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# **The Travel and Tourism Industry in Vermont**

## ***A Benchmark Study of the Economic Impact of Visitor Expenditures on the Vermont Economy — 2009***

### INTRODUCTION

Despite the significant impact of the “Great Recession” on the visitor industry here in Vermont during 2009, it is important to remember that many other destinations around the country saw declines of as much as 30 percent during this challenging year. Still, in comparison with the 2007 Benchmark Study, Vermont hosted 4.7 percent fewer person trips in 2009 and estimated visitor spending declined by 11.8 percent.

Many Vermont businesses, not just those in the travel and tourism sector, experienced extraordinary challenges during 2009. In many ways, the economic environment that underpinned this 2009 benchmark study update has fundamentally changed from the environment that prevailed for the 2007 benchmark study just two short years ago.

Although increased day visitation and visits to a second home increased, this activity was not able to overcome significantly reduced visitation levels for overnight trips by domestic visitors. This coincides with anecdotal reports from a large number of independent industry sources which similarly indicated that calendar year 2009 was in fact a challenging year for many of the state’s attractions, tourism, and tourism-dependent businesses.

Even so, the changed economic environment of the 2009 benchmark study makes it even more imperative to focus our efforts to: (1) maintain the high quality visitor experience that Vermont offers despite the challenging economy, (2) continue to diversify the industry’s offerings to all seasons—including the increasingly important “shoulder seasons,” (3) strive to maintain both private sector and leveraged public sector marketing efforts, and (4) look for new ways to increase the effectiveness of what we do as an industry to increase the return to the Vermont from those efforts.

In reviewing this report, keep in mind that it specifically addresses the impact of visitor spending, including that of Vermonters when they make discretionary trips in Vermont. It is also important to remember that the state’s recreation and tourism infrastructure also serves the local resident population in their home communities, creating additional economic activity and revenue impacts over and above what is presented in this report.

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The focus on visitor spending is important because the services and sales provided to visitors bring new dollars into Vermont. In that way, the industry serves to increase the size of the state's economy in a way similar to many of the state's goods producing, export industries. It is a strategic way the state can utilize its extraordinary resource base in a sustainable way.

As with past benchmark studies, this effort is part of a broader departmental effort to maintain clear and useful performance measures for Vermont's travel and tourism industry. The Department has long held that this effort is essential for guiding both our marketing strategies and long-term public policy. Because tourism impacts many sectors of the economy in sometimes indirect, even subtle ways, this benchmark study helps us to better understand what parts of the hospitality, recreation, entertainment, retail, and transportation sectors are tied to visitor expenditures.

In preparing each estimate reported in the following pages, Economic and Policy Resources, Inc. has reconciled independent data sources to verify the accuracy of the estimates. This high standard of impact analysis stands out by providing clear and justifiable benchmark estimates of visitor impact on the overall state economy, industry employment and output.

Bruce Hyde, Commissioner  
Vermont Department of Tourism & Marketing

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## Overview

### In 2009:

- Visitors made an estimated 13.7 million person trips to Vermont for leisure, business, or personal travel.
- Their expenditures for goods and services totaled \$1.42 billion.<sup>1</sup> These numbers were down significantly from the 2007 benchmark study results, which corresponded to the period immediately before the onset of the so-called “Great Recession.”
- A total of 33,500 jobs (or 11.5% percent of all Vermont jobs<sup>2</sup>— including proprietors) are supported directly and indirectly by visitor spending.
- Direct and indirect wage and salary jobs (excluding proprietors) in the visitor sector account for 9.3 percent of the state’s 292,370 wage and salary jobs in calendar year 2009.
- The health and potential of the state travel industry is closely linked to the marketability of the Vermont Brand. Because visitors are attracted to Vermont for the entire experience the Green Mountain State provides, an accurate understanding of the economic and fiscal impact of the industry and its development is essential for informed policy decision-making.

