

ECONOMIC IMPACT OF TOURISM IN DOUGLAS COUNTY 2019

Prepared for:
Explore Lawrence



WWW.TOURISMECONOMICS.COM

INTRODUCTION

The travel sector is an important part of the Douglas County economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Douglas County's future.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for Douglas County as it builds upon its tourism economy. By establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the economic significance of the tourism sector in Douglas County, Tourism Economics has prepared a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as the total economic impacts, jobs, personal income, and fiscal (tax) impacts in the broader economy.

The analysis draws on the following data sources:

- Longwoods International: survey data, including spending and visitor profile characteristics for visitors to Kansas
- Kansas Department of Revenue – sales tax data by county, select industries and other data points
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by county and industry
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- US Census: business sales by industry and seasonal second homes inventory
- Bed tax data

KEY FINDINGS

KEY FINDINGS

The visitor economy is an engine for economic growth



Visitor spending

In 2019, visitors spent \$272 million in Douglas County.



Employment generator

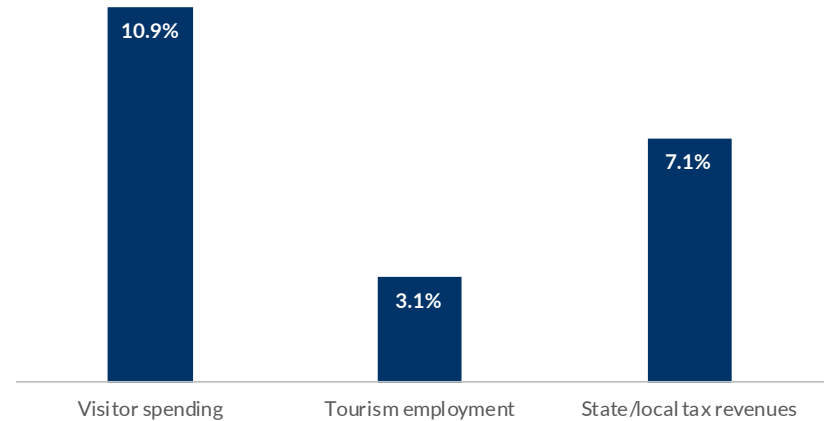
Employment supported by visitor spending supports 7.6% of all Douglas County jobs.



Fiscal contributions

Visitors generated \$24.5 million in state and local taxes in 2019.

Growth in key metrics in Douglas County, 2015-2019



Source: Tourism Economics

VISITATION AND SPENDING

VISITOR SPENDING TRENDS

Continued growth in 2019

Douglas County tourism continued to grow in 2019. Sustained growth in visitor spending was led by gains in recreation and food & beverage spending, pushing overall tourism spending in Douglas County.



Visitor spending growth continued in 2019

Visitor spending growth increased 1.5% in 2019 to reach \$272 million.



Food & beverages is a key spending area for visitors

Spending at restaurants, bars, and grocery stores captures 29% of each visitor dollar.



Increases in recreational spending support overall growth

Visitor spending on recreational activities increased by 5.5% in 2019, leading all categories.

SPENDING

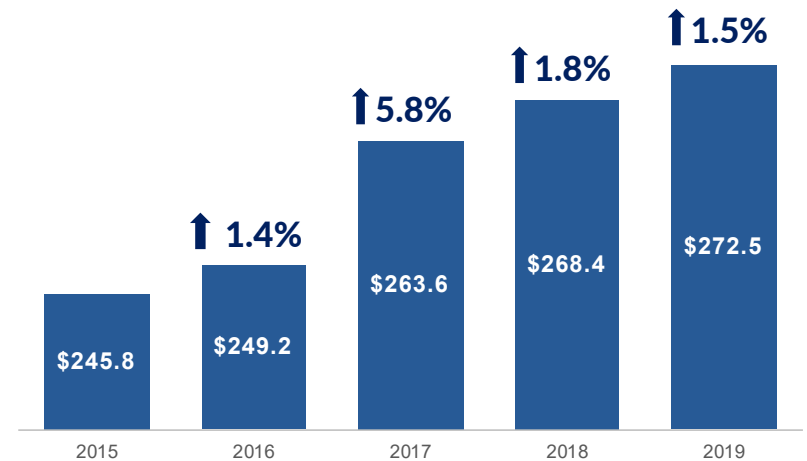
Total visitor spending

Visitor spending in Douglas County grew 1.5%, increasing by \$4 million in 2019 to reach \$272 million.

