

VISIT  
SOUTH  
BEND

MISHAWAKA

# ECONOMIC IMPACT

OF THE SOUTH BEND MISHAWAKA AREA  
TOURISM AND TRAVEL INDUSTRY

Prepared for  
VISIT SOUTH BEND MISHAWAKA

Prepared by  
CERTEC, INC.

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2017-2019

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# EXECUTIVE SUMMARY

A detailed examination of the expenditure, employment, and tax impacts generated by the South Bend Mishawaka area tourism and travel industry, as well as the industry structure, has been conducted for Visit South Bend Mishawaka. The major findings of the 2019 study follow:

- The tourism and travel industry contributed \$1.1 billion to St. Joseph County's economy in 2019. Direct expenditures by tourists accounted for \$708.5 million of this total—a real growth of 4.7 percent annually since 2017.
- The tourism industry generated over \$266.4 million in tax revenues to government: \$100.6 million to the state, \$54.2 million locally, and \$111.5 million to the federal government.
- A total of 11,507 jobs in St. Joseph County resulted from the industry in 2019. Direct spending created 8,357 of these jobs.
- Over one-third of the jobs created were in high wage occupations.
- The tourism-generated jobs provided over \$228.4 million in wages to St. Joseph County workers—an increase of \$27.9 million over 2017 wages.
- Residents of St. Joseph County spent an additional \$131 million with the local tourism industry. This direct spending created 1,521 jobs.
- Expenditures by category showed that shopping, food and beverage, and lodging purchases accounted for three out of every four dollars spent.
- Expenditures by industry sector reflected the continued importance of the lodging and attractions sectors to the local tourism industry. Three out of every four dollars of all direct spending was from these two sectors.

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# INTRODUCTION

The purpose of this study is to quantify the magnitude of the economic impact of the South Bend Mishawaka area tourism and travel industry in 2019 and show any changes since 2017. Economic benefits begin when a traveler to the South Bend Mishawaka area, either an Indiana resident or an out-of-state visitor, spends money in the county. The typical purchases of visitors include goods and services such as lodging, food and beverages, gasoline, souvenirs, admission fees, entertainment, or other retail goods. This initial round of spending is referred to as the direct expenditures.

These direct expenditures create a ripple-like effect through the economy. The businesses receiving these dollars use them to pay wages and salaries, to purchase goods and services for the businesses, and to pay taxes. The individuals and businesses receiving these monies, in turn, spend them on goods, services, and taxes. This process is repeated through several rounds of spending until the impact becomes insignificantly small. The combined impact of these several rounds of spending is referred to as the multiplier effect.

The total economic impact of South Bend Mishawaka area tourism is the combination of the direct expenditures and the multiplier effect expressed in terms of spending, jobs, wages, and taxes. It is important to note that tourism impacts all sectors of the local economy. **Tourism continues to be a large, growing business in St. Joseph County.** The research findings in this report show the change in the importance of tourism to the economy from 2017 to 2019.

This is accomplished through the use of the Certec Model© designed for estimating tourism impacts at the state and local levels, in conjunction with an input-output model designed for estimating the indirect and induced effects of tourist spending. The procedures used are explained in detail in Appendix A.

**TABLE 1**  
**SOUTH BEND MISHAWAKA AREA TOURISM AND TRAVEL INDUSTRY ECONOMIC IMPACT - 2017 AND 2019**

	<b>2017</b>	<b>2019</b>
Total Expenditures	\$967,297,624	\$1,101,958,350
<b>Direct Expenditures</b>	<b>\$621,936,362</b>	<b>\$708,518,196</b>
Indirect Expenditures	\$345,361,262	\$393,440,154
Change Between 2017 and 2019 (Direct Expenditures Only)		7.0%
Change Between 2017 and 2019 (Adjusted for Inflation)		4.7%
Total Wages	\$200,505,867	\$228,418,957
Total Taxes	\$240,292,340	\$266,416,214
State	\$88,325,454	\$100,621,535
Local	\$47,594,749	\$54,220,572
Federal	\$104,372,137	\$111,574,107
Total Employment	10,613	11,507
<b>Jobs (Direct Expenditures)</b>	<b>7,707</b>	<b>8,357</b>
Jobs (Indirect Expenditures)	2,906	3,150