For the purpose of this study:

- A **visitor** is defined as a person traveling to a place outside his or her normal commuting pattern for the primary purpose of leisure, business or personal business. This includes domestic visitors from other states, international visitors from Canada and other foreign countries, and Vermont residents visiting other areas of the state.
- A **person trip** accounts for each individual in a **travel party**; two people on a trip equals two person trips. If an individual makes multiple trips, he or she is counted as a visitor on each trip.
- When a visitor as defined above spends money in Vermont for activities, services or goods, the size of the state’s economy grows. The economic impact is comparable to selling maple syrup, cheese, granite, furniture, or high-tech goods in out-of-state markets. Because

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<sup>1</sup> The estimates of visitor spending and each of the economic components reported here are based on a careful reconciliation of data from independent sources. For example, visitor survey data have been reconciled with taxable room receipts collected by the Vermont Department of Taxes.

<sup>2</sup> ‘All Vermont jobs’ refers to the Quarterly Census of Employment and Wages (QCEW) jobs counts.

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of its dollar-importing capacity, the tourism industry behaves like an export industry by bringing new dollars into the Vermont economy from out-of-state visitors and/or by retaining those dollars that might otherwise be spent out-of-state by Vermonters.

- **Note: Totals in some of the tables provided in this report may not sum due to rounding.**

## Visitors

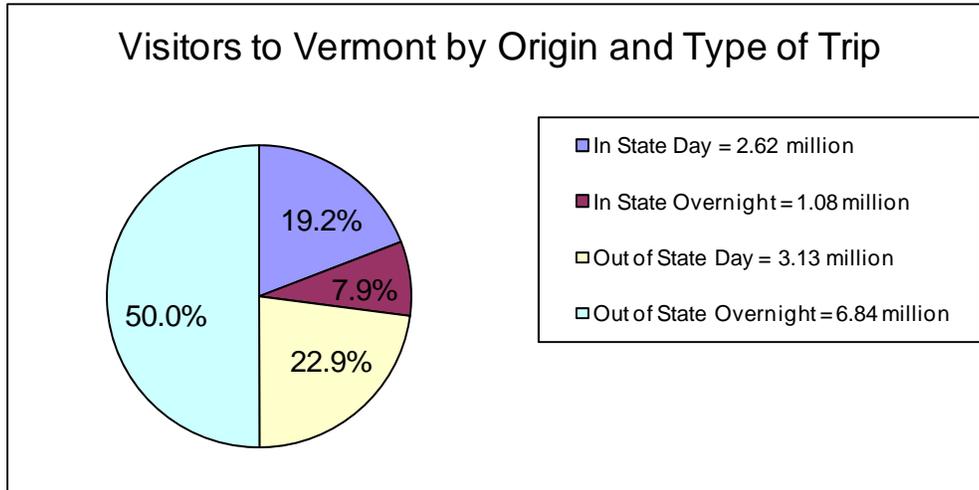
Visitors made an estimated 13.7 million person trips to Vermont in calendar year 2009, including those of domestic (both in- and out-of-state) and international origin. Visitor trips in 2009 experienced a decline of 4.7 percent versus calendar year 2007 levels.

### Visitors To Vermont by Origin & Type of Trip

	Person Trips (thousands)
Domestic and International Overseas Origin*	
Day	1,333.9
Overnight	4,692.2
Second Home	1,410.8
Canadian Origin	
Day	1,798.4
Overnight	740.8
Vermont Origin	
Day	2,619.9
Overnight	696.5
Second Home	381.8
<b>TOTAL PERSON TRIPS 2009:</b>	<b>13,674.3</b>

*\* The current federal count for overseas visitors does not provide sufficient data for reliable estimates about small states like Vermont. This segment has been incorporated into Domestic until additional information becomes available.*

57.9 percent of all visitors, corresponding to an estimated 7.72 million visitors, spent one or more nights in Vermont in calendar 2009. Of that total, nearly 4.7 million domestic origin visitors were estimated to have stayed in commercial lodging such as a motel, hotel, B&B, rental home or campground.



A survey of lodging operators indicates that visitor origins were consistent with previous years' surveys, with just over 45 percent of overnight visitors coming from within New England and just under one third of overnight visitors staying in commercial lodging coming from the Mid-Atlantic States of New York, New Jersey and Pennsylvania.

