

Economic Impact of Tourism in Door County

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Prepared for: Destination Door County

DESTINATION
DOOR COUNTY





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INTRODUCTION

PROJECT BACKGROUND

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 the 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 its tourism economy recovers.

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

To quantify the significance of the visitor economy in Door County, Tourism Economics developed a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the visitor economy in terms of direct visitor spending, along with total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Door County. The model traces the flow of visitor-related expenditures through the county's economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

Visitors included those who stayed in overnight accommodations or those who came from a distance greater than 50 miles and deviated from their normal routine.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis.

The analysis draws on the following data sources:

- Longwoods International: survey data, including spending and visitor profile characteristics for visitors to Wisconsin
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry for Door County
- STR lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels and short-term rentals.
- Tax collections: Room tax and sales tax receipts for key tourism-influenced industries.

ECONOMIC IMPACTS

KEY FINDINGS

DIRECT VISITOR SPENDING IMPACT

Visitors to Door County spent \$423 million in the county in 2021. Visitor spending jumped by nearly 40% in 2021 as the combination of consumer travel interests and Door County's visitor offerings aligned. Households were looking for leisure travel options and, with business and event travel slower to recover, were taking longer vacations in vacation home destinations.



\$423M

Direct
Spending
Impact



\$531M

Total Economic
Impact of Tourism in
Door County in 2021

TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$423 million generated a total economic impact of \$531 million in Door County in 2021 including indirect and induced impacts. This total economic impact sustained 3,323 jobs and generated \$43 million in state and local tax revenues in 2021.

SUMMARY ECONOMIC IMPACTS Door County Tourism (2021)



\$423M

Direct Visitor
Spending



\$531M

Total
Economic
Impact



3,323

Total
Jobs
Generated



\$43M

State & Local
Taxes
Generated

VISITOR INDICATOR TRENDS

Door County tourism has moved beyond the recovery. The strength in growth seen in 2021 of key tourism and other economic indicators points out activity levels that are higher than pre-pandemic levels, supporting a conclusion that Door County's visitor associated economy has outpaced 2019 levels.

Commercial lodging revenues jumped 51% in 2021. But even more indicative of Door County's tourism performance is the room tax collections, including the vacation rental market. As reported by aggregating room tax collections for the municipalities in Door County, lodging revenues increased by 75% in 2021. Revenues had fallen by 19% in 2020.

The strong growth in 2021 puts estimated room revenues at a level 40% higher than 2019 – Door County room revenue increased to \$132 million in 2021 after posting revenues of \$93 million in 2019.

Sales tax collections in key visitor-centric industries tell a similar story. Pandemic-related losses were significant, and the rebound has not only recovered those losses but industries that cater to visitors are larger than they were in 2019.

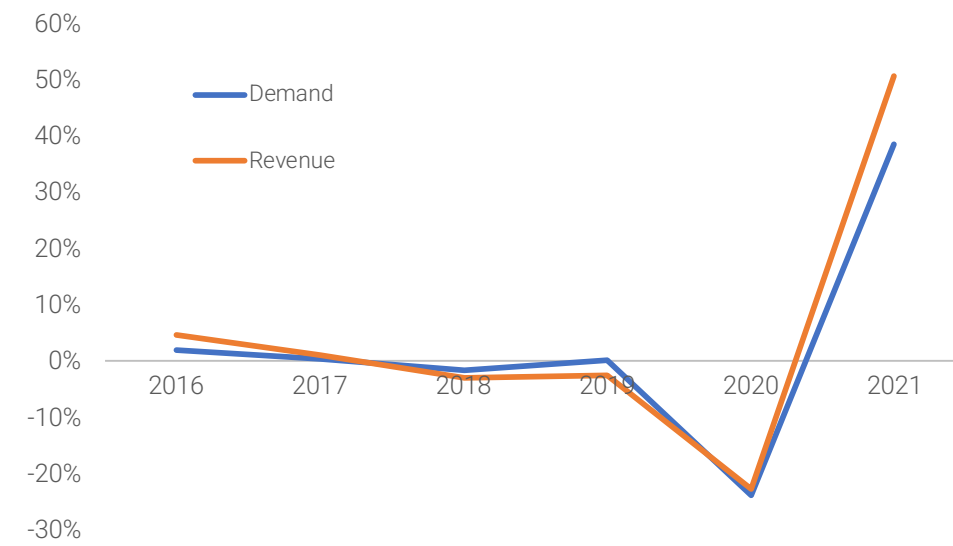
Lodging industry sales tax collections grew 50% in 2021 after being cut by more than a quarter in 2020. Collections in the industry have recovered to 111% of 2019 levels. Restaurant sales have surpassed 2019 levels with sales tax collections up 43% in 2021 and at 118% of pre-pandemic levels.

Recreational businesses sales tax collections show an even stronger recovery. Sales tax collections from recreation and amusement businesses increased 50% and after falling only 14% in 2020 are now 30% above pre-pandemic levels.

With these key tourism-influenced industries – lodging, restaurants, and recreation/amusement – all showing higher sales than in 2019, it indicates higher than pre-pandemic levels of visitor activity in Door County in 2021.

