

The Travel and Tourism Industry in Vermont

A Benchmark Study of the Economic Impact of Visitor Expenditures on the Vermont Economy – 2007



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This 2007 update of the alternate year benchmark study series shows modest growth for Vermont's travel and tourism industry despite the negative impacts of unseasonable early winter weather and the continuing rise in gasoline prices.

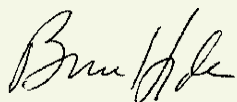
To a significant degree, the challenges in Vermont's domestic markets were offset by strong Canadian and international visitation as currencies strengthened against the U.S. dollar.

In reviewing this report, keep in mind that it specifically addresses the impact of visitor spending, including that of Vermonters when they make discretionary trips in Vermont. And remember that our recreation and tourism industry also serves the local resident population in their home communities, creating economic activity and impact in addition to what is presented in this report.

The focus on visitor spending is important because the services and sales provided to visitors bring new dollars into Vermont. This is ultimately the measure of success for all of the promotional efforts, both state and private, aimed at bringing visitors to the state and encouraging Vermonters to discover and enjoy this extraordinary place.

Maintaining clear and useful performance measures for Vermont's travel and tourism industry is essential for guiding both our marketing strategies and long-term public policy. Because tourism impacts many sectors of the economy -- hospitality, recreation, entertainment, retail and transportation -- a profile of the travel and tourism industry must be carefully drawn from those sectors.

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



Bruce Hyde, Commissioner
Vermont Department of Tourism & Marketing

In 2007:

- Visitors made an estimated 14.3 million person trips to Vermont for leisure, business, or personal travel.
- Their expenditures for goods and services totaled \$1.61 billion.*
- 37,490 jobs (12 percent of all Vermont jobs) were supported by visitor spending.

The health and potential of the state travel industry is closely linked to the marketability of the Vermont Brand. Because visitors are attracted to Vermont for the entire experience the Green Mountain State provides, an accurate understanding of the economic and fiscal impact of the industry and its development is essential for informed policy decision-making.

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

For the purpose of this study:

- A **visitor** is defined as a person traveling to a place outside his or her normal commuting pattern for the primary purpose of leisure, business or personal business. This includes domestic visitors from other states, international visitors from Canada and other foreign countries, and Vermont residents visiting other areas of the state.
- A **person trip** accounts for each individual in a **travel party**; two people on a trip equals two person trips. If an individual makes multiple trips, he or she is counted as a visitor on each trip.
- When a visitor as defined above spends money in Vermont for activities, services or goods, the size of the state's economy grows. The economic impact is comparable to selling maple syrup, cheese, granite, furniture, or high-tech goods in out-of-state markets. Because of its dollar-importing capacity, the tourism industry behaves like an export industry by bringing new dollars into the Vermont economy from out-of-state visitors and/or by retaining those dollars that might otherwise be spent out-of-state by Vermonters.

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

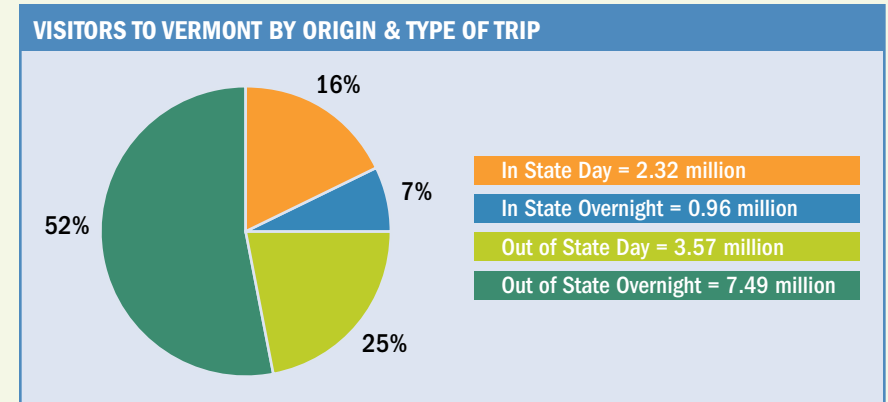


Visitors made an estimated 14.3 million person trips to Vermont in calendar year 2007, including those of domestic (both in- and out-of-state) and international origin. Visitor trips in 2007 experienced a nominal growth rate of 7.0% over the 2005 levels.

