



The Economic Impact of Tourism in Wisconsin

April 2013



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State Overview



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Key themes for 2012

- The Wisconsin visitor economy continued to expand in 2012. Visitor spending within Wisconsin rose 4.7% after a 7.6% increase in 2011.
 - Visitor volumes rose for a second straight year, 96.6 million people visited Wisconsin in 2012.
 - Day visitation rebounded in 2012 as gas price growth moderated.
 - Spending rose in all major categories with transportation and recreation out-performing the overall visitor economy.
- Visitor spending of \$10.4 billion generated \$16.8 billion in total business sales in 2012 as tourism dollars flowed through the Wisconsin economy.

Key results

- Tourism is a substantial and growing driver of the Wisconsin economy and represents a significant source of business sales, employment, and taxes in Wisconsin.
- Total tourism business sales of \$16.8 billion in 2012 sustained 184,000 jobs, both directly and indirectly.
- These jobs represent 7.8% of total private employment in Wisconsin; 1 in every 13 jobs in the state is sustained by tourism activity.
- Including indirect and induced impacts, tourism in Wisconsin generated \$1.3 billion in state and local taxes and \$975 million in Federal taxes last year.
- In the absence of the state and local taxes generated by tourism, each Wisconsin household would need to pay \$575 to maintain the current level of government services.

Industry indicators

- Visitor trips to Wisconsin destinations grew 1.0% between 2011 and 2012.
- Hotel room demand grew 1.9% (source: Smith Travel Research).
- The average daily rate increased by 2.7% in 2012 helping grow overall hotel room revenue by 4.6% (source: Smith Travel Research).
- State sales tax on lodging properties grew 4.9% in 2012 (source: State Revenue Office).
- Tourism-related employment growth outpaced overall state employment growth, growing 1.4% from the prior year.

Visitor Spending



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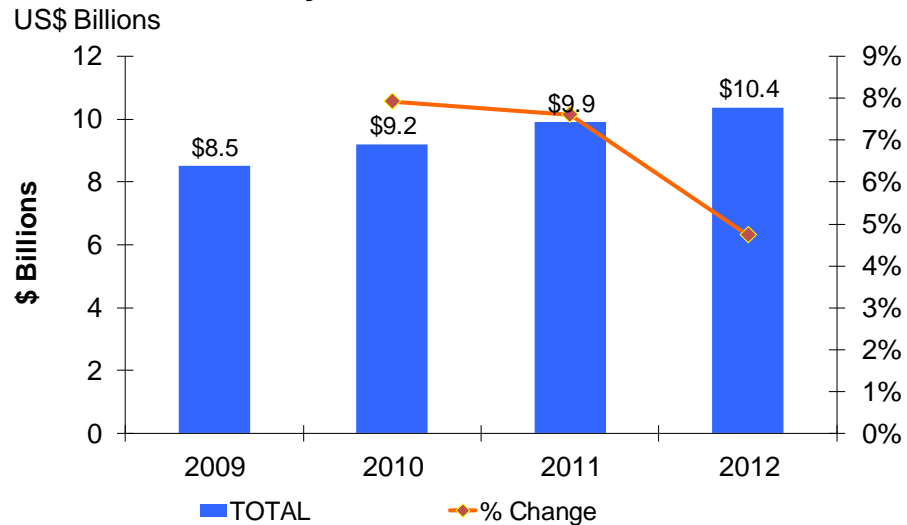
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Visitor spending

- Wisconsin visitor spending surpassed \$10 billion in 2012, posting 4.7% growth after a 7.6% increase in 2011.
- Strong day traveler growth pushed recreational spending up 7.0% in 2012.

