a great place to live and visit.