

The Economic Impact of Beer Tourism in Kent County

Prepared by:

Anderson Economic Group, LLC
Dr. Cristina Benton, Director of Market and Industry Analysis
Sara Bowers, Senior Analyst

Commissioned by:

Experience Grand Rapids

Anderson Economic Group, LLC
East Lansing | Chicago

1555 Watertower Place, Suite 100
East Lansing, Michigan 48823
Telephone: (517) 333-6984

www.AndersonEconomicGroup.com

<i>Executive Summary</i>	<i>1</i>
Purpose of Report	1
Overview of Approach	1
Overview of Findings	2
About Anderson Economic Group	4
 <i>Overview</i>	 <i>6</i>
Beer Tourism in Grand Rapids	6
Beer Tourists	6
Survey Results	7
 <i>Economic Impact of Beer Tourism</i>	 <i>12</i>
Net New Economic Impact Defined	12
Beer Tourist Expenditures	12
Estimating Beer Tourists and Visitor Days	13
Economic Impact from Beer Tourism	13
Other Impacts and Considerations	14
 <i>Appendix A. Methodology</i>	 <i>A-1</i>
 <i>Appendix B. Beer Tourism Survey</i>	 <i>B-1</i>
 <i>Appendix C. About Anderson Economic Group ..</i>	 <i>C-1</i>

I. Executive Summary

PURPOSE OF REPORT Grand Rapids, Michigan is home to nearly 40 popular breweries. The first and most well-known is Founders Brewing Company, which was established in 1997. Over the next decade and a half, a number of breweries opened, and the city was voted Beer City USA in 2012 and 2013. In 2016 and 2017, USA Today readers voted Grand Rapids the nation's best beer scene.¹

Experience Grand Rapids seeks to strengthen the region's economic vitality and quality of life by marketing Grand Rapids and Kent County as a preferred visitor destination. As part of this effort, Experience Grand Rapids promotes the area's craft breweries and related attractions. Because the craft breweries attract numerous visitors to Kent County, and the Beer City Brewsaders program has been in effect for several years, Experience Grand Rapids commissioned Anderson Economic Group to conduct a study of the economic impact of beer tourism on Kent County. A prior study on beer tourism was conducted in 2015, which found that over 42,000 beer tourists visited Grand Rapids, generating an economic impact of \$12.2 million in the county during the analysis period.

OVERVIEW OF APPROACH

To complete our economic impact analysis of beer tourism on Kent County, we took the following steps:

1. Mapped breweries in Kent County and collected information from Experience Grand Rapids, including the prior study of beer tourism, overall county tourism data, and relevant metrics of the Brewsaders program.
2. Created a survey to collect relevant data on beer tourists and brewery visitors, and conducted the survey during representative months throughout the year, at a representative group of area breweries:
 - October 2018;
 - December 2018;
 - During the Annual Winter Beer Festival in February 2019;
 - May 2019;
 - June 2019; and
 - July 2019.
3. Defined "beer tourists" to focus our analysis and identify visitors who would likely not be visiting the county if not for the breweries. Beer tourists include either visitors who live outside of Kent County for whom craft beer is the primary reason for their visit, or people who live in Kent County but are staying

1. Tim Marklew, "How Michigan's Grand Rapids Became Beer City," April 26, 2018, found July 16, 2019 at www.theculturetrip.com/north-america/usa/michigan/articles/how-michigans-grand-rapids-became-beer-city/.

overnight in a hotel or motel and for whom craft beer is the primary reason for their trip.

4. Using a rigorous methodology, estimated the number of people who visited Kent County due to breweries (beer tourists).
5. Developed a custom model to estimate the net economic impact of beer tourism on Kent County, which includes spending by beer tourists and accounts for substitution.¹

OVERVIEW OF FINDINGS

Using the information available to us and the methodology described above, we concluded the following:

1. The numerous breweries in Grand Rapids and Kent County are popular tourist attractions, attracting over 94,000 beer tourists in the study year.

- When Grand Rapids won Beer City USA polls in 2012 and 2013, the city had 17 breweries. Currently, there are nearly 40 breweries in the city and over 80 in the greater West Michigan region.
- The Beer City Brewsaders program, which launched in 2015, now has over 15,000 Brewsaders and many more are working on filling out their passports to become Brewsaders.
- Based on our survey, Brewsaders program data, and related tourism data for Kent County, we estimate that the breweries attracted 94,815 beer tourists during the study year, up from 42,246 beer tourists estimated in the 2015 study.
- Over 64 percent of beer tourists came from Michigan, outside of Kent and Ottawa Counties, and about 25 percent came from outside of Michigan.
- Expanded Beer City marketing campaigns by Experience Grand Rapids and the development of the Brewsader Passport Program have increased visibility of area breweries, and likely contributed to the strong growth in beer tourists.

See “Overview” on page 6 and “Estimating Beer Tourists and Visitor Days” on page 13.

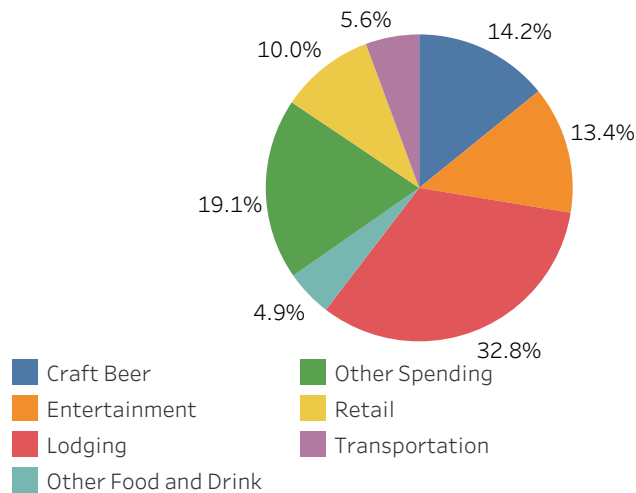
2. During the study year, beer tourists spent \$23.9 million in Kent County on craft beer, accommodations, food, transportation, and other spending.

1. We used a similar methodology to the prior 2015 study of beer tourism. Our survey included the same questions, with some additions; our survey methodology was similar; and we used economic impact multipliers from the same source. It is not clear how the number of beer tourists was estimated in the prior study, however we expect that our estimate is comparable with the prior study. See “2015 Economic Impact Study Methodology” on page A-2.

- The average beer tourist visited Grand Rapids in a party of 4.2 persons and stayed for 1.6 nights in Grand Rapids.
- We estimate that beer tourist spending on craft beer was about \$150 per party per trip on average, totaling \$3.4 million during the study year.
- Spending on accommodations and other food and beverage was about \$348 and \$52, respectively, per party per trip.
- Including additional spending on entertainment, transportation, retail, and other expenditures, parties spent \$1,060 on average during trips to Grand Rapids for beer tourism. This shows an increase from the prior study, when parties reported spending an average of about \$998 on beer tourism trips.

See Figure 1 on page 3. See also “Overview” on page 6 and “Beer Tourist Expenditures” on page 12.

FIGURE 1. Beer Tourist Distribution of Spending



Source: Anderson Economic Group survey of beer tourists;
Analysis: Anderson Economic Group

3. This spending by beer tourists generated a net new economic impact of \$38.5 million in Kent County during the study year.

- Direct spending by beer tourists recirculates in the local economy, generating additional indirect spending.
- The total of this direct and indirect spending created a total economic impact of \$38.5 million during the study year, up more than threefold from \$12.2 million in the prior study.
- In addition, the spending supported 378 jobs and \$9.9 million in earnings in the county. This is an increase from estimates in the 2015 study, which showed 171 jobs supported and \$3.3 million in earnings supported in the county.

See Table 1 on page 4 for a summary of total visitor spending and economic impacts, and Figure 2 on page 4 for a breakdown of the economic impact by type of spending.