Visitor Spending (US\$ Million)					
Sector	2009	2010	2011	2012	% Change
Lodging	\$2,147	\$2,380	\$2,564	\$2,664	3.9%
Other Transport	\$834	\$957	\$1,057	\$1,194	13.0%
Air	\$384	\$388	\$405	\$408	0.8%
Food & bev.	\$2,146	\$2,252	\$2,447	\$2,569	5.0%
Retail	\$1,850	\$2,065	\$2,200	\$2,221	1.0%
Recreation	\$1,162	\$1,155	\$1,225	\$1,311	7.0%
TOTAL	\$8,522	\$9,197	\$9,898	\$10,367	4.7%

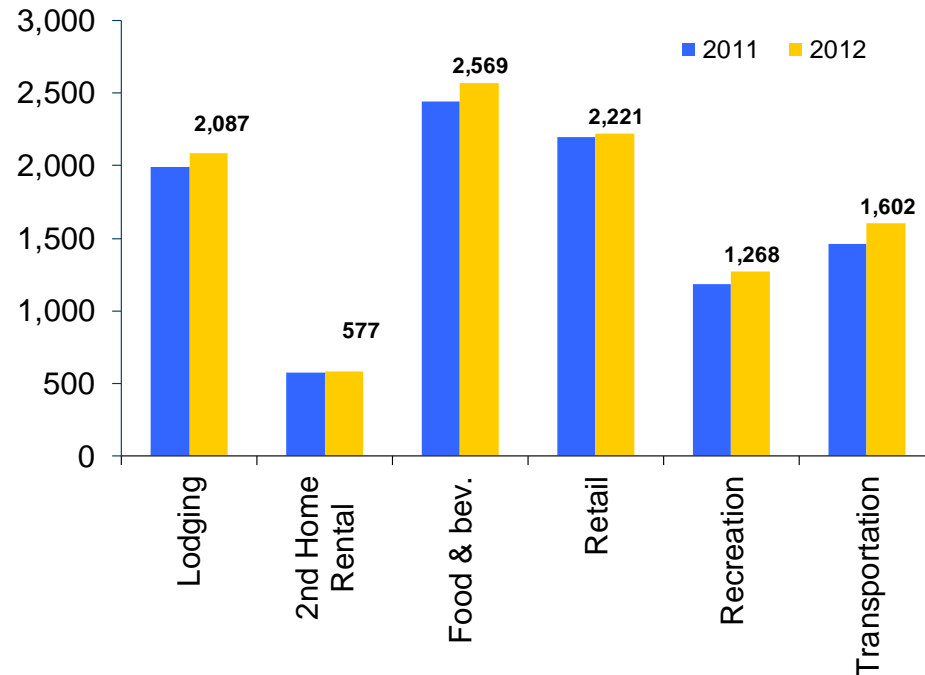
Tourism Industry Sales



Source : Tourism Economics

Visitor spending by sector

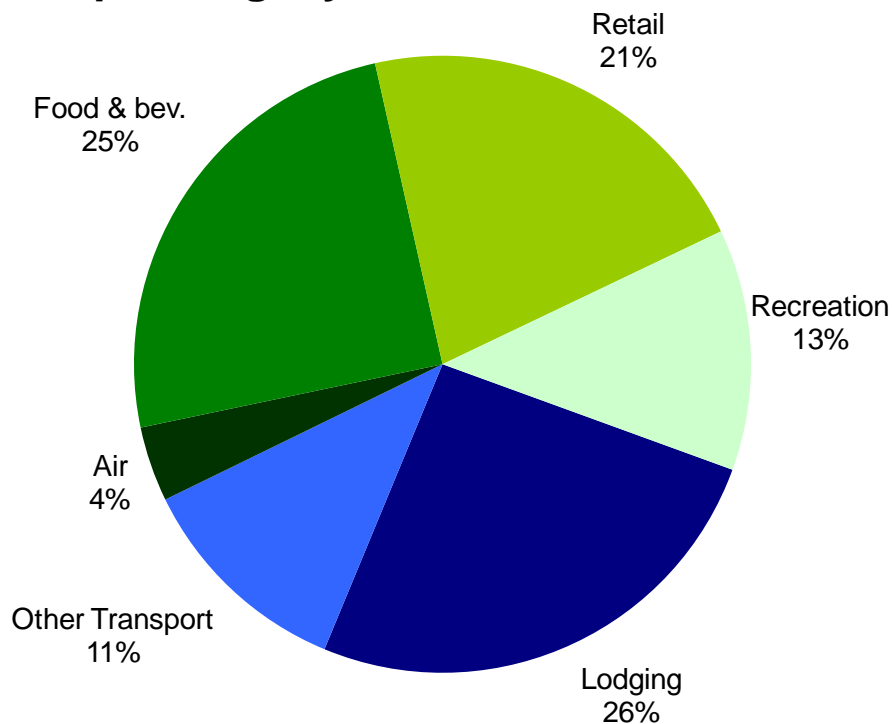
\$ Million, 2012 values shown



- Travelers spent \$2.6 billion on food & beverages and \$2.1 billion in the lodging sector last year. The retail sector received \$2.2 billion from visitors.