# ECONOMIC IMPACT OF TOURISM

## EXPENDITURES

The tourism and travel industry made a total contribution to St. Joseph County's economy of \$1.1 billion in 2019 (Table 1). The purchases made by travelers while in the county accounted for \$708.5 million of this total. This represents an annual increase in spending of 7.0 percent over 2017 levels. After adjusting for inflation during the two years, the annual real growth in spending was 4.7 percent.

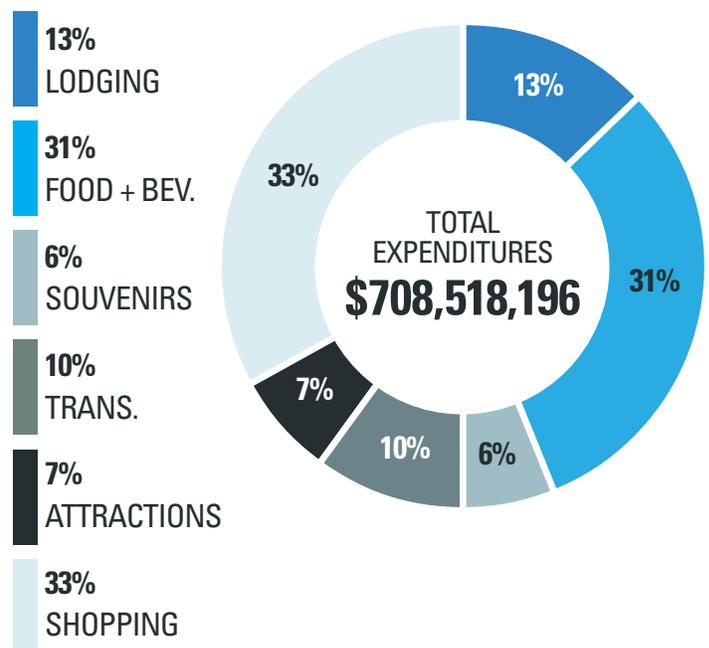
The difference between the total economic impact and the purchases of travelers was a result of the multiplier effect, i.e. the indirect expenditures. This was triggered by the initial infusion of dollars in the economy - the \$708.5 million. These direct expenditures had a ripple-like quality as they passed from one layer of the economy to the next. The magnitude of these economic benefits diminished during each round of re-spending for goods and services until only an insignificantly small sum was left. The sum of these effects for the several rounds of re-spending of the initial dollars was the total multiplier effect of \$393.4 million.

The expenditure data were further classified by type of purchase. The county-wide distribution of these expenditures is provided in Chart 1. Spending on shopping accounted for 33 percent of these \$708.5 million in direct purchases—up from 32 percent in 2017. Food and beverage accounted for nearly 31 percent of all travel expenditures. Lodging collected 13 percent, as in 2017. Transportation decreased from 11 percent of the total to 10 percent as a result of the decline in gas prices over the two year period.

Expenditures on attractions remained at seven percent. Souvenirs accounted for over six percent of the purchases.

Where does this money go once it is in the St. Joseph County economy? Many hold the idea that it all goes to the service and retail sectors to support only low wage jobs. In reality, the economic benefits to the South Bend Mishawaka area are far more widespread. It helps support dozens of local businesses that do not directly serve the county's tourists. It impacts banking, insurance, and real estate; transportation and public utilities; construction; agriculture, and manufacturing.

