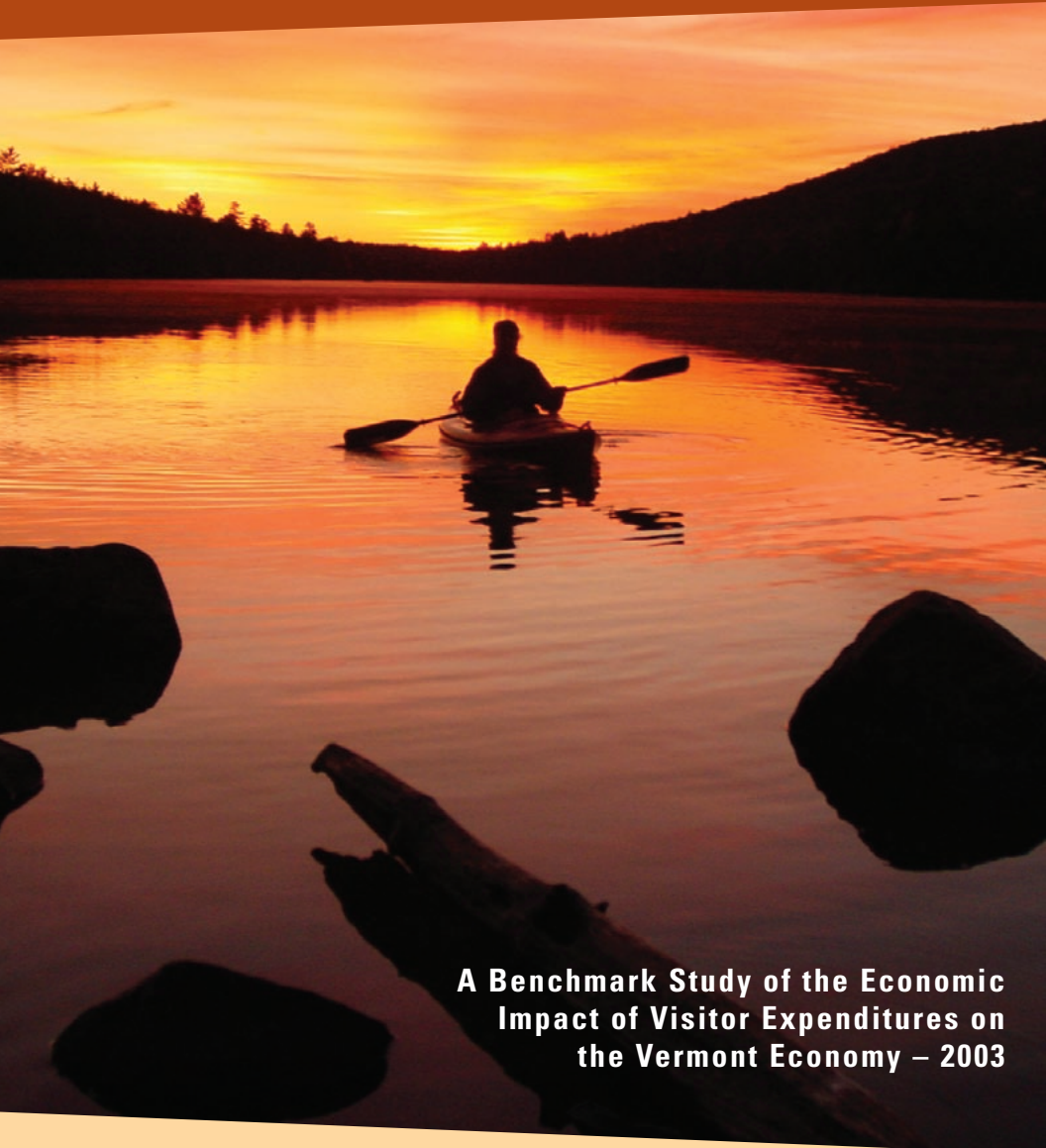


The Travel & Tourism Industry in Vermont



A Benchmark Study of the Economic Impact of Visitor Expenditures on the Vermont Economy – 2003

Prepared by:

EPR Economic & Policy Resources



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

Moving forward with a foundation of data about visitor spending and activities compiled during the past five years, the Vermont Department of Tourism & Marketing (VDTM) contracted with Economic & Policy Resources, Inc. (EPR) to conduct additional surveys about some aspects of this industry not previously studied including:

- Visitors who stay with family or friends in Vermont
- Vermont residents who travel to areas within Vermont outside their usual working and leisure patterns
- Second homeowners, both resident and non-resident.

