



# TBID Funding Analysis

## Mammoth Lakes, California

Prepared for:



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A person wearing a hat and outdoor gear is standing in a shallow lake, fishing with a rod. The background shows a range of snow-capped mountains under a blue sky with some clouds. The entire image has a blue tint.

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# 1 Introduction

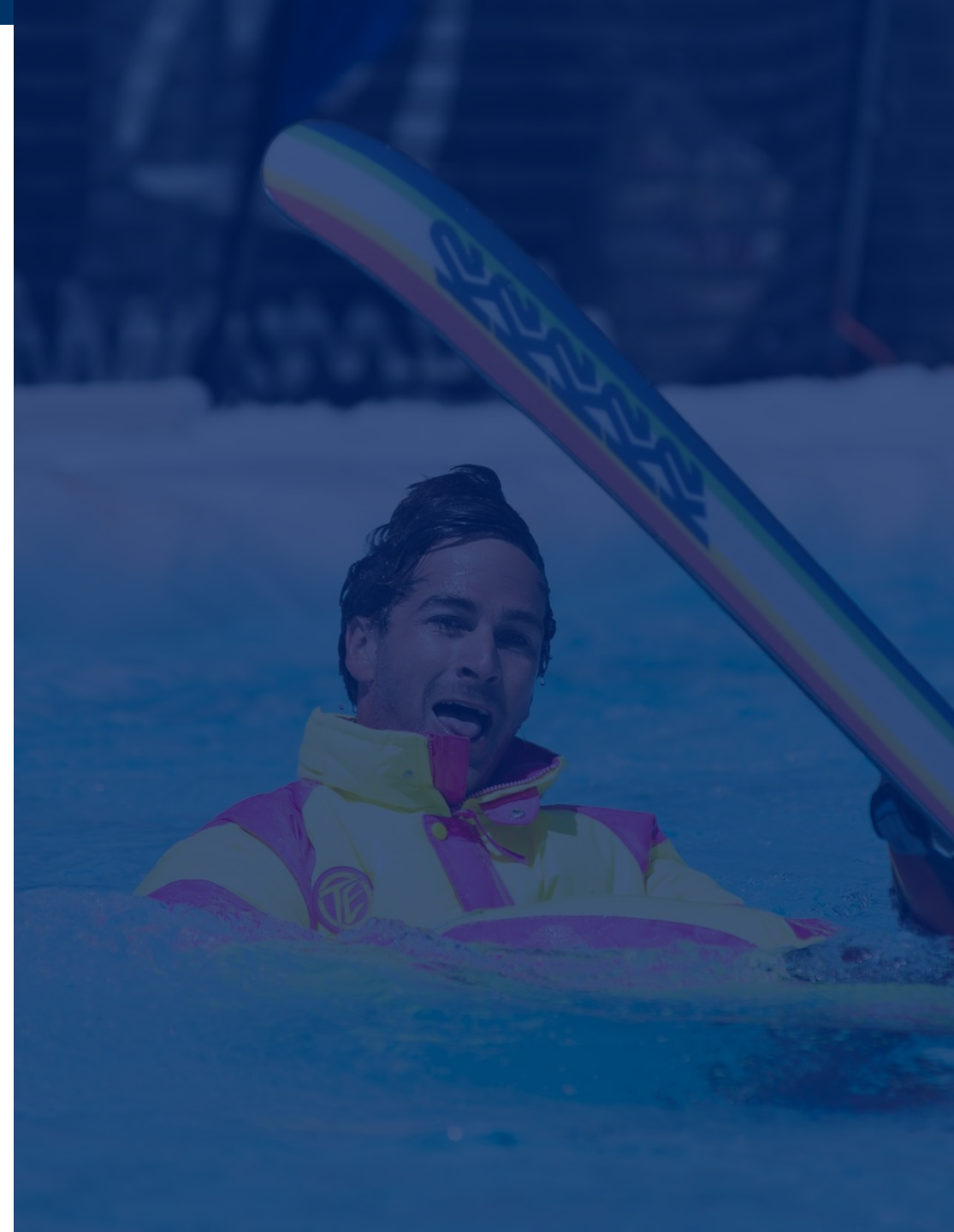


# Introduction

In 2019, visitors to Mammoth Lakes spent a total of \$568 million locally and generated \$35 million in local government revenue, and these figures are rising rapidly. From 2010 to 2019, total visitor spending increased 58% while TOT collections increased 93%. The revenue generated by the local Tourism Business Improvement District (TBID) and the work performed by Mammoth Lakes Tourism (MLT) is a major factor in this accelerated growth.

This report provides a comprehensive overview of the TBID and its impact on Mammoth Lakes' tourism sector and overall economy. It highlights key trends over the past decade and quantifies how TBID funding benefits the local government.

Right now, Mammoth Lakes is experiencing a strong recovery from the pandemic. Continued support and a renewal of the TBID will support these trends into the future and ensure that the city's visitor economy reaches its full potential.





# Key findings



In 2019, visitors spent \$568 million in Mammoth Lakes, supporting 5,149 jobs and \$176 million in local income.



Since the formation of the TBID, TOT revenue in Mammoth Lakes has grown rapidly, increasing 95% from 2014 to 2019.



MLT is crucial to increasing high yield visitors and driving visitation in the off-season.



Based on prior performance, we estimate MLT funding generates an ROI of 3.86-to-1 for city revenue.



In the absence of the TBID, Mammoth Lakes would forfeit \$1.3 billion in visitor spending and \$58 million of city government revenue over the next decade.



# 2 Mammoth Lakes' Visitor Economy in the TBID Era



# Mammoth Lakes' Visitor Economy in the TBID Era

Importance of the visitor economy

## The travel sector is an enormous part of Mammoth Lakes' economy.

In 2019\*, visitors to Mammoth Lakes spent \$568 million in 2019. This spending directly generated (i.e., not including indirect and induced effects) 5,149 jobs, \$176 million in wages, and \$35 million local government revenue (city and county).

For comparison, 8,280 people currently live in Mammoth Lakes, and the City of Mammoth Lakes generated \$38 million in FY2019.

\*Much of this report focuses on 2019 (fiscal or calendar year) as a benchmark for a typical year.

## Key tourism indicators in Mammoth Lakes\*, 2019

Dollar figures in millions

Spending	\$568
Direct jobs	5,149
Direct wages	\$176
Local government revenue**	\$35
TOT revenue	\$13

Sources: Dean Runyan Associates, Tourism Economics; MLT

\*Dean Runyan Associates estimates economic impact for Mono County, based on analysis of county-wide room inventory and TOT collections, we estimate 85% of these impacts occur in Mammoth Lakes based on an analysis of hotel room inventory and TOT collections.

\*\*Excludes TBID collections – includes city and county revenue

# Mammoth Lakes' Visitor Economy in the TBID Era

Trends in the visitor economy

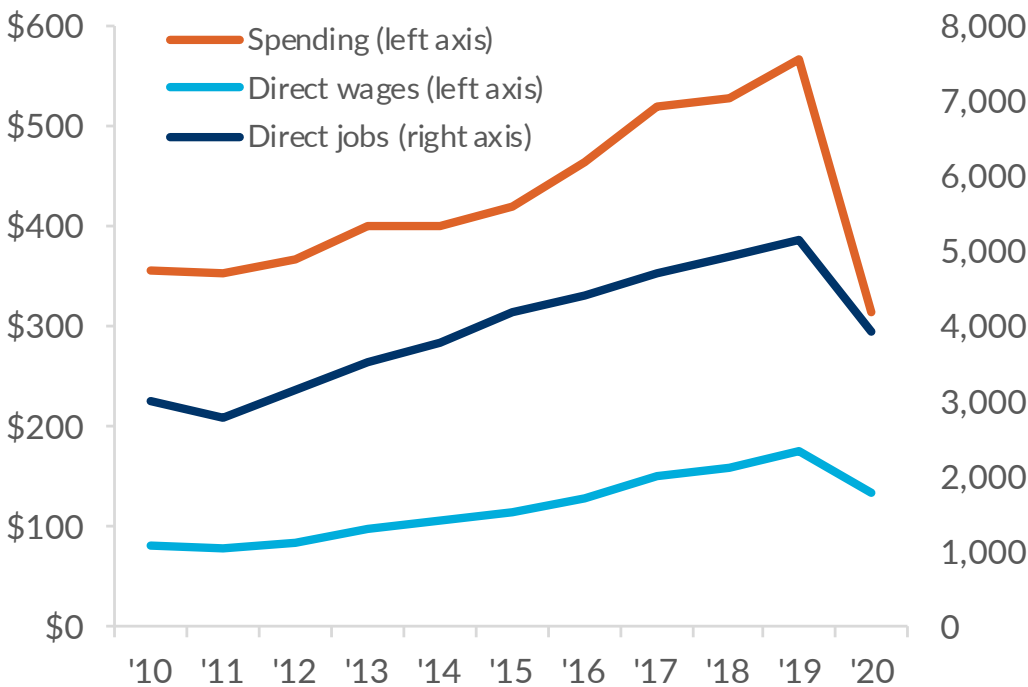
**Visitor spending in Mammoth Lakes increased 58% from 2010 to 2019.**

Meanwhile, earnings and jobs increased 116% and 70%, respectively.

All measures of the visitor economy fell during 2020 as a result of the pandemic, but recent (early 2022) TOT collections indicate that the visitor economy has already surpassed its pre-pandemic size.

**Growth of the visitor economy in Mammoth Lakes**

Dollar figures in billions



Sources: Dean Runyan Associates; Tourism Economics



# Mammoth Lakes' Visitor Economy in the TBID Era

## TBID formation and funding

### The Mammoth Lakes TBID (tourism improvement district) has driven tourism growth since 2014.

The following slides will demonstrate that the growth of the visitor economy has been decidedly faster since the formation of the Mammoth Lakes TBID.