- In 2012, visitor spending increased 7.0% on recreation and entertainment, 5.0% on food and beverage, and 3.9% on lodging.

Visitor spending by sector

Visitor Spending by Sector



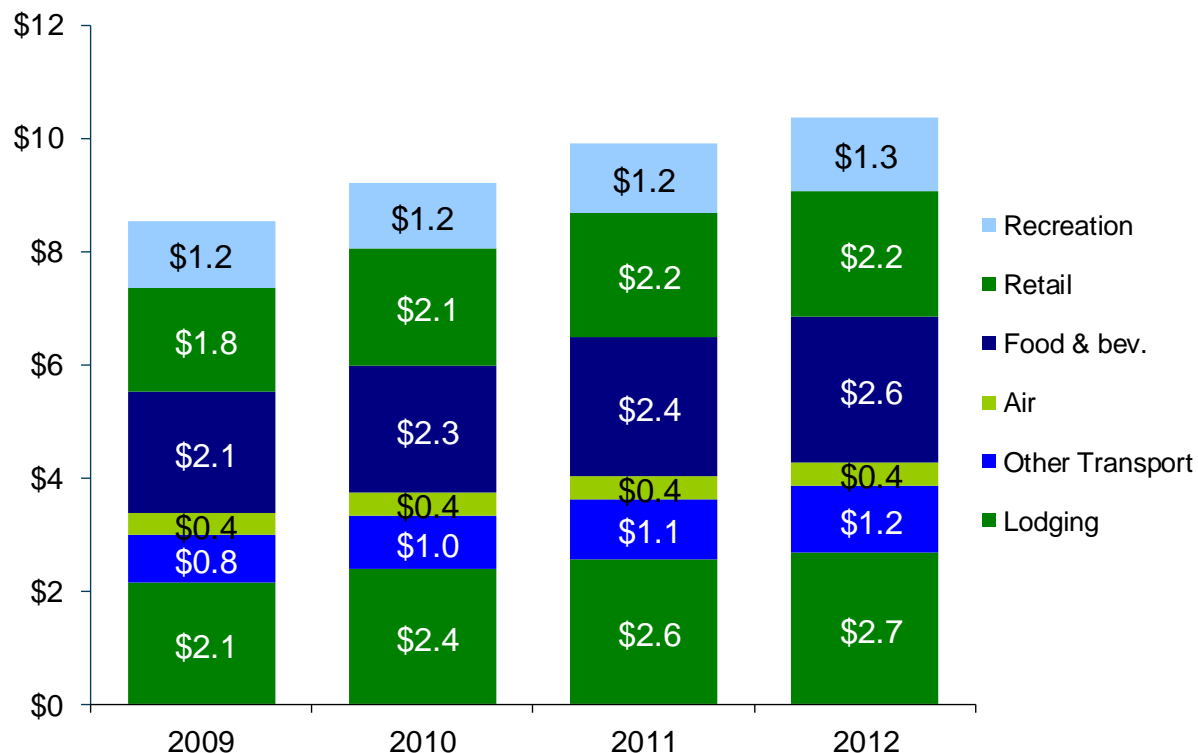
Source : Tourism Economics

- Strong growth in day stays with increased spending on recreation increased recreations share of the traveler dollar to 13%.
- The share of the traveler dollar spent on lodging, the largest sector, remained level at 26% in 2012.
- Food & beverage spending ranks second, capturing a quarter of visitor spending., followed by retail at 21%.

