

ECONOMIC IMPACT OF VISITORS IN INDEPENDENCE, MISSOURI 2019



INTRODUCTION

The travel sector is an integral part of the economy in Independence, Missouri. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the region's future. Gross output (total business sales) attributable to visitor spending in the local economy amounted to more than \$224.2 million in 2019.

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 Independence as it continues to expand upon its visitor economy, and 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 Independence, 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, and fiscal (tax) impacts in the broader economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Independence, Missouri. The model traces the flow of visitor-related expenditures through the local 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 outside the local region and deviated from their normal routine.

The analysis draws on the following data sources:

- Previous research on visitor spending and visitor profile characteristics for visitors to the city of Independence
- 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
- Tax collections: Lodging tax receipts

KEY FINDINGS

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The visitor economy is an engine for economic growth

Visitor Spending

Visitor spending increased 18.4% between 2014 and 2019, amounting to \$139.5 million in 2019. Visitor spending in 2019 expanded 3.9% over 2018 levels.

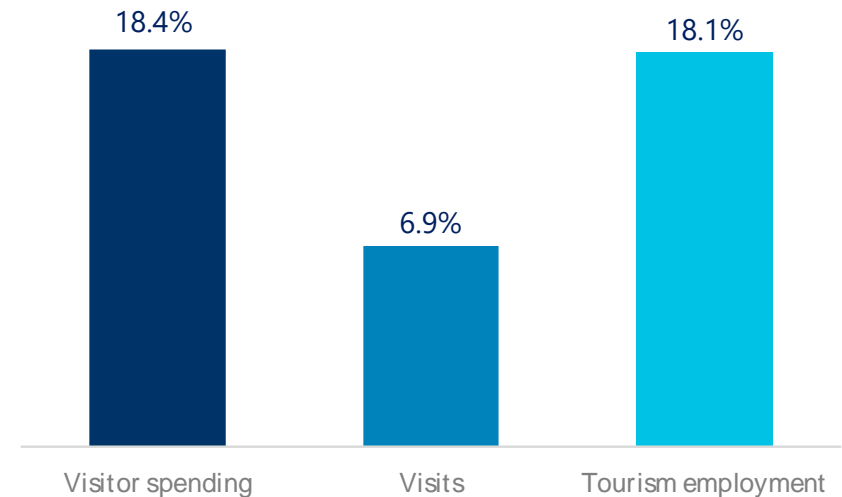
Tourism Employment

Direct employment generated by visitors has grown 22% since 2015, exceeding 1,400 direct jobs in 2019.

Visits

The number of visits to Independence increased from 730,000 visits in 2014 to nearly 780,000 visits in 2019, resulting in cumulative growth of 6.9%.

Cumulative Growth in Key Indicators, 2015-2019



Source: Tourism Economics

KEY FINDINGS

The visitor economy is an engine for economic growth

Growth in visitation, spending, and employment

Tourism is an integral part of the economy in Independence and continues to be a key driver of business sales, employment, and tax revenue.



Visitor Spending

Visitors to Independence spent \$139 million in 2019, which generated more than \$224 million in total business sales, including indirect and induced impacts.



Continued Growth

Tourism-sustained jobs generated more than \$67 million in personal income in 2019.



Employment Generator

Visitors to Independence sustained a total of 2,000 jobs in 2019, including 1,400 direct jobs and 600 indirect and induced jobs.



Fiscal Contributions

Tourism in Independence generated \$30.2 million in tax revenues in 2019, with \$18 million accruing to state and local governments.

KEY FINDINGS

Impact of tourism in 2019



0.8 million
Visitors

Including day trips and overnight trips

DIRECT IMPACTS (2019)



\$139 million

Direct tourism spending

Representing spending by overnight and day visitors, including purchases on retail, lodging, transportation, food and beverage, and recreation



\$40 million

Direct personal income

Including salaries, wages, and benefits



1,400

Direct jobs

Jobs directly supported by Independence's tourism industry

TOTAL IMPACTS (2019)