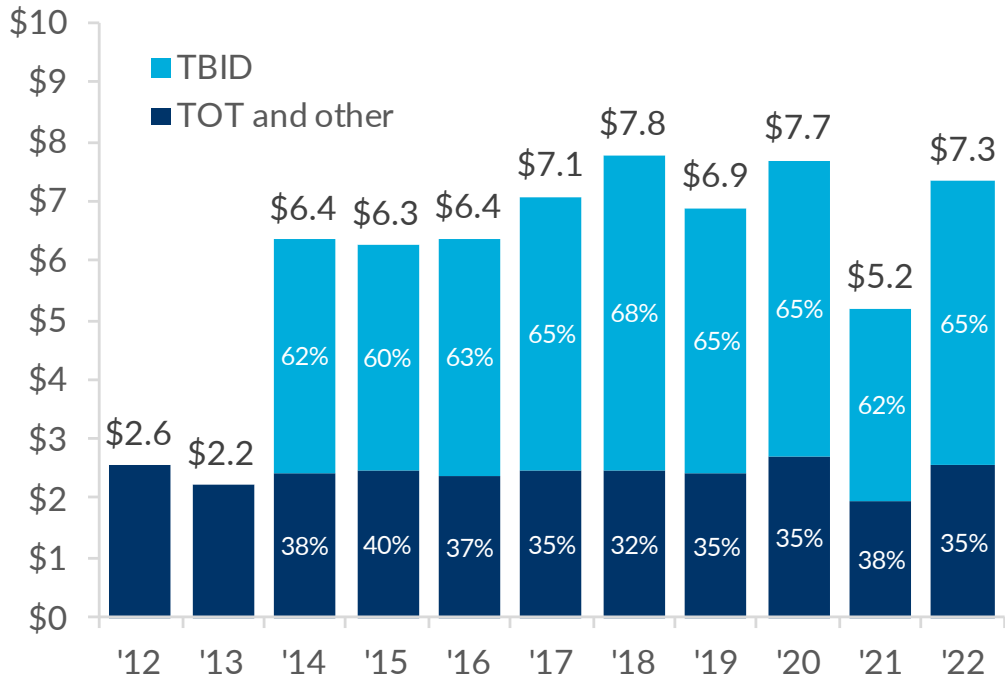
Currently, the vast majority of MLT's budget comes from TBID and TOT collections (tourism occupancy tax).

The TBID significantly boosted MLT's total budget when it was formed in FY2014. The budget rose from \$2.2m in FY2013 to over \$6 million in every preceding year except FY2021. The TBID currently generates around two thirds of the MLT's current budget, essentially tripling what the DMO's budget would be with only TOT funding.

While the TBID was formed in FY2014, we consider its impacts to begin in calendar/fiscal year 2015, as lags exist between collecting revenue, spending it, and newly attracted tourists arriving. We will refer to 2015-2019 as 'the TBID era'.

### MLT funding sources by fiscal year

Dollars, millions – labels indicate share of total



Sources: Dean Runyan Associates; Tourism Economics

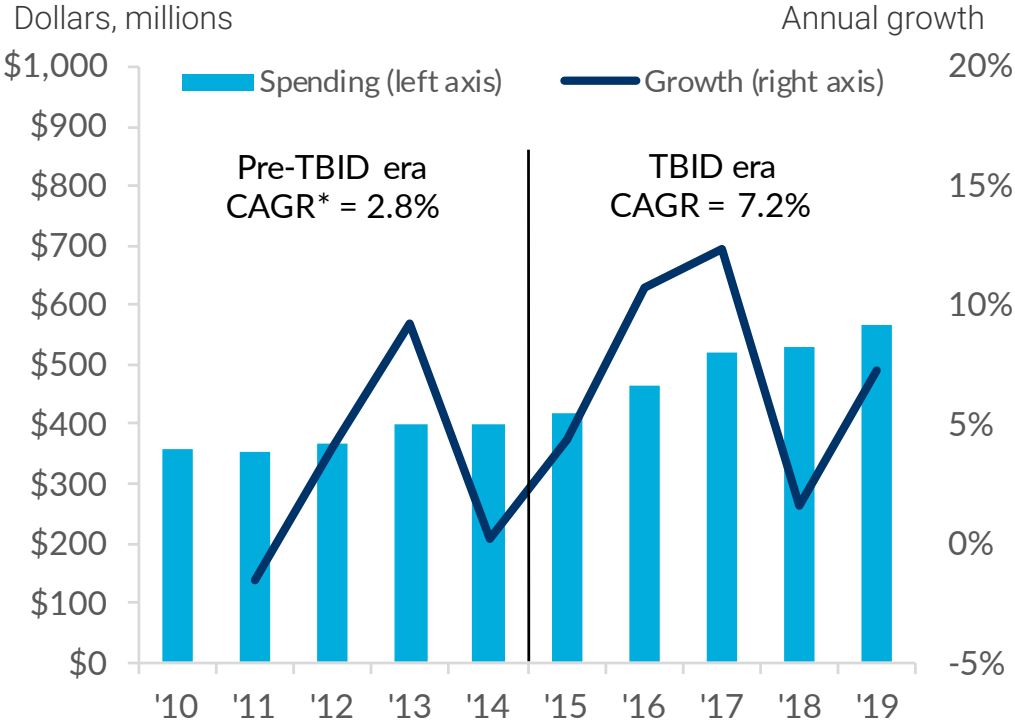
# Mammoth Lakes' Visitor Economy in the TBID Era

Increased spending

The growth rate of visitor spending has more than doubled since in the TBID was introduced.

Before the TBID was formed, visitor spending in Mammoth Lakes grew at an annual rate of 2.8% (2010-2014). In the TBID era, growth soared to 7.2%.

Growth of visitor spending in Mammoth Lakes



Sources: Dean Runyan Associates; Tourism Economics  
\* Compound annual growth rate



# Mammoth Lakes' Visitor Economy in the TBID Era

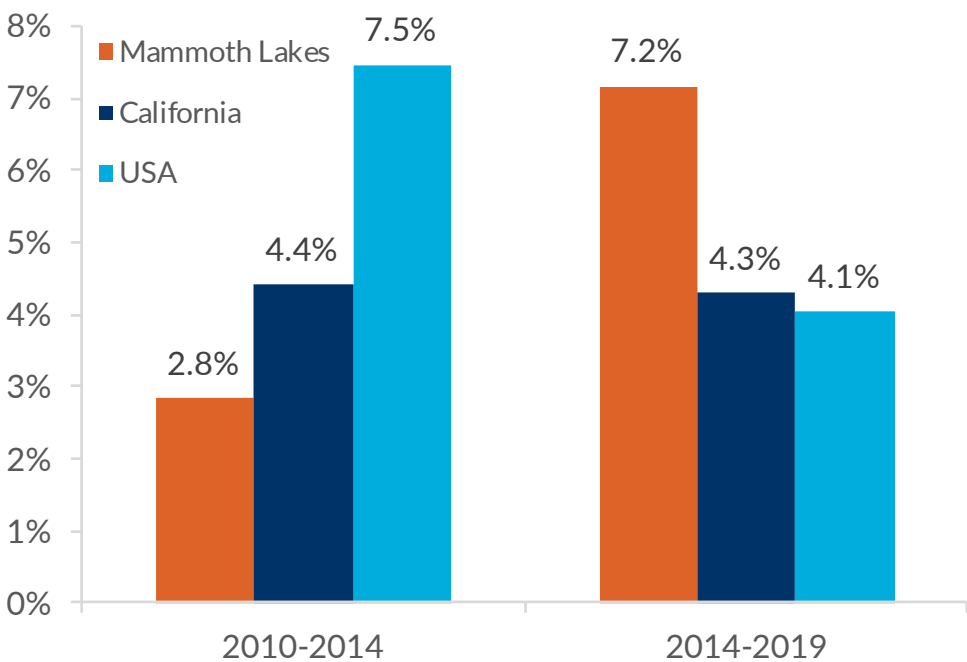
State and national comparison

**Mammoth Lakes far surpassed state and national growth rates in the TBID-era after previously trailing them.**

National and/or regional trends cannot explain the change in Mammoth Lakes' growth rate. The state grew at roughly the same rate in both periods, and the nation grew much slower in the TBID era.

## Growth in visitor spending

Compound annual growth rate



Sources: Dean Runyan Associates; Tourism Economics; US Travel Association

# Mammoth Lakes' Visitor Economy in the TBID Era

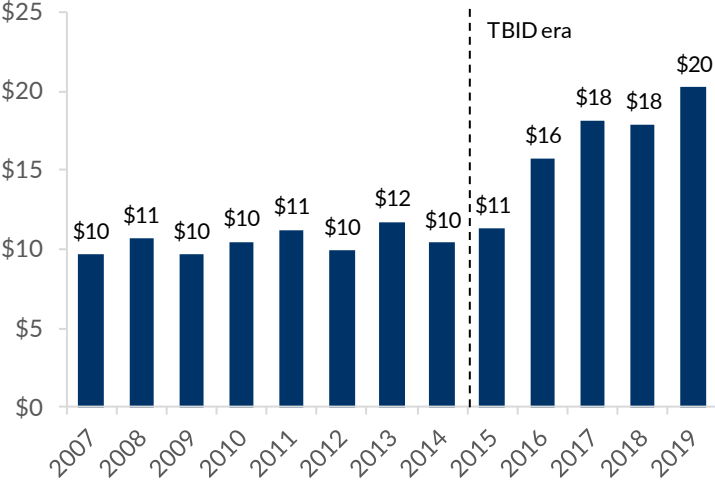
TOT collections growth

Spending on lodging, and therefore TOT collections, has similarly surged in the TBID era.

TOT collections averaged \$16.6 million in the TBID era, after averaging \$10.7 million from 2010-2014, an increase of 55%.

