

The Impact of the Tourism Sector on the Vermont Economy: 1999

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***The Impact of Tourism Sector on Vermont Economy Study:
1998-1999***

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EXECUTIVE SYNOPSIS

1.1 Background Perspective

Travel and tourism are keystones for both the U.S. and the Vermont economies. The growth of the travel and tourism industry over the past decade has boosted the economic well-being of the country and the state. Although the tourism sector is important to the Vermont economy, consistent and reliable facts on the economic impacts of the tourism industry have not been readily available. The State Department of Tourism and Marketing has begun investing in research on Vermont tourism. This is the second year of such research.

The objectives of this year's study are to evaluate the annual and seasonal economic impacts of Vermont tourists' expenditure, to build the major tourism-related industry profiles, and evaluate their impact on the Vermont economy. This study evaluated the economic impact of tourism on Vermont's economy in terms of changes in industrial output, employment, income, and taxes. The IMPLAN economic impact model was used to measure both direct and secondary impacts of the tourism industry. Data used for this study were collected through visitor surveys, business surveys and the IMPLAN database.

1.2 Economic Impact of Vermont Tourism

In 1998-1999¹, U.S. tourists made a total of 4.34 million trips to Vermont, with an average party size of 3.0 people, equivalent to 13.0 million person-trips. Thirty-two percent of the trips to Vermont were made in the summer (June, July and August); 30% in the fall (September, October, and November); 21% in the winter (December, January, February, March); and 17% were made in the spring (April and May). The party size also varied across the season.

¹ Data from the *National Survey of the Vermont Visitor 1998-1999* covers the travel year from April 1, 1998-March 30, 1999.

U.S. tourists spent a total of \$2.5 billion in Vermont in 1998-99. Expenditure categories are dominated by lodging (28%), restaurants (21%), and retail/shopping (21%). Winter and summer tourist expenditures each accounted for 29%, followed by fall (27%) and spring (15%).

In 1998-99, U.S. tourist spending contributed \$4.0 billion, or about 15%, of the total state output. Tourist expenditures contributed to 85,933 jobs in total, which is about 23% of the total jobs in the state. Tourism also generates \$1.5 billion in personal income (employee compensation and proprietary income) and \$335 million in indirect business taxes for the state, which are 23% and 31% of total state personal income and indirect business taxes, respectively. Compared to the preceding year, tourism's relative share of the state economy remains at about the same level in terms of industrial output, personal income and employment. Tourism's relative share of state indirect business taxes saw a major increase from 24% to 31%, meaning that tourism contributed 7% more of state indirect business taxes in 1998-99. This section also provides seasonal analysis of the tourism economic impact.

1.3 Vermont Lodging Sector

In 1999, Vermont had 1,019 lodging businesses with an estimated 26,098 rooms/units in total. Vermont lodging businesses are mostly small in size. The statewide occupancy rate was 38%. Different regions show quite different occupancy rates. Chittenden had the highest average occupancy rate of 56%, followed by the Upper Valley (44%), Bennington (43%), and Two Rivers (42%) regions. The region with the lowest occupancy rate of 25% was the Southern region. Compared to 1997, 1999 room rent was generally up, ranging from 5% to 30% higher. The Windham region had the highest average room rent of \$120 (an average of the single room rents of high season and low season), followed by the Central (\$113), Chittenden (\$105), and Upper Valley (\$103) regions.

In 1999, Vermont's lodging industry employed approximately 18,587 people. Thirteen percent were employed year round as managers, while 34.2% were employed in "support" staff positions. One-fourth of the remaining jobs were part-time (24.7%), and another quarter were seasonal positions (27.7%). The average annual wage for "full-time, year-round, managerial" staff was \$26,716, or roughly \$12.85 per hour for a 40-hour week, 52 weeks a year. The average annual wage for "full-time, year-round, support" staff was \$21,035, or approximately \$10.00 per hour. Part-time managers received an average of \$8.18 per hour, while part-time support staff received an average of \$7.95 per hour. At least 20% and as many as 35% to 40% of Vermont lodging business owners draw no salaries from the business operation (Report "*Employment and Wages in Vermont's Lodging Industry*"). On average, a housekeeping supervisor in Vermont receives an hourly wage of \$9.95, higher than the national average (\$9.42), New Hampshire (\$9.31), and Maine (\$9.90). A maid or housekeeping cleaner on average receives \$7.02 per hour in Vermont, compared to \$6.84 nationwide, \$7.36 in New Hampshire, and \$7.26 in Maine.

About 88% of the lodging establishments in the state use a computer to run their businesses, increased from 74% in 1997. In 1999, more businesses have access to the Internet (86%) and have their own World Wide Web page (76%) than in 1997. According to the survey, an overall average of 24% of business was generated by the Internet and 12% of the businesses reported that over half of their business was generated by the Internet. On average, lodging establishments in Vermont have been in operation for 32 years. On average, current lodging business owners have owned their businesses for more than a decade (12 years) and have an average of 16 years' experience in the hospitality industry.

The average revenue ranged from \$61,203 for a small lodging business (1-10 rooms) to \$3.4 million for a large lodging business (more than 50 rooms). A medium-size lodging business (11-49 rooms) on average receives revenue of about \$425,000. The state's total lodging sales

were estimated to be \$645 million in 1999, according to our survey. The total industrial output, including sales and the Rooms and Meals Taxes, was \$703 million. On average, about 84% of lodging income was from pleasure travelers. In 1999, the total output impact of the lodging industry on the state economy was \$1.4 billion, including \$703 million of direct impact and \$704 million of indirect and induced impact. In 1999, the lodging industry in total created 28,681 jobs, including 18,587 jobs directly, in the lodging industry itself, and 10,031 jobs created indirectly and inducedly.

1.4 Vermont Eating and Drinking Places

A total of 129 eating and drinking places throughout the state responded to our questionnaire, and the following information is based on these surveys. Full-service restaurants accounted for over half (51%) state eating and drinking places, and limited-service places such as fast-food restaurants, food bars, bars, pubs, lounges and take-outs accounted for another 25%. The rest are caterers (10%), food stores (7%), bakeries (5%), concessions (3%), mobile food units (2%) and others (2%). About 43% of Vermont eating and drinking places offer only non-alcoholic beverages, while 39% provide full liquor service and 18% provide only beer and/or wine. The most popular primary menu themes are: American food (25%), sandwich/sub/deli (14%), pizza (8%), steak and seafood (8%), breads, baked goods and desserts (7%), hamburgers (7%), and French/Continental (6%). In addition, Italian food and Chinese food account for 3% each.

About 20% of eating and drinking places such as retail food stores, some fast-food places, bakeries, and mobile food units, have no seating at all. Another 20% of places have less than 30 seats in total. Forty-five percent of places have 30 to 150 seats, and the rest (15%) have more than 150 seats. In 1999 individual eating and drinking places served an average of 60.8 thousand customers throughout the year.

Travelers, especially pleasure travelers, spent significantly more money on a per-party basis. The average food bill for pleasure travelers was the highest at \$19.91, followed by business travelers (\$15.38) and non-travelers (\$14.62). The overall average food bill was \$19.55. The average food bill for pleasure travelers is significantly higher than checks for other types of guests.

According to the survey respondents, each eating and drinking places hired 19 people on average. Approximately 42% of employees (8 out of 19) in Vermont eating and drinking places are full-time employees, while 58% (11 out of 19) are part-time employees. About 73% (14 out of 19) are employed year-round, while the other 27% (5 out of 19) are employed on a seasonal basis. Approximately one-third (6 out of 19) of the positions are managers with managerial or supervisory duties (most likely including the owners for the owner-operated businesses), while the other two-thirds (13 out of 19) are in "support" positions, including cooks, wait staff, and dishwashers, etc. A paid full-time year-round manager in an eating and drinking business receives on average \$31,489 a year, and a paid year-round full-time support staff receives \$21,632 a year. For all the paid part-time positions, the average hourly wage rate is \$7.78. Vermont eating and drinking places generally pay better wages than the-national average except for waiters and waitresses. Cooks, for example, on average receive \$9.05 per hour, \$1.24 higher than the national average. Waiters and waitresses in Vermont on average receive \$5.85 per hour, two cents less than the national average. Compared to New Hampshire and Maine, Vermont's wage is competitive as well.

In 1999, total output impact of eating and drinking places on the state economy was \$1.6 billion, including \$949 million direct impact and \$608 million indirect and induced impact. In 1999, eating and drinking places in total created 38,314 jobs, including 19,373 jobs directly in

the eating and drinking places themselves and 8,941 jobs indirectly or inducedly in other industries.

1.5 Vermont Ski Areas

Skiing is one of the most important recreation activities in Vermont. In 1999, Vermont had 18 alpine ski areas, 984 ski trails with 5,175 acres of skiable terrain, and 9 mountains of over 2,000 vertical feet.

In 1999, Vermonters were still the largest patrons of Vermont ski areas (18%), followed by residents of New York (18%), Massachusetts (13%), Connecticut (13%), and New Jersey (11%). Skiers from the UK increased significantly. In 1997, total international skiers (excluding Canada) accounted for only about 1% of skiers. However, in 1999, skiers from the UK alone accounted for 5% of the skiers. On average, each Vermont ski area employs 736 people: 115 full-time employees and 621 part-time or seasonal employees. Both full-time and part-time employment had quite strong increases in 1999. In 1999, a full-time exempt /supervisory employee in a Vermont ski area received \$40,741 on average for salary.

On average, each resort makes \$18 million in the winter season and \$4.5 million in the summer/fall season. In 1999, total output impact of ski areas on the state economy was \$722 million, including \$428 million direct impact and \$294 million indirect and induced impact. This gives ski areas an output multiplier of 1.69, meaning that for every dollar guests spend in lodging businesses, an additional 69 cents of (spending) output will be generated.

In 1999, ski areas in total created 17,293 jobs, including 13,248 jobs directly in the lodging industry itself and 4,045 jobs indirectly or inducedly in other industries. In terms of the employment multiplier, for ski areas every million dollars worth of sales generates 40 jobs in total, consistent with the 1997 number. Ski areas also contributed to about \$226 million of state personal income and \$43 million of indirect business taxes in 1999.

BACKGROUND PERSPECTIVE

2.1 Vermont Tourism Industry: Context and Background

Travel and tourism are keystones of the U.S. economy, and Vermont is no exception. Both the growth rate and the size of the travel and tourism industry over the past decade have boosted the country's and the state's economic well-being.

Nationwide, in 1998, Americans took 1.3 billion person-trips, up some 38% from 1989. Travelers spent over \$495 billion in the U.S. in 1998, up 60% over the \$309 billion they spent in 1989. In 1998, with direct expenditures of \$495 billion, travel and tourism make up the third largest retail industry in the U.S. When we add in its indirect and induced effects, the industry's total monetary impact approaches \$1.2 trillion, nearly 14% of our nation's gross domestic product. Travel and tourism are also remarkable engines of employment, generating 7.6 million jobs directly and \$147 billion in payroll, while supporting another 9.3 million jobs and \$188 billion in payroll indirectly. And, for decades the travel industry has outperformed the overall U.S. economy in creating new jobs. Since 1988, for example, direct travel employment has grown nearly 28%, almost one and a half times faster than the rate of growth of U.S. non-agricultural employment. In addition, travel and tourism are a significant source of tax revenue for local, state and national governments. In 1998, we estimate that the industry directly generated nearly \$83 billion in tax revenue for federal, state and local governments. Of this amount, about \$19 billion was state tax revenues.

Vermont is small in size, yet diverse in landscape. Vermont's varied landscape lends itself to a diversity of economic activity consisting primarily of tourism, manufacturing, agriculture, and higher education. Tourism is Vermont's fastest-growing industry. Vermont's commitment to maintaining a pristine environment, with strict controls on development, is largely responsible for Vermont's popularity as a vacation destination. While Vermont is a haven

for outdoor enthusiasts such as hikers and fishermen, the spectacular scenery, working landscape, and changing seasons have stimulated the growth of many tourism-related activities.

All of these have made Vermont one of the most travel-expenditure-dependent economies in the United States in the nineties. However, reliable facts on the economic impacts of the tourism industry on Vermont are not readily available, mostly because the state of Vermont has not had complete, consistent, and accurate inventory data and economic analysis of its tourism industry. This lack of information is perhaps the industry's greatest barrier to reaching its full potential. Therefore, collecting primary data for the tourism sector and determining its impact on Vermont's economy are vital to the development and implementation of a comprehensive strategic marketing and public investment plan.

Aware of this, the Vermont State Department of Tourism and Marketing began investing in tourism economic impact research beginning in 1998. With funding from the State Department of Tourism and Marketing, the Department of Community Development and Applied Economics and the School of Natural Resources at the University of Vermont started investigating the economic impact of the Vermont tourism industry. This year is the second year of the study. From last year's study, we collected primary data from Vermont visitors and Vermont tourism business owners. Using these data, we successfully constructed an input-output model for the tourism sector in Vermont, which can be used to estimate the economic impacts of U.S. tourism spending on Vermont's economy by analyzing tourism's effect on the Gross State Product, employment, tax generation, and the strength of inter-industry linkages. According to our analysis from last year, total direct domestic tourist spending in Vermont was about \$2.2 billion. As this \$2.2 billion circulated through the Vermont economy, it generated a total of \$3.7 billion in output, 84,000 jobs (both full-time jobs and part-time jobs), \$1.4 billion in personal income (employee compensation and proprietary income), and \$267 million in indirect

business taxes for the state. In other words, U.S. tourist spending accounted for 15% of the Vermont Gross State Product (GSP) and 23% of total state employment. In addition, last year we also estimated the economic impact of lodging businesses (by size) and the economic impact of ski areas on the Vermont economy. The results of last year's study were reported to the State Department of Tourism and Marketing in March, 1999.

This year, we will again use the collected data to enhance the Input-Output Model we built last year to evaluate the impacts of Vermont tourism on the state economy and get a more complete picture of the Vermont tourism industry. The objectives of this year's study are described in the next section.

2.2 The Objectives of This Study

The primary objective of this year's study is to evaluate the economic impacts of Vermont tourists' expenditure and the tourism industry using an input-output model. The specific objectives of this study are:

1. To estimate the annual and seasonal economic impacts of U.S. tourists' spending in Vermont on the Gross State Product, employment, tax generation, and the strength of inter-industry linkages. The input-output model we built for the tourism sector in Vermont last year will be updated and used in this study.
2. To establish Vermont tourism industry profiles and provide information on the location, size, management, employment status, guests, and revenues and cost structures of those industries. This year we studied lodging businesses again, added a study of eating and drinking businesses, and examined ski areas in more detail.
3. To estimate the economic impact of Vermont tourism on individual industries, with primary data for Vermont lodging businesses, eating and drinking businesses, and ski areas.

The study focuses on domestic tourist spending in Vermont. There are two reasons for focusing initially on U.S. tourists. First, this is an ongoing project to explore the economic impact of tourism on the Vermont economy. International tourists' information will be gathered as the next phase of the project. It is also a very common practice, even at the national level, to study U.S. and international tourists separately due to their different travel behaviors and expenditure patterns. Second, U.S. tourists account for most of the tourists who visited Vermont (about 87%) (Longwoods International, 1995).

There are a variety of definitions for tourists. For the purpose of this study, "tourists" are defined as pleasure travelers. Tourist activities include trips for pleasure only such, as recreation, visiting friends and relatives, etc. The tourists defined in this study include both out-of-state residents and Vermont residents. The reason for including Vermont residents is that clearly a person is a tourist if he/she stays in southwestern Vermont for a weekend, whether he/she lives in Montpelier or New York City. Moreover, in some recreation industries such as ski areas, Vermont visitors account for a very significant number. "Tourist" is used as a synonym for "pleasure traveler" in this study.

2.3 Analysis and Definitions

To evaluate the economic impact of tourism on Vermont's economy, this study used the IMPLAN economic impact model, which traces the flow of goods and services, income, and employment among related sectors of the economy. The model estimates the *direct effects*, *indirect effects*, and *induced effects* of tourism spending. These effects characterize the way money is circulated through a region's economy (see Appendix A for a more detailed explanation).

- *Direct effect* refers to production change associated with a change in demand for the good itself. It is the initial impact to the economy.

- *Indirect effect* refers to the secondary impact caused by changing input needs of directly affected industries (e.g., additional input purchases to produce additional output).
- *Induced effect* is caused by changes in household spending due to the additional employment generated by direct and indirect effects.

The IMPLAN model also estimates an *output multiplier*, a *personal income multiplier*, an *employment multiplier*, and an *indirect business tax multiplier*. Multipliers are summary indicators of tourism impact that characterize how changes in tourist spending can affect other sectors within the state's economy (see Appendix A for a more detailed explanation).

- **Output Multiplier:** An output multiplier for a sector is defined as the total production in all sectors of the economy that is necessary to satisfy a dollar's worth of final demand for that sector's output (Miller and Blair, 1985). In other words, for every dollar change in final-demand spending (direct output) the changes in the total value of output in all sectors.
- **Personal Income Multiplier:** For every dollar change in final-demand spending (direct output), the change in income received by households.
- **Employment Multiplier:** For every million-dollar change in final-demand spending (direct output) in a sector, the change in number of jobs in the economy.
- **Indirect Business Taxes Multiplier:** For every dollar change in final-demand spending (direct output), the change in indirect business taxes.²

² Indirect business taxes consist primarily of excise and sales taxes paid by individuals to businesses. These taxes occur during the normal operation of these businesses but do not include taxes on profit and income (IMPLAN manual, 1996).

2.4 Data Sources

The IMPLAN economic impact model requires three types of data inputs to estimate spending and multiplier effects:

Visitor Survey

First, the University of Vermont (UVM) developed a Vermont visitor survey to collect tourist expenditure and trip data. To administer the survey, UVM derived a sample population from a national group of 225,000 households, compiled by a national consulting firm (NPD Group). This is called a screener survey. The screener survey includes a question to separate Vermont tourists from the sample, which reads "If you took a pleasure trip to or through Vermont anytime in the past year, please 'x' the season(s) in which you visited." All Vermont visitors identified by the screener (4,522 households) were mailed the questionnaire included in Appendix A; 2,803 surveys were returned, a response rate of 62%. The sample of the visitor survey and survey results can be found in the separate report "The National Survey of Vermont Visitors." Tourist expenditure data from those 2,803 surveys then were used to estimate the total tourist spending in Vermont and were applied to Input-Output analysis.

Business Survey

Second, IMPLAN requires a survey of expenditures within tourism-related businesses in the state. The purpose of the business survey is to establish industry profiles and determine the total revenue and cost structure of lodging businesses in Vermont. The cost structure data collected were used to create the input-output coefficients for the sector. In year 1997-1998, we surveyed the Vermont lodging industry and ski areas. This year, we expanded the survey to cover all the eating and drinking places in Vermont.

The lodging survey was sent to the entire population of 1,019 lodging businesses in Vermont in March, 2000. Due to various reasons (e.g., undeliverable address, seasonal business

close, etc.), only 942 were actually reached. Of these, 253 lodging businesses responded to the six-page survey. Among the questions asked were type and size of lodging business, occupancy rate by month, employment number, total revenue, expenditures by categories, local purchase percentages, guest type, and tourist origin. Appendix B shows a copy of the lodging business survey. The sample data are weighted by size and geographical location.

The eating and drinking places survey was sent to the entire population of about 1,700 Vermont eating and drinking places in April, 2000. It was sent to various types of eating and drinking places including all restaurants, bars, caterers, mobile units, concessions, and bakeries. Questions similar to those in the lodging sector survey were asked in the questionnaire. Only 130 eating and drinking places responded to the survey, a response rate of 8%. Quite a few factors contributed to the low response rate (e.g., poor mailing list, high employer turnover rate in restaurant businesses, and not enough follow-up surveys, etc.), but the reluctance to share information is usually high in eating and drinking businesses --- the 1998 nationwide restaurant survey received less than a 10% response for the same reason. The low response rate seriously limits the sample's ability to represent the whole population; thus, any conclusions or interpretations of the survey data should be handled carefully. Appendix C shows a copy of the eating and drinking places survey.

The ski area survey was sent to 18 ski areas and included questions similar to those of the lodging surveys. Twelve ski areas responded with a response rate of 67%. Appendix D shows a sample of the ski business survey. Appendix E shows the 1999 Vermont Visitors Survey.

