Executive Summary

Bus Tours and Bus Passengers: Impact on Local Economies

American Bus Association

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February 2002

Introduction

Destination marketers and travel industry suppliers have long known that a significant share of their visitors either arrive by motorcoach or join a group for sightseeing or transportation at some point in their visit. Now, with the publication of this report on a series of surveys performed by a research team from The George Washington University (GWU), tourism stakeholders can better quantify the nature and economic impact of those visitors on the places they visit. The GWU team conducted five separate surveys to profile the nature and scope of bus tour expenditures among five distinct groups:

- Motorcoach operators
- Local businesses that serve travelers
- Overnight tour passengers
- Single-day charter passengers
- Passengers in scheduled intercity bus terminals

The primary objectives of the study were to:

- Identify bus tour characteristics including frequency, duration, type of accommodations, local attractions, tour size, and average price of package.
- Create three distinct formulas based on the data collected that cities can use to determine the economic impact of bus tours in their specific area.
- Determine the impact of bus tours on local businesses in the areas studied.
- Estimate the economic impact of bus passengers on regular scheduled bus service.

Methodology

All work for the study was done in the field in New York City, Washington, D.C., and Lancaster, Pa., three tourism destinations with unique attractions and characteristics. The study, commissioned by the American Bus Association, was implemented between January 2001 and July 2001.

Data for this study was collected from nine major bus companies primarily located in the North East, over 900 bus tour passengers on day and over night tours in Washington, D.C., Lancaster, Pa. and New York, N.Y., 394 bus passengers on regular scheduled bus service from either Washington, D.C. or New York City and 28 local businesses. Surveys were mailed to the bus companies with follow-up phone interviews. Trained data collectors met bus tours at specific points in their itineraries and distributed surveys to individual bus tour passengers. These same data collectors were assigned to bus terminals to collect data from regular service passengers. Local businesses were mailed surveys and also interviewed in person. [1]

Survey Results

Survey #1: Bus Company Profile

Bus companies–that is, operators of motorcoach charters or tours–were asked to provide information on tour itineraries, passenger loads, and costs in each of the destinations studied. The average total hours spent by bus tours were reported to be 20.4 hours in Washington, 14.1 hours in Lancaster, and 14.6 hours in New York. The average total number of nights spent in each destination was reported to be 1.3 in Washington, 0.7 in Lancaster, and 1.0 in New York. The average number of day passengers per bus was 39.1 for Washington, 45.7 for Lancaster, and 45.0 for New York. The average number of overnight passengers was 45.4 for Washington, 38.1 for Lancaster, and 38.4 for New York.

For overnight tours, the bus companies tended to stay in three and four star accommodations with Best Western, Choice Hotels, Hampton Inn, Holiday Inn, and Travelodge being cited most frequently. For meals, most of the bus companies reported using full-service restaurants that were unique to the area versus chain establishments.

The average amount spent per bus on accommodations, meals, attractions, fuel and additional fees in each of the destinations was $4,780.31 in Washington, $4302.01 in Lancaster, and $7,107.47 in New York. The average price of tours ranged from $58.80 for a Washington, day tour to $900.00 for a 3-day trip to New York City. Of this price, approximately 63.9% remained in Washington, 62.1% remained in Lancaster, and 47.1% remained in New York.

Survey #2: Local Business Survey

Local restaurants, retailers, hotels, and attractions were surveyed in each of the three destinations to determine the importance of bus tours to their individual businesses. The estimated share of total business generated from bus tours per quarter ranged from a low of 18.3 percent January through March to a high of 40% April through June. The estimated amount spent per bus passenger at each of these establishments was $15 at restaurants, $35 at retail locations, $268.12 at hotels and $35 at attractions. Ninety percent of the businesses rated the importance of bus tours to their business as “Very Important” or “Somewhat Important.”

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[1] All data was analyzed using StatView, a statistical software package.

Survey #3: Day Trip Passenger Survey

Day trip bus passengers were asked to complete a survey regarding their expenditures and demographics. The average price paid for a day-trip bus tour was $74.34. Sixty-two percent reported that lunch was included and 21% reported that dinner was included. Passengers spent an additional $22.69 on meals, retail, transportation and tourist attractions. More females (62%) than males (38%) completed the survey. The majority of passengers fell between 45-74 years in age, 58% were married, 47% were retired, 16% were students, 42% completed college, and 37% made less than $50,000 per year. Ninety-two percent (92%) of the passengers said that they would like to return to the destination and 98% would recommend the destination to their friends and family.

Survey #4: Overnight Passenger Survey

Passengers on overnight bus tours (tours including one or more overnight stays) were asked to complete a survey regarding their expenditures and demographics. The average price paid for an overnight bus tour was $448.71 with the average length of stay being 3.1 nights. Most of the tours included some meals in the package price with the average including 2.3 breakfasts, 2.4 lunches, and 2.1 dinners. Passengers spent an additional $75.84 on meals, retail, transportation and tourist attractions. More females (61%) than males (39%) completed the survey. Approximately half of the respondents were 17 years old or under representing school groups, 56% were single (never married) and 47% had an income level of $50,000 or less. Ninety-five percent (95%) of the passengers said that they would like to return to the destination and 99% would recommend the destination to their friends and family.