TOT collections in Mammoth Lakes

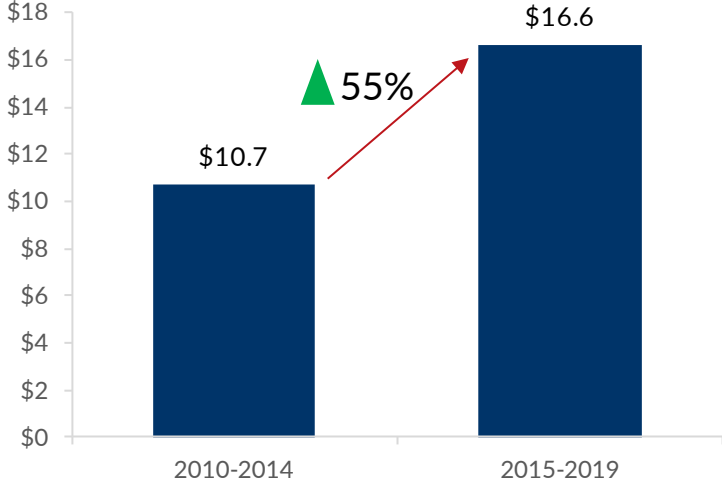
Dollars, millions



Source: MLT

Average TOT collections in Mammoth Lakes

Dollars, millions



Source: MLT

Percent total growth



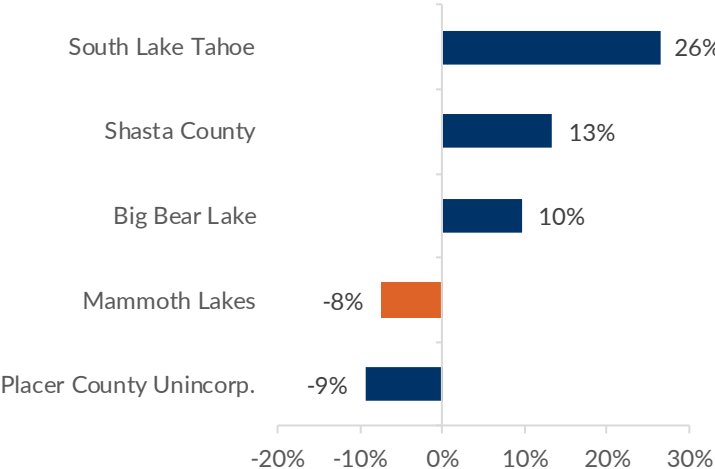
# Mammoth Lakes' Visitor Economy in the TBID Era

Regional TOT collections growth comparison

After struggling without the TBID, Mammoth Lakes led its competition in terms of TOT collections growth following its formation.

## Adjusted TOT growth\* in Mammoth Lakes and competitors, '11-'14\*\*

Percent total growth

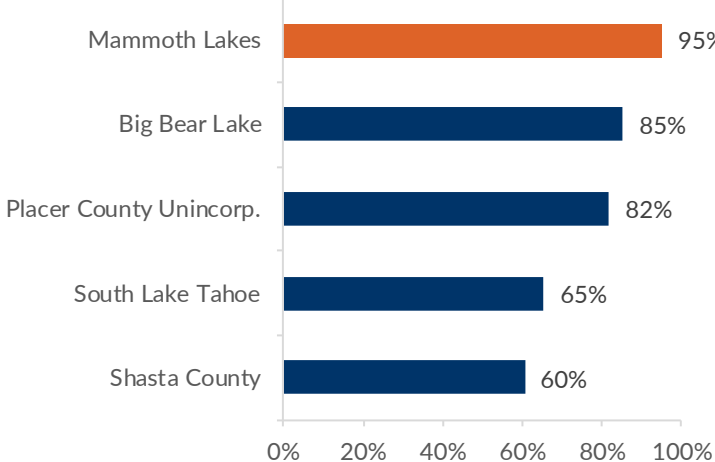


Source: MLT; Dean Runyan Associates  
\*Adjusted to hold the TOT assessment rate constant  
\*\* 2010 data not available for competitors

After posting negative growth from 2011 to 2014 (second to last amongst competitors), TOT collections in Mammoth Lakes grew 95% from 2014 to 2019, outpacing all four competing destinations.

## Adjusted TOT growth\* in Mammoth Lakes and competitors, '14-'19

Percent total growth



Source: MLT; Dean Runyan Associates  
\* Adjusted to hold the TOT assessment rate constant

# Mammoth Lakes' Visitor Economy in the TBID Era

## Low-season growth

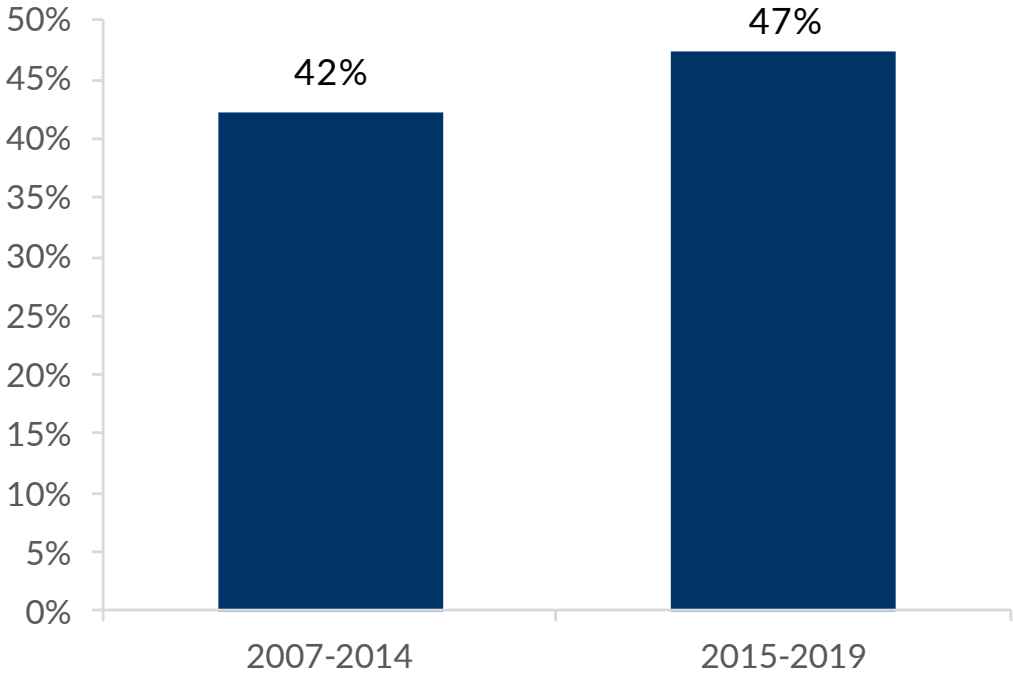
**Success in the low-season has helped fuel Mammoth Lakes' overall growth in the TBID era.**

TOT revenue in the low-season\* is up in the TBID era, averaging 47% of the annual total compared to 42% previously. This increase helped drive the visitor economy's strong growth.

\* April - November

Low-season spending TOT collections in Mammoth Lakes

Share of annual spending



Source: MLT



# 3 Growing the Visitor Economy



# Growing the Visitor Economy

## Growing the air market

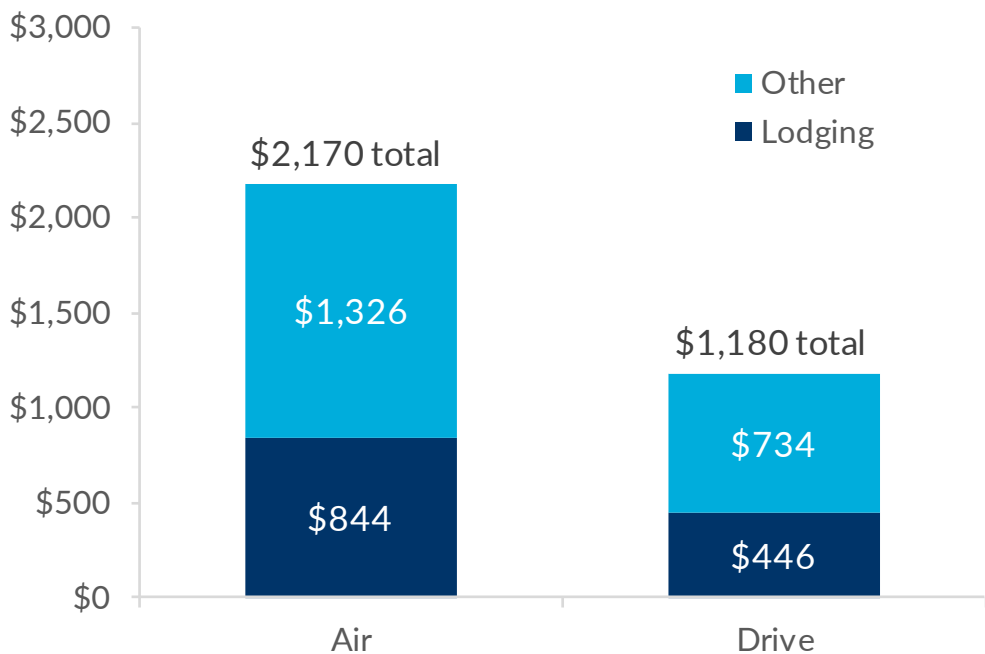
### Attracting more air arrivals will boost visitor spending and TOT revenue.

This section reviews two key methods in which it may be possible to boost the economic impact of tourism in Mammoth Lakes: increasing air travelers and attracting more visitors during the low-season.

In terms of economic impact, air travelers are significantly more valuable than drive travelers. They spend 84% more in total and 89% more on lodging (boosting TOT revenue). While air travelers do have longer trips (4.9 nights vs. 3.3 nights, or 48% longer per SMARI), their spending per night is still much higher. So in the high-season, when rooms are scarce, air travelers represent a key driver of increasing impacts.

