

LaFaive, Michael D.

From: LaFaive, Michael D.
Sent: Tuesday, August 03, 2021 8:33 AM
To: Chris Pike
Subject: RE: Questions

Hi, Chris:

Thank you again for sending me this. In my original email I had asked for "any input assumption worksheets you may have used for 2019 and its related output ..."

You didn't mention those sheets in your response so I wanted to follow up and ask again if you could provide those to me.

Thank you for your time in advance.

Mike

From: Chris Pike <cpike@oxfordeconomics.com>
Sent: Thursday, July 22, 2021 11:59 AM
To: LaFaive, Michael D. <LaFaive@Mackinac.org>
Subject: RE: Questions

Michael,

Good afternoon to you. Sorry for the late response – appreciate your understanding. I've gone from end-of-year crunch to July 4th vacation to a conference (for the first time since the pandemic hit). So, it hasn't meant much time in the office.

Anyway, regarding what Tourism Economics does for Pure Michigan regarding the modeling of the ad-spend ROI calculations. Simplifying the process down to a couple of steps, it would be:

- Receive the ad-supported visitor spending estimates from SMARI. These are usually broken out into somewhere between 5-8 spending categories, usually including something like: lodging, food, recreation, transportation, retail. Sometimes there may be some further breakouts of recreational spending but those five are considered to be the basic spending categories that come out of surveys
- Break out those aggregate spending categories into more specific industries for analysis of impacts
 - Essentially, we take those five-eight categories and break out that direct spending into 25-30 different industries to allow us to calculate impacts
 - As an example, we'll take food & beverage spending and break it out into the major food industries – including grocery stores, full-service restaurants, limited service restaurants and other food & beverage businesses. The breakouts will be a function of the general understanding of ad-influenced traveler spending, the region's economic industry breakouts and other understanding of the market – there is no set ratios. Breakouts will change both by region and over time.
 - As you note the major modeling software groups below – we lean towards IMPLAN – which is used in this case.
- Provide the analysis to Pure Michigan/SMARI

To your point about capital/labor-supply elasticities – we don't model it explicitly in this project but, what we subscribe to in IMPLAN is the latest year of models. IMPLAN does include those changes in the economy – understanding that, for