
Providing Economic Impact Research and Feasibility Studies to Virginia's Tourist Attractions



Prepared by the Virginia Center for Urban Development
a division of the VCU Center for Public Policy
Virginia Commonwealth University

A Special Opportunity

Virginia Commonwealth University (VCU), in Richmond, is now offering **economic impact analyses, feasibility studies, and custom research** at reduced fees for Virginia's tourist attractions, museums, historic sites, and special events. These services are provided through a research partnership between VCU and the Virginia Tourism Corporation (VTC).¹ The objective of this joint venture is to provide detailed, timely, and lower-cost research to a wider variety and greater number of Virginia attractions.

This document provides information on the types of projects that are being offered, outlines the work that VCU will perform, and identifies the associated fees. While the research services and deliverables provided through the **VTC+VCU** partnership are intended to be standardized, there is some degree of tailoring for each project so that it addresses the client's specific research needs.

Background

It has become increasingly important for museums, historic sites, and other tourist attractions to be able to demonstrate the wide-ranging benefits that they provide to their community. VTC and VCU identified an increasing need for the leaders of tourist attractions to have access to important information that would ultimately enhance their decision making. The services and reduced fees provided through the **VTC+VCU** partnership will allow a wider variety and greater number of sites to benefit from economic research.

¹ Research and analysis for these projects will be conducted by the Virginia Center for Urban Development (VCUD). VCUD is a division of the VCU Center for Public Policy and is within the University's L. Douglas Wilder School of Government and Public Affairs.

Another benefit is that VTC will be developing a database of research that has been conducted for Virginia's tourist attractions. **By taking advantage of the special pricing, an organization agrees that the VTC may have and use the final report of project findings.** Also, the VTC will **post the report or summary information on its website after three months** have passed, as part of its tourism research database. The three-month delay is intended to give the attraction time to prepare and release any information on the findings to its stakeholders, its Board, the public, or other groups.

All of Virginia's tourism sites and attractions are eligible to receive economic impact studies and feasibility studies at special rates from VCU. The **VTC+VCU** partnership requires a commitment on the part of the client, in terms of resources, time, and cooperation. The following groups, in particular, are expected to benefit from the partnership:

- Individual tourism sites, such as museums, galleries, historic sites, and tourism-related entertainment venues (theme parks, zoos, sports stadiums, and community theaters);
- Local arts councils and collaborations among attractions;
- Economic development organizations that want to quantify the importance of tourism in their area; and
- Convention and Visitors Bureaus or similar organizations that promote tourism for a city, county, or region.

A key factor that allows for reduced fees on economic impact studies is that the client is asked to help by collecting the necessary expenditure information for the visitor-spending component of the study. VCU will design the questionnaires and provide instruction for volunteers who will be administering the survey, but the data collection will be handled by the client. (For an additional fee, VCU will manage all data collection for an attraction or event.)

Types of Research Available

Three types of reduced-fee research are available through the **VTC+VCU** partnership: economic impact analyses, feasibility studies, and custom research. Each of these explained below:

Economic Impact Analyses: This type of research examines the way in which one component, or a group of components, in an economy affect

overall economic activity. An impact study is typically conducted using special computer models that incorporate specific data about the linkages between the various sectors of the economy and types of businesses in a particular geographic area (i.e., the “local area”). Tourist attractions, sports venues, and museums will all have an impact on the economy through their construction expenditures, operations spending, payroll to employees, local-area purchases made by out-of-area visitors, and funding provided by members, attendees, donors, and (when applicable) government agencies.

Feasibility Studies: Feasibility studies (also called “cost-benefit” analyses) examine the monetary costs and benefits that are expected to occur when a specific policy action is taken. The economic effects are examined for the particular site, for the area in which the site is located, and for the people and businesses in that area. Feasibility studies for Virginia’s tourist attractions and events will generally focus on the economic impact of “what if” scenarios – examining the possible outcomes from changes in components of the local economy.

In general, a policy option should be pursued if its collective benefits are greater than the corresponding costs. When comparing among policy choices, the best option would be the one offering the greatest benefits, relative to costs. Along with examining the monetary benefits and costs, VCU will help clients identify the non-monetary (non-tangible) costs and benefits that may come from a policy decision. These could include changes to an area’s quality of life, new educational opportunities, expanded entertainment options, or the ability to attract new visitation and new visitor spending.