**Comparison of Benchmark Years - 2009 v. 2007**

	2009	2007	Nominal % change
Person Trips (thousands)	13,674.3	14,344.1	-4.7%
Visitor Days/Nights (thousands)	29,238.0	30,334.4	-3.6%
Visitor Expenditures (millions)	\$1,424.3	\$1,615.0	-11.8%

**Length of Stay**

Overnight visitors to Vermont stayed an average of 3.0 nights in calendar year 2009. The majority of this group was comprised of domestic origin non-second home owner visitors who average 2.6 nights per trip. Smaller visitor categories such as Canadian visitors and second home owners of domestic origin have longer average night stays at 2.9 and 4.4 nights per trip respectively.

**Average Length of Stay by Overnight Visitors to Vermont by Origin**

Origin	Average Nights per Trip	# of Visitor Nights (millions)	% of Visitor Nights
Non-Second Home Owner Domestic Origin	2.6	12.2	53.0%
Canadian Origin	2.9	2.1	9.2%
Vermont Origin	1.6	1.1	4.8%
Second Home			

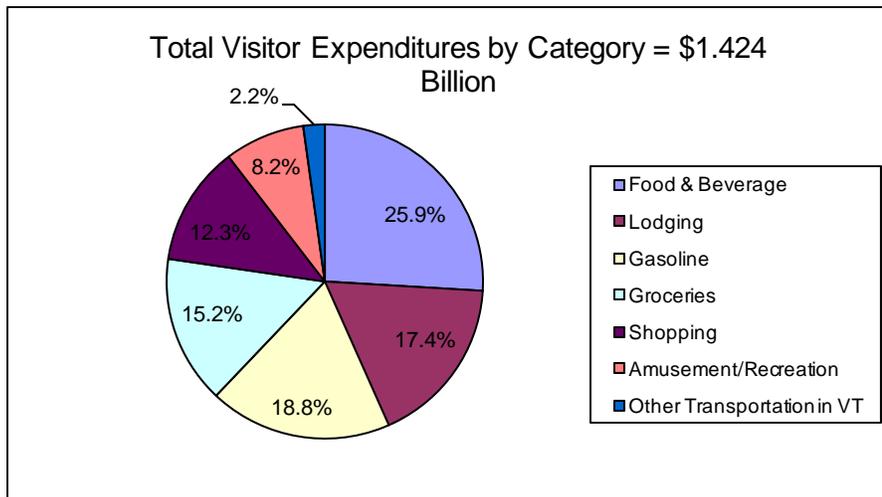
Owner

Domestic Origin	4.4	6.2	26.7%
Vermont Origin	3.8	1.5	6.3%

Visitor Spending

Total visitor spending on all items was estimated to total \$1.424 billion in calendar year 2009. This includes out-of-state and in-state day and overnight visitors to Vermont. This estimate does not include spending by second and vacation home owners on durable goods, or the initial purchase or construction of a second home. Total visitor spending declined in Vermont by 11.8 percent over the two years since the 2007 Benchmark Study, reflecting the impact of the “Great Recession.”

Of the \$1.424 billion in visitor expenditures in calendar year 2009, food and beverage was the largest category of total visitor spending at \$369.1 million. The second largest was lodging (\$247.8 million) followed by gasoline (\$267.1 million). All categories of visitor spending declined except for the Groceries category relative to the 2007 benchmark study. That single category’s small increase (from \$214.7 million in 2007 to \$216.4 million) reflected the troubled state of the economy as the entire U.S. economy, indeed the global economy, dealt with the fallout of the housing and financial market crises of late calendar year 2008 and much of calendar year 2009.

