

ECONOMIC IMPACT OF TOURISM IN DOOR COUNTY 2020

Prepared for:

DESTINATION
DOOR COUNTY

1015 Green Bay Road, P O Box 406

Sturgeon Bay, WI 54235

DoorCounty.com

800-527-3529



INTRODUCTION

The travel sector is an integral part of the Door County economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Door 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 Door 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 Door 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 Wisconsin
- Wisconsin Office of Revenue and Economic Analysis – sales tax data by industry and other data points.
- Door County Tourism Zone data– lodging performance data, including room demand, rates, occupancy and revenue
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by 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

KEY FINDINGS

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While 2020 losses are significant, tourism remains a key sector to Door County's economy

COVID-19 affected the whole economy – and tourism was impacted more than other sectors of the economy.

Pandemic-associated closures and limitations cut into travel activity. In the Door County region, visitor spending dropped by 19%, resulting in the loss of 18% of all direct tourism jobs.

However, the tourism industry is still a significant part of the local economy, providing \$304 million in sales to local businesses, jobs to residents, and revenue to local governmental authorities.

Tourism in 2020 was severely impacted and the losses to businesses and residents were significant. However, it has highlighted tourism's importance to Door County, and indicates the potential for the county once normalcy returns.



Visitor spending

In 2020, visitor spending in Door County fell to \$304 million.



Employment supporter

Employment supported by visitor spending of 2,310 in 2020.



Fiscal contributions

Visitors generated \$32.5 million in state and local taxes in 2020.

VISITATION AND SPENDING

VISITOR SPENDING HIGHLIGHTS

Hit hard from the pandemic but industry still sizeable

While the year started off on a positive note – with January and February indicators showing growth, the onset of the pandemic in March cut into visitor activity. After losses that approached three-quarters in the spring, Door County ended the summer with some metrics showing increases compared to 2019.

Door County tourism garnered \$304 million in visitor spending in 2020. Even in a pandemic, travelers found reasons to visit the county.

Visitor spending losses were 19% over the year but the declines were not evenly shared across the spending categories, 2020 saw some significant differences in where the visitor dollar was spent.



Visitor spending of \$304 million in 2020

Pandemic losses slice 19% off of visitor spending.



Retail activity drives tourism spending

Shopping was important to travelers in 2020.



Non-commercial lodging market thrives

Closures and changes in travel patterns meant changes to normal lodging activity by visitors.

VISITOR SPENDING TRENDS

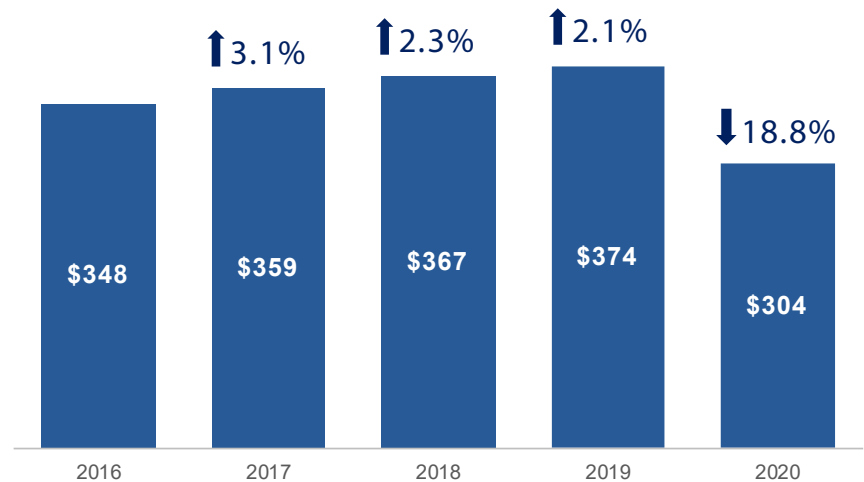
Total visitor spending

Visitor spending in Door County fell 19% in 2020 to \$304 million.

The \$304 million in visitor spending in 2020 is similar in size to 2013's visitor spending level – the pandemic losses are equal to six years of spending growth.

Door County's performance was much better than the state as a whole – losses were about ten percentage points less than the state. Door County's leisure and lodging offerings were what travelers were looking for in 2020.

