

ECONOMIC IMPACT OF TOURISM IN DOUGLAS COUNTY 2020

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 its tourism economy recovers. By establishing a timeline of economic impacts, the industry can track its progress.

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
- Transient Guest Tax Collections

KEY FINDINGS

KEY FINDINGS

Tourism's importance to the county shown from both levels and losses in 2020

While the size of the losses as the result of the pandemic is important to acknowledge, so is the continued size of the industry and what it means to Douglas County.

Tourism activity brought in significant revenue to businesses in the county along with supporting 8.7% of all jobs in Douglas County, attesting to tourism's importance to the county even in 2020 during the pandemic.

Losses from the pandemic also provide evidence of tourism's impact on the county as the decline in visitor activity hit local businesses, jobs, and tax revenues. Pandemic losses cut 30% from visitor spending levels resulting in a loss of nearly one-in-four tourism jobs in the county and significant cuts to state and local governmental revenues compared to 2019.



Visitor spending

In 2020, visitors spent \$189 million in Douglas County, Kansas. Visitor spending fell by more than \$84 million.



Employment supporter

Total employment supported by visitor spending registered 2,910 Douglas County jobs.



Fiscal contributions

Visitors generated \$21.4 million in state and local taxes in 2020.

VISITATION AND SPENDING

VISITOR INDICATOR TRENDS

Visitor-centric industry performance

Performance measures of visitor -focused industries point to the pandemic's impact in Douglas County.

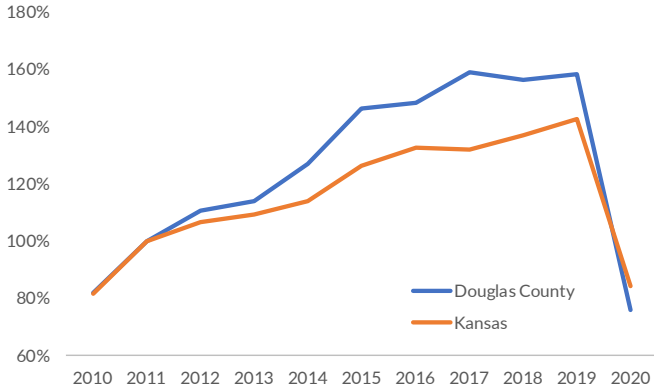
Understanding the performance of local industries in the county that are impacted by travel along with their comparison to the state and other industries helps support the analysis.

After reaching a level nearly 60 points higher than in 2011 and outpacing the state by more than 15 points, sales tax collections from lodging businesses in the county significantly declined in 2020 as the result of travel interruptions and changes from the pandemic. The overall drop in the county was worse than the state. With the drop, lodging sales tax collections fell to nearly 25% below 2011 levels in Douglas County while state lodging collections were 15% below 2011 levels in 2020, both at levels not seen since the previous recession.

Helping point out that some travel did happen, retail sales rose in Douglas County in 2020. While much of the growth will be residential demand, the fact that retail sales didn't fall despite the significant travel decline shown in the lodging data shows that the traveler portion of retail sales did not decline as sharply.