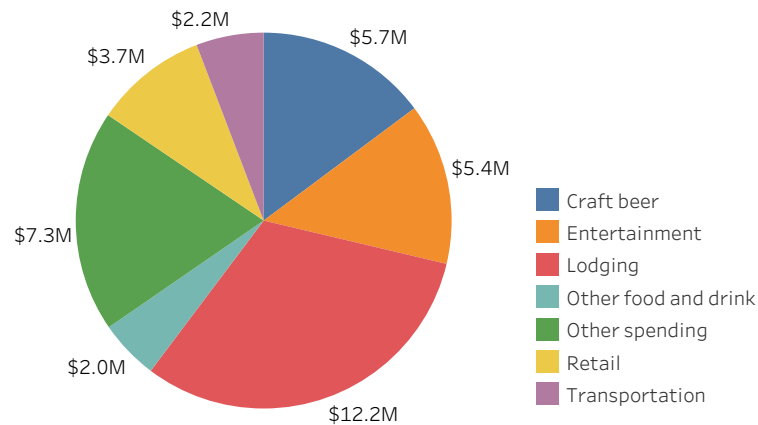
See “Economic Impact from Beer Tourism” on page 13.

TABLE 1. Economic Impacts by Beer Tourists

Category	Impact
Total Spending	\$23.9 million
Total Economic Impact	\$38.5 million
Total Earnings Impact	\$9.9 million
Total Employment Impact	378 jobs

Source: Anderson Economic Group survey of beer tourists; tourism and Brewsader program data from Experience Grand Rapids; U.S. Bureau of Economic Analysis RIMS II multipliers
Analysis: Anderson Economic Group

FIGURE 2. Breakdown of Economic Impact of Beer Tourists by Spending Category



Source: Source: Data on Kent County tourism from Experience Grand Rapids; Brewsaders data and tourism data from Experience Grand Rapids; AEG Beer Tourism survey; BEA RIMS II multipliers

Analysis: Anderson Economic Group

ABOUT ANDERSON ECONOMIC GROUP

Founded in 1996, Anderson Economic Group is a boutique research and consulting firm, with offices in East Lansing, Michigan, and Chicago, Illinois. They have conducted nationally-recognized economic and fiscal impact studies for private, public, and non-profit clients across the United States. Some examples include the economic impacts of the Grand Rapids Whitewater project, the economic impact of the ArtPrize events, the Michigan State University’s Grand Rapids Research Center, downtown arts and entertainment venues, and many others.

Anderson Economic Group experts have experience with clients in the alcoholic beverage industry representing Beck's North America, Diageo-Guinness, InBev USA, among others. We also have worked with various wholesalers distributing a variety of brands, such as Budweiser, Corona, Jim Beam, Mondavi, and Smirnoff. Our team has also been recognized by the Business Brokerage Press (BBP) as valuation experts in the beer distributorship/wholesaler industry.

Work by Anderson Economic Group has been utilized in legislative hearings, legal proceedings, and public debates, as well as major planning exercises and executive strategy discussions. For more information, please see "Appendix C. About Anderson Economic Group" on page C-1 or visit www.AndersonEconomicGroup.com.

II. Overview

BEER TOURISM IN GRAND RAPIDS

Beer tourism, or traveling to visit small and independent craft breweries, has been growing around the country, and the city of Grand Rapids is a prime example. The popularity of breweries in Grand Rapids has followed the growth and success of Founders Brewing Company, which was established in 1997, as well as wide-reaching marketing campaigns by Experience Grand Rapids. Over the following 15 years, more breweries opened, and Grand Rapids gained national attention as a beer destination when it won back to back Beer City USA polls in 2012 and 2013.² At this point, the city had about 17 breweries.³

Today, there are nearly 40 breweries in and surrounding the city and even more in the greater West Michigan region. In 2016 and 2017, USA Today readers voted Grand Rapids the nation's best beer scene. Experience Grand Rapids launched the Beer City Brewsader Passport, which promotes Grand Rapids breweries and offers rewards for visiting them. Experience GR also helps visitors find beer tours, where they can learn more about the local beer, as well as safe transportation options for visitors. Several hotels in the area offer beer packages, and two downtown hotels offer beer-inspired spa packages. The Winter Beer Festival attracts many visitors and breweries from across the state and the nation. And, for visitors who aren't sure where to start, the Beer City Ale Trail maps out over 80 breweries in West Michigan.

BEER TOURISTS

Beer tourists who visit the Grand Rapids area generate an economic impact on the local economy by spending money in breweries and restaurants, staying in hotels, and visiting other local attractions. For our analysis, we defined "beer tourists" as:

- Visitors who live outside of Kent County, for whom craft beer was their primary reason for visiting the Grand Rapids area, and
- Visitors who live in Kent County but were staying overnight in a local hotel, for whom craft beer was the primary reason for their outing.⁴

We collected information about beer tourists using a survey, which was administered six times during 2018 and 2019 at several popular Grand Rapids breweries. See "Beer Tourism Survey" on page A-1 for more information about the

2. Tim Marklew, "How Michigan's Grand Rapids Became Beer City," Culture Trip, April 2018, found July 2019 at www.theculturetrip.com.

3. REVUE Marketing Staff, "Beer City USA: How Grand Rapids embraced its title to become a destination for craft beer," REVUE, April 2018, found August 2019 at www.revuewm.com.

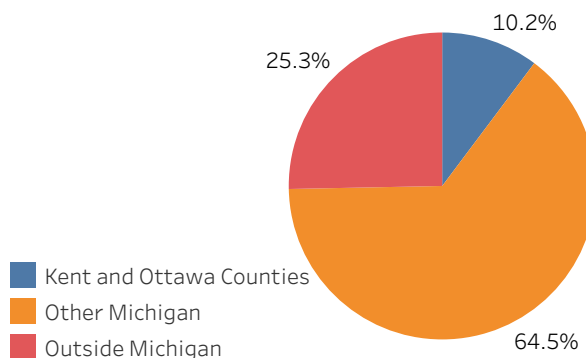
4. We used the same definition of "beer tourists" that was used in the 2015 study on the economic impact of beer tourism in Kent County.

survey. See Exhibit B-4 on page B-5 for full survey results from all survey respondents, and Exhibit B-5 on page B-9 for full survey results of beer tourists.

SURVEY RESULTS

Beer Tourist Origins. About 10 percent of beer tourists came from Kent and Ottawa counties, and over 64 percent of beer tourists were from elsewhere in Michigan. About 25 percent of beer tourists originated outside of Michigan. See Figure 3 below.

FIGURE 3. Beer Tourist Origins



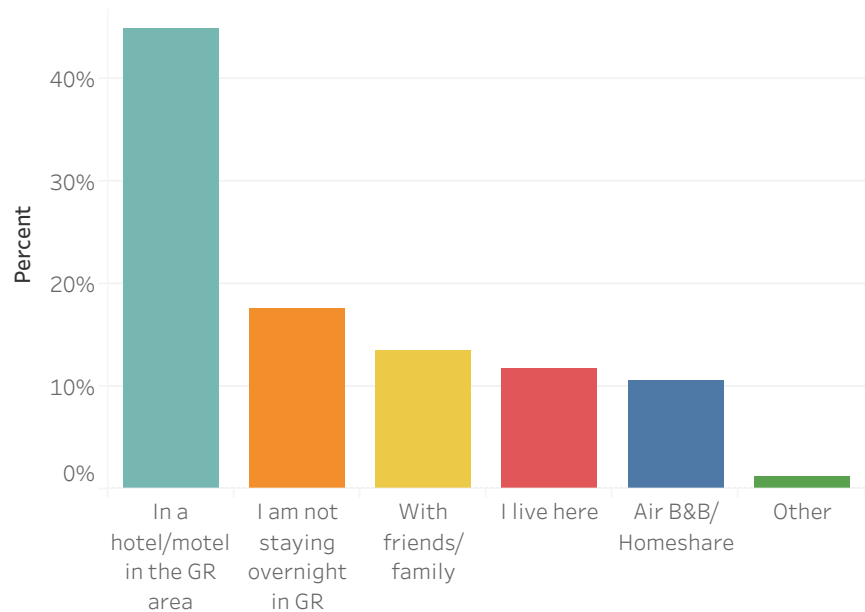
Source: Anderson Economic Group beer tourism survey

Analysis: Anderson Economic Group

Where Visitors are Staying. About 45 percent of beer tourists stayed in a hotel or motel during their stay. Almost 14 percent stayed with friends and family, and nearly 11 percent stayed in an AirBnB or Homeshare. Just under 18 percent responded that they live in the area, and over 17 percent did not stay overnight.⁵ See Figure 4 on page 8.