Lodging performance indicators

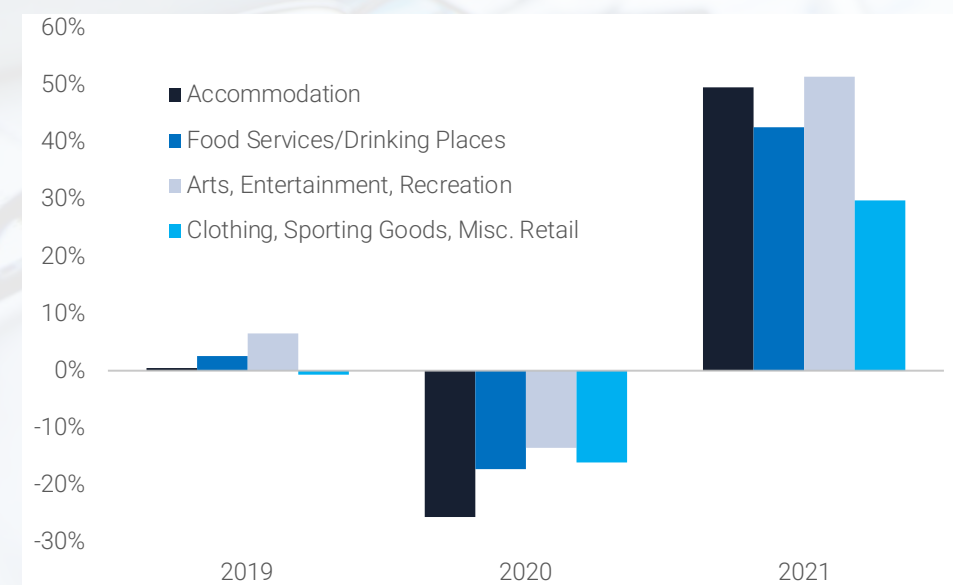
Annual percent change



Source: STR, Tourism Economics

Taxable sales in tourism-related industries

Annual percent change



Source: Wisconsin DOR, Tourism Economics



VISITOR SPENDING

Door County was certainly affected by the pandemic, as restrictions and closures were universal in 2020. However, the effects of the pandemic have begun to wane as barriers to travel have been lowered and consumer confidence has increased. Indeed, both desire and interest in travel has pushed visitor spending growth to impressive levels in 2021. Door County has been a place visitors have looked to for their vacation choices in 2021.

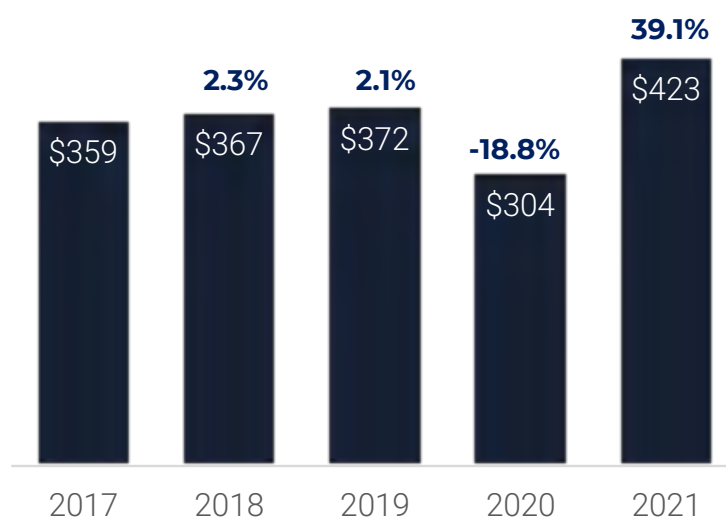
VISITOR SPENDING

2021, an amazing year

In 2021, travel confidence rebounded with easing restrictions and vaccines. As a result, visitor spending growth was strong, registering a gain of nearly 40%, with levels reaching 13% above pre-pandemic levels.

Door County had the 3rd largest growth rate among all the Wisconsin counties in 2021. Compared to 2019, Door County's visitor spending growth ranks in the top 10 of all counties in the state.

