

# chapter 6

## potential for economic development based on heritage tourism

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### **ECONOMIC IMPORTANCE OF NATIONAL HERITAGE DESIGNATION**

Tourism is one of the most important segments of the economy, contributing \$11.8 billion into Arizona's economy and \$6.5 billion to the economy of New Mexico in 2006. Compared to urban areas, tourism contributes a larger proportion to the economy in rural areas such as the Little Colorado River Valley Area because of the scarcity of other income producing industries. A Congressional National Heritage Area designation for the Little Colorado River Valley Area can have a significant impact on the region's capacity for economic growth. A comparative study by Michigan State University found that National Heritage Areas were able to double the economic impact of tourism within 10 years after designation resulting in more jobs, business income, and tax revenues.

The proposed National Heritage Area currently attracts domestic and international visitors who come to view the dramatic landscapes and learn about its cultural heritage. Within the

boundaries are internationally known geological attractions such as the Petrified Forest and culturally renowned features such as the Navajo, Hopi, and Zuni Nations. The increased recognition brought by designation as a National Heritage Area will build on an existing tourism industry and encourage the development of partnerships throughout the region that will create opportunities for new tourism development.

Today's visitors are seeking unique experiences as a means of fulfillment. The Little Colorado River Valley Area has the raw ingredients for producing numerous itineraries with high dollar value. The seed funding provided for designated Areas promotes collaborations among private and public entities and draws together formerly separate entities. Such collaboration often results in cooperative marketing efforts that link multiple tourist attractions and public and private entities to create a tourism experience that has a stronger appeal than the sum of the individual pieces. The economic importance of creating such experiences has been clearly recognized. Modern tourists are not

**Table 6.1.** Visitation at major attractions within the proposed Little Colorado River Valley National Heritage Area, 2006.

Attraction	Number of Visitors
National Park Service	
Petrified Forest	581,801
Wupatki National Monument	242,980
Sunset Crater National Monument	221,406
Walnut Canyon National Monument	120,820
Hubbell Trading Post Natl. Historic Site	77,099
El Morro National Monument	35,000
Total visitation to NPS attractions	1,271,906
National Forest Service	
Apache-Sitgreaves National Forest	N/A
Coconino National Forest (2005)	3,250,000
Cibola National Forest	N/A
Navajo Tribal :Parks	
Little Colorado River Gorge (viewpoint)	43,363 ('07)
State Parks	
Homol'ovi Ruins State Park, Arizona	91,259
Lyman Lake State Park, Arizona	34,628
Riordan Mansion State Park, Arizona	25,915
Fool Hollow State Park, Arizona	15,979
Red Rock State Park, New Mexico	N/A
Private Attractions	
Lowell Observatory	72,766
Museum of Northern Arizona	69,152
Meteor Crater	~216,000 ('07)

(AZOT 2007, Dean Runyan Associates)

satisfied with simply observing a number of interesting places, but rather seek unique experiences that leave them with favorable sense-of-place feelings and an attachment to the destination that results in repeat visitation and external sales. The development of such experiences requires public land management agencies, government offices, and operators of lodging, food service, tours, and attractions to work together to create memorable experiences. This type of tourism results in greater economic value to the destination because visitors are willing to pay a

higher price since they perceive coordinated experiences as having higher value. An analysis of the attributes of the Little Colorado River Valley Area reveal a strong potential for the development of four types of experience tourism: cultural heritage, natural environment, outdoor recreation, and culinary.

**Attributes of the Little Colorado River Valley Area**

*Visitation*

Of the 33.7 million visitors to Arizona, approximately 18.9% visit Northern Arizona, a large region of which the Little Colorado River Valley Area is a portion. Within this area there are six attractions managed by the National Park Service, parts of three National Forests, five state parks and three major private attractions (Table 6.1). Four of the public lands in the proposed heritage area are listed in the top 25 natural attractions for the state of Arizona: the Petrified Forest National Park, Wupatki National Monument, Sunset Crater National Monument, and Walnut Canyon National Monument. When the visitation numbers for the five Arizona attractions managed by the National Park Service are combined, the number of visits total more than 1.2 million (AZOT 2007). In addition, El Morro National Monument in New Mexico attracts 35,000 visitors annually (NPS El Morro). Three National Forests compliment the natural attractions: Apache-Sitgreaves National Forest, Coconino National Forest, and Cibola National Forest. In addition to the federally managed lands, four state parks provide opportunities for cultural, heritage, and outdoor tourism.

