

Bus Tours and Bus Passengers: Impact on Chicago's Economy

American Bus Association Foundation

In conjunction with the Chicago Convention & Tourism Bureau

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The George Washington University

The George Washington University, chartered by Congress in 1821, is located in Washington, D.C., four blocks from the White House. The University enrolls more than 24,000 students from 130 countries, of which 10,500 are undergraduates and over 12,000 are graduate and professional students. For more information visit www.gwu.edu

The American Bus Association Foundation

Founded in 1997 and based in the nation's capital, the ABA Foundation has a mission to advance the quality and development of the motorcoach travel industry for its members and the public it serves. ABAF does this through scholarships, research grants, and paid internships offered through the George T. Snyder, Jr. Scholarship Program. The ABA Foundation is located at 700 13th St. NW, Suite 575, Washington, DC 20005. The Foundation's activities are supported throughout the year by sustaining sponsorships from Motor Coach Industries of Schaumburg, Ill., and Prevost Car, Inc. of Ste. Claire, Quebec, Canada. For more information please visit www.buses.org/aba_foundation or call (800) 283-2877.

Chicago Convention and Tourism Bureau

The mission of the Chicago Convention and Tourism Bureau, located at 2301 S. Lake Shore Drive, Chicago, IL 60616, is to promote Chicago as a premier destination for all types of customers, generating revenue for its visitor industry. In February 2005, Chicago hosted the American Bus Association's annual Marketplace appointment show playing host to thousands of motorcoach and tour operators and travel industry executives.

Visitors spend billions of dollars each year in metropolitan Chicago, supporting local businesses and generating jobs and economic growth for the region. In 2003, Chicago attracted 29 million visitors, who spent more than \$8.7 billion in the city. For more information please visit: <http://www.chicago.il.org> or call 1-877-CHICAGO (1-877-244-2246).

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Destinations

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EXECUTIVE SUMMARY

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Background

In January 2002, the American Bus Association (ABA) published a report on the economic impact of motorcoach travel on local economies. The report was based on data collected in Washington, D.C., Lancaster, Pennsylvania, and New York City by a group from The George Washington University (GWU) and attempted to characterize three generic types of destinations: 1) historical/cultural; 2) rural/ethnic heritage; and 3) cosmopolitan/entertainment. The researchers found that, as is the case with Chicago, motorcoaches have a significant impact on local economies.

The American Bus Association Foundation (ABAF) and the Chicago Convention and Tourism Bureau (CTB) commissioned a similar study in October 2004, to quantify the nature and economic impact of motorcoach business on the Chicago market. Preliminary results were released at the American Bus Association's Marketplace held in Chicago.

The primary objectives of the study were to:

- Identify bus tour characteristics, including frequency, duration, accommodations, local attractions, tour size, and average price of tour package.
- Determine the economic impact of motorcoach tours to the Chicago area.
- Determine impact of motorcoach tours on local businesses in the Chicago area.
- Understand the demographics of motorcoach tour passengers visiting Chicago.

Methodology

The GWU team conducted four separate surveys to profile the nature and scope of bus tour expenditures in Chicago. Data was collected via surveys from four distinct groups:

- **Operators:** Motorcoach operators, operating day tours and overnight tours in the Chicago area;
- **Vendors/Businesses:** Local Chicago businesses that serve travelers;
- **Overnight Passengers:** Bus tour passengers using overnight accommodations in the Chicago area; and
- **Day-trip Passengers:** Bus tour passengers taking day-trips to the Chicago area.

The study was conducted in November and December 2004. Data for this study was collected from 13 major bus companies, more than 150 bus tour passengers on day and overnight tours to Chicago, and 15 local businesses (e.g., restaurants, retailers, and hotels).

Data was collected from bus companies through mailed surveys and follow-up telephone interviews. Data collection from bus tour passengers was done in the field in Chicago. Trained data collectors met bus tours at specific points in their itineraries and distributed questionnaires to individual bus tour passengers. Local businesses were mailed questionnaires and were also interviewed in person or by telephone. In addition, hotel sales directors were interviewed to determine the average number of overnight motorcoach tours they receive per year, broken down by the number of nights.