IMPLAN

Finally, the Vermont input-output model uses data on Vermont's economy for the year 1996, the most recent year for which data are available. Then all the data were inflated to 1999 dollars according to different deflation rates in each sector. The Minnesota IMPLAN Group

supplied the base data on a county level. The Minnesota IMPLAN Group assembles its data from a number of sources, including the U.S. Bureau of Labor Statistics, the U.S. Bureau of Economic Analysis, USDA, and the U.S. Census of Agriculture (Minnesota IMPLAN Group).

ECONOMIC IMPACT OF VERMONT TOURISM

3.1 Vermont Tourist Numbers by Season

In 1998-1999, U.S. tourists made a total of 4.34 million trips to Vermont with an average party size of 3.0 people, equivalent to 13.0 million person-trips.³ Table 1 shows the average Vermont visitor profile from which these estimates were derived. On average each visiting household took 2.15 trips to Vermont. These visiting households stayed an average of 4.61 nights on their annual visits. Among Vermont visitors, 76% stayed overnight, while 23% took day-trips or were passing through the state on their way to another destination.

Table 1. Visitor Profile for All Tourists (1998-99)

	All Tourists
Average Party Size	3.0
Average Trips per Person	2.15
Average Length of Stay (nights) per Year	4.61
% of Overnight Visitors	76%

Source: 1998-99 Vermont Visitor Survey

Table 2 shows the trips made by season. In 1998-99, U.S. tourists made a total of 4.3 million trips to Vermont. Of those, 1.4 million trips, or 32% of the total trips to Vermont were made in the summer (June, July, and August); 1.3 million trips, or 30%, in the fall (September, October, and November), 0.9 million trips, or 21%, in winter (December, January, February, and March); and 0.7 million trips, or 17%, in the spring (April and May). The party size also varies across the season. The average party size in the winter (3.3 persons) and summer (3.1 persons) are higher than the annual average (3.0 persons), while the average party size in spring and fall (2.8 persons each) is lower. The person trips in each season were calculated by multiplying the total trips by the average party size in that season. Table 2 shows that 4.4 million person-trips were made in the summer, accounting for 33% of the total person-trips, followed by 3.7 million

person-trips in the fall, 3.1 million trips in the winter, and 2.1 million trips in the spring. The year-round total person-trips were 13.0 million.

Table 2. Total Trips by U.S. Tourists to Vermont (1998-99)

	Total Trips	Spring	Summer	Fall	Winter
Trips (million trips)	4.3	0.7	1.4	1.3	0.9
Avg. Party Size (persons)	3.0	2.8	3.1	2.8	3.3
Person-trips (million person-trips)	13.0	2.1	4.4	3.6	3.0

Source: 1998-99 Vermont Visitor Survey

3.2 Vermont Tourist Spending

The numbers of tourists visiting Vermont are not evenly distributed throughout the year, and neither are their expenditures. Table 3 shows the average expenditure per trip per person. The total average expenditure for a person per trip is \$194.78, with a lodging expenditure of \$54.59, restaurant expenditure of \$40.36, and retail expenditure of \$40.32.

Table 3 also shows the tourist per-capita expenditure across the seasons. Not surprisingly, winter visitors tend to spend more money for each trip, or the trips are more costly in the winter travel season (December, January, February, March). On average each winter traveler spent an average of \$245.61 on each trip, 26% higher than the overall Vermont average tourist expenditure level. The average per-person per-trip expenditure was \$189.71 in the fall, \$185.24 in the spring, and \$169.30 in the summer. ANOVA analysis shows that there is a significant difference in expenditure by visitors by season.

A significantly lower drive-through rate of 6% (i.e., more overnight visitors) in winter compared to 18% in the summer, 14% in the fall, and 10% in the spring, partially explains why the average expenditure for winter visitors was higher.

³ Specific calculation is shown in the Appendix F. Data from the *National Survey of the Vermont Visitor 1998-1999* covers the travel year from April 1, 1998-March 30, 1999.

More detailed expenditure statistics show that winter travelers spent a significantly higher amount of money on lodging and skiing, while other expenditure categories were close to those of other season travelers. The high skiing expenditure in winter, accounting for about 30% of the winter expenditure, is quite self-explanatory because skiing is the major attraction in the winter. The higher lodging expenditure has to do with the higher seasonal room rent and generally higher room rent in ski areas.

Table 3. Average Expenditure per Person per Trip (1998-99)

	Overall	Spring	Summer	Fall	Winter
Avg. Total expenditures per person per Trip:	\$194.78	\$185.24	\$169.30	\$189.71	\$245.61
Specific expenditures:					
Lodging	\$54.59	\$48.48	\$44.57	\$54.29	\$74.30
Skiing	\$9.68	\$3.00	\$0.00	\$1.14	\$40.65
Parks	\$1.27	\$1.62	\$1.91	\$1.19	\$0.17
Movies	\$1.32	\$1.62	\$1.48	\$1.00	\$1.30
Other recreation	\$14.23	\$13.62	\$14.22	\$14.62	\$13.96
Gasoline	\$11.91	\$11.62	\$12.13	\$11.95	\$11.65
Other transportation	\$4.14	\$4.48	\$3.17	\$5.05	\$4.22
Shopping	\$40.32	\$43.95	\$37.78	\$44.62	\$35.39
Restaurants	\$40.36	\$39.62	\$37.09	\$40.71	\$45.04
Groceries	\$12.31	\$12.71	\$12.13	\$10.48	\$14.52
Other	\$4.65	\$4.52	\$4.83	\$4.67	\$4.39

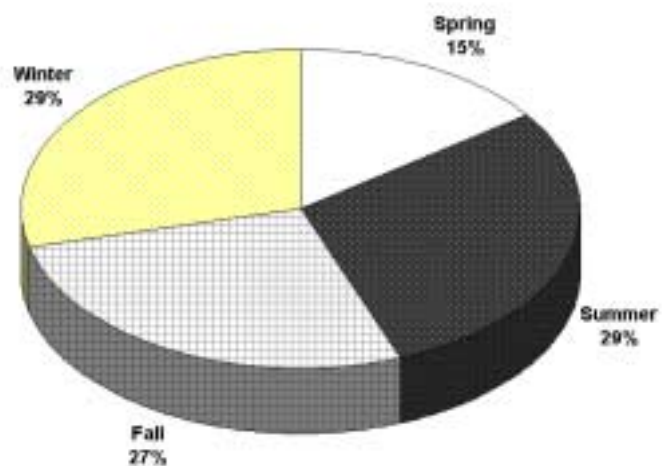
Source: 1998-99 Vermont Visitor Survey

U.S. tourists spent a total of \$2.5 billion in Vermont in 1998-99. This was computed by multiplying the total person-trips (13.0 million) by the expenditure per person per trip (\$194.55).⁴ This figure shows a significant increase of 15% compared to last year's study mostly because of the increase of the per-person per-trip expenditure. Compared to the year before, fewer estimated tourists visited Vermont, but on average each tourist spent more money in Vermont. Figure 1 shows the tourists' expenditures by season. Winter and summer tourist expenditures each accounted for 29%, followed by fall (27%) and spring (15%).

Figure 2 shows tourists' annual expenditures by category. Expenditure categories are dominated by lodging (28%), restaurant (21%), and retail/shopping (21%) expenditures. Together these account for nearly 70% of all U.S. tourists' expenditures in Vermont. However, recreation expenditures also have a significant impact, accounting for 14% of the tourist expenditure. Twenty-eight percent of U.S. tourists' expenditures are for lodging, and the percentage is presumably

higher if we count business travelers and international travelers, who are more likely to stay in lodging businesses. These percentages remain very close to what we found

Figure 1. Tourist Expenditure by Season (Year Total =\$2.5 billion, 1998-99) *

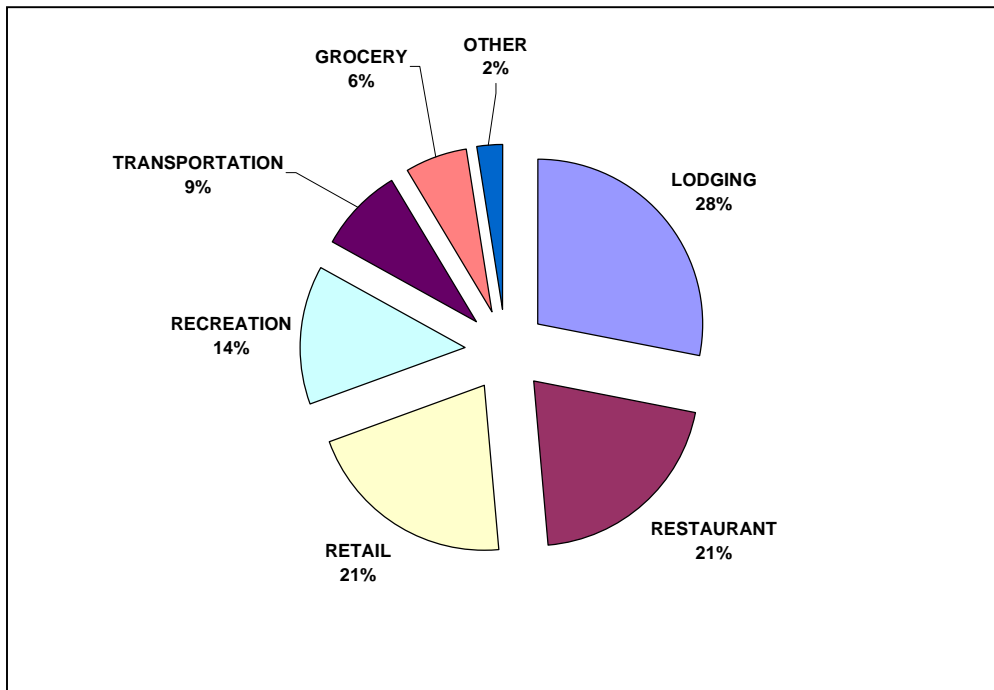


⁴ From Appendix D.

* Four Seasons: Spring (April and May); Summer (June, July and August); Fall (September, October, and November), Winter (December, January, February, March)

last year except that the percentage used in retail/shopping this year showed a 3% increase. Recent changes in the state's sales tax policy (no sales tax for apparel purchases of less than \$100) might positively contribute to the increase of retail dollars from tourists.

Figure 2. U.S. Tourists' Expenditure by Category



3.3 Annual and Seasonal Impact of Tourism on the Vermont Economy

This section analyzes the annual and seasonal economic impact of U.S. tourists' expenditures in Vermont. In the previous section, U.S. tourists' annual and seasonal expenditures were presented by categories. Tourists' expenditures are the "direct"/ first-round impact to the Vermont economy. In this section, a complete picture, including direct, indirect and induced impact of tourists' spending, is presented in terms of industry output, employment, personal income and indirect business tax. Multipliers of the tourism sector are shown with a comparison to other sectors in the state.

Annual 1998 – 1999 Tourism Annual Economic Impact

Table 4 shows the impact of the tourism sector on output, employment, personal income, and indirect business taxes (business taxes excluding business income taxes). In 1998-99, U.S. tourist spending contributed \$4.0 billion, or about 15%, of state total output. Of that amount, \$2.5 billion was the direct impact and \$1.5 billion indirect and induced impacts. Tourist expenditures contributed to 85,933 jobs in total, which are about 23% of total jobs in the state. Of that 85,933 jobs, 72% (62,198 jobs) were attributed directly to tourist expenditures and 28% (23,735 jobs) were created due to the indirect and induced impacts of tourist expenditures. These jobs include both full-time jobs and part-time jobs. Tourism also generates \$1.5 billion in personal income (employee compensation and proprietary income) and \$335 million in indirect business taxes for the state, which are 23% and 31% of total state personal income and indirect business taxes, respectively.

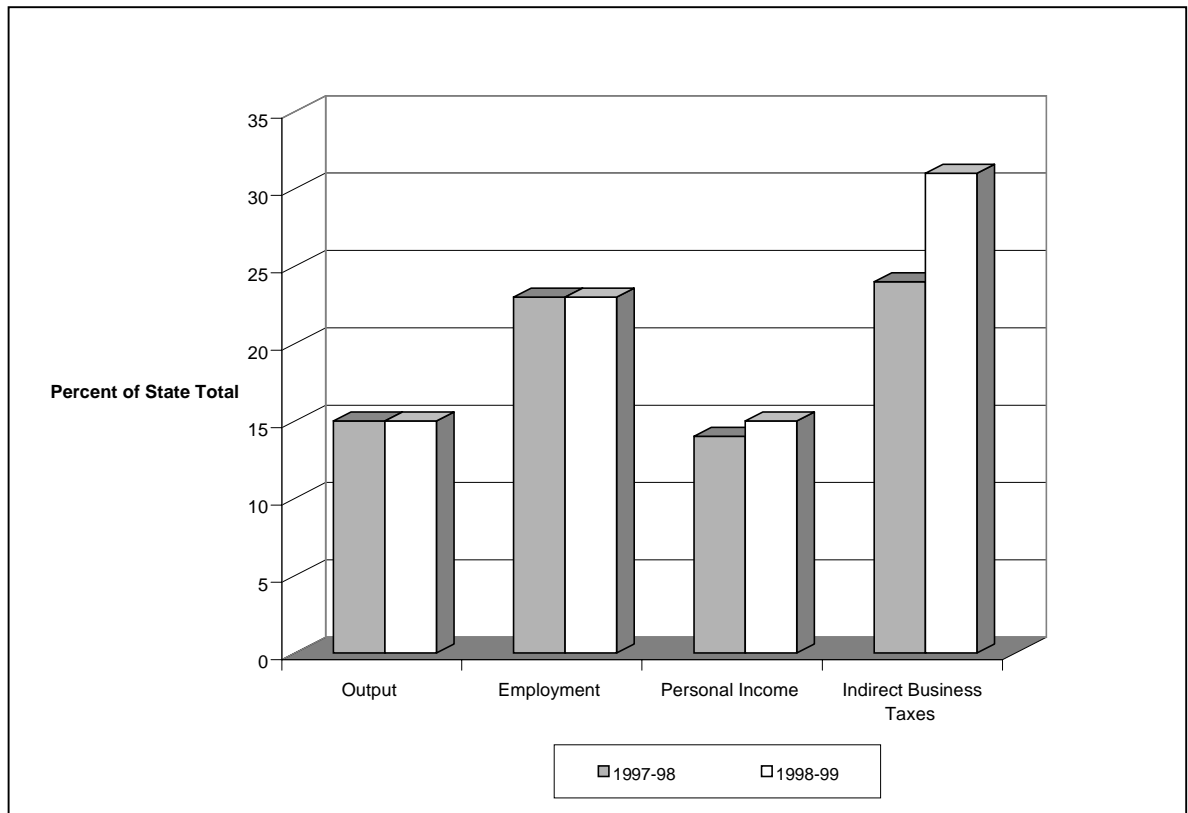
Table 4. Tourism Economic Impact on Output, Employment, Personal Income and Indirect Business Taxes for 1998-1999

	Direct	Indirect	Induced	Total	% of State
Output (million \$)	2,541	666	865	4,072	15
Employment (jobs)	62,198	9,509	14,226	85,933	23
Personal Income (million \$)	943	220	317	1,480	15
Indirect Business Taxes (million \$)	249	31	56	335	31

Compared to last year, tourism's relative share of the state economy remains at about the same level in terms of industrial output, personal income and employment (Figure 3). Tourism's relative share of state indirect business taxes saw a major increase from 24% to 31%, meaning that tourism contributed 7% more of the state indirect business taxes in 1998-99. This increase has to do with the increase in room and meal taxes from 7% to 9% beginning in 1997. This 31% can be looked in two ways: 1) the tourism industry is very important to Vermont in terms of tax

generating; 2) compared to tourism's share in the state industry output (15%), tourism industry shares a larger portion of the tax burden.

Figure 3. Tourism's Relative Share of State Economy: 1997-98 vs. 1998-99



The following section reports the economic multipliers for the expenditure of Vermont tourists whose origin is from the U.S. The definitions of various economic multipliers can be found in Appendix G. For the tourism sector, the output multiplier is 1.60 (see Table 5). We also estimated a personal income multiplier of 0.58; an employment multiplier of 34; and an indirect business tax multiplier of 0.13. This can be explained as follows: For every million dollars spent by tourists in Vermont, an additional \$600,000 worth of output is generated; personal income increases by about \$580,000; 34 jobs are created; and indirect business taxes increase by about \$130,000. As tourists spend \$2.6 billion, Table 4 shows the entire impact on the state.

Table 5 compares the tourism output multiplier and the employment multiplier with those of other sectors in the Vermont economy. The tourism output multiplier (1.60) is about average when compared to other sectors in the state. The total tourism employment multiplier (34) is relatively high among the sectors, meaning that relatively more jobs are created for every million dollars brought in by the tourism sector. Our study also shows, however, that a large proportion of the jobs created are in the tourism sector itself.

Table 5. Comparing the Tourism Sector Multipliers to Vermont Largest Sectors' Multipliers*

Sector	Industry Output**	Output Multiplier	Employment Multiplier
Health services	1,733	1.80	30.77
Business services	736	1.80	35.83
Construction	2,236	1.74	24.97
State & local government (non-education)	753	1.69	31.21
Farms	616	1.68	25.58
Food processing	1,395	1.63	12.60
Wholesale Trade	1,220	1.60	21.09
Tourism	2,443	1.60	33.82
Printing and publishing	604	1.58	18.84
Electrical equipment	2,281	1.54	11.20
Banking	673	1.50	14.79
Pulp and paper	739	1.48	9.40
Real estate	1,596	1.33	9.28

*Sector aggregation is based on the two-digit SIC codes. ** Million dollars, 1996 dollars.

Source: IMPLAN Model and study analysis

The indirect business tax multiplier for tourism is much higher than the state average. For every dollar tourists spend in Vermont, indirect business taxes will increase 13 cents, as compared to the state average of 7 cents. As such, the tourism sector has a higher than average ability to generate indirect business taxes for the state.

In order to explore the economic impact of seasonality in tourism activities, we define the four seasons as following: spring includes April and May; summer includes June, July, and August; fall includes September, October, and November; winter includes December, January, February, and March.

Industrial Output Impact by Season

Table 6 shows the output impact of tourism activities in different seasons. Summer tourism had the largest impact on industrial output, accounting for \$1.2 billion, or 29% of annual tourism impact on industrial output. The winter impact (\$1.2 billion) was slightly lower than summer, followed by fall (\$1.1 billion) and spring (\$0.6 billion).

Table 6. Seasonal Tourism Economic Impact on Output for 1998-1999 (million \$)

	Direct	Indirect	Induced	Total
Spring	382.8	98.4	132.4	613.6
Summer	738.0	190.8	254.9	1,183.7
Fall	684.8	176.6	234.2	1,095.6
Winter	735.3	200.7	243.0	1,179.0
Year-round	2,540.9	666.4	864.6	4,071.9

Employment Impact by Season

Table 7 shows the employment impact of tourism activities in different seasons. Summer and winter each account for about 25,000 jobs in the state or 29% of the annual tourism employment impact. Fall season's impact is slightly lower, about 23,000 jobs. Spring, usually the low tourism season, is significantly lower, largely because tourism-related businesses hire fewer part-time and seasonal employees at that time of the year.

Table 7. Seasonal Tourism Economic Impact on Employment for 1998-1999 (jobs)

	Direct	Indirect	Induced	Total
Spring	9,453	1,393	2,179	13,025
Summer	18,075	2,700	4,194	24,969
Fall	16,554	2,509	3,854	22,917
Winter	18,116	2,907	3,999	25,022
Year-Round	62,198	9,509	14,226	85,933

Personal Income Impact by Season

Table 8 shows the personal income impact of tourism activities in different seasons. Similar to the output and employment impacts, summer and winter show the highest numbers, followed by fall and spring.

Table 8. Seasonal Tourism Economic Impact on Personal Income for 1998-1999 (million \$)

	Direct	Indirect	Induced	Total
Spring	145.5	32.3	48.6	226.4
Summer	279.8	62.5	93.6	435.9
Fall	256.5	58.1	86.0	400.6
Winter	260.9	66.7	89.2	416.9
Year-Round	942.7	219.6	317.5	1,479.8

Tax Impact by Season

Table 9 shows the indirect business tax impact of tourism activities in different seasons. State total indirect businesses taxes were about \$1 billion. Summer tourism alone accounted for nearly 10% of that tax income. Tourism in winter and fall seasons each also contributed about 8%-9%. Spring tourism was lower, accounting for about another 4%.

