

17th UTM – UN Tourism Training Programme

Leverage Insights from Event Impacts to Drive Effective Destination Development

◦ Dr. Joe Yong ZHOU
Macao University of Tourism
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What exactly we are talking about...

Various special events held in a destination such as:

- Parades
- Concerts
- Fairs and exhibitions
- Conferences/Conventions
- Festivals
- Awards ceremonies
- Sports events
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Understanding Event impacts

- Direct /indirect / induced impacts
- Tangible / intangible impacts
- Short term / long term impacts
- Positives / negatives
- Planned /unplanned

APPLYING EVENT IN DESTINATION DEVELOPMENT

Event impacts from Economic perspective





Direct /indirect / induced Incomes & Costs

- ❖ **Direct:** the immediate, first-round financial and economic consequences, spending or costs by visitors, exhibitors, and organizers
- ❖ **Indirect:** the secondary effects that ripple out from an initial event, occurring beyond the direct consequences. *e.g. Suppliers' purchases & costs, multiplier, Changes in land use and growth patterns, occurred or visible later in time*
- ❖ **Induced:** additional economic activity resulting from increased household income among employees/ locals that benefit from an event

Event multipliers

- Increased spending and revenue
- Job creation
- Higher tax revenue
- Marketing and tourism



- Overstated impact from inflated multipliers
- Crowding out local spending
- "Leakages" from the local economy: when:
 - Event organizers are not local.
 - Profits go to non-local, nationally-owned hotel or retail chains.
 - Visitors purchase goods imported from outside the region.
- Ignoring costs and externalities

Varied event multipliers

- **Small city with a strong multiplier:** Local vendors & performers; money stays within the community, generating more local wealth and jobs.
- **Large city with a diluted multiplier:** money is often spread across various businesses, a large portion may go to national chains.
- **Mega-event:** the multiplier effect may be small or even negative.

Table 3. Local Earning Created by Out-of-Town Visitor Spending

	INPUT	OUTPUT			
		Initial	Direct	Indirect	Induced
Canfield Fair Spending for Local Economy (\$)	\$9,578,936				
Local Earnings		\$9,578,936	\$8,166,956	\$2,880,940	\$2,371,436
Aggregate Effect on Earning			\$13,419,332		

WORLD ECONOMIC FORUM

Agenda Initiatives Reports Events About

Global Agenda Information and Entertainment Creative Economy

Does hosting a World Cup make economic sense?



Source: Kim & Dombrosky (2016)



Event Impact Calculator (EIC)

The Event Impact Calculator is utilized by over 300 destination organizations worldwide and is the global standard for measuring net new money coming to a

How to Calculate the Economic Impact of an Event Held On-Site

Event impacts from Community Perspective

Social-psychological impacts

- Bring the community closer together
- Give the city a chance to show the world what we are capable of doing
- Provide residents chance to meet new people
- Increase the pride of locals
- Provide local residents opportunity to attend international event
- Promote the city as a tourism destination
- Help people to understand different people and cultures

Social life impacts

- More noise which will annoy local residents
- Damage the natural environment
- Inconvenience for local residents due to increased traffic congestion
- Disrupt residents' peace and tranquility
- Overcrowding of the use of local facilities during the event
- Higher levels of crime in the city
- Higher price levels

Source: Zhou & Ap (2009)

Event Impacts from destination development perspective

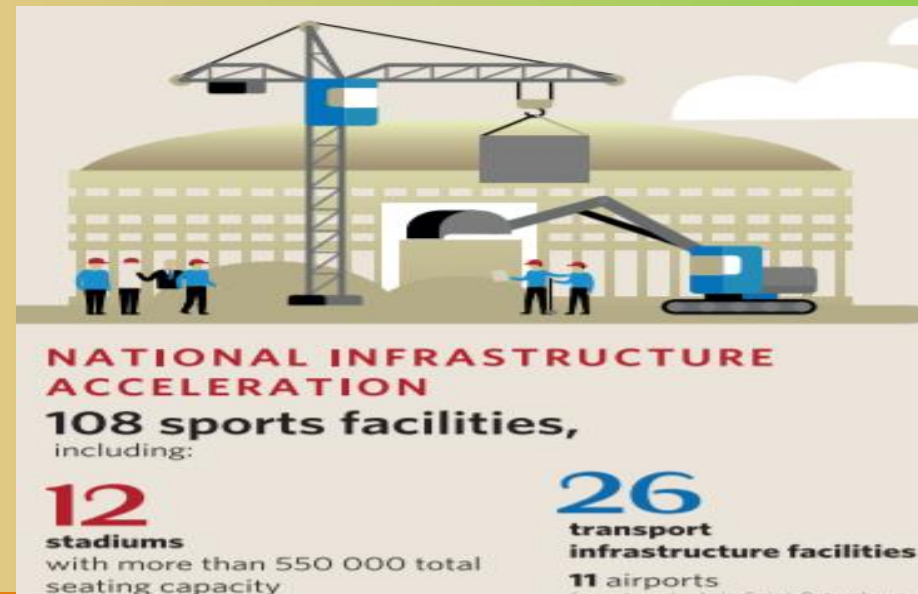
Development of new public facilities and infrastructure

Improved physical appearance and image

Enhanced/improved international identity by media exposal



The aspects that impressed foreign fans about Russia include: enthusiastic hospitality of the Russian people (91%), many beautiful women in Russia (87%), safety of Russia (86%), good infrastructure and new stadiums (83%), cultural heritage of Russia (87%), delicious food in Russia (78%), urban diversity (87%), unexpectedly warm weather (63%).



Controversy and concern over event benefits & costs

- **Events frequently attract opposition.**
- **The bigger the event, the more likely it is to be controversial.**
- **Concern over the costs and benefits of event, and their distribution, is growing.**

[Rio: Thousands join Anti Olympic Protest in Rio before Games begin](#)

[The \\$2.7 Billion Cost Of Postponing The Tokyo Olympics](#)

DMOs' Approach: Apply event as ...

Tourism Attraction *(arrivals, expenditures, extend length-of-stay)*

Economy Catalyst *(new investment, jobs)*

Destination Image Maker *(media exposure, image promotion)*

Community Animator *(provides new reasons for more visits, new options for community development)*



Reference

Kim, S. & Dombrosky, J. (2016). Economic Impact of Small Scale Event to the Local Economy: Case of Canfield Fair, *Journal of Tourism Insights* 7(1) <https://doi.org/10.9707/2328-0824.1057>

Zhou, Y. & Ap, J. (2009). Residents' Perceptions towards the Impacts of the Beijing 2008 Olympic Games. *Journal of Travel Research*, 48(1), 78-91. <https://doi.org/10.1177/0047287508328792>

Destinations International (www.destinationsinternational.org)

THANK YOU

Dr. Joe Yong Zhou
Macao University of Tourism
joeyongzhou@utm.edu.mo