VISITORS TO VERMONT BY ORIGIN & TYPE OF TRIP	
	Person Trips (thousands)
Domestic & International Overseas Origin*	
Day	1,567.5
Overnight	5,384.7
Second Home	1,340.9
Canadian Origin	
Day	2,001.3
Overnight	765.9
Vermont Origin	
Day	2,318.9
Overnight	574.4
Second Home	390.5
TOTAL PERSON TRIPS 2007	14,344.1

*The current federal count for overseas visitors does not provide sufficient data for reliable estimates about small states like Vermont. This segment has been incorporated into Domestic until additional information becomes available. The Vermont Department of Tourism and Marketing is now acquiring international spending data through a new program that will provide more comprehensive information about the international sector in future reports.

Fifty-nine percent of all visitors, corresponding to an estimated 8.45 million visitors, spent one or more nights in Vermont in calendar year 2007. Of that total, over 4.4 million domestic origin visitors reported staying in commercial lodging such as a motel, hotel, B&B, rental home or campground.



COMPARISON OF BENCHMARK YEARS - 2007 v. 2005			
	2007	2005	% Change
Person Trips	14,344.1	13,404.0	7.0%
Visitor Days/Nights	30,334.4	29,743.1	2.0%
Visitor Expenditures	\$1,615.0	\$1,574.4	2.6%



A survey of lodging operators indicates that approximately 38.5% of non-resident guests came from the Mid-Atlantic states of New York, New Jersey and Pennsylvania and about 37.7% came from the other New England states. The balance of these visitors came from other U.S. states (12.7%), Canada (6.4%) and other foreign countries (4.7%).

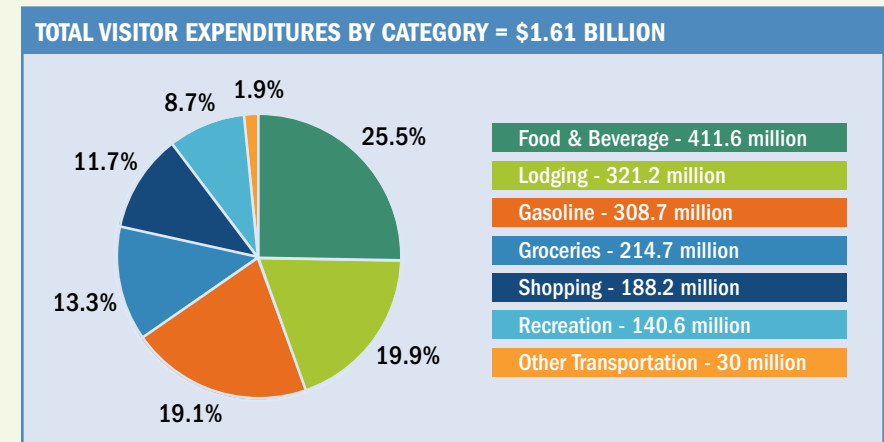
Overnight visitors to Vermont stayed an average of 2.6 nights in calendar year 2007. The majority of this group was comprised of domestic origin, non-second home owner visitors who average 2.7 nights per trip. Smaller visitor categories such as Canadian visitors and second home owners of domestic origin have longer average night stays at 2.9 and 4.0 nights per trip respectively.

AVERAGE LENGTH OF STAY BY OVERNIGHT VISITOR TO VERMONT BY ORIGIN			
	Average Nights per Trip	# of Visitor Nights (millions)	% of Visitor Nights
Non-Second Home Owner			
Domestic Origin	2.7	14.4	59.0%
Canadian Origin	2.9	2.2	9.0%
Vermont Origin	1.9	1.1	4.5%
Second Home Owner			
Domestic Origin	4.0	5.4	21.9%
Vermont Origin	3.5	1.4	5.5%