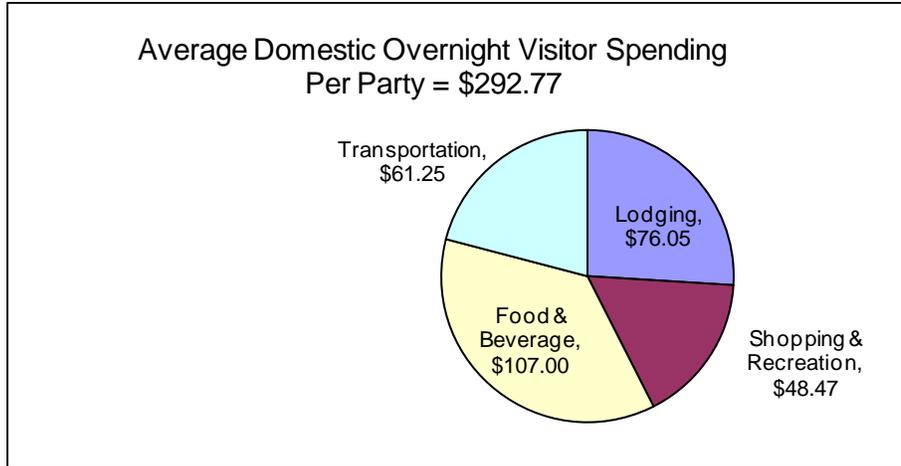


On average, domestic overnight visitors to Vermont spent \$292.77 per spending party (2.1 people) for transportation, lodging, food and beverages,

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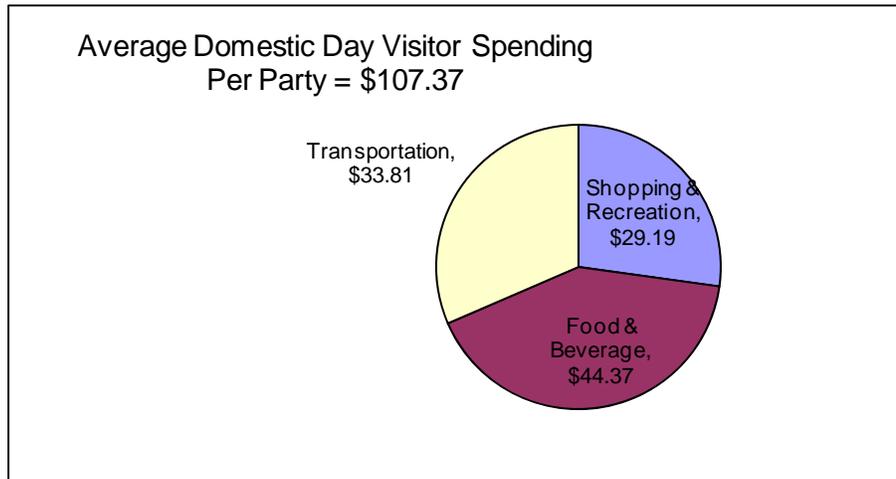
and retail shopping items in calendar year 2009. Visitors staying in commercial lodging spent 2.04 times more per stay, than those staying with family and friends.



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The average spending party (1.8 people) of day-visitors to Vermont spent \$107.37 per trip on transportation, food and beverage, and retail shopping items in calendar year 2009. All categories of day visitor expenditures declined versus the 2007 benchmark study; Food & Beverage expenditures declined by 8.1 percent, Shopping & Recreation expenditures declined by 10.6 percent, Transportation expenditures declined by 13.4 percent.



### Overnight Lodging

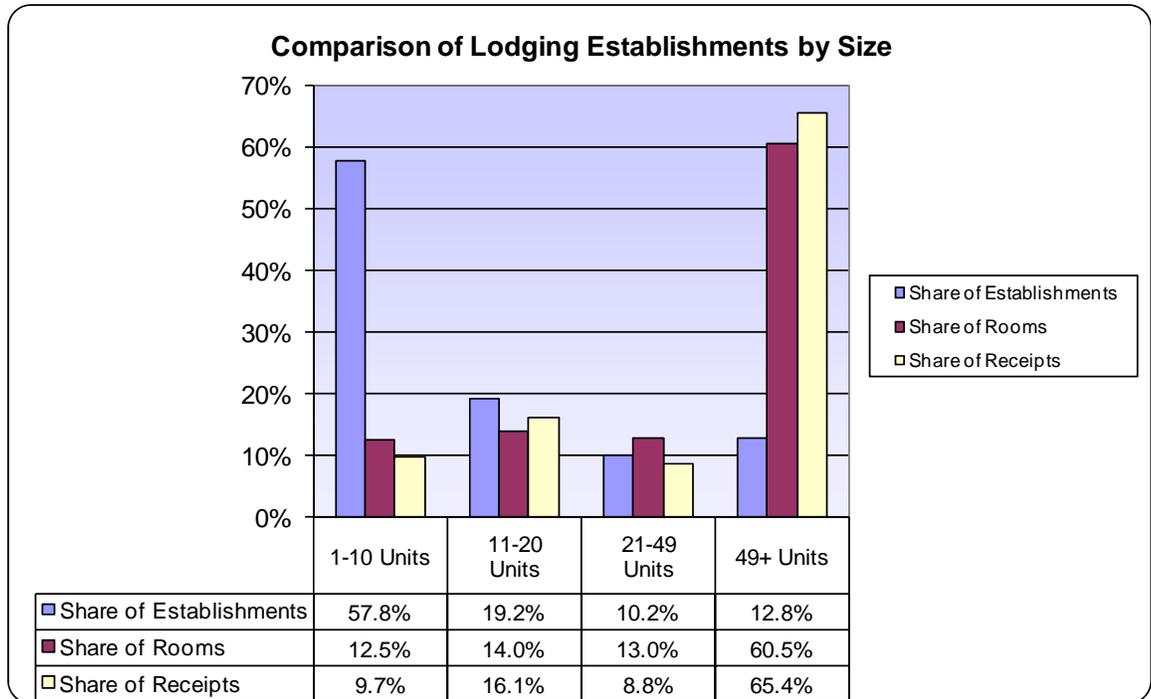
Small inns and bed and breakfast homes are a significant part of the Vermont Brand and make up well over half of the state's commercial lodging establishments. Nationally, a very small percentage of travelers stay in such lodging properties. By contrast, an estimated 8.7 percent of overnight visitors to Vermont elect to stay in these traditional and iconic properties that so clearly illustrate Vermont's culture of small towns and villages throughout the state.