### Spending by traveler segment in Mammoth Lakes, 2018

Dollars per trip per traveling party



Source: SMARI

# Growing the Visitor Economy

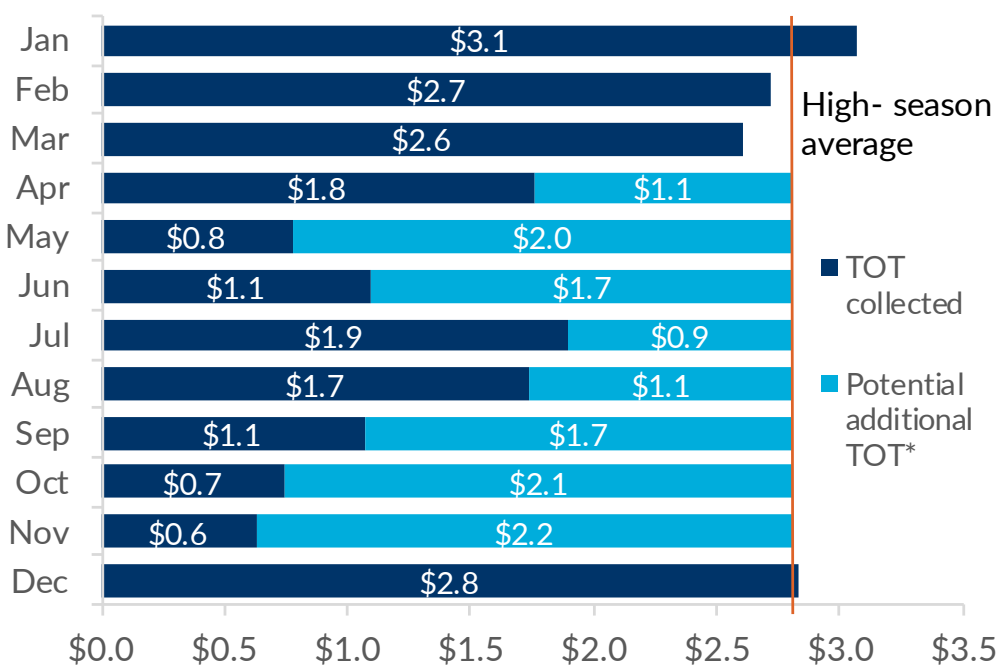
Boosting the low-season

Increasing visitation outside of ski-season would dramatically increase tourism’s impact.

Mammoth Lakes’ four high-season months (Dec.-Mar.) represent 54% of all TOT collections. TOT collections in January are five times that of November. If Mammoth Lakes could boost TOT collections in the low season to the high season average (\$2.8 million per month), an additional \$12.8 million of TOT could be generated, equal to 61% of the 2019 total.

Potential for Mammoth Lakes low season, FY2019

Dollar figures in millions



Source: MLT

\*What could be generated in these months if they reach the high-season total of \$2.8 million.



# 4 MLT Performance





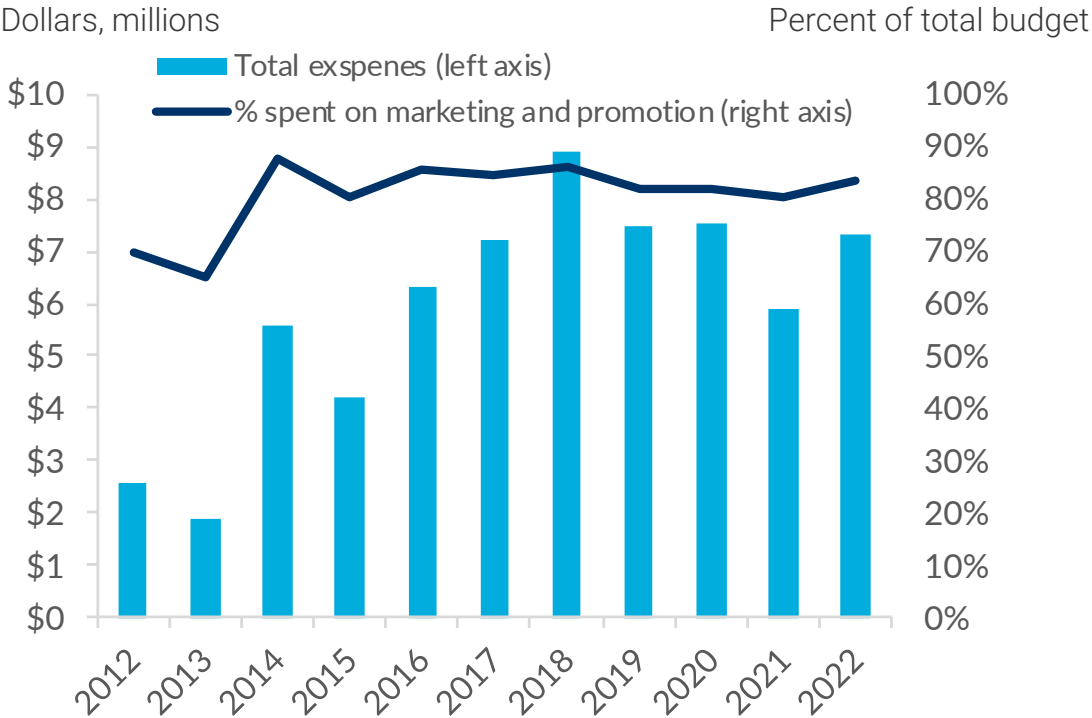
# MLT Performance

## MLT expenses breakdown

Since the formation of the TBID, MLT’s budget has increased, and it has spent a smaller portion of this budget on overhead.

In the final year before the TBID, the MLT spent 65% of its budget on marketing and promotion, while 35% went to salary and overhead. Since the formation of the TBID, the MLT has been able to focus most of the additional revenue on marketing and promotion. In the TBID era, MLT has spent an average of 86% of its budget on marketing and promotion and only 14% on salary and overhead.

Total MLT expenses and marketing/promotion share



Source: MLT

# Growing the Visitor Economy

Paid media – expanding awareness

MLT works to expand awareness of Mammoth Lakes as a tourism destination through its website and paid media.

Example of search engine optimization and paid media partners

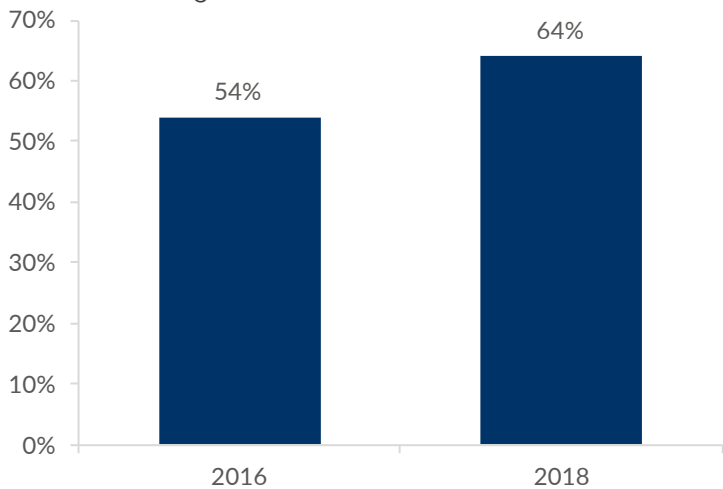


Source: SMARI

These efforts are effective. In recent SMARI surveys, household awareness of Mammoth Lakes amongst the target market increased to 64% in 2018 from 54% in 2016.

## Awareness in the target market

Percent of target households familiar with Mammoth Lakes



Source: SMARI

# Growing the Visitor Economy

Paid media – creating positive impacts

**These campaigns generate positive impressions in the target audience.**

In addition to raising awareness, the ads create positive impressions on the viewers and emphasize the stunning nature of Mammoth Lakes. Their impact far exceeds that of most competing media campaigns, scoring in the top 10% of all paid media ads.

## MLT advertisement impact

The Mammoth Lakes advertising campaign communicate that...



# Growing the Visitor Economy

Generating earned media

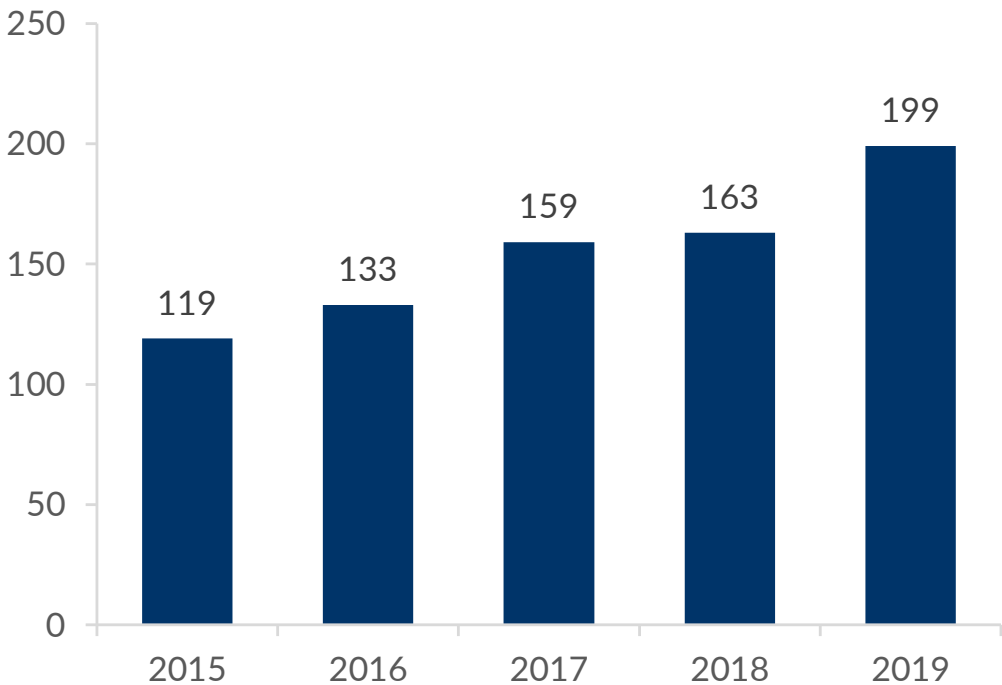
**MLT generated 199 pieces of earned media\* in FY2019, up 67% from 119 pieces in 2015.**

MLT rapidly increased its influence in travel media and was generating more supportive earned media every year before the pandemic.