Survey #5: Bus Terminal Survey

Passengers traveling independently on regularly scheduled buses were asked to complete a survey regarding their expenditures, travel behaviors, and demographics. The majority of passengers (51%) were traveling between Washington, DC and New York City with the other passengers traveling to various destinations across the United States but primarily on the East Coast. The main reason for traveling by bus was cost (63%), followed by ease of travel (21%). The main reason for selecting a particular bus company was also cited as cost. Twenty-eight percent (28%) said that they travel by bus “very often” or “fairly often” with 15% reporting this to be their first time traveling by scheduled bus service. The average amount spent on a bus ticket was $67.14. The amount spent in the travel destination was $91.71. Of the 43.4% that reported staying in paid accommodations (not staying with family or friend), the average amount spent on accommodations was $46.47. The largest percent of passengers were between 18-24 years old (45%) followed by 20% in the 25-34 year old category. More males (58%) than females (42%) responded to the bus terminal survey. Thirty-six percent were students and 33% had finished college. Fifty-four percent (54%) had an income level of $50,000 or less.

Analysis

Based on the figures reported by bus companies and tour passengers, there is little doubt that the economic impact of bus travel is significant, and that charter and tour bus passengers experience a high level of satisfaction with both individual tour components and the destinations visited. The local businesses studied proved 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.

By applying the survey data to a mathematical formula that takes into account these new findings (average package price, the percent that remains in the local area, the number of passengers per bus, and the additional amount spent per passenger), the total economic impact of a bus visit can be estimated for each of the three destinations studied. In addition, though every destination has its own unique mix of attractions and hospitality offerings, the new data yielded by these formulas offers a starting point for other destinations to estimate their own local stake in the motorcoach tourism market.

To use the formulas, local data will still be required. Specifically, local businesses that serve travelers must be surveyed to determine how many overall bus visits they receive on either a weekly, monthly, quarterly or other relevant seasonal basis. Because obtaining specific revenue data traditionally has been the biggest barrier to bus impact data collection in the past, destination marketing organizations may find their data collection burden substantially eased by the formulas in this report.

Next, it will be necessary to determine the average trip duration to the local destination. Annual bus visit data from local lodging businesses can be compared to annual bus visit data from the destination's major local attraction(s) to roughly determine the overall percentage of local bus visits that remain overnight. An inquiry should be made to local lodging businesses as to what rough percentage of motorcoach groups stay for more than one night, as this figure varies most from place to place based on the nature and number of nearby attractions that support it as a motorcoach tour "hub." A general U.S. and Canadian finding has been that 72 percent of bus visits are day trips and 28 percent of bus visits are by groups staying one night or more.[2]

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[2] Breakout of day trips versus overnights is based on an October 1996 survey of 33 million U.S. and Canadian motorcoach travelers by Longwoods International, sponsored by the American Bus Association.

Motorcoach operators can utilize this data to support their efforts for enhanced bus amenities such as access and parking and more informed oversight at the local level. In addition, destinations 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. To aide in this analysis and planning, the full report offers a formula for calculating the overall economic impact of bus tours on the three surveyed destinations. Destinations interested in applying this formula to their own situation should consider which of the three studied sites most closely matches their own and use or adapt the data provided for that destination. To use the model below, choose a "destination type" and combine the products of the three corresponding columns to estimate annual economic impact.

Destination Type	Multiply the number of **day-trip** buses by this number	Multiply the number of **one-night bus tours** per year by this number	Multiply the number of **two-night bus tours** per year by this number
Historical/ Cultural Destination, like Washington D.C., with a number of popular monuments, museums, and places of historical interest, use these per-bus value figures:	$2,536	$7,685	$12,199
Rural/ Ethnic Destination like Lancaster, Pa., in a more rural setting, with outlet shopping, local food and flavor, and an emphasis on cultural heritage and ethnic tourism, use these per-bus value figures:	$2,415	$5,094	$9,021
Major Cosmopolitan Destination like New York City, in or close to a major city, dense with restaurants and lots of entertainment and shopping, use these per-bus value figures	$4,563	$11,264	$16,080

Conclusion

No two travel destinations are the same. The characteristics of local geography, regional populations, attractions, weather, accessibility, history and cultural relevance make it difficult to precisely assign dollar values and estimate impacts to the diverse motorcoach tourism that may be experienced in various locales. Still, the survey findings demonstrate that motorcoach tour groups comprise a dynamic and powerful economic force that should be considered when formulating public policy, transportation and overall city planning. 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, ultimately as partners in their success.