Door County visitor spending (\$ millions)



Source: Tourism Economics

SPENDING DETAILS

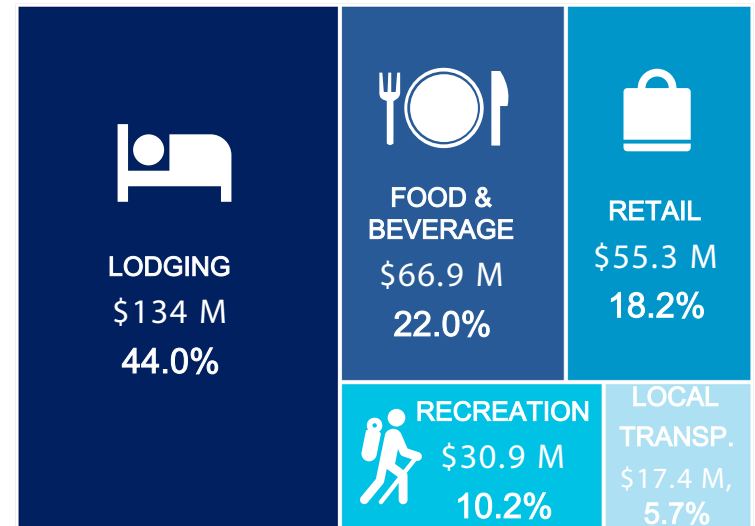
Spending by category, 2020

Lodging is largest spending category with retail gaining share in 2020

Lodging captures 44% of each visitor dollar in the county. The next largest category, food & beverages, netted 22% of all visitor spending in the county in 2020. More than 18% of each visitor dollar went to retail shopping.

Recreational activities' share of the visitor dollar was 10.2% in 2020.

2020 VISITOR SPENDING WITH SHARES



Source: Tourism Economics

SPENDING TIMELINE






Visitor spending timeline

Visitor spending dropped by 19% in 2020

While pandemic associated losses were significant, Door County was able to take advantage of changes in traveler behavior as a leisure and private home destination. This helped support the lower lodging decline, especially compared with urban areas of Wisconsin.

Retail spending losses were more muted as retail was one of the few activities available to travelers during the pandemic.

Visitor Spending in Door County, 2016 -2020 Amounts in millions of dollars

	2016	2017	2018	2019	2020	2020 Growth	2016-2020 CAGR
Total visitor spending	\$347.8	\$358.5	\$366.6	\$374.4	\$304.2	-18.8%	-3.3%
 Lodging*	\$142.6	\$149.2	\$151.6	\$154.2	\$133.7	-13.3%	-1.6%
 Food & beverages	\$79.8	\$82.4	\$85.0	\$87.7	\$66.9	-23.8%	-4.3%
 Retail	\$62.5	\$61.8	\$63.3	\$64.3	\$55.3	-14.1%	-3.1%
 Recreation	\$40.8	\$42.8	\$44.1	\$45.6	\$30.9	-32.3%	-6.7%
 Transportation**	\$22.1	\$22.2	\$22.7	\$22.5	\$17.4	-22.6%	-5.8%

* Lodging includes 2nd home spending

** Transportation includes all types of ground transportation

Source: Tourism Economics

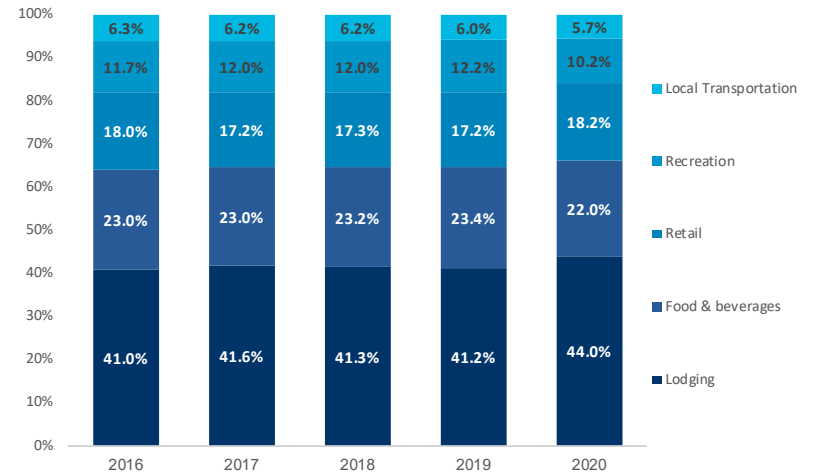
SPENDING DISTRIBUTION

Visitor spending shares

Changes in spending shares by spending category in 2020 were significant. Suffering the largest decline, the percentage of the visitor dollar spent on recreation or entertainment dropped two percentage points to 10.2%.

The retail portion of the visitor dollar grew to 18.2% in 2020 while Door County's draw as an overnight leisure destination supported an increase in the lodging share.

Door 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 Door 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 Door County, we input visitor spending into a model of the economy created in IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

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 either directly or indirectly by visitors, spend those wages in the local economy.

