

# QUARTERLY ECONOMIC REPORT

## THE HIGH SEASONALITY OF TOURISM IN MAINE

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MAINE  
DEVELOPMENT  
FOUNDATION



**MEGC**  
Maine Economic  
Growth Council

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## About the Series

The Maine Development Foundation (MDF) staffs the Maine Economic Growth Council, an independent body created in statute to develop a long-term vision for Maine's economic growth and indicators to assess our progress toward that vision. The Council's annual *Measures of Growth* report is a reliable and trusted assessment of Maine's progress on 27 key economic indicators. Produced in partnership with the University of Maine School of Economics, this newsletter series provides a close and timely look at some of the key factors in Maine's economy.

## Introduction

The Growth Council's vision is a high quality of life for all Maine people, grounded in a vibrant economy, vital communities, and a healthy environment. The *Measures of Growth* report's environmental indicators – Sustainable Forest Lands, Water Quality, and Air Quality – speak to our comparatively healthy and clean environment and our sustainable use of the natural resources that help support our economy. Our natural amenities add to our quality of life, providing recreational opportunities for residents and visitors alike, and support the vibrant tourism sector that contributes so much to Maine's economy.

This seventh newsletter explores the seasonal dynamics of tourism in Maine. As any Mainer can attest, Maine sees a significant number of tourists over the summer months. These summer visitors annually account for the majority of Maine's tourism economy.

## The High Seasonality of Tourism in Maine<sup>1</sup>

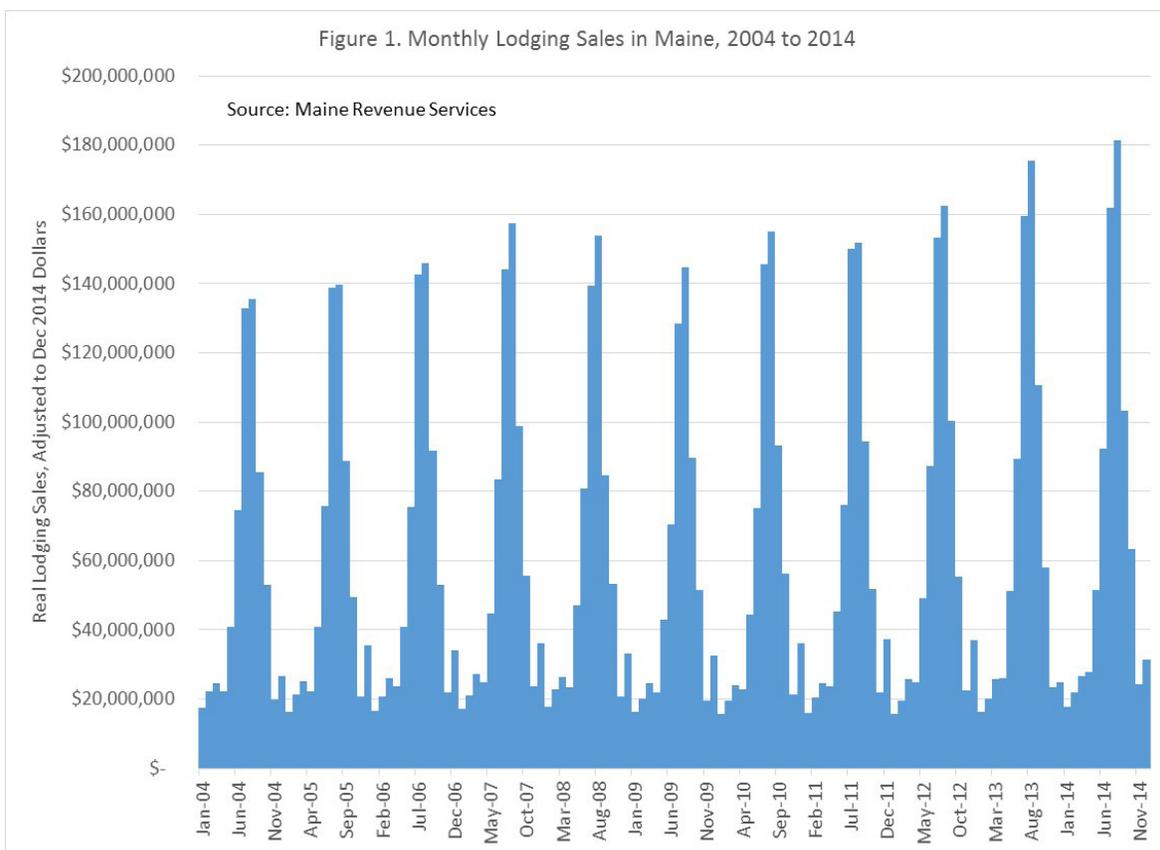
Maine's tourism economy is characterized by a large influx of visitors during the summer, with a relative dearth of tourists during the rest of the year. State and local officials have attempted to expand Maine's tourism season by attracting more visitors during the "shoulder season," which are the months immediately before and after the summer peak. Lengthening the season could help businesses that cater to tourists sustain more consistent revenues throughout the year, and provide more reliable year-round job opportunities to hospitality workers. Bolstering the "shoulder season" could also increase the overall amount of tourism that takes place in Maine, without overtaxing the already-congested (in some places) summer months.