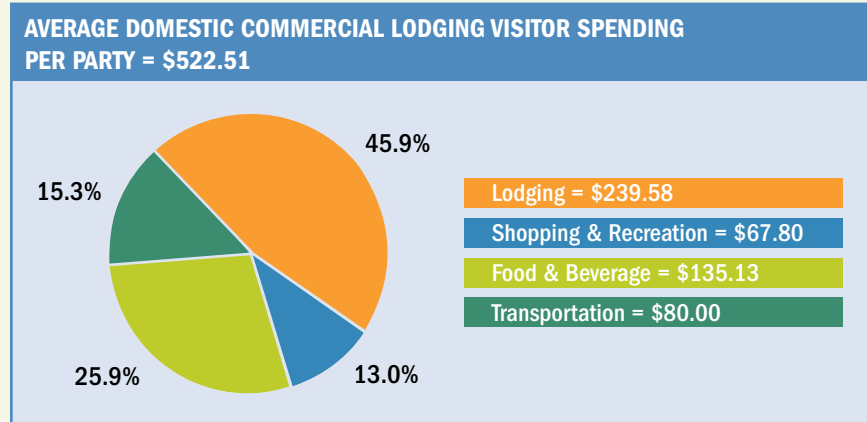


Total visitor spending on all items was estimated to total \$1.61 billion in calendar year 2007. This includes out-of-state and in-state day and overnight visitors to Vermont. This estimate does not include spending by second and vacation home owners on durable goods, or the initial purchase or construction of a second home. Total visitor spending grew by 2.6 percent since the 2005 Benchmark Study.

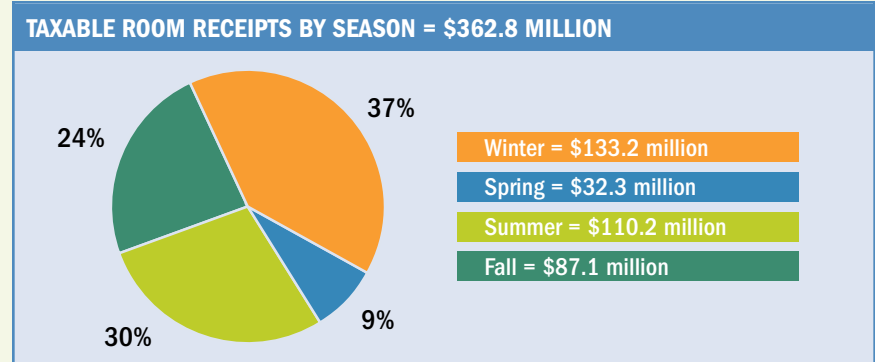
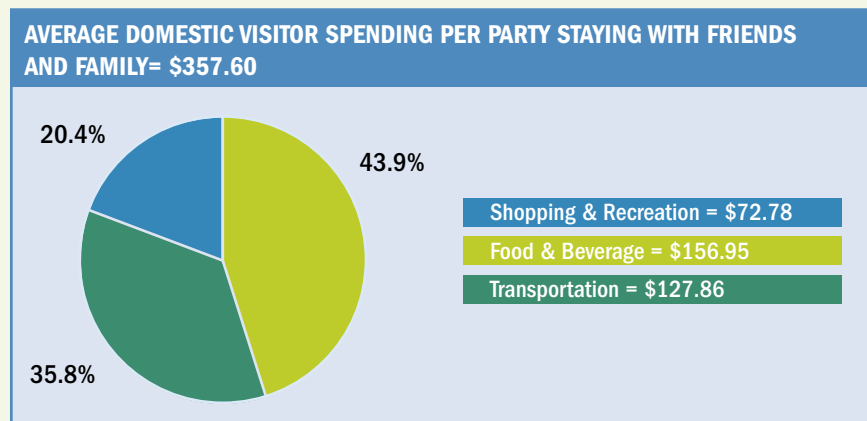
Of the \$1.61 billion in visitor expenditures in calendar year 2007, food and beverage was the largest category of total visitor spending at \$411.6 million. The second largest was lodging (\$321.2 million) followed by gasoline (\$308.7 million). The largest increase in expenditures relative to the 2005 benchmark study was for gasoline (\$308.7 vs. \$225.0 million), as the entire U.S. economy dealt with rising energy prices.



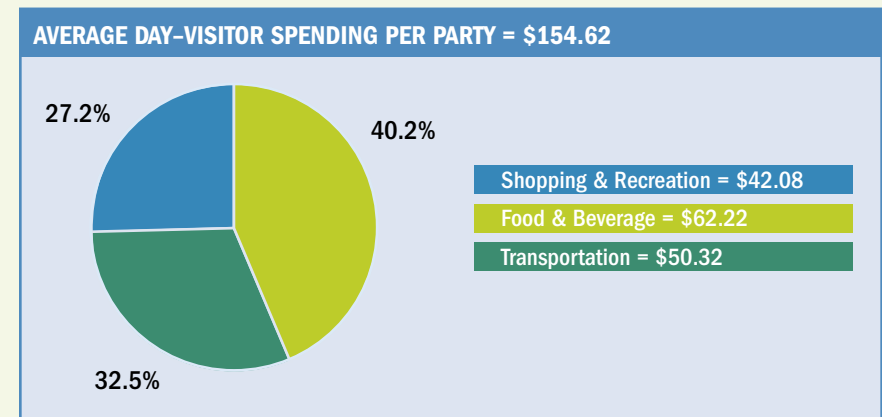
The 58.6 percent of overnight visitors staying in commercial lodging spent an average of \$522.51 per party per trip in 2007 for lodging, food and beverages, and retail purchases, considerably more per trip and visitor than those staying with family and friends, or those staying in owned or rented vacation homes.



