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ECONOMIC DEVELOPMENT INVESTMENTS TO REALIZE RURAL MAINE'S TOURISM POTENTIAL

by David Vail

In August 1846, Henry David Thoreau set out from Massachusetts, heading Down East on the first of his three visits to Maine's remote interior. While Thoreau was not Maine's first tourist, his influential essays, published as "The Maine Woods," are the most famous and enduring visitor accounts of rural Maine's spectacular wildlands and extraordinary quality of place. Thoreau inspired millions who have followed him to Maine's vast forested interior in search of "the way life should be."

For more than a century, tourism has been a mainstay of Maine's economy. Today, tourism is one of Maine's most important and reliable export sectors, bringing the State billions of dollars annually. It supports thousands of Maine businesses and tens of thousands of employees, and generates hundreds of millions in state tax revenues. As we begin the 21st century's second decade, tourism holds great promise for sustainable economic growth. Many of the places Thoreau found so awe inspiring remain as remote, unspoiled and unknown to out-of-state tourists as when he visited over a century and a half ago. Indeed, many of these natural areas and their gateways are rural Maine's "hidden gems." They are far less well known or congested than popular coastal destinations, but they host exceptional outdoor recreation opportunities, cultural heritage amenities and hospitality services.

Realizing rural Maine tourism's sustainable growth potential demands bold, creative and tenacious state, regional and local leadership and effective coordination of public, private and philanthropic initiatives. Traditionally, the State has emphasized tourism marketing. The potential game changer now is state investment in tourism destinations and products. The State's funding capacity is



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MECEP's study recommends that the State of Maine establish an ambitious five-year goal of underwriting \$100 million in new destination development investments in the most rural counties.

limited in these tight fiscal times, but the stakes are high for rural Maine. Backing tourism and other promising growth sectors is crucial for revitalizing regions whose “mature” manufacturing and natural resource-based industries no longer sustain rural employment and thriving communities.

Regions in Focus

Since 1998, MECEP has sponsored ground breaking research examining the role tourism plays in Maine’s economy and exploring ways to further realize its full potential. Later this summer, MECEP will publish its latest tourism study, *Amenity Investments and Tourist Destination Development: Policy Insights from Three Rural Maine Regions*. It assesses destination strengths, weaknesses, growth opportunities and critical investment needs. Using the findings from three case studies, it recommends cost-effective policies, particularly at the state level, to capitalize more fully on rural Maine’s tourism prospects. Here are the key findings and recommendations.

Northern Franklin County offers diverse natural, cultural and heritage attractions that together



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could offer a compelling whole, particularly for first-time experiential tourists in the summer and fall seasons. The Town of Farmington, in particular, has untapped potential as an arts, culture, hospitality and shopping destination and as a more attractive gateway to the larger region.

Piscataquis County has two major destination development possibilities. The Moosehead Lake region has good prospects for major four season developments, including a revived local ski area and Plum Creek’s Lake Concept Plan, with its resort and second home development, coupled with large scale wildland conservation. Piscataquis’ underdeveloped “100 Mile Wilderness” region is also promising. The main growth opportunity centers on the Appalachian Mountain Club’s lands and facilities, complemented by green infrastructure investments, gateway town revitalization and expanded leisure and hospitality services.

Washington County’s Bold Coast and Passamaquoddy Bay regions possess unique natural features and wildlife watching opportunities, a rich “Down East” heritage and a prime two-nation destination in Roosevelt-Campobello International Park. Weaving these attractions together with quality leisure and hospitality services – and well maintained roads – would create a compelling destination and brand. The region’s perceived remoteness actually means a less congested, more authentic alternative to Acadia National Park and Bar Harbor. The only cost to prospective visitors is a couple extra hours of travel. As a gateway to the Maritimes, quality tourist services could also help the region capture more Canadian tourist spending.



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Quality of Place: A Foundation for Tourism Development

The study views the destination development challenge through a “quality of place” lens. In recent years, numerous economic strategy reports have urged policy makers to capitalize on Maine’s unique and outstanding quality of place assets as effectively conveyed by the Brookings Institution’s influential report, *Charting Maine’s Future: An Action Plan for Promoting Sustainable Prosperity and Quality Places*.

MECEP’s new study extends the quality of place perspective to investment in tourism destination amenities both to capitalize on and to enhance Maine’s special quality of place. Tourism amenity assets are human-created, place-based attributes that enhance visitors’ quality of experience. Rural Maine can dramatically increase its tourism destinations’ appeal, both to prospective first-time and repeat visitors.

In addition to attracting more high-spending visitors, amenity investments will also improve quality of life for rural Maine residents and strengthen rural Maine’s appeal to the mobile entrepreneurs and highly educated young people who are crucial for economic revitalization.

Spreading prosperity to Maine’s more remote rural areas requires

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a greater commitment to invest in tourism and a coherent, farsighted and ambitious tourism strategy. While hunting, fishing, camping and other venerable outdoor recreation activities will continue to contribute to Maine's rural economy, they show little growth potential. The key to significant tourism growth is attracting more experiential tourists in search of "the whole package": outdoor recreation experiences combined with high quality hospitality services, shopping opportunities and cultural and heritage activities. In other words, quality experiences in quality places.