5. Respondents who answered “I live here” did not necessarily live in Kent County. These results are based on responses to the survey question and not the ZIP code given by the respondent.

FIGURE 4. Beer Tourist Accommodations

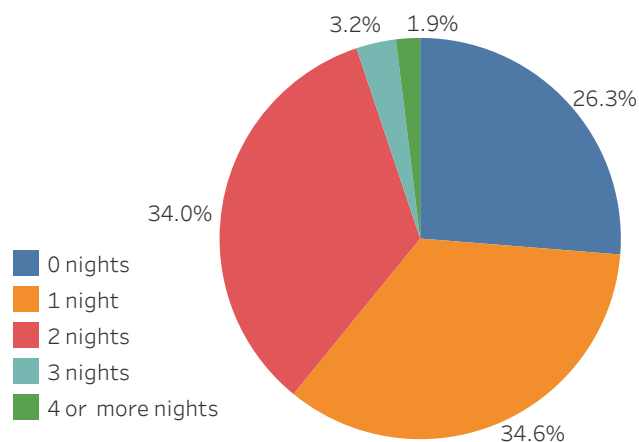


Source: Anderson Economic Group beer tourism survey

Analysis: Anderson Economic Group

Length of Stay and Party Size. About 26 percent of beer tourists stayed in Kent County for about a day. Almost 35 percent stayed for one night, and 34 percent stayed for two nights. About five percent stayed for three or more nights. On average among visitors who stayed for at least one night, beer tourists stay in the Grand Rapids area for 1.6 nights. See Figure 5 below.

FIGURE 5. Beer Tourist Length of Stay



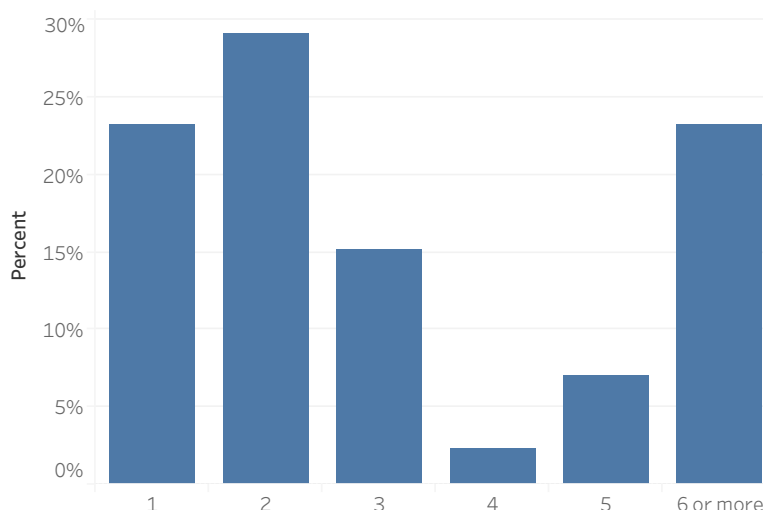
Source: Anderson Economic Group beer tourism survey

Analysis: Anderson Economic Group

Most beer tourists visited in a party of two or four. About eight percent were in a party of 10 people or more. On average, beer tourists visit in parties of 4.2 people.

Number of Trips. In addition to this trip, almost 60 percent of beer tourists have visited the Grand Rapids area in the past year because of the craft beer. Almost 77 percent made one to three other visits in the past year, and nine percent have made 10 or more visits in the past year because of craft beer. On average, beer tourists have visited the area three to four times in the past year. See Figure 6 on page 9.

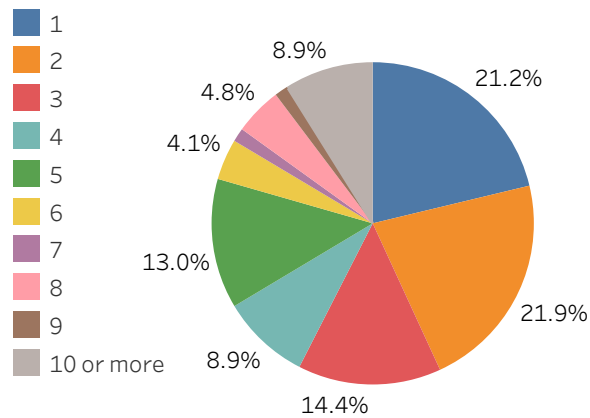
FIGURE 6. Number of Beer-Related Trips by Beer Tourists in the Last Year



Source: Anderson Economic Group beer tourism survey
Analysis: Anderson Economic Group

Number of Breweries Visited. About 43 percent of beer tourists were visiting one or two breweries on their trip to Kent County. Just over 14 percent planned to visit three breweries, nine percent planned to visit four, and 13 percent planned to visit five. About 20 percent of beer tourists planned to visit more than five breweries on their trip. See Figure 7 on page 10.

FIGURE 7. Number of Breweries Visited by Beer Tourists on Current Trip

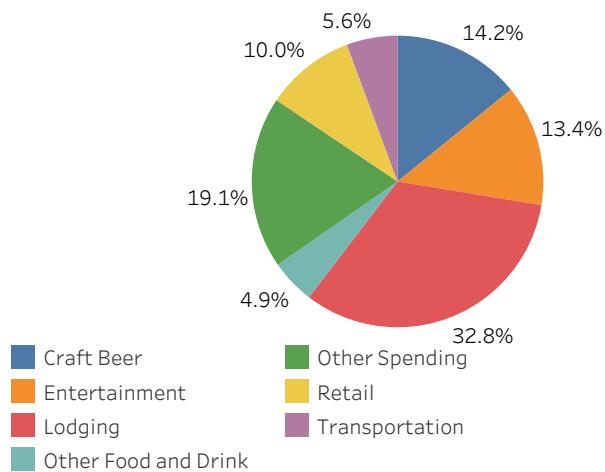


Source: Anderson Economic Group beer tourism survey

Analysis: Anderson Economic Group

Average Daily Spending. On average, groups of beer tourists spend about \$1,060 per party, or about \$253 per person, on beer-related trips to the Grand Rapids area. Beer tourists spend about 19 percent of this on craft beer and other food and drink. Almost 33 percent of their spending is on accommodations, and almost six percent is on transportation. See Figure 8 below.

FIGURE 8. Beer Tourist Distribution of Spending

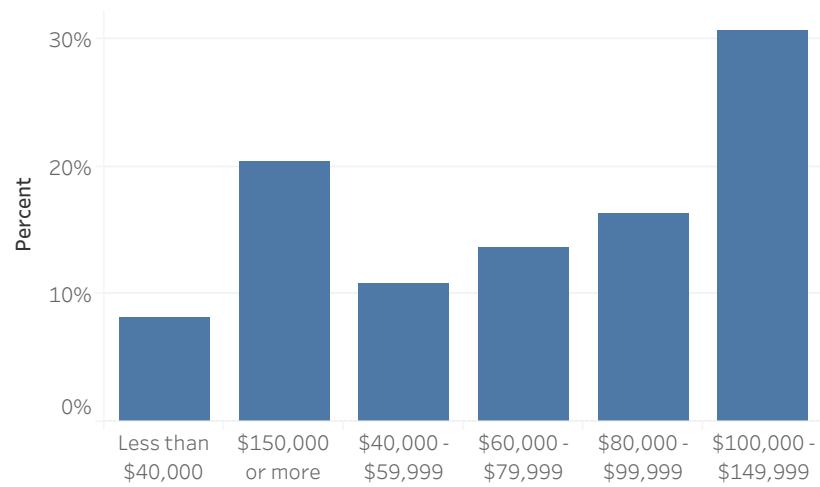


Source: Anderson Economic Group beer tourism survey

Analysis: Anderson Economic Group

Household Income. Beer tourists tend to come from higher income households. Over 50 percent have household incomes of at least \$100,000. About 16 percent have household incomes between \$80,000 and \$100,000. See Figure 9 on page 11.