Spending by the 36.5 percent of overnight visitors who stayed with family or friends during 2007 was less, but still significant, averaging \$357.60 per party per trip. Interestingly, approximately five percent of those staying with friends or family also used commercial lodging at least one night of their visit.



The average party (1.79 people) of day-visitors to Vermont spent \$154.62 per trip on transportation, food and beverage, and retail shopping items in calendar year 2007. The largest increase in the day-visitor expenditures came from Canadian visitors, due in part to favorable currency exchange rates.



Small inns and bed and breakfast homes are a significant part of the Vermont Brand and make up nearly 60% of the state’s commercial lodging establishments. Nationally, only two percent of travelers stay in such lodging properties. By contrast, an estimated 14% of Vermont visitors elect to stay in these traditional and iconic properties, which, in turn, make a significant contribution to the economy and culture of small towns and villages throughout the state.

At the same time, the biggest properties do the greatest volume of business. The 115 largest establishments offering 49 or more units accounted for 11.7% of the total number of establishments -- but more than 72.4% of the total lodging receipts during 2007.

COMPARISON OF COMMERCIAL LODGING ESTABLISHMENTS BY SIZE						
# Units	# Est.	% of Total	# Rooms	% of Total	Receipts	% of Total
1-10 Units	583	59.2%	3,248	15.5%	\$34.7	9.6%
11-20 Units	188	19.1%	2,768	13.2%	\$37.2	10.3%
21-49 Units	99	10.1%	2,673	12.8%	\$27.7	7.7%
49+ Units	115	11.7%	12,228	58.5%	\$261.3	72.4%
TOTAL	985	100.0%	20,918	100.0%	\$360.9	100.0%

Note: Because our revised methodology focuses on commercially licensed lodging establishments only, the number of “rooms” reported is reduced by approximately 6,000 in comparison with previous benchmark studies, which included data about privately rented condos, State and private campgrounds, RV parks, and marinas.

Average room rates were highest during the foliage season and the winter season, but with a notable variation in winter rates for properties having 21-49 units. This may be due to sample variation from previous studies or to discounting by some properties during the unseasonably warm weather in January and February of 2007.

AVERAGE ROOM RATES BY ESTABLISHMENT SIZE & SEASON				
	Winter (Dec-Mar)	Spring (Apr-May)	Summer (Jun-Aug)	Fall (Sep-Nov)
1-10 Units	\$123.52	\$119.02	\$123.46	\$133.14
11-20 Units	\$150.68	\$121.57	\$135.83	\$147.78
21-49 Units	\$102.63	\$124.47	\$127.93	\$140.67
49+ Units	\$155.56	\$124.47	\$127.93	\$140.67

Average room occupancy varied markedly by size of establishment and by season. Establishments with 49 or more units reported the highest occupancy rates. Overall, the summer season had the highest occupancy levels, followed by fall.

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

Note: Averages are weighted based on relative size of actual responses. Comparisons to previous studies are statistically valid only at the ‘Total’ level - whether ‘by Size’ or ‘by Season.’

Vermont State Parks are a significant part of the Vermont travel industry. They provide opportunities for camping, hiking, swimming and fishing to both out-of-state visitors and Vermont residents. In 2007, there were 345,064 day visitors to Vermont State Parks for an increase of 8.5% from 2006 visitation levels. The overnight camping visitation also increased in 2007 to 367,079 from 354,247, an increase of 3.6%. Total visitation was up in 2007 from 2006 by 5.9%.

VERMONT STATE PARK ATTENDANCE 2006-2007			
	2006	2007	% Change
Day Visitation	318,116	345,064	8.50%
Overnight Camping	354,247	367,079	3.60%
TOTAL	672,363	712,143	5.90%

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

Source: VT Department of Forests, Parks & Recreation

A total of 37,490 jobs (approximately 12% of all jobs) were directly or indirectly supported in the Vermont economy by visitor spending in the travel industry during calendar year 2007. This includes wage and salary employees and proprietors in the lodging, entertainment, transportation, food and beverage, and retail sectors, as well as supporting sectors supplying the industry and its workers.