CHART 1  
TRAVEL EXPENDITURES BY CATEGORY



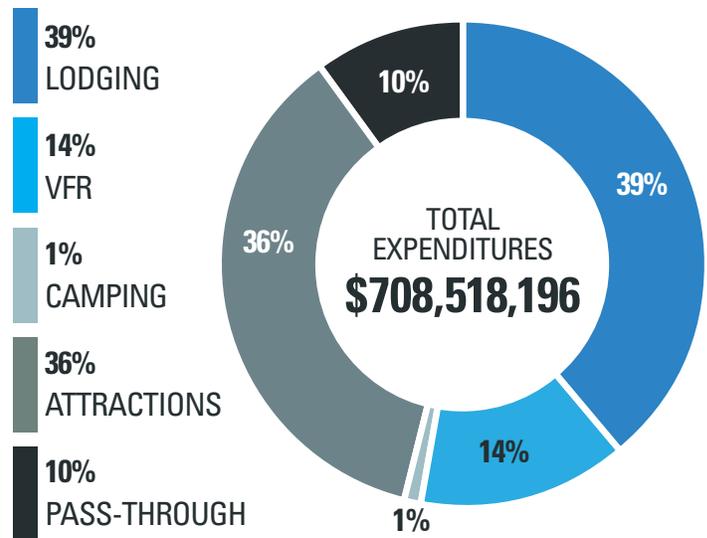
# EXPENDITURES BY SECTOR

The contribution of the individual tourism sectors to the visitor expenditures varies widely. The county wide distribution of these expenditures is provided in Chart 2. Lodging guests accounted for 39 percent of these \$708.5 million in purchases—up from 38 percent in 2017. Attraction visitors accounted for the next largest share of this spending (over 36 percent)—up from 35 percent. Those visiting friends and relatives in the county followed with nearly 14 percent of the total spending compared to 15 percent in 2017. Individuals passing through contributed nearly 10 percent. Campers provided one percent of the total.

The importance of the University of Notre Dame and other local colleges to tourism spending in the county is substantial. The visitors to these universities are woven throughout the local tourism industry. They fill rooms at many lodging properties. The universities' attractions and sports events also bring many day visitors to the county throughout the year. While in the county these travelers visit other attractions, dine in local restaurants, and shop at many retail outlets, including malls, in the area as well as purchase gasoline for their vehicles. Thus, university visitors continue to impact many segments of the local tourism economy.

The importance of the remaining lodging and attractions sectors to tourism spending in South Bend Mishawaka is also substantial. Their continued growth helps to maintain and further stimulate a healthy tourism industry in the area.

CHART 2  
TRAVEL EXPENDITURES BY INDUSTRY SECTOR



# EMPLOYMENT

In 2019, a total of 11,507 jobs (in FTEs [full time equivalents]) in St. Joseph County were due to the expenditures made in the tourism and travel industry (Table 1)—an increase of 894 jobs. These represent nearly nine percent of all jobs in the county in 2019. The 2019 direct expenditures of travelers accounted for 8,357 of these jobs.

The employment opportunities were distributed throughout the county. A number of the jobs in the community are supported, in part, by tourism. Since tourism jobs are dispersed throughout the local economy, they are more difficult to identify than factory jobs. This contributes to the misunderstanding of the size and importance of tourism to the local economy.

The individual sectors of the industry had different impacts on the creation of employment. The guests in the lodging sector lead the industry in job creation.

The expenditures of the visitors within this sector generated 4,503 jobs—an increase of 451 jobs. It was followed, in turn, by the attractions sector (4,118 jobs—an increase of 442 jobs), the VFR [visits to friends and relatives] sector (1,589 jobs), the pass-through sector (1,174 jobs), and the campground sector (123 jobs).

The jobs created by tourism can be found throughout the occupational structure, not just in the service sector (Table 2). Over one-third of the jobs resulting from tourism spending (34.8 percent) were found in the high-wage occupations of professional and technical, managerial, sales, construction, craftsman, and operatives. Tourism produces a wide range of jobs in addition to the front line personnel such as desk clerks, waiters, and ticket takers travelers most often observe.