Along with extensive analysis of the national data available through the Travel Industry Association of America (TIA), EPR has collected new data and used available Vermont data to establish benchmarks for visitor counts, visitor spending, and the resulting employment in the travel and tourism industry. In preparing each estimate reported in the following pages, EPR has reconciled independent data sources to verify the accuracy of the figures.

This landmark study provides clear and justifiable benchmark estimates of visitor impact on the overall state economy and establishes baselines for industry employment and output. This process also provides a model for future studies of sub-sectors of the travel and tourism industry as well as other industries in the Vermont economy. If you would like more details on any aspect of this summary, the complete report can be found online on our industry website at www.VermontPartners.org. Analysis of the tourism industry will be ongoing and future studies will supplement the data presented here.



Bruce Hyde, Commissioner
Vermont Department of Tourism & Marketing

A special note of thanks to the following people, whose technical expertise and comments have contributed significantly to this project: Michael Griffin, Dept. of Employment & Training; Thomas E. Kavet, Consulting Economist, Joint Fiscal Office; Susan Mesner, Vermont Tax Dept.; Dennis Malloy, Agency of Natural Resources; Tom Noordewier, School of Business, UVM; Rich Smith, Vermont Dept. of Economic Development; Representative Malcolm Severance; Valerie Rochon, Stowe Area Association; William Valliere, Vermont Tourism Data Center, UVM.

- Visitors made an estimated 12.8 million trips to Vermont for leisure, business, or personal travel.
- Their expenditures for goods and services totaled \$1.46 billion.*

* 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. This impact estimate differs from previous estimates that projected economic impact primarily from visitor spending data using a different methodology.

- Visitor spending supports, both directly and indirectly, more than 36,470 jobs for Vermont workers and business owners.
- Visitors are attracted to Vermont for the entire experience the Green Mountain State provides. The health and potential of the state travel industry is closely linked to the marketability of the "Vermont Brand." For that reason, an accurate understanding of the economic and fiscal impact of the industry's progress and development is essential to public policy makers.

For the purpose of the study:

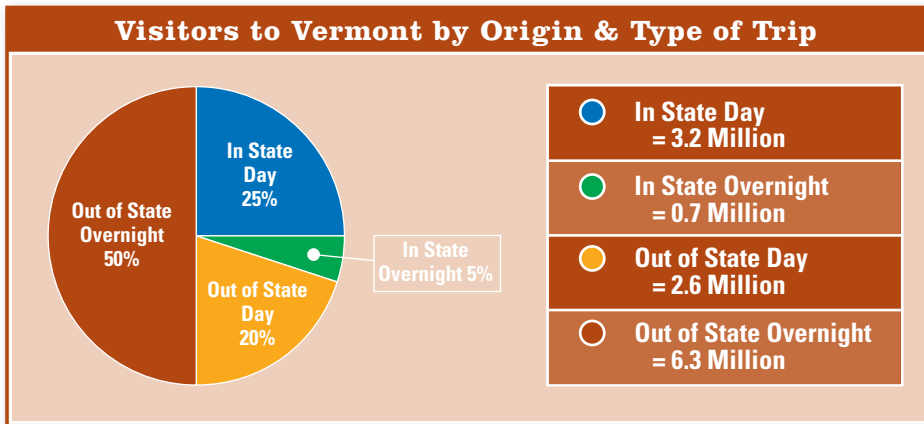
- A **visitor** is defined as a person traveling to a place outside his or her normal commuting pattern for the primary purpose of leisure, business, or personal business. This includes domestic visitors from other states and international visitors from Canada and other foreign countries, as well as 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 spends money in Vermont for activities, services or goods, the economic impact is comparable to selling maple syrup, cheese, granite, furniture or high-tech goods to out-of-state markets. However, one advantage is that travel and recreation services are sold at retail rather than wholesale prices.