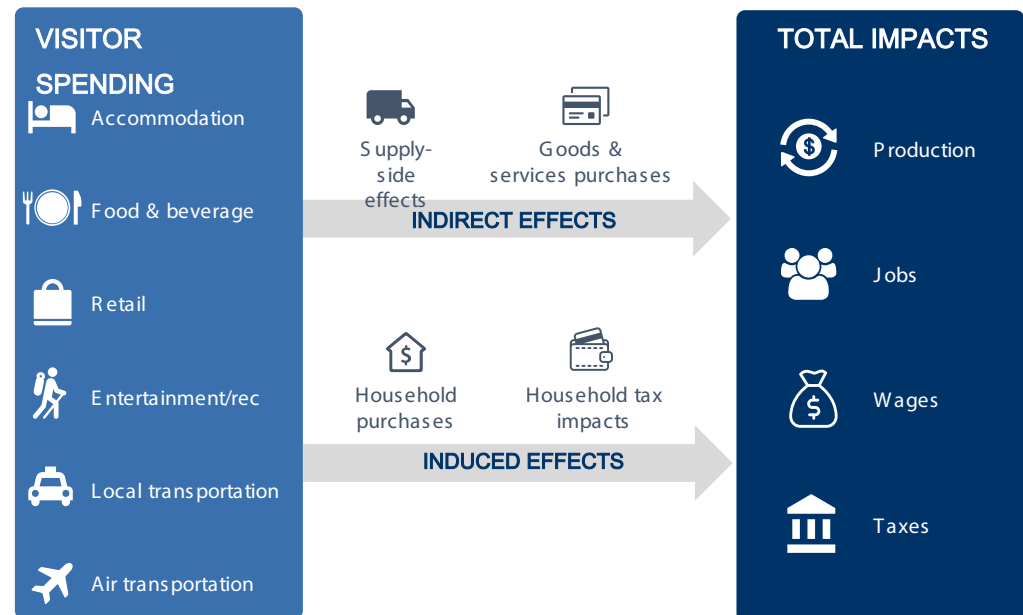
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN is particularly effective because it 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 INDUSTRY EMPLOYMENT

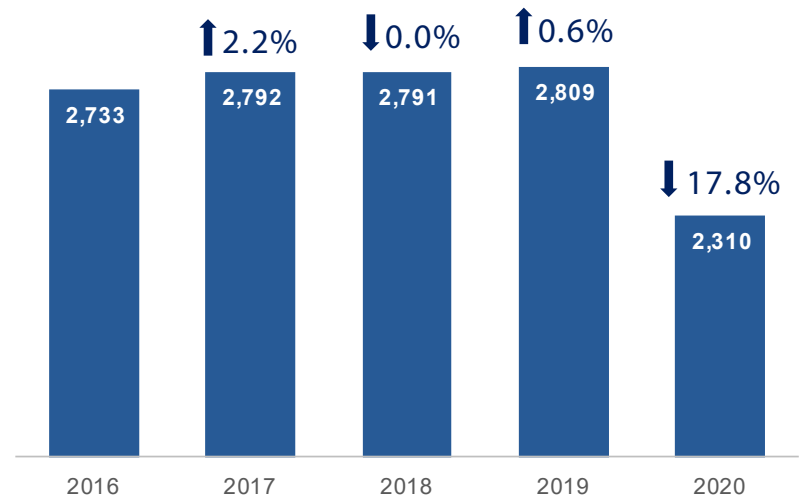
Tourism employment growth

Visitor spending directly supported 2,310 jobs

The number of jobs directly supported by tourism dropped by nearly 500 jobs. This is an 18% decline in jobs.

Tourism supported employment in Door County

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



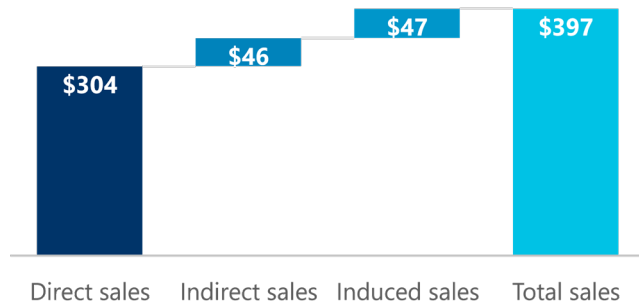
Source: Tourism Economics

ECONOMIC IMPACTS

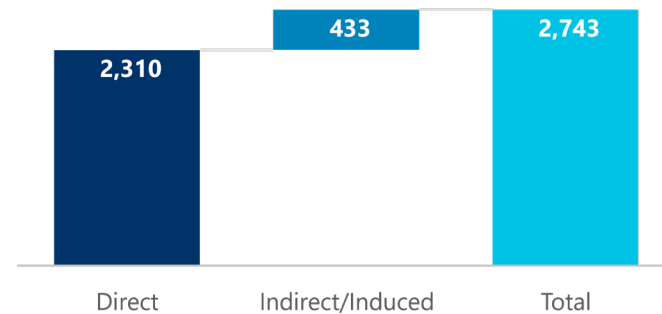
Visitor spending of \$304 million in Door County in 2020 supported a total of \$397 million in business sales when indirect and induced impacts are considered.