Taxable lodging sales, which in 2014 accounted for approximately four percent of Maine's overall taxable retail sales, demonstrate the seasonality of Maine's tourism industry. Although tourists visiting Maine spend money on goods and services other than accommodations—and many day trippers visit the state without staying at a hotel or motel—lodging sales are a reasonable proxy for the number of tourists visiting Maine.

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1 This report is School of Economics Staff Paper #621. Author Todd Gabe's research program is supported, in part, by Hatch Multistate Grant # ME0-L-7-00525-13 (NE 1049) from the USDA National Institute of Food & Agriculture.

Figure 1 displays Maine Revenue Services data on monthly taxable lodging sales in Maine between January of 2004 and December of 2014. These figures are adjusted for inflation so that the fluctuations in lodging sales are not influenced by price changes.<sup>2</sup> As shown in Figure 1, taxable lodging sales exhibit considerable month-to-month fluctuations, increasing dramatically between May and June, and then again between June and July. Lodging sales reach a peak in August, and then drop off substantially between August and September. This pattern of seasonality looks nearly identical from year to year.



2 Lodging sales figures are adjusted to December 2014 values using the U.S. Consumer Price Index. Although unrelated to our analysis of seasonal fluctuations, Figure 1 shows the Great Recession’s impact on lodging sales. That is, the annual peak drops from 2007 to 2008, and then again from 2008 to 2009.

In Figure 2, we see additional evidence of the year-to-year similarity in the pattern of seasonality. This figure shows that the three summer months of June, July and August accounted for between 52 and 54 percent of total annual lodging sales from 2004 to 2014. This narrow range is remarkable given that the time period includes several years prior to the Great Recession, the entire duration of the economic downturn, and the years immediately following it. This means that in good times and in bad, Maine can expect to capture just over one-half of its annual lodging sales during the peak tourism months. Of course, if lodging sales were evenly spread across the year, this three-month period would account for one quarter—that is, 25 percent—of annual lodging sales. So the summer season lodging percentages shown in Figure 2 are remarkable for their consistency, but also for their magnitude relative to an even distribution of overnight tourists throughout the year.