Tourism stimulates non-tourism industries such as agriculture, fishing, meatpacking, food processing, brewing and distilling, bottling, floriculture, construction and appliance, furniture, and linen manufacture. For example, demand for hotel rooms can create demand for the services of contractors, which generates secondary demand for steel, bricks, lumber, tile, marble, glass, plumbing and air conditioning systems, elevator cars, carpets and a variety of other goods. Similarly, tourist demand for restaurant meals creates business not only for restaurants, but for producers and packagers of fresh and frozen foods, butchers, dairies, and ultimately, for manufacturers of farm implements and fertilizers. **Consequently, a healthy tourism industry means additional business for industries throughout the economy.**

**TABLE 2**  
**TOURISM GENERATED EMPLOYMENT BY OCCUPATION**

<b>OCCUPATION</b>	<b>JOBS</b>
Professional + Technical	578
Managerial	909
Marketing + Sales	1,053
Administrative Support	1,276
Construction	213
Craftsman	656
Agricultural + Forestry	294
Operatives + Fabricators	595
Laborers	440
Personal Services	5,493
<b>Total</b>	<b>11,507</b>

## WAGES

The expenditures of travelers are the business receipts of the establishments patronized. A portion of these revenues is used by the businesses to pay their employees. In 2019 every dollar spent by travelers in St. Joseph County produced an average of 20.8 cents in wage and salary income.

The total wage and salary income generated by tourism and paid by local businesses was over \$228.4 million in 2019 (Table 1)—compared to \$200.5 million in 2017. The direct purchases of travelers accounted for over \$146.9 million of this total.

# TAXES

Tourism generates state and local as well as federal tax revenues. St. Joseph County tourism expenditures resulted in the collection of over \$266.4 million in tax revenues in 2019 (Table 1)—compared to \$240.3 million in 2017. Over two-fifths (\$111.5 million) went directly to the federal government through taxes including personal and corporate income, social security, gasoline, and airline taxes.

The Indiana state treasury benefited from the addition of over \$100.6 million in tax revenues generated by tourism activity within the county—up from \$88.3 million in 2017. A major portion of these revenues were obtained through sales and excise taxes, and taxes on individual and corporate income.

Local government operations in St. Joseph County such as the cities and towns, county government, and Visit South Bend Mishawaka also benefited from tourism in the county. County and municipal governments received over \$54.2 million in tax revenues as a result of the tourism industry—an increase from the \$47.6 million in 2017. Property tax, business taxes, and the lodging room tax contributed to these local tax revenues.

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# APPENDIX A

## DATA + METHODS

In simplest terms the economic impact of tourism is a function of the number of visitors to the county and how much they spend while there. The research challenge is to accurately measure these quantities. A number of factors contribute to the complexity of this type of economic analysis.

### AMONG THESE FACTORS ARE:

- the distribution of tourism attractions and industry infrastructure in the county;
- the type of lodging facilities visitors use since this choice greatly impacts level of spending;
- the length of time the tourist spends in the county;
- the size of the travel party, and
- the reason for visiting the county.

These are a few of the critical factors affecting the spending patterns of visitors. **Only the spending of non-St. Joseph County residents is included in this research. Locals contributed an additional \$131 million in direct spending to the local tourism industry and generated 1,521 jobs.**

## BOTTOM-UP VS. TOP-DOWN MEASUREMENT

The Certec approach to this research challenge is based on information collected directly from tourists and tourism businesses (bottom-up measurement) as opposed to a procedure that relies on the extraction of information from business data

that was initially collected for a purpose other than the analysis of the tourism industry (top-down measurement).

It is the Certec position that tourism economic impact begins with the purchase of goods and services by tourists. Therefore, to most accurately measure the sum of these economic transactions requires data collected from both tourists and tourism businesses that answer questions directly related to the research task at hand.

The Certec Model© was developed in the 1970s, and updated annually, to measure the direct tourism economic impacts at the state and local levels. The data required as inputs include the spending pattern of visitors, in great detail, and business data such as rooms sold at lodging facilities and the number of visitors to attractions.

## EXPENDITURE DATA

The information on the spending pattern of travelers to the South Bend Mishawaka area is currently available for 2017 and 2019 through the research of Certec Inc. This research provides very detailed information on the spending of visitors in the area. For this project the 2020 data were adjusted to 2019 by correcting for inflation.

The expenditures per person per day were calculated.

