

# THE ECONOMIC IMPACT OF BEER TOURISM IN KENT COUNTY, MICHIGAN

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## EXECUTIVE SUMMARY

Kent County craft beer tourism (a type of tourism that barely existed less than a decade ago) not only contributes to the growing perception of Grand Rapids as a thriving, vibrant community, but is also estimated to support or contribute:

- 171 additional jobs in Kent County
- \$12.23 million in economic output in Kent County
- direct spending of \$7.05 million
- 14,000 hotel nights at an average of \$148 per night
- 42,246 visitors with over 13,000 from outside Michigan
- an average of 3.7 breweries visited per beer tourist
- 12,100 individuals who visit at least 5 breweries

## TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	1
BEER TOURISM .....	3
Survey Summary .....	3
Economic Effect .....	6
CONCLUSION .....	9
APPENDICES .....	10
Appendix A.....	10
Appendix B.....	11

## FIGURES

Figure 1: Where Beer Tourists Come From .....	4
Figure 2: Duration of Visit by Beer Tourists.....	4
Figure 3: Beer Tourists' Average Daily Spending.....	5
Figure 4: Number of Breweries Visited by Beer Tourists .....	6

## TABLES

Table 1: Average Total Spending per Beer Tourism Visit.....	6
Table 2: Average Total Spending per Beer Tourism Visit.....	7
Table 3: Average Daily Spending per Person per Beer Tourism Visit .....	7
Table 4: Estimated Total Direct Spending Due to Beer Tourism .....	8
Table 5: Total Economic Impact of Beer Tourists .....	8

## BEER TOURISM

The growth of the local craft brewing industry over the past few years has led to an influx of visitors to West Michigan. These “beer tourists” generate an impact on the local economy through their spending on goods and services in the local community. This report details the economic effect of beer tourism in Kent County.

To determine the economic impact of beer tourism, two brief questionnaires were developed (see Appendices A and B). The survey processes and the content of the questionnaires were reviewed and approved by the Grand Valley State University Human Research Review Committee. For one questionnaire, surveys were performed on city sidewalks close to, though not directly outside of, area breweries. Individuals passing that location were randomly selected by asking every third one to fill out a survey. Only individuals 21 years and older were surveyed, and all potential respondents were informed that answering the questionnaire was voluntary. The days of the week, times of day, and location of surveying were also varied to compile a representative sample of beer consumers. This included 458 valid surveys filled out of which 129 surveys were filled out by visitors here primarily for beer tourism. Surveying was undertaken during the spring and summer of 2015. For the other questionnaire, surveys were performed at the 2015 Michigan Winter Beer Festival held in Comstock Park, MI, using a similar approach to obtain a representative sample.

