TOURISM AS AN INDUSTRY CLUSTER

A Review of the Tourism Industry in Spokane, WA

BADM 585 – Strategy, Competiveness, and Economic Development

By:

Justin Jaffe, Edwin Laird, Deric Latendresse & Nick Wall

3/17/2014

The analysis will focus on the Tourism Industry in Spokane, Washington and the surrounding areas. Data collected from industry statistics is used to measure the success of the greater Spokane region. Data collected is then compared to, Salt Lake City, UT (a similar region with greater tourism) and Seattle, WA (a larger region in the same state). In comparing the regional statistics we expect to discover what other regions do differently in regards to travel and tourism. This report will serve as a tool to aid Spokane with the further development of its tourism cluster, thus allowing the region to transform into a destination city.
# Table of Contents

Executive Summary ........................................................................................................... 4

Introduction ......................................................................................................................... 5

Region .................................................................................................................................. 6

   Spokane ............................................................................................................................... 6
       Regional Attributes ........................................................................................................ 7
       Industry Concentration ............................................................................................... 8
       Transportation .............................................................................................................. 9
       Factor Conditions ........................................................................................................ 9
       Demand Conditions .................................................................................................... 10
       Related and Supporting Industries ............................................................................. 10
       Firm Strategy, Structure, and Rivalry ......................................................................... 10

Salt Lake City .................................................................................................................... 10

   Regional Attributes ........................................................................................................ 11
   Industry Concentration ................................................................................................. 12
   Transportation ............................................................................................................... 13
   Factor Conditions .......................................................................................................... 13
   Demand Conditions ....................................................................................................... 14
   Related and Supporting Industries .............................................................................. 14
   Firm Strategy, Structure, and Rivalry ........................................................................... 14

Seattle ................................................................................................................................. 14

   Regional Attributes ....................................................................................................... 15
   Industry Concentration ................................................................................................. 16
   Transportation ............................................................................................................... 17
   Factor Conditions .......................................................................................................... 17
   Demand Conditions ....................................................................................................... 18
   Related and Supporting Industries .............................................................................. 18
   Firm Strategy, Structure, and Rivalry ........................................................................... 18

Region Conclusion ........................................................................................................... 19

Cluster ............................................................................................................................... 19

   Tourism Cluster ............................................................................................................. 19
   Tourism Cluster Map .................................................................................................... 20
Executive Summary

While looking at a region and its economic health or development, it is often beneficial to break that region into industry clusters. Industry Clusters as defined by Michael Porter in On Competition are “… a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities (Porter, 2008: 215).” This report will focus on the tourism industry in Spokane and what the encompassing business are doing, in conjunction with the city, to take advantage of, and build upon the attributes provided by the area. The attributes that will be evaluated include infrastructure, geographic location, activities in the region, and an overall evaluation of the region.

The research will focus on larger scale events that can successfully be incorporated into the region with a goal of sustainable growth for the region as a whole. It is expected that similarities will arise from comparing regions. Focusing on the differences across the regions will provide valuable insight into how Spokane can leverage local endowments and core competencies to maximize tourism in the region. Anticipated differences include existing infrastructures that support regional tourism (hotels, restaurants, and local transportation), use of natural geography, and types of events that draw attention to the regions. Focusing on these differences will provide Spokane with the necessary tools for the implementation of new innovative ideas that will then help grow the Tourism Industry in the region. Findings and recommendations will be made available to the Greater Spokane Incorporated (GSI). It is expected that Spokane will succeed in attracting more tourist to the region if it incorporates the proposed ideas. As a result, the city will benefit from an increase in industry related jobs and revenue that will serve to improve the overall local economy.
Introduction

Creating jobs and increasing the revenues brought into a region assists in the development of a region’s prosperity. If successful, it can lower the homeless rate, unemployment rate, and increase tax revenue. How each region creates jobs and increases revenues is different. One of the ways cities have been able to bring money into their region is through tourism.