Door County visitor spending
Amounts in \$ millions



Source: Tourism Economics

VISITOR SPENDING SECTORS

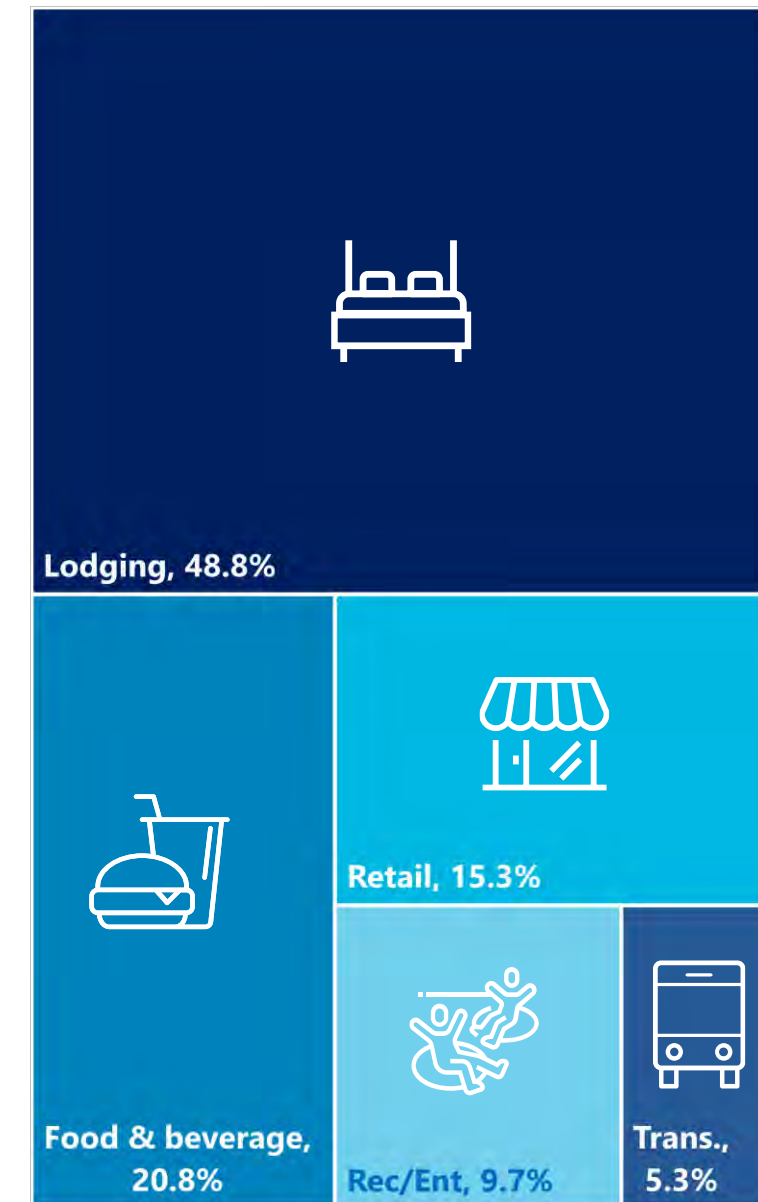
Visitors to Door County spent **\$423 million** across a range of sectors in 2021.

With its strong hotel and vacation home rental market, nearly half of the average visitor dollar is spent on lodging in Door County in 2021.

Visitors spent nearly 21% of their local visitor dollar on food & beverages – in businesses from restaurants to grocery stores to cheese shops.

Retail's \$65 million in spending from visitors was 15% of the visitor dollar with recreation seeing about 10% of each visitor dollar spent in Door County in 2021.

 **\$423 MILLION**
Total Visitor Spending in 2021



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes. Transportation includes both air and local transportation.

Note: Numbers may not add up due to rounding

VISITOR SPENDING TRENDS

Visitor spending increased by 39% in 2021 with growth in lodging spending supporting overall growth. Spending on lodging, including hotels & motels, 2nd home rentals like AirBnB and VRBO, and for owner-use of 2nd homes, grew nearly 55%, increasing by \$73 million. Lodging spending in the county is now a third above pre-pandemic levels.

And with the increase in lodging demand, these visitors demanded other services in the county. Door County saw all major spending sectors grow more than 17% with four of the five categories growing more than 25%. Recreation and entertainment spending increased by a third with food and beverage spending growing 32%.

This growth has pushed spending on food & beverages and on retail shopping in the county to levels above pre-pandemic highs with transportation spending registering less than 1% from pre-pandemic levels.

VISITOR SPENDING DISTRIBUTION - SHARES

Door County boasts a large second home rental market which caters to the leisure market. As the leisure market and second home rentals have shown the strongest growth as the tourism industry moves out of the pandemic, the share of the visitor dollar going to lodging has increased to nearly half of the visitor dollar in 2021. This is up nearly five percentage points over 2020 and more than seven percentage points higher than 2019.

With lodging's increasing share, also bolstered by increasing prices, other categories share of the visitor dollar have declined. Spending on food & beverages fell below 21% of the average visitor dollar spent in Door County, down about one percentage point. Retail spending fell to around 15% of each visitor dollar.

Recreational spending's share's decline was smaller – as it was one of the fastest growing sectors. Recreation and entertainment spending is 9.7% of each visitor dollar in 2021, down from 10.2% in 2020.

Door County visitor spending and annual growth

Amounts in \$millions, 2021 % change, and % recovered relative to 2019

	2017	2018	2019	2020	2021	2021 Growth	% relative to 2019
Total visitor spending	\$358.5	\$366.6	\$372.1	\$304.2	\$423.0	39.1%	113.7%
Lodging*	\$149.2	\$151.6	\$152.6	\$133.6	\$206.6	54.6%	135.3%
Food & beverage	\$82.4	\$85.0	\$87.5	\$66.9	\$88.2	31.8%	100.8%
Retail	\$61.8	\$63.3	\$64.1	\$55.3	\$64.9	17.3%	101.2%
Rec/Entertainment	\$42.8	\$44.1	\$45.5	\$30.9	\$41.1	33.0%	90.5%
Transportation**	\$22.2	\$22.7	\$22.4	\$17.4	\$22.3	27.9%	99.4%