### THEY ARE, BY SECTOR:

	<b>2017</b>	<b>2019</b>
Lodging	\$153.96	\$160.43
Attractions	\$67.71	\$70.81
VFR	\$69.49	\$72.57
Pass Through	\$38.67	\$40.26
Campground	\$55.34	\$57.69

# PARTICIPANT DAYS

The South Bend Mishawaka Area is divided into tourism sectors. Certec identified tourism and travel businesses operating in 2019 from a review of local tourism publications as well as several individual business brochures. This information was used to update the 2017 database developed for the previous year's study.

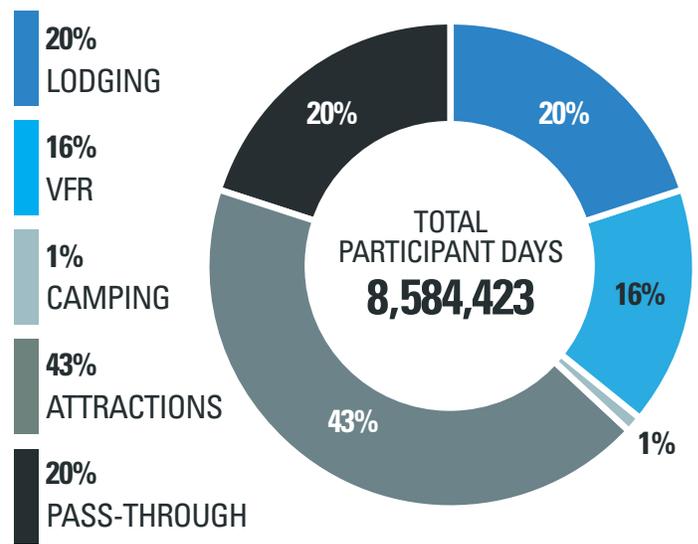
Certec designed surveys to collect business data from a stratified random sample of these businesses. The questionnaires are available in Appendix D. The information was collected through Visit South Bend Mishawaka with the assistance of Rob DeCleene, Executive Director. Mail interviews were received from the owner and/or manager of each of those establishments during the period March through July 2020. The interview had as its primary focus the number of units sold (lodging rooms) or visitors to the facility. Complete interviews were obtained from 54.5 percent of the businesses in the sample.

Once the processing of these data sets was complete, participant days by type of business were determined. The results of this analysis are presented in Chart 3. Total participant days in 2019 exceeded 8.58 million—an increase over 2017. Attractions, after adjusting for multiple visits, accounted for nearly 43 percent of all visitor days, followed by pass-through travelers (20 percent). The lodging and VFR sectors also provided a substantial number of participant days—20 percent (up from 19%) and 16 percent, respectively.

**Destination travelers to St. Joseph County totaled over 5.3 million persons (5,308,091) compared to over 4.8 million (4,815,871) in 2017—a growth of 5.1 percent annually. In addition, over 1.7 million pass-through travelers visited the county (1,744,625) compared to 1,735,945 in 2017.**

The information on participant days in Chart 3 in combination with the expenditure data in Chart 2 shows the importance of lodging guests and their much higher spending per person per day. Even though they account for less than half as many visitors to the county than does the attractions sector, the spending impact of lodging guests on the local economy is greater than that of attraction visitors. This relationship continued to strength-en between 2017 and 2019.

**CHART 3**  
**TOTAL PARTICIPANT DAYS - 2019**



## DIRECT EFFECTS

Once the basic inputs to the Model were calculated, several statistical analyses were conducted using the equations of the Certec Model©. Note that the Model was modified for use in this project to reflect the South Bend Mishawaka area tourism industry. This Model was designed to provide expenditure estimates at the sub-state (county) level for each of the industry sectors. These sub-state estimates by sector were combined to provide expenditure levels for the entire industry within the county.

# MULTIPLIER EFFECTS

The indirect and induced expenditures resulting from the initial infusion of money into the St. Joseph County economy were calculated using the RIMS II input-output (I-O) model developed by the U.S. Department of Commerce, Bureau of Economic Analysis. The output from the Certec Model© served as data input for the I-O model. The latter model provided indirect expenditures resulting from the tourism industry.