Custom Research: VCU will also provide a wide variety of custom research to Virginia’s tourist attractions, cultural sites, and museums. Fees will depend on the client’s particular needs. Some examples of custom research are the following items:

- * Design and administer surveys of your visitors, members, season-ticket holders, or staff;
- * Conduct focus groups to collect information;
- * Evaluate the services, exhibits, and educational programs offered at your site;
- * Administer public opinion surveys to learn awareness of your site; opinions of your facilities; or the likelihood of visiting in the near future; and
- * Facilitate planning meetings, retreats, or group discussions for your Board or your staff.

The Process

All projects begin with an in-depth meeting between VCU and the client. It is important that VCU identifies appropriate data sources, understands the anticipated uses for project findings, examines expectations for the research, the takes into account the appropriate stakeholders. An overview of the components for each type of project is presented below:

➤ **Economic Impact of a Single Site**

- Includes an analysis of Operations Spending and Visitor Spending

- a. VCU will request details on the site's operations spending, including its annual payroll; this information will be used to examine the economic impact of the purchases;
- b. A survey will be administered to collect data from non-local visitors coming to the attraction. VCU will design the survey and provide instruction for its administration. The site will provide copies of the survey and volunteers who will distribute the questionnaires;

** Anticipated sample size = 200 to 400 visitors*

- c. VCU will record and analyze the survey responses. Using this information, VCU will estimate the economic impact from visitor spending;
- d. VCU will prepare a report of the project findings. The client will receive five (5) printed copies of this report;
- e. If requested, VCU will also make one (1) presentation of the project findings.

➤ **Economic Impact of a Group of Sites**

- Includes an analysis of Operations Spending and Visitor Spending for each site or for the group of sites

- a. VCU will request details on the each site's operations spending, including annual payroll; this information will be used to examine the economic impact from the attractions' purchases;
- b. A survey will be administered to collect data from non-local visitors coming to the group of attractions. VCU will design the survey and provide instruction for its administration. The sites will provide copies of the survey and volunteers who will distribute the questionnaires;

** Anticipated sample size = 100 to 200 visitors from each site*

continued

➤ **Economic Impact of a Group of Sites, *continued***

c. VCU will record and analyze the survey responses. Using this information, VCU will estimate the economic impact from visitor spending (related to visits at each site or the combination of all sites);

d. VCU will prepare a report of the project findings;

** This analysis can analyze the sites as a combined group or as individual attractions. If the client(s) want to examine the impact for each site, individually, separate reports will be prepared for each site. Also, five (5) printed copies of a site's specific report will be given to the corresponding client.

e. If requested, VCU will also make one (1) presentation of the project findings – discussing either the results for the entire group or for the individual sites;

➤ **Feasibility Studies**

- Includes an analysis of a particular policy action or particular issue, depending on the client's needs and interests.

a. VCU will request applicable data from the site, based upon the specific issue being addressed;

b. VCU will conduct research appropriate for the project;

c. VCU will prepare a report of the project findings. Five (5) printed copies of this report will be provided to the client;

d. If requested, VCU will also make one (1) presentation of the project findings.

➤ **Custom Research**

- This type of research will be defined in partnership with the client

Fee Structure

Through the **VTC+VCU** partnership, the fees and the type of services for economic impact analyses and feasibility studies have been standardized based on the anticipated needs of Virginia's tourism attractions. Tables 1 and 2 on the following pages identify the types of projects and related fees.