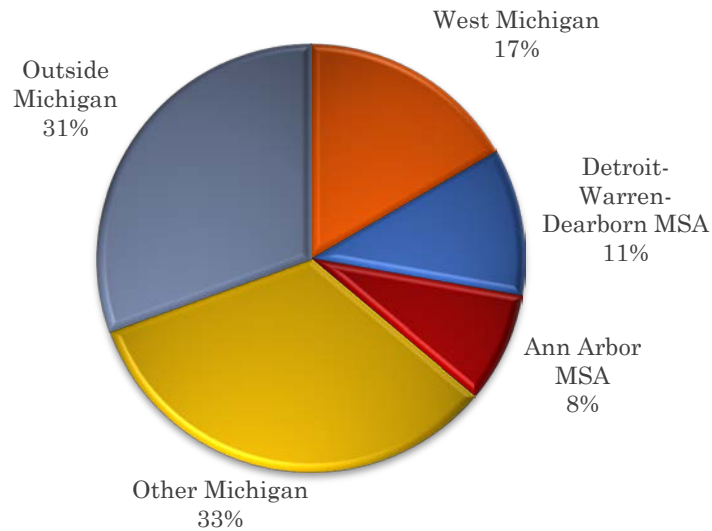
### Survey Summary

To determine the economic effect of spending from beer tourism, questionnaire respondents who can be considered to be “beer tourists” had to be differentiated from other beer consumers. This was accomplished by asking (i) for the respondents home ZIP code, (ii) if they were staying overnight in the area, and (iii) if craft beer was the primary reason for their visit. Beer tourists were then defined as those respondents who said that craft beer was the primary reason for their visit *and* who either live outside of West Michigan or live in West Michigan but were choosing to stay at a local hotel/motel for the night. Thus, beer consumers who are not classified as beer tourists are either West Michigan residents who are not spending the night in a hotel/motel, or visitors from outside West Michigan for whom local craft beers are not the primary purpose for their visit.

Figure 1 shows the geographic origin of the survey respondents that were identified as beer tourists. About 17% are from West Michigan. Of those visiting from outside the region, the majority come from elsewhere in Michigan, with the largest concentration coming from the Greater Detroit area (identified as the Detroit-

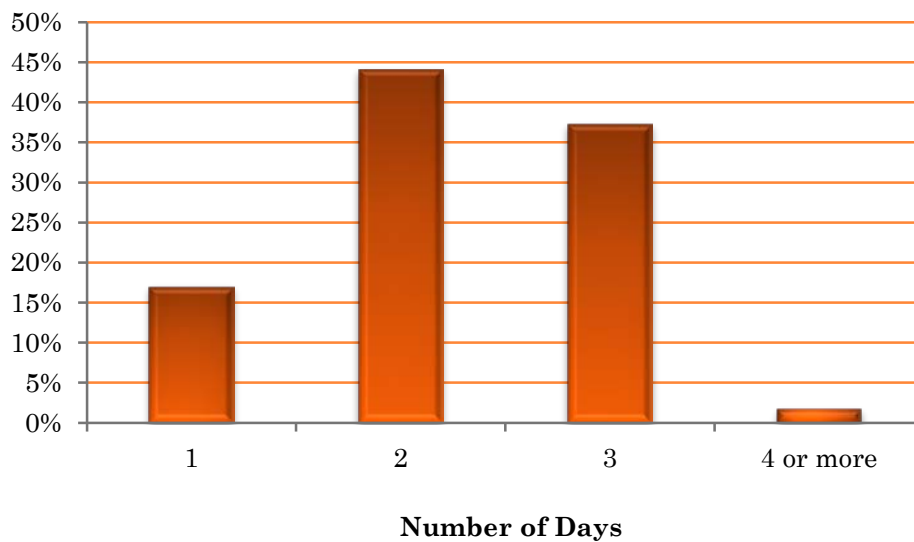
Warren-Dearborn Metropolitan Statistical Area). Approximately 31% of beer tourists visit from outside of Michigan.

**Figure 1: Where Beer Tourists Come From**



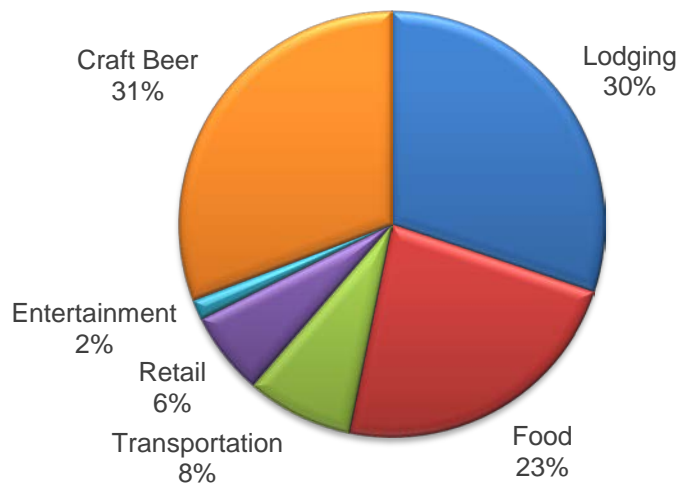
To estimate the impact of beer tourists, information is needed on how long they stay in the area. Respondents were asked to report the length of their stay. The results are shown in Figure 2. The vast majority of beer tourists visited for at least two days, with an arithmetic mean length of stay of 2.27 days.

