

# MOTORCOACH MARKET

## MOTORCOACH GROUP TOURISM HELPS DRIVE NORTH CAROLINA'S ECONOMY

Companies that provide services to group tourists are a critical part of North Carolina's economy. Motorcoach operators, hotels, entertainment venues, restaurants and retailers who serve these travelers, along with the companies that supply services and materials to them, provide well-paying jobs in North Carolina and pay significant taxes to state and local governments.

This analysis estimates that North Carolina serves a total of 3,907,200 motorcoach group tourist equivalent people on day trips, and an additional 1,303,600 on overnight stays, for a total of 5,210,800 group tour visitors.<sup>1</sup> It is important to note that these estimates of "group tour visitors" should be used for comparative and trending purposes only and do not represent a count of individuals. It is estimated that approximately 148,900 equivalent motorcoaches visited North Carolina in 2016.<sup>2</sup>

Hotels in North Carolina provide group motorcoach tourists with an estimated 1,836,300 room nights annually.<sup>3</sup>

Overall sales in North Carolina coming from motorcoach tourists totaled \$1.80 billion.

### What is the Effect of a Motorcoach In North Carolina?

1. Approximately 35 equivalent visitors, of which 75.0 percent were on day trips and 25.0 on overnight visits.
2. Approximately \$12,100 in local sales.
3. Approximately 12.3 room nights (double occupancy).
4. For every 8.2 motorcoaches operating, 1 job is created in the state.

Companies in North Carolina that provide motorcoach services to tourists employ as many as 1,893 people. In addition, companies that supply services to motorcoach passengers; such as hotels, restaurants and entertainment venues, employ as many as 16,290 people in the state.<sup>4</sup> These are good jobs paying an average of \$31,800 in wages and benefits.<sup>5</sup>

### Economic Contribution of Motorcoach Group Tourism in North Carolina (2016)

	Direct	Supplier	Induced	Total
<b>Economic Impact</b>	\$1,364,062,900	\$898,245,900	\$1,351,041,800	\$3,613,350,600
<b>Jobs</b>	18,183	5,334	7,713	31,230
<b>Wages</b>	\$578,212,100	\$273,401,300	\$379,894,500	\$1,231,507,900

Not only does the motorcoach group tour industry create good jobs in North Carolina, but it contributes to the economy as a whole. In 2016, about 23,517 people were directly supported or worked for firms that supplied goods and services to companies working with motorcoach passengers.<sup>6</sup> These include a wide range of companies from wholesalers, to banks, to laundries, to fueling stations. All told, nearly \$3.61 billion in total economic activity in North Carolina can be attributed to the motorcoach group tourism industry.<sup>7</sup>

<sup>1</sup> Visitors or visitor equivalents, as reported in this analysis denote average representative visitors, and not a direct count of people visiting or staying in North Carolina. These are modeled data based on the American Bus Association Foundation's 2016 Economic Impact Analysis and are not based on data gathered directly from visitors, tour operators or hotels as part of a census or survey.  
<sup>2</sup> See Methodology. This is not a count of motorcoaches but represents total aggregate of modeled or "representative" motorcoaches each carrying 35 passengers to or through the community.  
<sup>3</sup> One hotel room occupied for one night at double occupancy. Room nights are based on national average tour passenger loads and a national median tour length of 4.0 nights.  
<sup>4</sup> Job totals represent FTE (full-time equivalent) employees.  
<sup>5</sup> Economic Impact of the Motorcoach Travel and Tourism Industry: 2016, John Dunham & Associates, New York, 2017.  
<sup>6</sup> This figure includes those employed in either the motorcoach group tour direct or supplier industries.  
<sup>7</sup> Ibid.

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North Carolina ranks 17 out of 51 in terms of total economic impact for the USA. Comparative states include Nevada (18) and New Jersey (16) and other Travel South USA states including Georgia (12) and Tennessee(24).