The tax revenues resulting from this industry were also estimated. State and local tax revenues as well as federal tax revenues were obtained by using sector output generated by the Certec Model© with expenditure/tax relationships derived from I-O analysis.

Estimates of tourism and travel industry employment were generated in a similar fashion. Sector output from the Certec Model© was applied to expenditure/job relationships obtained from the I-O analysis. Employment generated by direct and indirect expenditures was obtained. The I-O model relationships also allocated the total employment generated to the occupation providing the service or product.

The addition of the multiplier effects, as determined from the I-O model, to the direct effects, as determined from the Certec Model©, provided the complete picture of the economic impact of the South Bend Mishawaka area tourism and travel industry presented in this report.

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# APPENDIX B

## DEFINITION OF TERMS

<b>ATTRACTION</b>	a historic site, museum, marina, outdoor recreation area, cultural site or activity, state or national park, entertainment venue, other facility or event such as fairs and festivals which serve to motivate non-local residents to visit a particular community or county.
<b>DIRECT EXPENDITURE</b>	the exchange of money or the promise of money for goods or services while traveling in St. Joseph County, including any advance purchase of public transportation, tickets, lodging or other items normally considered an incident of travel, but which may be purchased in advance of the trip.
<b>INDIRECT EXPENDITURE</b>	the second and subsequent rounds of spending of the travel dollars (direct expenditures) in Indiana for Indiana-produced goods and services; i.e. the multiplier effect.
<b>INPUT-OUTPUT (I-O) MODEL</b>	an economic analysis method which is designed to measure the indirect and induced effects of a direct change in a region's economy.
<b>PARTICIPANT DAY</b>	an individual spending one day or part of a day at a tourism or travel facility -- for example, three visitors spending one day is equivalent to one visitor spending three days.
<b>VFR</b>	Visit to friends or relatives.

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# APPENDIX C

## FINDINGS FROM VISITOR SURVEY

The visitor survey results presented below should be interpreted with caution. They are based on a research sample that has +10 percent sampling variability. They represent only the interviewing period. Had the purpose of this survey been to document the county's market, instead of measuring visitor spending, a much larger sample of visitors would have been obtained.

South Bend Mishawaka derived a majority of its visitation from three states during the interviewing period. These three states accounted for over three-fourths of the visitors to the county. The county also received visitation from a large number of other states.

### THE STRONGEST STATE MARKETS FOR THE AREA DURING THE INTERVIEWING PERIOD ARE, IN RANK ORDER:

<b>1</b>	Indiana	41.8%
<b>2</b>	Michigan	21.8%
<b>3</b>	Ohio	12.7%
<b>4</b>	Illinois	5.4%

While these findings indicate that the county's strongest draw among travelers came from these three states the county does receive visitation from more distant locations such as Tennessee, Wisconsin, Pennsylvania, Virginia, Alabama, and Arizona. In all, visitors from fourteen different states were identified.

## DEMOGRAPHICS

The typical visitor to the South Bend Mishawaka area is most likely to be a college graduate [including post-graduates] (63.7 percent) and working in a professional/technical job (34.7 percent) or as a manager (16.4 percent). Another nine percent are retired.

### DEMOGRAPHIC OF VISITORS TO SOUTH BEND MISHAWAKA

#### EDUCATION

Post Graduate [college]	32.8%
College Graduate [Bachelors]	30.9%
High School Graduate	21.8%
Some College	14.5%

#### OCCUPATION

Professional/Technical	34.7%
Manager	16.4%
Operative	9.1%
Sales	9.1%
Retired	9.1%
Personal Service	5.4%
Clerical	5.4%
Construction	3.6%
Craftsman	3.6%
Laborer	1.8%
Transport Operative	1.8%

# TRIP CHARACTERISTICS

The destination tourism business South Bend Mishawaka enjoyed in the period studied is derived primarily from visitors in the area for a short trip of one to three nights in length (56.4%) or a day trip (38.2%). Only a few were on a vacation of four or more nights in length (1.8%). Over nine out of ten of the visitors interviewed were on one of these three trip types. Over ninety percent of those who spent the night stayed in motels (90.6%). Nationally, pleasure travel accounted for over 80 percent of the one billion plus trips in 2018. The remainder results from business travel.