Visitors

- Visitors made an estimated 12.8 million trips to Vermont in 2003, including those of domestic (both in and out-of state) or of international origin.

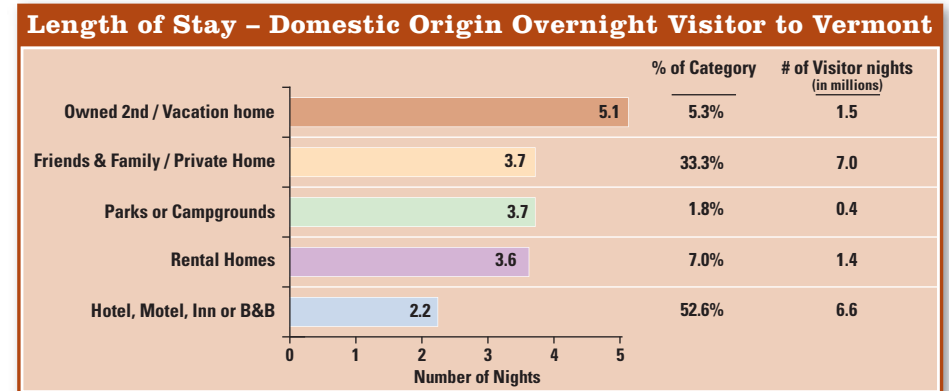
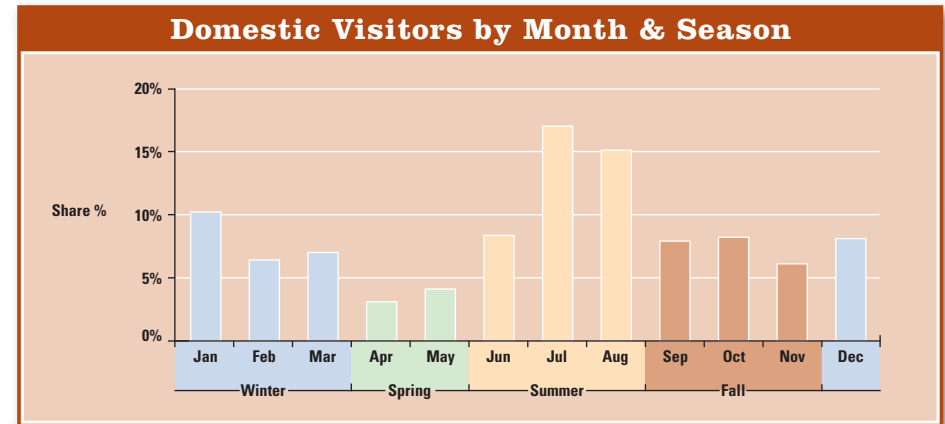
Visitors to Vermont by Origin & Type of Trip		Person Trips (thousands)
Domestic Origin		
Day		880.0
Overnight		5,665.0
Foreign Origin		
Canadian		
Day		1,731.8
Overnight		598.2
International		
Overnight		72.4
Vermont Origin		
Day		3,156.4
Overnight		691.7
Total Person Trips 2003:		12,795.5

- 55% of all visitors in 2003, an estimated 7.0 million visitors, spent one or more nights in Vermont. Of that total, 3.8 million stayed in commercial lodging such as a motel, hotel, B&B, inn, rental home or campground.
- A survey of lodging operators indicates that 40.5% of Vermont visitors staying in commercial lodging originated from the Mid-Atlantic states of New York, New Jersey and Pennsylvania. Visitors from New England states other than Vermont accounted for another 38.2% of visitors staying in commercial lodging.