Visitor spending has increased by \$27 million since 2015, an increase of 11%.

In 2010, visitors spent \$180 million in Douglas County. By reaching \$272 million in 2019, visitor spending has grown by 50% during the decade - \$90 million.

Douglas County visitor spending (\$ millions)



Source: Tourism Economics

VISITOR INDICATOR TRENDS

Visitor-centric industry performance

Performance measures of visitor-focused industries point to sustained expansion in the tourism industry over the past decade.

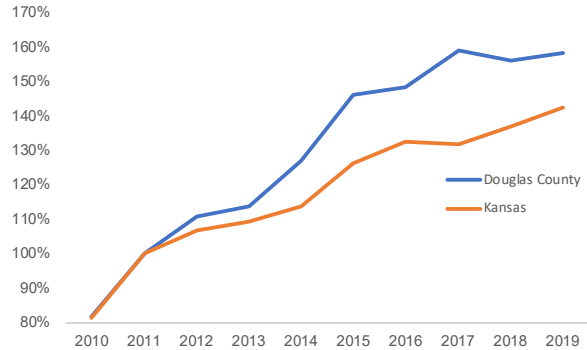
Understanding the performance of local industries in the county that are impacted by travel along with their comparison to the state and other industries helps support the analysis.

Sales tax collections from leisure and hospitality businesses in the county accelerated faster than the state in the middle part of the decade and have mostly held on to that gap in the latter part of the decade. Lodging sales tax collections in Douglas County have increased by 73% since 2010 while the state has increased just 57%.

While growth in lodging sales has moderated since 2017, sales growth in retail and recreational sectors has accelerated in 2018 and 2019, other business sectors where visitor spending is an important portion of overall sales.

Taxable lodging sales

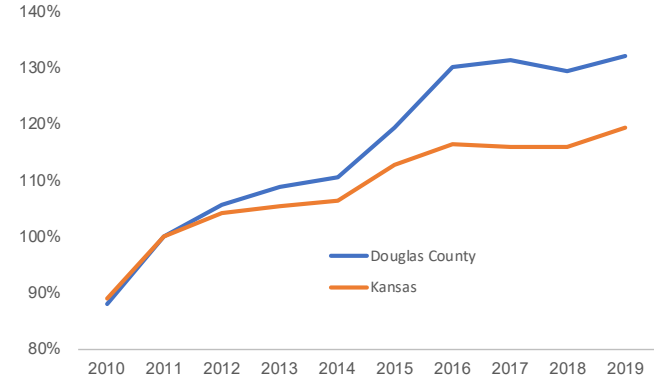
Indexed 2011=100



Source: Tourism Economics

Taxable retail sales

Indexed 2011=100



Source: Tourism Economics

VISITOR INDICATOR TRENDS

Employment measures

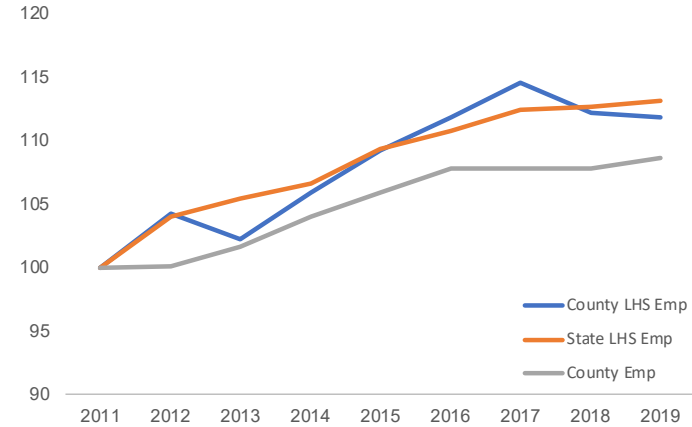
Along with sales tax data, employment growth in key visitor-supported industries points to the longer-term improvement of tourism in Douglas County.