Survey Results Summary

The survey results are summarized below. Data shown is based on bus company surveys, passenger surveys and surveys of local businesses. Complete survey data results and questionnaires are available from the researcher.

Bus Company Survey Findings. Bus companies (operators of motorcoach charters or tours) were asked to provide information on tour itineraries, passenger loads, and package prices. On average, overnight bus tours spent 53.2 hours in Chicago. For overnight tours, the bus companies tended to stay in three-star accommodations. (The Mobil Travel Guide defines a three-star accommodation as a hotel/resort, which is well appointed, with a restaurant and expanded amenities, such as a fitness center, room service, etc.)

Both day-trip and overnight tours generally ate meals at full service restaurants within the Chicago area. (Full service restaurants, as defined by the National Restaurant Association, are establishments that provide waiter or waitress service and where patrons are delivered a check after they are served, versus fast food, pre-packed or catered, or cafeteria-type restaurants.)

Based on bus company estimates, approximately 34 percent of the total tour package price remained in Chicago for day-trips, rising to 70 percent for overnight trips. This could most likely be accounted for by additional spending on meals, overnight accommodations, or related evening activities of overnight bus tour participants.

The average price of the bus tour packages ranged from \$65.70 for a day-trip to \$596.67 for a four-night trip. In addition to accommodations and meals, expenses accounted for include attractions, fuel, and additional fees such as parking. Attraction expenses would include admissions fees or expenditures at museums, fairs, amusement parks, or similar venues. In Chicago, in particular, attractions visited ranged from Harpo Studios to The Field Museum to the Shedd Aquarium.

The average amount spent per bus on accommodations, meals, attractions, fuel, and additional fees (parking, etc.) was \$7,976.29. Almost half of that was attributed to the spending for accommodations on overnight trips, followed by meals, attractions, fuel, and miscellaneous fees in that order. For day trips, in particular, the fees appeared to be lower (\$8.13 per bus), perhaps because the buses did not have to pay for overnight parking and re-fueled outside of the city.

Table 1 provides a summary of the “average” motorcoach tour to Chicago in 2004 based on bus company survey response findings, including number of tours to Chicago, per bus company, as well as the length of stay, distance traveled, and passenger count.

Table 1 The Average Motorcoach Tour to Chicago, 2004

Trips	Tours per Year	Overnight Stays	Miles Traveled	Passengers per Coach
Day	10.2	N/A	213	47.5
Overnight	18.7	2.2	213	43.8

Local Businesses Survey Findings. Local restaurants, retailers, hotels, and attractions were surveyed to determine the importance of bus tours to their individual businesses. The estimated share of total business revenue generated from bus tours per quarter ranged from a low of 18% in the first quarter (January through March) to a high of 35% in the second quarter (April through June). The quarterly rate for the third quarter (July through September) was 29%; it was 25% for the fourth quarter (October through December). One factor that may contribute to the second quarter spike is the traditionally strong spring travel season typically experienced by motorcoach tour companies.

Ninety-three percent of the businesses rated bus tours as “Very Important” or “Somewhat Important” to their businesses. On average, the contribution per bus passenger to businesses (whether paid directly or through the tour operator) was \$108.33 at retail locations, \$87.00 at hotels, \$23.75 at attractions, and \$17.63 at restaurants. One possible explanation for the high amount spent at retailers is that Chicago offers unique retail stores that passengers may not have access to in their home cities. For example, Harley Davidson has a retail store, located near Michigan Avenue, which offers apparel and accessories not available at Harley Davidson dealerships. Table 2 shows the average dollar amount that the local businesses estimate is generated per bus per visit to their place of business.

Table 2 Average Dollar Amount Spent (per bus tour) in Chicago Businesses, 2004

Hotels	Retailers	Attractions	Restaurants
\$7,750.00	\$4,958.33	\$1,095.83	\$757.50

Day-Trip and Overnight Trip Passenger Survey Findings. Day and overnight bus trip passengers were asked to complete a survey regarding their expenditures and demographics. Table 3 summarizes passenger data reported by both groups. For the purposes of this report, the term “professional” was used as a category of employment as opposed to executives, laborers, service workers, retired individuals, or students.

