

Boulder Convention and Visitors Bureau 2013 Economic Impact of Tourism



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Prepared for:

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Prepared by:

RRC Associates, Inc.

4940 Pearl East Circle, Ste 103

Boulder, CO 80301

303/449-6558

www.rrcassociates.com



2013 ECONOMIC IMPACT OF TOURISM

Draft Results

INTRODUCTION

This report summarizes the estimated economic impact of tourism in the City of Boulder in 2013. The results are primarily based on a year-long visitor study conducted by RRC Associates and on the IMPLAN economic impact modeling system, a software and data package widely used for assessing the economic impacts of a variety of industries, including tourism.

Methodology

This report presents estimates of the economic impacts of tourism in the City of Boulder for 2013. The information used to calculate the economic impact is primarily derived from two sources: the 2013 Boulder CVB Visitor Study, and 2012 IMPLAN data for zip codes encompassing the City of Boulder. Additionally, the analysis has been informed by a variety of other tourism research sources and governmental revenue sources, as discussed later in this section.

The study estimates the following types of economic impacts resulting from tourism in the City of Boulder:

- Volume of visitation (as measured in visitor-days)
- Direct visitor expenditures
- Direct and “secondary” (indirect and induced; aka “multiplier”) economic output
- Direct and “secondary” employment
- Direct and “secondary” labor income

Visitor Study

The 2013 Boulder CVB Visitor Study provided a detailed analysis of visitors to Boulder, including their demographics, geographic origin, length of stay, reason for visit, activities and events

participated in during the trip, and expenditure amounts. This last piece of information – direct visitor expenditures – is one of the critical primary inputs to the Economic Impact study.

The visitor research program for the Boulder CVB utilized a hybrid approach to data collection, which included four different methodologies:

- 1) Stationary survey kiosks placed at various locations,
- 2) Short interviewer intercept surveys administered in selected places around Boulder, with an online follow-up survey,
- 3) Online surveys administered to people who requested information about Boulder from a variety of sources (Conversion Study), and
- 4) Online surveys sent to the CU Athletics database of football game attendees.
 - Survey kiosks were placed in the University Inn, Hotel Boulderado, Celestial Seasoning tasting room, Boulder Outlook Hotel, Best Western, Holiday Inn, Chautauqua Ranger Cottage, and the Quality Inn.
 - Intercept surveys were completed in and around Chautauqua and the nearby trailheads, the Downtown Pearl Street Mall area, the Valmont Bike Park, two CU football games, two CU men's basketball games, and other locations in the city. Respondents to the short intercept survey were also sent an email link to a follow-up online survey to be completed at a later time.

The total (weighted) sample size for the Visitor Study included 866 intercept and follow-up surveys, 1,440 kiosk surveys, 891 web surveys from respondents who requested information about Boulder, and 248 CU athletics surveys, for a total of **3,445 completed responses**. The sample size, from a purely statistical calculation, provides a 95 percent confidence level of ± 1.7 percent about any given percentage expressed in the overall results. In other words, for a results that shows 50 percent of visitors participated in a particular activity, the true percentages is somewhere between 48 and 52 percent.

The primary inputs from the 2013 Boulder CVB Visitor Study used in this Economic Impact Study were the visitor mix and aggregate level of expenditures in Boulder per person per trip. It is important to note that the visitor expenditure results are from a primary survey research effort, and not from a secondary source. Therefore, the visitor expenditure figures are largely accurate and representative.

IMPLAN

Using input-output analysis in combination with regional specific Social Accounting Matrices and Multiplier Models, IMPLAN provides a highly accurate and adaptable model for its users. The IMPLAN database contains county, state, zip code, and federal economic statistics which

are specialized by region, not estimated from national averages and can be used to measure the effect on a regional or local economy of a given change or event in the economy's activity.¹ For purposes of this analysis, an IMPLAN economic impact model was developed based on the geographic area encompassing zip codes to which the US Postal Service has assigned the location name "Boulder."