Leisure and hospitality employment growth in Douglas County moderated in 2018 but remains 12% higher than in 2011.

County employment growth in the leisure and hospitality industry is in-line with state leisure/hospitality industry employment.

Overall county employment has grown by 9% since 2011. Visitor supported employment has become a larger share of overall county employment over the last decade.

Employment growth, Indexed 2011=100



Source: Tourism Economics

SPENDING

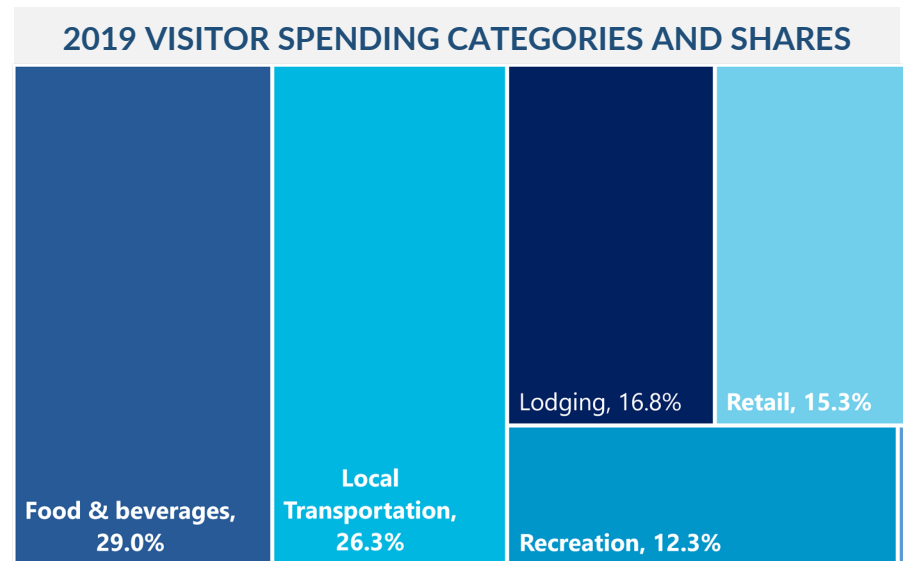
Spending by category, 2019

Visitors to Douglas County spent \$272 million across a wide range of sectors in 2019

Food & beverages captured 29% of all visitor spending in the county in 2019. Another 26% of each visitor dollar went to transportation costs.

Lodging needs—including both room rentals as well as 2nd home rental income —captured 17 cents of each visitor dollar.

Of each visitor dollar, 15% was spent on retail shopping in 2019 with 12 cents spent on recreational activities while in the county.



Source: Tourism Economics

SPENDING

Visitor spending timeline

Visitor spending increased by \$4 million in 2019.

Visitor spending growth on recreational activities helped support overall spending growth. Food & beverage spending growth also contributed to gains, while drops in gas prices limited growth, controlling local transportation costs.

Visitor spending on food & beverages has grown by \$12 million since 2015, the largest increase by any category and 45% of all visitor spending growth.

The growth in recreational spending has supported overall visitor spending growth both in 2019 and over the past five years.