Table 9. Seasonal Tourism Economic Impact on Indirect Business Taxes for 1998-1999 (million \$)

	Direct	Indirect	Induced	Total
Spring	39.8	4.6	8.7	53.1
Summer	76.7	9.0	16.7	102.4
Fall	70.7	8.3	15.3	94.3
Winter	67.1	9.4	15.9	92.4
Year-Round	254.3	31.3	56.6	342.2

In general, tourists come to Vermont in different seasons with varying purposes and frequencies. Their expenditure patterns also show significant seasonality. As a result, tourism activities in different season have contributed to the Vermont economy in different magnitudes. Our results show that summer tourism has the largest impact on the Vermont economy. This is

largely because in summer, Vermont has significantly more visitors than other seasons (4.4 million person-trips; see Table 2). Winter tourism has the second largest impact on the Vermont economy. Winter visitors tend to come to Vermont in a larger group (average party size of 3.3; see Table 2) and spend more money (Table 3). Spring tourism's impact is lower than other season, which is normal because fewer people come in spring, and spring visitors also tend to spend less money (Tables 2 and 3).

VERMONT LODGING INDUSTRY PROFILE

4.1 Characteristics of the Vermont Lodging Industry

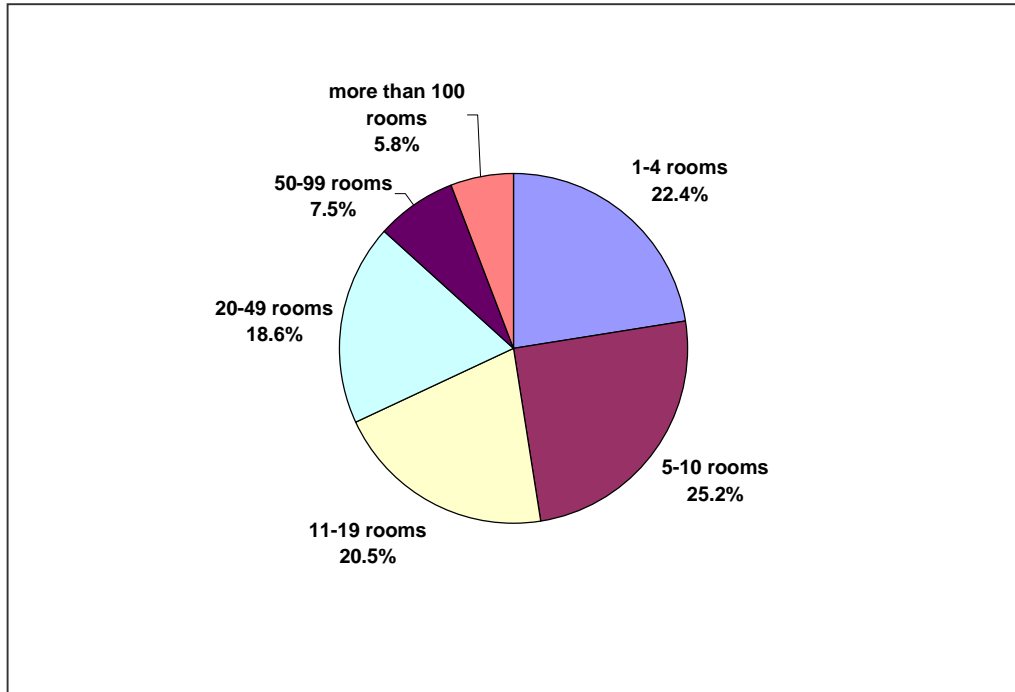
Business: Size, Type and Geographical Location

In 1999, Vermont had 1,019 lodging businesses with an estimated 26,098 rooms/units in total (Vermont Tourism Data Center, 2000). Vermont lodging businesses are mostly small in size. Nearly half (48%) have 10 or fewer rooms/units (Figure 4). About 70% have fewer than 20 rooms/units. Figure 4 also shows that 39% of lodging businesses have 11 to 50 rooms/units and another 13% have more than 50 rooms/units.

By type, the largest percentage of lodging businesses in Vermont is the bed and breakfast (38%), followed by country inns (21%), motel/motor hotels (19%), hotels (9%), and resorts (4%) (Figure 5). The percentages for hotels and motels saw some increase compared to the year before, but the percentage for resorts decreased. In total, motels, hotels and resorts add up to 32%, which is comparatively lower than for other states. In New Jersey and Connecticut, for example, the motels, hotels and resorts add up to 82% and 64%, respectively, of total lodging businesses. The definitions of lodging business types are vague and subjective, but data still supports that small lodging businesses such as bed and breakfasts the dominate Vermont lodging industry in terms of the number of businesses.

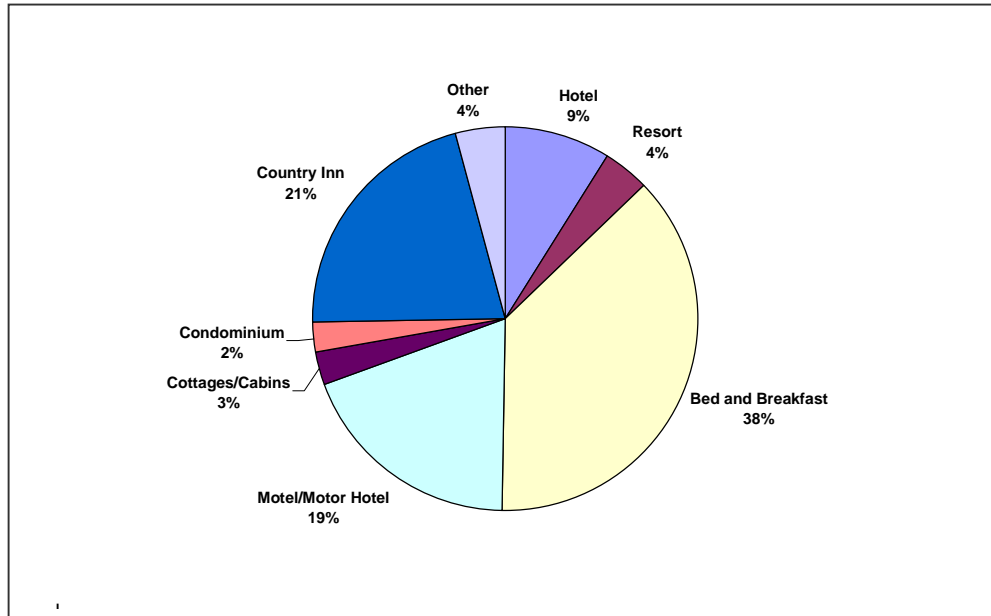
In 1998, the Vermont Department of Tourism and Marketing set up 12 tourism marketing regions in Vermont. Figure 6 breaks down the geographic distribution of lodging businesses by these 12 marketing regions.

Figure 4. Size of Lodging Businesses in Vermont (1999)



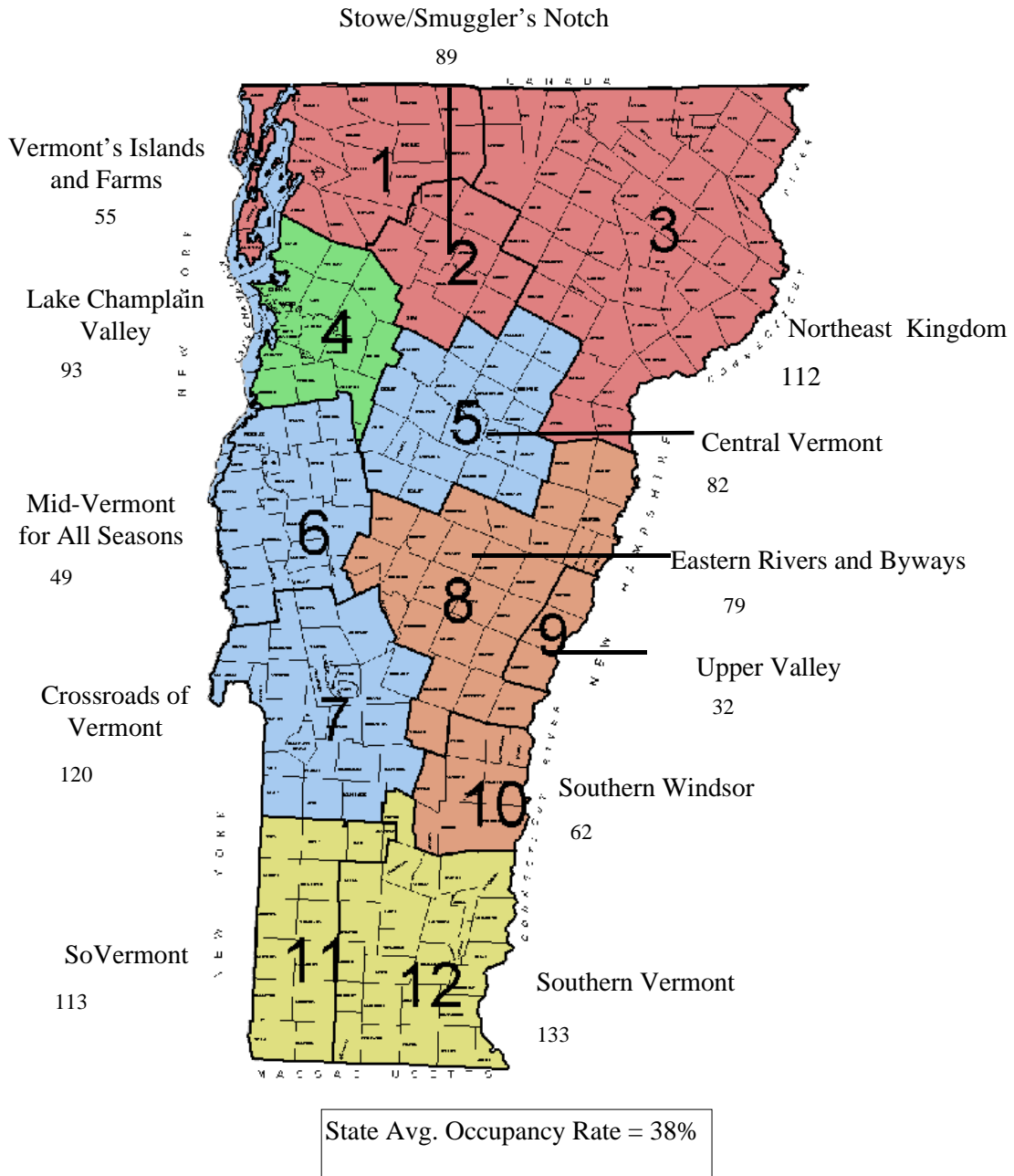
Source: Vermont 1999 Lodging Survey

Figure 5. Lodging Businesses in Vermont by Type (1999)



Source: Vermont 1999 Lodging Survey

Figure 6. Vermont Lodging Establishments by Marketing Region, 1999



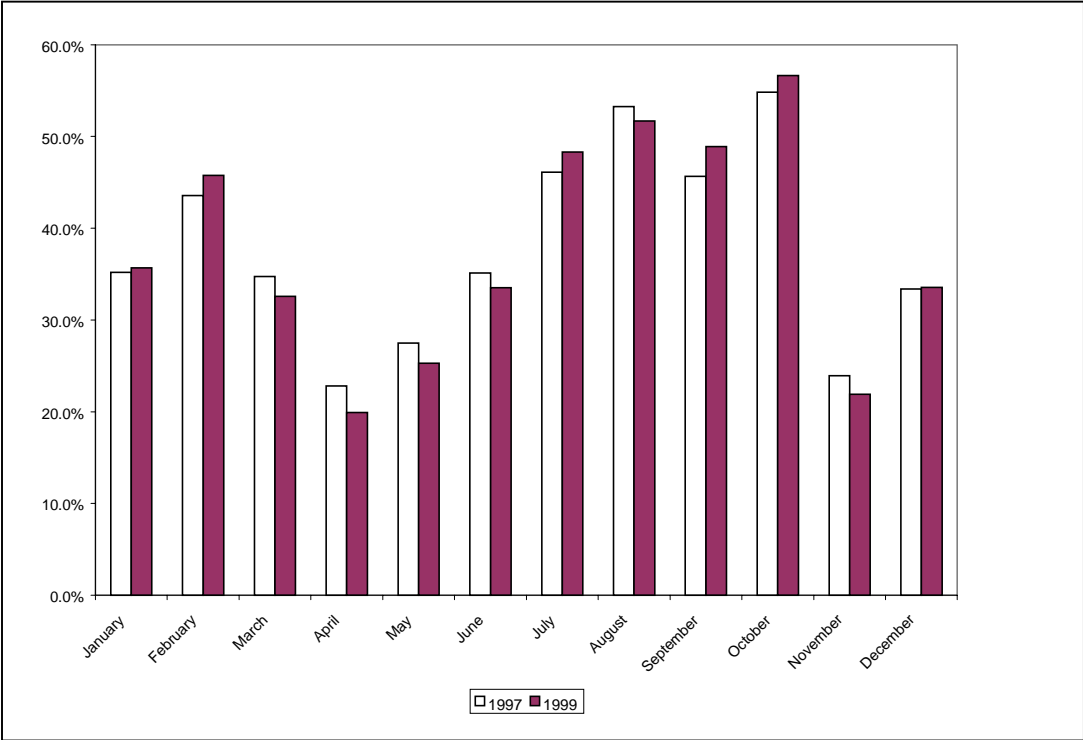
Occupancy Rate

Occupancy rates of all lodging businesses by month are shown in Figure 7. The annual average occupancy rate was 38%. The monthly occupancy pattern is very similar to those of previous years. August and October have the highest occupancy rates (over 50%); April, May and November have occupancy rates below 30%. About three-quarters of the state's lodging

businesses are open year-round; over 90% are open for more than 10 months. When calculating the monthly occupancy rates, an establishment was excluded if it was closed during a given month.

Figure 7 compares the monthly occupancy rates in 1997 and 1999. In general 1999's occupancy rates were very close to 1997's, with slightly higher occupancy rates in the fall and winter seasons and lower rates in the spring and summer.

Figure 7. Occupancy Rate by Month for Lodging Businesses (1997 vs. 1999)



The average annual occupancy rates for small, medium, and large lodging businesses were 30%, 40%, and 58%, respectively. The differences are statistically significant (at a significance level of 0.001). In general, smaller lodging businesses have lower occupancy rates than larger lodging businesses.

Different regions show quite different occupancy rates. Figure 8 shows that the Lake Champlain Valley region had the highest average occupancy rate of 56%, followed by the Upper Valley (44%), SoVermont (43%), and Eastern Vermont Rivers and Byways (42%) regions. The region with the lowest occupancy rate of 25% was the Southern Vermont region.

Room Rent

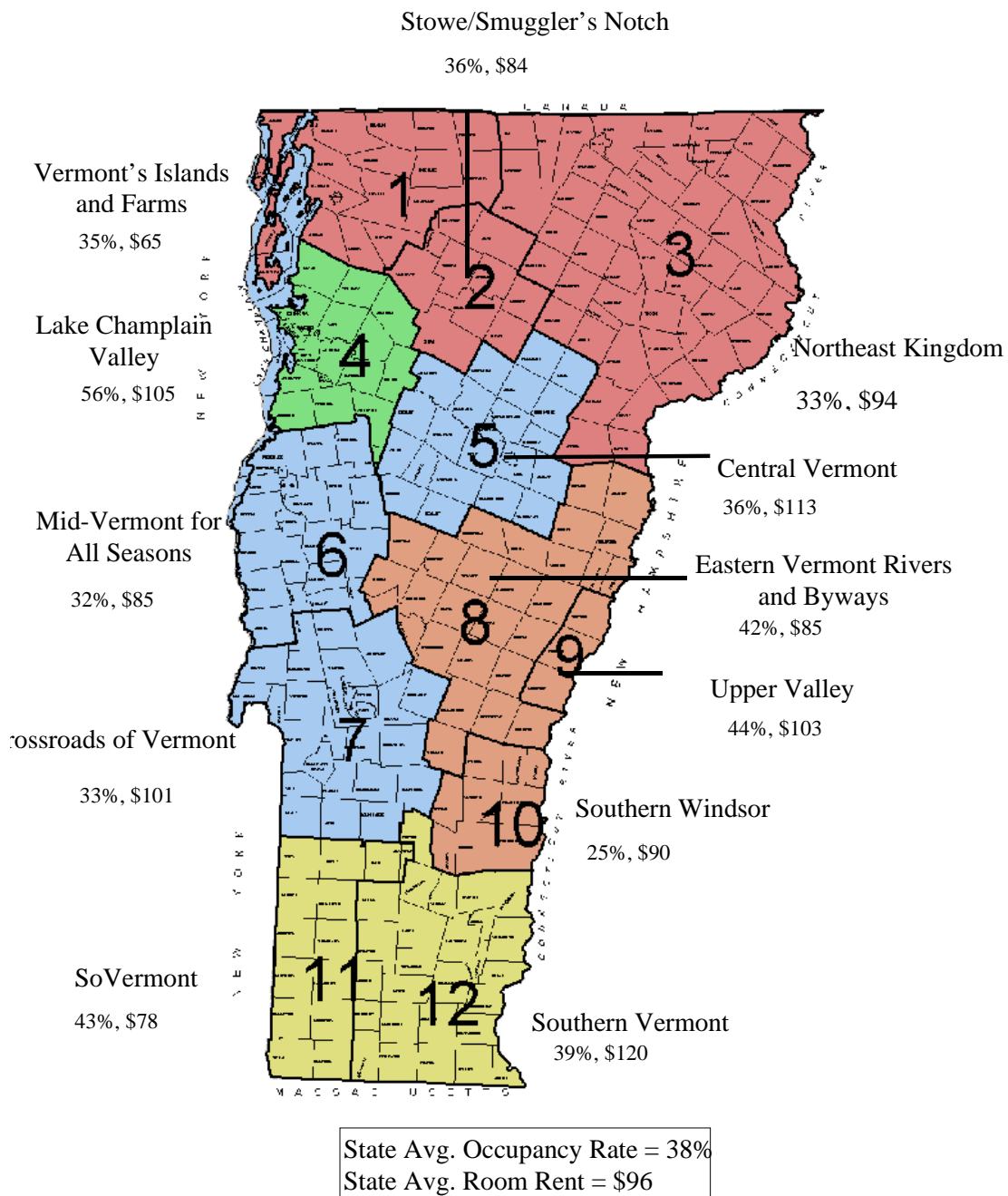
Average daily room rates vary widely within and among different lodging types. Table 10 shows the simple average of single and double room rates by different types of lodging businesses. “Simple average” means that each establishment is weighted equally. On average, room rents are less expensive at bed and breakfasts and motels than at resorts, hotels and country inns. Compared to 1997, room rents were generally up, increases ranging from 5% to 30%. Figure 8 also shows more detailed information on room rates and compares different marketing regions. The Southern Vermont region had the highest average room rent of \$120 (averaged single room rents of high season and low season), followed by the Central (\$113), Lake Champlain Valley (\$105), and Upper Valley (\$103) regions. Room rent is influenced by many factors, including local wage level, property rent, food and other costs, etc., as well as the lodging demand from tourists. But in general, regions with stronger tourism demand indicated by higher occupancy rates, such as Lake Champlain Valley and Upper Valley, still show significantly higher rent ranges than other regions with lower demand.

Table 10. Room Rent by Lodging Business Type (1999)

Lodging Business Type	Avg. Single Room Rent	Avg. Double Room Rent
Hotel / Resort	\$ 140	\$ 166
Country Inn	\$ 113	\$ 130
Bed and Breakfast	\$ 79	\$ 92
Motel/Motor Hotel	\$ 59	\$ 69

Source: Vermont 1999 Lodging Survey

Figure 8. Average Occupancy Rates and Room Rents* by Marketing Region



Financial Performance

This section will cover the lodging sector's financial performance, including revenue generation, costs of operation, and other related aspects such as where lodging businesses buy their inputs. These are important inputs to the Input-Output Model that the study uses to calculate the economic impact of the lodging industry.

The average revenue ranged from \$61,203 for a small

lodging business (1-10 rooms) to \$3.4 million for a large lodging business (more than 50 rooms).