JOBS & PROPRIETORS ATTRIBUTABLE TO VISITOR SPENDING	
Direct Wage & Salary Jobs	19,704
Proprietors in the Industry	7,630
Indirect Wage & Salary Jobs	10,156
TOTAL DIRECT/INDIRECT JOBS & PROPRIETORS*	37,490

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

The Vermont tourism employee who is the primary wage earner in their household had total earning-income of \$42,350 per year, an income 15 percent above the average income of \$36,949 for all employed individuals in Vermont. The share of employment that depends on visitor activity in the sub-sectors of hotel and lodging, eating and drinking, recreation and entertainment, gasoline, and retail sales were, on average, significantly higher in Vermont than nationally.

SHARE OF TOTAL SECTOR JOBS SUPPORTED BY VISITOR SPENDING: US vs. VT		
Commodity Category - Sector	United States	Vermont
Hotel and Lodging	74.00%	88.30%
Eating and Drinking	19.60%	32.30%
Transportation*	33.50%	17.50%
Recreation and Entertainment	27.20%	35.30%
Gasoline and Oil	6.60%	22.00%
Retail and Retail-Related	2.50%	5.50%

*The share of transportation is lower because Vermont is not home to major transportation industries such as airlines and shipping.

Restaurants in Vermont are more than one and one half times as dependent on visitor spending than the national average. The retail sector in Vermont was more than doubly reliant on visitor spending relative to its U.S. industry counterpart. The 2007 benchmark study estimates that an additional 7,941 non-resident person trips will increase travel industry output by \$1.0 million.

Visitors to Vermont in 2007 contributed an estimated \$206.9 million in tax and fee revenues to state coffers in the General, Transportation and Education Funds.

TAX AND FEE REVENUES FROM VISITORS			
State Tax or Fee Source	State Totals	Visitor Totals*	Visitor Portion
General Fund	\$1,156.20	\$107.70	9.30%
Transportation Fund	\$223.50	\$16.30	7.30%
Education Fund	\$882.20	\$82.90	9.40%
Total All Funds	\$2,261.90	\$206.90	9.10%

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

While the contribution of visitor spending to Rooms and Meals tax revenue (\$58.8 million) is commonly recognized, it is significant that an even larger dollar amount (\$72.6 million) provides 8.2% of the State Education Property Tax.

TOP 4 VISITOR CONTRIBUTIONS TO STATE REVENUE			
State Tax or Fee Source	State Totals (in millions)	Visitor Totals* (in millions)	Visitor Portion (as % of total)
Rooms & Meals Tax	\$118.7	\$58.8	49.5%
Gasoline Tax	\$63.5	\$11.6	18.3%
State Education Property Tax	\$882.2	\$72.6	8.2%
Sales & Use Tax	\$336.9	\$28.5	8.5%

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

Tourism in Perspective

The 2007 Benchmark Study is the third in a biennial series of studies to estimate the economic and fiscal impact of Vermont's tourism industry on the Vermont economy. The study adheres to the objective and defensible methodologies established in the 2003 study. Comparisons between the benchmark years provide reliable measures of performance and trends that the Department of Tourism & Marketing will use to develop and strengthen the visitor industry in Vermont.

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



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

- Direct spending by visitors adds \$1.61 billion to the Vermont economy.
- Approximately 86.2% of this spending comes from out-of-state visitors.
- Visitor spending directly and indirectly supports 37,490 jobs for Vermonters (approximately 12% of all jobs).
- Vermont's overall hospitality/recreation industry comprises approximately 59,700 jobs supported by both visitor and resident spending (preliminary estimate, EPR).
- Five out of the six key sectors of the Vermont tourism economy, especially retail and dining, are more dependent on visitor spending than the national average; some by as much as two and even three times greater than the comparable sector nationally.
- Visitor spending in 2007 contributed an estimated \$206.9 million in tax and fee revenues to the State of Vermont.

Analysis of this important employment and income-generating sector of the Vermont economy is ongoing, looking at different aspects of the tourism industry in greater detail. Every sector study undertaken will conform to the benchmark standards so that results across the years are consistent, comparable and defensible. The 2007 report can be found online at our industry website, www.VermontPartners.org.

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