Tourism by definition is the travel for recreational, leisure, or business purposes. This type of travel is usually limited in duration and is commonly associated with the improvement of local economies by the influx of revenue brought in by travelers. Naturally, tourism is bound by what a region has to offer. Learning and understanding what the local region can offer to travelers is paramount for the success and development of a tourism cluster. This report will analyze three regions and provide recommendations to improve the tourism cluster in Spokane.

The United States has a plethora of historical sights and natural beauties that often resonate with domestic and international travelers alike. Residing in such a culturally rich country has its benefits when it comes to attracting travelers to its boarders. However, too often smaller regions go undiscovered due to the popularity and heavy marketing common for larger cities’ such as New York City, Los Angeles, and Las Vegas. One of these hidden gems is Spokane in the great State of Washington. The region is categorized as distinctly having all four seasons (fall, winter, spring, and summer). The city provides ample activities and events during each stage of the year. Furthermore, its natural beauty in the surrounding area rivals regions like Seattle and Salt Lake City. Preliminary data collected from the U.S. Census Bureau suggest that Spokane has a growing entertainment and lodging cluster (U.S. Census, 2010). Using the Location Quotient (LQ) calculator on the Census’ website shows that compared to the nation, the
Spokane region has a LQ slightly greater than 1.0. Therefore, it is easy to infer that Spokane is a prime candidate for a tourism cluster development. Prior to issuing recommendations to the Greater Spokane Incorporated agency the report will analyze a city within the same sovereign boundary and another with similar climate, population, and geographical landmass. It is pertinent that the analysis of these regions correlate with each other in the categories identified in order to create a solid comparison between the geographical regions.

**Region**

There are no two places that are exactly alike. Regions are made up of many factors both natural and manmade. Regional factors include regional attributes, industry concentration, and infrastructure. To better understand the strengths and weaknesses of the Spokane region, it is necessary to compare it to a similar region and to an evolved region. The regions selected to compare with Spokane were Salt Lake City, Utah and Seattle, Washington. For an in depth understanding of the regional competitiveness environment the report will also use Porter’s Diamond Model. The Diamond model will reference the region’s factor conditions, demand conditions, and related and supporting industries. In using the regional factors and Porter’s Diamond model the report will provide a detailed understanding the of the region’s strength and weaknesses as a whole.

**Spokane**

Spokane started off as a trading post in the early 19th century, and later became a mining community. Currently, Spokane is the second largest city in Washington State. It is on the central eastern part of the state boarder with Kootenai County Idaho just off of I-90. Spokane and Kootenai Counties have natural and manmade sights that include numerous lakes, natural waterfalls, countless hiking trails, several ski resorts, and a PGA class golf course.
Regional Attributes

Census data collected for the Greater Spokane Region in 2012 shows the population was approximately 618,092, and it encompassed 3,097 sq. miles (U.S. Census, 2010). The average annual rainfall is 18.8”. Temperatures range from an annual high of 84° Fahrenheit to a low of 20° Fahrenheit, and 174 sunny days each year. Data shows that the population for the region is on the raise (Figure 1) even though it is slightly below the Washington State average growth rate (City Data, 2014). Based on these findings, it is evident that the Greater Spokane Region is poised to continue its growth in population in the upcoming years making the city a desirable location for further infrastructure and economic development.

![Population growth in Spokane County](image)

Figure 1

As the second largest city in Washington State, Spokane has all the makings of an expanding region. From 2000 to 2005, Spokane had approximately 29,000 new births, and the city enjoyed an increase in net internal migration of approximately 9,500 people (Figure 2). This placed Spokane higher than the State internal migration average per 1,000 residents (City Data, 2014).
Industry Concentration

Spokane’s population is concentrated in the following top five industries as of 2009, healthcare, educational services, construction, finance, accommodations and food services (Figure 3).

This type of industry concentration allows for the region to develop and produce a greater number of skilled workers which would contribute to the region’s economic development, and
lay the foundation for current and feature infrastructure development within the city of Spokane. (City Data, 2014).