\$224 million

Total business sales

Including direct, indirect, and induced business sales



\$67 million

Total personal income

Including direct, indirect, and induced personal income impacts



2,000

Total jobs

All jobs directly and indirectly supported by Independence's tourism industry

VISITOR ECONOMY TRENDS

VISITOR ECONOMY TRENDS

Visitor spending

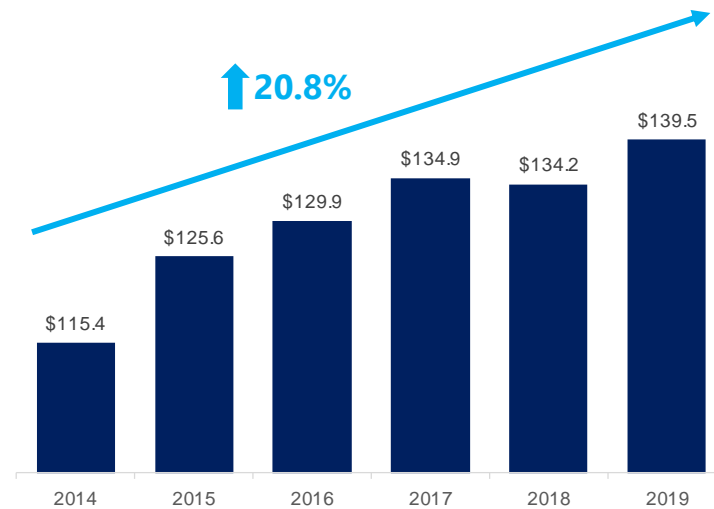
Visitor spending has steadily increased for six straight years.

Visitor spending in 2019 amounted to nearly \$140 million, representing a \$24 million increase over 2014 spending levels.

Between 2014 and 2019, visitor spending has cumulatively increased nearly 21%, representing an annualized growth rate of 3.9%.

Independence Total Visitor Spending

Amounts in millions of nominal dollars, 2014-2019



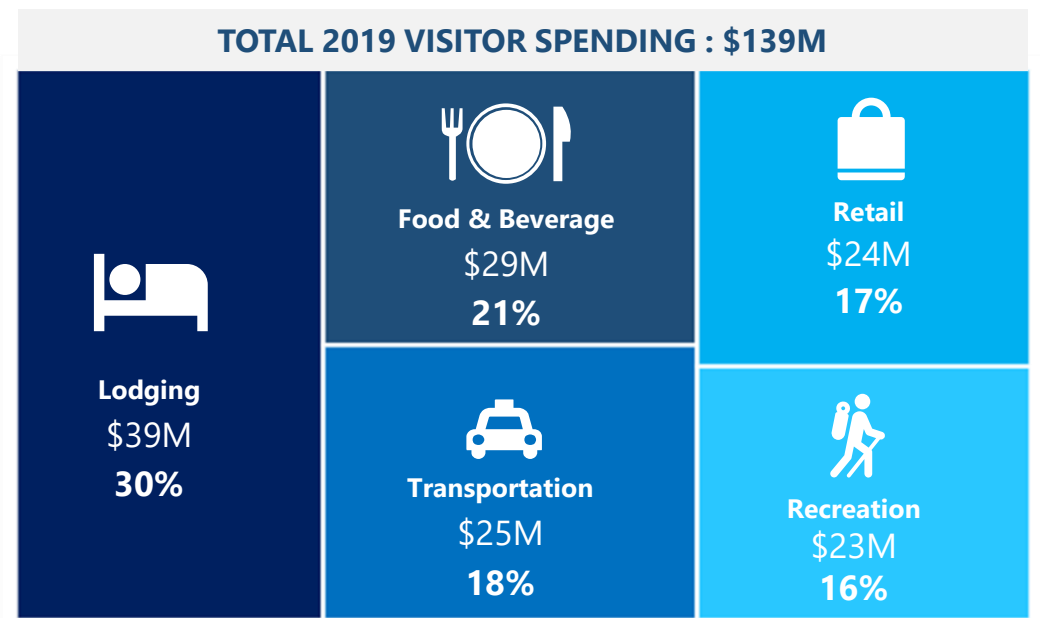
Source: Longwoods International; Tourism Economics

VISITOR ECONOMY TRENDS

Visitor spending by industry

Visitors to Independence spent \$139 million across a wide range of sectors in 2019.

In 2019, visitors spent \$139 million, including \$39 million on lodging, \$29 million on food & beverage, \$25 million on combined air and local transportation within the destination, \$24 million on retail purchases, and \$23 million on recreational activities.



Note: Transportation includes both air and local transportation.

Source: Tourism Economics

VISITOR ECONOMY TRENDS

Visitor spending by industry

Visitor spending increased by \$24 million between 2014 and 2019, with spending on lodging contributing the majority of the total increase.