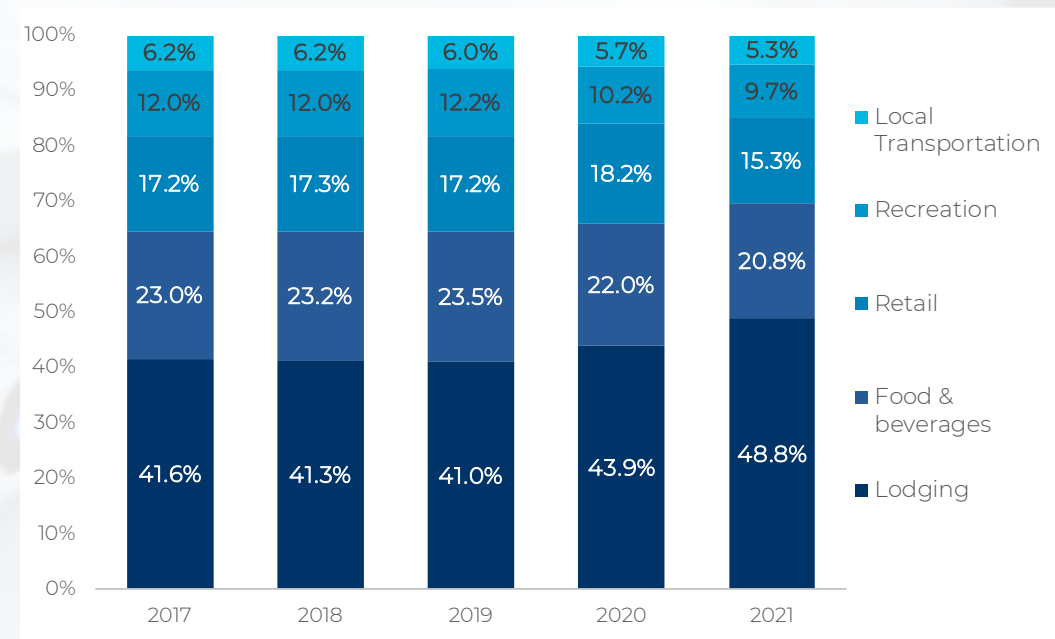
Source: Tourism Economics

* Lodging includes second home spending

** Transportation includes both ground and air transportation

Visitor Spending Shares in Door County, 2017-2021

By category, %



Source: Tourism Economics

VISITOR SPENDING SEASONALITY

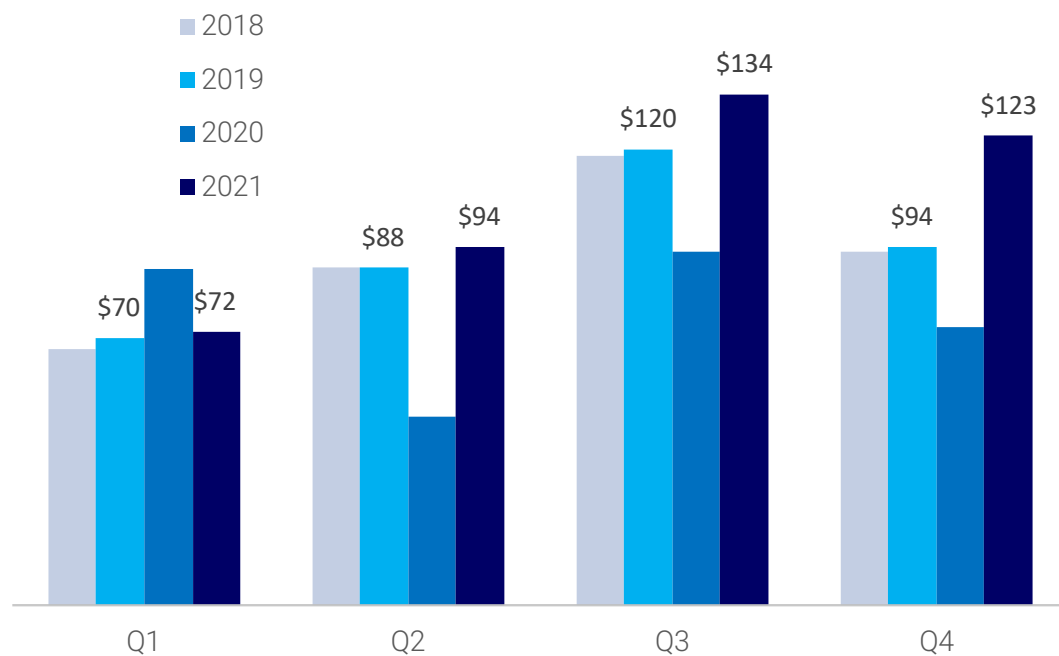
Even with the strong spending results for the calendar year, quarterly results were mixed. With the pandemic having its major impacts starting in March of 2020 in the United States, Q1 in 2021 was compared with a mostly pre-pandemic quarter in 2020. Spending fell 19% in Q1 of 2021, the fourth consecutive quarter of declines.

Much of the country was shut down in Q2 of 2020, helping visitor spending in Q2 of 2021 to grow 90%.

Visitor spending in Door County outpaced pre-pandemic spending in the latter three quarters of 2021 with Q4 visitor spending levels above 2019 results by nearly \$30 million.