**Transportation**

The transportation options in and around Spokane are provided by the Spokane Transit Authority (STA). Spokane Transit currently provides 39 bus routes covering 371 square miles (Greater Spokane Incorporated, 2014). With an additional 4 routes in Coeur d’Alene, ID. These additional routes service the greater Coeur d’Alene metropolitan area, therefore, facilitating transport between the two adjacent cities (City Data, 2014). Traveling to the area is quite easy with access to Washington’s second largest airport just 10 minutes away from downtown Spokane as well as Amtrak’s Empire Builder route if traveling by train (Amtrak, 2014).

**Factor Conditions**

Spokane’s factor conditions are labor, land, and natural resources. Spokane has a large unskilled workforce that attracts large manufacturing companies to invest in Spokane. This investment from these manufacturing companies ultimately reduces the unemployment rate in the local region by the additional jobs afforded by these manufacturing firms. Although low-wage jobs are not ideal, the low cost of living allows for these employees to maintain a higher quality of life than they would in Seattle for example. The higher quality of life then translates to a greater prosperity among the local population. Spokane’s land and climate are perfect for agriculture as well as recreational activities. The natural resources in the Spokane area include mountains, lakes, and rivers along with additional manmade locations that attract individuals o them.
Demand Conditions

The large number of recreational resorts has created competition between local resorts. The domestic market for recreational activities is large in the Spokane area and the local population is very demanding in this industry. This local demand has helped push the resorts to improve their facilities, which has helped in the improvement of the local infrastructure.

Related and Supporting Industries

The outdoor recreation environment has created the opportunity for other industries in the region to benefit. These industries include sporting equipment stores and rentals as well as the hotels and restaurants that host the tourists coming to the local area for recreation.

Firm Strategy, Structure, and Rivalry

The strong rivalry between local ski resorts, golf courses, and lake resorts has motivated companies to find a competitive advantage within their industry. This strong rivalry has led to a continual improvement of the local infrastructure and natural sights provided by the City of Spokane. The local improvement has helped develop the industries in the surrounding Spokane region and has started to attract travelers from around the world to these resorts. Desirability and attraction of these resorts has afforded Spokane with a new influx of revenue for the region.

Salt Lake City

Salt Lake City was founded in 1847 by a group of Mormon pioneers led by Brigham Young. This was the first permanent non-Indian settlement in the Salt Lake Valley. (Utah.com, 2014). During this period the region was part of the country of Mexico. The following year a treaty was signed between the two countries ceding the territory to the United States. Salt Lake’s
initial industry was brought on by the California gold rush and currently it ranks one of the highest in high tech business environments (Utah.com, 2014).

The Greater Salt Lake City is the largest in the state and it is located in the north central part at the foothills of the Park City Mountains. The region is intercepted by two major interstate which include I-80 and I-15. In addition, Salt Lake is near two major bodies of water and the Bonneville Salt Flats.

**Regional Attributes**

Census data collected for the Greater Salt Lake City Region in 2012 shows the population was approximately 1,064,000, and it encompassed 808 sq. miles (U.S. Census, 2010). The average annual rainfall is 18.58”. Temperatures range from an annual high of 90° Fahrenheit to a low of 25° Fahrenheit, and 222 sunny days each year. Data shows that the population for the region is on the raise (Figure 4) even though it is slightly below the Utah State average growth rate (City Data, 2014). Based on these findings, it is inferred that the Greater Salt Lake Region is a candidate for regional comparison.

![Population growth in Salt Lake County](image)

**Figure 4**

As the largest city in Utah, Salt Lake has all the makings of an expanding region. From 2000 to 2005, Salt Lake had approximately 94,883 new births, and the city enjoyed an increase
in net international migration of approximately 30,000 people (Figure 5). This placed Salt Lake City higher than the State international migration average per 1,000 residents (City Data, 2014).

Figure 5

Industry Concentration

Salt Lake’s population is concentrated in the following top five industries as of 2009, healthcare, educational services, construction, finance, accommodations and food services (Figure 6).

Figure 6
Just as in the case of Spokane, this type of industry concentration allows for the region to develop and produce a greater number of skilled workers which would contribute to the region’s economic development, and lay the foundation for current and feature infrastructure development. Based on these findings it is evident that both Salt Lake and Spokane have similar industries, thus, solidifying the argument of comparison between both cities.