Taxable lodging sales

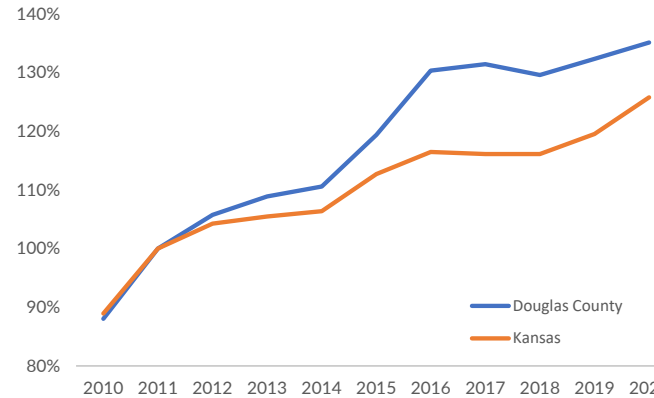
Indexed 2011=100



Source: Tourism Economics

Taxable retail sales

Indexed 2011=100



Source: Tourism Economics

VISITOR INDICATOR TRENDS

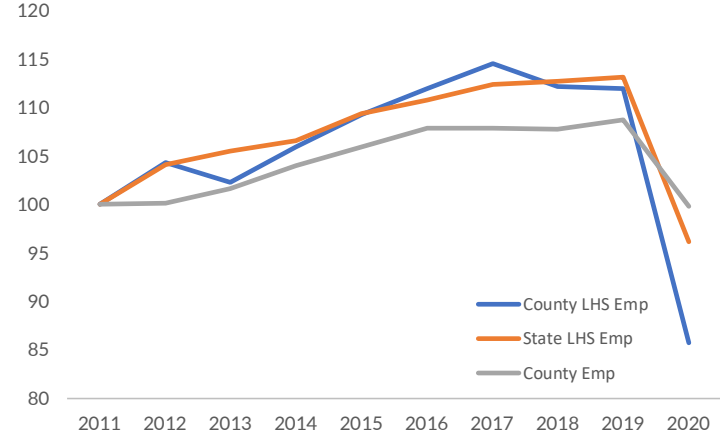
Employment measures

Along with sales tax data, employment growth in key visitor -supported industries points to the significant impact the pandemic had in Douglas County.

Leisure and hospitality employment in Douglas County contracted sharply in 2020. Employment in this sector in 2020 was nearly 15% below 2011 levels in the county. This compares with a 4% decline statewide. With the loss of tourism, jobs in the local economy disappeared.

It is worth noting that county employment also fell nearly ten points in 2020 and are now just below 2011 levels indicating Douglas County's exposure to service industries.

Employment growth,
Indexed 2011=100



LHS = Leisure and Hospitality Services
Source: Tourism Economics

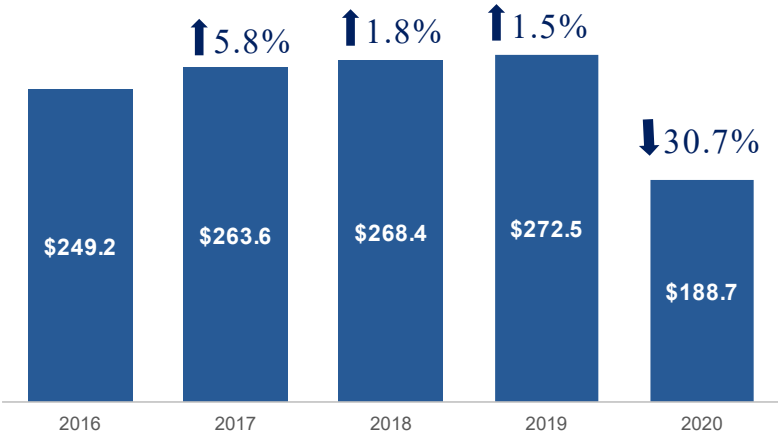
SPENDING

Total visitor spending

Douglas County visitors spent \$189 million at county businesses in 2020. Spending fell by \$84 million, a decline of over 30%.

Visitor spending fell to 2011 levels in 2020.