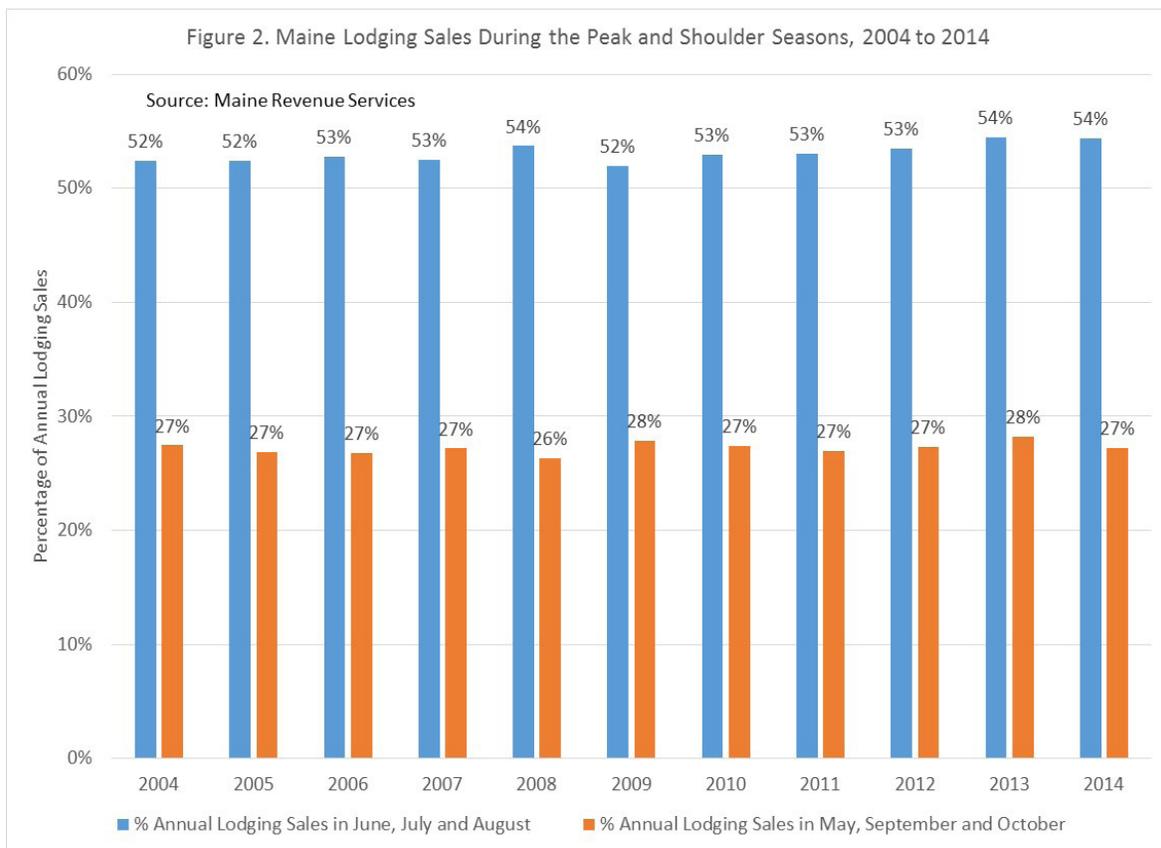
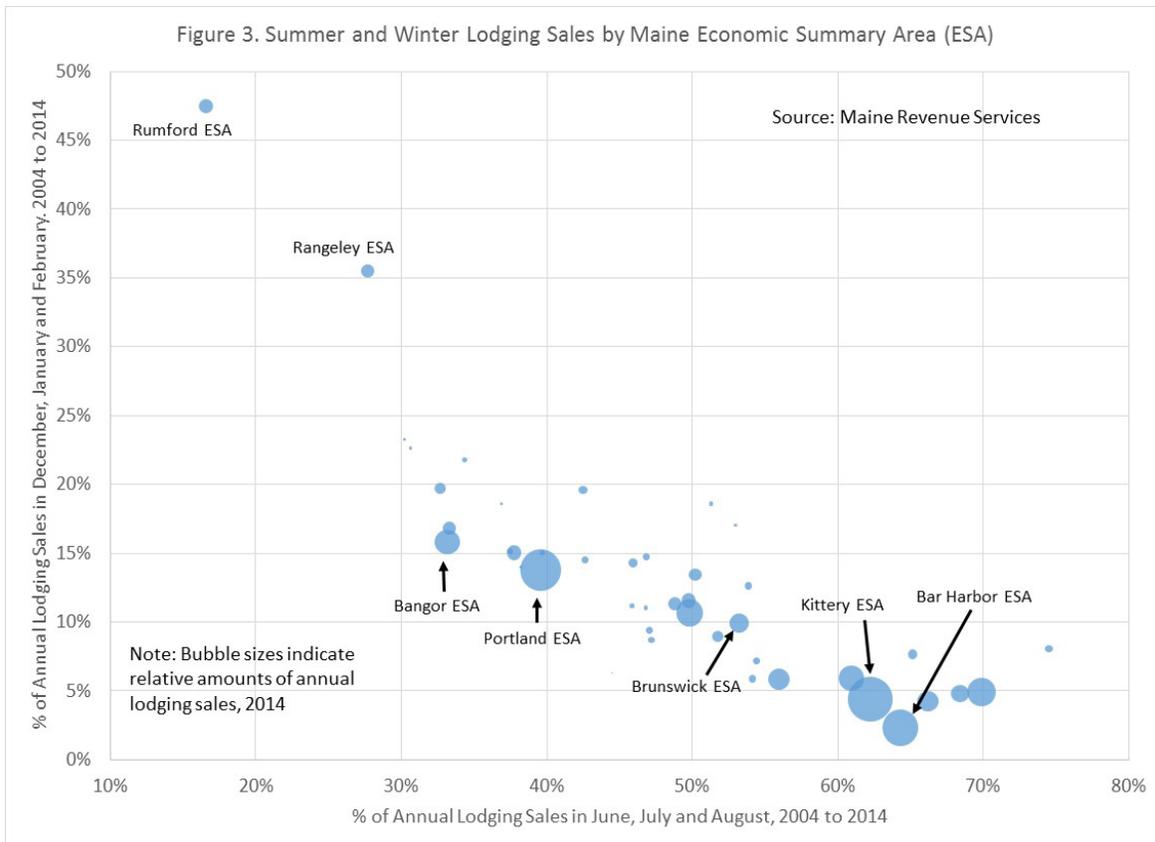


Figure 2 also shows the percentages of annual lodging sales that took place in the “shoulder season” months of May, September and October between 2004 and 2014. As with the summer months, there is remarkable consistency in the percentages of annual lodging sales occurring in May, September and October. The percentage of yearly lodging sales occurring during the “shoulder season” ranges between 26 and 28 percent—and it’s 27 percent in 8 of the 11 years. This means that the importance of the “shoulder season” to annual lodging sales has barely budged over time.