**Transportation**

Salt Lake has an expansive well developed public transportation system that includes intercity commuter trains, light-rail lines and buses that make it easy to get around not only in Salt Lake City but to all surrounding areas as well (Visit Salt Lake, 2014). The airport in Salt Lake City is one of the USA’s major tourism hubs and located only 10 minutes from downtown Salt Lake City. To make things easier, the public transit system has expanded its reach to the airport by offering light rail service directly from downtown (Visit Salt Lake, 2014).

**Factor Conditions**

The factor conditions in Salt Lake City are similar to Spokane which is why we chose to compare these two regions. In addition to the labor, land, and natural resources Salt Lake City possesses, it also has a developed infrastructure. Salt Lake City International Airport ranks 26th in North America and is considered the 64th busiest in the world in terms of passenger numbers (Salt Lake City Airport, 2014). This makes it easy for travelers to get in and out of Salt Lake. There is also a rapidly growing public transportation system which includes an extensive bus system, a light rail system, and a commuter rail line.
**Demand Conditions**

The demand conditions in Salt Lake City are also very similar to Spokane. There are 24 golf courses in Salt Lake City and over 100 in the Utah. There are multiple ski resorts and lakes. The local demand for these activities has pressured them to improve their facilities and offerings which have in turn attracted global attention to the whole region especially after the region hosted the 2002 winter Olympics.

**Related and Supporting Industries**

Supporting industries in the Greater Salt Lake City region consist of hotels, food services, and the international airport. The international airport makes it easy for travelers to get to Salt Lake and the hotels and food services cater to their needs throughout their visit.

**Firm Strategy, Structure, and Rivalry**

The large number of universities in the region continues to bring skilled workers to the area which has established a competitive advantage for Salt Lake City. In addition, the presence of local rivals remains a motivating factor for all of these industries to continue to improve the regional infrastructure as a whole.

**Seattle**

Seattle was founded in 1851 by a group of European settlers led by Arthur Denny and his group of travelers, subsequently known as the Denny Party. The travelers settled in the king county region and decided to name the new township Seattle in 1853 after the local Suquamish tribes (Seattle Municipal Archives, 2014). Seattle’s initial industry was brought on by the Lumber Industry and currently it ranks one of the highest in high tech business environments.
The City of Seattle is the largest in the Pacific Northwest Region of the United States and it lies on a narrow strip of land between the Puget Sound and Lake Washington. In addition, the city is located between the Olympic and Cascade mountain range (Seattle Municipal Archives, 2014). The region is intercepted by two major interstate which include I-5 and I-90.

Regional Attributes

Census data collected for the Seattle Region in 2012 shows the population was approximately 2,007,000, and it encompassed 2307 sq. miles (U.S. Census, 2010). The average annual rainfall is 36.2”. Temperatures range from an annual high of 78° Fahrenheit to a low of 34° Fahrenheit, and 58 sunny days each year. Data shows that the population for the region is on the raise (Figure 7) even though it is slightly below the State average growth rate (City Data, 2014).

![Population growth in King County](image)

**Figure 7**

As the largest city in Washington, Seattle has all the makings of growing metropolitan region. From 2000 to 2005, Seattle had approximately 115,453 new births, and the city enjoyed an increase in net international migration of approximately 64,000 people (Figure 8). This placed Seattle higher than the State international migration average per 1,000 residents
Based on these findings, it is inferred that the Greater Seattle Region is a candidate for regional comparison.

![Population change from April 1, 2000 to July 1, 2006: Births: 115,453
Here: 64 per 1000 residents
State: 66 per 1000 residents
Deaths: 60,945
Here: 34 per 1000 residents
State: 36 per 1000 residents
Net international migration: +63,937
Here: 35 per 1000 residents
State: 21 per 1000 residents
Net internal migration: -66,789
Here: -37 per 1000 residents
State: +13 per 1000 residents](image)

**Figure 8**

**Industry Concentration**

Seattle’s population is concentrated in the following top five industries as of 2009, professional scientific, technical services, healthcare, educational services, and construction (Figure 9).