Visitor spending by sector

Wisconsin's Visitor Spending

by Year, Billions of \$



Source: Longwoods International, Tourism Economics, OTTI

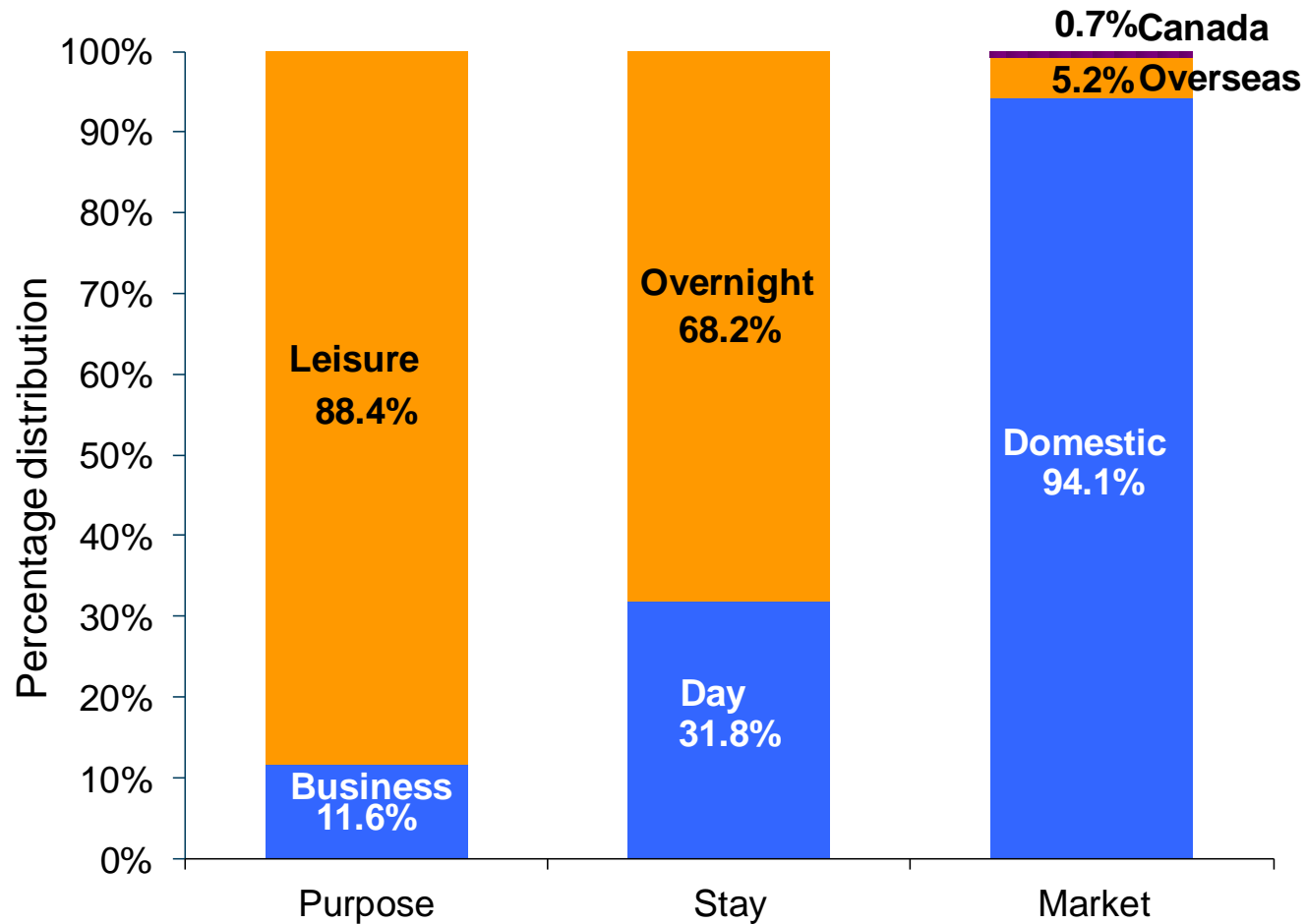
- Visitor spending has grown an average of 6.8% annually since 2009.
- Lodging sales have increased 24% from the low seen in 2009.

Visitor spending by market segment

- Leisure tourism represents more than 88% of visitor spending in Wisconsin.
- Overnight visitors spend \$7.1 billion in Wisconsin, 68% of the total.
- Domestic visitors to Wisconsin spent \$9.8 billion in 2012, 94% of all visitor spending.