A medium-size lodging business (11-49 rooms) on average receives revenue of about \$425,000.

The state's total lodging sales were estimated to be \$645 million in 1999, according to our survey. The total industrial output, including sales and the Rooms and Meals Tax, was \$703 million.

On average, about 84% of lodging income was from pleasure travelers. That this number is consistent with the percent of pleasure travelers (84%) indicates that an individual pleasure traveler, on average, spends as much as a business traveler. Figure 9 shows the percentage of income that came from pleasure travelers for different size lodging businesses.

Apparently, small lodging businesses received a higher percentage of their income from pleasure travelers; in other words, small businesses are more dependent on tourism.

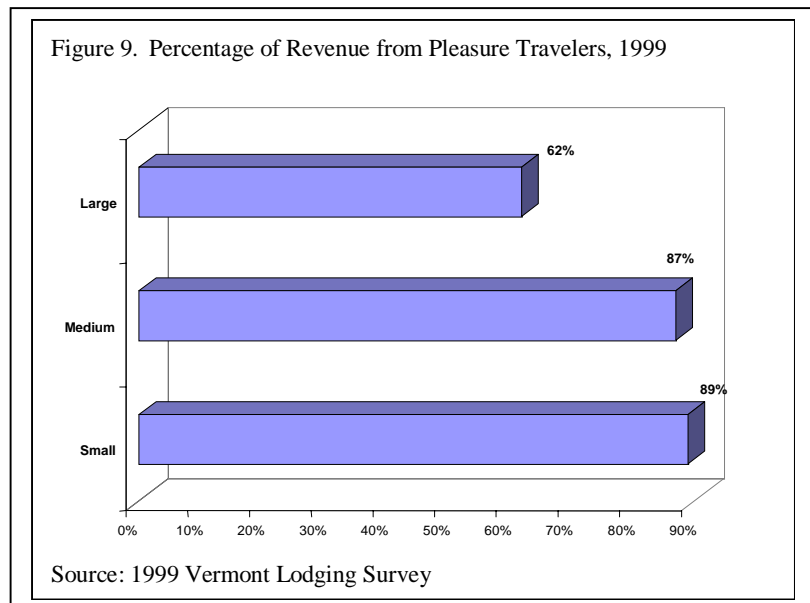


Figure 10 shows the average revenue breakdown by income source for a lodging business. The majority of the revenue was from room rentals (84%) and the food and drink sales (12%). The other 4% was from gift shop/ retail sales and other sources.

Table 11 presents the average cost breakdown for lodging businesses. Profit/proprietary income is also listed as an item in the table to illustrate where the revenue goes to for a lodging business. As expected, the cost structure remains similar to last year's survey results. Salaries and wages are the largest cost item, accounting for about 28% of the total cost on average. Following salaries and wages are profit (15%), food and drinks (10%), land/building rent (7%), and utilities (6%), etc.

Table 12 shows the percentage of local purchases by lodging businesses. For example, on average lodging businesses purchase 66% of their nondurable goods such as cleaning materials and paper products from

Vermont-located businesses. This reveals that Vermont lodging businesses purchase a fairly high percentage from the Vermont market. More specifically, this survey found that 83%, 50%, and 37% of dairy products, fruits and vegetables, and poultry that lodging businesses bought, respectively, are Vermont-made products.

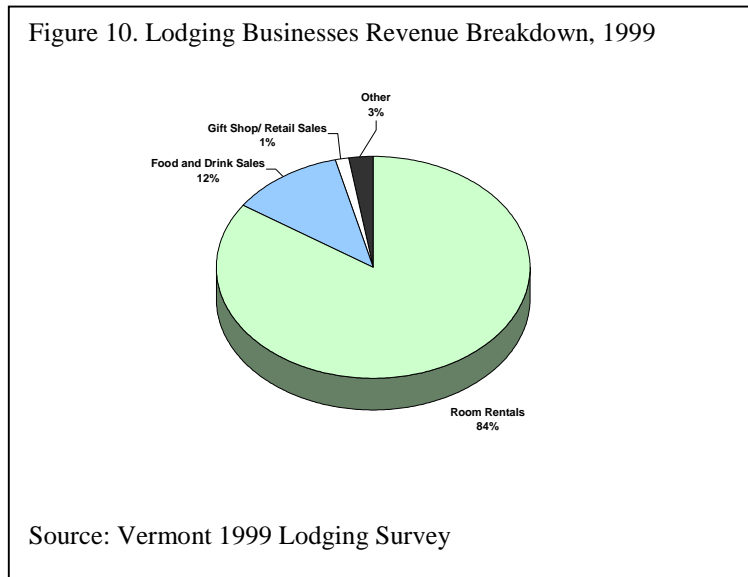


Table 11 Cost Breakdowns for Lodging Businesses by Size (1999)

Salaries/Wages	28%
Food and Drinks	10%
Land/Building Rent	7%
Utilities	6%
Nondurable Goods	5%
Maintenance and Facility Repair	4%
Average Annual Investment on Durable Goods	4%
Marketing and Public Relations	4%
Depreciation	4%
Bank and Loan Fees	3%
Property Taxes	2%
Insurance, Accounting and Legal Fees	2%
Profit/Proprietary Income	15%
Other*	6%
Total	100%

* "Other" includes communication, equipment rental, business taxes and miscellaneous expense.
Source: Vermont 1999 Lodging Survey

Table 12. Lodging Businesses' Local Purchases by Category (1999)

Nondurable Goods	66%
Food and Drinks	76%
Average Annual Investment on Durable Goods	66%
Utilities	96%
Communication	64%
Insurance, Accounting and Legal Services	86%
Bank and Loan Services	82%
Marketing and Public Relations	73%
Maintenance and Facility Repair	94%
Misc. Expenses	56%
Other Services	79%

Source: Vermont 1999 Lodging Survey

Employment and Wages

The School of Natural Resources at the University of Vermont conducted an analysis of the lodging employment and wage study. Results are presented in a separate report, "*Employment and Wages in Vermont's Lodging Industry.*" Below is a brief summary of the findings. In 1999, Vermont's lodging industry employed approximately 18,587 people. Thirteen

percent were employed year round as managers, while 34.2% were employed in "support" staff positions. One-fourth of the remaining jobs were part-time (24.7%), and another quarter of the jobs were seasonal positions (27.7%). The average annual wage for "full-time, year-round, managerial" staff was \$26,716, or roughly \$12.85 per hour for a 40-hour week, 52 weeks a year. The average annual wage for "full-time, year-round, support" staff was \$21,035, or approximately \$10.00 per hour. Part-time managers received an average of \$8.18 per hour, while part-time support staff received an average of \$7.95 per hour. At least 20% and as many as 35% to 40% of Vermont lodging business owners draw no salaries from the business operation.

On average, a housekeeping supervisor in Vermont receives an hourly wage of \$9.95, higher than the national average (\$9.42), New Hampshire (\$9.31), and Maine (\$9.90). A maid or housekeeping cleaner on average receives \$7.02 per hour in Vermont, compared to \$6.84 nationwide, \$7.36 in New Hampshire, and \$7.26 in Maine.

Guest Information

In 1999, 84% of Vermont lodging guests were pleasure travelers, 2% higher than the 1997 number. This number is much higher than the national average (about 50% in 1993 and 67% in 1998) and more significant than in other northeastern states (69.9% in New Jersey and 61.6% in Connecticut). Only a small portion (3%) of pleasure travelers visited Vermont with a motorcoach/group tour. Business travelers consist of about 12%, compared to a 47% national average. About half of the business travelers traveled to Vermont for conventions or conferences. Another 4% of guests came for other reasons, such as for medical and education-related business.

Not surprisingly, the vast majority of pleasure travelers to Vermont in 1999 remained out-of-state visitors. On average, 77% came from other U.S. states and 9% from Vermont, compared to 75% and 12% respectively in 1997. Seven percent were Canadian tourists, and another 7% came from countries other than Canada. The percentages of Canadian tourists and international tourists remained very close to 1997 numbers.

On average, 70% of rooms were rented to two people, up 3% from 1997 level. Eleven percent were rented to one person, and another 15% to three to five people (Table 13). Compared to 1997, the single occupancy rate (percentage of rooms/units rented to one guest) decreased by 4%, while the double occupancy rate increased.

Table 13. Percentage of Rooms/Units Rented to Different Numbers of Guests

Number of Guests	1997	1999
One	15%	11%
Two	67%	70%
Three to Four	14%	15%
Five to Eight	3%	3%
More than Eight	1%	1%

Source: 1998 and 1999 Vermont Lodging Surveys

On average, 30% of the guests stayed for one night, 51% stayed for two nights, and 12% stayed for three to four nights (Table 14). Compared to 1997, the percentage of rooms/units rented for one night's stay and more than 5 nights' stay decreased, while the percentage of rooms/units rented for two nights significantly increased. From visitor survey data, the study found that the average length of stay for tourists decreased from 3.52 nights per trip in 1997 to 2.87 nights per trip in 1999.

Table 14. Percentage of Rooms/Units Rented for Different Numbers of Nights

Number of Nights	1997	1999
One	33%	30%
Two	42%	51%
Three to Four	12%	12%
Five to Seven	6%	5%
More than Seven	7%	2%

Source: Vermont 1997 Lodging Survey

Finally, the survey asked if lodging business owners use computers for small business management, whether they have access to the Internet, and whether they use a web page to promote their business. Table 15 shows that about 88% of the lodging establishments in the state use a computer to run their businesses, increased from 74% in 1997. In 1999, more businesses have access to the Internet (86%) and have their own World Wide Web page (76%) than in 1997 (Table 15). The survey also asked lodging businesses to provide an estimate of the percentage of business that is generated by the Internet. Eighty percent of the returned surveys answered this question; surprisingly, an overall average of 24% of business was generated by the Internet and 12% of businesses reported over half of their businesses was generated by the Internet.

Table 15. Computer Technology in Lodging Businesses

Item	1997	1999
Business owns a computer	74%	88%
Has access to the Internet	72%	86%
Has World Wide Web page	59%	76%

Source: 1997 and 1999 Vermont Lodging Surveys

Table 16 presents the average length of business experience in the lodging industry. On average, lodging establishments in Vermont have been in operation for 32 years. On average, current lodging business owners have owned their businesses more than a decade (12 years), and they have an average of 16 years' experience in the hospitality industry.

Table 16. Years Experience in Lodging Businesses

How many years has your business been in operation?	32
How many years have you owned your business?	12
How many years have you been in the hospitality industry?	16

Source: 1997 and 1999 Vermont Lodging Surveys

4.2 The Economic Impacts of the Vermont Lodging Industry

Based on the revenue and cost information and the percentage of local purchases gathered from the survey, the study evaluates the impact of the lodging industry on the Vermont economy in terms of output, employment, personal income and indirect business taxes.⁵ The economic impacts of the lodging industry are summarized in Table 17.

In 1999, the total output impact of the lodging industry on the state economy was \$1.4 billion, including \$703 million direct impact and \$704 million indirect and induced impact. This gives the lodging industry an output multiplier of 2.0, meaning that for every dollar lodging guests spend in lodging businesses, an additional \$1 of (spending) output will be generated. This number is consistent with the 1997 lodging multipliers. Our previous study in 1997 revealed that lodging businesses had output multipliers ranging from 1.90 for large businesses to 2.48 for small businesses; the state average lodging output multiplier was 2.0 in 1997 as well. Compared to other sectors in the state, an output multiplier of 2.0 is relatively high. This is mainly because lodging businesses reported relatively high local purchase tendencies (see Table 12), which allow lodging sales money to circulate better in the Vermont economy.

Table 17. Economic Impact of Vermont Lodging Businesses (1999)

	Output (000\$)	Employment (Jobs)	Personal Income (000\$)	Indirect Business Taxes (000\$)
Direct Output Impact	702,991	18,587	275,121	70,290
Indirect and Induced Impact	704,263	10,031	228,494	41,975
Total Impact	1,407,253	28,618	503,615	112,265
Multiplier	2.0	41	0.72	0.16

⁵ Lodging production function coefficients and the local purchase coefficients in the IMPLAN model have been changed using the survey data.

In 1999, the lodging industry in total created 28,681 jobs, including 18,587 jobs directly, in the lodging industry itself, and 10,031 jobs indirectly or inducedly in other industries. The employment multiplier was 41 in 1999, meaning that for every million dollars lodging businesses sell/receive (or guests spend in lodging businesses), a total of 41 jobs will be created statewide.

The lodging industry also contributed to about half a billion dollars of state personal income and \$112 million indirect business taxes in 1999. A personal income multiplier of 0.72 means that for every dollar lodging businesses sell/receive, a total of 72 cents will be added to Vermont's personal income. Similarly, every dollar that lodging businesses sell/receive contributes 16 cents to the state total indirect business taxes. Sixteen cents is high compared to other industries - the state average is about 7 cents. As a service sector, the lodging industry, on a dollar sale basis, contributes relatively more to the state taxes; in other words, the lodging industry bears a relatively heavier tax burden than other industries in the state. The study found all the multipliers in 1999 to be highly consistent with 1997 findings.

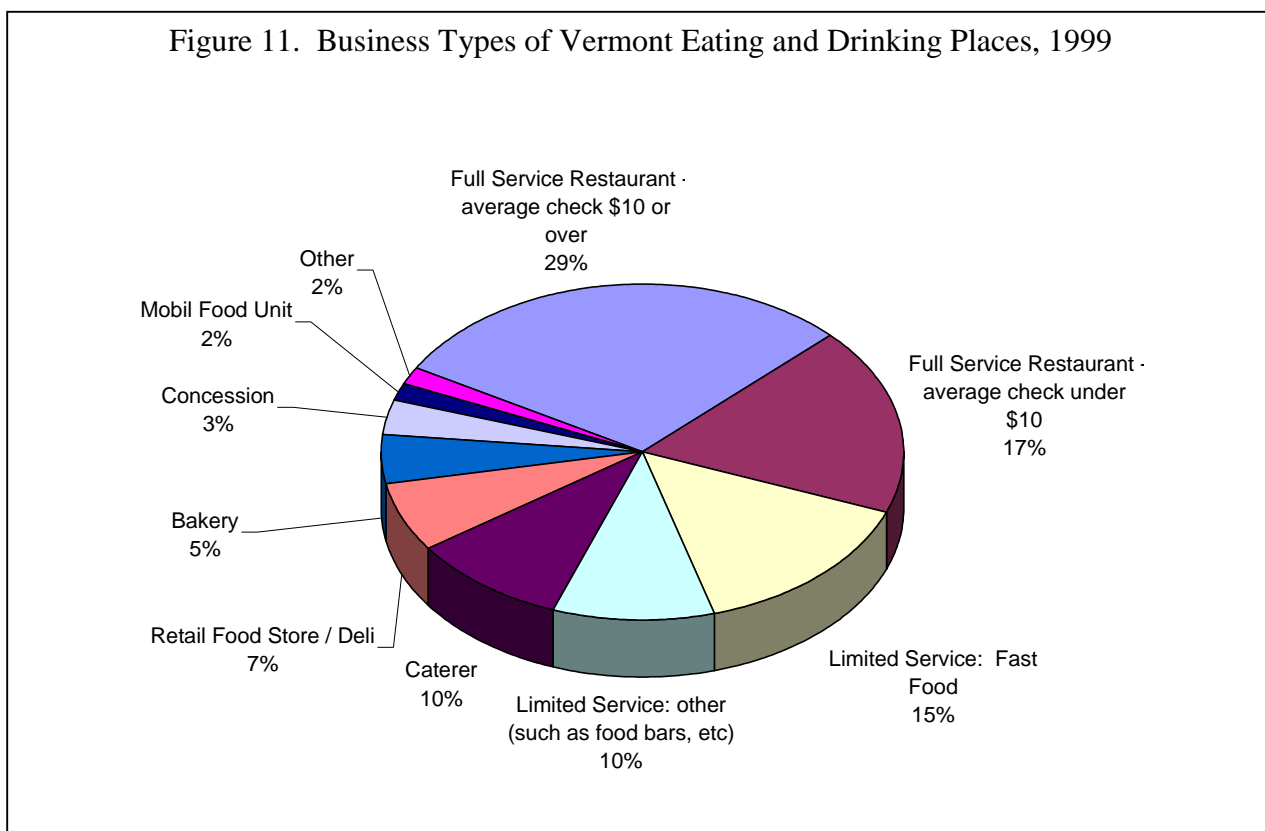
VERMONT EATING AND DRINKING PLACES

5.1 Characteristics of Vermont Eating and Drinking Places

A total of 129 eating and drinking places throughout the state responded to our questionnaire, and the following information is based on those surveys. To avoid double counting, eating and drinking places in lodging establishments have been excluded from our analysis below. It needs to be noted that the characteristic statistics presented below may not be representative of the population of all Vermont eating and drinking places because of the low response rate (please refer to Section 2.4, “Data Sources” in this report).

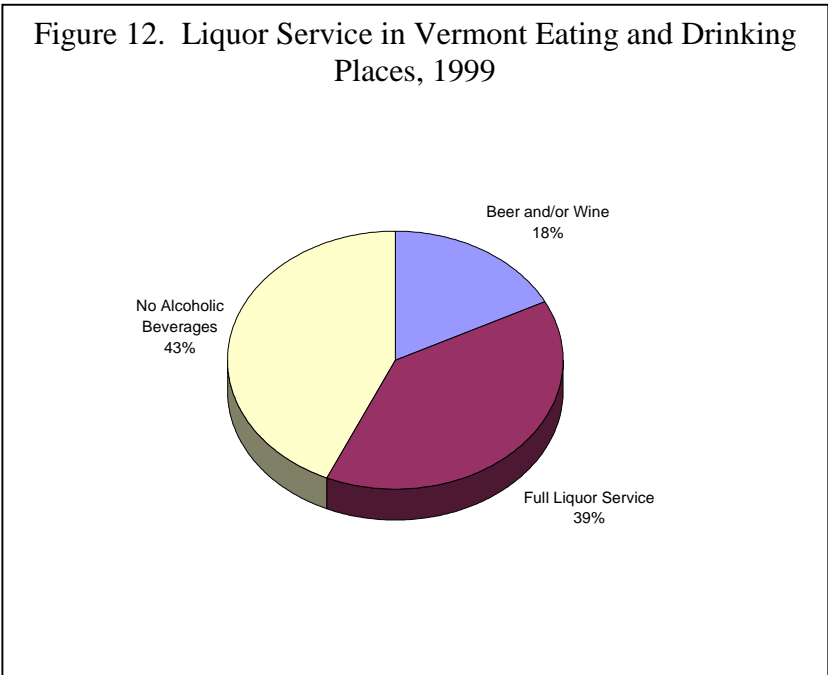
Business Types and Their Services

Full-service restaurants accounted for over half (51%) of state eating and drinking places, and limited-service places such as fast-food restaurants, food bars, bars, pubs, lounges and take-outs accounted for another 25%. The rest are caterers (10%), food stores (7%), bakeries (5%),

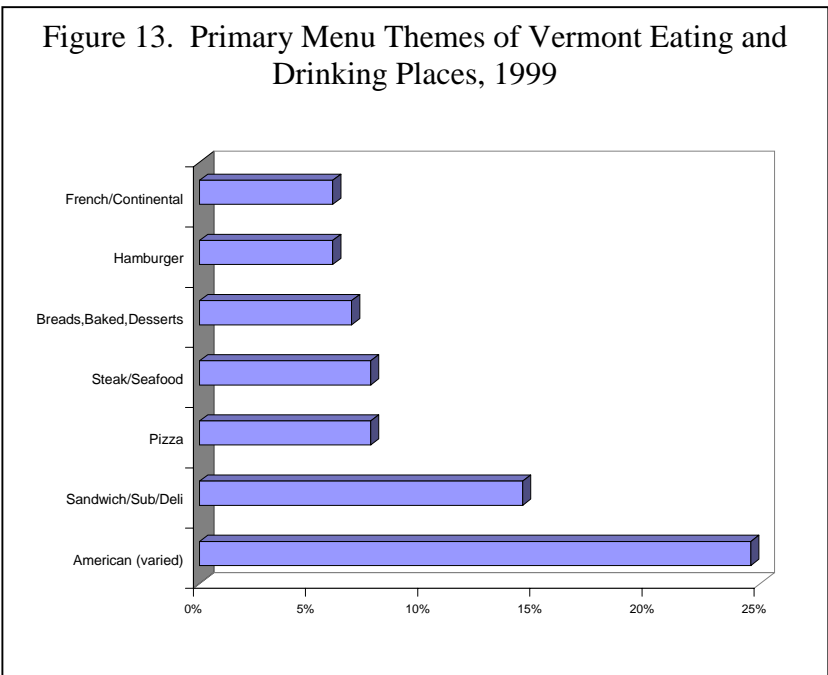


concessions (3%), mobile food units (2%) and others (2%) (Figure 11).