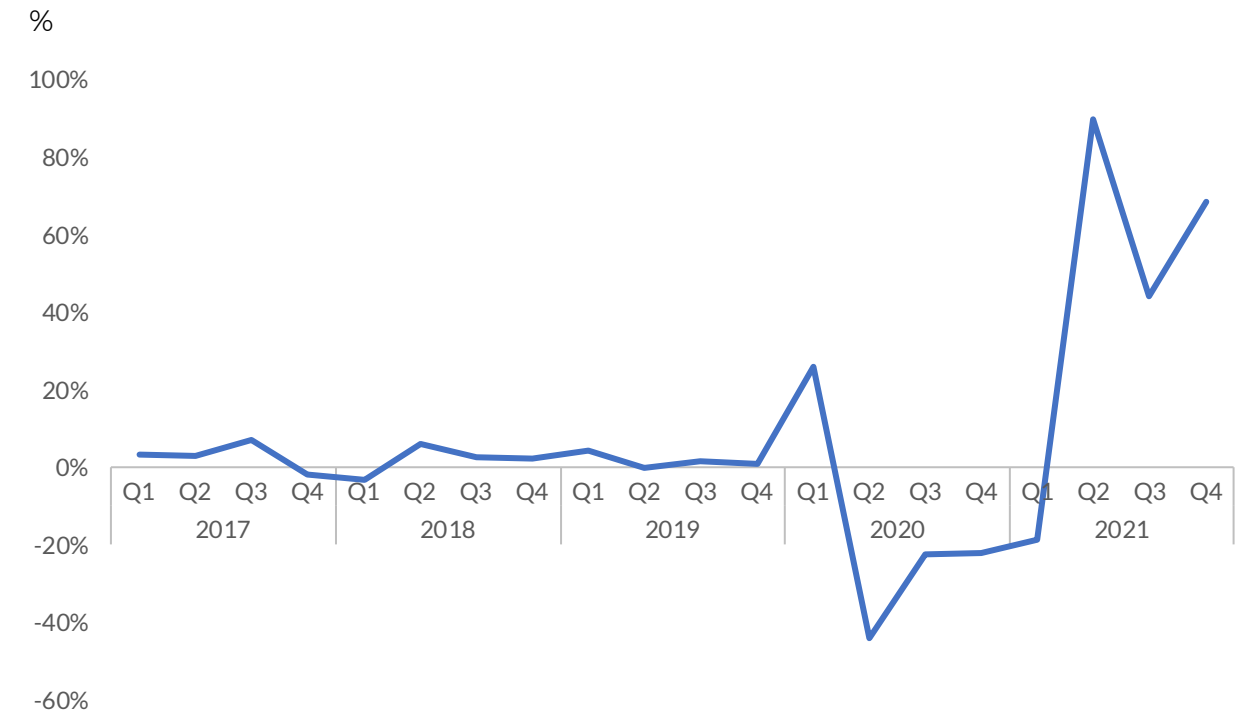
Door County quarterly visitor spending, 2018-2021

Amounts in millions of \$, 2019 & 2021 values



Source: Tourism Economics

Door County year-over-year growth rates

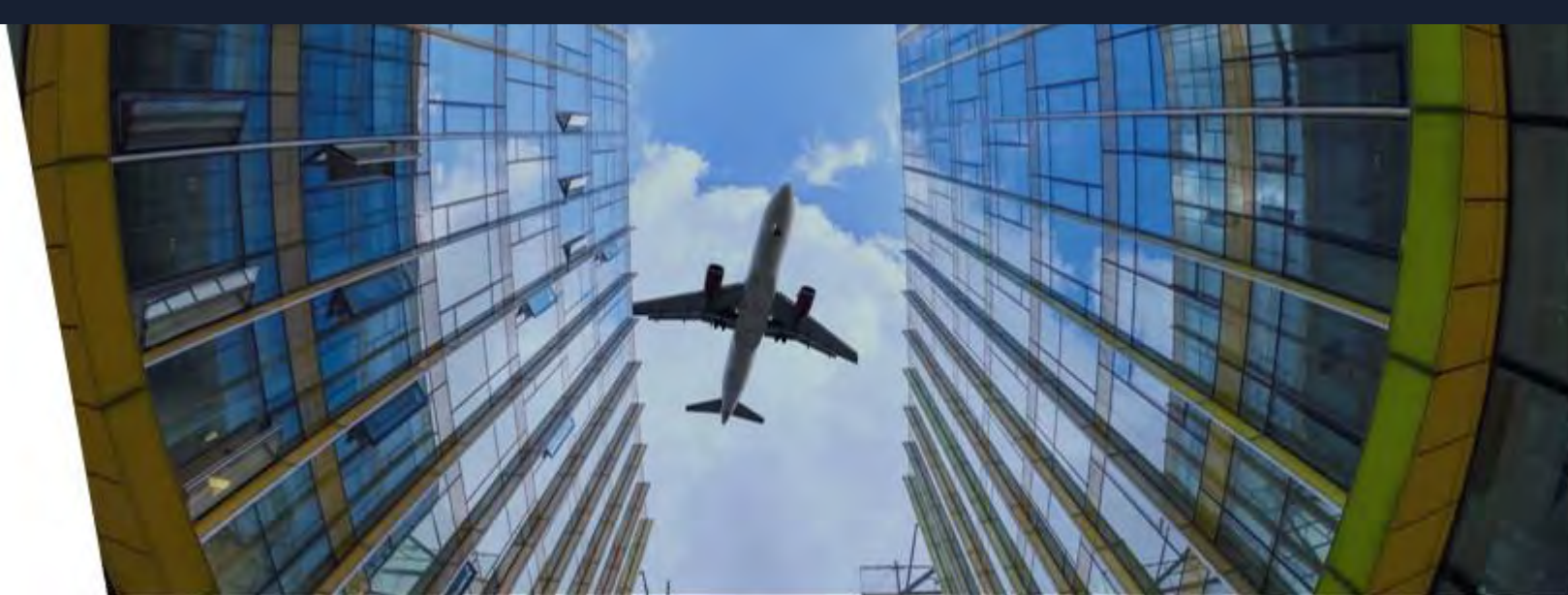


Visitor Spending by quarter

Amounts in millions of \$, % change y-o-y

	Q1	Q2	Q3	Q4
2017	\$69.5	\$83.5	\$114.8	\$90.7
2018	\$67.2	\$88.7	\$117.8	\$92.9
2019	\$70.1	\$88.5	\$119.6	\$93.9
2020	\$88.2	\$49.5	\$92.9	\$73.1
2021	\$71.8	\$94.1	\$134.1	\$123.1
% Change	-18.7%	90.1%	44.3%	68.5%