**Figure 2: Duration of Visit by Beer Tourists**

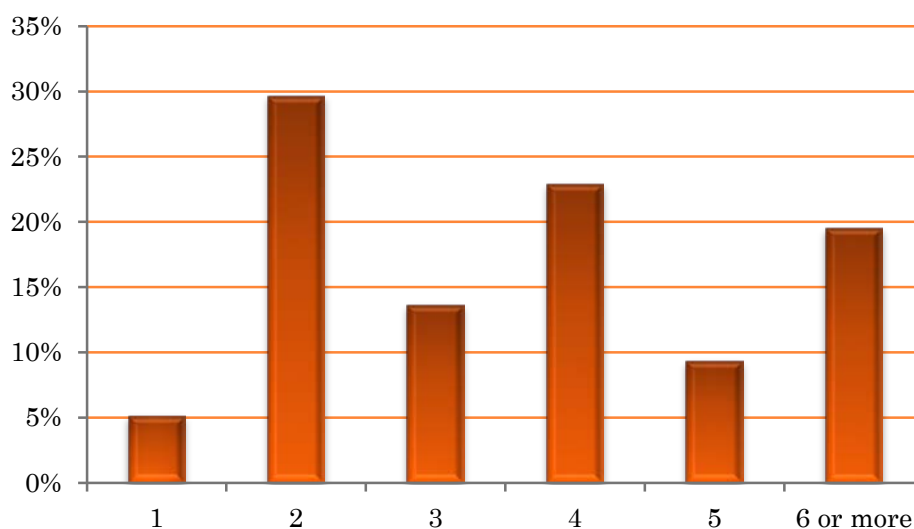


Spending by beer tourists is also needed to estimate their economic impact, and identifying the distribution of spending by category allows for a much more accurate analysis. With this in mind, visitors were asked to estimate their total spending in different categories. Figure 3 illustrates the average daily spending by all beer tourists, broken up by percentage across the categories. Respondents were directly asked to estimate their spending on Craft Beer, Lodging, Transportation, Food, Retail, and Entertainment. Consumption of locally produced craft beer accounts for approximately 31% of total expenditures by visitors. Lodging is the second largest expenditure by beer tourists at 30% with food comprising 23% of their spending. Tourists also spent money on transportation, retail, and entertainment, though to a lesser extent than for the aforementioned categories.

**Figure 3: Beer Tourists' Average Daily Spending**



Survey respondents were also asked how many local craft breweries they were visiting on their current trip. As Figure 4 indicates, approximately 30% of beer tourists indicated that they were visiting two area breweries, while a comparable number indicated that they were visiting five or more breweries. The mean number of breweries visited by beer tourists is 3.7.

**Figure 4: Number of Breweries Visited by Beer Tourists**

## Economic Effect

Table 1 shows the average total spending per beer tourism visit across the different categories of consumption.

**Table 1: Average Total Spending per Beer Tourism Visit**

Activity	Spending (per person)	Spending (by party)
Craft Beer	\$53.78	\$176.41
Lodging	\$52.66	\$172.72
Food	\$40.34	\$132.32
Transportation	\$14.13	\$46.33
Retail	\$11.10	\$36.40
Entertainment	\$2.66	\$8.74
<b>Total</b>	<b>\$174.67</b>	<b>\$572.92</b>

Thus those survey respondents who fit the definition of beer tourist reported that their party spent an average of about \$175 spent on locally produced craft beer.