Lessons from the Field

While each regional destination is unique, the study's interviews, surveys and asset inventories reveal needs these destinations share if they are to maximize their potential:

- Substantially more state investment in destination development, as well as creative state leveraging of federal and philanthropic funding sources.
- Destination planning that identifies "amenity investment packages" combining "hard" components (e.g., road improvements, building renovations, trails & signage) and "soft" (e.g., customer service training, arts and culture offerings) components.
- Effective regional organization and planning of destination strategies. Maine's rural regions have made tremendous progress in strategic tourism planning, although local parochialism and limited business participation need further attention.
- In recent years new regional planning entities have emerged that make more sense on the ground than the Maine Office of Tourism's (MOT) larger, more artificial tourism marketing regions.
- The State must coordinate support for tourism investments more effectively with priorities set out in regional tourism strategies. The study proposes

a state-regional investment partnership with a decentralized evaluation and allocation process to channel state dollars to high return investments.

- Although the State should help regions build on their unique destination assets and opportunities, the need for several basic investments appears to be universal.
- Federal and philanthropic funding play limited but important roles in tourism destination development. The State must harness those resources, combine them with state funds and channel them to high return investments.

Recommendations: The Investment Imperative

While past state tourism support focused primarily on marketing, this is changing incrementally. The three case studies underscore the need for a more ambitious state tourism strategy, emphasizing destination and product development. (This by no means undercuts the importance of well-funded branding and marketing efforts.) To dramatize the scope and importance of this need, *MECEP's study recommends that the State of Maine establish an ambitious five-year goal of underwriting*

\$100 million in new destination development investments in the State's most rural counties. Fulfilling the tourism sector's job creation potential will require well-targeted investment of at least that magnitude addressing priorities that include:

- Transportation infrastructure, particularly maintaining and upgrading roads, but also experimenting with alternative modes for bringing tourists to rural destinations comfortably and conveying them smoothly among the destination's attractions.
- Downtown revitalization targeted to the most promising gateway and destination communities.
- High quality green infrastructure to complement Maine's outstanding and accessible lands and waters. The Maine Nature Tourism Initiative should be completed in the three pilot regions and extended to all of rural Maine.
- High speed internet and effective cell phone service to meet the basic needs of today's tourism businesses and the basic demands of its customers.
- Frontline employee training and small business outreach programs to enhance the quality of customer service.

1 in 9 Workers in Maine's six most rural counties directly employed in tourism-related jobs. Including indirect employment, the total is nearly one-in-seven jobs.

7% Personal income in these rural counties generated directly by tourism. Including indirect effects, tourism accounts for nearly 10% of the economic activity in these counties.

500 Projected increase in leisure and hospitality jobs annually through 2016. Tourism is the third largest growth sector, after health care and education.

10 Number of reports issued since 2004 that recommend additional investment in "quality of place," including tourism amenities, as a key to Maine's economic development.

\$100 million Destination development investments needed over the next 5 years to significantly improve rural tourism's growth prospects.

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Clearly, raising \$100 million will be difficult in Maine's current economic situation. The Legislature has eliminated or sharply reduced recent "quality of place" bond proposals, and voters barely approved an economic development bond in June 2010. Still, tourism destination investments, with their great job creation and community revitalization potential, merit state support on a par with that provided in recent years to the high technology sectors and for land conservation efforts.

The report outlines several potential state funding sources for different types of destination investments, including existing bond revenues (e.g., Roads and Bridges, Communities for Maine's Future), a new bond, general revenues and dedicated revenues (analogous to the dedicated meals and lodging taxes for tourism promotion).

Maine should aggressively pursue and coordinate federal support through the Keeping Maine's Forests initiative, the Three Ring Binder information technology project and the Transportation Enhancement Program. Maine's next Governor and Legislature should also work with

philanthropic partners and regional economic development bodies to fund and implement promising initiatives that directly or indirectly support tourism development: the Quality of Place Act (QOP, L.D. 1389), Mobilize Maine, the Maine Woods Tourism Training Initiative and the previously mentioned Maine Nature Tourism Initiative.

Under QOP, the State would establish broad place-based tourism investment guidelines and encourage stakeholders to compete for funds on the merit of their proposed destination investments. Criteria should include a demonstration of regional stakeholders' commitment to a shared destination strategy. Modeled after existing decentralized competitive grants programs, the process would combine broad state guidelines with a regional allocation authority and locally determined destination goals and strategies.

Conclusion

Tourism growth cannot meet every challenge confronting Maine's struggling rural economies. But, done right, tourism growth offers tremendous promise for broader and

more sustainable rural prosperity, founded on quality jobs.

Developing the untapped potential of Maine's lesser known tourism destinations requires a well-crafted investment strategy and long-term commitment over many years from people - in government, private enterprise, public interest organizations, and the philanthropic community - who share a vision of sustainable rural prosperity.

Ultimately, all Mainers will benefit from more appealing rural tourism destinations and a thriving rural tourism economy.

About the Author



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