Visitor Spending in 2012					
(US\$ Billion)					
Purpose		Stay		Market	
Business	\$1.2	Day	\$3.3	Domestic	\$9.8
Leisure	\$9.2	Overnight	\$7.1	Overseas	\$0.5
				Canada	\$0.1
Total	\$10.4	Total	\$10.4	Total	\$10.4
Share					
Purpose		Stay		Market	
Business	11.6%	Day	31.8%	Domestic	94.1%
Leisure	88.4%	Overnight	68.2%	Overseas	5.2%
				Canada	0.7%

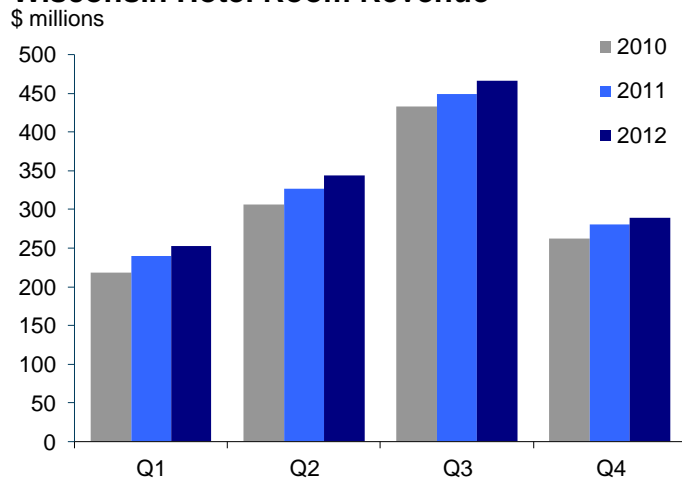
Visitor spending by market segment



Source : Tourism Economics

Seasonality of visitation

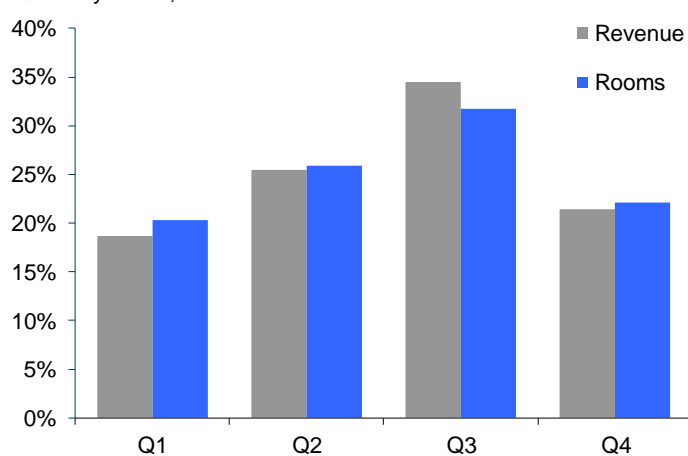
Wisconsin Hotel Room Revenue



Source: Smith Travel Research

Wisconsin Hotel Rooms and Revenue

Quarterly Share, 2012



Source: Smith Travel Research

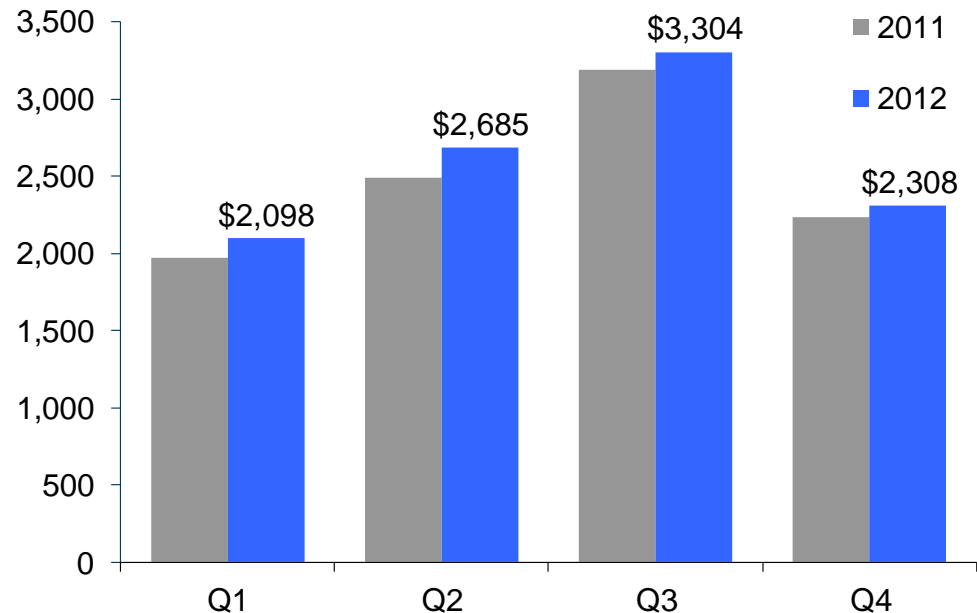
- Tourism is a year-round industry in Wisconsin. Its peak is in the third quarter with nearly a third of all rooms rented and around 35% of hotel room revenue in this quarter.
- In 2012, growth was strongest in the first half of the year with room revenue growing over 5% in each quarter.