Douglas County visitor spending (\$ millions)



Source: Tourism Economics

SPENDING DETAILS

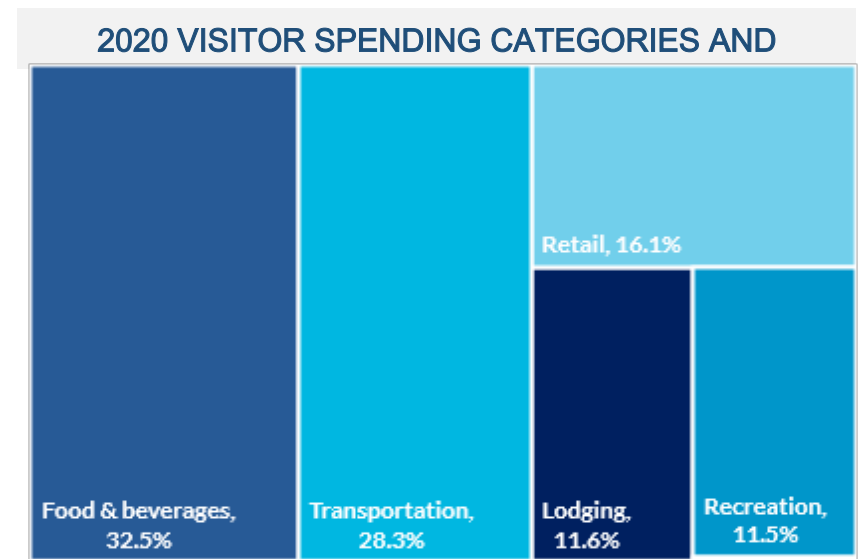
Spending by category, 2020

Home to key events and institutions and reachable from nearby population centers, food & beverages is a key spending category.

Spending at restaurants, bars, and grocery stores captures the largest share of visitor spending in the county, registering 32.5 cents of the average visitor dollar.

Transportation costs are the 2nd largest category by share in Douglas County with 28% of each visitor dollar.

Spending on lodging needs—including both room rentals as well as 2nd home rental income—receive 11.6 cents of each visitor dollar, dropping below retail spending, which captures 16% of each visitor dollar.



Source: Tourism Economics

SPENDING TIMELINE

Visitor spending timeline

Even in the pandemic, visitors spent \$189 million at local businesses.

With travel in 2020 leaning towards visiting friends and family or for essential retail purposes, categories like retail and food had smaller declines. Food & beverage spending fell 22.4% in 2020 and remained around 2014 levels.

With limitations on event attendance in 2020, recreational spending fell 35%. Consumer sentiment on traditional lodging stays cut room demand, helping drop lodging spending by more than half in 2020.

Visitor Spending in Douglas County, 2016 -2020

Amounts in millions of dollars

	2016	2017	2018	2019	2020	2020 Growth	2016-2020 CAGR
Total visitor spending	\$249.2	\$263.6	\$268.4	\$272.5	\$188.7	-30.7%	-6.7%
 Lodging*	\$43.2	\$46.7	\$46.1	\$46.3	\$21.9	-52.6%	-15.6%
 Food & beverages	\$69.4	\$73.7	\$76.7	\$79.1	\$61.4	-22.4%	-3.0%
 Retail	\$41.3	\$41.6	\$42.4	\$41.8	\$30.3	-27.3%	-7.4%
 Recreation	\$27.2	\$30.8	\$31.8	\$33.5	\$21.7	-35.4%	-5.5%
 Transportation**	\$68.1	\$70.8	\$71.4	\$71.8	\$53.4	-25.6%	-5.9%

