

# Grant County **Tourism:** Economics, Investments, & Impacts

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## **A Collaboration of**

The Wisconsin Department of Tourism

University of Wisconsin Department of Agricultural & Applied Economics

University of Wisconsin Extension-Grant County

## **Compiled by**



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September 24, 2013

## Background

This agent has been working with local members of the tourism industry and elected officials to develop and realize a shared vision for tourism in Grant County. After much deliberation, the following “shared vision” has been crafted:

*“Grant County Tourism activities are effectively promoted and marketed collaboratively.”*

Two (2) strategic issues and strategies were identified as being critical to realizing that vision.

- Strategic Issue 1: “How do we make tourism a priority?”
  - Strategy for 1: Develop a Cost/Benefit Analysis of the County’s Investment in Tourism
- Strategic Issue 2: “How do we coordinate tourism efforts?”
  - Strategy for 2: Invite Representatives of Local Communities to Seek Input.

## Purpose

This report reflects the strategy for issue 1: “Develop a Cost/Benefit Analysis of the County Investment in Tourism”. The purpose of this report is to provide decision-makers with information necessary to evaluate Grant County’s ongoing investments in the tourism industry. The report features:

- State of Tourism: Grant County
- Economics of Tourism: Grant County
- Supporting Local Tourism: Tourism Grant Program
- Other Investments in Tourism: GCEDC, Hidden Valleys, & the Grant County Fair
- Conclusions

## State of Tourism: Grant County

### Data provided by Patrick Reinsma, Wisconsin Department of Tourism

Tourism is a critical component of Wisconsin's economic growth. It affects employment, revenue for the state and the livelihoods of many residents.

The Wisconsin visitor economy continued to expand in 2012. Visitor spending within Wisconsin rose 4.7% after a 7.6% increase in 2011. Visitor volumes rose for a second straight year, 96.6 million people visited Wisconsin in 2012. Day visitation rebounded in 2012 as gas price growth moderated. Spending rose in all major categories with transportation and recreation out-performing the overall visitor economy. Visitor spending of \$10.4 billion generated \$16.8 billion in total business sales in 2012 as tourism dollars flowed through the Wisconsin economy. The key results are:

- Tourism is a substantial and growing driver of the Wisconsin economy and represents a significant source of business sales, employment, and taxes in Wisconsin.
- Total tourism business sales of \$16.8 billion in 2012 sustained 184,000 jobs, both directly and indirectly.
- These jobs represent 7.8% of total private employment in Wisconsin; 1 in every 13 jobs in the state is sustained by tourism activity.
- Including indirect and induced impacts, tourism in Wisconsin generated \$1.3 billion in state and local taxes and \$975 million in Federal taxes last year.
- In the absence of the state and local taxes generated by tourism, each Wisconsin household would need to pay \$575 to maintain the current level of government services.

### Industry Indicators: Wisconsin

- Visitor trips to Wisconsin destinations grew 1.0% between 2011 and 2012.
- Hotel room demand grew 1.9% (source: Smith Travel Research).
- The average daily rate increased by 2.7% in 2012 helping grow overall hotel room revenue by 4.6% (source: Smith Travel Research).
- State sales tax on lodging properties grew 4.9% in 2012 (source: State Revenue Office).
- Tourism-related employment growth outpaced overall state employment growth, growing 1.4% from the prior year.

### Visitor Spending: Wisconsin

Wisconsin visitor spending surpassed \$10 billion in 2012, posting 4.7% growth after a 7.6% increase in 2011. Strong day traveler growth pushed recreational spending up 7.0% in 2012.

The spending on travel and tourism in Wisconsin generated (directly or indirectly) \$1.3 billion state tax revenue. That's money spread across all seasons and all locales in the state. Without the taxes generated by tourism, each household in Wisconsin would be responsible for paying approximately \$560 in additional taxes. According to the Tourism Economics, in 2011, 181,000 jobs were supported by tourism. That's 7.7% of all jobs in the state.

### Visitor Spending in the "Driftless Area"

Grant County experienced a 6.4% increase in direct visitor spending from \$40 million in 2011 to \$42.5 million in 2012. That placed Grant County 44<sup>th</sup> in visitor spending among all counties in Wisconsin. Compared to other counties in the "Driftless Area, Grant County ranks 2<sup>nd</sup> behind La Crosse County in direct visitor spending in 2012 and ranks 2<sup>nd</sup> behind Vernon County in change in direct visitor spending from 2011-2012 (see Figure 1).

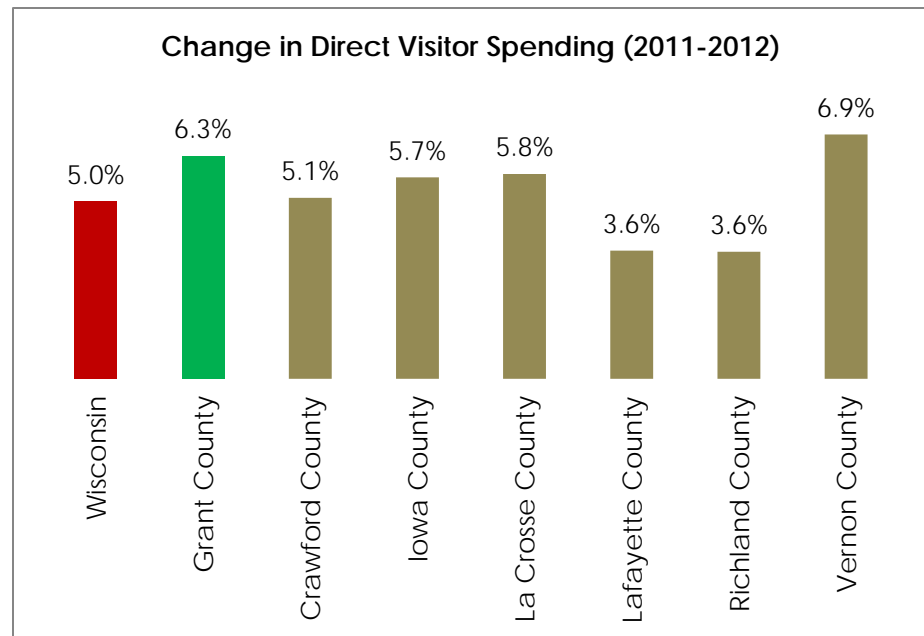


Figure 1: Change in Direct Visitor Spending (2011-2012), Wisconsin Department of Tourism, 2013

**Total Business Sales in the “Driftless Area”**

Grant County experienced a 5.8% increase in total business sales from \$70.1 million in 2011 to \$74.2 in 2012. This places Grant County 43<sup>rd</sup> among all counties in Wisconsin. Compared to other counties in the “Driftless Area, Grant County ranks 2<sup>nd</sup> behind La Crosse County in total sales in 2012 and ranks 2<sup>nd</sup> behind Vernon County in percentage change in total business sales from 2011-2012 (see Figure 2).