Length of Stay

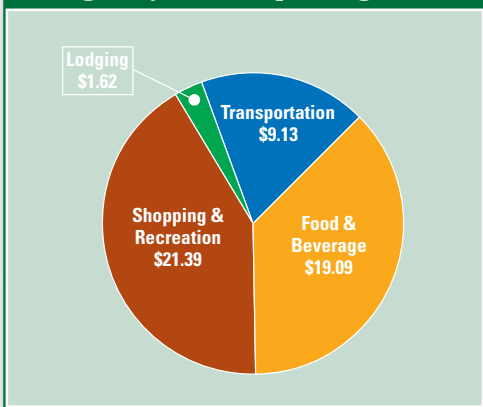
- Lodging survey results indicate that overnight visitors to Vermont stay an average of 2.3 nights, ranging from those staying in hotels, motels, inns and B&Bs at 2.2 nights per visit to 5.1 nights per visit for those staying in owned second and vacation homes.



Visitor Spending

- Total visitor spending on all items in 2003 is estimated at \$1.46 billion. This includes out-of-state and in-state day and overnight visitors to Vermont, but does not include the spending by second and vacation home owners on durable goods or initial purchase of a residence.

Average Day Visitor Spending = \$51.22



- The average day-visitor to Vermont spends \$51.22 per person trip on transportation, food and beverage and retail shopping items.

Average Overnight Visitor Spending = \$166.00



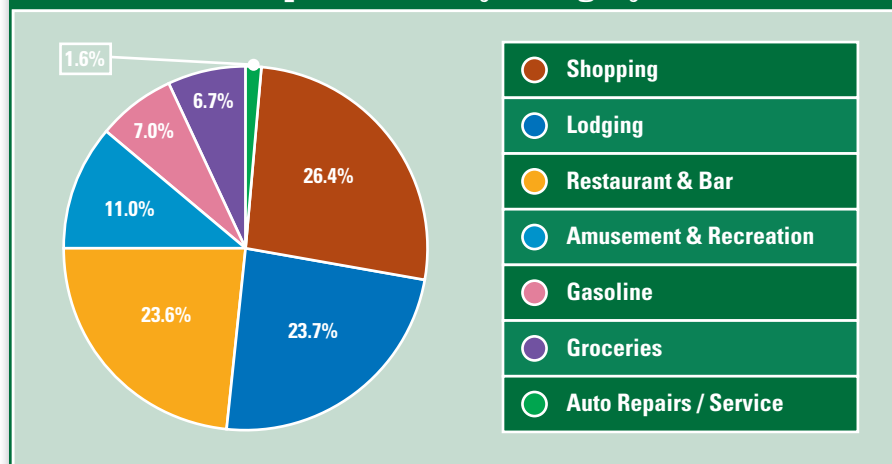
- The average overnight visitor to Vermont spends \$166.00 per person trip on transportation, lodging, food and beverages and retail shopping items. Visitors staying in commercial lodging spend more than those staying with family and friends or in owned second or vacation homes.

Total Visitor Expenditures by Category

Category	Expenditures (in Millions)	% of total
Shopping	\$386.0	26.4%
Lodging	\$346.3	23.7%
Restaurant & Bar	\$344.8	23.6%
Amusement & Recreation	\$160.7	11.0%
Gasoline	\$102.3	7.0%
Groceries	\$98.5	6.7%
Auto Rep. & Service	\$23.5	1.6%
Total	\$1,462.0	

- Of the \$1.46 billion in visitor expenditures, shopping is the leading category of total visitor spending at \$386 million, followed closely by lodging (\$346.3 million) and restaurants/bars (\$344.8 million).