Seasonality of visitor spending

- Examining the seasonality of key tourism industries, visitor spending peaks in the 3rd quarter with more than \$3.3 billion in visitor sales.
- In 2012, growth was strongest in Q2. Visitor spending in Q2 grew more than 7.5% to nearly \$2.7 billion.

Wisconsin Quarterly Visitor Spending

\$ Millions



Source: Tourism Economics

Visitor Spending by Quarter

Wisconsin

	Q1	Q2	Q3	Q4
2011	\$1,975.4	\$2,494.1	\$3,194.1	\$2,235.7
2012	\$2,097.6	\$2,684.9	\$3,304.5	\$2,308.5
% Chn	6.19%	7.65%	3.46%	3.25%

State Tourism Impacts

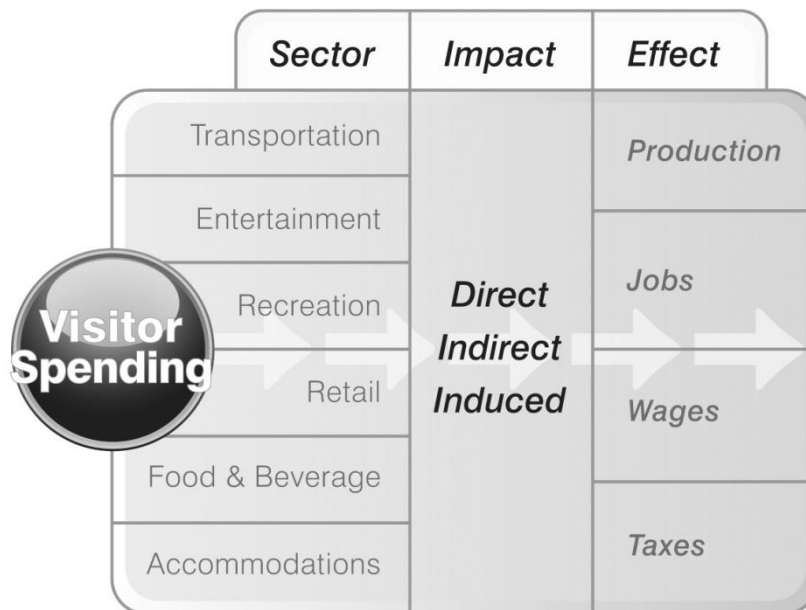


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How visitor spending generates impact

- Travelers create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.



- Lastly, the induced impact is generated when employees whose incomes are generated either directly or indirectly by tourism, spend those incomes in the state economy.