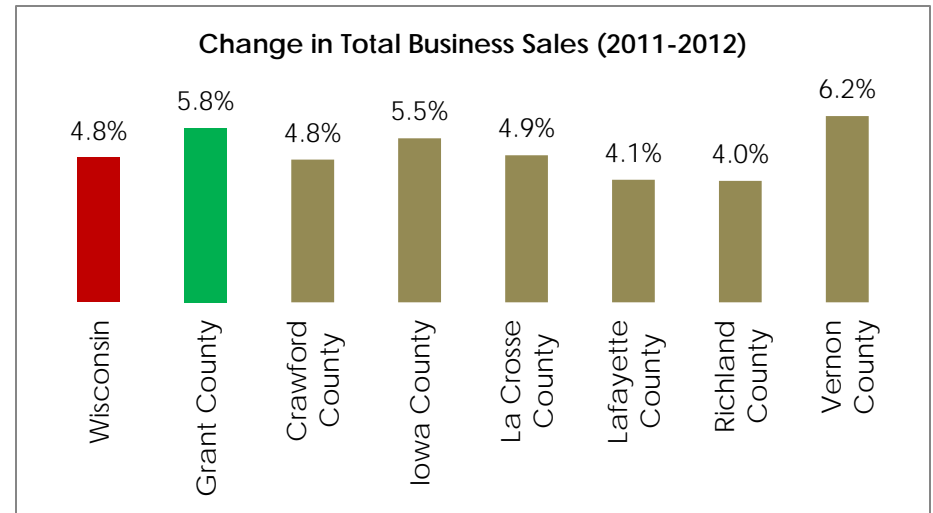


Figure 2: Change in Total Business Sales (2011-2012), Wisconsin Department of Tourism, 2013

**Employment in the “Driftless Area”**

Grant County experienced a 1.93% increase in employment from 896 jobs in 2011 to 913 jobs in 2012. That placed Grant County 38<sup>th</sup> among all counties in Wisconsin. Compared to other counties in the “Driftless Area, Grant County ranks 2<sup>nd</sup> behind La Crosse County in total jobs and is ranked 3<sup>rd</sup> with Vernon County behind La Crosse County and Crawford County in change in employment from 2011-2012 (see Figure 3).

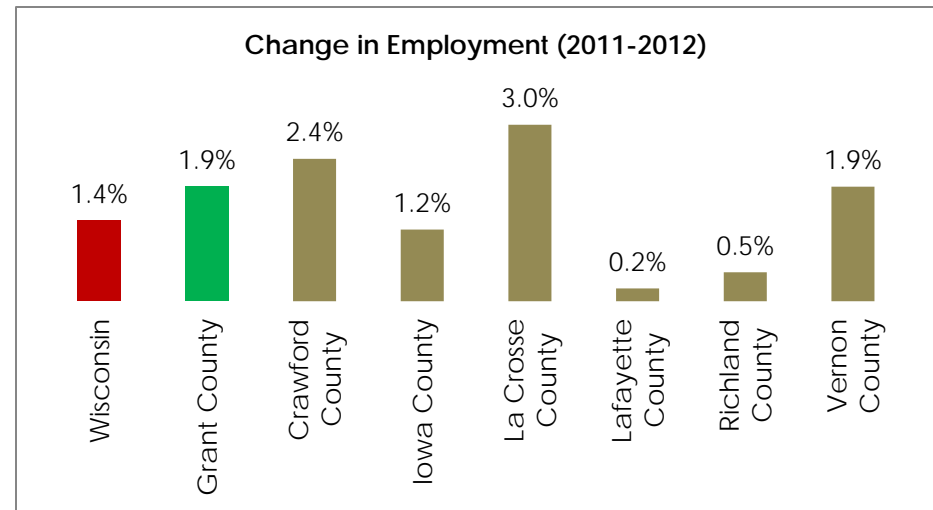


Figure 3: Change in Employment (2011-2012), Wisconsin Department of Tourism, 2013.

### Total Labor Income in the "Driftless Area"

Grant County experienced a 3.17% increase in direct visitor spending from \$18.3 million in 2011 to \$18.8 million in 2012. That placed Grant County 37<sup>th</sup> in total labor income among all counties in Wisconsin. Compared to other counties in the "Driftless Area, Grant County ranks 2<sup>nd</sup> behind La Crosse County in total labor income in 2012 and ranks 3<sup>rd</sup> behind La Crosse County and Vernon County in change in total labor income from 2011-2012 (see Figure 4).