### Comparison of Commercial Lodging Establishments by Size\*

# Units	# Est.	% of Total	# Rooms	% of Total	Receipts	% of Total
1-10 Units	580	57.8%	2,699	12.5%	\$29.2	9.7%
11-20 Units	193	19.2%	3,024	14.0%	\$48.5	16.1%
21-49 Units	103	10.2%	2,837	13.0%	\$26.5	8.8%
49+ Units	129	12.8%	13,109	60.5%	\$197.1	65.4%
<b>TOTAL</b>	<b>1,005</b>	<b>100.0%</b>	<b>21,668</b>	<b>100.0%</b>	<b>\$301.3</b>	<b>100.0%</b>

\* Note: Due to new methodology, privately rented condos, private campgrounds, RV parks, marinas and state parks have been excluded, decreasing the number of establishments and rooms in comparison previous years' studies.

At the same time, the biggest properties do the greatest volume of business. The 129 largest establishments offering 49 or more units accounted for 12.8 percent of the total number of establishments -- but more than 65% of the total lodging receipts during calendar year 2009.



Average room rates were highest during the foliage season and the winter season for all establishment size classes in calendar year 2009.

**Average Room Rates by Establishment Size & Season**

	Winter (Dec-Mar)	Spring (Apr-May)	Summer (Jun-Aug)	Fall (Sep-Nov)
1-10 Units	\$138.09	\$125.98	\$130.86	\$140.44
11-20 Units	\$163.78	\$142.30	\$163.43	\$159.72
21-49 Units	\$118.75	\$82.91	\$96.55	\$103.91
49+ Units	\$114.94	\$104.38	\$111,21	\$130.15

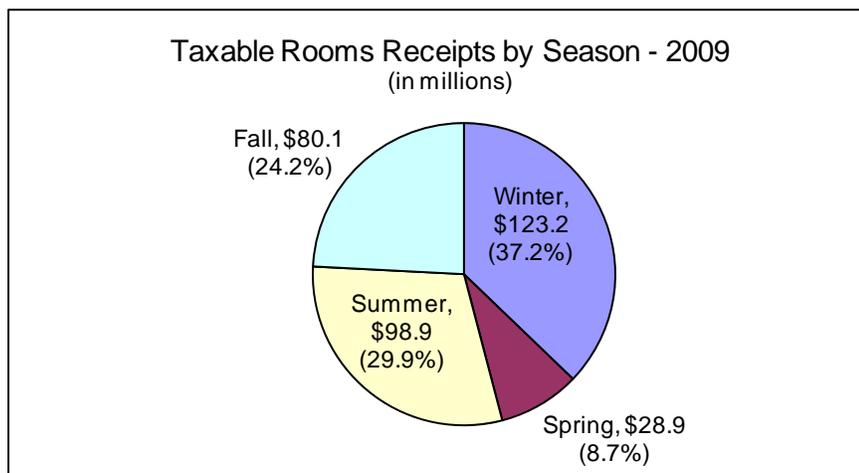
Average room occupancy varied markedly by size of establishment and by season. Establishments with 49 or more units reported the highest occupancy rates. Generally, the summer season had the highest occupancy levels. The exceptions were the 1-10 Units category where the fall season had the highest levels of occupancy and 49+ Units category where the winter season had the highest level of occupancy.