Table 1 includes some beer tourists who paid for accommodation in the area as well as those who did not spend the night or who reported spending the night with family/friends. Looking only at the beer tourists who reported staying at area hotels/motels, gives the average total spending per visit shown in Table 2:

**Table 2: Average Total Spending per Beer Tourism Visit**  
(by those staying in hotels/motels)

<b>Activity</b>	<b>Spending (per person)</b>	<b>Spending (by Party)</b>
Craft Beer	\$46.46	\$236.52
Lodging	\$73.99	\$376.70
Food	\$54.14	\$275.61
Transportation	\$12.06	\$61.41
Retail	\$7.40	\$37.67
Entertainment	\$1.96	\$10.00
<b>Total</b>	<b>\$196.01</b>	<b>\$997.89</b>

Thus, beer tourists who stayed in area hotels/motels reported that their party spent an average of about \$377 spent on lodging in West Michigan. These parties reported spending approximately \$237 on locally produced craft beer.

The beer tourist survey respondents as a whole (regardless of where they stayed) indicated an average party size of 3.28 people (family and/or friends). This likely includes some individuals who are not beer consumers but who are accompanying beer tourists during their visit to West Michigan. However, the total spending by the entire group is needed to estimate the economic impact of beer tourism. Taking into account each respondent's party size and the duration of their visit, the beer tourists' spending averaged out per person and per day is shown in Table 3.

**Table 3: Average Daily Spending per Person per Beer Tourism Visit**

<b>Activity</b>	<b>Spending</b>
Craft Beer	\$23.69
Lodging	\$23.20
Food	\$17.77
Transportation	\$6.22
Retail	\$4.89
Entertainment	\$1.17
<b>Total</b>	<b>\$76.95</b>

Along with sales data provided by area breweries, the survey data was used to estimate that in aggregate, 42,246 visitors spend a total of 91,675 days in Kent County for beer tourism<sup>1</sup>. Approximately 15% of these visitors were in the area to attend one of the various beer festivals held locally (such as the Michigan Brewers Guild's Winter Beer Festival and Founders Brewing Company's Founders Fest)

<sup>1</sup>These values are based on the 18% of survey respondents who fit the definition of beer tourist. However, approximately 31% of survey respondents are visitors to the area who are consuming craft beer but who do not fit the definition of beer tourist. Although craft beer was not the primary motivation for the latter group's visit, locally-produced craft beers may be a contributing factor to the decision to visit the Grand Rapids area.



while 85% of beer tourists came to the area specifically to visit local craft breweries. Applying these figures to the data in Table 1 yields the following estimations of direct spending by beer tourists to the area annually, as summarized in Table 2:

**Table 4: Estimated Total Direct Spending Due to Beer Tourism**

<b>Activity</b>	<b>Spending</b>
Craft Beer	\$2,172,038
Lodging	\$2,126,600
Food	\$1,629,262
Retail	\$448,142
Transportation	\$570,459
Entertainment	\$107,586
<b>Total</b>	<b>\$7,054,087</b>

Direct spending by beer tourists also leads to indirect and induced spending. For example, a beer tourist buys beer at a local brewery (direct spending). That brewery then purchases supplies from local distributors (indirect spending). Brewery owners and employees receive more income from the spending of beer tourists, and they spend some of that greater income in area stores (induced spending).

The dollar value and effect on employment of indirect and induced spending can be estimated using the Regional Input-Output Modeling System (RIMS II) multipliers developed by the U.S. Department of Commerce's Bureau of Economic Analysis. In this way, the total impact of beer tourists to the area can be calculated. The total economic impact of beer tourism on Kent County is given in Table 5.

**Table 5: Total Economic Impact of Beer Tourists**

<b>Category</b>	<b>Impact</b>
Direct Spending	\$7,054,087
Indirect and Induced Spending	\$5,172,457
<b>Total Output</b>	<b>\$12,226,544</b>
<b>Total Earnings</b>	<b>\$3,325,703</b>
<b>Total Employment Generated</b>	<b>171</b>

Thus, the estimated annual effect specifically from beer tourism in Kent County is approximately \$12.23 million in additional production of goods and services, \$3.33 million in additional earnings, and 171 in additional employment.