* Lodging includes 2nd home spending

** Transportation includes both ground and air transportation

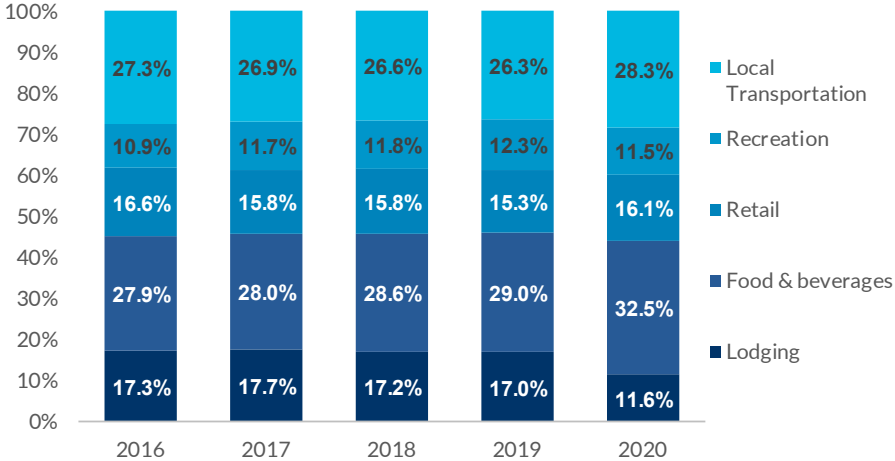
Source: Tourism Economics

SPENDING BY CATEGORY TIMELINE

Visitor spending shares

Pandemic-related changes in visitor activity resulted in significant shifts in visitor spending shares in 2020. Categories like food & beverage and retail, which had smaller declines, had their shares increase substantially while the lodging share sharply decreased.

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.

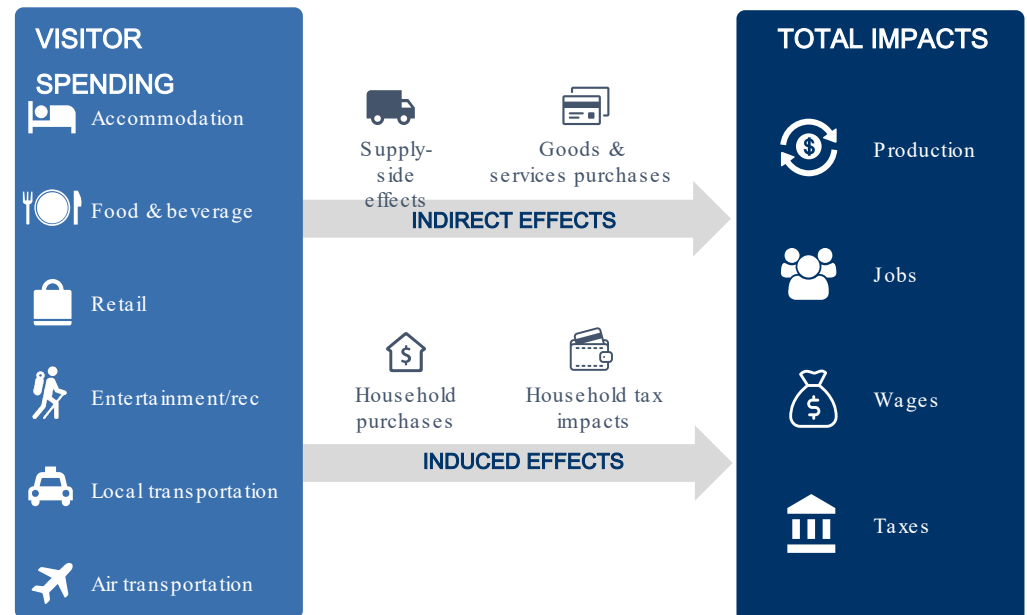
ECONOMIC IMPACTS

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

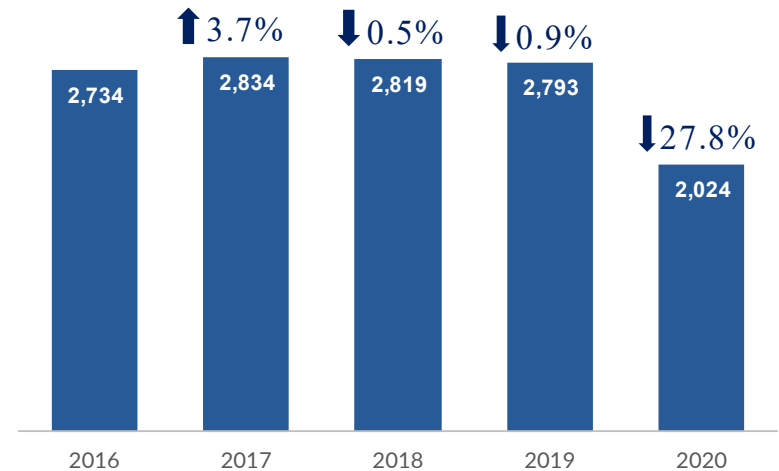
Visitor spending directly supported 2,024 jobs in 2020.

