



ECONOMIC IMPACT OF
PENNSYLVANIA'S HERITAGE AREAS, 2008
A STUDY IN SUCCESS

CELEBRATING PENNSYLVANIA GENERATING REVENUE

Pennsylvania is a state rich with cultural, historic, recreational, natural and scenic resources. In 1989, the Pennsylvania Heritage Areas Program was created to celebrate and protect that legacy, as well as boost the second largest industry in the state — tourism.

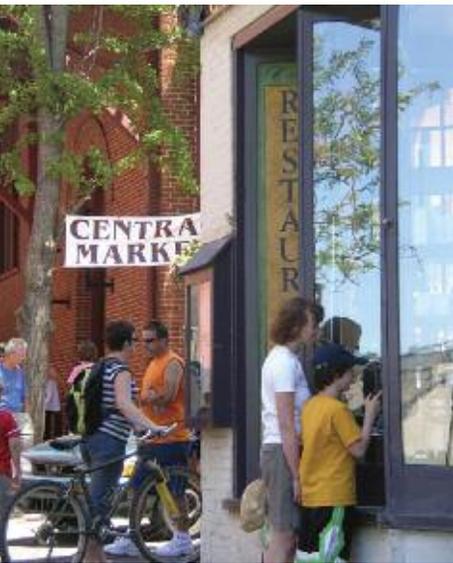
With a network of 12 state-designated heritage areas operating within the program, the question remained – how do these areas contribute financially to the state, on a regional or local scale?

In 2008, several Pennsylvania heritage areas participated in a study sponsored by **HeritagePA**, the association through which the state's heritage areas share best practices and leverage resources. As the numbers reveal, heritage areas mean business for Pennsylvania.

HERITAGE AREAS DEFINED

State heritage areas are large geographic regions or corridors of the Commonwealth that span two or more counties, and boast resources of state and national significance that personify the heritage of Pennsylvania.

Through the Pennsylvania Heritage Areas Program, each heritage area is empowered to be an innovator in regional community revitalization, heritage tourism and greenway preservation.



STUDY METHODOLOGY FROM SURVEYS TO A PROVEN MODEL

Surveys were conducted onsite at several Pennsylvania heritage area attractions primarily during August, September and October 2008. Each heritage area manager gathered visitation statistics for a total of 106 facilities and attractions where the intercept surveying took place.

Who:

Survey respondents were categorized in four groups.

- (1) Day Visitor, Local;
- (2) Day Visitor, Non-local;
- (3) Overnight Visitor, Motel; and
- (4) Overnight Visitor, Other.

How:

Survey data was paired with visitation statistics for specific sites within each heritage area and fed into an economic impact model developed by the National Park Service called Money Generation Model (MGM2). The MGM2 has been used by other heritage areas and is based on a set of complex and interrelated economic assumptions.

What:

MGM2 was used to estimate the economic impact of heritage area visitors on the local economy, such as their contribution to sales, income and jobs. Also identified were the roles that the local community and tourism businesses played in attracting and serving visitors.





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KEY FINDINGS

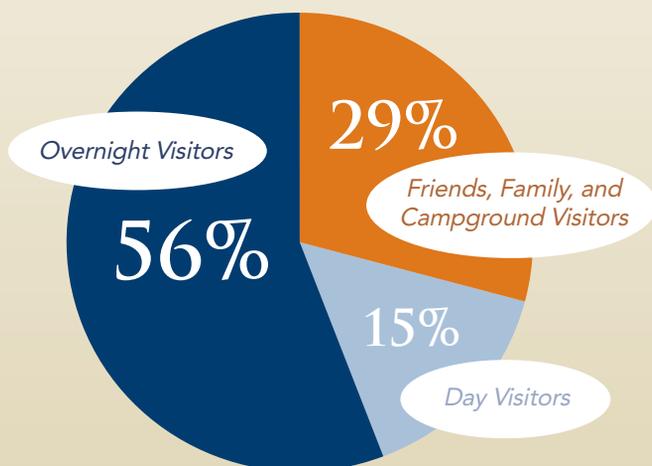
GROWTH IN REVENUE AND JOBS

Total Visitors Spending

According to the MGM2 model, visitors to the participating heritage areas spent a total of \$300.9 million in 2008.

- **56 percent**, or \$168.3 million, came from overnight visitors staying in motels, hotels, bed-and-breakfasts, and other lodging.
- **29 percent**, or \$88.0 million, came from persons staying at campgrounds, or with family and friends.
- **15 percent**, or \$44.6 million, came from out-of-town day visitors.

Note: Spending by day visitors who were local residents was not included in the calculation since their spending represents a recirculation of money already in the heritage area.



Direct Economic Effects

- Visitor spending at the participating heritage areas generated an estimated \$255.8 million in direct sales.
- Among the heritage areas, a combination of a large number of visitors and a high percentage of overnight visitors produced higher direct sales. These sales supported 4,372 jobs. The jobs generated more than \$95.8 million in salary and wages.
- On average, every \$58,500 spent by visitors supported one job in the heritage area.
- The total value added of all visitor spending, or the personal income plus rent and profits and indirect business taxes, was \$145.5 million.

Total Economic Effect

- The total direct, indirect, and induced effects of visitor spending in the participating heritage areas was \$416.9 million in sales. These sales supported 6,030 jobs. The total payroll from these jobs was \$156.4 million.
- The total value added from visitor spending in heritage areas was \$247.2 million.

VISITOR INSIGHTS

- 62 percent of respondents said the attraction they were visiting or planned to visit was the primary reason for their trip to the heritage area.
- 60 percent of all surveyed visitors were day visitors.
- The typical day visitor spent, on average, 5.1 hours at the heritage area.
- Overnight visitors accounted for 40% of the respondents. Their average stay was 2.6 days.



FINANCIALLY SPEAKING*

Value Added

Personal income plus rents and profits and indirect business taxes. It is the value added by the region to the final good or service being produced. Value-added can also be defined as the final price of the good or service minus the costs of all of the non-labor inputs to production.

Direct Economic Effects

Changes in sales, income and jobs in those businesses that directly sell goods or services to visitors.

Induced Economic Effects

Changes in economic activity in the region resulting from household spending of income earned through direct or indirect effects. For example, motel and linen supply employees who live in the region spend their income on housing, groceries, education, clothing and other goods and services, thereby creating sales and jobs in these sectors.

Indirect Economic Effects

Changes in sales, income and jobs within industries that supply goods and services to businesses that sell directly to visitors. For example, linen suppliers benefit from visitor spending at lodging establishments.

*Source: Daniel Stynes, and Ya-Yen Sun, "Economic Impact of National Heritage Area Visitor Spending: Summary Results from Seven National Heritage Area Visitor Survey." June 2004

CONCLUSION

HERITAGE AREAS THRIVE EVEN IN A WEAK NATIONAL ECONOMY.

Although 2008 was a difficult economic period for the U.S., Pennsylvania's participating heritage areas hosted more than 18.0 million visitors; 32 percent of these visitors were from outside Pennsylvania.

The majority of Heritage Area visitors stay overnight. Aggressively marketing these areas to that group of visitors would increase the economic impact significantly. For example, a 1 percentage point increase in overnight visitors staying in motels would generate an additional \$6.6 million in sales, which would support 113 new jobs.

It behooves Pennsylvania to support its heritage areas, as these areas draw large crowds even during a weak national economy, and contribute significantly to the local and regional economy.

THE BOTTOM LINE

PENNSYLVANIA'S HERITAGE AREAS ARE GOOD FOR BUSINESS.

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