### *Cultural Heritage Tourism*

The Little Colorado River Valley has unique and varied cultural and historic resources upon which to draw to build a viable cultural heritage tourism industry. Several State and National Parks feature the ruins and petroglyphs of a variety of cultures from the earliest to more modern-day residents. In addition, local museums and the Museum of Northern Arizona house numerous artifacts that tell the story of the land and its people. Remnants of the lives of the ancestors of the modern Native American nations that currently inhabit the region can be experienced by visitors. Hopi, Zuni, Navajo and White Mountain Apache Indians continue to produce highly prized rugs, jewelry, and pottery. All of this is further enhanced by numerous art, craft, and music festivals. Each of these resources has the potential to bring economic growth to the region. The numerous cultural heritage resources located within the Little Colorado River Valley Area are explained and listed throughout the seven heritage theme sections of Chapter 3.

### *Natural Environment Tourism*

The striking and dramatic landscapes in the Little Colorado River Valley draw tour groups and individual travelers to the region. Visitors come to view the sweeping open vistas and the world's most rare examples of Triassic period petrified wood and dinosaur fossils. Inside the proposed Little Colorado River Valley are notable geographic features such as the Painted Desert, the volcanic San Francisco Peaks, the Mogollon Rim, and Hopi Mesas. Visitors are attracted to the numerous publicly managed lands including the Coronado Trail National Scenic Byway, Wupatki National Monument, Sunset Crater, the Little

Painted Desert county park, Walnut Canyon National Monument, the Petrified Forest National Park and the Painted Desert. The uniqueness and drama of the landscape has the potential to attract more visitors than it currently does. The Petrified Forest National Park currently attracts 600,000 annually but it has the capacity to handle a great deal more visitors. Designation of the Little Colorado River Valley as a National Heritage Area will facilitate cooperation among the various land management agencies and local stakeholders. Such cooperation may lead to the development of tourism experiences that link the awe inspiring landscapes to the geological and anthropological history of the region. The designation has the potential to change the current tourist activities from site-seeing to experiences that give visitors a richer and more connected experience with the landscape and people. Experience tourism keeps the visitors in the region longer and attracts higher spending visitors, thereby increasing the economic impact of their visitation. The Sacred and Enchanted Landscapes and Outdoor Recreation sections of Chapter 3 describe and list the dramatic landscape features located in the Little Colorado River Valley.

### *Outdoor Recreation Tourism*

Expansive and extraordinary landscapes within the proposed Area provide a unique and appealing backdrop for a myriad of outdoor recreation activities. Well maintained trails and facilities in National and State Parks as well as recreation areas in the extensive Coconino, Cibola, and Apache-Sitgreaves National Forests are particularly attractive to visitors who enjoy hiking, biking, hunting, fishing, and camping. Hikers can hike from the southern border of Arizona to its

northern border and back again on the Arizona Trail, part of which is located in the Little Colorado River Valley. The Arizona Trail is but one of the numerous trails that are maintained for the enjoyment of residents and visitors alike. Hunters are attracted to the wildlife, especially the elk that inhabit these protected lands. The features of mountainous regions attract winter sport enthusiasts and stargazers who appreciate the dark skies and clear air. Climbers come to be challenged by impressive canyon walls that beg to be scaled. Open spaces with spectacular scenery facilitate ballooning excursions and festivals. The drama of the outdoor features of the region provide opportunities for economic development by setting the stage for the production of unique tourism experiences designed to present a challenge to and encourage the involvement of the visitor in the landscape. These opportunities are described at length in the Outdoor Recreation section of Chapter 3.