Source: Tourism Economics



ECONOMIC IMPACT METHODOLOGY

Our analysis of the Door County visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the Door County economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy.

An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes 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 or supply-chain effects.
- 3. Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

The Tourism Economics model calculates these three levels of impact - direct, indirect and induced - for a broad set of indicators, including:

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

ECONOMIC IMPACT FRAMEWORK

DIRECT IMPACTS

Door County tourism's contribution measured visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers
Suppliers' own supply chains



SUPPLY
CHAIN
EFFECTS



B2B GOODS &
SERVICES
PURCHASED

INDUCED IMPACTS

Consumer spending out of
employees' wages:



INCOME
EFFECT



HOUSEHOLD
CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and
induced impacts



SALES



GDP



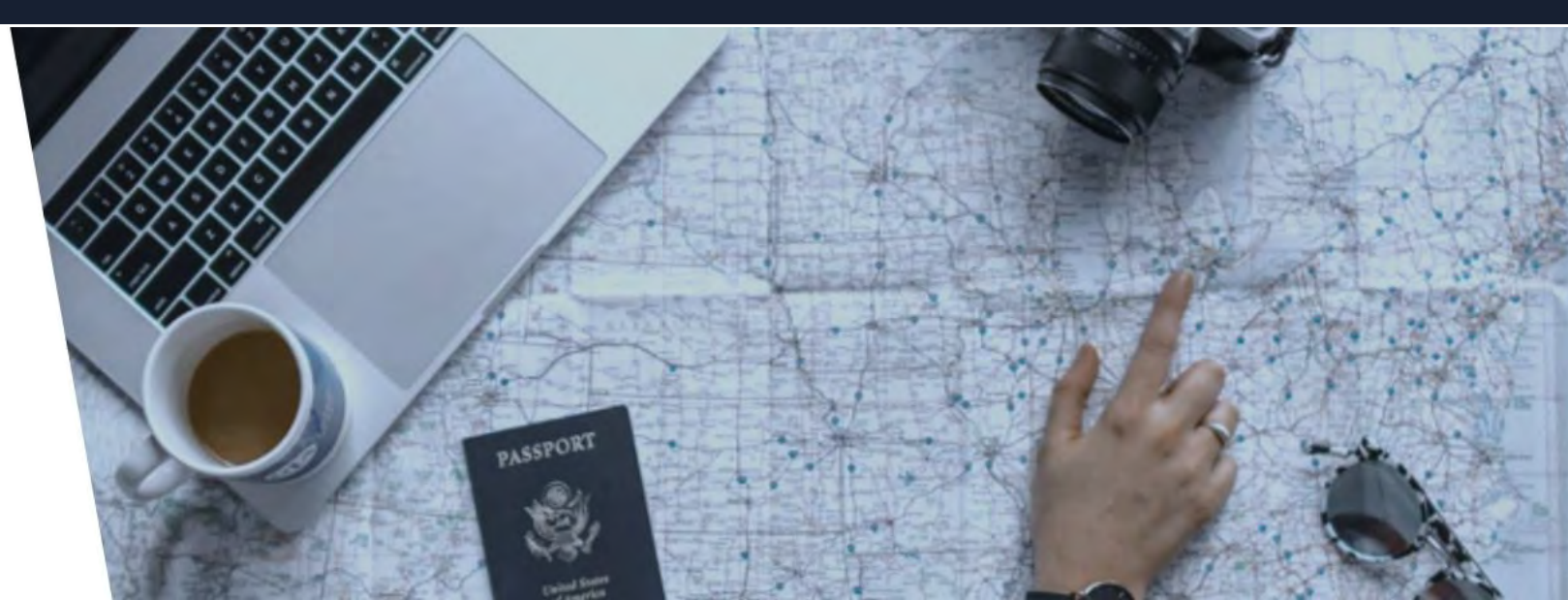
JOBS



INCOME



TAXES



ECONOMIC IMPACT FINDINGS

DIRECT IMPACTS

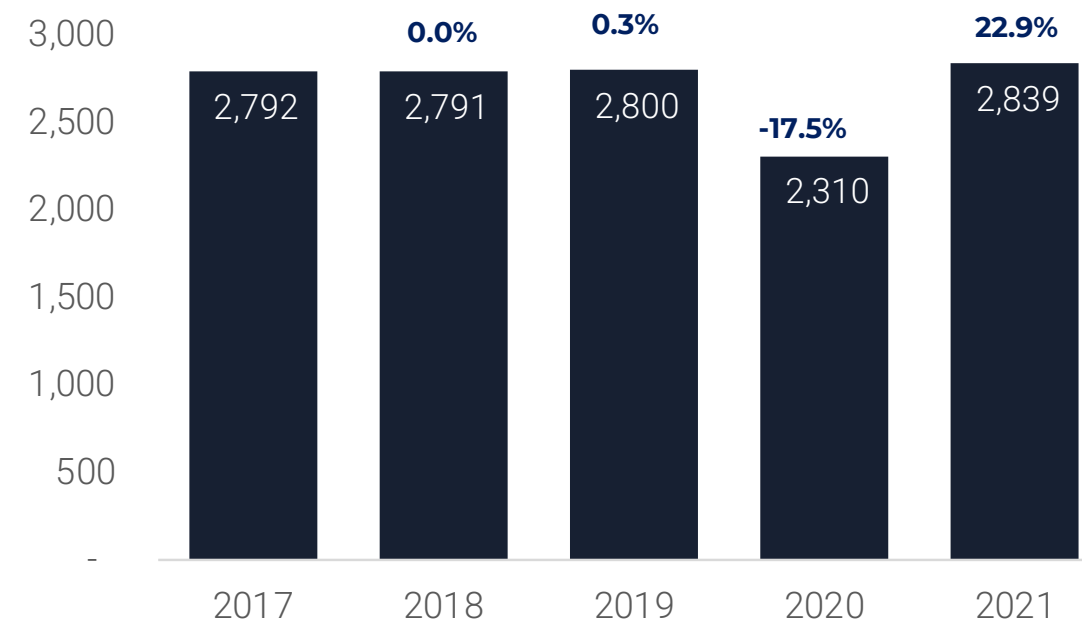
Employment directly supported by visitor activity rose 23% in 2021, rebounding to 2,840 jobs. The number of jobs jumped by more than 500 in 2021. With the increase, the number of jobs directly supported by visitors is above pre-pandemic levels.

Job growth in key industries in 2021 has been strong. Through three quarters of 2021, lodging jobs have increased by 18% with restaurant and recreational/entertainment jobs increasing a similar amount.