About 43% of Vermont eating and drinking places offer only non-alcoholic beverages, while 39% provide full liquor service and 18% provide only beer or wine (Figure 12).



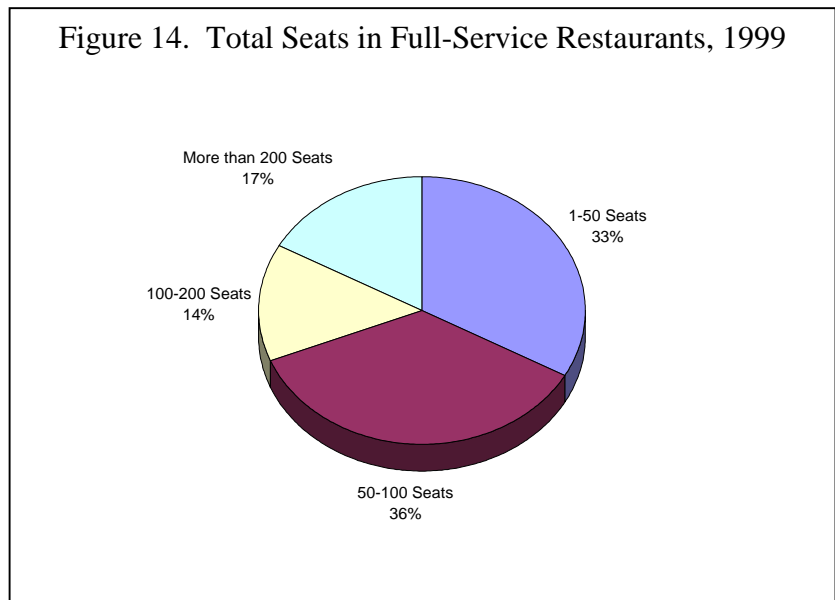
The most popular primary menu themes are varied American food (25%), sandwich/sub/deli (14%), pizza (8%), steak and seafood (8%), breads, baked goods and desserts (7%), hamburger (7%), and French/continental (6%) (Figure 13). In addition, Italian food and Chinese food account for 3% each.



Business Size

The total seats in this dining room, bar, lounge and banquet room were used to measure the size of the eating and drinking places. About 20% of eating and drinking places, such as retail food stores, some fast-food places, bakeries, and mobile food units, etc. have no seating at all. Another 20% of places have less than 30 seats in total; 45% of places have 30 to 150, seats and the remaining 15% have more than 150 seats.

Figure 14 breaks down the full-service restaurants by size. The average size of a full-service restaurant in 1999 was 135 seats. One-third (33%) of full service restaurants have fewer than 50 seats, and 36%

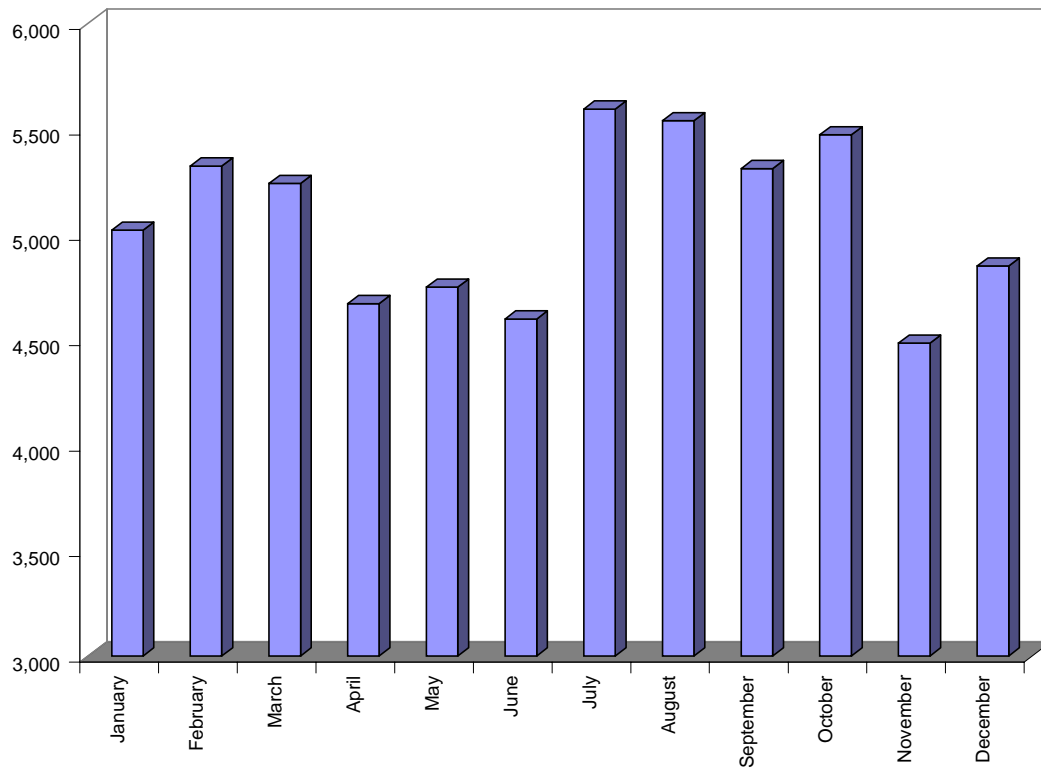


have 50 to 100 seats. Restaurants with 100 to 200 seats account for another 14%, and 17% of the restaurants have more than 200 seats.

Guest Information

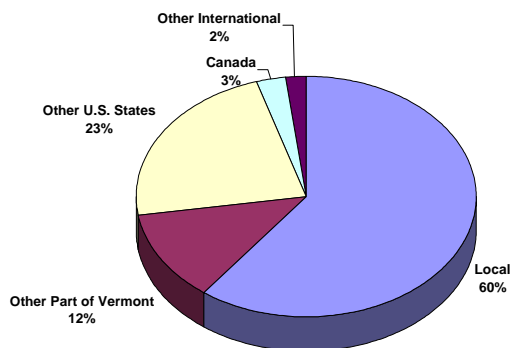
The number of customers served by eating and drinking places varies considerably from one business to another, depending on their business type, size, location, open hours, and season. On average, in 1999 each eating and drinking place served 60.8 thousand customers throughout the year. Figure 15 shows that the guest volume shows a significant seasonality. From January to March and from July to October are two high seasons in the year, with an average monthly guest volume of around 5,300 people. In the low season of spring (April to June) and early winter (November and December), the monthly guest volume averaged 4,600 people (Figure 15).

Figure 15. Monthly Guest Volume of Vermont Eating and Drinking Places, 1999



As to guest origin, about 60% of guests came from local the area, 12% from other parts of Vermont, 23% from other U.S. states, and 5% from other countries (see Figure 16). As to guest type, about one-third of guests were pleasure travelers, 10% were business travelers, and the majority of nearly 60% were non-travelers.

Figure 16. Guest Origin for Vermont Eating and Drinking Places, 1999



However, travelers, especially pleasure travelers, spent significantly more money on a per party basis. Table 18 presents the average food bill for each type of guest. The average food bill for pleasure travelers was the highest at \$19.91, followed by business travelers (\$15.38) and non-travelers (\$14.62). The overall average food bill was \$19.55. The average food bill for pleasure travelers was significantly higher than checks for other types of guests.

Table 18. Average Food Bill by Guest Types, 1999

Average for Business Travelers	\$15.38
Average for Pleasure Travelers	\$19.91
Average for Non-travelers	\$14.62*
Average for All Guests	\$19.55*

* Different from the average guest check for pleasure travelers at 0.05 significance level.
Source: 2000 Vermont Eating and Drinking Places Survey

Employment and Wages

According to the survey respondents, eating and drinking places hired 19 people, on average (Table 19). Approximately 42% of employees (8 out of 19) in Vermont eating and drinking places are full-time employees, while 58% (11 out of 19) are part-time employees.

About 73% (14 out of 19) are employed year-round, while the other 27 percent (5 out of 19) are employed on a seasonal basis. Approximately one-third (6 out of 19) of the positions are managers with managerial or supervisory duties (most likely including the owners for the owner-operated businesses), while the other two-thirds (13 out of 19) are in "support" positions, including cooks, wait staff, and dishwashers, etc.

Table 19. Number of Staff in an Average Vermont Eating and Drinking Place, 1999

Average Number of Employees per Business	19
Full-time : Part-time	8:11
Year-round: Seasonal	14:5
Managerial :Support	6:13

Source: 2000 Vermont Eating and Drinking Places Survey

The compensations for these positions are examined and summarized in Table 20. A full-time year-round manager in an eating and drinking business receives on average \$31,489 a year and a year-round full-time support staff receives \$21,632 a year. For a part-time position, the average hourly wage rate is \$7.78.

Table 21 shows the average hourly wage for several of the most common occupations in eating and drinking places. Vermont eating and drinking places generally pay better than the national average wages except for waiters and waitresses. Cooks, for example, receive \$9.05 per hour on average, \$1.24 higher than the national average. Waiters and waitresses in Vermont receive \$5.85 per hour on average, two cents less than the national average. Compared to New Hampshire and Maine, Vermont's wages are competitive as well.

Table 20. Average Wages in Vermont Eating and Drinking Places, 1999

Year-round Full-time Managerial Position 1/	\$31,489 / year
Year-round Full-time Support Position 1/	\$ 21,632 / year
Part-time Positions 2/	\$7.78 / hour

Note: 1/ Responses with annual wages less than \$730 (\$2 a day) are excluded. 2/ Only responses with wages between \$0/hour and -\$100/hour are included.

Source: 2000 Vermont Eating and Drinking Places Survey

Table 21. Average Hourly Wage for Occupations in Eating and Drinking Places (1998)

	Vermont Average	National Average	New Hampshire Average	Maine Average
Hosts/Hostess (restaurants, cafés, etc.)	\$7.14	\$6.44	\$6.99	\$6.90
Bartender	\$6.31	\$6.25	\$6.38	\$6.12
Waiter/ Waitress	\$5.85	\$5.87	\$5.85	\$5.80
Cook	\$9.05	\$7.81	\$9.00	\$8.11
Food Preparation Worker	\$6.68	\$6.59	\$6.97	\$6.85

Source: Bureau of Labor Statistics

Use of Vermont-Made Products

Vermont eating and drinking places have a long tradition and a reputation of supporting quality Vermont-made quality. Generally speaking, the higher the percentage of local products, used by Vermont business, the better those businesses help keep the money circulating in the state and the greater the economic impact will be on the state. The survey reveals that 84% of dairy products sold in Vermont eating and drinking places were Vermont-made, followed by 35% of condiment products (e.g., salsa, maple syrup), 34% of poultry, 33% of fresh produce and fruit, 25% of beer, 10% of beef and 9% of lamb. Almost half (44%) of eating and drinking places include "Vermont" or "Vermont brand name" in their menu descriptions.

According to the survey, the factors that influence business decisions about buying Vermont made products are: according to their importance (on a scale of 1 to 5, 1 representing not at all important and 5 representing very important), are: quality (4.4), availability (4.2), supporting the Vermont economy (4.0), customer demand (3.7), price (3.5), and advertising (2.7). Quality and availability are the two most important factors influencing Vermont businesses to use local products. Eighty-seven percent of respondents reported the quality of Vermont-made products to be very important and 81% reported availability to be very important.

Financial Performance

In 1999, the total sales of our survey respondents averaged about \$543,000. If this number is multiplied by the total number of establishments (1,700), a rough estimate of the total sales of

Vermont eating and drinking places is found to be about \$923, which is very close to our IMPLAN database (\$949 million). On average, 78% of the total income in 1999 came from food, 4% from non-alcoholic beverages, 14% from alcoholic beverages, and the other 4% from other products such as cigars, CDs and mugs. On average, 37% of this income was from pleasure travelers.

5.2 The Economic Impact of Vermont Eating and Drinking Places

Due to an inadequate response rate, the study mainly used data derived from the IMPLAN database to provide an overview of the economic impact of eating and drinking businesses in Vermont. The impact of eating and drinking places on the Vermont economy in terms of output, employment, personal income and indirect business taxes is summarized in Table 22.

In 1999, the total output impact of eating and drinking places on the state economy was \$1.6 billion, including \$949 million of direct impact and \$608 million if indirect and induced impact. This gives eating and drinking businesses an output multiplier of 1.64, meaning that for every dollar eating and drinking place guests spend in eating and drinking businesses, an additional 64 cents of (spending) output will be generated. This multiplier number is about at the average level of Vermont sectors' multipliers.

Table 22. Economic Impact of Vermont Eating and Drinking Places, 1999

	Output (000\$)	Employment (Jobs)	Personal Income (000\$)	Indirect Business Taxes (000\$)
Direct Output Impact	949,116	29,373	406,774	93,343
Indirect and Induced Impact	607,551	8,941	205,497	35,046
Total Impact	1,556,667	38,314	612,271	128,389
Multiplier	1.64	40	0.65	0.14

In 1999, eating and drinking places in total created 38,314 jobs, including 19,373 jobs directly in the eating and drinking places themselves and 8,941 jobs indirectly or inducedly in other industries. The employment multiplier was 40 in 1999, meaning that for every million

dollars eating and drinking businesses sell/receive (or guests spend in eating and drinking businesses), a total of 40 jobs will be created statewide. Compared to other industries in the state, this employment multiplier is high, mainly because eating and drinking places are very labor intensive.

Eating and drinking businesses also contributed about \$612 million to state personal income and \$128,000 to indirect business taxes in 1999. A personal income multiplier of 0.65 means that for every dollar eating and drinking businesses sell/receive, a total of 65 cents will be added to Vermont's personal income. Similarly, every dollar that eating and drinking businesses sell/receive contributes 14 cents to the state total indirect business taxes. Fourteen cents is high compared to other industries - the state average is about 7 cents. As a service sector, eating and drinking places, on a dollar sale basis, contribute relatively more to state taxes; in other words, eating and drinking places bear a relatively heavier tax burden than other industries in the state.

VERMONT SKI AREAS

6.1 Characteristics of Vermont Ski Areas

Skiing is one of the most important recreation activities in Vermont. In 1999, Vermont had 18 alpine ski areas,⁶ 984 ski trails with 5,175 acres of skiable terrain, and 9 mountains of over 2,000 vertical feet. Vermont also has excellent snowmaking: 70% trail coverage on average.

For the 12 ski areas that responded to our survey, the total skier days reported were 3.47 million. Within these 12 ski areas, the number of skier days varied widely, from 13,000 to 918,286.

For most ski areas, a typical winter season begins in November and runs to the following April. The summer/fall season ranges from May to October. Two out of 12 survey respondents reported that they do not open in the summer/fall season.

Services Provided by Ski Areas

Table 23 shows the services provided by ski areas: all of the ski areas have recreation facilities; 83% have restaurants; 67% have condominium rental and retail stores; 50% have hotels; 42% have real estate sales; 33% reported they have other services such as golf courses and property services.

⁶ The 18 ski areas include: Northern Vermont: Burke; Jay Peak; North Central Vermont: Bolton Valley, Mad River Glen, Smuggler's Notch, Stowe, Sugarbush, South Central Vermont: Ascutney, Bear Creek, Killington/Pico, Middlebury College, Okemo, Suicide Six, Southern Vermont: Bromley, Magic, Mount Snow/Haystack, Ski Maple Valley, Stratton

Table 23. Services Provided by Ski Areas, 1999

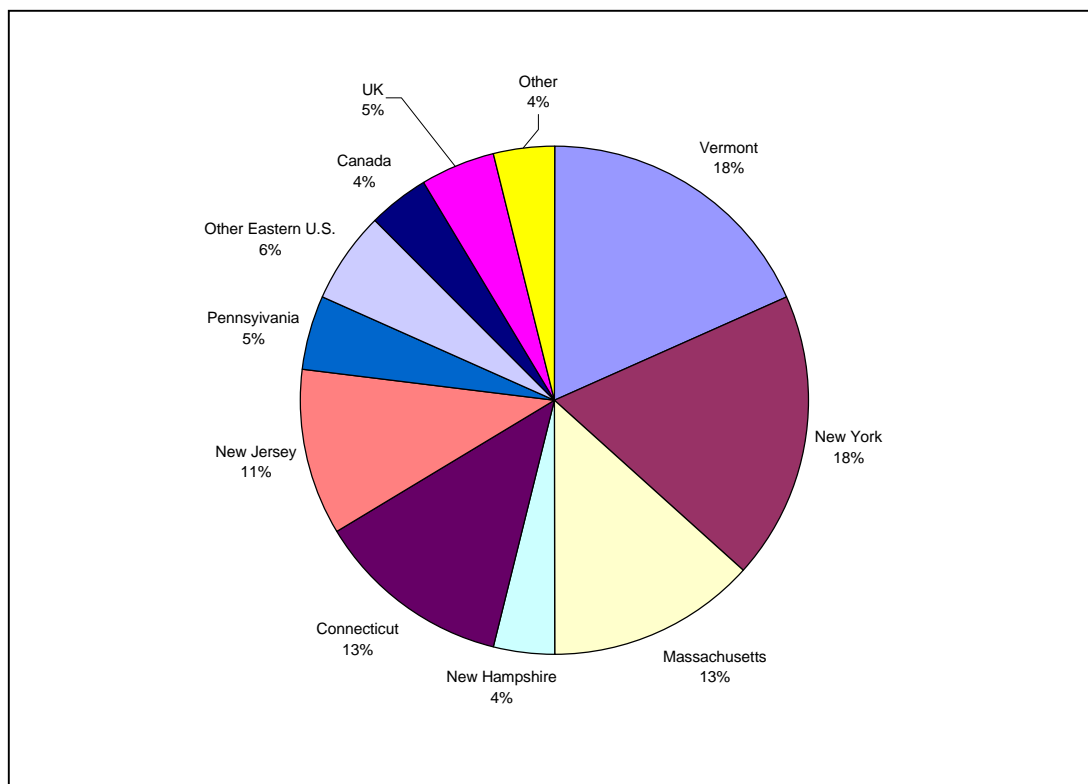
Services	# of Ski Areas	% of Total Ski Areas
Ski/Recreation	12	100%
Restaurants	10	83%
Condominium Rentals	8	67%
Retail Sales	8	67%
Hotels	6	50%
Real Estate Sales	5	42%
Other (Golf, Fitness Center, Country Club, Property Service, etc.)	4	33%

Source: 1999 Vermont Ski Area Survey

Skier Origin

In 1999, Vermonters were the largest patrons of Vermont ski areas (18%), followed by residents of New York (18%), Massachusetts (13%), Connecticut (13%), and New Jersey (11%). Compared to 1997, Vermont and Massachusetts visitors' percentages decreased, while New York and New Jersey visitors' percentages increased. Canada and the UK account for the most important international markets for ski areas. In 1999, skiers from UK alone accounted for 5% of the skiers, and Canada accounted for 4%. Figure 17, which is weighted by skier days for every ski area, shows skier origins. It should be noted that ski areas record this information by counting the car plates. The Vermont number might be inflated because of the possibility of non-Vermonters renting cars from Vermont.

Figure 17. Skier Origin (weighted by skier days)



Source: 1999 Vermont Ski Area Survey

Employment and Wages

On average, each Vermont ski area employs 736 people, with 115 full-time employees and 621 part-time/seasonal employees. Figures 18 and 19 show the employment growth in ski areas over the past three years. Both full-time and part-time employment had quite strong increases in 1999.

In 1997, a full-time year-round employee's average salary was \$29,171 per year, about \$2,000 higher than the state average wage level. The average hourly wage for part-time and seasonal employees is \$7.68 per hour. This year, the study further revealed that for a full-time exempt /supervisory employee, the annual income averaged \$40,741.