### *Culinary Tourism*

Culinary tourism is one of the fastest growing segments of the industry. This lucrative segment of the tourism market is drawn to experiences where they can learn to prepare foods that they have not previously experienced. Visitors delight in the discovery of new ingredients and new cooking techniques. They are anxious to gain information about foods that they know little or nothing about. An important motivation for culinary tourism is to do something no one else in their circle of friends has done. Unique heritage and modern culinary experiences can be created based on the resources of the Little Colorado River Valley. A particularly intriguing culinary experience can be developed around the foods of the ancient

cultures that inhabit the area. These early residents survived largely on maize, squash, pine nuts, game, and Anasazi beans. Another very interesting and unique food is the Churro sheep currently being raised on the Navajo reservation. These sheep are direct descendants of the Churrea sheep brought into the area by the Spanish in the 1590s. These types of culinary tours can be enriched with the history and culture of the people who developed these foods. Ingredients such as prickly pear cactus and pine nuts can be featured in local products that are sold in tourist shops. Working food producers can also benefit from tourism by opening their wineries, farms, and ranches to tourism or by having local restaurants and retailers sell their products to a knowledgeable and appreciative public of both residents and tourists. Such operations can also offer classes, workshops, and special events.

### **Economic Value of Tourism to the Area**

#### *Tax Revenues and Income from Tourism*

Tourism is an important part of the economy and a significant contributor to local, state, and federal tax revenues. In 2006, \$1.5 billion in Arizona state and local tax revenues was generated from direct travel spending and the federal government collected another \$1.2 billion in tax revenues (Runyan 2006). Of the \$1.5 billion in state and local tax revenues, 5.3 percent (\$78.3 million) came from the three counties (Coconino, Navajo, and Apache) in the proposed Little Colorado River Valley National Heritage Area. Of the \$18.6 billion spent by visitors in Arizona, \$1.2 billion, or 6.6 percent, was spent in the three counties. Especially interesting is

**Table 6.2.** Economic impact of tourism in the proposed heritage area.

Region	Expenditures		Jobs	% State	State and Local Tax Revenues	
	(\$ Million)	% State			\$ Million	% State
Arizona	18,600.0		173,000		1,479.0	
Coconino County	834.1	4.5	10,740	6.2	55.0	3.7
Navajo County	259.1	1.4	3,040	1.8	15.3	1.0
Apache County	128.5	0.7	1,730	1.0	8.0	0.5
Tri County Total	1,221.7	6.6	15,510	9.0	78.3	5.3
New Mexico	5,007.6		55,630		411.0	
Catron County	4.1	0.1	30	0.1	0.1	0.1
Cibola	63.7	1.3	670	1.2	5.0	1.2
McKinley	149.9	3.0	1,490	3.0	11.7	3.0
Tri County Total	217.7	4.3	2,190	3.9	16.8	4.0

the number of jobs generated by tourism expenditures. Of the 173,000 tourism related jobs in Arizona, 15,500 thousand or approximately 9 percent are in the designated region.

In New Mexico, tourism accounted for \$411 million in state and local taxes of which approximately 4 percent came from the three counties in the Little Colorado River Valley Area. The region accounts for less than 4 percent of the jobs in the state and a similar percent of local and state tax revenues.

Table 6.2 provides detailed data on expenditures, jobs, and tax revenues. The proposed Area receives a relatively small portion of the economic benefits of tourism compared to other counties. Increasing tourism opportunities may result in improving the ability of the area to attract tourism dollars that result in an increase in jobs and tax revenues.

*Tourism Provides Employment Opportunities*

The data displayed in Table 6.3 demonstrates the importance of tourism development in rural areas where unemployment is relatively

high. From 1998 to 2005, the three Arizona county regions experienced a 2.6 percent decline in tourism employment while the state of Arizona saw a 14.2 percent increase in tourism related jobs. The highest increase in employment (16.1 percent) occurred in a rural county in which a tourism business, the Hon-Dah Resort-Casino and Conference Center, was developed.