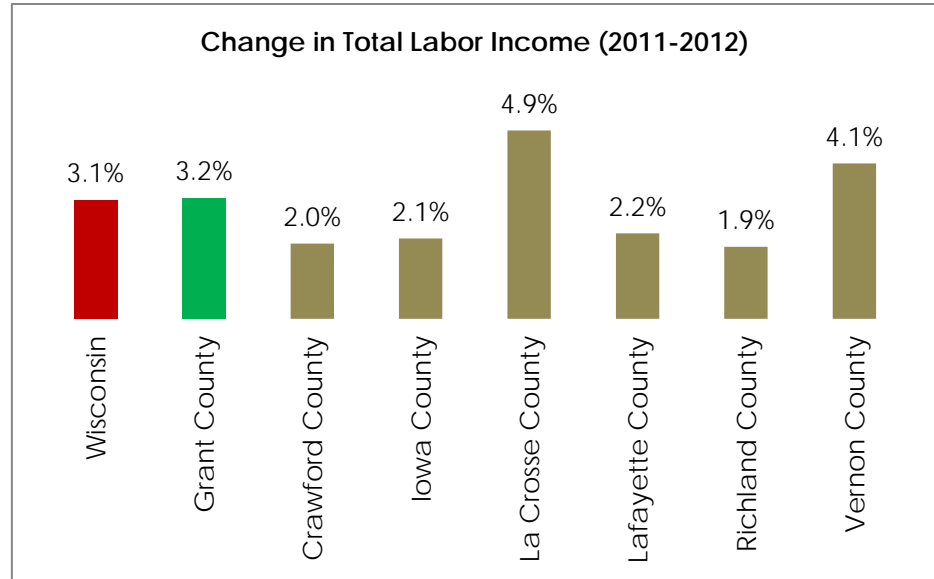


Figure 4: Change in Total Labor Income (2011-2012), Wisconsin Department of Tourism, 2013.

### State & Local Taxes in the "Driftless Area"

Grant County experienced a 4.24% increase in direct visitor spending from \$5.2 million in 2011 to \$5.4 million in 2012. That placed Grant County 44<sup>th</sup> in state and local taxes among all counties in Wisconsin. Compared to other counties in the "Driftless Area, Grant County ranks 3<sup>rd</sup> behind La Crosse County and Vernon County in change in state and local taxes from 2011-2012 (see Figure 5).

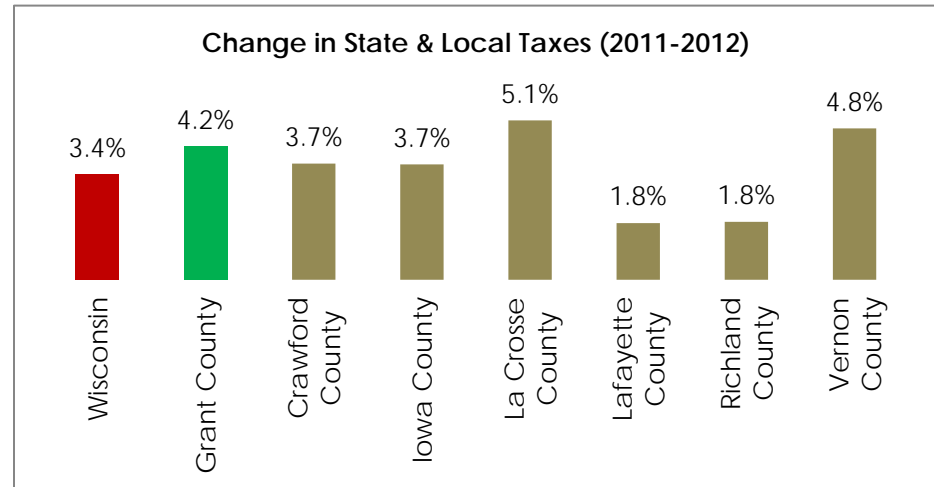


Figure 5: Change in State & Local Taxes (2011-2012), Wisconsin Department of Tourism, 2013.

## Economics of Tourism: Grant County

Analysis provided by Dr. Steven Deller, University of Wisconsin Department of Agricultural & Applied Economics

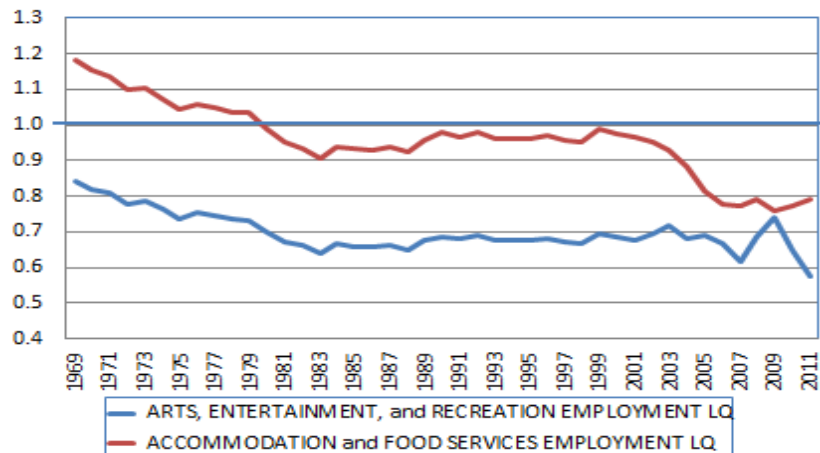
Tourism is one industry of many that make up Grant County's economy. To get a better sense for what tourism contributes to the overall economy, Dr. Steven Deller used location quotients based on employment and earnings to determine what aspects of Grant County's economy are strengths.

### Location Quotient (LQ)

One of the tools in which economists use to understand the impact of a particular industry in a local economy is location quotients. The location quotient is the share of employment for industry X in a county over the share of employment for industry X in the state.

$$LQ = \frac{\text{Share of Industry X in Grant County}}{\text{Share of Industry X in Wisconsin}}$$

For example, if the share of employment for the county in retail is 5% and the share of employment for the state in retail is 6%, the LQ is 5/6 or 0.833. If the LQ is greater than one then the county is more dependent or "specialized" in that industry-making it a "strength" for the county's economy. If the LQ is less than one, there is a lack of "specialization" or it's a "weakness" for the economy.



The data used to calculate LQ is grouped by NAISC codes into two industry types that "proxy" for tourism: arts, entertainment and recreation and; accommodation and food services.

Based on employment, "tourism" is "not a strength" for the county's economy. Dr. Deller is quick to point out a couple of possibilities. First, that there may be potential in tourism that is not currently being met. Second, other industries dominate Grant County's economy that distorts the results of the local quotient analysis. Dr. Deller examined shares of employment numbers from 2011 (Figure 7) and found that both state/local government (i.e., UW-Platteville) and farming dominate the Grant County's economy.