\*Earned media refers to pieces of media outside of MLT’s direct control, such as TV news stories or articles in magazines. These pieces are often more influential for consumers than paid or owned media which are controlled by MLT

**MLT earned media per year**

Articles per fiscal year



Source: MLT



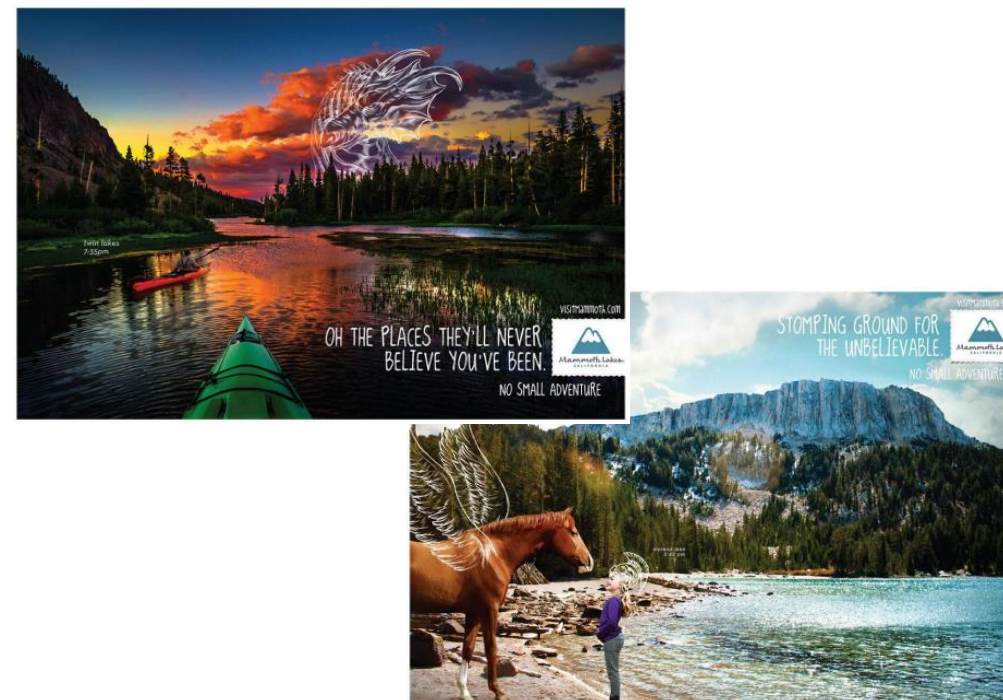
# Growing the Visitor Economy

## Boosting the low-season

**MLT has spent significant resources promoting travel to Mammoth Lakes in the summer and fall.**

As demonstrated previously, the low-season is a key opportunity for Mammoth Lakes, and TOT collections during the TBID era are higher than prior years, indicating a strong growth of low-season visitation since formation of the TBID.

### Paid media promotion for the low-season



Sources: MLT

# MLT Performance

ROI calculation – 1 of 2

## Mammoth Lakes outpaced California in visitor spending and tourism promotion funding growth.

To estimate ROI, we examine growth in visitor spending and tourism promotion funding in the TBID era.

As seen previously, Mammoth Lakes’ visitor economy has grown faster than the states’ during the TBID era, 41% vs 23% respectively. If Mammoth Lakes’ visitor spending grew at the California rate (23%), it would have only reached \$496 million in 2019, \$72 million less than the \$568 million it actually reached.

At the same time, the MLT’s budget grew faster than California regional (city and county – not state) DMOs\*, 295% vs 71% respectively. If the MLT budget grew at the California rate (71%), it would have only reached \$3.2 million in 2019, \$4.2 million less than the \$7.5 million it actually reached.

## Tourism spending comparison

Dollar figures in millions

	2014	2019	'14-'19 growth	
			%	\$
Mammoth Lakes	\$402	\$568	41%	\$167
California	\$117,400	\$144,900	23%	\$27,500
Mammoth Lakes at California growth rate	\$402	\$496	23%	\$94
Mammoth Lakes additional spending*	\$72			

## Tourism promotion budget comparison

Dollar figures in millions

	2013	2019	'13-'19 growth	
			%	\$
Mammoth Lakes	\$1.9	\$7.5	295%	\$5.6
California*	\$1,746	\$2,981	71%	\$1,235
Mammoth Lakes at California growth rate	\$1.9	\$3.2	71%	\$1.3
Mammoth Lakes additional funding*	\$4.2			

Sources: Tourism Economics; Dean Runyan Associates; MLT

\*as estimated by TOT collections, some variance would be caused by regions varying the share of TOT revenue allocated to the DMO. Additionally, it does not include other TBIDs. This likely makes the estimate conservative as new TBIDs were formed during the period, and other increased assessments.

# MLT Performance

ROI calculation – 2 of 2

## The City of Mammoth Lakes receives \$3.86 of revenue for every TOT dollar invested in MLT.

Based on the growth rates in the previous slides, we calculate a visitor spending ROI of 17-to-1 for MLT (i.e. for every dollar of increased MLT funding in the TBID era, an additional \$17 of visitor spending was generated). Based on MLT’s FY2019 budget of \$7.5 million, we calculate that the MLT generated a total of \$127 million in visitor spending, \$49 million of lodging spending, and \$5.2 million of TOT collections for the city. Compared to the \$2.4 million of TOT received by the MLT, this implies an ROI of 2.17-to-1 on TOT revenue of the city (for every dollar appropriated to the MLT, the MLT generated \$2.17 dollars for the city).

After considering all sources of non-TOT government revenue, we estimate that the MLT generated a total of \$9.3 million, and a total ROI for the city of 3.86-to-1.

Finally, we estimate that the MLT generated \$39 million of city wages, and a city wage ROI of 5.28-to-1.

## MLT ROI calculations

Dollar figures in millions

		Notes/source
Mammoth Lakes additional spending	\$72	
Mammoth Lakes additional funding	\$4.2	
<b>Visitor spending ROI</b>	<b>17-to-1</b>	<i>Mammoth Lakes additional spending / Mammoth Lakes additional funding</i>
MLT total expenses	\$7.5	FY19
MLT generated visitor spending	\$127	<i>FY19 expenses X ROI</i>
MLT generated lodging spending	\$49	<i>Sources: SMARI estimates that 38% of visitor spending is on Lodging</i>
MLT generated TOT	\$6.3	<i>MLT generated lodging spending X 13% TOT rate</i>
MLT generated TOT to city	\$5.2	<i>MLT generated TOT X 82% share of TOT accruing to city</i>
TOT received by MLT	\$2.4	<i>From MLT budget</i>
<b>City ROI for TOT</b>	<b>2.17-to-1</b>	<i>MLT generated TOT to City / TOT received by MLT</i>
MLT generated non-TOT city revenue	\$2.9	<i>We estimate 86%* of non-TOT city revenue is supported by tourism*</i>
MLT generated total city revenue	\$9.3	<i>MLT generated TOT to City + MLT generated non-TOT city revenue</i>
<b>City revenue ROI</b>	<b>3.86-to-1</b>	<i>MLT generated city taxes / TOT received by MLT</i>
MLT generated local wages	\$39.4	<i>Dean Runyan Associates estimates 31% of all spending accrues to local wages</i>
<b>City wage ROI</b>	<b>5.28-to-1</b>	<i>MLT generated local wages / TOT received by MLT</i>

\*TOT accounts for 43% of total city revenue (excluding TBID). The 86% estimate is derived from an analysis of visitor generated sales in Mammoth Lakes compared to total sales tax collected, and a conversation with the city revenue department.

Source: MLT; City of Mammoth Lakes; Tourism Economics; SMARI



# 6 Impact of TBID Funding on the Mammoth Lakes Economy



# Impact of TBID Funding on Mammoth Lakes' Economy

## Scenario development

### Changes in the TBID could create an impact of several hundred million dollars.

Here we evaluate the impact of the loss of the TBID via two scenarios. In the Baseline Scenario, the TBID structure remains the same, and in the TBID elimination scenario the TBID is removed in FY2023. We provide additional details on the two scenarios in FY2025, as this is the first year without a “cool-down” or “ramp-up” effect (i.e. the full effect of a funding increase/decrease will not be felt in the first two years of budget changes as lags exists between assessments being collected, distributed, media spending decreasing, consumers making travel plans, and visitors actually traveling).

In 2025, our Baseline Scenario forecasted MLT’s budget is \$11.1 million. In the TBID Elimination Scenario, the MLT’s budget is \$3.2 million, a decrease of \$7.9 million. We estimate a 17-to-1 ROI on this lost funding spending, which results in \$135 million of lost visitor spending.

This lost spending results in the losses of \$6.1 million of city revenue including \$5.2 million of TOT. the city also forfeits 1,479 jobs with associated incomes of \$56 million.

### Mammoth Lakes visitor economy in two scenarios, FY2015

Dollar figures in millions

	Baseline Scenario	TBID Elimination Scenario	Losses
MLT budget	\$11.1	\$3.2	\$7.9
Visitor spending	\$776	\$641	\$135
Lodging revenue*	\$232	\$191	\$40
Total supported city revenue*	\$56.3	\$50.2	\$6.1
Direct TOT*	\$30.1	\$24.9	\$5.2
Direct sales tax*	\$4.9	\$4.0	\$0.9
Direct jobs	8,498	7,019	1,479
Direct wages	\$324	\$268	\$56

Sources: MLT; Tourism Economics; Dean Runyan associates; City of Mammoth Lakes

\*Fiscal years

# Impact of TBID Funding on Mammoth Lakes' Economy

Baseline Scenario forecast

In our Baseline Scenario, visitor spending grows to \$839 million in 2032.