Other Sources

As noted previously, a variety of other data sources have been used to inform the analysis, as outlined below:

- The summer 2012 Downtown Boulder User Survey (conducted by RRC Associates) was used to inform estimates of visitor expenditures by industry sector (e.g. lodging, restaurants, retail, etc.) and visitor group (overnight in commercial lodging, overnight with friends/relatives, etc.).
- "Colorado Travel Impacts 1996 – 2012" by Dean Runyan Associates was also utilized to inform estimates of visitor expenditures by industry sector and visitor group, particularly in reference to that study's estimates of the economic impacts of overnight travelers to Boulder County in 2012.
- "Colorado Travel Year 2012" by Longwoods International was utilized to inform estimates of visitor volumes and visitor expenditures by visitor group.
- A variety of other data was referenced as well, including:
 - City of Boulder accommodations and sales tax collections by sector, as reported by the City of Boulder.
 - State taxable sales for the City of Boulder and Boulder County, as reported by the Colorado Department of Revenue.
 - A variety of hotel lodging metrics, as reported by STR for the City of Boulder and Boulder County (room inventories, lodging occupancy rates, average daily rates, etc.).

¹ IMPLAN website, www.implan.com.

EXECUTIVE SUMMARY

Using information from the 2013 Visitor Study, hotel lodging statistics from CHLA, and IMPLAN multipliers for the City of Boulder, this report estimates that the ***total economic impact of tourism for the City of Boulder in 2013 to be \$419,111,633*** including direct economic impact in the City of Boulder of \$290,624,556 and secondary impacts (indirect and induced) of \$128,487,076.

The estimated ***number of jobs in the City of Boulder attributable to tourism is 7,533***, including 6,241 jobs directly tied to the tourism industry.

The ***total labor income attributable to tourism in the City of Boulder is \$209.2 million***.

Table 1 below summarizes selected key findings from the research.

Table 1
Summary of Selected Key Findings

Economic Measure*	Amount
Direct economic impact	\$290,624,556
Secondary economic impact (indirect and induced effects)	+ \$128,487,076
Total economic impact (Direct economic impact plus secondary impact)	\$419,111,633
Total Jobs	7,533
Total Labor Income	\$209,208,019

* Excluding airfare and expenditures outside of the City of Boulder.

REPORT FINDINGS

Visitor Study Findings

This section presents the information from the Visitor Study that is most relevant to the Economic Impact study.

- Visitor Type. Information from the 2012 Visitor Study was used to create a customized visitor type distribution, as presented in Table 2 below. As shown, overnight visitors staying in commercial lodging (hotel, motel, B&B, inn, etc.) accounted for approximately 36 percent of the visitor-nights in 2013. Day visitors were actually slightly greater, at 36.2 percent of visitor-nights, while those staying overnight with family or friends were the third major segment of visitors (26 percent of visitor nights). The small remainder was made up of overnight visitors in other accommodations (camping, dorm room, etc.) at 1.8 percent.

Table 2
Visitor Type

Visitor Type	Percent of Visitor-Nights
Overnight Visitor staying in commercial lodging	36.0%
Overnight Visitor staying with family/friends	26.0%
Other Overnight Visitor (camping, dorm room, etc.)	1.8%
<u>Day Visitor</u>	<u>36.2%</u>
Total	100.0%

Source: Boulder CVB 2012 Visitor Study

- Per Person Daily Expenditures. Information from the 2012 Visitor Study also provided information on per person daily expenditures while in the City of Boulder, as shown below in Table 3. Overnight visitors staying in commercial lodging (\$210) spend more than overnight visitors staying in other lodging (\$128), though the latter segment is a much smaller group. Additionally, overnights staying with family/friends spend \$95 per person per day on average, while day visitors spend slightly less (\$85). Although overnight visitors spend over twice as much as day visitors, on average, it is worth noting that day visitors tend to be repeat visitors who regularly contribute to the Boulder economy.

Table 3
Average Daily Expenditures per Person, by Visitor Type

Visitor Type	Average Daily Expenditures per Person
Overnight Visitor staying in commercial lodging	\$210
Overnight Visitor staying with family/friends	\$95
Other Overnight Visitor (camping, dorm room, etc.)	\$128
<u>Day Visitor</u>	<u>\$85</u>
Overall	\$133

Source: Boulder CVB 2012 Visitor Study

Hotel Statistics

Hotel statistics are provided by Colorado Hotel and Lodging Association (CHLA) and Smith Travel Research (STR). In 2013, the supply of available hotel rooms in the City of Boulder was 774,165 available rooms. The average occupancy rate in Boulder in 2013 was 69.9 percent, meaning that 547,420 hotel rooms were occupied in Boulder in 2013.

Given an average of 1.85 persons per occupied room (calculated based on the actual per person spent on hotels divided by the average room rate), the total number of visitor-nights in hotels and other commercial lodging in Boulder (B&Bs, Inns, etc.) 1,014,370.