Figure 6: Location Quotient for Tourism Sensitive Industries in Grant County (based on employment), Woods & Poole 2011

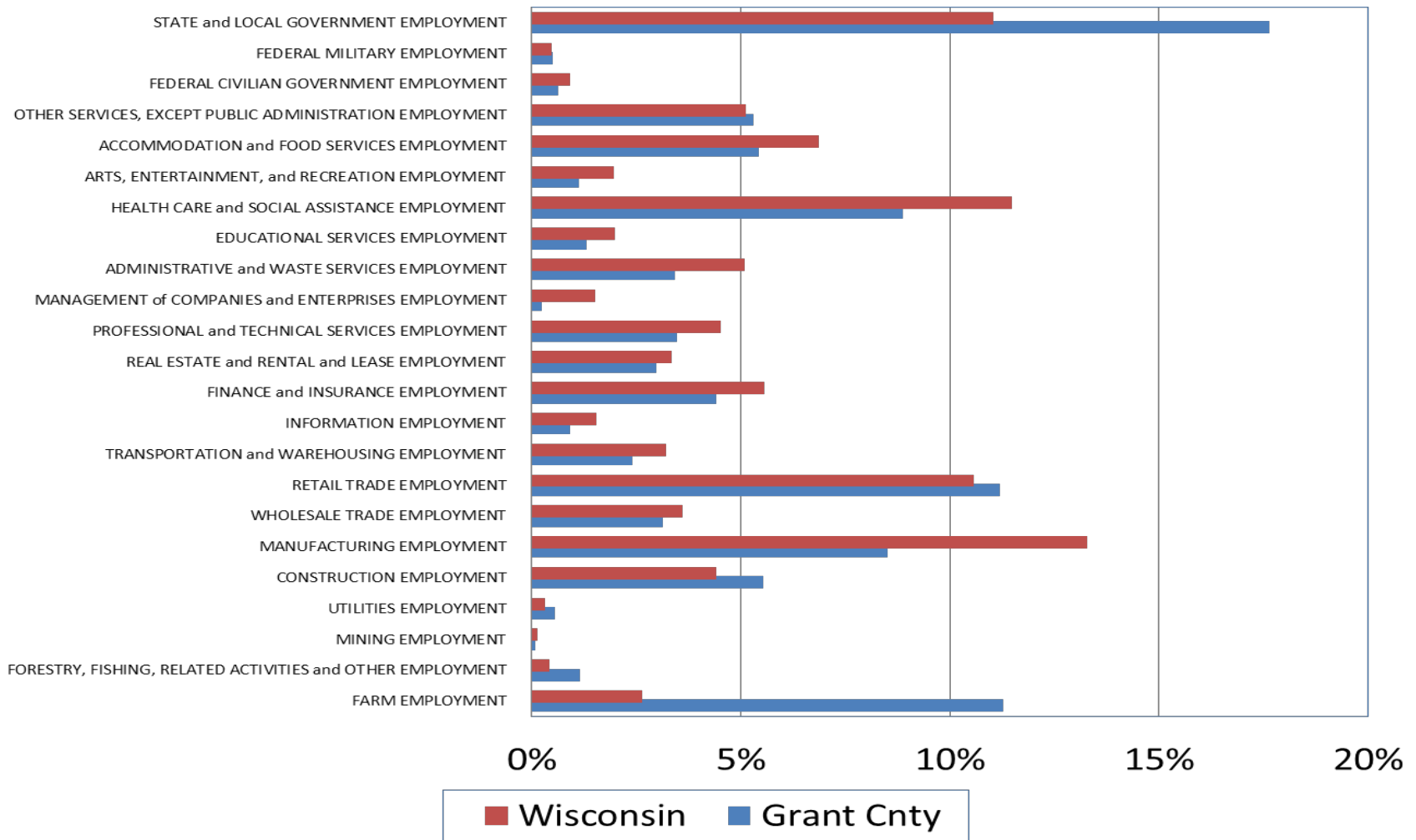


Figure 7: Shares of Employment



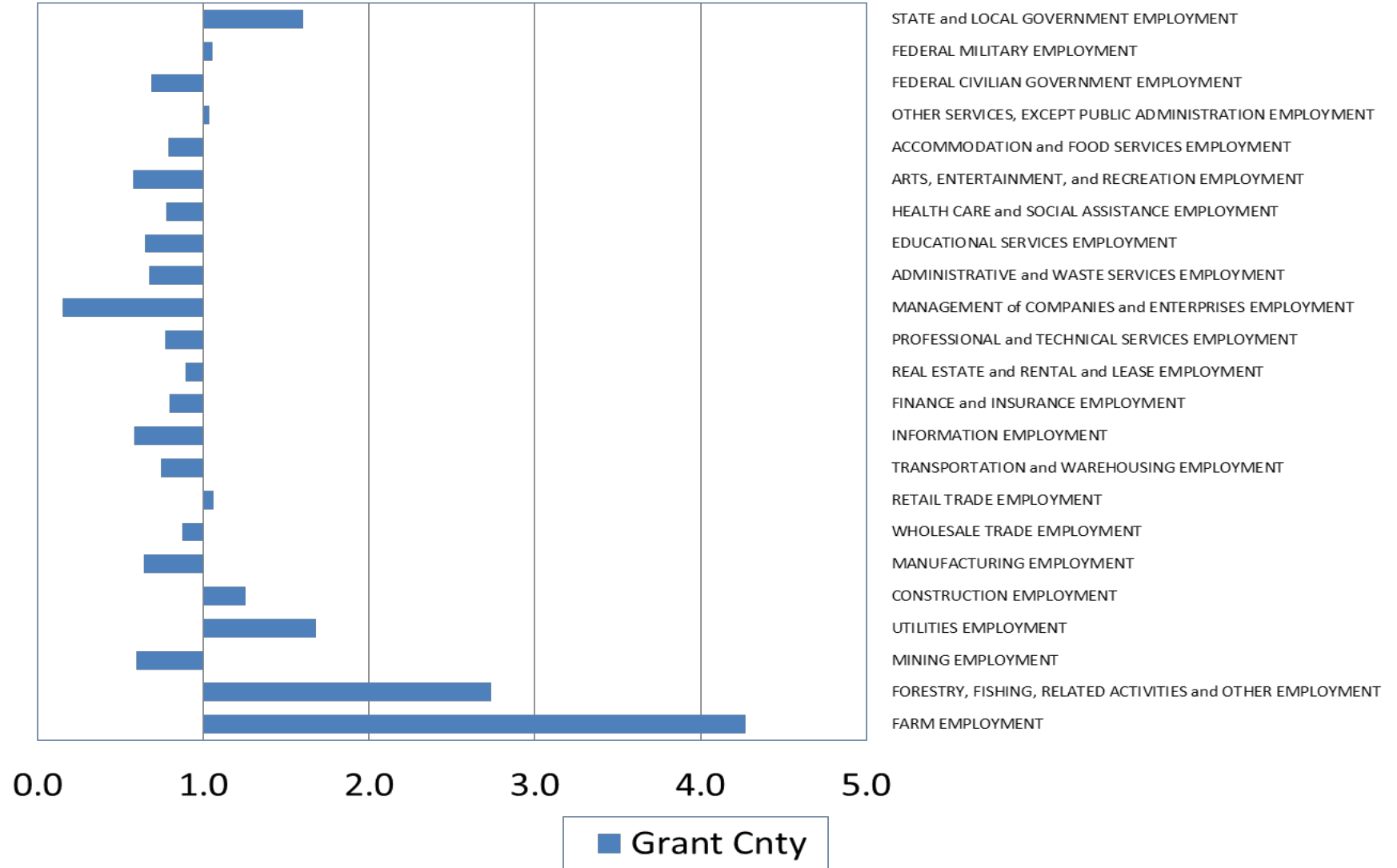


Figure 8: Location Quotients Grant County 2011 (Employment)

From an earnings perspective, we get a little bit different picture. Figure 9 illustrates LQ for tourism in “Accommodation and Food Services” was a “strength” for Grant County’s economy from 1969 to 2003. In addition, the “Arts, Entertainment and Recreation” earnings spiked in 2009. Still, tourism is not a “powerhouse” for Grant County. The difference may be the role of farming and how farm wages/salary income tends to not be included in earnings, but rather proprietor income.

**Summary**

When determining the extent to which tourism plays a part of Grant County’s economy, it’s important to remember that government and agriculture dominate all other industries.

Although the location quotient (LQ) analysis may not indicate “tourism” as a “strength” of the county, it does not diminish the importance that tourism and all other industries have in the overall health of Grant County’s economy. In fact, it may indicate that tourism is perhaps underinvested and may have untapped potential, perhaps in agri-tourism and outdoor recreation.

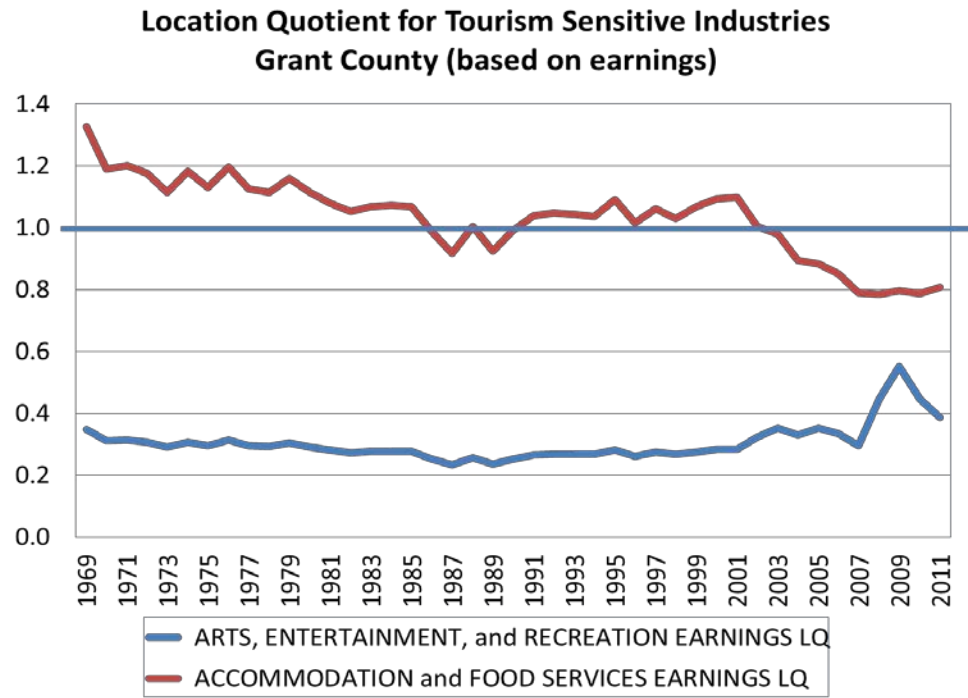


Figure 9: Location Quotient for Tourism Sensitive Industries in Grant County (based on earnings), Woods & Pool.

## Supporting Local Tourism: Tourism Grant Program

Analysis by Todd Johnson, University of Wisconsin Extension-Grant County CRD Agent/Assistant Professor