## CONCLUSION

Beer tourism is a growing part of the economic mix in the Grand Rapids area. Currently this includes over 42,000 visitors primarily for the purpose of beer tourism with over 13,000 individuals traveling from outside of Michigan. Their direct spending makes up 0.5% of the Grand Rapids Wyoming spending on accommodations and food services. If we assume double occupancy, this generated over 14,000 hotel nights at an average of \$148 per night spent on the room. The total impact of these beer tourists is now over \$12 million per year.

## APPENDICES

### Appendix A

#### **Beer Consumer Survey**

(conducted near breweries)

1. What is the ZIP code (or foreign country) where you live? \_\_\_\_\_
2. Are you staying overnight in the Grand Rapids area, other than at home? Yes No
3. Staying in a... Hotel/motel? With family/friends? Other?: \_\_\_\_\_
4. How many nights are you staying? 0 1 2 3 Other: \_\_\_\_\_
5. Including yourself, how many people are in your party (e.g. family members, friends, etc.)? \_\_\_\_\_
6. How many Grand Rapids area craft breweries are you visiting on this trip? 0 1  
2 Other: \_\_\_\_\_
7. Have you made other visits to the Grand Rapids area in the last year because of craft beer? Yes No
8. How many nights in total did you stay for those visits? \_\_\_\_\_
9. Are craft beers the primary reason you are currently in the Grand Rapids area?  
Yes No
10. Please estimate the total amount your **entire** party will likely spend on your current visit to this area for...  
Locally produced craft beer: \$\_\_\_\_\_ Other food and drink: \$\_\_\_\_\_  
Lodging: \$\_\_\_\_\_ Transportation (car rental, gas, taxi, etc.): \$\_\_\_\_\_  
Entertainment (sporting events, concerts, etc.): \$\_\_\_\_\_  
Retail spending on goods/services: \$\_\_\_\_\_ Other (specify category): \$\_\_\_\_\_
11. Which category best describes your annual household income before taxes? (Please check one)
 

<input type="checkbox"/> Less than \$24,999	<input type="checkbox"/> \$25,000 to \$49,999	<input type="checkbox"/> \$50,000 to \$99,999
<input type="checkbox"/> \$100,000 to \$149,999	<input type="checkbox"/> \$150,000 or more	<input type="checkbox"/> I prefer not to answer

## Appendix B

### Beer Consumer Survey

(conducted at 2015 Michigan Winter Beer Festival)

1. What is the ZIP code (or foreign country) where you live? \_\_\_\_\_
2. Are you staying overnight in the Grand Rapids area, other than at home? Yes No
3. Staying in a... Hotel/motel? With family/friends? Other?: \_\_\_\_\_
4. How many nights are you staying? 0 1 2 3 Other: \_\_\_\_\_
5. Including yourself, how many people are in your party (e.g. family members, friends, etc.)? \_\_\_\_\_
6. How many Grand Rapids area craft breweries are you visiting on this trip? 0 1  
2 Other: \_\_\_\_\_
7. Have you made other visits to the Grand Rapids area in the last year because of craft beer? Yes No
8. How many nights in total did you stay for those visits? \_\_\_\_\_
9. Is the Winter Beer Festival the primary reason you are currently in the Grand Rapids area? Yes No
10. Please estimate the total amount your **entire** party will likely spend on your current visit to this area for...  
Locally produced craft beer: \$\_\_\_\_\_ Other food and drink: \$\_\_\_\_\_  
Lodging: \$\_\_\_\_\_ Transportation (car rental, gas, taxi, etc.): \$\_\_\_\_\_  
Entertainment (sporting events, concerts, etc.): \$\_\_\_\_\_  
Retail spending on goods/services: \$\_\_\_\_\_ Other (specify category): \$\_\_\_\_\_
11. Which category best describes your annual household income before taxes? (Please check one)
 

<input type="checkbox"/> Less than \$24,999	<input type="checkbox"/> \$25,000 to \$49,999	<input type="checkbox"/> \$50,000 to \$99,999
<input type="checkbox"/> \$100,000 to \$149,999	<input type="checkbox"/> \$150,000 or more	<input type="checkbox"/> I prefer not to answer