Figure 18. Full-time Employment in Vermont Ski Areas, 1996-1999

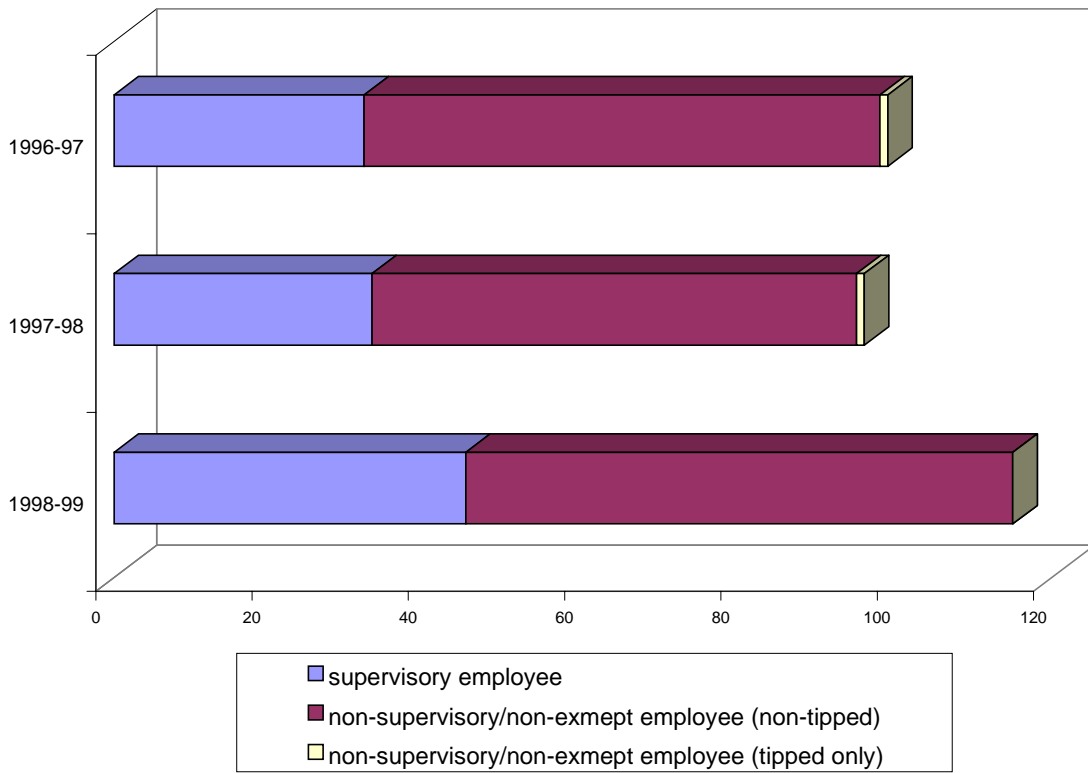
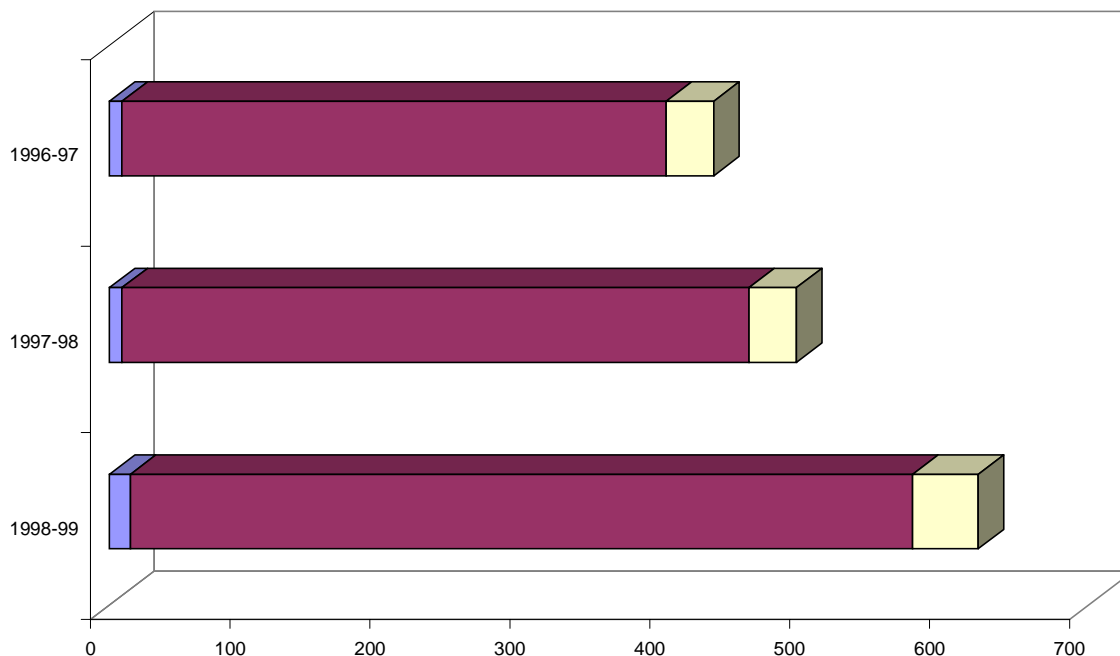


Figure 19. Part-Time Employment in Vermont Ski Areas, 1996-1999



Income and Cost

The survey requested the ski area businesses' income by two seasons: winter and summer/fall. All respondents reported that their winter season begins in November and ends the following April. The results the study found this year are very close to last year's. On average, a resort makes \$18 million in the winter season and \$4.5 million in the summer/fall season. Table 24 breaks down the income received by sources.

Table 24. Ski Area Revenue by Source, 1999

Category	Winter	Summer/Fall
Ski/Recreation	56%	36%
Lodging	10%	17%
Restaurant/Snack Bar	12%	18%
Real Estate Sales	10%	9%
Retail Sales	7%	7%
Property Management/ Maintenance	3%	7%
Other	2%	6%
Total	100%	100%

Source: 1999 Vermont Ski Area Survey

Table 25 shows the average costs reported by ski areas by category. The biggest component for ski area expenditure is employee compensation (25.1%), followed by cost of goods sold (17.0%), capital expenditure and improvement (i.e., investment in durable goods and real estate) (13.9%), taxes (7.0%) and depreciation (6.4%). Compared to last year, the relative shares of labor cost, interest payments, federal income taxes and equipment rental/lease costs showed slight increases, while most other cost items' shares decreased.

Table 25 Cost Structure for Ski Areas, 1999

	Percentage of Total Cost (change from last year)
Employee Compensation	25.1% (+0.7%)
Payroll	20.7%
Benefits (expended benefits)	2.0%
Benefits (nonexpended benefits)	2.4%
Tax	7.0% (+1.1%)
Local Property Taxes	0.9%
Other Municipal Charges	0.1%
State Tax – Property	0.8%
State Tax --Rooms and Meals	1.9%
State Tax – Sales	1.9%
State Tax – Income	0.3%
State Tax – Other	0.0%
Federal Tax—Income	1.1%
FICA and Unemployment Insurance	1.7% (-0.5%)
Land Lease Payment	0.7% (-0.2%)
State Forest Land	0.4%
Federal Forest Land	0.3%
Professional Services (e.g., lawyers, accountants)	0.1% (-0.8%)
Utilities	4.6% (-0.6%)
Telephone	0.6%
Electric	3.3%
Fuel	0.7%
Insurance	1.4% (-0.2%)
Liability	0.6%
Workers' Compensation	0.5%
Property	0.2%
Advertising and Marketing	3.7% (-1.3%)
Supplies (nondurable goods like tickets, paper products, cleaning materials)	4.0% (-0.9%)
Maintenance Repairs	1.6% (-0.2%)
Costs of Goods Sold	17.0% (-0.2%)
Other Goods	10.8%
Food and Drinks	3.1%
Real Estate	3.1%
Interest Expense	4.1% (+0.6%)
Equipment Lease/ Rental (e.g., grooming equip, trucks, etc.)	1.8% (+0.3%)
Capital Expenditure and Capital Improvement	13.9% (-0.2%)
Depreciation	6.4% (-0.2%)
Other Expenses	6.7% (+2.5%)
<u>Grand Total</u>	<u>100%</u>

Source: 1999 Vermont Ski Area Survey

6.2 The Economic Impact of Vermont Ski Areas

Ski areas contribute to the local and state economies by bringing in visitors and second-home owners. The economic impact of ski areas is estimated in this section in terms of output, employment, personal income and indirect business taxes.

One of the biggest difficulties in estimating the economic importance of ski areas lies in the diversified business forms ski areas engage in. Many ski areas include hotels, restaurants, snack bars, retail stores, and real estate (vacation home) operations. This study estimates the total economic impact of all types of operations (not only skiing) in the ski areas.

In 1999, the total output impact of ski areas on the state economy was \$722 million, including \$428 million of direct impact and \$294 million of indirect and induced impact. This gives ski areas an output multiplier of 1.69, meaning that for every dollar spent in the ski areas, an additional 69 cents of (spending) output will be generated.

Table 26. Economic Impact of Vermont Ski Areas, 1999

	Output (000\$)	Employment (Jobs)	Personal Income (000\$)	Indirect Business Taxes (000\$)
Direct Output Impact	428,368	13,248	135,297	29,129
Indirect and Induced Impact	293,688	4,045	91,121	14,254
Total Impact	722,056	17,293	226,418	43,383
Multiplier	1.69	40	0.53	0.10

In 1999, ski areas in total created 17,293 jobs, including 13,248 jobs directly in the ski areas itself and 4,045 jobs indirectly or inducedly in other industries. In terms of the employment multiplier, for ski areas every million dollars of sales generates 40 jobs in total, consistent with the 1998 number.

Ski areas also contributed about \$226 million to state personal income and \$43 million to indirect business taxes in 1999. A personal income multiplier of 0.53 means that for every dollar ski areas sell/receive, a total of 53 cents is added to Vermont's personal income. Similarly, every dollar that ski areas sell/receive contributes 10 cents to state total indirect business taxes, 3 cents higher than the state average of 7 cents.

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Appendix A: Methodology

This study adopted input-output analysis to estimate the status and importance of the tourism industry on the Vermont economy because of the following reasons:

1. An input-output model is ideally suited to measure both the relative sizes of sectors that make up the economy and the linkages among them. I/O modeling produces a structural model that illuminates the interactions among many sectors and measures impacts as they reverberate through the economy. Understanding which types of economic activities generate higher returns can direct decision makers toward enterprises that will stimulate economic development within a region.
2. Input-output modeling is the most commonly used method to assess the economic impact of tourism by many other states as well as at the national level. So it is expected to provide comparable results to other states' research, national data, and previous Vermont studies.
3. The advantage of an input-output model is that it provides impact estimates in a general equilibrium framework instead of single-market analysis (referred to as "partial equilibrium"). The input-output model captures not only the direct impact of tourist expenditures but also the indirect and induced impacts that occur when tourist dollars work their way through the economy.

Vermont Input-Output IMPLAN Model

An input-output (I/O) analysis uses an economic model that traces the flow of goods and services, income, and employment among related sectors of the economy. The I/O approach triggers the flow of activities as follows: When final demand for a good changes, the sector producing the good (output) purchases inputs from other industrial sectors, which in turn

purchase inputs from other industries. Moreover, all of these industrial sectors purchase additional labor input. The employees use their compensation to purchase goods and services from the economy. Linkages among industries in a region create a ripple effect as a result of change in demand for a product. Strong linkages can lead to healthier economies, as capital flows through the economy rather than out of it.

An input-output model is a snapshot of an economy in equilibrium, where the gross output of each industry is equal to the gross inputs to the industry. The gross output of an industry includes both inter-industry sales and sales to final demand. The gross input of an industry includes the purchase of goods and services, labor, investment, and profit. The I/O model provides a means of examining relationships within an economy both among different sectors and between sectors and final consumers such as households and government. The model allows one to examine the impact on the entire economy of a change in one or several economic activities.

This study uses the IMPLAN software to evaluate the economic impact of the tourism sector. IMPLAN (IMPact analysis for PLANning) is the most widely used software for I/O analysis. The USDA Forest Service originally developed IMPLAN in 1979. It is a sophisticated software package that makes regional input-output models and forecasts regional economic impact based on those models. It is widely used by government agencies to make regional economic forecasts (Miller and Blair, 1985).

The I/O model works with a transaction table diagramming the flows among sectors (see Table 32). Rows and columns are the producing and purchasing sectors in the economy, respectively. The columns are buyers and the rows are sellers. The more sectors in the model, the more rows and columns there are, and the more inter-linkages the model has. The conventional seven-sector model of the United States economy includes agriculture, mining,

construction, manufacturing, transportation, and services sectors; all economic activity that does not fall within one of these six sectors is placed in the “other” sector (Miller and Blair, 1985; Taylor et al., 1992). IMPLAN has 528 sectors, of which 344 sectors exist in Vermont.

To interpret a transaction table, let’s examine the agricultural sector. In Table 27, the agricultural sector is shown in the first column and the first row. Column one shows that the agriculture sector buys $\$Z_{11}$ from the agriculture sector itself (row 1), $\$Z_{i1}$ from manufacturing (row i), $\$H_1$ from households for their labor, and so forth. Total input expenditure by the agriculture sector ($\$X_1$, found in the last row) is the sum of the first column.

To examine what sectors agriculture sells to, look at the first row in the I/O transaction table: the agriculture sector (row one) sells $\$Z_{11}$ to the agriculture sector itself (column one), $\$Z_{1j}$ to the manufacturing sector (column j), $\$C_1$ to households, $\$G_1$ to government, and so on. Total output of the agriculture sector ($\$X_1$, found in the last column of the first row) is the sum of the first row. For each sector, total expenditures (input) always equal total earnings (output).

Table 27. Input-Output Transaction Table: An Example

			Purchasing Sectors (Buyers)				Total Gross Output
			Intermediate Demand		Final Demand		
			Agriculture Forestry Trade Finance Services 1.....j.....n	Manufacturing	Household Consumption	Govt. Expenditures Capital Formation Exports	
Sellers	Intermediate Inputs	Agriculture	1	$Z_{11} \dots Z_{1j} \dots Z_{1n}$	$C_1 \quad G_1 \quad I_1 \quad E_1$	X_1	
		Forestry	:	:	:	:	
		Trade	:	:	:	:	
Sellers	Intermediate Inputs	Manufacturing	i	$Z_{i1} \dots Z_{ij} \dots Z_{in}$	$C_i \quad G_i \quad I_i \quad E_i$	X_i	
		Finance	:	:	:	:	
		Services	n	$Z_{n1} \dots Z_{nj} \dots Z_{nn}$	$C_n \quad G_n \quad I_n \quad E_n$	X_n	
Producing Sectors	Primary Inputs	III Primary Inputs to Production		IV Primary Inputs to Final Demand			
		Payments to Households		$H_1 \dots H_j \dots H_n$	$H_C \quad H_G \quad H_I \quad H_E$	H	
		Government		$T_1 \dots T_j \dots T_n$	$T_C \quad T_G \quad T_I \quad T_E$	T	
Producing Sectors	Primary Inputs	Depreciation		$D_1 \dots D_j \dots D_n$	$D_C \quad D_G \quad D_I \quad D_E$	D	
		Imports		$M_1 \dots M_j \dots M_n$	$M_C \quad M_G \quad M_I \quad M_E$	M	
		Total Gross Outlays		$X_1 \dots X_j \dots X_n$	$C \quad G \quad I \quad E$		

The input-output transaction table (Table 32) is always balanced at any given time. Any change in this table will trigger changes throughout the economy that will achieve a new balance. For example, suppose the household demand for agricultural goods (C_1) increases due to increased product promotion. As a result there is a change in the demand for (C_1). The change will increase the total earnings of the agriculture sector (X_1), and row one changes. In order to meet the increase in demand for agricultural goods, the agriculture sector has to buy more intermediate input (e.g., machinery) and hire more people---everything in column one will change. Then the affected manufacturing sector has more earnings (output) because the

agriculture sector buys more machines, and in turn the manufacturing sector will buy more inputs from other sectors. The ripple (multiplier) effect due to an initial increase in the demand for agricultural goods will ripple through the economy, until the economy reaches a new balance.

The I/O model provides a means to capture and measure these effects. It uses three effects to measure economic impact: direct effect, indirect effect and induced effect.

- *Direct effect* refers to production change associated with a change in demand for the good itself. It is the initial impact to the economy, which is exogenous to the model.
- *Indirect effect* refers to the secondary impact caused by changing input needs of directly affected industries (e.g., additional input purchases to produce additional output).
- *Induced effect* is caused by changes in household spending due to the additional employment generated by direct and indirect effects.

Multiplier

Generally, economic multipliers estimate the economy-wide impact on related variables of changing one variable in the specified economy, such as a state (Tanjuakio, Hastings and Tytus, 1996). There are several multipliers calculated by the IMPLAN model:

- **Output Multiplier:** An output multiplier for a sector is defined as the total production in all sectors of the economy that is necessary to satisfy a dollar's worth of final demand for that sector's output (Miller and Blair, 1985). In other words, every dollar change in final-demand spending (direct output) changes in the total value of output in all sectors.
- **Personal Income Multiplier:** For every dollar change in final-demand spending (direct output), the change in income received by households.
- **Employment Multiplier:** For every million-dollar change in final-demand spending (direct output) in a sector, the change in number of jobs in the economy.

- Indirect Business Taxes Multiplier: For every dollar change in final-demand spending (direct output), the change in indirect business taxes.⁷

Limitations of the Input-Output Model and Potential Sources of Error in the IMPLAN Model

Input-output models incorporate several important assumptions (Miller and Blair, 1985; Minnesota IMPLAN Group, 1996) that place limitations on their interpretation:

- The I/O model assumes a linear production function, which means constant returns to scale and constant production functions for each firm within an industry. For example, the model assumes that a small sawmill would use the same inputs, in the same proportion, as a large sawmill. Furthermore, the model assumes that the percentage of those inputs that are purchased locally is constant from one firm to the next.
- Output is also assumed to be homogenous. In other words, the assumption is that the two sawmills would produce the same percentage of lumber, wood chips, and other outputs.
- It assumes that there are no constraints on the supply of any commodity.
- It assumes that increases or decreases in employment cause in- or out-migration from the state modeled, so that “full employment” is maintained.

The IMPLAN model combines the national average data and location-specific data. In the Vermont model, final-demand data and value-added data (such as employee compensation, proprietary income, property income and indirect business taxes) are collected specifically for Vermont. Production functions for the 344 sectors in the model are derived from national averages. Potential sources of error in the IMPLAN model, based on national averages, include production functions (what industries purchase to produce their output), byproducts (the mix of products that industries actually produce), and regional purchase coefficients, or RPC's (the

⁷ Indirect business taxes consist primarily of excise and sales taxes paid by individuals to businesses. These taxes occur during the normal operation of these businesses but do not include taxes on profit and income (IMPLAN manual, 1996).

percentage of a commodity that is purchased from local suppliers). The greatest source of error in the base model data is the RPC's (Stevens, 1987).

Appendix B: 1998-99 Vermont Lodging Survey Questionnaire

VERMONT



1999 Vermont Lodging Survey



University of Vermont

How to share your opinions

1. Please make sure all of your responses are complete.
2. Feel free to write any comments or explanations anywhere on this survey.
3. Your responses to this survey are **STRICTLY CONFIDENTIAL** and will not be associated with your name or the name of your establishment.
4. Please send your completed form in the enclosed pre-paid, pre-addressed envelope.
5. If you have any questions please call the Vermont Tourism Data Center
(802) 656-0623 or E-mail : vtdc@nature.snr.uvm.edu

Thank you for your participation

NOTE: ALL OF THIS INFORMATION IS BEING USED TO COMPLETE AN ECONOMIC IMPACT MODEL FOR TOURISM IN VERMONT.

Part I

We would like to ask you some questions about your business:

1. Please check the category that best describes your business (check one):

- Hotel Resort Bed and Breakfast
 Motel/Motor Hotel Cottages/Cabins Condominium
 Country Inn Other (please specify _____)

2. Please tell us the number of rooms/units in your establishment: _____ Rooms/Units

3. What months were you open for business in 1999? From _____ to _____ (month)

4. Please estimate the monthly occupancy rate of your business in 1999: (For any month you were closed, please put "X")

Monthly Occupancy Rate is the percent of rooms (units) occupied for the month.