The data analyzed in Figures 1 and 2 are the statewide totals of lodging sales taking place in cities and towns located across Maine. In Figure 3, we look at the seasonality of lodging sales at the regional level.<sup>3</sup>



Here, we compare the annual percentage of lodging sales that take place during the summer (shown on the horizontal axis) to the share of annual lodging sales that occur during the winter months of December, January and February (shown on the vertical axis). Along with showing the shares of annual lodging sales taking place during these two seasons, the bubble sizes also indicate the relative amounts of annual lodging sales in 2014. For example, the bubble for the Kittery Economic Summary Area (ESA), which had the highest lodging sales in 2014, is three times larger than the bubble for the Bangor ESA, which had about 33 percent as much lodging sales as Kittery.

<sup>3</sup> Regions are defined using Economic Summary Areas (ESAs), which is a regional designation employed by Maine Revenue Services to report taxable retail sales figures. Maine is divided into 43 regions, and a named ESA includes the area itself and some surrounding communities. For example, the Bar Harbor ESA includes the Town of Bar Harbor, as well as places such as—but not limited to—Bass Harbor, Hulls Cove, Mount Desert, Seal Harbor, Southwest Harbor and Tremont.

Figure 3 can be described by focusing on three groups of regions. First, in the Rumford and Rangeley ESAs, over 35 percent of annual lodging sales occur during the winter, bucking the statewide trend. These regions are home to large ski resorts that are popular wintertime attractions. Although they are characterized by large shares of lodging during the winter months, the relatively small bubble sizes for Rumford and Rangeley mean that, overall, these regions are not among the most visited tourism destinations in Maine.

At the other end of the spectrum are regions such as the Kittery and Bar Harbor ESAs, which are characterized by very large shares of yearly lodging sales—over 60 percent—that occur during the summer months. Along with having most of their lodging sales taking place during the summer, these regions are also among the most popular tourism destinations in Maine—as evidenced by their relatively large bubble sizes.

A third group of regions shown in Figure 3 has between 30 and 40 percent of annual lodging sales taking place during the summer—less than the statewide figure of around 53 percent—and about 15 percent of annual lodging sales occurring during the winter. The two ESAs highlighted in this group are Bangor and Portland. These two cities, unlike a lot of the tourism destinations in Maine, have a more even distribution of lodging sales throughout the year. A likely reason is that people stay overnight in the Portland and Bangor regions for a variety of reasons (e.g., vacations, shopping, entertainment, and even visiting friends or relatives in the hospital), while vacations are the main driver of lodging sales in places such as Rangeley (during the winter) and Bar Harbor (during the summer). Whereas vacation-oriented visitors are more concentrated during the summer months, these other types of travelers—more often to be found in Bangor or Portland—are more evenly spread across the entire year.

A few key trends regarding the seasonality of tourism in Maine are clear. First, summer accounts for the lion's share of lodging sales in the state. The "shoulder season" contributes about one-quarter of annual lodging sales, but this share has remained remarkably consistent over time. Additionally, Maine has a few regions—notably those with large ski resorts—that have a sizable share of their overnight visitors during the winter, but most of the largest tourism destinations experience their peak seasons during the summer. Finally, Maine's largest cities—Bangor and Portland—have a little more even distribution of overnight visitors throughout the year, mainly because these places welcome people who are vacationing in the state, as well as people who require lodging for other reasons.

**About the Maine Development Foundation (MDF)**

MDF is a private, non-partisan membership organization that drives sustainable, long-term economic growth for the state of Maine. MDF's strategic focus is a productive workforce that is educated, healthy, innovative, and engaged in their community and the economy. MDF stimulates new ideas, develops leaders, and provides common ground for solving problems and advancing issues by empowering leaders, strengthening communities, and guiding public policy with trusted economic research. Created in statute in 1978, MDF is a unique and trusted non-profit 501(c)(3) corporation that works statewide across all sectors. Visit MDF's website at [www.mdf.org](http://www.mdf.org) for more information.

MDF Program Director Ryan Neale is the researcher and author of the *Measures of Growth* report and oversees the production of this report series. Todd Gabe, Professor of Economics, University of Maine is the author of this report and can be reached at [todd.gabe@maine.edu](mailto:todd.gabe@maine.edu).

**About the University of Maine's School of Economics (SOE)**

The SOE serves as the University's hub of economics research and teaching while also embracing broader social science perspectives through its primary and affiliated faculty in law, social psychology, and human ecology. The faculty works closely with stakeholder groups to generate more information and policy recommendations to help solve Maine and national needs. SOE offers both undergraduate and graduate programs (such as resource economics and policy, financial economics, and international economics) that train students to think analytically and critically about social, environmental, and economic issues, and lead to careers in economics, law, public service, business, and other applied policy fields. Explore SOE's website (<http://www.umaine.edu/soe/>) to learn more about their academic and research programs, and their faculty, staff, and students.