FIGURE 9. Beer Tourist Household Income



Source: Anderson Economic Group beer tourism survey

Analysis: Anderson Economic Group

Brewsaders. About 40 percent of beer tourists were aware of the Beer City Brewsaders program, and almost 16 percent are currently a Brewsader or Ultimate Brewsader. Of the people who were aware of the program, 49 percent heard about it from a brewery, almost 23 percent heard from friends or family, and 13 percent learned about the Brewsaders from the Experience Grand Rapids website.

III. Economic Impact of Beer Tourism

NET NEW ECONOMIC
IMPACT DEFINED

We define “net new economic impact” as the new economic activity directly or indirectly caused beer tourists. To quantify the economic impact of beer tourists in Kent County, we ask, in effect, “What would be the loss to the county without them?”

To estimate the economic impact of beer tourists, we include their spending in the Grand Rapids area. Furthermore, we exclude any expenditures that displace or replace other economic activity in the region. For example, we do not include restaurant expenditures by resident visitors who, regardless of the breweries, would have spent that money in the county elsewhere. By doing so, we include only the net benefits of the beer tourists, which provides a better measure of the economic activity that would not have occurred without them.

The spending by beer tourists at the breweries are re-spent as businesses and households purchase other goods and services in the region, which we consider as the indirect impact of the beer tourists. To account for this indirect economic activity, we use the U.S. Bureau of Economic Analysis RIMS II multipliers for relevant industries.

BEER TOURIST
EXPENDITURES

Beer tourists contribute to the local economy by staying in local hotels and spending money at breweries, restaurants, local attractions, and other locations. Based on our beer tourism survey, we estimate that the beer tourists spend \$1,060 on average per party, or \$115 per person per day. See Table 2 below for average spending per party per trip, and Table 3 on page 13 for average spending.

TABLE 2. Average Beer Tourist Daily Spending, per Party per Trip

Category	Spending per party
Craft beer	\$150
Other food and beverage	\$52
Accommodations	\$347
Entertainment	\$143
Transportation	\$60
Retail	\$106
Other spending	\$202
Total	\$1,060

Source: Anderson Economic Group survey of beer tourists
Analysis: Anderson Economic Group

TABLE 3. Average Beer Tourist Daily Spending, per Person per Day

Category	Spending per person
Craft beer	\$16
Other food and beverage	\$6
Accommodations	\$38
Entertainment	\$15
Transportation	\$6
Retail	\$11
Other spending	\$22
Total	\$115

Source: Anderson Economic Group survey of beer tourists

Analysis: Anderson Economic Group

ESTIMATING BEER TOURISTS AND VISITOR DAYS

To estimate the number of beer tourists in Kent County during the study year, we relied on survey responses of beer tourists, tourism data and Brewsaders data from Experience Grand Rapids, and research on the beer industry and breweries in Grand Rapids. In our survey, we found that 15.9 percent of beer tourists reported being a Brewsader or Ultimate Brewsader. The most recently available data on the Brewsaders program from Experience Grand Rapids indicated the total number of Brewsaders at just over 15,000. Based on these data, we estimate that in total, 94,815 beer tourists visited Kent County for beer tourism during the survey study year, up from 42,246 beer tourists estimated in the 2015 study.⁶

We also found in our survey that beer tourists stay in Kent County for 1.62 nights, on average. To estimate visitor days, we used the number of nights to approximate the average number of days for which beer visitors stayed. We estimate that beer tourists stayed in the county for 2.2 days, on average, yielding 208,472 visitor days. Because these visitors are in the county specifically for craft beer, we assume they are all net new to the county, and that they would not have visited if not for the breweries and craft beer.

ECONOMIC IMPACT FROM BEER TOURISM

We used our estimates of net new visitor days and visitor spending to estimate the net new economic impacts from the spending. We estimate that spending from beer tourists totaled \$23.9 million during the study year, up from \$7.0 mil-

6. While it is not clear how the number of beer tourists was estimated in the 2015 study, we used a similar methodology in many respects. Our survey included the same questions, with some additions; our survey methodology was similar; we used the same definition of beer tourists; and we used economic impact multipliers from the same source. We expect that our estimate is in line with the prior study, as results from the survey showed similar responses and distributions.

lion in the 2015 study. We estimate that this spending resulted in an economic impact of \$38.5 million in output, \$9.9 million in household earnings, and supported 378 jobs in the county. See Table 4 on page 14.

TABLE 4. Economic Impacts from Beer Tourists

Category	Output	Earnings	Employment
AEG Study Results	\$38,517,530	\$9,990,446	378
2015 Study Results	\$12,226,544	\$3,325,703	171

Source: AEG beer tourism survey; tourism and Brewsaders data from Experience Grand Rapids; BEA RIMS II multipliers; "The Economic Impact of Beer Tourism in Kent County, Michigan," 2015
Analysis: Anderson Economic Group

OTHER IMPACTS AND CONSIDERATIONS

Visits by beer tourists generates a significant number of hotel nights for hotels and motels in Kent County, which in turn generate additional excise taxes for the county. Our survey data on the length of stay for beer tourists indicates about 15,800 room nights generated, assuming double occupancy in all rooms on average.

Beer tourism has numerous qualitative impacts on Kent County, as well as economic benefits. In addition to attracting visitors and generating economic impacts for the county, beer tourism increases the visibility of Grand Rapids on a national scale. Events including the Winter Beer Festival bring not only visitors from across Michigan and the nation, they also introduce new breweries to the city. The successful campaigns to vote the city "Beer City USA" and "Best Beer Scene" have shaped the Grand Rapids community and the economy. This also contributes to "place-making" and creating a vibrant, unique place for residents to live and work.

Appendix A. Methodology

In this appendix we describe our methodology for estimating the number of beer tourists and their economic impacts and benefits in Kent County, Michigan.

BEER TOURISM SURVEY

To collect relevant information about beer tourists and other brewery visitors, we developed a survey which was reviewed and approved by Experience Grand Rapids. Survey questions asked respondents for their home ZIP code, whether and where they are staying overnight in the Grand Rapids area, the size of their party, their spending while on their visit, and how many breweries they intended to visit. Surveys were administered during six different weekends throughout 2018 and 2019:

- October 2018;
- December 2018;
- During the Annual Winter Beer Festival in February 2019;
- May 2019;
- June 2019; and
- July 2019.

Surveys were administered by Experience Grand Rapids staff, local volunteers, and Anderson Economic Group staff. Surveys were voluntary and survey takers were not required to answer questions with which they were uncomfortable. The majority of surveys were collected on Friday evenings and Saturday afternoons, and one weekend volunteers collected surveys on a Sunday. Volunteers were trained to approach people walking towards or coming out of breweries, as long as they appeared to be at least 21 years old. Volunteers were also trained to approach people randomly regardless of gender, group size, and other features. Survey locations included:

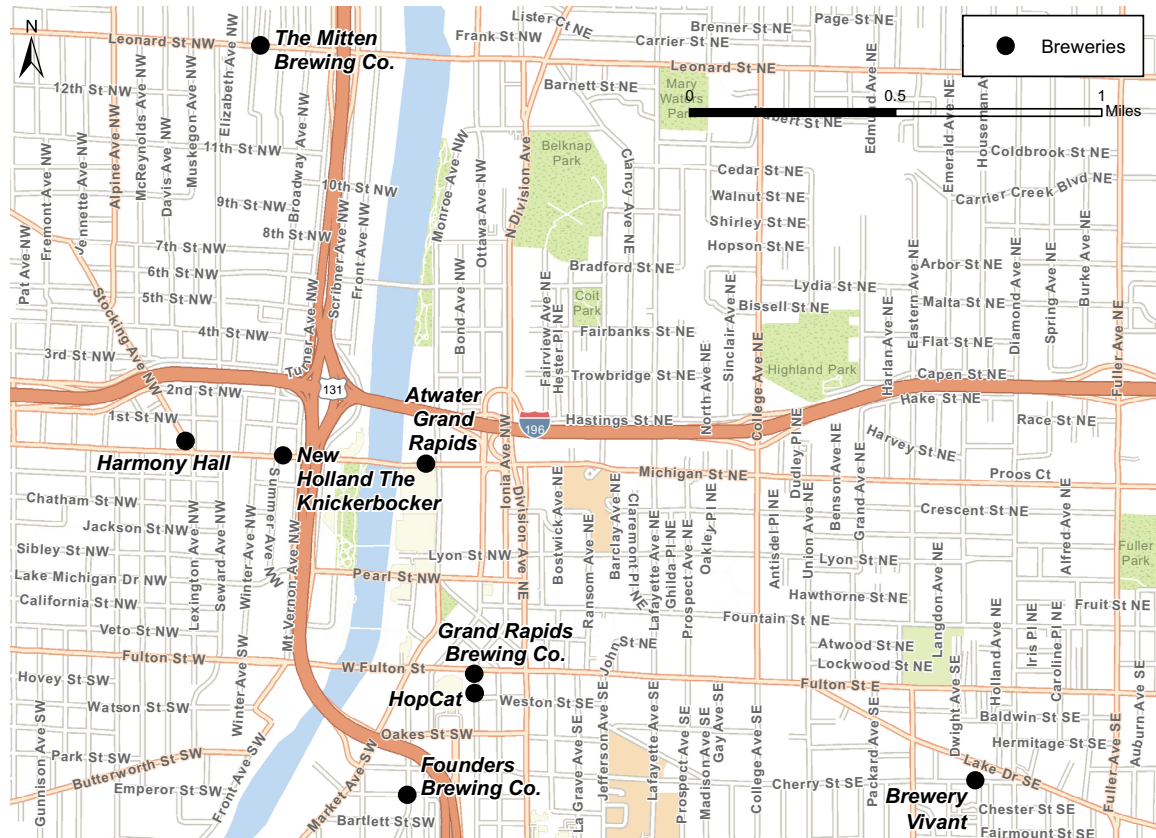
- Atwater Brewery
- Brewery Vivant
- Founders Brewing Company
- Grand Rapids Brewing Company
- Hopcat
- The Knickerbocker/New Holland Brewing
- The Mitten Brewing Company
- Fifth Third Ballpark (Annual Winter Beer Festival).

See Exhibit A-1 on page A-2 for a map of these locations.

During the survey period, 769 surveys were completed by local residents and visitors from across the nation. Of these, we qualified 171 respondents, or about

22 percent, as beer tourists. See Exhibit B-3 on page B-4 for a map of all survey respondent origins.

EXHIBIT A-1. Beer Tourism Survey Locations



Note: Beer Fest location not pictured; this took place at the Fifth Third Ballpark in Comstock Park.

Source: Anderson Economic Group

2015 Economic Impact Study Methodology

In our study, we used a similar methodology to the prior 2015 study of beer tourism. Our survey included the same questions, including those regarding spending in Kent County, with some additional questions regarding participation in the Brewsader Passport program. Our survey methodology was similar, in that we collected survey responses on several days of the week and during various months throughout the year. We defined beer tourists in the same way as the 2015 study. We followed a similar approach to estimate the total economic impact of beer tourists using these aspects and RIMS II economic impact multipliers from the Bureau of Economic Analysis. It is not clear how the number of beer tourists was estimated in the 2015 study; however, based on our research of tourism and the growth of breweries in Kent County, we expect that our estimate is comparable with the prior study.

ECONOMIC IMPACT ANALYSIS

Estimating Beer Tourists

To estimate the number of beer tourists in Kent County, we relied on survey responses of beer tourists, tourism data and Brewsaders data from Experience Grand Rapids, and research on the beer industry and breweries in Grand Rapids. We researched the change in the number of breweries, how the industry has changed in downtown Grand Rapids and in the greater region, and the growing popularity of beer tourism. We also reviewed tourism data for Kent County to see the change in the number of annual visitors, and the share of visitors that report going to a brewery on their visit.

We relied primarily on survey responses to make our estimates. Out of 769 total surveys collected, we qualified 171 as beer tourists and of these, 24, or 15.9 percent, were already Brewsaders or Ultimate Brewsaders. The most recent Brewsader program data from Experience Grand Rapids indicated that there are currently 15,070 Brewsaders and Ultimate Brewsaders.

To estimate the number of beer tourists, we assumed that the share of Brewsaders or Ultimate Brewsaders among beer tourists in the survey is approximately consistent across the population. Based on this, we calculated that there were 94,815 beer tourists during the study year. See Table A-1 on page A-3.

TABLE A-1. Estimate of Total Beer Tourists

Beer Tourists Estimate	
Number of Beer Tourists in Survey	171
Share that are Brewsaders or Ultimate Brewsaders	15.9%
Total Brewsaders and Ultimate Brewsaders	15,070
Estimated Total Beer Tourists during study year	94,815

Source: Anderson Economic Group beer tourism survey; Brewsaders data from Experience Grand Rapids

Analysis: Anderson Economic Group

Beer Tourist Spending

In our beer tourism survey, we asked visitors to estimate how much their party would spend on their current trip to Grand Rapids in several spending categories. Spending amounts in each category were self-reported by visitors. On average, parties of beer tourists spent more per trip than other groups, at \$1,060 per

party compared to \$959 per party. See Table A-2 on page A-4 for a breakdown of party spending by category for beer tourists.

TABLE A-2. Average Beer Tourist Daily Spending, per Party per Trip

Category	Spending per party
Craft beer	\$150
Other food and beverage	\$52
Accommodations	\$347
Entertainment	\$143
Transportation	\$60
Retail	\$106
Other spending	\$202
Total	\$1,060

Source: Anderson Economic Group survey of beer tourists
Analysis: Anderson Economic Group

Based on survey responses of beer tourists, we estimate that the average party has 4.19 members, and that the average group of beer tourists stays in the county for 1.62 nights. In order to estimate the total annual spending by beer tourists, we needed to estimate the total days spent by beer tourists in the county. To do this, we assumed that beer tourists reporting zero nights stayed for one day; beer tourists reporting one night stayed for two days; and so on. Using the responses for the number of nights stayed in Kent County, we estimate that the average beer tourist stays in the county for 2.20 days. Based on these figures, we estimate that each beer tourist spends about \$115 per day while on a trip related to beer tourism. See Table A-3 on page A-4 for a breakdown of daily spending per beer tourist.

TABLE A-3. Average Beer Tourist Daily Spending, per Person per Day

Category	Spending per party
Craft beer	\$16
Other food and beverage	\$6
Accommodations	\$38
Entertainment	\$15
Transportation	\$6
Retail	\$11
Other spending	\$22
Total	\$115

Source: Anderson Economic Group survey of beer tourists
Analysis: Anderson Economic Group

Using the total number of beer tourists and their average length of stay in Kent County, we estimate that beer tourists generated 208,472 visitor days. Because these are visitors who reported their primary reason for visiting the county is beer tourism, we assume that they are all net new to the county. Applying the total visitor days and average daily spending per visitor yields a total of \$23.9 million in net new spending due to beer tourists. See Table A-4 on page A-5 for a breakdown of the total spending by category.

TABLE A-4. Total Net New Spending by Beer Tourists

Category	Beer Tourist Spending
Craft beer	\$3,388,919
Other food and beverage	\$1,178,239
Accommodations	\$3,220,243
Entertainment	\$7,854,089
Transportation	\$1,349,714
Retail	\$2,383,143
Other spending	\$4,571,118
Total	\$23,945,464

Source: Anderson Economic Group survey of beer tourists

Analysis: Anderson Economic Group

Direct and Indirect Impacts

After estimating the amount of net new spending for beer tourists in Kent County, we applied U.S. Bureau of Economic Analysis RIMS II Multipliers representing Kent County to determine the indirect impacts of the spending. We used industry-specific multipliers to capture spending patterns and to estimate the economic impact of this spending. Total impacts from beer tourist spending yielded \$38.5 million in output, \$9.9 million in worker earnings, and supported 378 jobs in the county. See Table A-5 on page A-6.