In total, visitor activity supported 2,743 jobs which earned local job holders \$80 million in labor income.

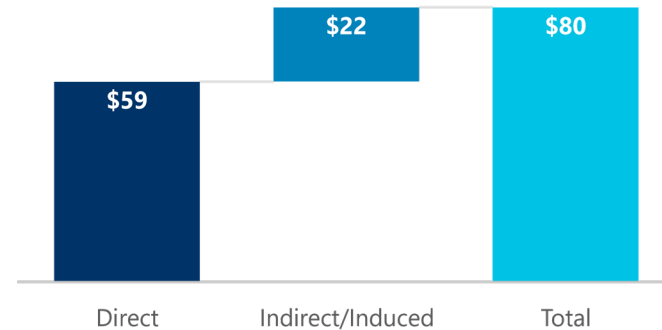
Summary economic impacts (\$ millions)



Summary employment impacts (number of jobs)



Summary personal income impacts (\$ millions)



Source: Tourism Economics

ECONOMIC IMPACTS

Direct impacts

Door County' \$304 million in visitor spending represents 3.1% of all visitor spending in Wisconsin. Door County's share of state-wide visitor spending grew in 2020.

Door County hosts 2.1% of all jobs directly supporting visitors in Wisconsin.

Local wages and other income directly from visitor activity declined 8% in 2020.

All direct metrics performed better than the state.

Direct impact comparisons

	2016	2017	2018	2019	2020	%Chg
Visitor Spending (millions)						
Door County	\$348	\$359	\$367	\$374	\$304	-18.77%
Wisconsin	\$12,311	\$12,694	\$13,319	\$13,668	\$9,801	-28.29%
Share	2.83%	2.82%	2.75%	2.74%	3.10%	
Employment						
Door County	2,733	2,792	2,791	2,809	2,310	-17.76%
Wisconsin	137,193	139,329	141,980	144,657	107,454	-25.72%
Share	1.99%	2.00%	1.97%	1.94%	2.15%	
Labor Income (millions)						
Door County	\$55.7	\$59.4	\$61.5	\$63.7	\$58.6	-8.06%
Wisconsin	\$2,846	\$2,967	\$3,099	\$3,231	\$2,727	-15.58%
Share	1.96%	2.00%	1.99%	1.97%	2.15%	

Source: Tourism Economics

ECONOMIC IMPACTS

Total impacts

Total business sales in Door County represent 2.3% of all visitor supported visitor sales in the state.

In 2020, there were 2,743 jobs supported by visitor activity in Door County.

Total income earned by jobs supported by visitor spending fell by 6%, registering \$80 million.

Total impact comparisons

	2016	2017	2018	2019	2020	% Chg
Business sales (millions)						
Door County	\$443	\$457	\$469	\$481	\$397	-17.43%
Wisconsin	\$19,968	\$20,607	\$21,572	\$22,223	\$17,264	-22.32%
Share	2.22%	2.22%	2.17%	2.16%	2.30%	
Employment						
Door County	3,178	3,240	3,237	3,254	2,743	-15.71%
Wisconsin	193,454	195,811	199,073	202,217	157,332	-22.20%
Share	1.64%	1.65%	1.63%	1.61%	1.74%	
Labor Income (millions)						
Door County	\$75.3	\$79.3	\$82.4	\$85.2	\$80.4	-5.71%
Wisconsin	\$5,274	\$5,395	\$5,675	\$5,902	\$5,144	-12.85%
Share	1.43%	1.47%	1.45%	1.44%	1.56%	

Source: Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated \$32.5 million in state and local governmental revenues.

Total tax revenues

	2016	2017	2018	2019	2020	% Chg
State and Local (millions)						
Door County	\$37.5	\$38.7	\$38.8	\$39.2	\$32.5	-17.11%
Wisconsin	\$1,506	\$1,541	\$1,582	\$1,610	\$1,157	-28.13%
Share	2.49%	2.51%	2.45%	2.44%	2.81%	
Federal (millions)						
Door County	\$24.4	\$25.9	\$26.8	\$27.6	\$24.7	-10.25%
Wisconsin	\$1,148	\$1,195	\$1,244	\$1,289	\$1,064	-17.43%
Share	2.13%	2.17%	2.15%	2.14%	2.32%	

Source: Tourism Economics, IMPLAN, Door County Department of Revenue

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