In 2019, total visitor spending amounted to \$139.5 million, representing a 3.9% over total visitor spending in 2018. Spending on lodging in 2019 increased to \$38.8 million, representing the largest growth rate among visitor spending categories.

Visitor spending grew 3.9% year-over-year in 2019, which equaled the annualized growth rate of 3.9% between 2014 and 2019.

Visitor Spending in Independence

Amounts in millions of nominal dollars and percentage growth, 2014-2019

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Growth '18-'19 | CAGR '14-'19 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|-----------------|
| Total visitor spending | \$115.4 | \$125.6 | \$129.9 | \$134.9 | \$134.2 | \$139.5 | 3.9% | 3.9% |
| Lodging | \$30.8 | \$34.2 | \$36.2 | \$38.6 | \$35.8 | \$38.8 | 8.5% | 4.7% |
| Food & beverage | \$21.5 | \$23.0 | \$23.6 | \$24.3 | \$24.8 | \$25.4 | 2.2% | 3.4% |
| Transportation | \$23.7 | \$26.2 | \$26.9 | \$27.6 | \$28.3 | \$28.9 | 2.2% | 4.0% |
| Retail | \$19.8 | \$21.5 | \$22.0 | \$22.7 | \$23.1 | \$23.7 | 2.4% | 3.7% |
| Recreation | \$19.6 | \$20.6 | \$21.1 | \$21.7 | \$22.2 | \$22.7 | 2.3% | 3.0% |

Source: Tourism Economics

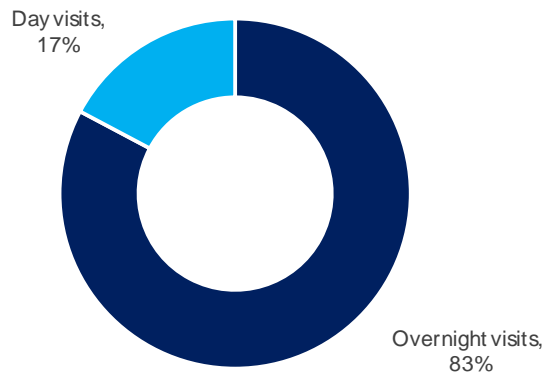
VISITOR ECONOMY TRENDS

Visitor spending and volume by segment

Domestic spending increased 3.9% in 2019, as spending by overnight and day visitors grew 4.0% and 3.5%, respectively. Overnight visitation in 2019 expanded just 0.1% over 2018 visitation levels, while day visitation grew 1.6%.

Independence Visitation Share by Segment

Expressed as percentage of total visitation, 2019



Source: Tourism Economics

Independence Visitor Volume and Spending

Amounts in thousands of visitors and millions of nominal dollars, 2014-2019

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Growth '18-'19 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total visitor volume | 729.7 | 764.1 | 772.4 | 777.0 | 775.0 | 779.9 | 0.6% |
| Overnight | 467.1 | 494.2 | 500.7 | 504.2 | 503.3 | 503.8 | 0.1% |
| Day | 262.5 | 269.9 | 271.7 | 272.8 | 271.7 | 276.1 | 1.6% |
| Total visitor spending | \$115.4 | \$125.6 | \$129.9 | \$134.9 | \$134.2 | \$139.5 | 3.9% |
| Overnight | \$94.7 | \$103.9 | \$107.7 | \$112.1 | \$111.0 | \$115.4 | 4.0% |
| Day | \$20.7 | \$21.8 | \$22.2 | \$22.8 | \$23.2 | \$24.0 | 3.5% |

Source: Tourism Economics

ECONOMIC IMPACTS



ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on the local economy 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

Independence, we input visitor spending into a model of the local economy created in IMPLAN. The IMPLAN 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, 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.
- 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.