The natural, cultural, recreational and culinary resources of the Little Colorado River Valley Area provide the resources for the creation of tourism experiences that will result in increasing employment opportunities for both the skilled and unskilled labor force. A tourism experience that includes a personal guide, hand crafted memorabilia, locally grown food and pampered lodging will require more employees than the current type of tourism. The heritage area designation encourages the development of rich experiences while protecting and preserving the resources that attract visitors. It encourages cooperation between public land management agencies and private landowners, each one benefiting from cooperative efforts while contributing to economic growth.

**Table 6.3.** Tourism job growth, 1998 to 2005.

Region	1998 Jobs	2005 Jobs	Percent Change
Arizona	148,000	169,000	+14.2
Coconino County	11,230	10,740	-5.3
Navajo County	3,210	3,040	-4.4
Apache County	1,490	1,730	+16.1
Tri County Total	15,930	15,510	-2.6

**Growth of the Tourism Industry in Arizona 1998-2005**

While tax revenues from tourism in Arizona grew 57.6 percent between 1998 and 2005, tax revenues from tourism in the tri-county region grew by only 28.4 percent. The three counties in the designated region experienced a mere 29.5 percent increase in tourism spending compared with a 49.1 percent increase in the state of Arizona. The figures suggest the proposed Little Colorado River Valley Area, especially Coconino County, is not capturing its share of tourism’s growth potential. Coconino County, the largest county in the state, shows the poorest performance with a meager 23.2 percent increase in tourist spending in seven years. While Apache County is keeping pace and exceeding state averages in tourist spending, the other two counties lag behind state averages. The significant increase in jobs in Apache County (54.6 percent) can be largely attributed to the development of the Hon-Dah Resort-Casino and Conference Center demonstrating the importance of tourism development to rural communities. Table 6.4 displays data related to the growth of tourism in Arizona and the three counties in the proposed heritage area from 1998-2005.

**Growth of the Tourism Market**

The U.S. domestic tourism market continues to experience vigorous

growth. According to the US Census Bureau, the domestic tourism market increased from 100 million to 200 million from 1967-2006. By 2040, the 2006 figure will double to 400 million. As the value of the dollar

declines in relation to the Euro, the US is becoming an increasingly attractive destination to European travelers. International tourism has rebounded significantly from the decline after the 911 Attacks and continues to demonstrate strong growth. Arizona is one of the fastest growing states in the US. Its population has nearly quadrupled since 1960 when the state’s population was roughly 1.3 million. Today, the U.S. Census Bureau estimates the population has grown to nearly 6.2 million and will continue to grow until the population doubles in 2020. This increased population will result in more resident travel and more travel to rural areas and neighboring states such as New Mexico. Another increase in tourism will occur when the new residents entertain visiting friends and family. Currently, visiting friends and relatives account for more than one-half of all visitors to Phoenix and Tucson. Consequently, there will be a demand for new tourism products; especially those that help the new residents understand and appreciate the land, history, and culture of Arizona. The designation of the Little Colorado River Valley Area as a national heritage area will stimulate interest in visitation resulting in significant economic growth.

**Aging Population**

Two-thirds of the Baby Boomers list travel as their preferred retirement past

**Table 6.4.** Growth of tourism in Arizona, 1998 to 2005.

Region	State & Local Tax Revenue 1998 (\$ Millions)	State & Local Tax Revenue 2005 (\$ Millions)	% Change	Tourist Spending 1998 (\$ Millions)	Tourist Spending 2005 (\$ Millions)	% Change
Arizona	938	1479	57.7	11800	17600	49.1
Coconino County	44.2	55	24.4	678.8	836.5	23.2
Navajo County	11.1	15.3	37.8	183.5	259	41.4
Apache County	5.7	8.0	40.4	83.1	128.5	54.6
Tri County Total	61.0	78.3	28.4	945.4	1224	29.5

time. This group of active travelers will require new types of tourism activities. They will be looking for tourism in which they can be involved and from which they can benefit.

Educational tourism, ecotourism, culinary tourism, and voluntourism are but a few of the types of tourism that will engage these avid travelers who have the interest, time, and financial resources to travel (Cothran 2007). As demonstrated earlier, the proposed Area has the natural, historical, and cultural resources with which to develop tourism experiences that will appeal to the large group of retirees.