Tourism sales by industry

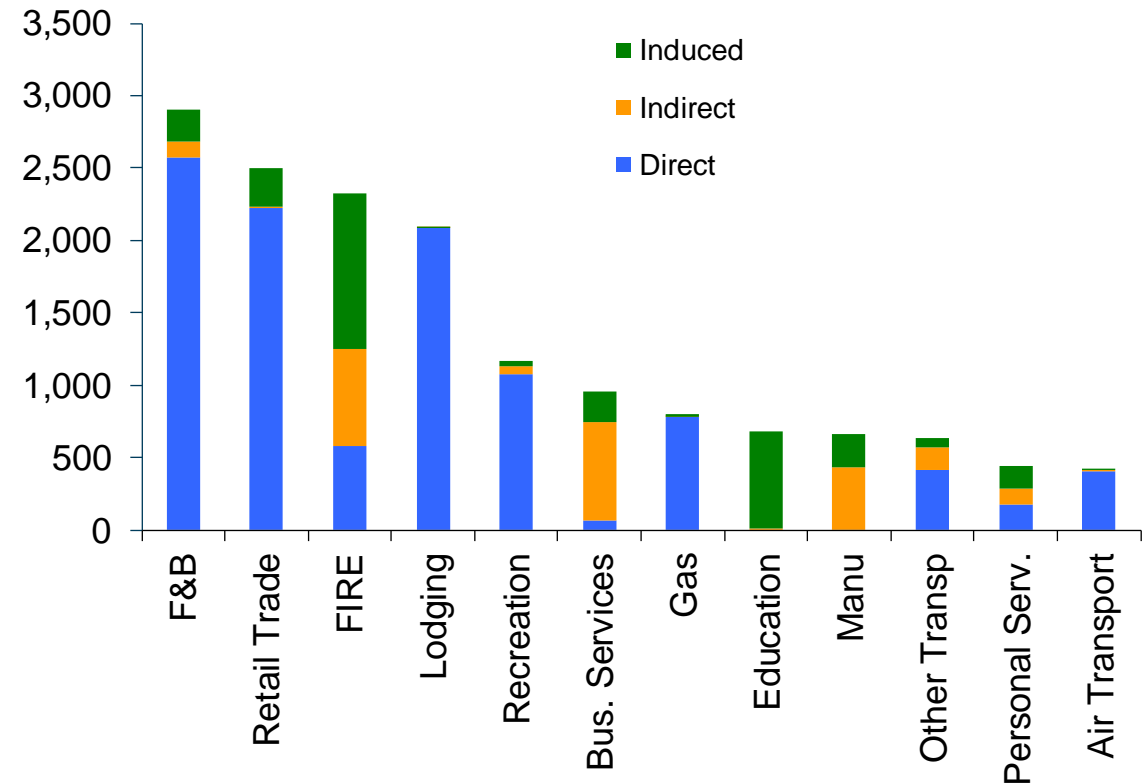
Tourism Sales				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	28.9	22.0	50.8
Construction and Utilities	-	261.0	97.9	358.9
Manufacturing	-	429.9	227.2	657.1
Wholesale Trade	-	93.6	140.7	234.2
Air Transport	407.8	4.4	7.3	419.5
Other Transport	415.4	156.3	64.0	635.7
Retail Trade	2,221.4	14.5	267.0	2,503.0
Gasoline Stations	779.0	1.2	18.0	798.2
Communications	-	234.2	115.1	349.3
Finance, Insurance and Real Estate	577.2	674.4	1,071.6	2,323.1
Business Services	62.1	679.8	211.5	953.4
Education and Health Care	-	5.5	670.2	675.7
Recreation and Entertainment	1,075.4	56.7	37.2	1,169.4
Lodging	2,086.5	2.5	2.1	2,091.1
Food & Beverage	2,568.8	118.0	220.2	2,907.1
Personal Services	170.5	110.2	158.2	438.9
Government	-	125.6	71.4	197.0
TOTAL	10,364.3	2,996.7	3,401.5	16,762.5
Growth Rate	4.7%	4.4%	4.5%	4.6%
* Direct sales include cost of goods sold for retail sectors				

Tourism sales by industry

- All business sectors of the Wisconsin economy benefit from tourism activity directly and/or indirectly.
- Sectors that serve the tourism industry, like business services, gain as suppliers to a dynamic industry.