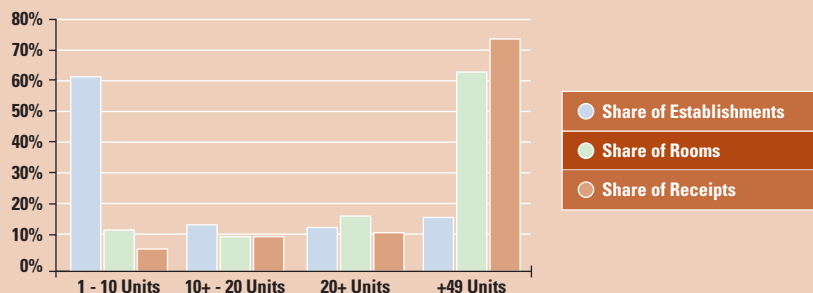
Total Visitor Expenditures by Category = \$1.46 Billion



Overnight Lodging

- A typical overnight visitor party to Vermont staying in commercial lodging, including motels, hotels, B&Bs, inns, rental housing and campgrounds, spends \$599.84 per visit with an average party size of 2.3 persons and a stay of 2.4 nights.

Comparison Of Lodging Establishments by Size

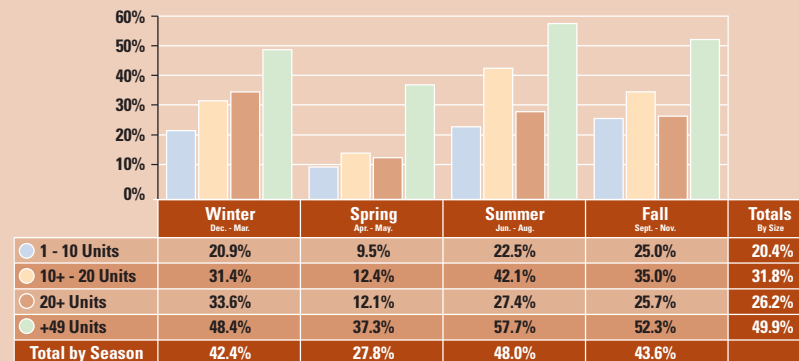


	# of Est.	% of Total	Rooms	% of Total	Receipts*	% of Total
1 - 10 Units	813	61.1%	2,578	11.6%	\$21.3	6.2%
10+ - 20 Units	173	13.0%	2,059	9.3%	\$32.2	9.4%
20+ Units	155	11.7%	3,638	16.4%	\$36.6	10.7%
+49 Units	189	14.2%	13,879	62.6%	\$253.2	73.8%
Total	1,330	100.0%	22,154	100.0%	\$343.3	100.0%

* In millions of dollars

- A total of 813 establishments, or 61.1% of all establishments, offer 10 or fewer rooms.
- The 189 largest establishments, offering 49 or more rooms, account for 62.6% of the total number of rooms available during the peak season and nearly 74% of the total lodging receipts during 2003.
- The total of 1,330 establishments is based on Vermont Department of Taxes data and tax return filers in 2003.

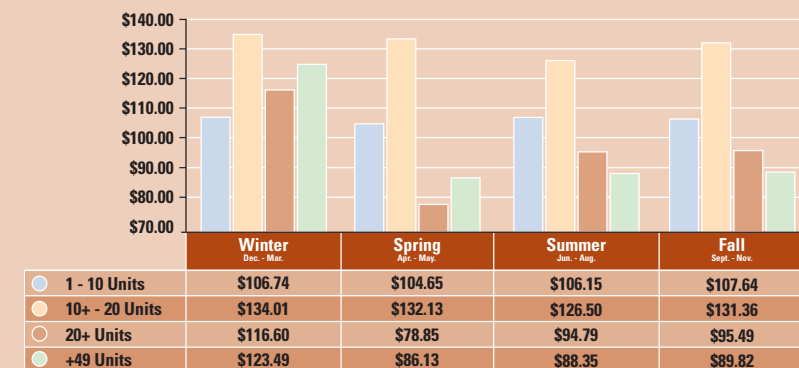
Occupancy by Establishment Size & Season



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

- Average room occupancy varies markedly by size of establishment and by season, with the larger establishments achieving higher occupancy rates.

Average Room Rates by Establishment Size



- Visitors during the four winter months account for 40.8% of total 2003 commercial lodging receipts. This was followed by 27.8% during the summer season, 23.5% for the fall, and 7.9% for the spring.