TABLE A-5. Economic Impacts of Beer Tourists

Category	Net New Spending	Output/Sales Multiplier	Worker Earnings Multiplier	Employment Multiplier	Output/Sales	Earnings	Employment
Craft beer	\$ 3,388,919	1.683	0.4391	19.6608	\$ 5,703,550	\$ 1,488,074	67
Other food and drink	\$ 1,178,239	1.683	0.4391	19.6608	\$ 1,982,975	\$ 517,365	23
Entertainment	\$ 3,220,243	1.6634	0.4395	20.7196	\$ 5,356,552	\$ 1,415,297	67
Lodging	\$ 7,854,089	1.5474	0.3755	11.2617	\$ 12,153,417	\$ 2,949,210	88
Transportation	\$ 1,349,714	1.6517	0.4512	22.7538	\$ 2,229,323	\$ 608,991	31
Retail	\$ 2,383,143	1.5705	0.3964	14.3821	\$ 3,742,726	\$ 944,678	34
Other spending	\$ 4,571,118	1.6077	0.4522	14.9031	\$ 7,348,986	\$ 2,066,831	68
Total Economic Impact					\$ 38,517,530	\$ 9,990,446	378

Source: Data on Kent County tourism from Experience Grand Rapids; Brewsaders data and tourism data from Experience Grand Rapids; AEG Beer Tourism survey; BEA RIMS II multipliers

Analysis: Anderson Economic Group

Appendix B. Beer Tourism Survey

This appendix includes the following:

1. Exhibit B-1, “Beer Tourism Survey,” on page B-2.
2. Exhibit B-2, “Winter Beer Festival Survey,” on page B-3.
3. Exhibit B-3, “Map of Beer Tourism Survey Respondents,” on page B-4.
4. Exhibit B-4, “Survey Results, All Visitors,” on page B-5.
5. Exhibit B-5, “Survey Results, Beer Tourists,” on page B-9.

EXHIBIT B-1. Beer Tourism Survey

2018 Beer Tourism Economic Impact Survey

Thank you for taking this survey. All responses are anonymous.

Information collected will only be used in aggregate to build an understanding of visitation at Grand Rapids area breweries and the economic impact of beer tourism on Kent County.

What is your home ZIP code (or foreign country, if outside the US)? _____

Are craft breweries the primary reason for your trip to the Grand Rapids area?

- ☐ Yes; the breweries are the main reason for my visit.
☐ No; I'm here for another reason.
☐ I am from the Grand Rapids area.

While in the Grand Rapids area to visit a brewery, where are you staying?

- ☐ I live here
☐ In a hotel/motel in the GR area
☐ With friends/family
☐ Air B&B/Homeshare
☐ Other: _____
☐ No, I am not staying overnight in Grand Rapids

If you're not staying at home, for how many nights are you staying overnight in the Grand Rapids area?

- ☐ 0 nights
☐ 1 night
☐ 2 nights
☐ 3 nights
☐ 4 or more nights

How many are in your group, including yourself? _____

On this trip, how many craft breweries in the Grand Rapids area do you intend to visit? *The Grand Rapids area is Kent County, or anywhere within 30 minutes of downtown by car.* _____

Have you made other visits to the Grand Rapids area in the last year **because of craft beer** (if not from the area)?

- ☐ Yes, _____ visits
☐ No

Are you aware of the **Beer City Brewsader® Passport program**?

- ☐ Yes
☐ No

If yes, how did you learn about the Brewsader® Passport program?

- ☐ Experience Grand Rapids website
☐ From friends/family
☐ From a brewery
☐ Other: _____

Are you a Brewsader® or an Ultimate Brewsader®?

- ☐ Yes, I am a Brewsader
☐ Yes, I am an Ultimate Brewsader
☐ Not yet, but I'm working on becoming one
☐ No, I'm just enjoying the breweries

Please estimate the total amount your **entire party** will likely spend on your current visit to Grand Rapids for...

Locally produced craft beer	\$	Transportation (car rental, taxi, gas)	\$
Other food and drink	\$	Retail	\$
Entertainment	\$	Other spending	\$
Lodging	\$		

What is your annual pre-tax household income?

- ☐ Less than \$40,000
☐ \$40,000-\$59,999
☐ \$60,000-\$79,999
☐ \$80,000-\$99,999
☐ \$100,000-\$149,999
☐ \$150,000 or more
☐ Prefer not to respond

EXHIBIT B-2. Winter Beer Festival Survey

2018 Beer Tourism Economic Impact Survey – Winter Beer Festival

Thank you for taking this survey. All responses are anonymous.

Information collected will only be used in aggregate to build an understanding of attendance at the Beer Festival and Grand Rapids area breweries, and the economic impact of beer tourism on Kent County.

What is your home ZIP code (or country, if outside the US)? _____

Is the Winter Beer Festival the primary reason for your trip to the Grand Rapids area?

- ☐ Yes; the Winter Beer Festival is the main reason for my visit.
☐ No; I'm here for another reason.
☐ I am from the Grand Rapids area.

While in the Grand Rapids area to visit the festival, where are you staying?

- ☐ I live here
☐ In a hotel/motel in the Grand Rapids area
☐ With friends/family
☐ Air B&B/Homeshare
☐ Other: _____
☐ I am not staying overnight in Grand Rapids

If you're not staying at home, for how many nights are you staying overnight in the Grand Rapids area?

- ☐ 0 nights
☐ 1 night
☐ 2 nights
☐ 3 nights
☐ 4 or more nights

How many are in your party, including yourself? _____

On this trip, how many craft breweries in the Grand Rapids area do you intend to visit, **outside of the festival?**
(The Grand Rapids area is Kent County, or anywhere within 30 minutes of downtown by car.) _____

Have you made other visits to the Grand Rapids area in the last year because of craft beer?

- ☐ Yes, _____ visits
☐ No

Are you aware of the **Beer City Brewsader® Passport** program?

- ☐ Yes
☐ No

If yes, how did you learn about the Brewsader® Passport program?

- ☐ Experience Grand Rapids website
☐ From friends/family
☐ From a brewery
☐ Other: _____

Are you a Brewsader® or an Ultimate Brewsader®?

- ☐ Yes, I am a Brewsader
☐ Yes, I am an Ultimate Brewsader
☐ Not yet, but I'm working on becoming one
☐ No, I'm just enjoying the breweries