**SOURCES**

John Dunham & Associates, Inc. New York

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	Jobs	Wages	Economic Impact
<b>Direct Economic Impact</b>			
Motorcoaches	1,893	\$112,470,300	\$295,147,600
Hotel/Lodging	4,025	\$114,800,800	\$378,084,800
Eating and Drinking States	6,025	\$117,903,500	\$247,131,000
Entertainment and Amusement	3,722	\$170,687,700	\$370,677,500
Retail	755	\$21,331,000	\$13,182,000
All Other	1,763	\$41,018,800	\$59,840,000
<b>Total</b>	<b>18,183</b>	<b>\$578,212,100</b>	<b>\$1,364,062,900</b>
<b>Supplier Economic Impact</b>			
Agriculture	129	\$6,240,000	\$25,272,900
Mining	17	\$435,100	\$3,938,800
Construction	166	\$7,411,700	\$26,542,900
Manufacturing	390	\$28,024,400	\$201,752,600
Transportation and Communication	726	\$41,284,600	\$167,413,000
Wholesaling	148	\$12,267,000	\$34,395,200
Retailing	242	\$6,553,600	\$17,414,400
Finance, Insurance and Real Estate	694	\$35,831,000	\$163,182,500
Travel and Entertainment	774	\$22,682,300	\$43,211,400
Business and Personal Services	1,814	\$93,557,300	\$182,945,800
Government	234	\$19,114,300	\$32,176,400
<b>Total</b>	<b>5,334</b>	<b>\$273,401,300</b>	<b>\$898,245,900</b>
<b>Induced Economic Impact</b>			
Agriculture	175	\$9,013,900	\$36,403,200
Mining	12	\$286,500	\$3,063,200
Construction	105	\$4,599,200	\$17,158,800
Manufacturing	427	\$33,017,300	\$278,690,200
Transportation and Communication	423	\$31,402,800	\$152,391,900
Wholesaling	262	\$21,801,000	\$60,929,600
Retailing	930	\$30,092,200	\$66,579,200
Finance, Insurance and Real Estate	996	\$59,563,500	\$348,077,700
Travel and Entertainment	787	\$15,966,700	\$48,492,400
Business and Personal Services	3,365	\$166,052,800	\$315,725,000
Government	87	\$5,799,700	\$17,832,800
Other	144	\$2,298,900	\$5,697,800
<b>Total</b>	<b>7,713</b>	<b>\$379,894,500</b>	<b>\$1,351,041,800</b>
<b>Total Economic Impact</b>	<b>31,230</b>	<b>\$1,231,507,900</b>	<b>\$3,613,350,600</b>

## Methodology

The American Bus Association Foundation Motorcoach Group Tourism Economic Impact Study estimates the economic contributions made by the motorcoach group tour industry to the U.S. economy in 2016. John Dunham & Associates conducted this research, which was funded by the American Bus Association Foundation (ABAF). This study uses standard econometric models that were first developed by the U.S. Forest Service, and now maintained by IMPLAN LLC. Data came from industry sources, government publications and Infogroup.<sup>8</sup>

The study defines the motorcoach group tour industry as those firms primarily engaged in motorcoach charter, sightseeing, or packaged tour transportation services; and those which provide accommodations, food, entertainment and retail opportunities to the passengers carried on the motorcoaches.<sup>9</sup> The study measures the number of jobs in this industry, the wages and benefits paid to employees, and total output.

Industries are linked to each other when one industry buys from another to produce its own products. Each industry in turn makes purchases from a different mix of other industries, and so on. Employees in all industries extend the economic impact when they spend their earnings. Thus, the economic activity of the motorcoach travel and tourism industry generates output (and jobs) across hundreds of other industries, often in states far removed from the original economic activity. The impact of supplier firms, and the “Induced Impact” of the re-spending by employees of industry and supplier firms, is calculated using an input/output model of the United States. The study calculates the impact on a national basis, by state, county, Census State and Congressional District.

North Carolina estimates are based on a geographic model of the location of various travel based businesses (like hotels, restaurants and venues), and a motorcoach transportation model that places each of the motorcoaches used in the analysis (charter, scheduled service and tour services) somewhere in a geographic location no greater than 300 miles from its base of operation. The overlapping motorcoach operation areas are used to estimate the number of motorcoach equivalents in each zip code in the country. Data from the ABAF’s Motorcoach Group Tourism model developed at the state level was then allocated by zip code based on an index equal to the number of representative coaches and each of the tourism job categories. Therefore, if 10 percent of a state’s motorcoach activity is in a certain zip code, then 10 percent of the impact is allocated there. Motorcoach group tour passenger equivalents<sup>10</sup> are equal to the number of representative coaches multiplied by 35 passengers.<sup>11</sup>

Tourism-based jobs (including hotel, amusement and retail jobs) are allocated to each location based on the relative weighting of hotel and retail jobs per capita in each individual community, with the motorcoach percentage and the type of establishment derived from a survey of tour and venue operators.

From a national perspective, as well as a localized one, the ABAF model represents group tour visitors on a standardized basis that may not coincide exactly with local estimates. This provides reasonable comparisons and economic impact modeling within geographic regions of variable sizes.

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<sup>8</sup> Infogroup is the leading provider of business and consumer data for the top search engines and leading in-car navigation systems in North America. Infogroup gathers data from a variety of sources, by sourcing, refining, matching, appending, filtering, and delivering the best quality data. Infogroup verifies its data at the rate of almost 100,000 phone calls per day to ensure absolute accuracy.

<sup>9</sup> A limited amount of motorcoach charter service may consist of local group transportation and not necessarily tourism; for example, a high school sports team chartering a motorcoach to travel to a tournament.

<sup>10</sup> Visitors represent aggregated portions of an individual passenger on a motorcoach tour. In other words, a given geographic region may only be assigned a piece of a group tour visitor since they represent different types of economic impact in the same tour. By counting passengers as pieces, we are able to accurately estimate economic impact and room nights. However, estimations above for total “group tour visitors” should not be construed or represented as a specific count of individuals. This number represents the pieces of group tour visitors assigned to a given geographic region. The estimations for group tour visitors are provided for comparison and trending purposes only.

<sup>11</sup> This figure was derived in 2014 and was held consistent in the 2016 model.

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This model was prepared for the American Bus Association Foundation by John Dunham & Associates, an economic consulting firm. For more detail on the model please contact JDA at [admin@guerrillaeconomics.com](mailto:admin@guerrillaeconomics.com).

### SOURCES

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