Industry Employment

- A total of 36,470 jobs (about 1 in every 10) are supported in the Vermont economy by visitor spending in the travel industry. This includes wage and salary employees and proprietors in the lodging, entertainment, transportation, food and beverage, retail and supporting sectors supplying the industry.

Jobs & Proprietors Attributable to Visitor Spending	
Direct Wage & Salary Jobs	20,019
Proprietors in the Industry	7,721
Indirect Wage & Salary Jobs	8,730
Total Direct/Indirect Jobs & Proprietors	36,470

- An additional 8,750 visitors will increase travel industry output by \$1.0 million.
- Every million dollars of visitor spending statewide supports 24.9 jobs in the travel industry.
- The share of employment reliant on visitor activity in the sub-sectors of hotel and lodging, eating and drinking, recreation and entertainment, gasoline and retail sales is significantly higher in Vermont than on average nationally.
- Restaurants in Vermont are nearly twice as dependent on visitor spending than the national average, and retail is nearly three times as dependent.

Share of Total Sector Jobs Supported by Visitor Spending - U.S. vs. VT

Commodity Category - Sector	United States (% Total Jobs in Sector)	Vermont (% Total Jobs in Sector)
Hotel & Lodging	80.8%	90.9%
Eating & Drinking	18.2%	30.6%
Transportation*	43.9%	21.5%
Recreation and Entertainment	23.5%	35.0%
Gasoline and Oil	8.3%	23.9%
Retail and Retail - Related	2.8%	8.1%

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

State Tax Revenues

- Visitors to Vermont in 2003 contributed an estimated \$181.7 million in tax and fee revenues to state coffers in the General, Transportation, and Education Funds. This amount does not include a full accounting of expenditures by second and vacation homeowners; that data will be presented in a later report.

Tax and Fee Revenues from Visitors

State Tax or Fee Source	State Totals (in millions)	Visitor Portion (in millions)	Visitor Portion (as % of total fund)
Total General Fund	\$897.2	\$91.7	10.2%
Transportation Fund	\$212.3	\$15.8	7.4%
Education Fund	\$597.1	\$74.2	12.4%
Total All Funds	\$1,706.6	\$181.7	10.5%

Top 3 Visitor Contributions to State Revenue

State Tax or Fee Source	State Totals (in millions)	Visitor Portion (in millions)	Visitor Portion (as % of total fund)
Rooms & Meals Tax	\$84.6	\$51.3	60.7%
Gasoline Tax	\$54.3	\$12.2	22.5%
State Education Property Tax	\$461.5	\$65.8	14.3%

In Conclusion

The preceding information has, for the first time, set clear and defensible baseline standards for the Vermont tourism industry. This information will allow us to set annual performance targets and to better direct promotional resources.

To some it may seem difficult to compare the results of this study with long used data from previous studies conducted by the University of Vermont. There are some critical key differences that are essential for a complete understanding:

- While the UVM studies provide useful information about the characteristics and travel activities of visitors, including their spending patterns, the studies were not designed as part of a comprehensive analysis to determine the economic impact of visitor activities.
- The UVM research employs different definitions of visitors in its survey work, and therefore the results are not directly comparable to those reported here.
- The University's research was not designed to independently reconcile direct spending with comparable state revenues for tourism sectors.

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

- The Vermont tourism industry directly or indirectly employs 36,470 Vermonters (approximately 1 in every 10 jobs).
- Direct spending by visitors adds \$1.46 billion to the economy annually.
- Several sectors of the Vermont tourism economy are 2-3 times more dependent on visitor spending than the national average.
- Visitor spending in 2003 contributed an estimated \$181.7 million in tax and fee revenues to the state of Vermont.

Analysis of this vital sector of the Vermont economy will be ongoing, looking at different aspects in greater detail and using the same model for the sake of consistency, comparability and defensibility. For greater detail, the complete report, including appendices, can be found online on our industry website at www.VermontPartners.org.

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