Since 2009, the Grant County Economic, Tourism & Resource Committee has provided financial support to local organizations through its Tourism Grant Program. Since its conception, the program has given \$100,000 to a wide range of activities, organizations, and facilities. In 2011, the Tourism Grant Program began collecting detailed information as to the economic impacts of those investments. The following text will illustrate the impacts of the Tourism Grant Program from January 2011 to September 2013.

### The Purpose

The purpose of the grant program is to assist Grant County based organizations in promoting a positive image to potential visitors, generate overnight visits, extend visitor stays and create a desire to return. Consideration shall be given to new and expanding projects, festivals, sports tournaments, conventions, cultural arts and special events benefiting Grant County and the region.

This is a competitive application, based on limited resource dollars and the size of the grant award is capped at \$2,500.00, per application cycle. The grants are reviewed bi-annually by the Tourism Resource Committee at the direction of the Grant County Board of Supervisors.

### Impacts: The Big Picture

The Grant County Economic, Tourism & Resource committee allocates roughly \$20,000 a year towards the Tourism Grant Program. From January 2011 to June 2013, the Committee has distributed \$49,411.00. For those organizations who have submitted a written summary report of their events/projects, \$521,991.30 of those dollars has been generated as revenue and \$148,886.71 of that as gross profit. As a whole, the Tourism Grant Program generates roughly three times the amount it distributes. Although these dollars do not flow directly into the County's coffers, it does create a positive effect on the Grant County economy.