### **Cultural and Heritage Tourism**

The results of a recent survey indicate that the majority of visitors to Arizona (58 percent) wanted to experience the local culture and learn about the history of a region. These visitors were seeking an appreciation and knowledge of the cultural heritage of the area they were visiting. More than 90% of the visitors had visited at least two cultural heritage attractions in the past six

months. Interest in the culture and history of a region is equally important to resident visitors, out of state, and international visitors. Visitors from outside the region were motivated by novelty, seeking something new and different while local residents felt visiting such attractions would enhance their quality of life. For most, visiting cultural and heritage attractions is fun. Approximately 1.6 million of Arizona's visitors are inspired to visit the region because of its unique history and culture (Andereck and Ng 2006).

### **Hispanic Tourists**

A relatively large proportion (28.5 percent) of Arizona's population has Hispanic heritage. Hispanics tend to recreate differently from other groups. They often travel in large, multigenerational groups and are attracted to outdoor areas with picnic facilities. The heritage area can take advantage of the economic opportunities of attracting travelers with Hispanic backgrounds by offering local, intergenerational activities and events (Cothran 2007).

### **Need for New Product Development**

Significant changes in the types of tourism products desired by emerging markets are expected in the next 5 to 15 years. Recent retirees who are well-traveled are seeking experiences that enrich their lives. These higher spending experienced tourists are now seeking authentic tourism activities in which they can be actively involved. 2008 marks the year when the first group of baby boomers will turn 62, a popular retirement age. Two-thirds of the retirees are likely to be spending their retirement years traveling. Consequently, in the next few years, retired baby boomers will be dominating the tourism market. Boomers with considerable travel experience will be seeking unique destinations with authentic experiential tourism products. They will be looking for tourism that they can talk about when they get home, products that will actively involve them and products that enrich their knowledge, altruism and/or status. Destinations that add new products to attract this lucrative and growing market are likely to see considerable economic gain.

Heritage area designations create fertile ground for the development of cultural, historic, and nature tourism experiences because of the incentives to preserve and enhance the unique character of the region. The types of tourists attracted to the attributes of the Little Colorado River Valley Area are some of the most desirable kinds of tourists. Cultural, heritage, and nature tourists tend to stay longer and spend more money than traditional mass tourists. The Arizona Office of Tourism ranks nature tourism as the fastest growing type of tourism in the state.

### **Potential for Economic Growth**

A National Heritage Area designation will provide incentives for the development of tourism products and seed money for improved marketing resulting in an increase of tourism dollars that will drive regional economic development. The increase in the number of jobs and tax revenues to fund infrastructure improvements will open the area to other economic development opportunities. While the designated region has a considerable number of attractions and places of interest as well as a rich history and culture that is of interest to both domestic and international visitors, it lacks a critical mass of attractions with significant drawing power.

The organization of the area into a recognizable entity creates the potential for the development of tourism experiences that draw upon the rich resources of the region to provide visitors with a memorable and unique experience. Such tourism products meet the demands of the current tourism market that seeks enrichment and distinctive activities that are unmatched elsewhere. Regions that can provide these unique tourism experiences will benefit from the willingness of the market to pay premium prices for a product that cannot be duplicated elsewhere.

A National Heritage Area designation is an effective economic development strategy because it significantly increases heritage and natural tourism thereby increasing business income, the number of jobs available in the area and tax revenues. Rehabilitation of historic buildings supported by grants and loans combined with federal and state credits available because of the

designation will create new housing, help revive historic neighborhoods and downtowns, stimulate the growth of a rehabilitation industry, and create new investment opportunities.

Economic growth can be substantial for a designated National Heritage Area. For example, in the ten years following the designation of Path of Progress National Heritage Area in Pennsylvania, the annual economic

impact from tourism activity doubled. A Michigan State University study found that such increases are typical. A doubling of tourism expenditures in the Little Colorado River Valley would raise the income in the three Arizona counties from tourism to close to \$2 billion. Tax revenues would increase by 78 million and 15,000 new jobs would be added to the tri county region in Arizona.

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