Two-fifths of these travelers to South Bend Mishawaka (40%) are on their first visit to the county. This ranges from one out of seven for attraction visitors to over one out of two for motel guests. Overall, visitors have taken an average of 4.0 trips to the area in the past two years. The typical travel party has an average of 3.5 people. The average length of stay is 1.8 days.

The information sources mentioned by the respondents as most likely to be used when making travel plans include: the Internet (92.7 percent), friends and relatives (43.6 percent), a local visitor's bureau (9.1 percent), an auto club (9.1 percent), newspapers and magazines (3.6 percent), a state tourism office (1.8 percent), travel agents (1.8 percent), and other sources such as universities (5.4 percent).

Travelers visited a number of attractions in the South Bend Mishawaka area. On average a travel party visited 2.5 attractions.

## THE MOST VISITED ATTRACTIONS BY THOSE INTERVIEWED WERE:

- Potawatomi Park Zoo
- Local Restaurants
- University of Notre Dame
- Local Parks
- Sports Events
- Studebaker National Museum
- Shopping Malls
- Visits to Friends or Relatives
- History Center/Museums
- Downtown South Bend
- South Bend Chocolate Company
- St. Mary's
- Golf Courses
- State Parks.

The most frequently mentioned activities that visitors participated in while in South Bend Mishawaka were dining (50.9 percent), visiting zoo (40 percent), shopping (38.2 percent), sports tourney (21.8 percent), visiting friends and relatives (14.5 percent), biking/hiking (10.9 percent), swim (9.1 percent), visit museums (7.2 percent), golf (5.4 percent), camping (5.4 percent), and visiting winery (3.6 percent). On average a travel party participated in 2.1 activities.

# APPENDIX D

## ECONOMIC IMPACT DATA TABLES (TIME SERIES)

<b>2019 - 2011</b>	<b>2019</b>	<b>2017</b>	<b>2015</b>	<b>2013</b>	<b>2011</b>
<b>TOTAL EXPENDITURES</b>	\$1,101,958,350	\$967,297,624	\$857,734,833	\$758,308,871	\$695,353,699
<b>DIRECT EXPENDITURES</b>	<b>\$708,518,196</b>	<b>\$621,936,362</b>	<b>\$551,491,566</b>	<b>\$487,564,374</b>	<b>\$447,086,542</b>
<b>CHANGE BETWEEN YEAR PRIOR</b> (Adjusted for Inflation)	4.7%	3.0%	6.1%	2.7%	1.3%
<b>TOTAL EMPLOYMENT</b>	11,507	10,613	9,887	9,094	8,589
<b>JOBS</b> (Direct Expenditures)	<b>8,357</b>	<b>7,707</b>	<b>7,180</b>	<b>6,604</b>	<b>6,238</b>

<b>2009 - 2000</b>	<b>2009</b>	<b>2006</b>	<b>2004</b>	<b>2002</b>	<b>2000</b>
<b>TOTAL EXPENDITURES</b>	\$635,103,682	\$587,116,897	\$524,516,542	\$491,800,493	\$454,870,345
<b>DIRECT EXPENDITURES</b>	<b>\$408,348,024</b>	<b>\$377,494,308</b>	<b>\$337,244,610</b>	<b>\$308,300,209</b>	<b>\$285,149,414</b>
<b>CHANGE BETWEEN YEAR PRIOR</b> (Adjusted for Inflation)	0.0%	2.9%	1.6%	1.3%	X
<b>TOTAL EMPLOYMENT</b>	8,316	8,302	7,826	7,664	7,447
<b>JOBS</b> (Direct Expenditures)	<b>6,039</b>	<b>6,029</b>	<b>5,683</b>	<b>5,458</b>	<b>5,304</b>