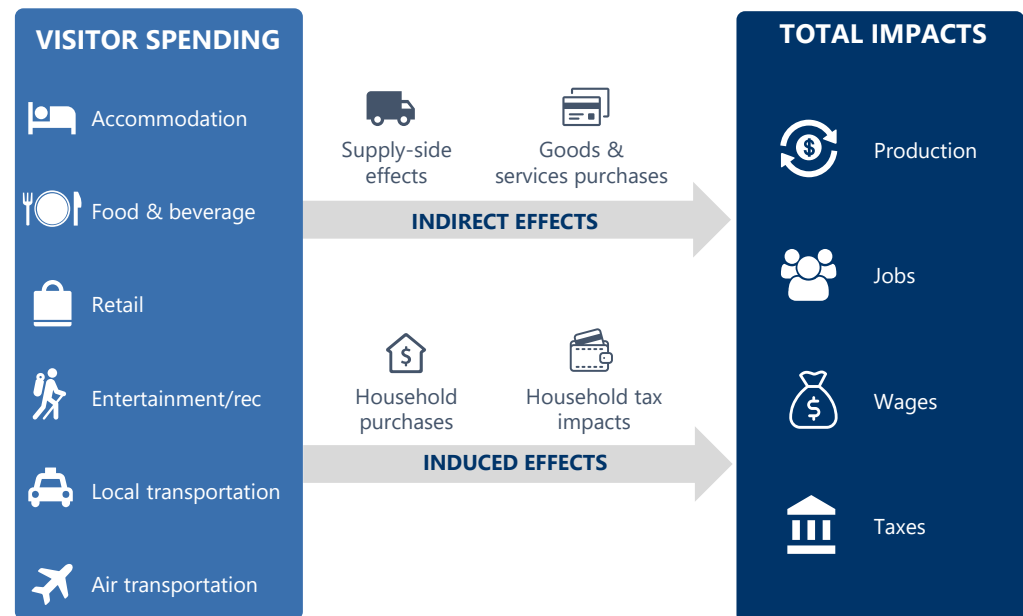
ECONOMIC IMPACTS

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

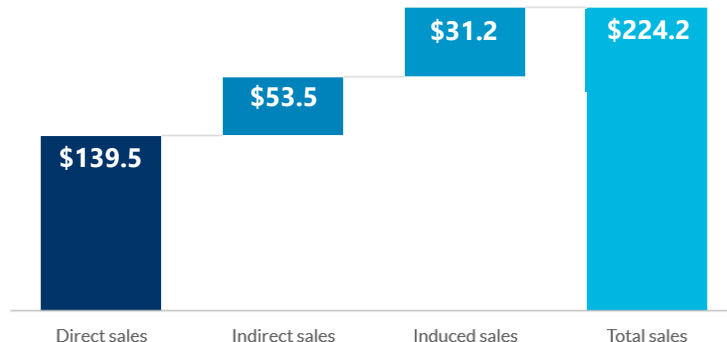


ECONOMIC IMPACTS

Business sales impacts by industry

Visitors and tourism businesses spent **\$139.5 million** in Independence in 2019. This supported a total economic impact of more than **\$224.2 million** in business sales when indirect and induced impacts are considered.

Summary Economic Impacts (\$ millions)



Business Sales Impacts by Industry, 2019

| | Direct Output | Indirect Output | Induced Output | Total Output |
|------------------------------------|-----------------|-----------------|----------------|-----------------|
| Total Output (\$ millions) | \$139.45 | \$53.52 | \$31.24 | \$224.21 |
| Agriculture, Fishing, Mining | - | \$0.01 | \$0.00 | \$0.01 |
| Construction and Utilities | - | \$5.23 | \$1.08 | \$6.31 |
| Manufacturing | - | \$0.63 | \$0.17 | \$0.80 |
| Wholesale Trade | - | \$2.02 | \$1.22 | \$3.25 |
| Air Transport | \$7.74 | \$0.11 | \$0.12 | \$0.22 |
| Other Transport | \$11.61 | \$2.06 | \$0.66 | \$22.07 |
| Retail Trade | \$23.69 | \$0.61 | \$2.15 | \$26.45 |
| Gasoline Stations | \$9.53 | \$0.23 | \$0.16 | \$9.92 |
| Communications | - | \$6.71 | \$1.60 | \$8.31 |
| Finance, Insurance and Real Estate | - | \$15.44 | \$10.12 | \$25.56 |
| Business Services | - | \$13.44 | \$2.82 | \$16.26 |
| Education and Health Care | - | \$0.11 | \$6.01 | \$6.12 |
| Recreation and Entertainment | \$22.71 | \$1.01 | \$0.54 | \$24.26 |
| Lodging | \$38.81 | \$0.00 | \$0.00 | \$38.81 |
| Food & Beverage | \$25.36 | \$2.57 | \$2.25 | \$30.17 |
| Personal Services | - | \$1.57 | \$1.77 | \$3.34 |
| Government | - | \$1.76 | \$0.59 | \$2.35 |