Visitor spending supports one out of every 11.5 non-farm jobs in the county.

Direct tourism employment fell by 770 jobs in 2020.

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 ranking

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.

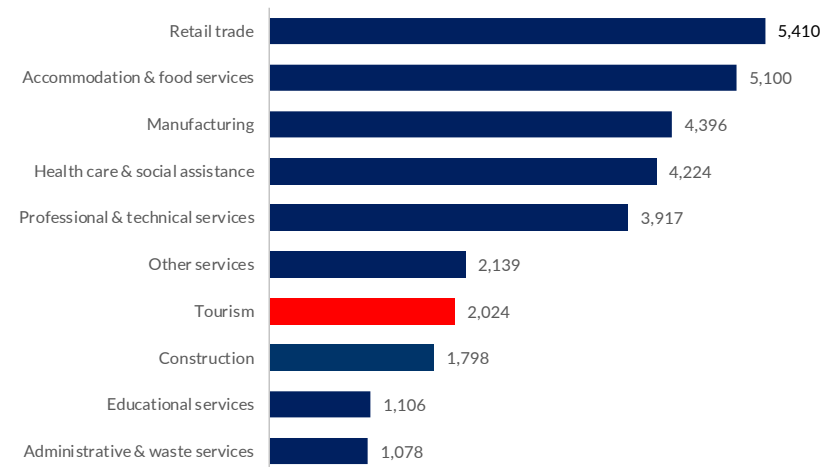
Local tourism supports 2,024 jobs which would make it the 7th largest industry in the county.

This ranking of industries shows the number of jobs in 2020 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



Source: Tourism Economics

ECONOMIC IMPACTS

Summary impacts

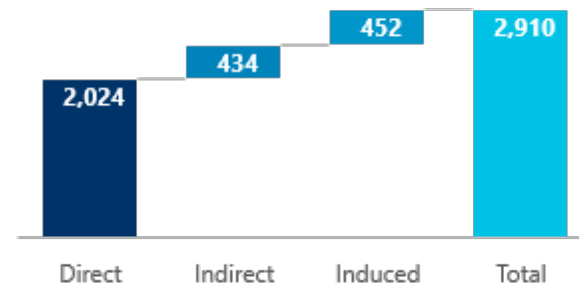
Visitor spending in Douglas County directly supported 2,024 jobs in the county. In total, visitor activity supports 2,910 jobs in the county. This includes the 434 jobs at suppliers to businesses directly interacting with tourism businesses.

Examples of this indirect effect include building services and business services like advertisers, printers, and bankers.

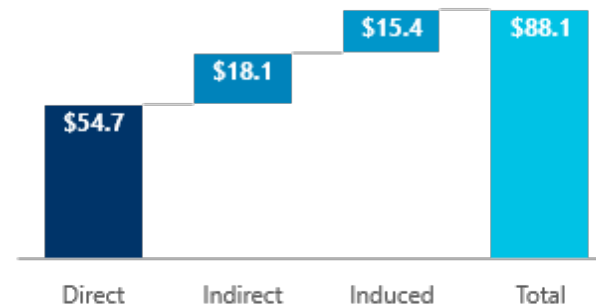
The induced effect supported 452 jobs earning \$15.4 million in Douglas county—these jobs are supported by the income from tourism-supported jobs. A share of these jobs will be in retail or education/health care businesses.

In total, visitor activity supported 2,909 jobs which earned local job holders \$88 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 \$189 million in visitor spending represents 3.5% of all visitor spending in Kansas. Douglas County's share of visitor spending fell in 2020 as visitor spending growth in the county underperformed the state.