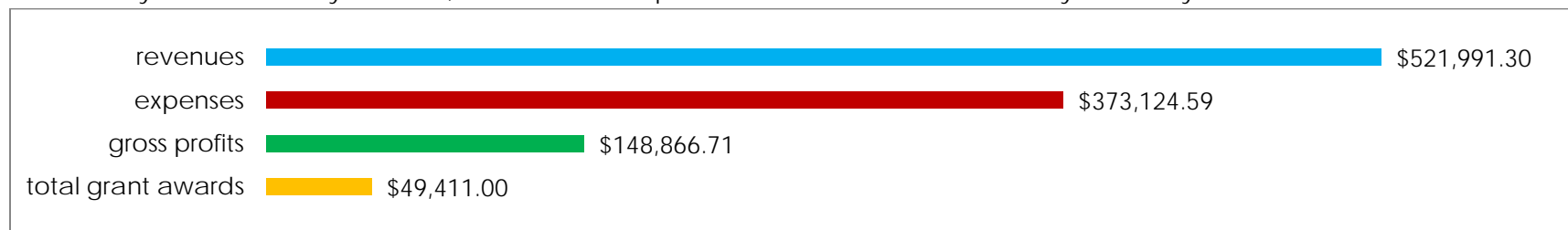


Figure 10: The Big Picture, Tourism Grant Program, January 2011 - June 2013.

Different organizations receive different amounts of funds to carry out different activities. Table 1 illustrates how much funding each organization has received from January 2011 to June 2013 and what outcomes have resulted.

	revenue	expenses	gross profit	attendees	overnights	distribution	awarded
Boscobel Fire Department	\$38,538.91	\$35,009.20	\$3,529.71	10000	86	0	\$1,500.00
Cassville Chamber-Bald Eagle Days	\$1,410.00	\$3,749.00	-\$2,339.00	500	4	0	\$1,410.00
Driftless Film Festival	\$43,499.00	\$31,300.00	\$12,199.00	2200	200	0	\$2,250.00
Friends of Fennimore	\$13,321.37	\$9,323.53	\$3,997.84	486	0	0	\$4,810.00
GCEDC	\$4,743.00	\$5,243.00	-\$500.00	0	0	15000	\$2,000.00
Grant County Historical Society	\$5,584.00	\$9,292.73	-\$3,708.73	474	0	0	\$4,760.00
Grant County Summer	\$39,016.17	\$26,244.82	\$12,771.35	1500	0	0	\$1,000.00
Grant County Tourism Council	\$17,250.00	\$14,017.00	\$3,233.00	300	0	67000	\$5,165.50
Jamison Museum Association, Inc	\$27,074.00	\$25,235.50	\$1,838.50	3825	30	0	\$1,500.00
Lancaster Chamber of Commerce	\$28,320.00	\$23,926.43	\$4,393.57	1075	6	0	\$3,415.50
Muscoda Snowmobile Club	\$1,220.00	\$618.48	\$601.52	83	10	0	\$300.00
Muskets & Memories	\$99,640.60	\$64,307.00	\$35,333.60	6000	3000	0	\$2,910.00
Oktoberfest 100	\$66,763.75	\$27,607.32	\$39,156.43	1450	350	0	\$3,500.00
Platteville Chamber of Commerce	\$16,740.00	\$17,950.00	-\$1,210.00	160	3	0	\$1,930.00
Platteville Snowmobile Club	\$5,465.00	\$2,937.07	\$2,527.93	600	0	0	\$500.00
Snoopy Sno-Goers Snowmobile Club	\$4,385.50	\$1,871.52	\$2,513.98	156	0	0	\$800.00
Stonefield Village	\$70,644.00	\$30,696.99	\$39,947.01	3361	288	0	\$9,250.00
UWP Continuing Education	\$20,036.00	\$21,347.00	-\$1,311.00	253	0	0	\$500.00
Wis. Mississippi River Parkway Comm.	\$18,340.00	\$22,448.00	-\$4,108.00	0	0	55000	\$1,910.00
<b>Total</b>	<b>\$521,991.30</b>	<b>\$373,124.59</b>	<b>\$148,866.71</b>	<b>32,423</b>	<b>3,977</b>	<b>137,000</b>	<b>\$49,411.00</b>

**Table 1: Grant Outcomes by Organization, Tourism Grant Program, January 2011-June 2013.**

It should be noted the purpose of the Tourism Grant Program is not to help organizations become profitable. In fact, the emphasis of the program is to help new organizations develop new events/projects. One might expect that those new ventures may not be expected to turn a profit. Not all of the impacts of the Tourism Grant Program can be measured by dollars. Attendance of events and distribution of marketing materials are also important factors that must be considered. The following sections will illustrate how effective the Tourism Grant Program has been in those areas.

### Impacts: Attendance

Because the Tourism Grant Program funds activities, marketing materials, and facilities, attendance is not always a direct or even a secondary result of the grant. Table 2 illustrates attendance and overnight stays generated by those events that received funding from January 2011 to June 2013.

Organization	total attendees	total overnight stays generated	total grants awarded	percentage (grant/expenses)
Muscoda Snow Sports Snowmobile Club	83	10	\$300.00	48.5%
Snoopy Sno-Goers Snowmobile Club	156	0	\$800.00	42.7%
Platteville Chamber of Commerce	160	3	\$1,930.00	10.8%
UWP Continuing Education	253	0	\$500.00	2.3%
Grant County Tourism Council	300	0	\$5,165.50	36.9%
Grant County Historical Society	474	0	\$4,760.00	51.2%
Friends of Fennimore Toy & Doll Museum	486	0	\$4,810.00	51.6%
Cassville Chamber-Bald Eagle Days	500	4	\$1,410.00	37.6%
Platteville Driftbusters Snowmobile Club	600	0	\$500.00	17.0%
Lancaster Chamber of Commerce	1075	6	\$3,415.50	14.3%
Oktoberfest 100	1450	350	\$3,500.00	12.7%
Grant County Fair-Grant County Summer	1500	0	\$1,000.00	3.8%
Driftless Film Festival	2200	200	\$2,250.00	7.2%
Stonefield Village	3361	288	\$9,250.00	30.1%
Jamison Museum Association, Inc	3825	30	\$1,500.00	5.9%
Muskets & Memories	6000	3000	\$2,910.00	4.5%
Boscobel Fire Department	10000	86	\$1,500.00	4.3%
<b>Totals</b>	<b>32,423</b>	<b>3,977</b>	<b>\$45,501.00</b>	<b>13.2%</b>

**Table 2: Attendance & Overnight Stays Generated, Tourism Grant Program, January 2011-June 2013.**

More than half of the organizations who received grants for events attracted less than 1,000 people. The organizations that attracted larger numbers of people also worked with much larger budgets in which the proportion of monies received from the grant were

small in comparison to lower-attended events. In addition, many of the larger events are the result of a very large volunteer effort. The percentage of grant monies compared to all expenses helps illustrate the importance those grant monies have on individual organizations.