The rebound in visitor-supported jobs has not been as strong as spending, with visitor-supported employment levels at 101% of pre-pandemic levels compared to 114% of spending.

Visitor supported employment in Door County

Amounts in number of jobs



Source: Tourism Economics



ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Spending on hotel rooms, restaurant meals, recreational activities and for shopping and transportation services by visitors reached \$423 million in 2021. This direct impact of \$423 million generated \$52 million in indirect impacts and another \$56 million in induced impacts, resulting in a total economic impact of \$531 million in the Door County economy, 34% higher than a year earlier.

Summary Economic impacts (2021)

Amounts in millions of nominal dollars



Source: Tourism Economics

Note: Numbers may not add up due to rounding

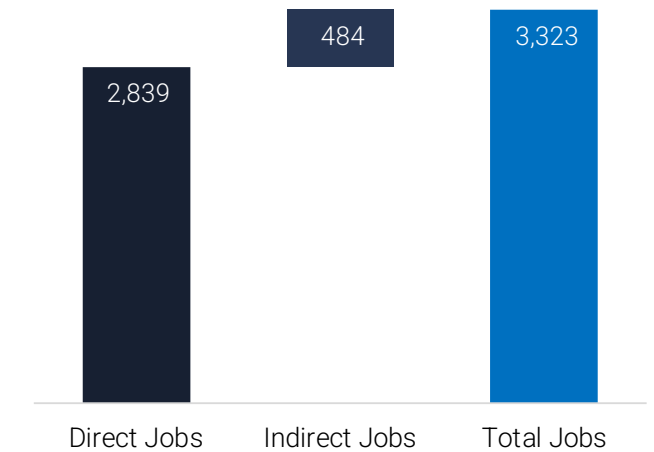
EMPLOYMENT IMPACTS

Visitor activity sustained 3,323 jobs in 2021, an increase of 580 jobs over 2020 levels, growth of over 21%.

The 3,323 jobs supported by visitor activity make up 16% of all jobs in the county. This means that one out of six jobs in the county is supported by visitor activity.

Summary employment impacts (2021)

Amounts in number of jobs



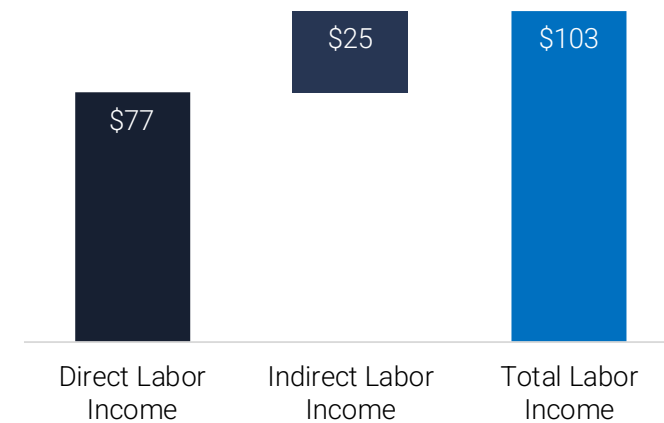
Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$77 million in direct labor income and a total of more than \$100 million when including indirect and induced impacts. Total tourism-generated income in Door County in 2021 grew 27% above 2020, \$22 million more in income to Door County jobholders.