From the Visitors Survey, it is known that the average length of stay is 3.1 nights. Dividing 1,014,370 hotel room-nights by 3.1 nights results in a total of 327,216 unique individuals staying in Boulder hotels in 2013. Additionally, the average room rate (ADR) in Boulder in 2013 was \$132.04. The average revenue per available room (REVPAR) was \$89.96. (The information in this paragraph is not specifically used to calculate the economic impact below, but is provided for general informational purposes and to provide context.)

Number of Visitor-Nights in Boulder in 2013

Combining the information from the Visitor Study with hotel operating statistics results in estimates of the visitor-nights in Boulder in 2013. (A visitor-night is one person staying one night in Boulder; a party of three people staying two nights would be six visitor nights. Day visitors are counted once per person in the visitor-night calculation.)

Overnight visitors staying in commercial lodging accounted for approximately 36 percent of Boulder's total visitor-nights in 2013 (from the Visitors Study), or a total of 1,014,370 visitor-nights. Thus, the remaining visitor segments, as profiled in Table 4 below, are overnight with family/friends (26 percent of the total, or 734,543 visitor-nights), other overnight (1.8 percent of the total, or 50,775 visitor-nights), and day visitors (36.2 percent of the total, or 1,021,139 visitor-nights).

The ***total direct spending by visitors in the City of Boulder in 2013 was \$375.8 million.***

Table 4
Total Direct Visitors Spending in City of Boulder, 2013

Visitor Type	Number of visitor-nights	Per person daily spend	Total Visitor Expenditures
Overnight Visitor staying in commercial lodging	1,014,370	\$210	\$213,017,598
Overnight Visitor staying with family/friends	734,543	\$95	\$69,414,355
Other Overnight Visitor (camping, dorm room, etc.)	50,775	\$128	\$6,499,186
<u>Day Visitor</u>	<u>1,021,139</u>	<u>\$85</u>	<u>\$86,847,914</u>
Overall	2,820,827	\$133	\$375,779,053

Sources: Boulder CVB 2012 Visitor Study, CHLA

Expenditures, Direct Economic Impact and Total Economic Impact

Terminology

In order to evaluate the economic scope and impacts of tourism annually in Boulder, several economic measures have been calculated: “Direct Economic Impact,” “Secondary Economic Impact,” and “Total Economic Impact.”

- “Direct Visitor Expenditures” shows the estimated dollar amounts spent by all visitors to Boulder, as collected on visitor surveys and discussed above.
- “Direct Economic Impact” is a measure of economic activity associated with only visitors to the City of Boulder. Economic activities associated with tourism from those who reside within Boulder County are excluded, since it is assumed that they would have spent their discretionary/entertainment dollars on other goods/services/activities in the local area anyway. “Economic impact” is thus a slightly narrower measure than “economic significance,” and it tabulates the incremental “new money” brought into the City of Boulder by outside visitors attracted to the area as a result of tourism.

Again, the term “direct” further specifies that the economic impact evaluation has been limited to first-order economic effects. Secondary/multiplier impacts are included later in this analysis and are in addition to the direct effects.

Note as well that the direct economic significance/impact measures described above differ from raw expenditures, insofar as the economic significance/impact measures both incorporate an adjustment to retail purchases to include retailer margins only, and thus more accurately reflect local economic activity. This methodological step is described in more detail in the “detailed calculations” section to follow.

- “Secondary Economic Impact” represents the additional economic activity stimulated in the local economy as a result of the direct impacts, and is sometimes referred to as the “multiplier effect.” This includes “indirect” effects associated with the supply chain (e.g. the linen provider which services a hotel) and “induced” effects associated with employees in directly or indirectly affected industries spending their wages in the local economy; plus related follow-on rounds of economic activity from these indirect and induced effects. This analysis uses output multipliers calculated by the Minnesota IMPLAN Group for applicable industry sectors for the City of Boulder as of 2013, to estimate secondary economic impacts.

- “Total Economic Impact” represents the sum of direct and secondary economic impacts.

Summary of Results

The *total economic impact of tourism in the City of Boulder in 2013 is estimated to have been \$419.1 million*. This number accounts for the direct and secondary impacts associated with non-resident visitors and their immediate travel parties. Selected key findings are presented in the table below.