**Impacts: Distribution**

Some organizations used Tourism Grant Program funds for generating and distributing marketing materials. Table 3 compares distribution to grant percentage of total expenses. Since January 2011, the Tourism Grant Program has helped distribute 137,000 publications that promote Grant County.

	distribution	total grant awards	percentage (awards/expenses)
GCEDC	15,000	\$2,000.00	38.1%
Wisconsin Mississippi River Parkway Commission (WMRPC)	55,000	\$1,910.00	8.5%
Grant County Tourism Council (GCTC)	67,000	\$5,165.50	36.9%
<b>Total</b>	<b>137,000</b>	<b>\$9,075.50</b>	<b>21.8%</b>

**Table 3: Distribution of Tourism Materials, Tourism Grant Program, January 2011-June 2013.**

It should be noted that GCEDC partners with GCTC and the Platteville Chamber of Commerce to distribute print materials to individuals as requested. The numbers indicated in Table 3 only reflect printing and distribution costs associated the Tourism Grant sponsored activities.

## Other Investments in Tourism: GCEDC, Hidden Valleys, & the Grant County Fair

Analysis by Todd Johnson, University of Wisconsin Extension-Grant County CRD Agent/Assistant Professor

### Grant County Economic Development Corporation (GCEDC)

The Grant County Economic Development Corporation (GCEDC) mission is to assist the communities of Grant County in their efforts to promote the growth and retention of business and industry, and to enhance the quality of life for its residents. GCEDC will accomplish this mission through aggressive marketing of assets and facilitating cooperation between state agencies and the communities.

As part of this mission, GCEDC recognizes tourism as an important part of economic development and has gone to great lengths to promote the County's attractions and events through its website and through direct communication with potential visitors by e-mail and phone. Of all the resources available through GCEDC's website, it is the GCTC's Travel Planner which receives the greatest attention. In 2011 alone, GCEDC's website received nearly 60,000 hits for GCTC's Travel Planner (see Figure 11).

In addition to the Travel Planner, GCEDC promotes individual communities, along with their attractions and events with its website. Visitors can find information such as: lodging, dining, outdoor adventures, history and culture, day trips, shopping, general community information, nearby attractions, and travel resources.

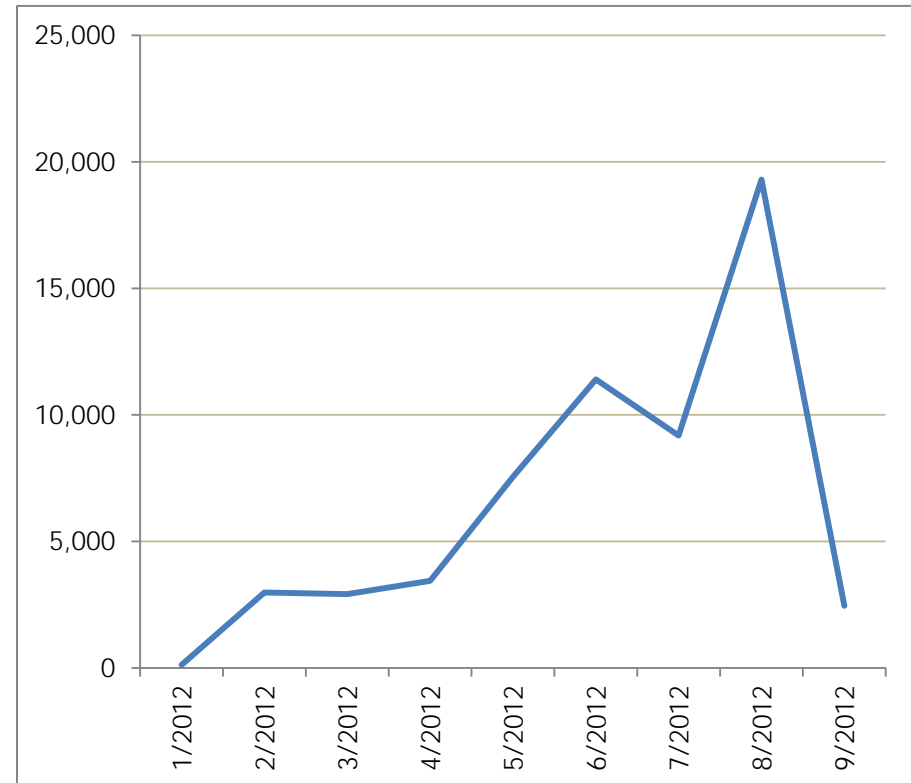


Figure 11: GCEDC Website Hits for GCTC Travel Planner, GCEDC, 2013.

**Hidden Valleys of Southwest Wisconsin**

For 36 years, Hidden Valleys has provided counties in southwestern Wisconsin with a subscription service that provides visitors information in print and electronic format. Each county pays an annual membership fee of \$.06 per capita. For Grant County, this amounts to \$3,072.48 per year.

The Hidden Valleys prints between 80,000 and 82,000 travel guides annually. The guides are delivered to all Hidden Valleys advertising clients for distribution from their place of business, at CVB sites in Freeport/Stephenson IL., Dubuque IA., in Wisconsin at: Menomonie, Beloit, Manitowoc, Kenosha, Superior, Marinette, Black River Falls as well as AAA Minneapolis, Chetek Resort Owners Association and Menasha Public Library and the chamber offices in the 9 counties represented in the guide.