![Most common industries in 2009 (%)](image)

**Figure 9**
Although, Seattle is considered a top travel destination, its surrounding industry does not reflect that. The reason for this is due to the technological titans that are headquartered in the local region. Nevertheless, Seattle is the pinnacle of success, with vast resources and manpower; it is evident that many cities strive for the same success portrayed by them.

**Transportation**

An expanding public transportation system includes four major bus systems, King County Metro and Community Transit Pierce Transit and Sound Transit, the light rail, the Seattle street car and major trains along with many private taxis that serve tourist throughout the city. Adding in ferries and water taxis, this intricate system can transport all visitors to their destinations extremely easy and efficiently. There are two airports in the area for those traveling by plane, Seattle Tacoma International Airport (the state’s largest airport) and the King County International Airport, along with the Boeing airfield when there is a need to fly by private jet. Access to the city is also possible by train via Amtrak as well as by sea through the numerous cruise lines that have access to the seaport.

**Factor Conditions**

Factor conditions that have helped Seattle with their continual growth and improve are their advanced infrastructure, location on the coast, and skilled labor. Technologically advanced companies are based in Seattle which continues to attract highly skilled workers. These companies include Microsoft, Amazon, Boeing, and T-Mobile US.

Seattle public transportation includes metro systems, electric trolleybuses and a light rail line from the airport. SEA-TAC airport had 34,776,666 total air passengers in 2013 making it the 15th busiest airport in the United States (Port of Seattle, 2014). The port of Seattle provides a major gateway for trading industries to nestle in the Puget Sound region. In addition, its
proximity to the Pacific Ocean has allowed Seattle to facilitate trade with many Asian and Pacific countries alike. This has been a huge advantage for Seattle as international trade volume continues to increase.

**Demand Conditions**

Having a large airplane manufacturer such as Boeing has created ample demand for aerospace parts which in turn has helped build a strong aerospace industry in the Seattle region. There is also a large demand for technical products in Seattle due to the amount of highly skilled, well-paid workers that live there. These demanding buyers have pressured the high tech companies to continue to improve their business to meet the needs of these buyers. This pressure has helped these companies continue to be extremely competitive in the global market.

**Related and Supporting Industries**

Supporting industries in the Greater Seattle region consist of hotels, food services, and the international airport. The international airport makes it easy for travelers to get to Seattle and the hotels and food services cater to their needs throughout their visit.

**Firm Strategy, Structure, and Rivalry**

As stated above, there is no lack of skilled workers in Seattle. These high skilled jobs have created intense competition within Seattle. There are constantly new college graduates from all over the State of Washington competing with the employees of these high-tech firms. Not only are the employees competing, but the high-tech firms are competing for these employees as well. Software and aerospace companies are continuously competing with each other for market share and the most skilled employees.
Region Conclusion

Each region provides unique attributes associated with the region’s culture, history and geographical location. This uniqueness is what sets them apart. In comparing the four sections of the Diamond Model for Spokane to Salt Lake City and Seattle, it becomes evident that no city is a like. However, the correlations attributed to their regional factors which include regional attributes, industry concentration, and transportation serve as a foundation for this comparison study.

Cluster

To make a region grow economically, there needs to be an increase of cash flow from outside that region. If the amount and frequency of the cash flows are significant, then chances are good that the region will be able to increase the jobs and the conditions that surround the source of the cash flows.

Tourism is one way that regions have been successful in bringing revenue into their region. Clusters are composed of interconnected businesses within a region. Tourism as a cluster includes transportation, infrastructure, and events. A cluster map will show the different divisions that affect the tourism industry and taking a second look at Porter’s Diamond Model, specific to tourism, will help to identify the competitive environment for the industry. Finally looking at the specifics offered by each of the comparison regions, through the lens of the cluster, will show Spokane’s advantages and disadvantages.

Tourism Cluster

The tourism cluster is made up of several categories that all work together to boost the economy of a region. The region’s economy can be boosted through different areas such as bringing outside money into the region for businesses, residents and governments alike, the
growth of tourism can add jobs in the local economy for more than just the tourism industry, and the growth in tourism will also begin a cycle of awareness that will then allow for even further growth. The cluster map in Figure 10 that follows shows the different divisions for tourism. Moreover, this section will look at each individually to show how they will affect the region’s economy.