Of all jobs directly supporting visitors in Kansas, 3.8% are located in Douglas County.

With wage pressures pushing wages higher, wages and other income directly from visitor activity only fell 21% to \$55 million.

Direct impact comparisons

	2016	2017	2018	2019	2020	% Chg
Visitor Spending (millions)						
Douglas County	\$249	\$264	\$268	\$272	\$189	-30.7%
Kansas	\$6,691	\$6,794	\$7,107	\$7,327	\$5,446	-25.7%
Share	3.72%	3.88%	3.78%	3.72%	3.47%	
Employment						
Douglas County	2,734	2,834	2,819	2,793	2,024	-27.5%
Kansas	63,708	64,701	65,352	66,007	53,084	-19.6%
Share	4.29%	4.38%	4.31%	4.23%	3.81%	
Labor Income (millions)						
Douglas County	\$63.4	\$67.8	\$68.3	\$69.2	\$54.7	-21.0%
Kansas	\$1,612.9	\$1,673.1	\$1,745.7	\$1,801.4	\$1,516.6	-15.8%
Share	3.93%	4.05%	3.91%	3.84%	3.60%	

Source: Tourism Economics

ECONOMIC IMPACTS

Total impacts

As businesses directly interacting with visitors spend to support their businesses, jobs in areas like business services or wholesale trade are supported. As the visitor money flows through the Douglas County economy, tourism supports 2,910 jobs in the County – 8.7% of all jobs in the county.

Douglas County jobholders that are supported by visitor activity earned \$88 million in wages and benefits from their jobs.

Visitor activity supported \$39 million in governmental revenues, of which \$21 million accrued to state and local governmental authorities.

Total impact comparisons

	2016	2017	2018	2019	2020	% Chg
Employment						
Douglas County	3,703	3,824	3,810	3,784	2,910	-23.1%
Kansas	86,511	87,709	88,606	89,540	75,470	-15.7%
Share	4.28%	4.36%	4.30%	4.23%	3.86%	
Labor Income (millions)						
Douglas County	\$99.4	\$105.3	\$106.2	\$107.8	\$88.1	-18.2%
Kansas	\$2,630.0	\$2,709.9	\$2,808.3	\$2,890.8	\$2,504.7	-13.4%
Share	3.78%	3.88%	3.78%	3.73%	3.52%	
Taxes (millions)						
Federal	\$19.8	\$20.7	\$20.6	\$20.8	\$17.5	-16.1%
State & Local	\$23.9	\$25.2	\$24.7	\$26.6	\$21.4	-19.3%

Source: Tourism Economics

IMPACT SUMMARY

Douglas County's visitor spending total of \$189 million ranks 5th among all counties in the state.

Visitor activity directly supports 4.1% of the county's employment and 2.7% of all income earned in the county – levels higher than the state. Visitor activity in Douglas County is more important to the overall economy of the county than that of the state.

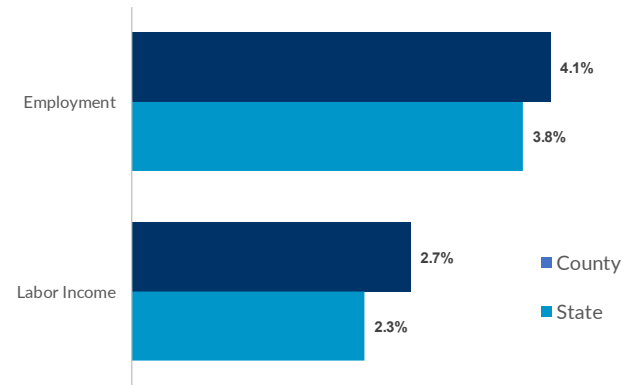
In 2020, Douglas County's unemployment rate was 6.1%. Without tourism jobs, the rate would have jumped to 10.6%

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