Jan _____% Feb _____% Mar _____% Apr _____% May _____% June _____%
July _____% Aug _____% Sept _____% Oct _____% Nov _____% Dec _____%

5. Next we would like to ask you about your room/unit rates, excluding state and local taxes for your high and low seasons in 1999.

a. Please specify if it is a daily rate or weekly rate (check one) : Daily Weekly

b. Please check the months in your High Season: Please check the months in your Low Season:

Jan _____	Feb _____	Mar _____	Jan _____	Feb _____	Mar _____
Apr _____	May _____	June _____	Apr _____	May _____	June _____
July _____	Aug _____	Sept _____	July _____	Aug _____	Sept _____
Oct _____	Nov _____	Dec _____	Oct _____	Nov _____	Dec _____

c. High Season Room Rates:

Low Season Room Rates:

SINGLE: From \$ _____ (min.) to \$ _____ (max.)
DOUBLE: From \$ _____ (min.) to \$ _____ (max.)
FOR EACH ADDITIONAL PERSON: \$ _____

SINGLE: From \$ _____ (min.) to \$ _____ (max.)
DOUBLE: From \$ _____ (min.) to \$ _____ (max.)
FOR EACH ADDITIONAL PERSON: \$ _____

Part IV

We would like to ask you about your business operation in 1999:

Introduction

This part of the survey deals with the financial aspects of your business.

The purpose of our survey is:

1. to evaluate the economic contribution of the tourism industry in Vermont;
2. to provide public policy analysis;
3. to provide tourism-related businesses with information to make profitable decisions.

To provide this type of information, we need to gather financial information from your business. Please take a few moments to complete this important section of the survey. Your responses are important to us and we greatly appreciate your participation.

Be assured that your responses will be kept strictly confidential. Results of the data will be in aggregate measures such as averages and percentages.

1. Please provide an estimate of your total revenue for your business for the past two years (excluding rooms and meals, and sales taxes collected)? Please also indicate the percentage of the revenue from **Pleasure Travelers**
1998: \$ _____, of which _____% from **Pleasure Travelers**
1999: \$ _____, of which _____% from **Pleasure Travelers**

From this point forward, all estimates are for 1999 only!

Please provide an estimate of the total profit for your business in 1999.

\$ _____

What percentage of your annual revenue from pleasure travelers is in each of the following seasons: (should add up to 100%)

Winter (Dec, Jan, Feb, Mar)	_____ %
Spring (Apr, May)	_____ %
Summer (Jun, Jul, Aug)	_____ %
Fall (Sep, Oct, Nov)	_____ %
	100 %

Please indicate the approximate percentage of your total revenue from the following:

Room rentals	_____ %
Food and drink sales	_____ %
Gift shop/retail sales	_____ %
Other (Please specify _____)	_____ %

2. Please estimate the amount you spent on the following items and the percent of each item that was paid to a company located in Vermont in 1999:

EXAMPLE: If you purchased \$ 30,000 worth of “non-durable goods” last year and 80% was from a company in Burlington and 20% from a company in Boston, your answer for the following question is as follows:

	<u>Cost</u>	<u>percent from VT</u>
NONDURABLE GOODS:	\$ <u>30,000</u> / year	<u>80</u> %

<u>Expenditure Items</u>	<u>Cost</u>	<u>Percent of the items bought from Vermont- based companies</u>
NONDURABLE GOODS: (e.g. soap, linen, towels, office supplies, paper products, cleaning materials)	\$ _____ /year	_____ %
FOOD AND DRINKS	\$ _____ /year	_____ %
AVERAGE ANNUAL INVESTMENT ON DURABLE GOODS (e.g. furniture, mattress, buildings, vehicles)	\$ _____ /year	_____ %
UTILITIES: (e.g. water, gas, electricity)	\$ _____ /year	_____ %
COMMUNICATION: (e.g. telephone, faxes)	\$ _____ /year	_____ %
INSURANCE, ACCOUNTING AND LEGAL FEES	\$ _____ /year	_____ %
MARKETING AND PUBLIC RELATIONS: (e.g. printing) High Season _____ % Low Season _____ %	\$ _____ /year	_____ %
MAINTENANCE AND FACILITY REPAIR: (e.g. landscaping, plumbing, auto repair, minor fixtures)	\$ _____ /year	_____ %
EQUIPMENT RENTALS (e.g. computer)	\$ _____ /year	_____ %
OTHER SERVICES (e.g. outside contracted house keeping services)	\$ _____ /year	_____ %
MISCELLANEOUS EXPENSES (e.g. gift shop, training, travel)	\$ _____ /year	_____ %
BANK FEES AND LOAN INTEREST	\$ _____ /year	_____ %
ROOMS AND MEALS TAXES	\$ _____ /year	
SALES TAXES	\$ _____ /year	
OTHER BUSINESS TAXES	\$ _____ /year	
PROPERTY TAX	\$ _____ /year	
SALARIES/WAGES AND BENEFITS	\$ _____ /year	
DEPRECIATION	\$ _____ /year	
LAND/BUIDLING RENT	\$ _____ /year	

Part II

Next, we would like to ask you about the profile of your guests in 1999:

1. Approximately, what percentage of your guests in 1999 were:

Business travelers	_____ %	→	Percentage of Business travelers (only) traveling for Conventions/Conference _____ %
Pleasure travelers	_____ %		
Others	_____ % (please specify)	→	Percentage of Pleasure travelers (only) visiting with Motorcoach/Group Tour _____ %
	100%		

Please estimate the percentage of rooms rented to **Pleasure Travelers** each month in 1999:

Jan _____ % Feb _____ % Mar _____ % Apr _____ % May _____ % June _____ %
 July _____ % Aug _____ % Sept _____ % Oct _____ % Nov _____ % Dec _____ %

2. Please estimate the percent of **Pleasure Travelers** that come from the following areas:

Vermont	_____ %
Other U.S. States	_____ %
Canada	_____ %
International (except Canada)	_____ %
Total	100%

What are your top 3 International (except Canada) markets?

3. Of the rooms/units rented to pleasure travelers, what percentage (on average) were rented to:

one person	_____ %
two persons	_____ %
three to four persons	_____ %
five to eight persons	_____ %
more than eight persons	_____ %
Total	100%

4. What percent of your pleasure travelers stay for:

one night	_____ %
two nights	_____ %
3-4 nights	_____ %
5-7 nights	_____ %
7 and more nights	_____ %
Total	100%

Part III

1. Please check if you are an owner-operator:

- Yes – If yes, please go to Question 2
- No – If no, please go to Question 1 in the next section

2. Please check the single statement below that best describes your feelings about doing business in your community: (Please check only one)

- If I couldn't do business at my current location, I would be happy to start a business in another community.
- If I couldn't do business at my current location, I would miss the community, but would not mind starting a business in a different community.
- If I couldn't do business at my current location, I would try to start a business elsewhere in the same community, and would move away only as a last resort.
- If I couldn't do business at my current location, I would find a different job/career so that I could keep living here.

3. How many civic, political or business groups/boards do you belong to? (examples: Rotary Club, Lions Club, Chamber of Commerce, Town Select Board, School Board) _____

4. Approximately how many hours per month do you spend in volunteer/civic work? _____

We would like to ask you about your employees.

1. Please indicate the number of staff and the average wages paid in the categories below. (*Managerial staff* include any employees with managerial or supervisory duties. *Support staff* include front office staff, reservations agents, reception staff, bell staff, concierge, etc.) If you are an owner-operator, please include yourself where most appropriate. (Note: 1 FTE = 40 hrs./week)

	<u>Managerial</u>		<u>Support Staff</u>		Total FTE
	Seasonal	Year-round	Seasonal	Year-round	
Number of Full-time Staff	_____	_____	_____	_____	
Average Annual Full-time Wage	\$ _____	\$ _____	\$ _____	\$ _____	
Number of Part-time Staff	_____	_____	_____	_____	_____
Average Hourly Part-time Wage	\$ _____	\$ _____	\$ _____	\$ _____	

2. What percentage of your employees have worked at your business for:

	<u>Part-time</u>	<u>Full-time</u>		<u>Part-time</u>	<u>Full-time</u>
Less than 1 year	_____ %	_____ %	9-12 years	_____ %	_____ %
1-2 years	_____ %	_____ %	12-20 years	_____ %	_____ %
3-4 years	_____ %	_____ %	More than 20 years	_____ %	_____ %

Part V

We would like to ask you about your purchases of Vermont agricultural products:

1. If you purchase any of the following products, what percentage are produced in Vermont?

Dairy products: _____%

Fruits + vegetables: _____%

Chicken, Turkey, Beef, Pork: _____%

We would like to ask you about your business:

Computer Technology

2. Does your business own a computer? No Yes

3. Do you have access to the Internet? No Yes

4. Do you have your own World Wide Web page? No Yes

5. Please estimate the percentage of your business that is generated by the Internet: _____%

Years of Experience

6. How many years has your business been in operation (operated either by you or others)? _____

7. How many years have you owned your business? _____

8. How many years have you been in the hospitality industry? _____

If you have any questions, please contact:

Vermont Tourism Data Center

George D. Aiken Center

University of Vermont

Burlington VT 05405

(802) 656-0623

email: vtdc@nature.snr.uvm.edu

**Appendix C: 1998-99 Vermont Food and Beverage Industry Survey
Questionnaire**

Vermont Food and Beverage Industry Survey Calendar Year 1999



University of Vermont

Why fill out this survey?

- This is your opportunity to give voice to an industry that is often under-represented
- Its your chance to let the State of Vermont know the economic impact the food and beverage industry has on the state's economy
- Help gain support for future projects and programs designed to meet your needs
- Because without this information no one will know the role this industry plays in providing jobs and markets for locally produced goods
- The survey is completely confidential and only averages for the industry as a whole will be reported

How to share your opinions

- **ALL OF THE INFORMATION BEING ASKED FOR CONCERNS CALENDAR YEAR 1999**
- Please send your completed form in the enclosed pre-paid, pre-addressed envelope.
- If you have any questions please call the Vermont Tourism Data Center (802) 656-0623 or E-mail : vtdc@nature.snr.uvm.edu

1. Primary type of business: (check one)

- 1. Full Service Restaurant (average check per person under \$10)
- 2. Full Service Restaurant (average check per person greater than or equal to \$10)
- 3. Limited Service: Fast Food
- 4. Limited Service: Other (such as food bars, etc.)
- 5. Cafeteria
- 6. Concession
- 7. Caterer
- 8. Mobil Food Unit
- 9. Other (please specify _____)

2. Liquor Service: (check one)

- 1. Beer and/or Wine
- 2. Full Liquor Service
- 3. No Alcoholic Beverages

3. Primary menu theme: (check one)

- 1. Hamburger
- 2. Chicken
- 3. Sandwich/Sub/Deli
- 4. French/Continental
- 5. Chinese
- 6. Italian
- 7. Other (please specify _____)
- 8. Pizza
- 9. Steak/Seafood
- 10. American (varied)
- 11. Mexican
- 12. Other Asian
- 13. Middle Eastern

4. Number of years this restaurant has been in business (check one):

- Under 2 years
- 2 to 5 years
- 5 to 10 years
- Over 10 years

5. Number of seats (complete all applicable):

Dining Room# _____
Bar or Lounge# _____
Banquet Rooms# _____
Other (specify _____)# _____
Total Seats# _____

6. Your restaurant is open for: (check all that apply)

- 1. Breakfast
- 2. Lunch
- 3. Dinner
- 4. 24-hours

7. We would like to ask you about your guest information.

a) Number of customers served in 1999:
(provide best estimate) # _____

Number of customers by month:

Jan # _____ Feb # _____ Mar # _____
 Apr # _____ May # _____ June # _____
 July # _____ Aug # _____ Sept # _____
 Oct # _____ Nov # _____ Dec # _____

b) Percent of customers who are from
(provide best estimate)

Local Residents %
Other Part of Vermont %
Other U.S. States %
Canada %
 Other International %
 Total 100%

c) If we define "traveler" as people who travel more than 50 miles away from home, what percentage of your customers are: **(provide best estimate)**

Business Traveler %
 Pleasure Traveler %
 Non-Traveler %
 Total: 100%

8. Average guest check \$ _____

What is the average guest check for:

Business Traveler \$ _____
 Pleasure Traveler \$ _____
 Non-Traveler \$ _____

9. Please indicate the number of staff and the average wages paid in the categories below.

Managerial staff -----include any employees with managerial or supervisory duties.

Support staff -----include cook, wait staff, dishwashers etc.

If you are an owner-operator, please include yourself where most appropriate.

	<u>Managerial</u>		<u>Support Staff</u>		Total FTE
	Seasonal	Year-round	Seasonal	Year-round	
Number of Full-time Staff	_____	_____	_____	_____	
Average Annual Full-time Wage	\$ _____	\$ _____	\$ _____	\$ _____	
Number of Part-time Staff	_____	_____	_____	_____	_____
Average Hourly Part-time Wage	\$ _____	\$ _____	\$ _____	\$ _____	

10. What percentage of your employees have worked at your business for:

	<u>Part-time</u>	<u>Full-time</u>		<u>Part-time</u>	<u>Full-time</u>
Less than 1 year	_____ %	_____ %	9-12 years	_____ %	_____ %
1-2 years	_____ %	_____ %	12-20 years	_____ %	_____ %
3-4 years	_____ %	_____ %	More than 20 years	_____ %	_____ %
5-8 years	_____ %	_____ %			

11. VERMONT PRODUCTS:

a) Of the following food and beverage items that you sell, what percentage are made or grown in Vermont? (e.g. Ben and Jerry's, Magic Hat, Cabot, Green Mountain Gringo, purchased from local farm etc..)

	% Vermont made		% Vermont made
Dairy (milk, butter, cheese)		Beef	
Fresh produce & fruit		Malt Beverage (beer)	
Poultry (chicken, turkey)& Eggs		Condiments (salsa, maple syrup)	
Lamb		Other:_____	

b) Do you include the word "Vermont" or a "Vermont brand name" in your menu descriptions? Yes No

c) What factors influence your decisions about buying Vermont made products? Using a scale of 1 to 5, with 1 "not at all important" and 5 "very important", please circle the importance of each of the following:

	Not at all important			Very Important	
Price	1	2	3	4	5
Availability	1	2	3	4	5
Quality	1	2	3	4	5
Customer demand	1	2	3	4	5
Advertising	1	2	3	4	5
Support the VT Economy	1	2	3	4	5

12. SALES- Please estimate the total sales of your business in 1999:

Food (include non-alcoholic beverages):	\$ _____
Beverages (non-alcoholic):	\$ _____
Beverages (alcoholic):	\$ _____
Other: _____	\$ _____
Total Sales:	\$ _____

What percentage of your sales were to PLEASURE TRAVELERS? _____ %
 (We define "travelers" as people who travel more than 50 miles away from home, approximately.)

13. COSTS- Please estimate the amount you spent on the following items in 1999 and the percent of each item that was paid to a company located in Vermont.

EAMPLE: If you purchased \$ 30,000 worth of "food" last year and 80% was from a company in Burlington and 20% from a fish supplier in Boston, your answer to the following question is as follows:

	Cost	Percent from VT
FOOD:	\$ <u>30,000</u> /Year	<u>80</u> %

a) Food and Drinks

<u>Cost of sales:</u>	<u>Cost</u>	<u>Percent of items purchased from Vermont-based companies</u>
Food	\$ _____ /Year	_____ %
Beverages – non-alcoholic	\$ _____ /Year	_____ %
Beverages - alcoholic	\$ _____ /Year	_____ %

b) Operating and Other Expenses

(Please do your best with these numbers.

These are very important to the economic impact model)

<u>Expenditure Items</u>	<u>Cost</u>	<u>Percent of items/services purchased from Vermont-based companies</u>
Nondurable Goods: (e.g. Napkins, Towels, Knives And Forks, Office Supplies, Paper Products, Glass Products, Cleaning Materials)	\$ _____ /Year	_____ %
Durable Goods (e.g. Tables, Chairs, Electronics, Computers, Vehicles)	\$ _____ /Year	_____ %
Music and Entertainment	\$ _____ /Year	_____ %
Utilities: (e.g. Water, Gas, Electricity)	\$ _____ /Year	_____ %
Communication: (e.g. Telephone, Faxes, Internet)	\$ _____ /Year	_____ %
Accounting And Legal Fees	\$ _____ /Year	_____ %
Insurance, Bank Fees And Loan Interests	\$ _____ /Year	_____ %
Building Rent And Other Real Estate Fees	\$ _____ /Year	_____ %
Marketing And Public Relations:	\$ _____ /Year	_____ %
Salaries/Wages And Benefits	\$ _____ /Year	
Sales Taxes & Meals Taxes	\$ _____ /Year	
Other Business Taxes (include Gross Receipts tax if any)	\$ _____ /Year	
Property Tax	\$ _____ /Year	
Permits & fees (e.g., vendor fee, inspections, registration)	\$ _____ /Year	
Depreciation	\$ _____ /Year	
Other expenses not included above:	\$ _____ /Year	_____ %

Thank you very much for participating in this survey. Please return in the postage paid envelope to the University of Vermont within two weeks.

Appendix D: 1998-99 Vermont Ski Area Survey Questionnaire

**** C O N F I D E N T I A L ****

BUSINESS SURVEY

Fiscal 1999

(Nov. 98 – Oct. 99)

General Information

1) Please check the categories that describe your business (check all that apply):

- | | |
|-------------------------------|--------------------|
| Ski/Recreation | Hotel |
| Restaurant | Condominium Rental |
| Retail Sales | Real Estate Sales |
| Other (Please Specify _____) | |

2) Please state the SIC code(s) that you indicate in federal tax return:

3) What months were you open for business for the 1998-1999 season?

Winter _____
Summer/Fall (1999) _____

4) Please estimate the number of skier days as reported to DET for the 1998-1999 season?

5) Please estimate the percent of skiers that came from the following areas for the 1998-1999 season:

Vermont	_____ %	Quebec	_____ %
New Hampshire	_____ %	Ontario	_____ %
Maine	_____ %	Other Canada	_____ %
Massachusetts	_____ %	UK	_____ %
Connecticut	_____ %	Other International	_____ %
Rhode Island	_____ %	Top 3 international markets:	
New York	_____ %	1. _____	
New Jersey	_____ %	2. _____	
Pennsylvania	_____ %	3. _____	
Virginia	_____ %		
Maryland	_____ %		
Delaware	_____ %		
Florida	_____ %		
Ohio	_____ %		
Other Eastern US	_____ %		
Other US	_____ %		

EMPLOYMENT

6) A. Please indicate below the number of employees and average wages for fiscal 1999 (Nov. 98 – Oct. 99) and the number of employees for the 96-97 and 97-98 fiscal years.

	98-99		97-98		96-97	
	Seasonal /Part-time	Year-round	Seasonal /Part-time	Year-round	Seasonal /Part-time	Year-round

Supervisory/Exempt Employees: *

(Excluding pres./CEO)

Number	_____	_____	_____	_____	_____	_____
Average <u>Annual</u> Salary	X	_____	X	X	X	X
Average <u>Weekly</u> Salary	_____	X	X	X	X	X

* For Seasonal/Part-time, include full-time and part-time supervisors.

Non-supervisory/Non-exempt Employees:

(Excluding tipped employees)

Number	_____	_____	_____	_____	_____	_____
Average <u>Hourly</u> Wage	_____	_____	X	X	X	X

Non-supervisory/Non-exempt Employees:

(Tipped employees only)

Number	_____	_____	_____	_____	_____	_____
Average <u>Hourly</u> Wage	_____	_____	X	X	X	X

EMPLOYMENT

6) B. Please indicate below the total number of employees for fiscal 1999 (Nov. 98 – Oct. 99). Place an X for services not available.

	Winter		Summer/Fall	
	Full-time	Part-time	Full-time	Part-time
Administration/Marketing	_____	_____	_____	_____
Conference Sales	_____	_____	_____	_____
Daycare	_____	_____	_____	_____
Facilities/Building Maintenance	_____	_____	_____	_____
Food and Beverage	_____	_____	_____	_____
Golf Course/School	_____	_____	_____	_____
Guest Services	_____	_____	_____	_____
Lodging/Hotel Operations**	_____	_____	_____	_____
Mountain Operations***	_____	_____	_____	_____
Real Estate Sales	_____	_____	_____	_____
Rental	_____	_____	_____	_____
Retail	_____	_____	_____	_____
Ski Patrol	_____	_____	_____	_____
Ski School/Racing	_____	_____	_____	_____
Ticket Sales	_____	_____	_____	_____
Other	_____	_____	_____	_____

** Includes housekeeping.

*** Includes mountain operations, lift operations/maintenance, grooming, vehicle maintenance, snowmaking, parking and shuttles

**FINANCIAL SURVEY
For Fiscal 1999
(Nov. 98 – Oct. 99)**

- 1) What were your total revenues for the 1998-1999 season?
(Exclude revenues from non-operational, non-recurring or extraordinary sources.)