**Tourism Cluster Map**

![Tourism Cluster Map](image)

**Figure 10**

**Infrastructure**

The region's infrastructure in no small part really dictates the capacity for tourism. Airports, Public Transportation, Event Venues (all aspects where the region really has to put direct investment) serves as the backbone of attracting travelers to these specific regions. Therefore, without the proper financial investment of this cluster it is inferred that...
complementary tourism businesses will find it difficult to expand. The private side of the infrastructure that dictates numbers of travelers to a region, whether it is for a major event or for personal recreation, are the hotels and restaurants. The number of rooms available, service employees at those hotels and places for the travelers to enjoy dinning, not only allow for tourism but also attracts it. Places such as New York City, NY, Las Vegas, NV and Chicago, IL demonstrate how the investments in infrastructure can really enhance the tourism to the respected areas and thus their economies.

Region

The region itself is the great unknown factor, the one area that residents and officials of the region cannot control. What they can do is learn how to market to their strengths to boost travel. In discussing the regions the study is specifically referring to the weather and the natural geography. Look at a place such as Hawaii or Whistler, British Columbia. These two completely different climates are tops in world travel for their respective categories. How can two places so different be so successful? The reason for this phenomenon is that they understand what their strengths are and they cater to them. Hawaii advertises the beaches and the water while Whistler pushes their region as the best skiing in the world. Population is considered in this section as well however because you can only fit so many residents into a specified area. That, along with the other aspects of the region, can limit the infrastructure that can be developed.

Regional Activities

Along with the region itself, the activities that a region can offer (without great investment) are at times out of the residents’ control. There are instances where this is not the case and this study will discuss those later. Focusing on the natural activities a region can offer
to drive tourism and how that can be used to boost the economy. Different seasons allow for different recreational activities such as golf and water sports in the spring and summer, hunting and fishing in the fall and snow sports in the winter. If regions need to make the most of their surroundings to enhance these activities, building the surrounding infrastructure to allow tourists the best experience will entice them to travel back and spread the word of their latest adventures within the local region. This in turn will bring in more revenue for businesses to expand, therefore, allowing them to hire more employees and essentially provide these businesses with the capital needed to continue enhancing the travelers experience within the region. This continual growth will continue to enhance the economy by creating new jobs in the construction and development which benefits supporting tourism clusters in the greater Spokane area. It will also allow for greater revenues to be realized by governments in the form of taxes that can then be reinvested in the economies both in and outside of tourism.

As stated previously the region can dictate these activities however, if through tourism a reputation can be built and enough revenue comes into the economy, it is possible to build manmade attractions that will further expand activities that are offered. Investments in theme parks are a great example of this as a result of growing tourism.

Events

These Events are sought after experiences that occur on a semi regular basis and require much more planning and infrastructure than do the Regional Activities. The basic categories selected are Community Events & Festivals, Regular Professional & Collegiate Athletics and Occasional Professional & Collegiate Athletics.

The community events and festivals are events that draw a large crowd and are potentially housed either indoors or outdoors. Events such as, concerts, film festivals, food
festivals and community tournaments are in this group. These events are considered interactive for the average traveler where the event was the specific reason for the trip. These types of events can draw world travelers from a couple of thousand to hundreds of thousands of visitors on a regular basis. Therefore, it is imperative that the infrastructure is in place to support the large influx of foreign and domestic travelers alike.

Regular professional and collegiate athletics are events that happen every season with a set schedule. Having and NFL team or a major college presence in the region can act as a magnetic pull for collegiate enthusiast. In this respect visitors are traveling to support the visiting team. Occasional professional and collegiate athletics are more on a cyclical basis such as an Olympic qualifier or the World championships in a given sport. These events are not regular; therefore, they fail to support the economy through the creation of additional jobs. However, having the infrastructure to attract those events to the region will be paramount, in winning the bids and travel taxes associated with these global scaled events.