Table 5
Total Spending in Boulder

Total Economic Impact of Tourism	Direct Visitor Expenditure	Direct Economic Impact	Secondary Impact (Indirect and Induced)	Total Economic Impact
Accommodations	\$73,103,149	\$73,103,149	\$33,939,497	\$107,042,646
Food Service	\$102,915,552	\$102,915,552	\$42,323,207	\$145,238,759
Food Stores	\$28,742,181	\$8,162,779	\$3,306,902	\$11,469,682
Local transportation & gas	\$38,013,853	\$16,199,603	\$6,450,104	\$22,649,707
Arts, Entertainment, Recreation	\$62,120,198	\$62,120,198	\$32,369,669	\$94,489,867
<u>Retail sales</u>	<u>\$70,884,120</u>	<u>\$28,123,275</u>	<u>\$10,097,696</u>	<u>\$38,220,971</u>
Total Economic Impact of Tourism	\$375,779,053	\$290,624,556	\$128,487,076	\$419,111,633

It is important to note that the \$72.6 million in spending by overnight visitors in commercial lodging in 2013 is equal to the gross lodging sales in the City of Boulder in 2013 (\$5.44 million in accommodations tax collected divided by the 7.5% tax rate results in \$72.6 million in actual lodging sales). The agreement of these two numbers is an important check on the accuracy of the overall direct spending and total economic impact figures.

Detailed Calculations

The worksheets that follow present a detailed outline of the methodology employed in developing the estimates for direct economic impact and significance and total economic impact and significance.

The total per person daily visitor expenditure figure was broken into spending categories using a proportionate allocation based on research from Dean Runyan's 1996-2012 study of Colorado Travel Impacts. The share of visitor spending in Boulder County documented in that report was used to allocate the daily per person spending from the Visitors Study. The results of the spending allocation into the various categories can be seen in Table 6 below.

Other considerations in the calculations include the following:

- Identify Boulder County residents and non-residents by the zip code provided in the survey. Residents are excluded from the economic impact totals.
- Use visitor nights by visitor type as presented in Table 4 above.
- Use the per capita per day expenditure figures noted above in Table 3 to create spending estimates for visitors.
- Adjust retail sales to reflect local capture of economic value. Much of the price of retail items reflects manufacturers' costs of creating goods, as well as the costs charged by transporters and wholesalers. Insofar as such manufacturers, transporters and wholesalers are located outside of the Boulder County region, it is important to exclude those portions of economic value creation from the local economic evaluation, and only include that proportion of economic value represented by the retailer's margin. This step is applied in this analysis to grocery purchases, shopping purchases, gas expenditures, and other expenditures. Based on data reported for the City of Boulder in 2012 by the IMPLAN economic modeling system, a grocery retail margin of 28.4 percent, a blended retail margin of 39.8 percent, and a gas retail margin of 42.6 percent have been applied to expenditures in these categories. These adjustments are presented in Table 7 below. These adjustments are applied to the raw retail expenditure figures to derive direct economic impacts and direct economic significance associated with retail purchases.
- Calculate the secondary economic effects of spending in various industry categories using multipliers from the IMPLAN economic modeling system for City of Boulder in 2012. The shopping multiplier is calculated as the average of multipliers for the

following retail industry categories: clothing, sporting goods, general merchandise, and miscellaneous retail.

Table 6
Aggregate Direct Visitor Spending

Visitor Type	Overnight in Commercial Lodging	Overnight with Family/Friends	Overnight in Other Accommodations	Day Visitor	Total
Total Visitor-Nights in City of Boulder	1,014,370	734,543	50,775	1,021,139	2,820,827
Per Person per Night Expenditures					
Accommodations	\$71.57	\$0.00	\$10.00	\$0.00	
Food Service	\$46.99	\$32.08	\$43.45	\$28.87	
Food Stores	\$13.12	\$8.96	\$12.13	\$8.06	
Local transportation & gas	\$17.36	\$11.85	\$16.05	\$10.66	
Arts, Entertainment, Recreation	\$28.36	\$19.36	\$26.23	\$17.43	
Retail sales	\$32.60	\$22.25	\$20.14	\$20.03	
Total expenditures per Visitor Night	\$210.00	\$94.50	\$128.00	\$85.05	
Total Direct Visitor Expenditures					
Accommodations	\$72,595,400	\$0	\$507,749	\$0	\$73,103,149
Food Service	\$47,666,251	\$23,562,671	\$2,206,146	\$29,480,485	\$102,915,552
Food Stores	\$13,312,196	\$6,580,566	\$616,131	\$8,233,289	\$28,742,181
Local transportation & gas	\$17,606,453	\$8,703,329	\$814,883	\$10,889,188	\$38,013,853
Arts, Entertainment, Recreation	\$28,771,521	\$14,222,513	\$1,331,638	\$17,794,527	\$62,120,198
Retail sales	\$33,065,777	\$16,345,276	\$1,022,640	\$20,450,426	\$70,884,120
Total Direct Visitor Expenditures	\$213,017,598	\$69,414,355	\$6,499,186	\$86,847,914	\$375,779,053