	Winter	Summer/Fall (1999)
Total Revenues	\$ _____	\$ _____
Ski/Recreation (lift tickets, family/season/other passes, rentals, lessons, summer activities)	____%	____%
Lodging - Ski Area Owned	____%	____%
Lodging - Outside Owned	____%	____%
Restaurant/Snack Bar	____%	____%
Real Estate Sales	____%	____%
Retail Sales	____%	____%
Property Management/Maintenance	____%	____%
Other (Please specify _____)	____%	____%

- 1) What was your payroll for fiscal 1999? _____

- 3) How much was paid for employees' health insurance and other expensed benefit programs in addition to payroll costs set out above for fiscal 1999? _____

Estimate the retail value of your non-expensed benefits for fiscal 1999, such as season passes for employees and their families, and employee discounts for food, retail purchases, rentals, etc. _____

- 4) How much did you pay for taxes in fiscal 1999?
- a. Local property taxes _____
 - b. Other municipal charges _____
 - c. State taxes
 - Property _____
 - Rooms and meals _____
 - Sales _____
 - Income _____
 - Other _____
 - d. Federal income _____

- 5) How much did you pay in FICA and unemployment insurance in fiscal 1999? _____

- 6) How much did you pay in lease payments in fiscal 1999?
a. For state forest land _____
b. For federal forest land _____
- 7) Excluding payroll, how much did you pay for lawyers, accountants, engineers and other outside professional services in fiscal 1999? _____
- 8) How much did you pay for fuel and utilities in fiscal 1999?
a) Telephone _____
b) Electric _____
c) Fuel _____
- 9) How much did you pay for insurance in fiscal 1999?
a) Liability _____
b) Workers' Compensation _____
c) Property _____
- 10) How much, excluding payroll, did you pay for advertising and marketing in fiscal 1999? _____
- 11) How much did you pay for supplies in fiscal 1999? (non-durable goods like paper products, tickets, cleaning materials, etc.) _____
- 12) How much (exclusive of payroll, professional fees or supplies already included above) did you pay for maintenance repairs in fiscal 1999? _____
- 13) What was your cost of goods sold in fiscal 1999 (excluding real estate and food and beverage)? _____
- 14) How much did you spend on food and beverage in fiscal 1999? _____
- 15) What was your basis for real estate sold in fiscal 1999? _____
- 16) What was your interest expense in fiscal 1999? _____
- 17) How much did you pay for equipment leases or rentals in fiscal 1999? (i.e.. grooming vehicles, cars, etc) _____
- 18) a. What were your capital expenditures and capital improvements in fiscal 1999? _____
b. What were your other capital expenditures and capital improvements on real estate? _____

19) What did you claim for depreciation in fiscal 1999? _____

20) What was the total of all other expenses and costs for the 1998-1999 season? _____

Appendix E: 1998-99 A National Survey of the Vermont Visitor Questionnaire



W4G0004-1

0799
01

W4G0004-1

0799

1-8
9-11

On a prior mini-survey, you said you visited Vermont at least once from April 1, 1998 through March 31, 1999. We need your help. Please think about any visits that you made to Vermont during this time period. Answer each question as accurately as you can.

1. Please indicate the NUMBER OF **PLEASURE TRIPS** that you made to Vermont during EACH SEASON from April 1, 1998 through March 31, 1999. A pleasure trip includes any trip that included the pursuit of recreational activities. It may or may not have also included business related activities.
 - a. Spring 1998 (April and May) _____ trips (12-13)
 - b. Summer 1998 (June, July and August) _____ trips (14-15)
 - c. Fall 1998 (September, October and November) _____ trips (16-17)
 - d. Winter 1998-1999 (December, January, February and March) _____ trips (18-19)

2. In Column A below, please list the primary destination in Vermont for each of your pleasure trips to Vermont from April 1998 through March 1999. In Column B, please list the number of trips that you made to each destination in the given season. Be sure that the total number of trips reported below equals the number of trips reported in question #1 above.

A

B

A

B

Spring 1998

Summer 1998

(April, May)

(June, July, August)

Destination #1 # of Visits: (20-21)

Destination #1 # of Visits: (32-33)

Destination #2 # of Visits: (22-23)

Destination #2 # of Visits: (34-35)

Destination #3 # of Visits: (24-25)

Destination #3 # of Visits: (36-37)

Fall 1998

Winter 1998-1999

(September, October, November)

(December, January, February, March)

Destination #1 # of Visits: (26-27)

Destination #1 # of Visits: (38-39)

Destination #2 # of Visits: (28-29)

Destination #2 # of Visits: (40-41)

Destination #3 # of Visits: (30-31)

Destination #3 # of Visits: (42-43)

3. Did any of the trips you listed include business activities related to your career or the career of someone in your traveling party?

No ⁽⁴⁴⁾ Yes ₁ ₂ → If "yes", how many _____ (45-46) trips?

4. On any of the trips listed above, did you visit Vermont as part of a tour group (i.e., you traveled to Vermont as a part of a corporate group, church group, coach tour, etc.)? **(WRITE IN NUMBER BELOW)**

_____ trips (47-48)

5. Excluding any trips you made with a group tour, how many people were in your Vermont traveling party (If you made more than one trip, ON AVERAGE how many people were in your party)? If all of your trips to Vermont were group tours, write "0" in the spaces provided. **(WRITE IN NUMBER BELOW)**

_____ people from your household (including yourself) (49-50)

_____ total people in your traveling party (including yourself) (51-52)

53-79R
80=1

6. In the space provided below, please write down the number of trips to Vermont that included each of the following activities. **(WRITE IN NUMBER FOR EACH BELOW)**

of Trips

- | | | | |
|-----|--|-------|---------|
| 1. | Downhill skiing..... | _____ | (12-13) |
| 2. | Cross-country skiing..... | _____ | (14-15) |
| 3. | Snowmobiling..... | _____ | (16-17) |
| 4. | Visited friends..... | _____ | (18-19) |
| 5. | Visited relatives..... | _____ | (20-21) |
| 6. | Visited a child/grandchild in school or visited a potential school or college..... | _____ | (22-23) |
| 7. | Romantic get-away..... | _____ | (24-25) |
| 8. | Family get-away..... | _____ | (26-27) |
| 9. | Fall foliage touring..... | _____ | (27-28) |
| 10. | Auto-touring (driving for pleasure)..... | _____ | (29-30) |
| 11. | Water recreation (e.g., Power-boating, sailing, swimming)..... | _____ | (31-32) |
| 12. | Canoeing and kayaking..... | _____ | (33-34) |
| 13. | Fishing and/or hunting..... | _____ | (35-36) |
| 14. | Hiking and/or camping..... | _____ | (37-38) |
| 15. | Biking..... | _____ | (39-40) |

- 16. Bought Vermont made products (e.g., food, crafts, furniture, antiques) _____ (41-42)
- 17. Visited historic sites (e.g., colonial homes, forts, museums) _____ (43-44)
- 18. Attended cultural events (e.g., music festivals, arts/crafts shows, theater) _____ (45-46)
- 19. Attended sporting events and/or fairs _____ (47-48)
- 20. Watchable wildlife (e.g., bird watching, moose watching) _____ (49-50)
- 21. Agricultural tourism (e.g., farm visits, fruit picking, farmer's markets) _____ (51-52)
- 22. Relaxed in beauty and serenity _____ (53-54)
- 23. Other (Specify): _____ _____ (55-57)

7. Although each visit may have included several of the activities listed above, trips generally have a "primary purpose." In column A, please list the primary purpose of each of your trips to Vermont. Use the codes from question 6 above (e.g., visited friends = 4, watchable wildlife = 20). The total in column B should equal the total number of trips you listed in question #1.

A

B

A

B

Spring 1998

Summer 1998

(April, May)

(June, July, August)

Purpose #1	(58-59)	# of Visits:	(12-13)	Purpose #1	(24-25)	# of Visits:	(36-37)
_____			_____	_____			_____
Purpose #2	(60-61)	# of Visits:	(14-15)	Purpose #2	(26-27)	# of Visits:	(38-39)
_____			_____	_____			_____
Purpose #3	(62-63)	# of Visits:	(16-17)	Purpose #3	(28-29)	# of Visits:	(40-41)
_____			_____	_____			_____

Fall 1998

Winter 1998-1999

(September, October, November)

(December, January, February, March)

Purpose #1	(64-65)	# of Visits:	(18-19)	Purpose #1	(30-31)	# of Visits:	(42-43)
_____			_____	_____			_____
Purpose #2	(66-67)	# of Visits:	(20-21)	Purpose #2	(32-33)	# of Visits:	(44-45)
_____			_____	_____			_____
Purpose #3	(68-69)	# of Visits:	(22-23)	Purpose #3	(34-35)	# of Visits:	(46-47)
_____			_____	_____			_____

8. How many children from your household under the age of 18 went with you on your trip(s)? (If you made more than one trip, ON AVERAGE how many children went?) **(WRITE IN NUMBER BELOW)**

_____ children under 18 (48-49)

9. Please indicate how many times you visited Vermont using each of the following types of transportation. The total number should equal the total number of trips you reported in question #1. **(WRITE IN NUMBER FOR EACH BELOW)**

Owned auto or truck .	_____	(50-51)	Rented auto or truck.....	_____	(58-59)
Tour bus	_____	(52-53)	Ferry.....	_____	(60-61)
Airplane	_____	(54-55)	Motor Coach	_____	(62-63)
Train.....	_____	(56-57)	Other (Specify): _____	_____	(64-65)

10. Considering all of your Vermont visits, how many total nights did you spend in Vermont?
(WRITE IN NUMBER BELOW)

_____ nights (66-67)

11. Think about the amount of money you spent on your recent vacation(s). How would you rate the VALUE of a Vermont vacation relative to other recent vacation experiences? (**"X" ONE BOX**)

Poor	Fair	Good	Very Good	Excellent	Perfect	
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	(68)

12. OVERALL, how would you rate your recent vacation experience(s) in Vermont relative to other recent vacation experiences? (**"X" ONE BOX**)

Poor	Fair	Good	Very Good	Excellent	Perfect	
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	(69)

13. What is the likelihood that you will visit Vermont again sometime in the next 12 months? (**"X" ONE BOX**)

Definitely					Definitely	
Will Not Visit					Will Visit	
<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5		(70)

71-79R

80=3

14. Approximately how much money would you estimate was spent by your household while in Vermont? **(ROUND TO THE NEAREST DOLLAR)**

- If you made more than one trip for the same primary purpose, please indicate how much YOU SPENT ON AVERAGE in each category by season.
- If you made multiple trips in the same season, but for different primary purposes, please select the primary purpose that involved the greatest expenditures.
- Please do not consider costs incurred outside of the state such as airline tickets. All information is confidential and anonymous.

	Spring 1998 (April, May)	Summer 1998 (June, July, Aug)	Fall 1998 (Sept, Oct, Nov)	Winter 1998-99 (Dec, Jan, Feb, Mar)	
PRIMARY PURPOSE (Specify)	_____	_____	_____	_____	
LODGING	\$ _____	\$ _____	\$ _____	\$ _____	(12-27)
RECREATION/ENTERTAINMENT					
Skiing	\$ _____	\$ _____	\$ _____	\$ _____	(28-39)
Parks & Camping	\$ _____	\$ _____	\$ _____	\$ _____	(40-51)
Movies & Theater	\$ _____	\$ _____	\$ _____	\$ _____	(52-63)
All Other Recreation/Entertainment	\$ _____	\$ _____	\$ _____	\$ _____	(64-75)
TRANSPORTATION					77-79R 80=4
Gasoline	\$ _____	\$ _____	\$ _____	\$ _____	(12-23)
All Other transportation	\$ _____	\$ _____	\$ _____	\$ _____	(24-35)
SHOPPING PURCHASES					
(Not Including Food/Beverage or Recreation/Entertainment)	\$ _____	\$ _____	\$ _____	\$ _____	(36-47)
FOOD/BEVERAGE:					
Restaurant	\$ _____	\$ _____	\$ _____	\$ _____	(48-59)
Grocery Store	\$ _____	\$ _____	\$ _____	\$ _____	(60-71)
OTHER EXPENSES (Specify: _____)	\$ _____	\$ _____	\$ _____	\$ _____	72-79R 80=5 (12-23)

15. While in Vermont, in which of the following types of accommodations did you spend the most nights? (“X” ONE BOX)

(24)

- | | | | |
|--|----------------------------|------------------------------|----------------------------|
| A <u>locally owned</u> hotel/motel | <input type="checkbox"/> 1 | A hotel/motel <u>chain</u> | <input type="checkbox"/> 5 |
| A private residence of a friend or relative | <input type="checkbox"/> 2 | A vacation home that you own | <input type="checkbox"/> 6 |
| A bed and breakfast or country inn | <input type="checkbox"/> 3 | A campground or RV park | <input type="checkbox"/> 7 |
| A rented cabin, cottage, home or condominium | <input type="checkbox"/> 4 | Other (Specify): _____ | <input type="checkbox"/> 8 |

25R

16. On the scale provided below, how important were each of the information sources in influencing your decision to take one or more trips to Vermont? (“X” ONE BOX FOR EACH)

	<i>Check if do not recall receiving information from this source</i>	Definitely did not influence desire to visit <u>Vermont</u>				Definitely influenced desire to visit <u>Vermont</u>	
A newspaper article.....	[]	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	(26)
Advertising.....	[]	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	(27)
A magazine article	[]	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	(28)
The 1-800 Vermont information number	[]	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	(29)
Vermont vacation kit/planning packet	[]	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	(30)
The Internet.....	[]	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	(31)
A friend, co-worker or relative	[]	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	(32)
A travel agent.....	[]	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	(33)
AAA or other automobile club source	[]	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	(34)

FINALLY, WE WOULD LIKE TO ASK YOU SOME DEMOGRAPHIC QUESTIONS. AS ALWAYS, YOUR RESPONSES WILL BE KEPT CONFIDENTIAL.

17. YEAR BORN: _____(35-38) GENDER: 1 Female 2 Male

(39)

18. Which of the following categories contains your annual household income? (“X” ONE BOX)

(40)

- | | |
|---|---|
| Less than \$25,000... <input type="checkbox"/> 1 | \$50,000 - \$74,999 <input type="checkbox"/> 4 |
| \$25,000 - \$34,999... <input type="checkbox"/> 2 | \$75,000 - \$99,999 <input type="checkbox"/> 5 |
| \$35,000 - \$49,999... <input type="checkbox"/> 3 | \$100,000 or more <input type="checkbox"/> 6 |

19. Where do you currently live? (“X” ONE BOX)

- (41)
- | | | | |
|--------------------|----------------------------|----------------|----------------------------|
| Rural area | <input type="checkbox"/> 1 | City 100,000 – | <input type="checkbox"/> 4 |
| Small town..... | <input type="checkbox"/> 2 | City 500,000- | <input type="checkbox"/> 5 |
| Suburban area..... | <input type="checkbox"/> 3 | City 1,000,000 | <input type="checkbox"/> 6 |

20. Which of the following categories best describes the last level of education that you completed?
 (“X” ONE BOX)

- (42)
- | | |
|-----------------------------|----------------------------|
| High school or less | <input type="checkbox"/> 1 |
| Some college | <input type="checkbox"/> 2 |
| Undergraduate degree | <input type="checkbox"/> 3 |
| Masters or equivalent | <input type="checkbox"/> 4 |
| Advanced degree (M.D., | <input type="checkbox"/> 4 |

21. How many children under the age of 18 live in your household? (WRITE IN NUMBER BELOW)

_____ children (43-44)

45-79R
80=6

**THANK YOU FOR YOUR HELP ON THIS IMPORTANT SURVEY!
PLEASE RETURN YOUR COMPLETED QUESTIONNAIRE IN THE ENCLOSED
POSTAGE PAID ENVELOPE AS SOON AS POSSIBLE.**

**THANK YOU FOR HELPING WITH THIS IMPORTANT SURVEY!
PLEASE RETURN THIS COMPLETED QUESTIONNAIRE**

Appendix F: Vermont Tourists Number and Expenditure Calculation

In this study, total visiting party number was estimated by the following equation (1):

$$\begin{aligned} \text{Number of Visiting Parties} &= \text{Vermont Lodging Sales to U.S. Tourists} \div \text{Average} \\ &\text{Lodging Expense per Person per Visit} \div \text{Average Party Size} \div \text{Average Visits per Party} \div \% \text{ of} \\ &\text{Tourists Staying in Lodging Businesses} \end{aligned} \quad (1)$$

$$\begin{aligned} \text{Number of Visiting Parties} &= \text{Vermont Lodging Sales to U.S. Tourists } (\$464.4 \text{ million})^1 \\ &\div \text{Average Lodging Expense per Person per Visit } (\$84.01)^2 \div \text{Average Party Size } (3.0) \div \\ &\text{Average Visits per Party } (2.15) \div \% \text{ Staying in Lodging Establishments } (42.4\%)^2 = 2.02 \text{ million} \\ &\text{parties} \end{aligned} \quad (1a)$$

$$\begin{aligned} \text{Number of Visitors} &= \text{Number of Visiting Parties } (2.02 \text{ million}) \times \text{Average Party Size} \\ (3.0) &= 6.06 \text{ million} \end{aligned} \quad (1b)$$

$$\begin{aligned} \text{Number of Person Visits} &= \text{Number of Visitors } (6.06 \text{ million}) \times \text{Average Visits } (2.15) = \\ 13.0 \text{ million} \end{aligned} \quad (1c)$$

Total tourists' expenditures are derived by multiplying the total visiting household number by the average expenditure per household. Such that,

$$\begin{aligned} \text{Total Tourists' Expenditure} &= \text{Number of Person Visits} \times \text{Average Expenditure per} \\ &\text{Person per Visit} \end{aligned} \quad (2)$$

$$\begin{aligned} \text{Total Tourists' Expenditure} &= \text{Number of Person Visits } (13.0 \text{ million}) \times \text{Average} \\ \text{Expenditure per Person Per Visit } (\$194.55)^2 &= \$ 2.5 \text{ billion} \end{aligned} \quad (2a)$$

Sources: 1. Lodging Business Survey. Domestic Tourists' Lodging Expenditure = Total Lodging Sales (\$645 million) x % Domestic Origin Tourists (72%) = \$464.4 million. 2. Visitor Follow-up Survey, only for those who stayed in lodging businesses.

Appendix G: Glossary

- *Direct effect*: production changes associated with changes in demand for the good itself; it is an initial impact on the economy
- *Employee compensation*: wage and salary payments as well as benefits, including health and life insurance, retirement payments and other non-cash compensation.
- *Employment multiplier*: for every million dollar change in final-demand spending (direct output), the change in employment (jobs).
- *Indirect business tax multiplier*: for every dollar change in final-demand spending (direct output), the change in indirect business taxes.
- *Indirect effect*: the secondary impact caused by changing input needs of directly affected industries (e.g., additional input purchases to produce additional output).
- *Induced effect*: caused by changes in household spending due to the additional employment generated by direct and indirect effects.
- *Indirect business taxes*: consist primarily of excise and sales taxes paid by individuals to businesses; these taxes occur during the normal operation of the businesses but do not include taxes on profit and income.
- *Output*: industry output is a measure of the value of goods and services produced in the study area.
- *Output multiplier*: An output multiplier for a sector is defined as the total production in all sectors of the economy that is necessary to satisfy a dollar's worth of final demand for that sector's output (Miller and Blair, 1985). In other words, every dollar change in final-demand spending (direct output) changes the total value of output in all sectors.
- *Personal income*: consists of employee compensation and proprietary income.
- *Personal income multiplier*: for every dollar change in final-demand spending (direct output), the change in income received by households.
- *Proprietary income*: consists of payments received by self-employed individuals as income. This includes income received by private business owners, doctors, lawyers and so forth.