## Mammoth Lakes' visitor economy, TBID elimination scenario

Dollar figures in millions

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	'19-'32 change	
															\$/#	%
Visitor spending	\$568	\$315	\$434	\$735	\$753	\$765	\$776	\$787	\$798	\$809	\$820	\$829	\$836	\$839	\$271	48%
Lodging revenue*	\$155	\$123	\$127	\$216	\$223	\$227	\$232	\$236	\$241	\$245	\$250	\$254	\$257	\$260	\$104	67%
TBID revenue*	\$5.7	\$4.3	\$4.4	\$7.5	\$7.7	\$7.8	\$7.9	\$8.0	\$8.2	\$8.3	\$8.4	\$8.5	\$8.6	\$8.7	\$3.0	53%
Total supported city revenue*	\$38.3	\$30.3	\$31.0	\$52.7	\$54.2	\$55.3	\$56.3	\$57.3	\$58.4	\$59.5	\$60.5	\$61.4	\$62.1	\$62.6	\$24	63%
<i>Direct TOT*</i>	\$20.2	\$16.0	\$16.5	\$28.1	\$28.9	\$29.6	\$30.1	\$30.7	\$31.3	\$31.9	\$32.5	\$33.0	\$33.4	\$33.7	\$14	67%
<i>Direct sales tax*</i>	\$3.6	\$2.9	\$2.8	\$4.7	\$4.8	\$4.8	\$4.9	\$4.9	\$5.0	\$5.1	\$5.1	\$5.2	\$5.2	\$5.2	\$2	43%
Direct jobs	7,179	5,467	6,402	8,304	8,309	8,413	8,498	8,583	8,669	8,757	8,836	8,898	8,934	8,934	1,755	24%
Direct wages	\$245	\$186	\$195	\$309	\$315	\$320	\$324	\$328	\$333	\$337	\$341	\$345	\$347	\$348	\$103	42%

Sources: MLT; Tourism Economics; Dean Runyan Associates; City of Mammoth Lakes

\*Fiscal years

# Impact of TBID Funding on Mammoth Lakes' Economy

## Baseline Scenario forecast

**In the TBID Elimination Scenario, visitor spending losses mount to \$1.3 billion over the next decade.**

Over the next decade, losses mount in the TBID Elimination Scenario, including \$1.3 billion in visitor spending, \$58 million in city revenue, and \$50 million of TOT.

### Mammoth Lake's visitor economy, Baseline Scenario\*

Dollar figures in millions

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total losses
Baseline visitor spending	\$568	\$315	\$434	\$735	\$753	\$765	\$776	\$787	\$798	\$809	\$820	\$829	\$836	\$839	--
TBID elination Scenario visitor spending	\$568	\$315	\$434	\$735	\$709	\$677	\$641	\$650	\$659	\$668	\$677	\$684	\$689	\$692	--
Lost visitor spending	--	--	--	--	\$43	\$89	\$135	\$137	\$139	\$141	\$144	\$145	\$147	\$148	<b>\$1,268</b>
Lost lodging revenue*	--	--	--	--	\$13	\$26	\$40	\$41	\$42	\$43	\$44	\$45	\$45	\$46	<b>\$385</b>
Lost supported city revenue*	--	--	--	--	\$1.9	\$4.0	\$6.1	\$6.2	\$6.3	\$6.5	\$6.6	\$6.7	\$6.8	\$6.8	<b>\$58</b>
Lost TOT*	--	--	--	--	\$1.7	\$3.4	\$5.2	\$5.4	\$5.5	\$5.6	\$5.7	\$5.8	\$5.9	\$5.9	<b>\$50</b>
Lost sales tax*	--	--	--	--	\$0.3	\$0.6	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	\$0.9	<b>\$8</b>
Lost jobs	--	--	--	--	480	973	1,479	1,496	1,513	1,530	1,546	1,560	1,568	1,571	<b>1,533**</b>
Lost wages	--	--	--	--	\$18	\$37	\$56	\$57	\$58	\$59	\$60	\$60	\$61	\$61	<b>\$528</b>

Sources: MLT; Tourism Economics; Dean Runyan Associates; City of Mammoth Lakes

\*Fiscal years

\*\*annual average of jobs lost

# Impact of TBID Funding on Mammoth Lakes' Economy

## The recovery

### Mammoth Lakes can build on recent gains with the TBID in place.

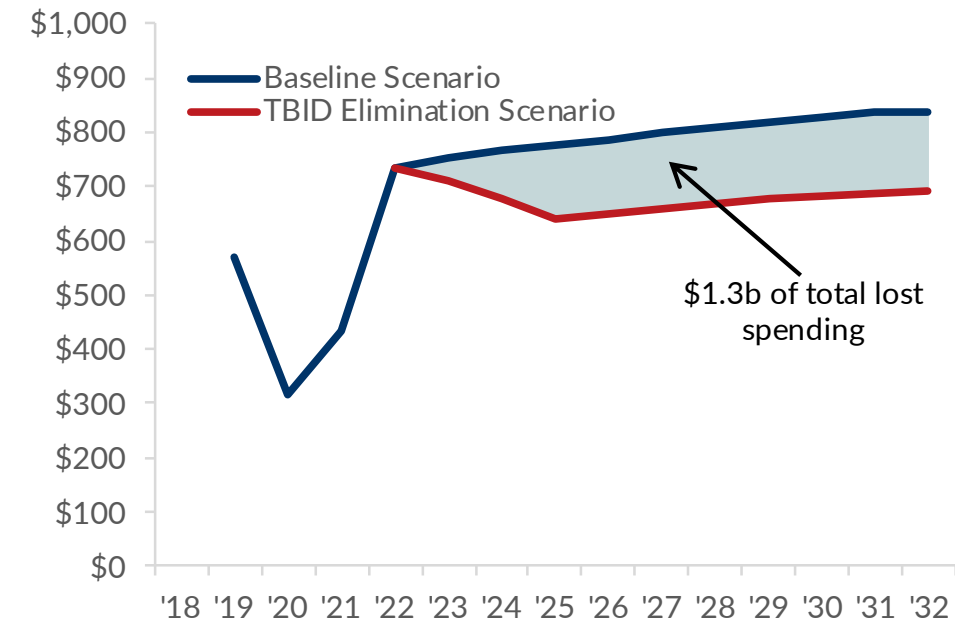
In Feb 2022, TOT collections in Mammoth Lakes were 41% over their pre-pandemic level – and that was not an anomaly as other recent months have posted similar gains. This lodging sector performance compares very favorably with California, which remains well below its pre-pandemic room revenue figures, and the US, which has just edged over its pre-pandemic numbers.

Rural destinations with options to avoid crowds have bounced back quickly and many are experiencing record numbers nationwide. The question remains: can they keep these gains? Or will they fall back as travelers return to cities in greater numbers?

We believe continued strong funding for MLT, including the renewal of the TBID, will be a key driver in maintaining these recent gains and building upon them in the future. Eliminating the TBID invites the risk of falling back closer to the national level of recovery, and substantial losses over the next decade.

### Mammoth Lakes' visitor economy, two scenarios

Dollar figures in millions



Sources: Dean Runyan Associates; Tourism Economics



# Appendix 1: The Impact of TIDs



# The Impact of TIDs

National study of TID benefits

**The following pages review a collaborative research project on the impact of TIDs performed by Tourism Economics.**

The study finds that tourism improvement districts (TIDs – a very similar concept to TBIDs) provide a competitive advantage for destinations. By examining TID impacts on room demand, revenue, and visitor spending, this white paper explores that ground-breaking research and explains how TIDs enhance economic impacts in destinations.

# The Impact of TIDs

Destination sample

The analysis covers 100 cities, including 29 TID destinations and 71 non-TID destinations.

Cities included in Tourism Economics' TID impact analysis

TID sample				Non-TID sample					
	City	State	Year established		City	State		City	State
1	Mobile	AL	2020	1	Anchorage	AK	36	Charlotte	NC
2	Sacramento	CA	2019	2	Birmingham	AL	37	Asheville	NC
3	Los Angeles	CA	2011	3	Huntsville	AL	38	Greensboro	NC
4	Anaheim	CA	2010	4	Little Rock	AR	39	Raleigh	NC
5	Napa	CA	2010	5	Tucson	AZ	40	Fargo	ND
6	Palm Springs	CA	2008	6	Mesa	AZ	41	Omaha	NE
7	San Francisco	CA	2008	7	Colorado Springs	CO	42	Atlantic City	NJ
8	San Diego	CA	2007	8	Aspen	CO	43	Albuquerque	NM
9	Monterey	CA	2006	9	Hartford	CT	44	Las Vegas	NV
10	San Jose	CA	2006	10	New Haven	CT	45	Syracuse	NY
11	Denver	CO	2017	11	Washington	DC	46	Albany	NY
12	Tampa	FL	2020	12	Jacksonville	FL	47	Buffalo	NY
13	Wichita	KS	2014	13	Miami	FL	48	New York	NY
14	New Orleans	LA	2014	14	Orlando	FL	49	Lake George	NY
15	Baltimore	MD	2019	15	Pensacola	FL	50	Cincinnati	OH
16	Billings	MT	2007	16	Atlanta	GA	51	Cleveland	OH
17	Newark	NJ	2013	17	Savannah	GA	52	Columbus	OH
18	Tulsa	OK	2019	18	Honolulu	HI	53	Oklahoma City	OK
19	Portland	OR	2012	19	Des Moines	IA	54	Gettysburg	PA
20	Philadelphia	PA	2017	20	Boise	ID	55	Pittsburgh	PA
21	Newport	RI	2017	21	Chicago	IL	56	Harrisburg	PA
22	Sioux Falls	SD	2011	22	Fort Wayne	IN	57	Providence	RI
23	Memphis	TN	2015	23	Indianapolis	IN	58	Charleston	SC
24	San Antonio	TX	2018	24	Louisville	KY	59	Hilton Head Island	SC
25	Fort Worth	TX	2017	25	Lexington	KY	60	Myrtle Beach	SC
26	Arlington	TX	2016	26	Baton Rouge	LA	61	Chattanooga	TN
27	Dallas	TX	2012	27	Boston	MA	62	Nashville	TN
28	Seattle	WA	2012	28	Portland_ME	ME	63	Austin	TX
29	Spokane	WA	2003	29	Detroit	MI	64	Salt Lake City	UT
				30	Grand Rapids	MI	65	Richmond	VA
				31	Minneapolis	MN	66	Virginia Beach	VA
				32	Saint Paul	MN	67	Tacoma	WA
				33	St. Louis	MO	68	Madison	WI
				34	Kansas City	MO	69	Milwaukee	WI
				35	Jackson	MS	70	Charleston_WV	WV
							71	Jackson_WY	WY

# The Impact of TIDs

## Room demand regression model

Our approach to estimate the effect of TID on room demand included:

- 1. 100 US destinations (counties); 29 TID destinations and 71 non-TID destinations
- 2. Oxford Economics databank was utilized for relevant macroeconomic indicators, namely, GDP and employment (at county level)
- 3. The final panel dataset consisted of 100 cross-sections and 30 time periods (1990-2019), totaling 3,000 observations

$$\log(Room\ demand) = b_1 + b_2 \times \log(Arts\&\ Rec\ GDP) + b_3 \times \log(Total\ GDP) + b_4 \times TID_{dummy} + error$$

Where  $TID_{dummy} = 1$  for a TID city, and 0 otherwise.