Source: Tourism Economics

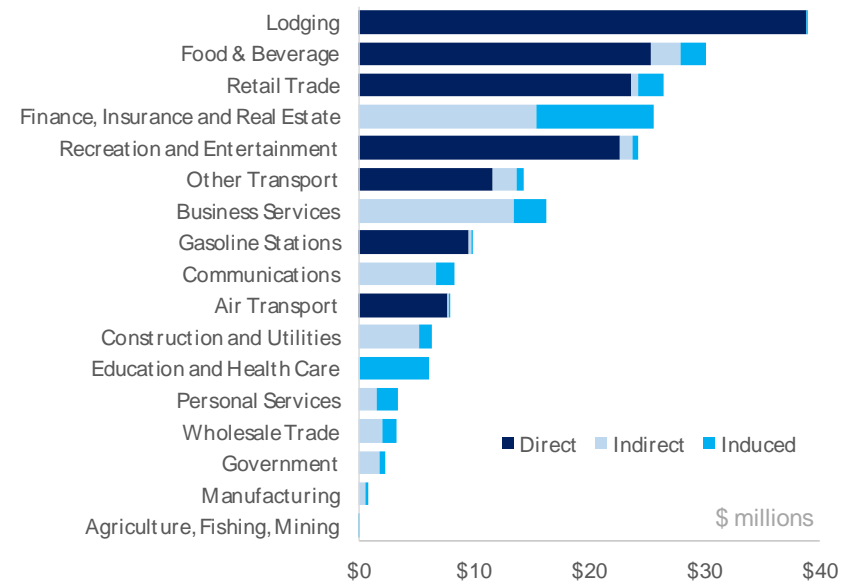
ECONOMIC IMPACTS

Business sales impacts by industry

While the majority of sales are in industries directly serving visitors, \$26 million in business sales occurs in finance, insurance, and real estate as a result of selling to tourism businesses.

Significant benefits also accrue in sectors like business services and communications from selling to tourism businesses and employees.

Business Sales Impacts by Industry, 2019



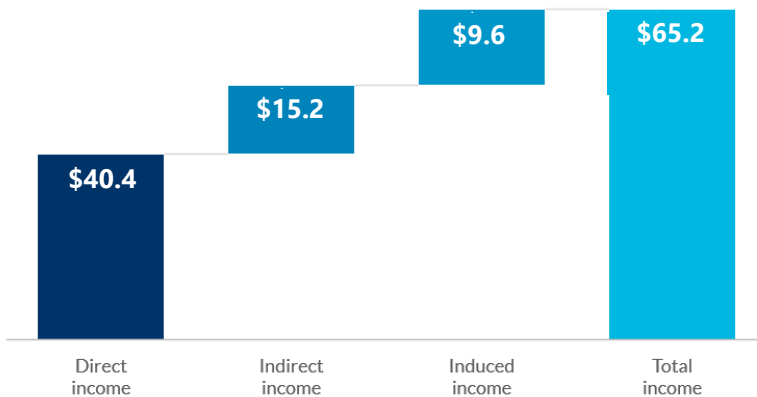
Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

Tourism generated \$40.4 million in direct income and \$65.2 million when indirect and induced impacts are considered.

Summary Personal Income Impacts (\$ millions)



Personal Income Impacts by Industry, 2019

| | Direct Income | Indirect Income | Induced Income | Total Income |
|------------------------------------|----------------|-----------------|----------------|----------------|
| Total Income (\$ millions) | \$40.39 | \$15.19 | \$9.61 | \$65.19 |
| Agriculture, Fishing, Mining | - | \$0.00 | \$0.00 | \$0.00 |
| Construction and Utilities | - | \$0.74 | \$0.17 | \$0.91 |
| Manufacturing | - | \$0.12 | \$0.03 | \$0.15 |
| Wholesale Trade | - | \$0.56 | \$0.32 | \$0.88 |
| Air Transport | \$2.12 | \$0.02 | \$0.02 | \$0.04 |
| Other Transport | \$3.17 | \$0.68 | \$0.20 | \$6.17 |
| Retail Trade | \$4.52 | \$0.22 | \$0.80 | \$5.54 |
| Gasoline Stations | \$0.57 | \$0.06 | \$0.04 | \$0.68 |
| Communications | - | \$0.74 | \$0.25 | \$0.98 |
| Finance, Insurance and Real Estate | - | \$2.76 | \$1.42 | \$4.18 |
| Business Services | - | \$6.25 | \$1.23 | \$7.48 |
| Education and Health Care | - | \$0.05 | \$3.08 | \$3.13 |
| Recreation and Entertainment | \$7.98 | \$0.34 | \$0.19 | \$8.51 |
| Lodging | \$13.15 | \$0.00 | \$0.00 | \$13.15 |
| Food & Beverage | \$8.88 | \$1.12 | \$0.82 | \$10.81 |
| Personal Services | - | \$0.62 | \$0.80 | \$1.43 |
| Government | - | \$0.90 | \$0.24 | \$1.14 |