Visitor Spending in Douglas County, 2015-2019

Amounts in millions of dollars

	2015	2016	2017	2018	2019	2019 Growth	2015-2019 CAGR
Total visitor spending	\$245.8	\$249.2	\$263.6	\$268.4	\$272.5	1.5%	2.6%
 Lodging*	\$42.5	\$42.5	\$45.8	\$45.3	\$45.7	0.8%	1.8%
 Food & beverages	\$67.1	\$69.4	\$73.7	\$76.7	\$79.1	3.1%	4.2%
 Retail	\$40.7	\$41.3	\$41.6	\$42.4	\$41.8	-1.4%	0.6%
 Recreation	\$27.4	\$27.9	\$31.7	\$32.5	\$34.2	5.0%	5.7%
 Transportation**	\$68.1	\$68.1	\$70.8	\$71.4	\$71.8	0.5%	1.3%

* Lodging includes 2nd home spending

** Transportation includes both ground and air transportation

Source: Tourism Economics

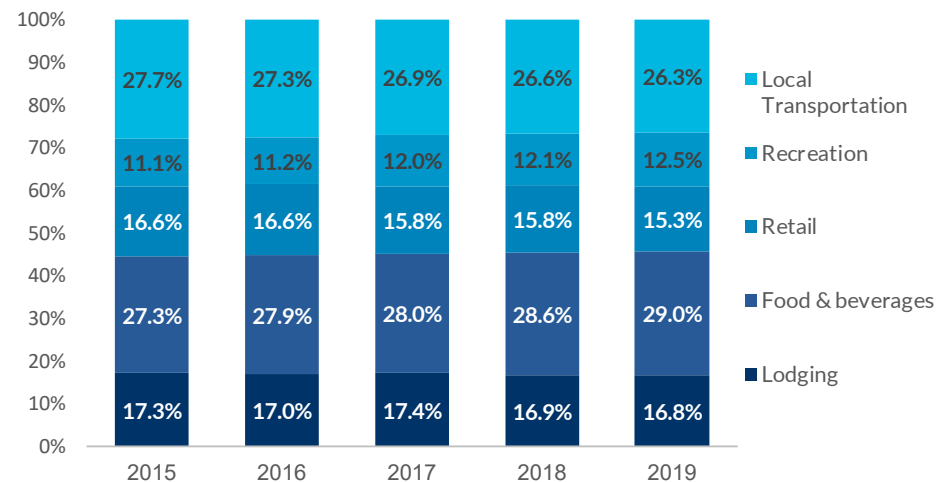
SPENDING

Visitor spending shares

With the strong increases in spending on recreational activities over the last few years, the share of the visitor dollar spent at amusement and entertainment businesses has risen from 11.1% in 2016 to 12.5% in 2019.

The share of the visitor dollar spent on food & beverages jumped to 29% in 2019 and has grown by 1.7 percentage points since 2015.

Douglas County visitor spending (shares)



Source: Tourism Economics

ECONOMIC IMPACTS



ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on Douglas County begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Douglas County, we input visitor spending into a model of the economy created in IMPLAN. Visitor spending and impacts are first calculated at the state level and local indicators are used to share out state results to local areas. This move calculates three distinct types of impact: direct, indirect, and induced at local levels.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

1. **Direct Impacts:** Visitors create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
2. **Indirect Impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.
3. **Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated wither directly or indirectly by visitors, spend those wages in the local economy.