Source: 2012 Visitors Study

Direct Economic Impact

Table 7
Direct Economic Impact

	Direct Visitor Expenditures	Retailer Margins	Direct Economic Impact
Accommodations	\$73,103,149		\$73,103,149
Food Service	\$102,915,552		\$102,915,552
Food Stores	\$28,742,181	28.4%	\$8,162,779
Local transportation & gas	\$38,013,853	42.6%	\$16,199,603
Arts, Entertainment, Recreation	\$62,120,198		\$62,120,198
Retail sales	\$70,884,120	39.7%	\$28,123,275
Totals	\$375,779,053		\$290,624,556

Source: 2013 Visitors Study, IMPLAN 2012 City of Boulder

Multipliers

Table 8
Direct Economic Impact

Economic Impact Multipliers	Direct Effect	Indirect Effect	Induced Effect
Accommodations	1	0.3105	0.1537
Food Service	1	0.2285	0.1828
Food Stores	1	0.1736	0.2316
Local transportation & gas	1	0.1771	0.2211
Arts, Entertainment, Recreation	1	0.3311	0.1900
Retail sales	1	0.1642	0.1948

Source: IMPLAN 2012 City of Boulder

Employment Impact

An important output of the IMPLAN database is estimated multipliers of the number of jobs created as a result of the industry in question (in this case, tourism). The jobs calculation includes people directly employed by tourism-related businesses (such as the desk clerk and housekeeper in a hotel) as well as people working in businesses that have an indirect connection to tourism (retail stores, restaurants, food stores, gas stations, and many other jobs). The proportion of the job that is related to tourism is estimated by the IMPLAN employment multipliers for the City of Boulder.

The estimated ***number of jobs in the City of Boulder attributable to tourism is 7,533***, including 6,241 jobs directly tied to the tourism industry.

Table 9
Jobs Impact of Tourism, City of Boulder

Jobs Impact	Direct	Indirect	Induced	Total
Accommodations	699	173	92	964
Food Service	1,762	156	154	2,072
Food Stores	453	36	55	543
Local transportation & gas	389	57	69	515
Arts, Entertainment, Recreation	1,658	205	97	1,960
Retail sales	1,280	85	113	1,478
Total Jobs	6,241	712	581	7,533

Source: 2012 Visitors Study, IMPLAN 2012 City of Boulder

Labor Income Impact

Another output of the IMPLAN database is labor income impact, or the payroll and wages paid to employees as a result of tourism in the City of Boulder. These labor income dollars include wages paid to individuals employed in tourism related business, and indirect and induced businesses as well.

The ***total labor income attributable to tourism in the City of Boulder is \$209.2 million.***

Table 10
Labor Income Impact of Tourism, City of Boulder

Labor income impact	Direct	Indirect	Induced	Total
Accommodations	\$20,790,742	\$8,731,343	\$4,043,150	\$33,565,235
Food Service	\$41,049,422	\$8,035,962	\$6,766,991	\$55,852,375
Food Stores	\$15,732,817	\$1,762,998	\$2,394,357	\$19,890,172
Local transportation & gas	\$18,734,283	\$2,865,062	\$3,023,344	\$24,622,689
Arts, Entertainment, Recreation	\$22,920,424	\$7,615,662	\$4,245,926	\$34,782,012
Retail sales	\$31,427,960	\$4,099,516	\$4,968,059	\$40,495,536
Total labor income	\$150,655,649	\$33,110,544	\$25,441,827	\$209,208,019

Source: 2012 Visitors Study, IMPLAN 2012 City of Boulder

CONCLUSION

Tourism is an important industry in the City of Boulder, with a significant economic impact in terms of direct visitor spending, secondary impacts, and employment impacts. The overall health of the industry should be a priority of those involved in decisions and policy related to tourism in the City of Boulder.