**Occupancy by Establishment Size & Season**

	Winter (Dec-Mar)	Spring (Apr-May)	Summer (Jun-Aug)	Fall (Sep-Nov)	Total by Size
1-10 Units	18.4%	12.9%	35.7%	32.6%	25.4%
11-20 Units	24.3%	14.1%	35.7%	32.3%	27.5%
21-49 Units	29.2%	16.6%	35.4%	31.3%	29.2%
49+ Units	54.1%	28.6%	54.3%	35.7%	45.3%
Total Season	41.4%	22.7%	46.5%	34.2%	

*Note: Averages are weighted based on relative size of actual responses.*

A total of 37.2% of all commercial lodging receipts in calendar year 2009 were generated by winter visitor activity (January, February, March and December of 2009). This was followed by a 29.9% share of total commercial lodging receipts during the summer season, a 24.2% share of the total for the fall, and an 8.7% share for the spring.



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Vermont State Parks are a significant part of the Vermont travel industry, providing opportunities for camping, hiking, swimming and fishing to both out of state visitors and Vermont residents. In 2009, there were 368,533 day visitors to Vermont State Parks--an increase of 6.8 percent from 2007 visitation levels. Overnight camping visitation decreased in 2009 to 362,056 corresponding to a decrease of 1.4 percent. Total visitation was up in 2009 from 2007 by 2.6 percent.

**Vermont State Park Attendance 2007 v. 2009**

	2007	2009	Rate of Growth
Day Visitation	354,064	368,533	6.8%
Overnight Camping	367,079	362,056	-1.4%
Total	712,143	730,589	2.6%

*Note: Totals are year-to-date through Oct 31. There is only one state park open year-round and does not contribute significant visitation.*

Source: VT Department of Forest, Parks & Recreation

**Industry Employment**

A total of 33,530 jobs were directly or indirectly supported in the Vermont economy by visitor spending in the travel industry during calendar year 2009. The wage and salary portion of the jobs (including 27,258 wage and salary jobs which excludes proprietors) corresponds to 9.3 percent of all wage and salary jobs. At 18,569 direct wage and salary jobs, the industry would rank as the 4<sup>th</sup> largest employment category in the state. Indirect jobs total nearly 8,700, which cross a multitude of categories including employees and proprietors in the lodging, entertainment, transportation, food and beverage, and retail sectors, as well as supporting sectors supplying the industry and its workers.

**Jobs & Proprietors Attributable to Visitor Spending**

Direct Wage & Salary Jobs	18,569
Proprietors in the Industry	6,272
Indirect Jobs	8,689
Total Direct / Indirect Jobs including Proprietors*	33,530

*\* Does not include second home construction and related expenditures such as property maintenance/management services.*

Every million dollars of visitor spending supports 23.5 jobs in the Vermont economy.

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As a state, Vermont has relied more heavily on visitor activity to support its job base in comparison to its national industry counterpart. In some industry sectors, this reliance has been as much as nearly two times greater than the corresponding national average job concentration. The share of employment that depends on visitor activity in the sub-sectors of hotel and lodging, eating and drinking, recreation and entertainment, gasoline, and retail sales were, on average, significantly higher in Vermont than nationally.

### Share of Total Sector jobs Supported by Visitor Spending

Commodity Category-Sector	United States (% of Total Sector Jobs)	Vermont (% of Total Sector Jobs)
Hotels and Lodging	73.6%	85.4%
Eating and Drinking	20.1%	32.4%
Transportation [1]	34.7%	17.7%
Recreation/Entertainment	33.5%	36.1%
Gasoline and Oil	4.2%	19.6%
Retail/Retail-Related	4.5%	5.8%

Notes:

[1] Reflects the lack of a transportation hub in Vermont.