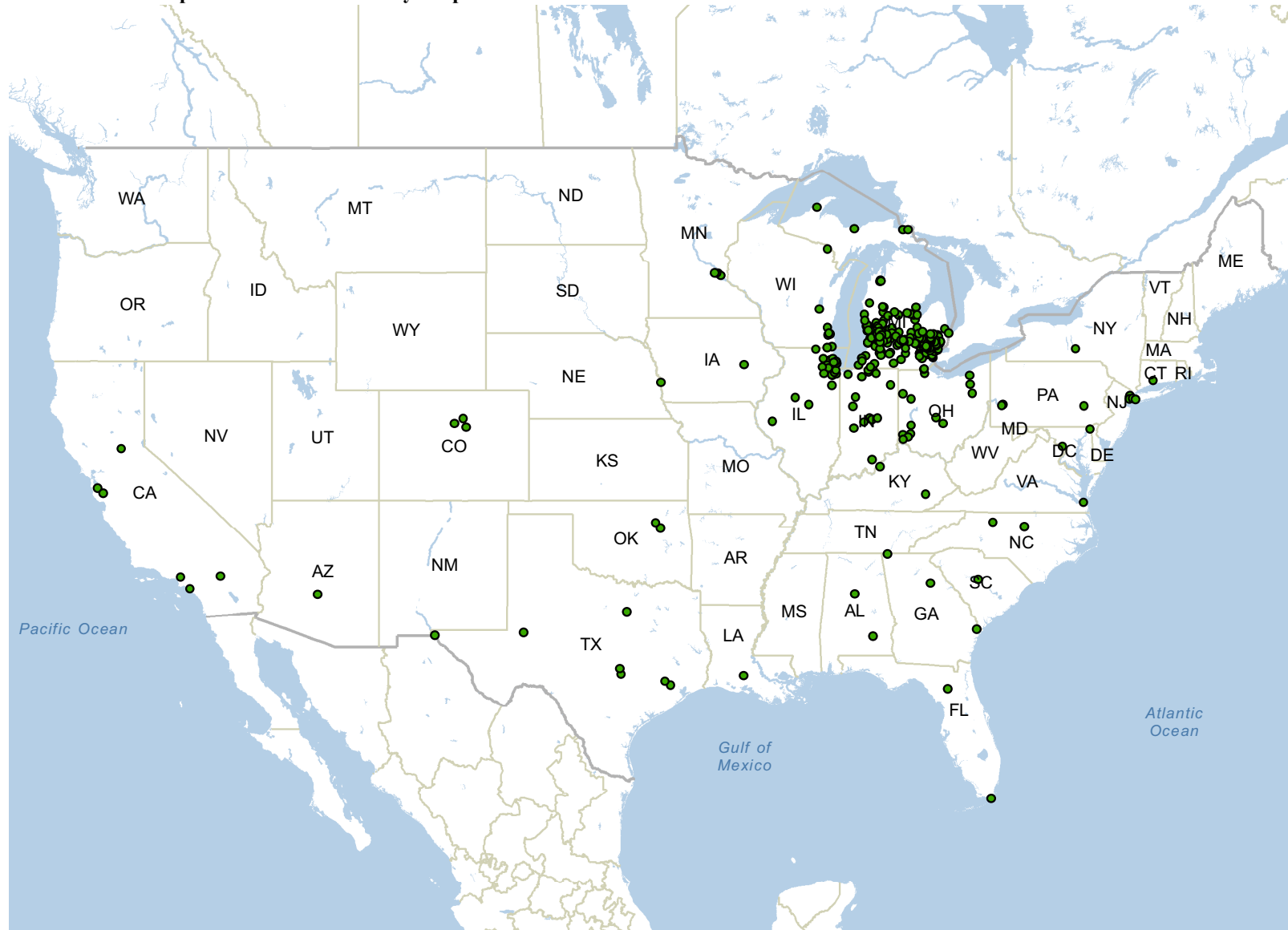
Please estimate the total amount your **entire party** will likely spend on your current visit to Grand Rapids, not including your Beer Festival tickets, for...

Locally produced craft beer	\$	Transportation (car rental, taxi, gas)	\$
Other food and drink	\$	Retail	\$
Entertainment	\$	Other spending	\$
Lodging	\$		

What is your annual pre-tax household income?

- ☐ Less than \$40,000
☐ \$40,000-\$59,999
☐ \$60,000-\$79,999
☐ \$80,000-\$99,999
☐ \$100,000-\$149,999
☐ \$150,000 or more
☐ Prefer not to respond

EXHIBIT B-3. Map of Beer Tourism Survey Respondents



*Note: Four Canadian ZIP codes not shown on the map.
Source: Anderson Economic Group Beer Tourism survey*

EXHIBIT B-4. Survey Results, All Visitors

What is your home ZIP code (or foreign country, if outside the US)?

Please see map of responses.

Are craft breweries the primary reason for your trip to the Grand Rapids area?

Response Options	Response Percent	Response Count
I am from the Grand Rapids area.	44.0%	337
No; I'm here for another reason.	28.5%	218
Yes; the breweries are the main reason for my visit.	27.5%	211
	answered question	766
	skipped question	3

While in the Grand Rapids area to visit a brewery, where are you staying?

Response Options	Response Percent	Response Count
Air B&B/Homeshare	4.1%	31
I live here	54.7%	413
In a hotel/motel in the GR area	18.7%	141
No, I am not staying overnight in Grand Rapids	9.5%	72
Other:	1.2%	9
With friends/family	11.8%	89
	answered question	755
	skipped question	14

If you're not staying at home, for how many nights are you staying overnight in the Grand Rapids area?

Response Options	Response Percent	Response Count
0 nights	41.2%	191
1 night	23.7%	110
2 nights	26.3%	122
3 nights	4.7%	22
4 or more nights	4.1%	19
	answered question	464
	skipped question	305

EXHIBIT CONTINUED**How many are in your group, including yourself?**

Open Response	Response Percent	Response Count
1	6.0%	43
2	40.3%	288
3	11.5%	82
4	19.3%	138
5	4.9%	35
6	5.9%	42
7	3.1%	22
8	1.7%	12
9	0.7%	5
10	1.3%	9
11	0.8%	6
12	1.5%	11
13	1.0%	7
14	0.3%	2
15	0.8%	6
20	0.6%	4
30	0.1%	1
50	0.1%	1
60	0.1%	1
<i>answered question</i>		715
<i>skipped question</i>		54

On this trip, how many craft breweries in the Grand Rapids area do you intend to visit?

Open Response	Response Percent	Response Count
1	31.6%	188
2	23.0%	137
3	17.6%	105
4	8.1%	48
5	8.4%	50
6	2.0%	12
7	1.0%	6
8	1.5%	9
9	0.3%	2
10	4.0%	24
11	0.3%	2
12	0.5%	3
15	0.8%	5
16	0.2%	1
30	0.3%	2
45	0.2%	1
<i>answered question</i>		595
<i>skipped question</i>		174

EXHIBIT CONTINUED

Have you made other visits to the Grand Rapids area in the last year **because of craft beer** (if not from the area)?

Response Options	Response Percent	Response Count
Yes, ____ visits.	41.7%	245
No	58.3%	342
	<i>answered question</i>	587
	<i>skipped question</i>	182

Are you aware of the **Beer City Brewsader® Passport program?**

Response Options	Response Percent	Response Count
Yes	46.2%	350
No	53.8%	408
	<i>answered question</i>	758
	<i>skipped question</i>	11

If yes, how did you learn about the Brewsader® Passport program?

Response Options	Response Percent	Response Count
Experience Grand Rapids website	11.8%	42
From a brewery	43.1%	154
From friends/family	32.5%	116
Other	12.6%	45
	<i>answered question</i>	357
	<i>skipped question</i>	412

Are you a Brewsader® or an Ultimate Brewsader®?

Response Options	Response Percent	Response Count
No, I'm just enjoying the breweries	69.6%	469
Not yet, but I'm working on becoming one	12.3%	83
Yes, I am a Brewsader	16.5%	111
Yes, I am an Ultimate Brewsader	1.6%	11
	<i>answered question</i>	674
	<i>skipped question</i>	95

EXHIBIT CONTINUED

Please estimate the total amount your **entire party** will likely spend on your current visit to Grand Rapids for...

Category	Average Spending
Locally produced craft beer	\$98.62
Other food and drink	\$117.17
Entertainment	\$92.91
Lodging	\$336.01
Transportation	\$57.07
Retail	\$121.05
Other spending	\$136.36

What is your annual pre-tax household income?

Response Options	Response Percent	Response Count
Less than \$40,000	12.2%	90
\$40,000-\$59,999	12.7%	94
\$60,000-\$79,999	13.5%	100
\$80,000-\$99,999	12.6%	93
\$100,000-\$149,999	18.4%	136
\$150,000 or more	14.5%	107
Prefer not to respond	16.1%	119
	answered question	739
	skipped question	30

Note: Includes responses from the Winter Beer Fest.

EXHIBIT B-5. Survey Results, Beer Tourists

While in the Grand Rapids area to visit a brewery, where are you staying?

Response Options	Response Percent	Response Count
Air B&B/Homeshare	10.6%	18
I live here	11.8%	20
In a hotel/motel in the GR area	45.3%	77
No, I am not staying overnight in Grand Rapids	17.6%	30
Other:	1.2%	2
With friends/family	13.5%	23
	answered question	170
	skipped question	1

If you're not staying at home, for how many nights are you staying overnight in the Grand Rapids area?

Response Options	Response Percent	Response Count
0 nights	26.3%	41
1 night	34.6%	54
2 nights	34.0%	53
3 nights	3.2%	5
4 or more nights	1.9%	3
	answered question	156
	skipped question	15

How many are in your group, including yourself?