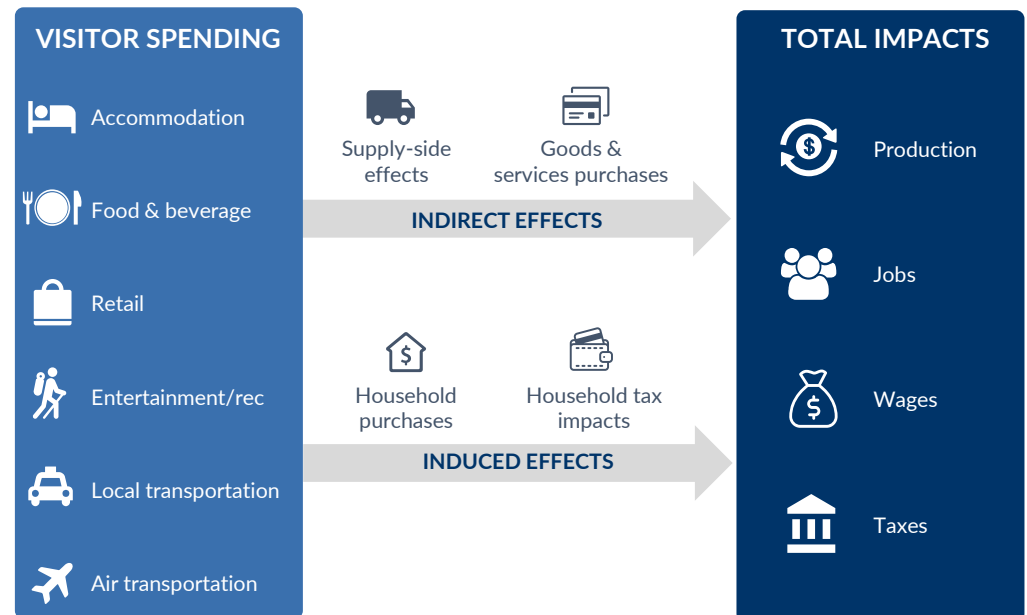
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes



DIRECT TOURISM INDUSTRY

Tourism employment growth

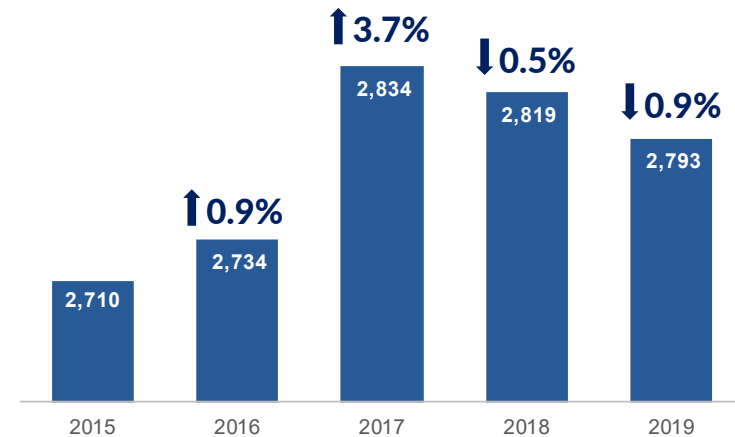
Visitor spending directly supported 2,793 jobs in 2019.

Visitor spending supports one out of every 18 non-farm jobs in the county.

Direct tourism employment has grown by over 80 jobs since 2015.

Tourism supported employment in Douglas County

Amounts in number of jobs and year-on-year percentage growth



Source: Tourism Economics

DIRECT TOURISM INDUSTRY

Tourism employment growth

Ranking directly supported employment would make tourism the 7th largest industry in Douglas County

Using the number of directly supported jobs, tourism can be compared with other local industries to help understand its impact on the local economy.

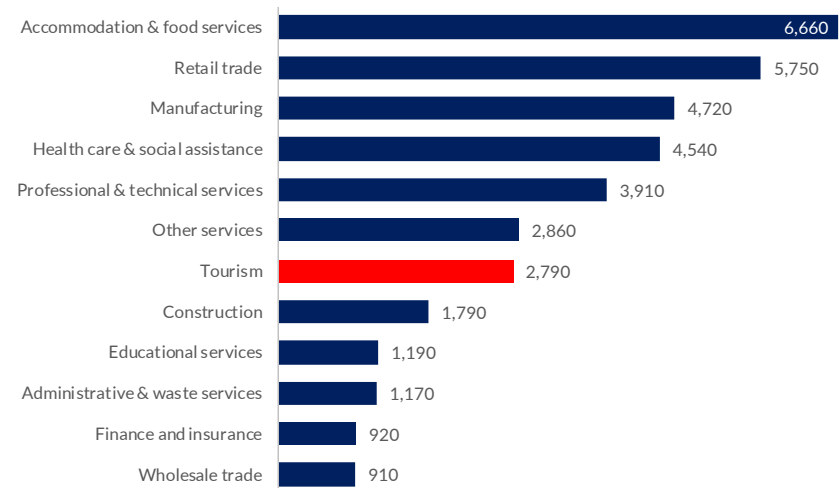
Local tourism supports 2,793 jobs which would make it the 7th largest industry in the county.

