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Synopsis: Tourism in Utah as an Economic Development Tool

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Cover Page Footnote

Many thanks to the University of Utah for the data contribution and Dr. Sotomayor for the review of this analysis.

Tourism in

UTAH

AS AN ECONOMIC DEVELOPMENT TOOL

FULL ARTICLE BY JHANA G. ARISTONDO

EDITED BY EVAN D. POFF

Utah is known for its variety of recreational areas and activities and has been one of the top states for outdoor enthusiasts through the last couple of decades. Home to the famous “Mighty 5” national parks, Utah also has forty-three state parks, two national recreational areas, one national historic site, and seven national monuments, along with some of the most attractive ski resorts during snow season, totaling fourteen this year (Leaver 2017). These state attractions have proven to be resources in enticing visitors from different parts of the country and the world to visit, keeping the state’s tourism industry strong during all seasons of the year. This diversity in travel and tourism has generated a positive revenue inflow from taxes for the state.

2002 Winter Olympic Games

Hosting the 2002 Winter Olympic Games created a new tourism pathway for the state, and since, Utah’s state legislators and businesses have been striving to capitalize on the state’s tourism potential. Before the Winter Olympic Games, Utah’s government did not allow much funding to go toward tourism branding and marketing because that was not considered a priority. Even after the Olympics, some legislators did not consider such funding essential because it was thought that the legacy of that Winter Olympics would automatically carry on afterwards. Though the number of visitors kept increasing in subsequent years, new legislators saw a large potential to increase revenue if certain marketing and advertising techniques promoted the beauty and entertainment of the state. These legislators identified the power of the tourism industry in Utah and have allowed a much larger budget to fill tourism initiatives and investment in the state.

Since the Games, the number of tourists to the state has been positively growing year after year (with a few downs attributed to the financial crisis of 2008 that expanded into the beginning of 2009), and in 2015, Utah set a record of national park visits that recorded \$8.17

billion, from which \$1.15 billion was generated in total state and local tax revenue. Along with those record highs, it has also been reported that tourism in Utah generated approximately 142,500 jobs in 2015 and \$4.28 billion in wages, which has positively impacted Utah’s economy (Leaver 2017). These statistics confirm a positive economic indicator of the state’s tourism industry.

Seasonal Tourism

Wrigley and Lewis (2002) found that Utah’s tourism is higher during winter months due to a large increase in skiing and snowboarding. They explained that the development of the winter sports industry has been very successful in areas with the right mix of resources. In the past, Park City was a small mining town, but it is currently known as a world-class resort city with the highest per capita income and property values in the state. New marketing techniques, along with a large variety of summer and winter advertising campaigns, took effect in the summer of 2012. These allowed a much larger return on investment in tourism as reported in 2013, which has been reported to be an important strength to Utah’s economy, generating jobs and wages—both directly and indirectly—and contributing to Utah’s overall tax base (Leaver, 2017).

While the winter months tend to be popular with Utah’s visitors in general, there are certain areas in the state that are not as compatible with this seasonal trend. Steed, Roberts, and Eastep (2014) found that central and southern Utah tends to receive fewer visitors; many of the southern parks close for several months of the year due to snowfall and safety concerns. This negatively impacts some counties’ economic development because visitors seeking certain activities may not visit central or southern Utah at those times of the year. However, it is more common that visitors and even residents visit national and state parks during warmer months—including those in central and southern areas—due to the availability and services offered.

Rural Communities

Utah's population is mostly centered in the northern side of the state. While the state has numerous attractions that incentivize tourist visits, several of the biggest national and state parks are situated in the corners of the not-so-populated areas of the state: scattered towns located in rural counties. Some of these counties count primarily on tourism activities to promote their financial activities. Jennifer Leaver (2017) explained that rural counties such as Daggett County, which is the youngest and least populated county in Utah, had the largest leisure and hospitality share of total private jobs in 2016, ranking first statewide. Like Daggett County, several other counties rely heavily on tourism to promote investment. A study done by Hodur, Leistriz, and Wolfe (2005) explains that counties that have small populations and that are dependent on seasonal tourism improve significantly when special emphasis is given to improving their tourism services. By improving tourism offerings, more employment opportunities are generated and the economic development of the county and state rises positively. Therefore, if respective governments prioritize investment in rural areas, those actions will further incentivize and spur tourism activities, which in turn will bring about significant change in the well-being of the counties' citizens.

To exemplify how tourism has influenced the economic development in Utah, Wrigley and Lewis (2002) found that the rural community of Springdale, located at the entrance to Zion National Park, has a population of 457 people yet is reported to have a full-time economic development director because of the active tourism industry. Rural counties like Springdale rely more heavily on advertising to attract visitors than better-known areas, given that recreational activities done in these larger areas are already well-known. In comparison to other areas, the need for increasing tourism revenues in smaller communities is an important issue that should not be overlooked. Thus, the expansion of rural communities—particularly in central and southern Utah—can significantly support local businesses that will promote the well-being of their residents and increase long-term, holistic economic development.

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