TABLE 1: VCU Fees for Economic Impact Studies

<u>Project Type</u>	<u>Reduced Fee</u>
<ul style="list-style-type: none"> ▪ EI of a single site, single attraction, or single-location event \$7,000 -- VCU's standard fee: \$12,000 to \$18,000 	
<ul style="list-style-type: none"> ▪ EI of multiple sites: <u>Up to a total</u> of five sites, which can be examined either as one group or individually \$30,000 -- VCU's standard fee: \$50,000 	
<ul style="list-style-type: none"> ▪ EI of multiple sites: <u>Each additional</u> five sites (after first five), which can be examined as one group or individuallyadd \$25,000 -- VCU's standard fee: \$45,000 	

Additional Options:

- **VCU to conduct visitor surveys...²**
 - (a) within the Richmond metro area per site, add approx. \$12,000
 -- Locations include Petersburg and Richmond
 -- VCU's standard fee: per site, add approx. \$15,000
 - (b) within approx. 100 miles of the Richmond metro area per site, add approx. \$18,000
 -- Locations include Alexandria, Arlington, Charlottesville, Fredericksburg, Lynchburg, Virginia Beach, and Williamsburg
 -- VCU's standard fee: per site, add approx. \$21,000
 - (c) within approx. 250 miles of the Richmond metro area per site, add approx. \$24,000
 -- Locations include Blacksburg, Danville, Martinsville, and Roanoke
 -- VCU's standard fee: per site, add approx. \$27,000
 - (d) over 250 miles from the Richmond metro area per site, add approx. \$30,000
 -- Locations include Abingdon, Galax, Marion, and Wytheville
 -- VCU's standard fee: per site, add approx. \$33,000

continued

² The fee for administering surveys primarily depends on two factors: (1) the location where the surveying will occur and (2) volume of visitation at a particular attraction. The fees shown here are approximate. A precise fee will be provided once specifics are known about the attraction's location and volume of visitors.

Table 1 Continues Here

<u>Project Type</u>	<u>Reduced Fee</u>
▪ Set of PowerPoint slides summarizing project findings.....	add \$500
-- VCU's standard fee: \$1,000	
▪ Additional Presentations within Virginia (one presentation is included)	add \$1,000
-- VCU's standard fee: per presentation, add \$1,500 plus travel expenses	

[Reduced Fees are made possible through the **VTC-VCU** partnership.]

TABLE 2: VCU Fees for Feasibility Studies

<u>Project Type</u>	<u>Reduced Fee</u>
<ul style="list-style-type: none"> ▪ Estimate the effects of actual or potential changes in employment, single site..... \$7,000 -- VCU's standard fee: \$12,000 to \$18,000 ▪ Examine the effects on your area from an expansion of your facility or site \$10,000 -- VCU's standard fee: \$12,000 to \$18,000 ▪ Consider the potential impact on your attendance from raising or lowering admission fees \$10,000 -- VCU's standard fee: \$12,000 to \$18,000 ▪ Look at the impacts from actual or potential budget cuts (or budget increases) \$7,000 -- VCU's standard fee: \$12,000 to \$18,000 ▪ Identify, summarize, and compare economic impact studies from other sites, attractions, or events (in the U.S.) that are similar to yours \$8,000 -- VCU's standard fee: \$12,000 to \$14,000 ▪ Comparison of your site or event with related sites and events elsewhere in U.S. (using publically available data from other sites). \$4,000 -- VCU's standard fee: \$6,000 to \$8,000 	

Additional Options:

- **Set of PowerPoint slides** summarizing project findings..... add \$500
 -- VCU's standard fee: \$1,000
- **Additional Presentations** within Virginia (one presentation is included) add \$1,000
 -- VCU's standard fee: \$1,500 per presentation plus travel expenses

[Reduced Fees are made possible through the **VTC-VCU** partnership.]

Timeframes

For economic impact studies, VCU will deliver a draft report to clients six weeks after all of the data have been obtained and submitted to VCU for analysis. A final report will be provided two weeks after the draft document has been approved. It is important to keep in mind that the timeframe for the entire project is dependent on the collection of all necessary information. In general, impact studies may take five to ten months to complete.

For feasibility studies and custom research, the timeframe will depend upon the research being done. VCU will work with a client to identify the appropriate timeframe prior to beginning a project.

In cases where a client has specific time constraints or timing issues, those will be taken into account when planning and implementing the project.

Getting Started

Please contact **Billy Kinsey**, senior researcher and economist at VCU, for more information about the projects that are being provided through the **VTC+VCU** research partnership. Call or e-mail him at (804) 828-7528 or bwkinsey@vcu.edu.

You may also get in touch with **Sean McCarthy**, research director at the VTC, at (804) 545-5549 or smccarthy@virginia.org.