Government Actions

Government Actions is discussed further in the “Recommendations” section of this paper; however, it is important to discuss how this sector can influence the tourism cluster as a whole. As is seen in the above sections Infrastructure, Region, Regional Activities and Events are all intertwined with one another. Government Actions can aid in all of these areas to boost tourism. Tax breaks for developers willing to invest in infrastructure (building newer, larger and better hotels and event venues) can make a region more attractive for those large scale events. Instituting travel taxes on hotel rooms and restaurants can directly increase the revenues from unexpected sources that can then be reinvested into the economy, in tourism or other clusters. These types of actions are paramount in for the sustainability and longevity of the local travel
cluster. Allowing for these types of governmental actions to occur within a region serves as the pinnacle for a healthier local economy.

**Regional Economics**
Focusing on the following census NAICS codes, NAICS 48-49 Transportation and warehousing, NAICS 71 Arts, entertainment, and recreation, and NAICS 72 Accommodation and food services allows for a clearer representation of the tourism cluster in each region. Below table represents the current percentage of employment pertaining to the tourism cluster in respective to all industries in the immediate surrounding areas. Furthermore, from this data reflects that the Spokane region currently employees 10.73% of its workforce in the accommodations and food service industry. In contrast, Salt Lake City employs 8.48% and Seattle 9.11% within the same accommodations industry. In regards to transportation, Spokane is lagging behind Seattle and Salt Lake with 2.8% of its workforce in the transportation & warehousing industry (U.S. Census, 2010). Needless to say, Spokane is not that far behind these two other regions.

<table>
<thead>
<tr>
<th>Industry</th>
<th>U.S. TOTAL</th>
<th>Spokane County &amp; Kootenai County</th>
<th>Salt Lake County</th>
<th>King County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Industry: Total, all industries</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>NAICS 48-49 Transportation &amp; warehousing</td>
<td>3.76%</td>
<td>2.83%</td>
<td>5.15%</td>
<td>4.14%</td>
</tr>
<tr>
<td>NAICS 71 Arts, entertainment, &amp; recreation</td>
<td>1.79%</td>
<td>1.89%</td>
<td>1.36%</td>
<td>2.20%</td>
</tr>
<tr>
<td>NAICS 72 Accommodation &amp; food services</td>
<td>10.63%</td>
<td>10.73%</td>
<td>8.48%</td>
<td>9.11%</td>
</tr>
</tbody>
</table>

The Greater Spokane Region has the potential to utilize its current workforce to further develop their tourism cluster. Spokane currently holds two strong clusters that make up the overall tourism cluster. Having a cluster in arts, entertainment, and recreation along with accommodations and food services only serves to assist and entice the local government to further develop their tourism cluster. From the below locations quotient table it is inferred that
Spokane can be competitive in this market should they choose to pursue the development of this cluster (U.S. Census, 2010).

<table>
<thead>
<tr>
<th>Industry</th>
<th>Spokane County &amp; Kootenai County</th>
<th>Salt Lake County</th>
<th>King County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Industry: Total, all industries</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>NAICS 48-49 Transportation and warehousing</td>
<td>0.75</td>
<td>1.37</td>
<td>1.1</td>
</tr>
<tr>
<td>NAICS 71 Arts, entertainment, and recreation</td>
<td>1.06</td>
<td>0.76</td>
<td>1.23</td>
</tr>
<tr>
<td>NAICS 72 Accommodation and food services</td>
<td>1.01</td>
<td>0.8</td>
<td>0.86</td>
</tr>
</tbody>
</table>

**Spokane Events**

Events in Greater Spokane include the Lilac Bloomsday Run, Hoopfest 3-on3 Basketball Tournament, the Coeur d’Alene Ironman along with a host of local professional, semi-professional and college sports teams. If you are just looking for recreational activities Greater Spokane can meet your needs there as well with local golf and mountain biking in the summer to back country mountain trails for skiing and other activities during the winter months.