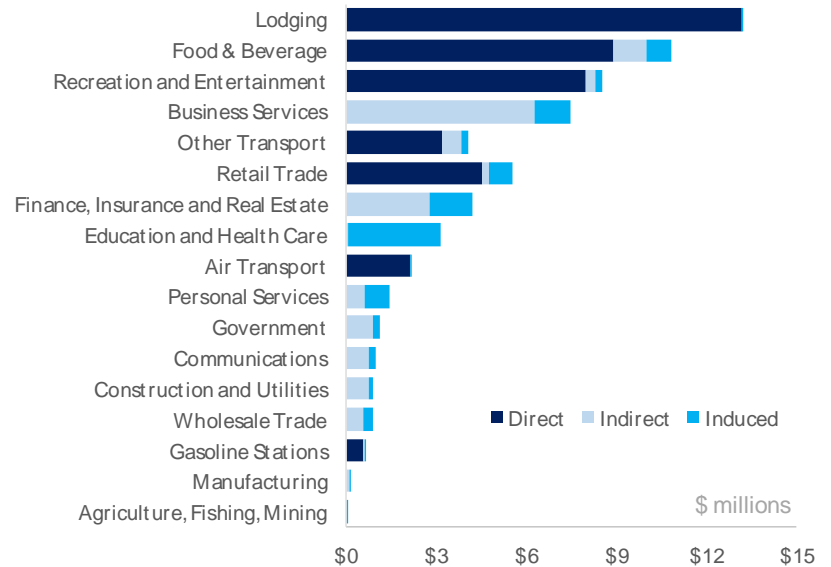
Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

The lodging industry supported more than \$13 million in total personal income (including indirect and induced effects) in 2019. The food and beverage and recreation and entertainment industries followed with \$11 million and \$9 million in personal income, respectively.

Personal Income Impacts by Industry



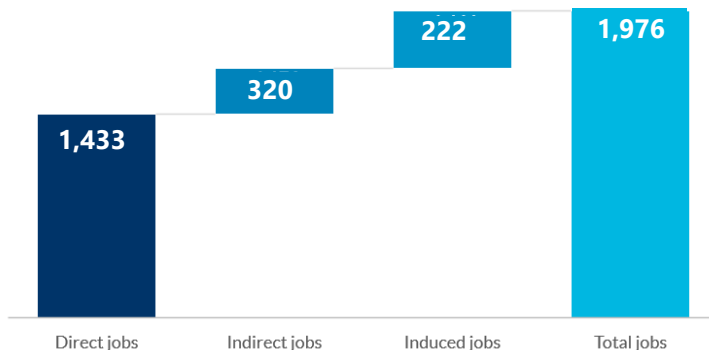
Source: Tourism Economics

ECONOMIC IMPACTS

Employment impacts by industry

Tourism supported a total of nearly 2,000 jobs in Independence when indirect and induced impacts are considered.

Summary Employment Impacts (number of jobs)



Employment Impacts by Industry, 2019

| | Direct Jobs | Indirect Jobs | Induced Jobs | Total Jobs |
|------------------------------------|--------------|---------------|--------------|--------------|
| Total Employment (Jobs) | 1,433 | 320 | 222 | 1,976 |
| Agriculture, Fishing, Mining | | 0 | 0 | 0 |
| Construction and Utilities | | 8 | 2 | 10 |
| Manufacturing | | 2 | 0 | 3 |
| Wholesale Trade | | 7 | 4 | 11 |
| Air Transport | 40 | 0 | 0 | 41 |
| Other Transport | 60 | 20 | 6 | 86 |
| Retail Trade | 225 | 8 | 28 | 261 |
| Gasoline Stations | 21 | 2 | 2 | 25 |
| Communications | | 11 | 6 | 17 |
| Finance, Insurance and Real Estate | | 60 | 25 | 86 |
| Business Services | | 100 | 20 | 120 |
| Education and Health Care | | 2 | 57 | 59 |
| Recreation and Entertainment | 261 | 17 | 6 | 283 |
| Lodging | 423 | 0 | 0 | 423 |
| Food & Beverage | 402 | 53 | 40 | 495 |
| Personal Services | | 18 | 23 | 41 |
| Government | | 12 | 3 | 15 |