Table 3 Comparison of Day and Overnight Passenger Surveys, Chicago 2004

	Day Passengers	Overnight Passengers
Average Tour Price	\$33.71	\$343.34
Expenditures Above Tour Price*	\$139.08 ¹	\$100.06
Age	45+ (57%)	55+ (90 %) 75+ (45%)
Education Level	50% Completed College	57% Completed College
Income Level**	< \$50,000 (26%) \$50,000-\$74,999 (19%)	\$50,000-\$74,999 (40%) < \$50,000 (21%)
Employment	Professional (50%) Retired (19%) Students (10%)	Retired (86%) Professional (12%) Students (0 %)
Marital Status	Married (63%)	Married (45%)
Would Return to Chicago	91%	81%
Would Recommend Chicago	90%	93%

**This includes money spent on food, retail, transportation, and other activities not included in the tour package.*

***Annual household income. Only the highest percentage is listed in Table3.*

Based on these results, the average tour bus passenger to Chicago during the period surveyed is married, middle aged and above, female, college educated, and retired.

The chart also indicates that the average passenger on overnight trips is retired but has an annual income of \$50,000- \$74,999. In the case of the retired participant, this would be referring to retirement income. It's interesting to note that the day passengers, in contrast, have an average annual income of less than \$50,000 and are currently employed professionals.

The fact that a high percentage of bus tour passengers would likely return to Chicago, and would recommend Chicago to others, indicates that bus tours are a positive way to promote Chicago and additional emphasis should be placed on targeting this market.

¹ The sum total of expenditures does not equal the sum of individual expenditures presented later in this report due to rounding.

Economic Impact Analysis

By applying the survey data to a mathematical formula that takes into account the survey findings (average package price, the percent that remains in the local area, the number of passengers per bus, the additional amount spent per passenger, and the number of motorcoach tours to Chicago), the total annual economic impact of motorcoaches on Chicago is \$357,390,520. Day tours contribute the most revenue, overall, as Chicago attracts a large number of day tours from many of the surrounding states that are within 300 miles (Indiana, Iowa, Michigan, Minnesota, Missouri, Kentucky, Ohio, and Wisconsin). As shown in Tables 4 and 5, the 33,350 day-tours contribute \$255.7 million while the 6,935 overnight tours contribute \$101.7 million. .

Table 4 Number of Motorcoach Tours per Year, Chicago 2004

Day-trips	33,350
One-Night Trips	2,622
Two-Night Trips	3,568
Three-Night Trips	538
Four-Night Trips	207

Table 5 Motorcoach Tour Total Economic Impact, Chicago 2004

Day-trips	\$255,707,345
One-Night Trips	\$ 30,601,445
Two-Night Trips	\$ 55,748,540
Three-Night Trips	\$ 10,635,832
Four-Night Trips	\$ 4,697,358
Total	\$357,390,520

Conclusion

Based on these figures, it is evident that the economic impact of bus travel is significant for the Chicago area. Furthermore, charter and tour bus passengers experience a high level of satisfaction with both individual tour components and the destination visited. The local businesses studied also proved to be well aware of the economic importance of bus visits to their own business, in terms of both the revenues taken in from bus groups and their relative share of overall business.

The survey findings demonstrate that motorcoach tour groups comprise a dynamic and powerful economic force that should be considered when formulating public policy, transportation initiatives, and overall city planning. Chicago destination marketers can now engage in more informed planning and budgeting in order to both attract motorcoach tour groups and serve them successfully, so that tour operators

will be encouraged to return. More specifically, motorcoach operators should utilize this data to support their efforts for enhanced bus amenities such as access and parking and more informed oversight at the local level. The Chicago CTB and others involved in tourism marketing can use this data to help shape their own marketing efforts and determine the appropriate level of attention and investment to dedicate to bus tour operators and the group travel segment. The data summarized above in Tables 1 through 5, as well as the complete survey results, can be provided by the American Bus Association Foundation.