Summary labor income impacts (2021)

Amounts in millions of nominal dollars



Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

DIRECT IMPACTS

Door County's \$423 million in visitor spending represents 3.3% of all visitor spending in Wisconsin. With a stronger increase than the state, Door County's share of visitor spending rose in 2021, continuing the increases seen during the pandemic.

Of all jobs directly supporting visitors in Wisconsin, 2.4% are in Door County.

Door County's share of state-wide tourism supported wages and other income also increased to around 2.4% of all wages paid to tourism supported workers in the state.

TOTAL IMPACTS

The overall impact of visitors to Door County reached \$531 million, more than 2.5% of the state total. With total business sales rising faster than those of the state, Door County's share rose in 2021 and, like visitor spending, has continued to grow over pre-pandemic levels.

The total job support from tourism of 3,323 jobs represents 2.0% of all visitor-associated jobs in the state.

The share of total income earned by Door County job holders rose to 1.8% of all income earned by Wisconsin jobs supported by tourism.

Direct impacts (2021)

Amounts in \$millions, number of jobs for employment

	2017	2018	2019	2020	2021	2021 Growth
Visitor Spending						
Door County	\$358.5	\$366.6	\$372.1	\$304.2	\$423.0	39.1%
Wisconsin	\$12,701.1	\$13,318.6	\$13,667.8	\$9,800.6	\$12,856.3	31.2%
Share	2.82%	2.75%	2.72%	3.10%	3.29%	
Employment						
Door County	2,792	2,791	2,800	2,310	2,839	22.9%
Wisconsin	139,329	141,980	144,657	107,454	117,509	9.4%
Share	2.00%	1.97%	1.94%	2.15%	2.42%	
Labor Income						
Door County	\$59.4	\$61.5	\$63.7	\$58.6	\$77.2	31.8%
Wisconsin	\$2,967.4	\$3,098.6	\$3,230.9	\$2,727.4	\$3,187.9	16.9%
Share	2.00%	1.98%	1.97%	2.15%	2.42%	

Source: Tourism Economics

Total impacts (2021)

Amounts in \$millions, number of jobs for employment

	2017	2018	2019	2020	2021	2021 Growth
Business Sales (Total Economic Impact)						
Door County	\$456.7	\$469.0	\$478.3	\$396.9	\$530.7	33.7%
Wisconsin	\$20,607.4	\$21,571.6	\$22,223.4	\$17,264.2	\$20,928.7	21.2%
Share	2.22%	2.17%	2.15%	2.30%	2.54%	
Employment						
Door County	3,240	3,237	3,245	2,744	3,323	21.1%
Wisconsin	195,811	199,073	202,217	157,332	169,707	7.9%
Share	1.65%	1.63%	1.60%	1.74%	1.96%	
Labor Income						
Door County	\$79.3	\$82.4	\$85.2	\$80.4	\$102.5	27.5%
Wisconsin	\$5,394.7	\$5,675.3	\$5,902.1	\$5,143.9	\$5,798.3	12.7%
Share	1.47%	1.45%	1.44%	1.56%	1.77%	

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

The gains in spending, jobs and income earned by jobs associated with visitor activity supported increases in tax impacts. Visitor associated state and local tax revenue in the county increased more than 31% to \$43 million in 2021, 3.1% of all tax revenues generated by tourism in the state.

State and local tax revenues grew by \$10 million in 2021.

Fiscal (tax) impacts

Amounts in millions of nominal dollars

	2017	2018	2019	2020	2021	2021 Growth
State and Local						
Door County	\$39.7	\$38.8	\$40.2	\$32.5	\$42.7	31.2%
Wisconsin	\$1,533.0	\$1,573.3	\$1,616.9	\$1,165.4	\$1,388.2	19.1%
Share	2.59%	2.47%	2.48%	2.79%	3.07%	
Federal						
Door County	\$25.9	\$26.8	\$27.6	\$24.8	\$31.2	26.1%
Wisconsin	\$1,194.6	\$1,243.7	\$1,288.9	\$1,064.8	\$1,212.4	13.9%
Share	2.17%	2.15%	2.14%	2.32%	2.58%	

Source: Tourism Economics





ECONOMIC IMPACTS IN CONTEXT

ECONOMIC IMPACTS IN CONTEXT



\$423M VISITOR SPENDING

The \$423 million in visitor spending is nearly four times the City of Green Bay's budget.



\$103M LABOR INCOME

The \$103 million in total income generated is about \$15 million more than the entire Door County budget (2021).



3,323 JOBS

The total number of jobs sustained by tourism, including indirect and induced benefits, accounts for 16% of all jobs in Door County and is about three times the size of Bailey's Harbor.



\$42.7M STATE & LOCAL TAXES

Each occupied household in Door County would need to be taxed an additional \$3,175 to replace the visitor taxes received by the state and local governments in 2021.

APPENDIX

Glossary – Spending Definitions

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels, rentals 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 visitor spending within the arts, entertainment and recreation sub-sector.
Shopping	Includes visitor spending in all retail sub-sectors within the local economy.
Local transport	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending.
Service stations	Visitor spending on gasoline.
Second homes	Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.

Glossary – Economic Impact Definitions

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.
Labor income	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
Value Added (GDP)	The economic enhancement a company gives its products or services before offering them to customers.
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 will include 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, London, Frankfurt, Ontario, and Sydney.

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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