Source: Tourism Economics

ECONOMIC IMPACTS

Employment impacts by industry

As a labor-intensive collection of services, tourism-related sectors represent significant employment to the city of Independence.

The 2,000 jobs supported by Independence tourism span every sector of the economy, either directly or indirectly.

The most significant indirect impacts come in business services and finance, insurance, and real estate.

Employment Impacts by Industry, 2019



Source: Tourism Economics

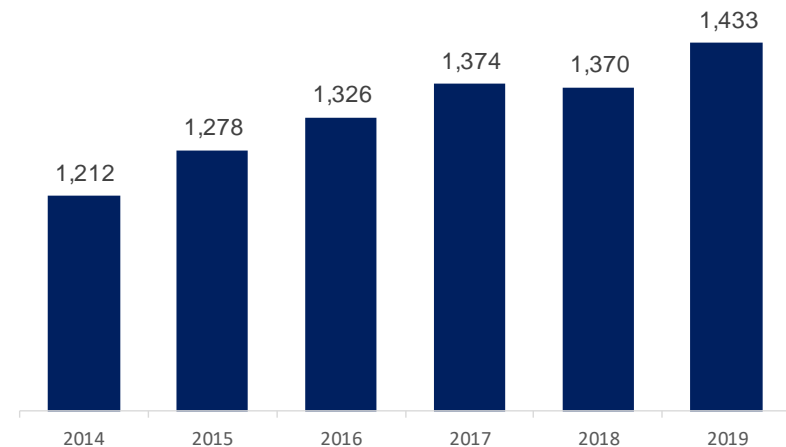
ECONOMIC IMPACTS

Tourism employment

In 2019, direct visitor spending supported 1,433 direct jobs in Independence. Increasing 4.6% from the previous year, tourism employment has increased 18% since 2014.

Direct Tourism Employment in Independence

Amounts in number of jobs, 2014-2019



Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated \$30.2 million in total governmental revenues.

State and local taxes alone amounted to nearly \$18.0 million in 2019, including \$6.9 million in sales taxes, \$2.0 million in bed taxes, and \$2.8 million in personal income taxes.

Fiscal (tax) impacts, 2019

Amounts in millions of dollars

| | 2019 |
|------------------------|---------------|
| Total taxes | \$30.2 |
| Federal | \$12.7 |
| Personal Income | \$3.4 |
| Corporate | \$0.7 |
| Indirect business | \$0.8 |
| Social insurance | \$7.8 |
| State and Local | \$17.5 |
| Sales | \$6.9 |
| Bed Tax | \$2.0 |
| Personal Income | \$2.8 |
| Corporate | \$0.2 |
| Social insurance | \$0.0 |
| Excise and Fees | \$0.8 |
| Property | \$4.7 |

Source: Tourism Economics

METHODOLOGY AND BACKGROUND

WHY QUANTIFY THE VISITOR ECONOMY?

By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.

It can also carefully monitor its successes and future needs.

In order to do this, tourism must be measured in the same categories as other economic sectors – i.e., tax generation, employment, wages, and gross domestic product.

WHY IS THIS A CHALLENGE?

Most economic sectors such as financial services, insurance, or construction are easily defined within a region's economic statistics.

Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple sectors to various degrees.

Tourism spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents, museums, and theme parks.

DESCRIPTION OF SPENDING CATEGORIES

| Spend Category | Description |
|-----------------------|---|
| Lodging | Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels and similar establishments. |
| Recreation | Includes visitor spending within the arts, entertainment and recreation sub-sector. |
| Local transport | Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, and buses. |
| Retail | Includes visitor spending in all retail sub-sectors within the Independence economy. |
| Food and beverage | Includes all visitor spending at restaurants and bars. |

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 destinations 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.

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