The Spokane Sports Commission is responsible for supporting local sporting events and attracting national events to the Spokane region. This non-profit has been successful in boosting the Spokane regions tourism industry. In 2013, the commission brought many events to the region. Of the top twelve, nine were reoccurring events. These 12 events brought nearly 14,000 participants to Spokane which had nearly a $26 million economic impact. To continue supporting the regional sporting event growth, the Spokane Sports Commission has proposed a new sports facility which will have two levels consisting of 127,000 square feet to support indoor track, ice arena, and large tournaments. The estimated cost for the facility is $20 - $25 million. This facility would help alleviate the competition for venues like the Spokane arena for larger events, and allow Spokane to bid for larger national events which require venues that support larger attendance.
Salt Lake City Events

Salt Lake City is home to some of the world’s premier annual festivals such as the Sundance Film Festival which attracts visitors from all over. Other festivals include the state fair and arts shows. If you’re looking for sports they can meet expectations here as well with major professional sports offering the NBA’s Utah Jazz. On the other hand if you just want to enjoy the great outdoors the legendary mountains for skiing in the area are on the must-see list.

Salt Lake City hosted the 2002 Winter Olympics. Today, the Olympic Legacy Foundation is responsible for maintaining the facilities and attracting winter sporting events. This non-profit has made Salt Lake City a powerhouse in attracting winter sports to the region.

Seattle Events

Three major sports franchises (the Seahawks, Mariners, and Sounders) call Seattle home along with many other minor league and major college teams. Annual festivals that attract visitors include the Seafair, the Tulip festival and the state fair (4th largest fair in the world). From the Pacific Ocean and the Puget Sound to the Cascade Mountains, the surrounding lakes to boardwalks, beaches and golf courses; year round there is always something for visitors of all interests to do.

Diamond Model

[Diagram of Porter's Diamond Model]

Factor Conditions

Factors impacting the tourism cluster include land and infrastructure. Tourism in both Spokane and Salt Lake City are primarily driven by outdoor recreational activities such as golf, skiing, and water sports. These activities draw travelers from outside of the area to experience these activities that are specific to these two locations. The airports and highways make it accessible to travelers coming in from other regions. Tourists can also take advantage of the hotels and restaurants in these areas created to accommodate the needs of these travelers.

Demand Conditions

There is a large local demand for a majority of the tourism infrastructure such as, resorts, restaurants, and public transportation. The local demand helps these industries to recognize their weakness and improve their services to meet the demands of the local market. For example, if a ski resort in Spokane strives to meet the high demand of locals who frequent the resort weekly, it will help the resort to improve and innovate to attract more tourism.

Related and Supporting Industries

There are several related and supporting industries for the tourism cluster. These industries include public transportation, hotels & restaurants among all other industries directly and indirectly affected as laid out in the “Tourism Cluster” Section.

Firm Strategy, Structure, and Rivalry

Within each region, there is domestic competition. There are multiple golf courses and ski resorts that compete with each other to gain a larger market share. This competition creates pressure on these companies to continue to improve their business while lowering costs. The domestic tourism competition helps improve all of the different industries which in turn attract more tourists to the region.
Cluster Conclusion

Spokane clearly has the competitive advantage when it comes to minor league sports. Focusing on developing the reoccurring events like Bloomsday and Hoopfest, in addition to bringing new minor league events to the region like March Madness and the ice skating competition, will be curtail in developing the Spokane tourism cluster. Spokane should not try to attract events on the professional level as they would be a better fit for Seattle. Competing for winter sports events will be difficult because of the advantage Salt Lake City has due to the Olympic Foundation and the Olympic Stadiums.

Recommendations

For future actions Spokane should lobby the government to allow for increased subsidies on the industries with in the tourism cluster. This will attract more companies to the region increasing employment opportunities and expanding the infrastructure and create the capacity that Salt Lake and Seattle have enjoyed. Added taxes on tourism activities such as hotels and restaurants can also add to the budget where the city can get more involved in the development of the infrastructure, this has been a common practice in cities building new event venues. Other recommendations include increased marketing, leveraging the natural environment and regional activities, increasing and modernizing mass transportation infrastructure to and around the city and continuing plans of event venue renovation and expansion.
Reference