Prepared by: Economic & Policy Resources, Inc.

Eating and Drinking establishments in Vermont are nearly one and one half times as dependent on visitor spending than the national average. The retail sector in Vermont was also significantly more reliant on visitor spending relative to its U.S. industry counterpart, as is the Gasoline category.

### State Tax Revenues

Visitors to Vermont in calendar year 2009 contributed an estimated \$199.6 million in tax and fee revenues to state coffers in the General, Transportation and Education Funds.

#### Tax & Fee Revenues from Visitors

State Tax or Fee Source	State Totals (in millions)	Visitor Totals* (in millions)	Visitor Portion (as % of total)
General Fund	\$1,062.8	\$97.5	9.2%
Education Fund	\$909.5	\$87.6	9.6%
Transportation Fund	\$223.5	\$14.4	6.5%
<b>Total All Funds</b>	<b>\$2,261.9</b>	<b>\$199.6</b>	<b>9.1%</b>

\* Does not include the additional impacts of second home construction and related expenditures, or real estate capital gains.

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While the contribution of visitor spending to Rooms and Meals tax revenue (\$53.4 million) is widely recognized, the \$78.1 million contribution to the state's Education Fund by the State Education Property Tax provides 10.2 percent of the total State Education Property Tax collected in Vermont.

**Top Four Visitor Contributions to State Revenue**

State Tax or Fee Source	State Totals (in millions)	Visitor Totals* (in millions)	Visitor Portion (as % of total)
Rooms & Meals Tax	\$115.4	\$53.4	46.1%
Gasoline Tax	\$61.5	\$10.7	17.4%
State Education Property Tax	\$762.1	\$78.1	10.2%
Sales & Use Tax	\$312.3	\$26.6	8.5%

*\* Does not include second home construction and related expenditures, or real estate capital gains.*

## Tourism in Perspective

The 2009 Benchmark Study is the fourth in a biennial series of studies to estimate the economic and fiscal impact of Vermont's tourism industry on the Vermont economy dating back to the calendar year 2003 benchmark study. The study adheres to the objective and defensible methodologies established in that first 2003 study. Comparisons—where still appropriate—can be made between the benchmark years to help provide reliable measures of performance and trends in the visitor industry in Vermont.

- The four benchmark studies, and the supporting research conducted over the past seven years, underscore the importance of a healthy and vibrant tourism industry as an economic driver for the Vermont economy. Because the tourism industry has an impact across many sectors of the federally defined employment categories, this analysis is a complex undertaking. What emerges from the benchmark studies is that Vermont's tourism industry is a dynamic combination of entrepreneurs, and small businesses that employ many of the outstanding natural amenities to make a significant contribution to the economic well-being of thousands of state residents.
- The industry is an integral part of a rural, working landscape, and whether looking at the jobs created or taxes collected, visitor spending provides a significant portion of local and regional economic activity in virtually every part of the state.
- Tourism has had and can continue to have a stabilizing effect in Vermont's economy by drawing on a diverse demographic base from many parts of the northeast and Canada. This diversity helps to insulate the state's residents and many small businesses from the inevitable ups and downs of national-global business cycles, while providing individuals and their families with a diverse set of earning possibilities that can fit their lifestyle and family situation.

This study provides a great deal of useful information and highlights some very important facts, including:

- Visitor spending directly and indirectly supports 33,530 job opportunities for Vermonters (with the non-proprietor portion corresponding to 9.3% of the state's total wage and salary jobs).
- Direct spending by visitors adds \$1.424 billion to the Vermont economy.
- Five out of the six key sectors of the Vermont tourism economy are more dependent on visitor spending than the national average; with some as much as 1.5 times greater than the comparable sector nationally.
- Visitor spending in 2009 contributed an estimated \$199.6 million in tax and fee revenues to the State of Vermont.

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Analysis of this important job and income-generating sector of the Vermont economy will be ongoing, looking at different aspects of the tourism industry in greater detail. Every sector study undertaken will conform to the benchmark standards so that results across the years are consistent, comparable and defensible. The 2009 benchmark study report can be found online on our industry website at [www.VermontPartners.org](http://www.VermontPartners.org).

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