Open Response	Response Percent	Response Count
1	1.2%	2
2	34.5%	59
3	9.9%	17
4	30.4%	52
5	7.0%	12
6	6.4%	11
7	1.2%	2
8	0.6%	1
9	0.6%	1
10	1.8%	3
11	1.2%	2
12	1.8%	3
13	1.8%	3
15	0.6%	1
20	1.2%	2
	answered question	171
	skipped question	0

EXHIBIT CONTINUED

On this trip, how many craft breweries in the Grand Rapids area do you intend to visit?

Open Response	Response Percent	Response Count
1	21.2%	31
2	21.9%	32
3	14.4%	21
4	8.9%	13
5	13.0%	19
6	4.1%	6
7	1.4%	2
8	4.8%	7
9	1.4%	2
10	6.2%	9
12	1.4%	2
15	1.4%	2
	answered question	146
	skipped question	25

Have you made other visits to the Grand Rapids area in the last year **because of craft beer** (if not from the area)?

Response Options	Response Percent	Response Count
Yes, ____ visits.	59.8%	98
No	40.2%	66
	answered question	164
	skipped question	7

Are you aware of the **Beer City Brewsader® Passport program?**

Response Options	Response Percent	Response Count
Yes	40.2%	68
No	59.8%	101
	answered question	169
	skipped question	2

EXHIBIT CONTINUED

If yes, how did you learn about the Brewsader® Passport program?

Response Options	Response Percent	Response Count
Experience Grand Rapids website	13.3%	10
From a brewery	49.3%	37
From friends/family	22.7%	17
Other	14.7%	11
	answered question	75
	skipped question	96

Are you a Brewsader® or an Ultimate Brewsader®?

Response Options	Response Percent	Response Count
No, I'm just enjoying the breweries	69.5%	105
Not yet, but I'm working on becoming one	14.6%	22
Yes, I am a Brewsader	13.2%	20
Yes, I am an Ultimate Brewsader	2.6%	4
	answered question	151
	skipped question	322

Please estimate the total amount your **entire party** will likely spend on your current visit to Grand Rapids for...

Category	Average Spending
Locally produced craft beer	\$150.08
Other food and drink	\$52.18
Entertainment	\$142.61
Lodging	\$347.81
Transportation	\$59.77
Retail	\$105.54
Other spending	\$202.43

EXHIBIT CONTINUED**What is your annual pre-tax household income?**

Response Options	Response Percent	Response Count
Less than \$40,000	7.1%	12
\$40,000-\$59,999	9.5%	16
\$60,000-\$79,999	11.9%	20
\$80,000-\$99,999	14.3%	24
\$100,000-\$149,999	26.8%	45
\$150,000 or more	17.9%	30
Prefer not to respond	12.5%	21
	<i>answered question</i>	168
	<i>skipped question</i>	3

Note: Includes responses from the Winter Beer Fest.

Appendix C. About Anderson Economic Group

Anderson Economic Group is a boutique consulting firm founded in 1996, with offices in East Lansing and Chicago. Our team has a deep understanding of advanced economic modeling techniques and extensive experience in estimating economic impacts and economic benefits of tourism, special events, industries, and other projects. We have conducted nationally-recognized economic and fiscal impact studies for private, public, and non-profit clients across the United States. We follow a conservative methodology for estimating economic impacts. Our approach accounts for substitution of economic activity so as not to include spending or activity that would happen in the absence of the tourists, project, or event.

Anderson Economic Group experts have experience with clients in the alcoholic beverage industry representing Beck's North America, Diageo-Guinness, InBev USA, among others. We have conducted franchise rights valuations, market and trade area analyses, lost profits and damages analyses. Our experts have worked with various wholesalers distributing a variety of brands, such as Budweiser, Corona, Jim Beam, Mondavi, and Smirnoff. Our team has also been recognized by the Business Brokerage Press (BBP) as valuation experts in the beer distributorship/wholesaler industry.

Relevant publications from our team include:

- "Economic Benefits of the Grand Rapids Whitewater Project," published in 2014 and updated in 2018.
- "2016 Tourism-Related Benefits in the Washtenaw County Economy," published in 2017.
- "Economic Impact of MSU's Grand Rapids Research Center," published in 2015.
- "Tulip Time Economic Impact and Attendee Profile," published in 2015.
- "The Economic Impact of the Barack Obama Presidential Library in Chicago," published in 2014.
- "ArtPrize Economic Impact and Attendee Profile," published in 2011 and 2014.
- "The Economic Impacts of the Grand Rapids-Kent County Convention/Arena Authority Venues," published in 2012.

Past clients of Anderson Economic Group include:

- *Governments*: The government of Canada; the states of Michigan, North Carolina, and Wisconsin; the cities of Detroit, Cincinnati, and Sandusky; counties such as Oakland County, and Collier County; and authorities such as the Detroit-Wayne County Port Authority.

-
- *Corporations:* Bank of America Merrill Lynch, InBev USA, ITC Holdings Corp., Ford Motor Company, First Merit Bank, Labatt USA, Lithia Motors, Meijer, Inc., National Wine & Spirits, Nestle, and Relevant Sports; automobile dealers and dealership groups representing Toyota, Honda, Chrysler, Mercedes-Benz, General Motors, Kia, and other brands.
 - *Nonprofit organizations:* Convention and visitor bureaus of several major cities; higher education institutions including Michigan State University, Wayne State University, and University of Michigan; trade associations such as the Michigan Manufacturers Association, Service Employees International Union, Automation Alley, and Business Leaders for Michigan.

Please visit www.AndersonEconomicGroup.com for more information.

CAUTIONS AND LIMITATIONS

We base our analyses and findings on available demographic and industry data and professional judgment. In our analysis, we have reviewed information from Experience Grand Rapids regarding the Brewsaders program, tourism in Grand Rapids, and prior beer tourism study results; research on the breweries in Grand Rapids; research on tourist behavior; and results of our beer tourism survey. Market conditions can change, customer behaviors are widely influenced, data can prove incomplete or misleading, and business practices are outside our control. As such, we cannot guarantee the future outcome of any business venture, government policy, or legal or regulatory proceeding. Because of this we do not provide any warranty for our work beyond that provided by our Quality Assurance policy.

AUTHORS

Cristina Benton

Dr. Cristina Benton is a senior consultant with Anderson Economic Group, directing the market and industry analysis practice area. Her background is in research and data analysis, community and economic development, and urban planning.

While with AEG, Dr. Benton has worked on a number of economic development, retail, industry, and market analyses along with auto dealership franchise projects. She has led work for clients that include the State of Michigan, Project Management Institute, City of Trenton, NJ, Experience Grand Rapids, the Ann Arbor Area Convention and Visitors Bureau, and Automation Alley. Dr. Benton has also worked with numerous automobile dealerships and their attorneys in matters of sales performance assessments, geographic territory analyses, market opportunity studies, and expert testimony.

Dr. Benton holds a PhD in geography and a master's in urban and regional planning, both from Michigan State University, along with a bachelor's degree in public administration from Babes-Bolyai University, Romania. She is a member of the Michigan Economic Developers Association (MEDA) and the National Association of Forensic Economics.

Sara Bowers

Ms. Sara Bowers is a senior analyst with Anderson Economic Group, working in the market and industry analysis practice area. Her background is in community and economic development and urban planning.

While working at AEG, Ms. Bowers has been involved in projects that focus on the economic impacts of industries or events, market analysis for hundreds of automobile dealerships, and sales effectiveness metrics for franchised businesses. She is an expert in spatial market analyses and manages the firm's Geographic Information System (GIS) software. Among the clients for whom she has worked are the Ann Arbor Area Convention and Visitors Bureau, Grand Rapids Whitewater, Capital Area Salvation Army, the University of Michigan, Automation Alley, and a number of franchised retail clients in the automotive industry.

Ms. Bowers holds an MPS in community and economic development from Penn State University and a BS in geography from Michigan State University. She is a member of the American Planning Association (APA).