- The model sought to test whether a positive and significant relationship existed between the dependent variable, *Room demand*, and the independent variable  $TID_{dummy}$ ; a positive  $b_4$  coefficient with a small p-value.
- The other two independent variables, *Arts & Rec GDP* and *Total GDP*, were employed as control variables to control for a destination’s size and its relative importance as a tourist destination.
- Below are the regression results indicating a positive and highly significant  $b_4$  coefficient.
- The results suggest that when controlled for size and importance of a destination as a tourist destination, across our sample of 100 cities, there was an average 2.12% difference in room demand between years in which a destination had an active TID and years without a TID. **Results are statistically significant with a 99% confidence level.**

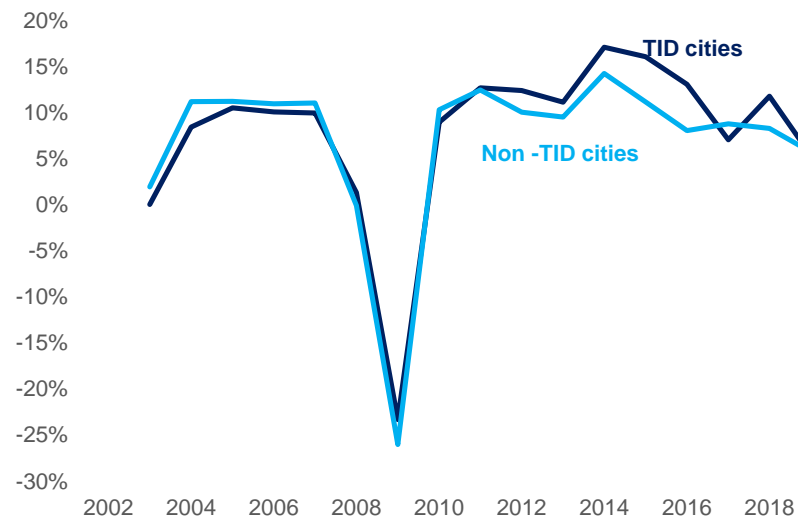
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.051367	0.125775	56.06344	0.0000
LOG(GDP71LCC)	0.135999	0.008530	15.94374	0.0000
LOG(GDPTOTLCC)	0.671031	0.014663	45.76392	0.0000
DUMMY2_TID	0.021258	0.005906	3.599285	0.0003

# The Impact of TIDs

## High-level view

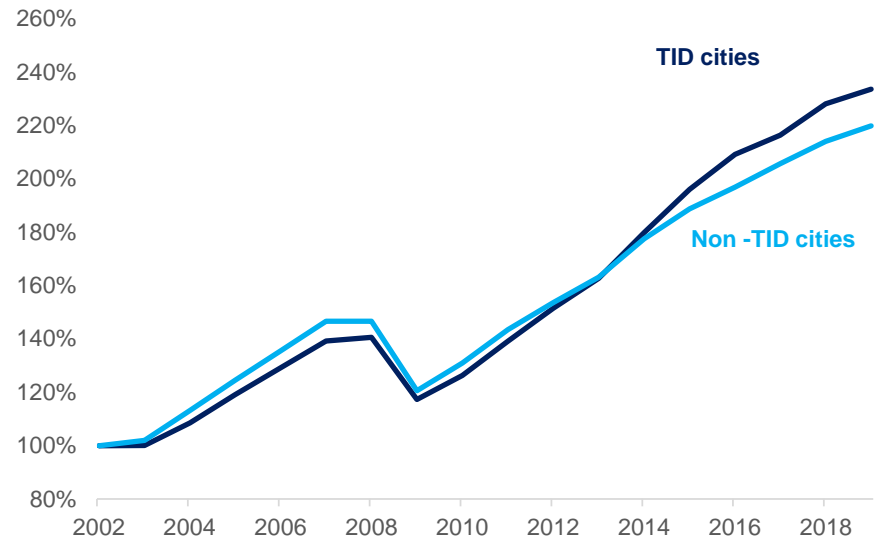
Visually, we can observe that TID destinations outperformed non-TID markets in the latest upcycle.

**Total hotel room revenue**  
TID vs. non-TID cities growth



Source: STR, Civitas, Tourism Economics

**Total hotel room revenue**  
TID vs. non-TID cities (2002=100)



Source: STR, Civitas, Tourism Economics



# The Impact of TIDs

TID growth premium: demand

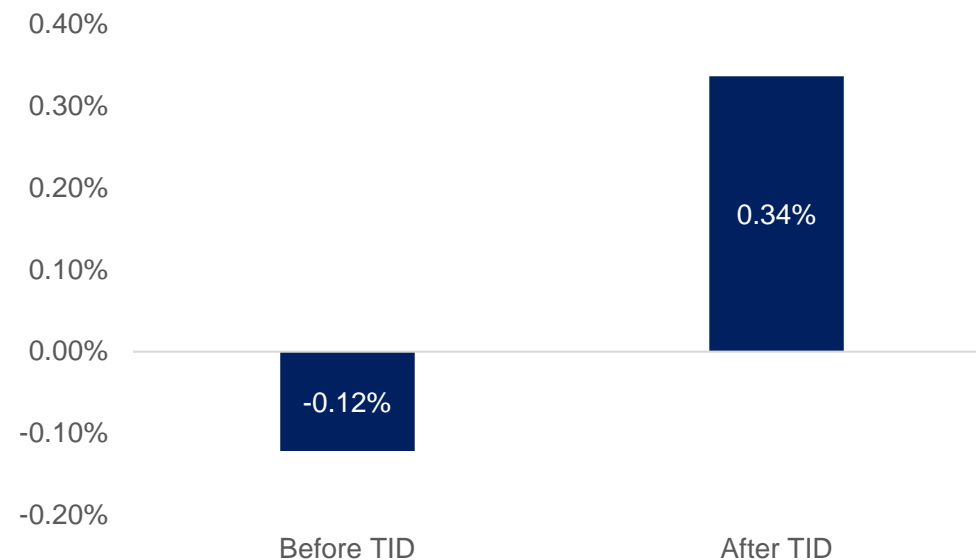
**On average, a destination gains 0.5% in demand growth per year after a TID is put in place.**

The demand premium is calculated as the difference between an average 3-year growth in TID cities and non-TID cities prior to the TID ("Before TID") and post the TID ("After TID").

- Before authorizing a TID, growth in cities that eventually had a TID was 12 basis points slower compared to growth in TID cities.
- After authorizing a TID, growth in TID cities was 34 basis points faster compared to non-TID cities.
- Swing of 0.5% in room demand.

## Room demand growth premium\*

2003-2019



\*"Premium" is measured as the difference in growth rates between TID and non-TID destinations  
Source: STR, Tourism Economics

# The Impact of TIDs

## TID growth premium: revenue

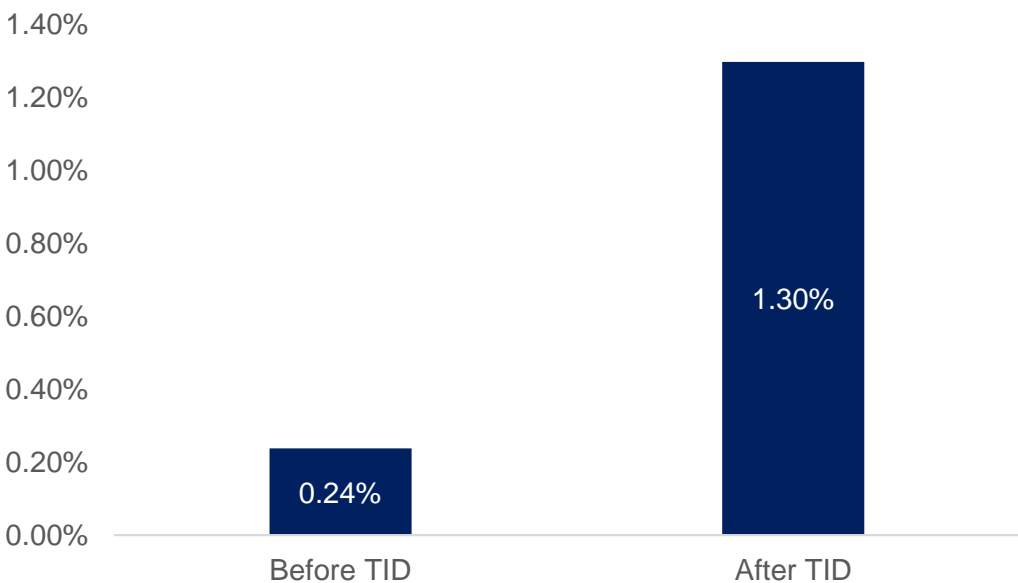
On average, a destination gains 1.1% in revenue growth per year after a TID is put in place.

The revenue premium is calculated as the difference between an average 3-year growth in TID cities and non-TID cities prior to the TID (“Before TID”) and post the TID (“After TID”).