This ranking of industries shows the number of jobs in 2019 in each industry in Douglas County. While 'Tourism' isn't an official industry under governmental accounting methodology, examining the number of tourism jobs directly supported by visitor activity allows for the comparison of tourism to other industries.

Tourism jobs are not removed from the other industries.

Tourism supported employment in Douglas County

Amounts in number of jobs and year-on-year percentage growth



Source: Tourism Economics

ECONOMIC IMPACTS

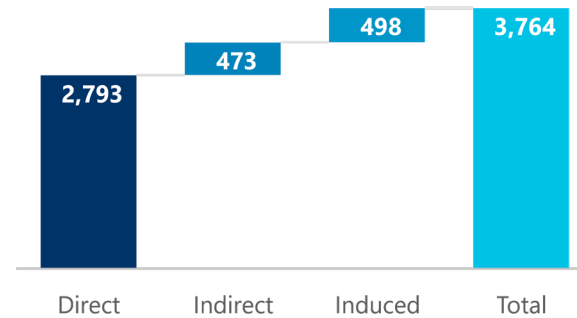
Summary impacts

Visitor activity in Douglas County directly supported 2,793 jobs in the county. Suppliers to businesses directly interacting with tourism businesses have 473 jobs earning \$19 million in wages and benefits to support that activity. Examples of this indirect effect include building services and business services like advertisers, printers, and bankers.

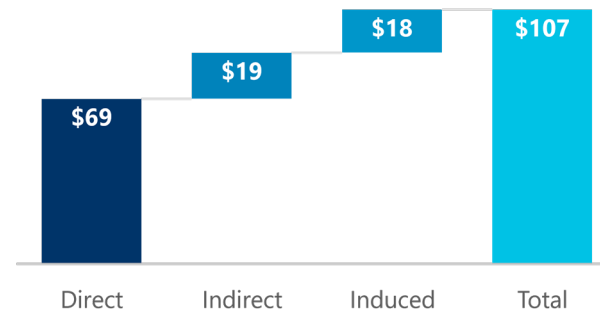
The induced effect supported 498 jobs in Douglas county—these jobs are supported by the income from tourism-supported jobs. A share of these jobs will be in retail or education/health care businesses.

In total, visitor activity supported 3,764 jobs which earned local job holders \$107 million in labor income.

Summary employment impacts (number of jobs)



Summary personal income impacts (\$ millions)



Source: Tourism Economics

ECONOMIC IMPACTS

Direct impacts

Douglas County's \$272 million in visitor spending represents 3.7% of all visitor spending in Kansas. Douglas County's share of visitor spending grew in 2019 as visitor spending growth in the region outpaced the state.

4.2% of all jobs directly supporting visitors in Kansas are located in Douglas County.

Wages and other income directly from visitor activity grew to \$69 million.