Hidden Valleys also attends various trade shows during the winter. This past year Hidden Valleys attended the Milwaukee Journal/Sentinel S/S, the Rockford RV Travel Show, Rockford II, Eastern Iowa S/S in Cedar Falls, IA, the Governor’s Conference on Tourism and Trout Fest. A total of 85 cases of guides (4,250 copies) were distributed "free" to attendees at these events.

In addition, each year Hidden Valleys receives an average of 100 individual requests for guides from across the whole United States, many of which are the result of visits to the Hidden Valleys website.

**Cost Comparison**

Grant County’s current investments in the printing and distribution of promotional materials for 2011 through 2013 have amounted in 377,000 to 383,000 items at the cost of \$18,292.95 (see Table 4).

	<b>distribution</b>	<b>Cost to Grant County</b>	<b>cost per unit</b>
Hidden Valleys of Southwest Wisconsin	240,000 - 246,000	\$9,217.44	\$.04
GCEDC	15,000	\$2,000.00	\$.13
Wisconsin Mississippi River Parkway Commission (WMRPC)	55,000	\$1,910.00	\$.03
Grant County Tourism Council (GCTC)	67,000	\$5,165.50	\$.08
<b>Total</b>	<b>377,000 – 383,000</b>	<b>\$18,292.94</b>	

**Table 4: Comparative Costs for Distribution (2011-2013), Hidden Valleys, 2013 and Tourism Grant Program, 2013.**



### The Grant County Fair

County fairs are much more than investments in tourism. For over 150 years, the Grant County Fair has been a county-wide social event in which people gather to celebrate their rural culture, share ideas, and have fun. The Grant County Fair's mission is to provide a venue (facility) for healthy and supportive relationships with surrounding communities, schools, & businesses and to create positive youth experiences for all 4-H, FFA, and other youth group members through encouragement, education, and leadership. We strive to give youth the opportunity to display and show their talents, skills and accomplishments to build confidence as they grow into adults.

The Grant County Fair is owned and operated by the Grant County Board. All monies that are spent on hosting the Fair as well as any profits are controlled by the Grant County Fair Board. Figure 5 illustrates the income, expenses, and gross profits for the last five fairs.

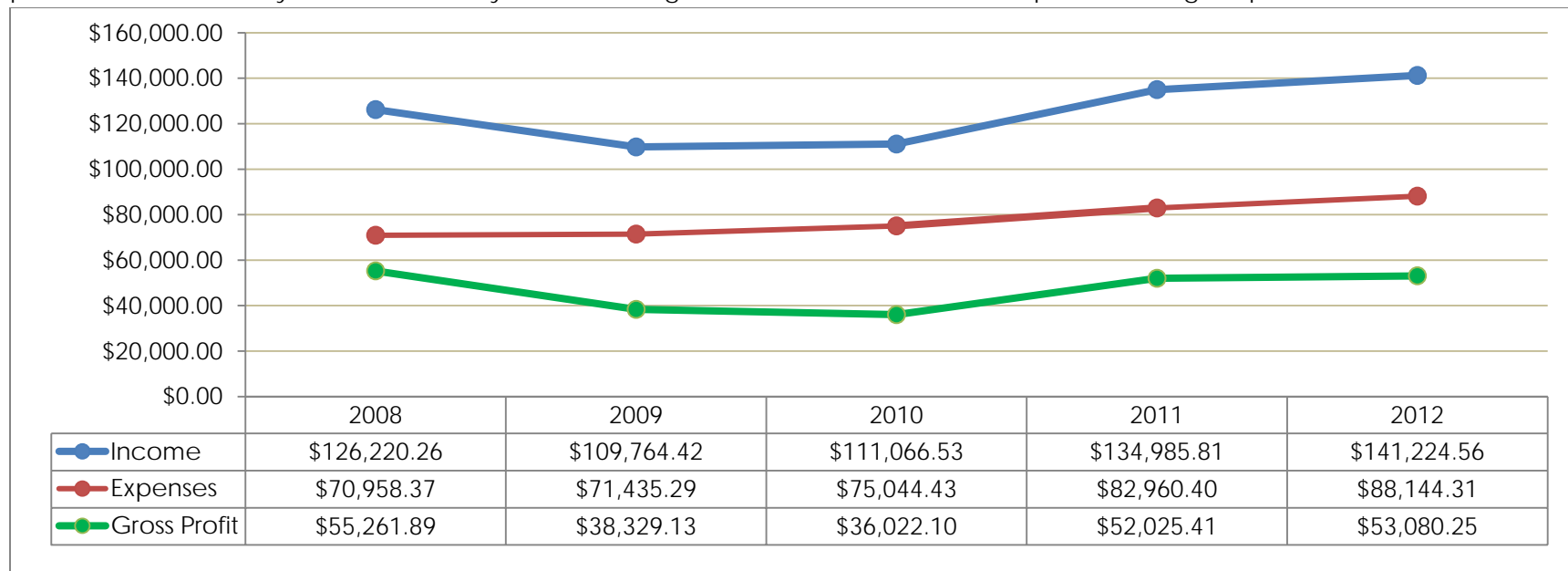


Figure 5: Grant County Fair (Income, Expenses, & Gross Profit), Grant County Fair, 2013.

While costs have steadily increased each year, revenue dipped in 2009, but quickly rebounded the very next year. The Grant County Fair appears to have successfully weathered the nation's most recent economic recession. Economic scientists have been studying the economic impacts of county fairs for years. There is a growing body of evidence that suggest that fairs provide additional secondary impacts that benefit the surrounding area. In order to conduct such a study, the Grant County Fair Board would need to make arrangements well in advance of next year's fair.

## Conclusions

The tourism industry in Wisconsin and in Grant County is growing. In fact, Grant County's tourism industry is growing faster than the state average and ranks near the top for counties in the "Driftless Area". This growth has been supported directly by the county's investments in local organizations, distribution of publications, and the Grant County Fair. While tourism may not be the strongest industry of Grant County's economy, with strategic investments, it may have potential to become more significant over time.

For questions concerning this report, please contact:

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