- Before authorizing a TID, growth in TID cities was 24 basis points faster compared to growth in non-TID cities
- After authorizing a TID, growth in TID cities was 130 basis points faster compared to non-TID cities
- Gain of 1.1% in room revenue.

### Room revenue growth premium\*

2003-2019



\*Premium is measured as the difference in growth rates between TID and non-TID destinations  
Source: STR, Tourism Economics

# The Impact of TIDs

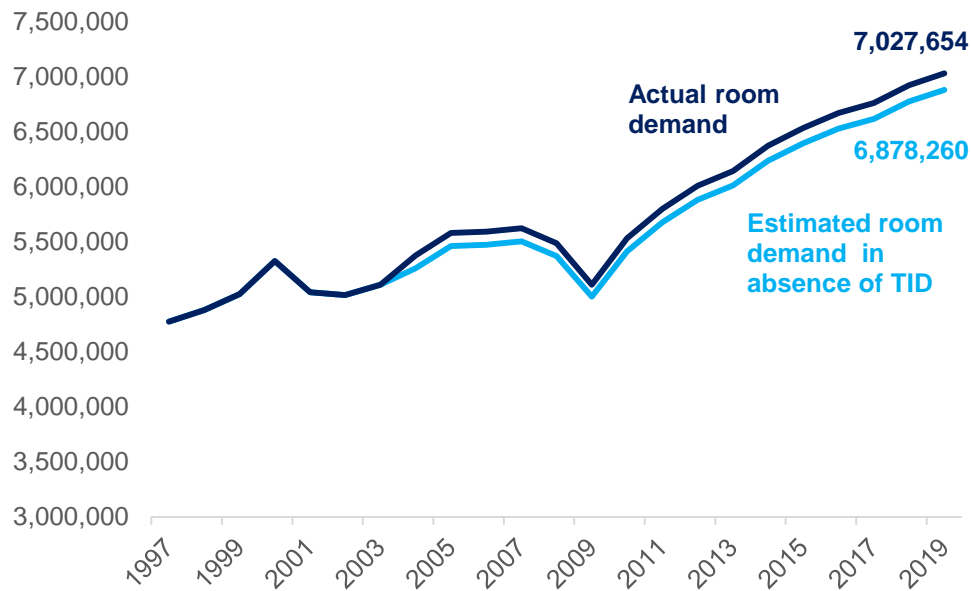
## TID room demand lift

On average, our modeling indicates that TIDs produce a 2.1% lift in hotel room demand.

The 29 TID destinations in our model grew to generate 7,027,654 rooms in 2019. Without the boost generated by the TIDs, these destinations would have only generated 6,878,260 rooms.

Average annual hotel room demand

TID cities



Sources: STR, Civitas, Tourism Economics

# The Impact of TIDs

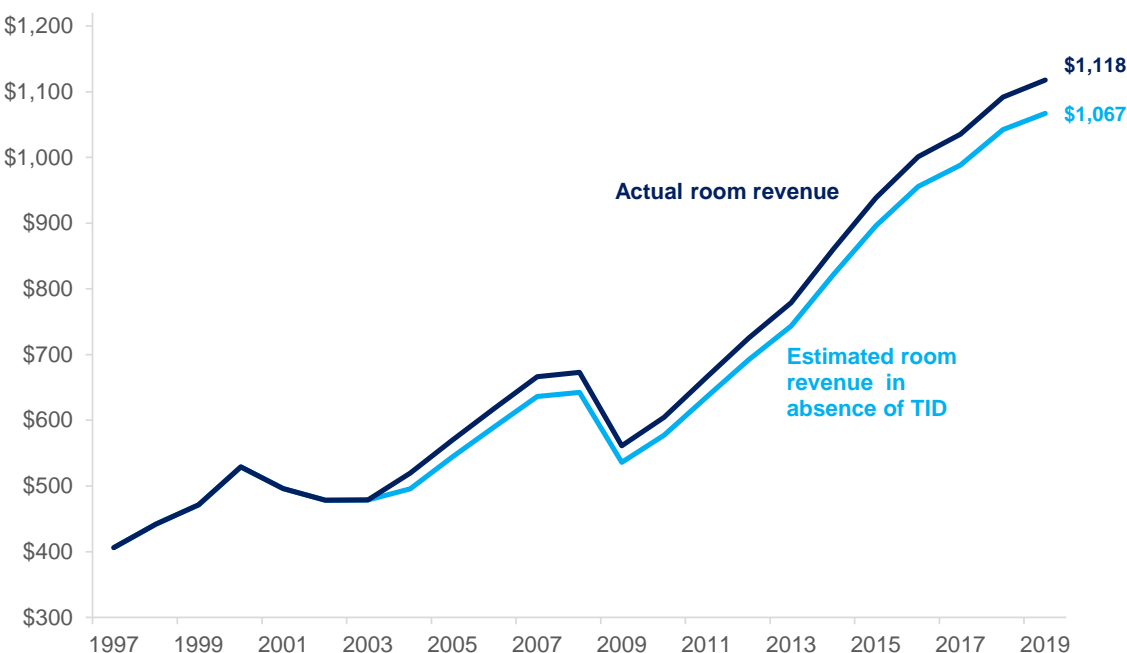
## TID room demand lift

On average, our modeling indicates that TIDs produce a 4.5% lift in hotel room revenue.

The 29 TID destinations in our model grew to generate \$1.12 billion in room revenue in 2019. Without the boost generated by the TIDs, these destinations would have only generated \$1.07 billion in room revenue.

### Average annual hotel room demand

TID cities (millions)



Sources: STR, Civitas, Tourism Economics



# The Impact of Tourism Improvement Districts

## Economic benefits of TIDs

### The impacts of TIDs go beyond just the hotel and tourism sector.

Tourism promotion funding provided by TIDs results in more visitors and visitor spending, and this spending represents a new injection to the local economy with many downstream benefits. In total, benefits are felt on three levels.

- **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.
- **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.
- **Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated whether directly or indirectly by visitors, spend those wages in the local economy.



# Appendix 2: The ROI of Destination Marketing



# The ROI of Destination Marketing

Many state and local CVBs and DMOs conduct periodic assessments of marketing effectiveness. There are several goals of these studies, including understanding how specific marketing campaigns are perceived by households, how effective the campaigns are in having an impact on households' intent to travel to a given destination, and which target markets are showing differing level of responsiveness to marketing. Frequently these studies include a specific analysis of the ROI of marketing spending in the form of a quantitative assessment of the level of incremental visitor spending and tax revenues that are attributable to destination marketing.

These studies use a variety of methods and are measuring the impact of a range of different campaigns across different situations. For example, a specific study may look at incremental visitors attracted by a state-level marketing campaign conducted by a state that attracts travelers from a range of national markets, while another study may focus on the results of a more targeted regional campaign carried out by a city-level CVB. While the results of a specific study pertain most directly to the situation that was analyzed and the corresponding assumptions, it is appropriate to consider broader inferences from the research. We analyzed recent studies that included an estimate of the incremental visitor spending attributable to advertising campaign spending.

For example, in a fairly typical approach, a study would:

- Use a survey to analyze the effect of a specific advertising campaign on households' travel to a given destination, such as by analyzing the impact on actual travel among those that had observed the advertising or by analyzing the impact on households' intentions to travel;
- Project that effect to the broader set of households in the marketing area to estimate the number of incremental visits attributable to the campaign;
- Apply typical levels of spending per visitor to estimate incremental visitor spending; and,
- Compare incremental visitor spending to the level of advertising spending to estimate the ROI.

Tourism Economics summarized the estimates of incremental visitor spending per dollar of advertising campaign spending from these studies in the table on the following page

# The ROI of Destination Marketing

Estimates of incremental visitor spending per dollar of advertising campaign spending from the set of studies we analyzed is summarized in the adjacent table, supporting the following observations:

Overall, we observe that recent marketing campaigns by destination marketing organizations at the metro/regional level have generated approximately \$53 of incremental visitor spending per dollar of advertising spending.

These ROI estimates relate directly to advertising spending. It is also appropriate to consider a visitor spending ROI relative to total CVB operating costs, or relative to public funding. As an example of the former approach, Meet Minneapolis reports the ratio of visitor spending associated with events tracked in its group sales management system to total CVB operating costs has averaged \$33 in recent years. This excludes almost all leisure visitor spending.

As an example of an ROI based on public funding, the Florida state government recently analyzed the return on investment for public funding of Visit Florida. The analysis attributed Visit Florida's public funding (excluding, for example, significant private funding for cooperative advertising and promotions) to generating \$11.2 billion of visitor spending during the three-year-period through FY 2013, representing a visitor spending ROI of \$97, and a state tax revenue ROI of \$3.2 (\$3.20 of state tax revenue generated by each \$1 of state funding).

## Marketing ROI matrix

Region	Timing	Visitor spending per ad dollar
<b>States</b>		
California	Average 2009 to 2013	\$326
Arizona	Average 2007, '11, '12, '15	\$221
Georgia	Average 2011 and 2012	\$211
Colorado	2012	\$200
Florida	2011	\$177
Maryland	2012	\$160
Wyoming	Average 2012, '13, '14	\$156
Kentucky	2014	\$151
Missouri	2013	\$131
North Dakota	Average 2010, '12, '14	\$101
Utah	Average 2010, '11, '13	\$83
New Mexico	2013 to 2015	\$72
Virginia	2006	\$71
Michigan	Average 2006 to 2014	\$69
<b>Metros and regions</b>		
Philadelphia, PA	2009/10	\$100
Kansas City, MO	2013	\$65
Washington, DC	2013	\$27
San Diego, CA	2013	\$19
Branson, MO	2012	\$79
Springfield, MO	2011	\$61
Finger Lakes Wine Country, NY	2012	\$44
Syracuse, NY	2008	\$12
Average of metros/regions		\$51
Median of metros/regions		\$53

Sources: Local studies compiled by Tourism Economics



# 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, 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 400 full-time staff, including 300 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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