Direct impact comparisons

	2015	2016	2017	2018	2019	% Chg
Visitor Spending (millions)						
Douglas County	\$246	\$249	\$264	\$268	\$272	1.51%
Kansas	\$6,550	\$6,691	\$6,794	\$7,107	\$7,327	3.10%
Share	3.75%	3.72%	3.88%	3.78%	3.72%	
Employment						
Douglas County	2,710	2,734	2,834	2,819	2,793	-0.94%
Kansas	63,211	63,708	64,701	65,352	66,007	1.00%
Share	4.29%	4.29%	4.38%	4.31%	4.23%	
Labor Income (millions)						
Douglas County	\$58.6	\$63.4	\$67.8	\$68.3	\$69.2	1.31%
Kansas	\$1,528.8	\$1,612.9	\$1,673.1	\$1,745.7	\$1,801.4	3.19%
Share	3.84%	3.93%	4.05%	3.91%	3.84%	

Source: Tourism Economics

ECONOMIC IMPACTS

Total impacts

Tourism supports 3,764 jobs in Douglas County – 7.6% of all jobs in the county.

Douglas County jobholders that are supported by visitor activity earn \$107 million in wages and benefits from their jobs.

Visitor activity supported \$41.7 million in governmental revenues, of which \$24.5 million accrued to state and local governmental authorities.

Total impact comparisons

	2015	2016	2017	2018	2019	% Chg
Employment						
Douglas County	3,666	3,703	3,824	3,802	3,764	-0.98%
Kansas	85,728	86,511	87,709	88,400	89,074	0.76%
Share	4.28%	4.28%	4.36%	4.30%	4.23%	
Labor Income (millions)						
Douglas County	\$93.1	\$99.4	\$105.3	\$106.2	\$106.6	0.44%
Kansas	\$2,509.7	\$2,630.0	\$2,709.9	\$2,808.3	\$2,858.1	1.77%
Share	3.71%	3.78%	3.88%	3.78%	3.73%	
Taxes (millions)						
Federal	\$17.2	\$17.4	\$17.9	\$17.5	\$17.2	-1.42%
State & Local	\$23.1	\$23.9	\$25.2	\$24.7	\$24.5	-0.73%

Source: Tourism Economics

IMPACT SUMMARY

Douglas County's visitor spending total of \$272 million ranks 5th among all counties in the state.

The share of jobs and income supported by visitors in the county is higher than the statewide share. Visitor activity is more important to the county economy than the state.

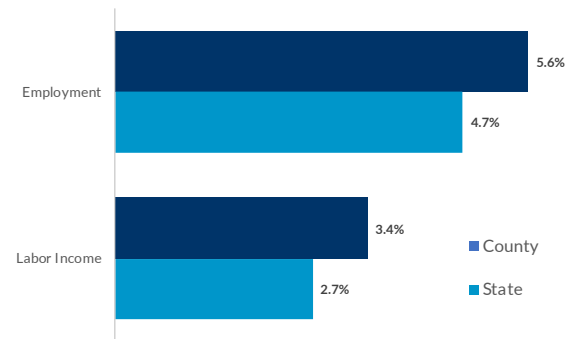
In 2019, Douglas County's unemployment rate was 2.9%. Without tourism jobs, the rate would jump to 8.7%

County Rank



Source: Tourism Economics

Summary impacts (share of totals)



Source: Tourism Economics, BLS

County unemployment rate without tourism



Source: Tourism Economics, BLS

APPENDIX

GLOSSARY – SPENDING

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector (i.e. hotels and second homes). This includes food and other services provided by hotels and similar establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
Recreation	Includes visitors spending within the arts, entertainment and recreation sub-sector.
Retail	Includes visitor spending in all retail sub-sectors within the local economy.
Transportation	Includes visitor spending on both ground and air transportation, such as taxis, ride sharing, limos, trains, rental cars, buses, gas, and airfare.

GLOSSARY - IMPACTS

Term	Description
Direct Impact	Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discreet group of tourism-related sectors (e.g. recreation, transportation, lodging).
Indirect Impact	Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain).
Induced Impact	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
Employment	Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year.
Personal Income	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
Local Taxes	City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses and other revenues streams of local governmental authorities – from transportation to sanitation to general government.
State Taxes	State tax revenues generated by visitor spending. This includes sales, income, corporate, usage fees and other assessments of state governments.

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

info@tourismeconomics.com