Tourism Sales by Industry

\$ million



Total tourism employment

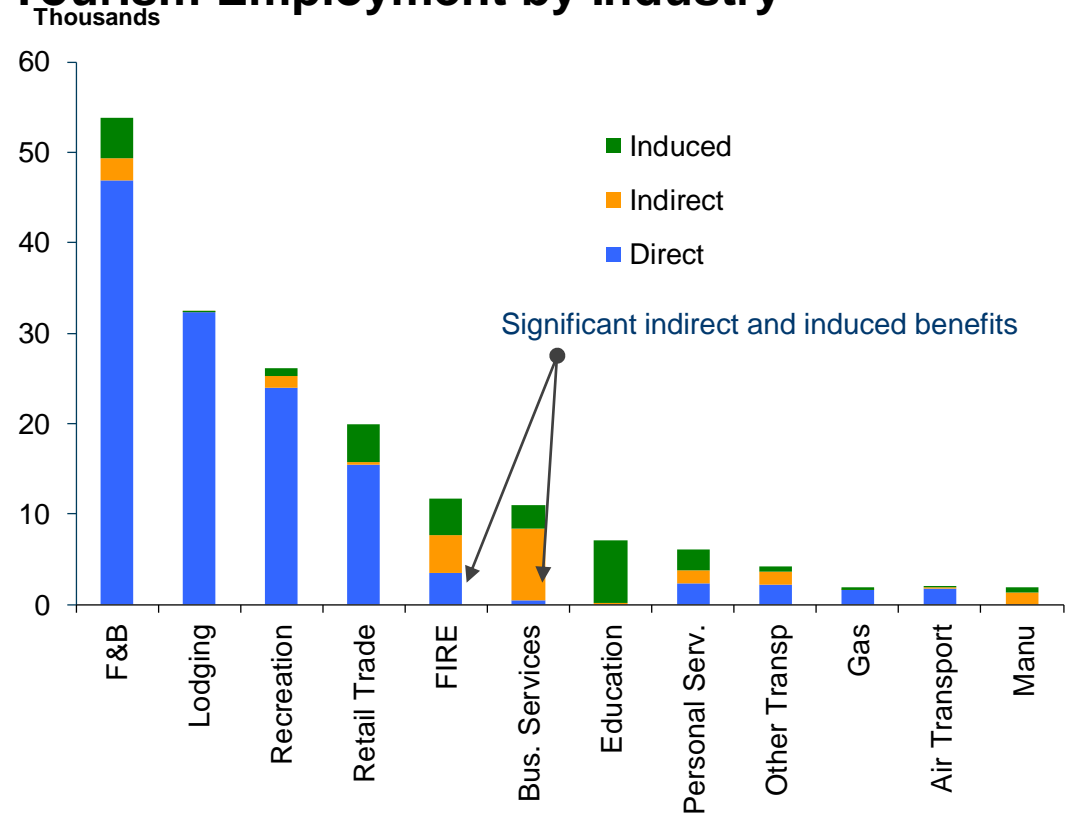
Tourism Economy Employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	326	231	557
Construction and Utilities	-	925	312	1,237
Manufacturing	-	1,277	534	1,810
Wholesale Trade	-	603	906	1,510
Air Transport	1,794	16	26	1,836
Other Transport	2,175	1,472	605	4,251
Retail Trade	15,425	225	4,242	19,892
Gasoline Stations	1,589	19	292	1,900
Communications	-	1,001	416	1,418
Finance, Insurance and Real Estate	3,445	4,194	4,065	11,703
Business Services	445	7,891	2,554	10,890
Education and Health Care	-	82	7,004	7,086
Recreation and Entertainment	24,014	1,257	899	26,170
Lodging	32,288	44	37	32,369
Food & Beverage	46,859	2,420	4,515	53,794
Personal Services	2,363	1,321	2,406	6,091
Government	-	917	362	1,279
TOTAL	130,396	23,991	29,406	183,794
Growth Rate	1.4%	1.4%	1.0%	1.4%

- The tourism sector directly and indirectly supported 183,794 jobs, or 7.8% of all employment in Wisconsin last year.

Total tourism employment

- Tourism is an employment intensive industry with particularly high job creation in the restaurant, hotel, and recreation sectors.
- Secondary benefits are realized across the entire economy through the supply chain and incomes as they are spent.

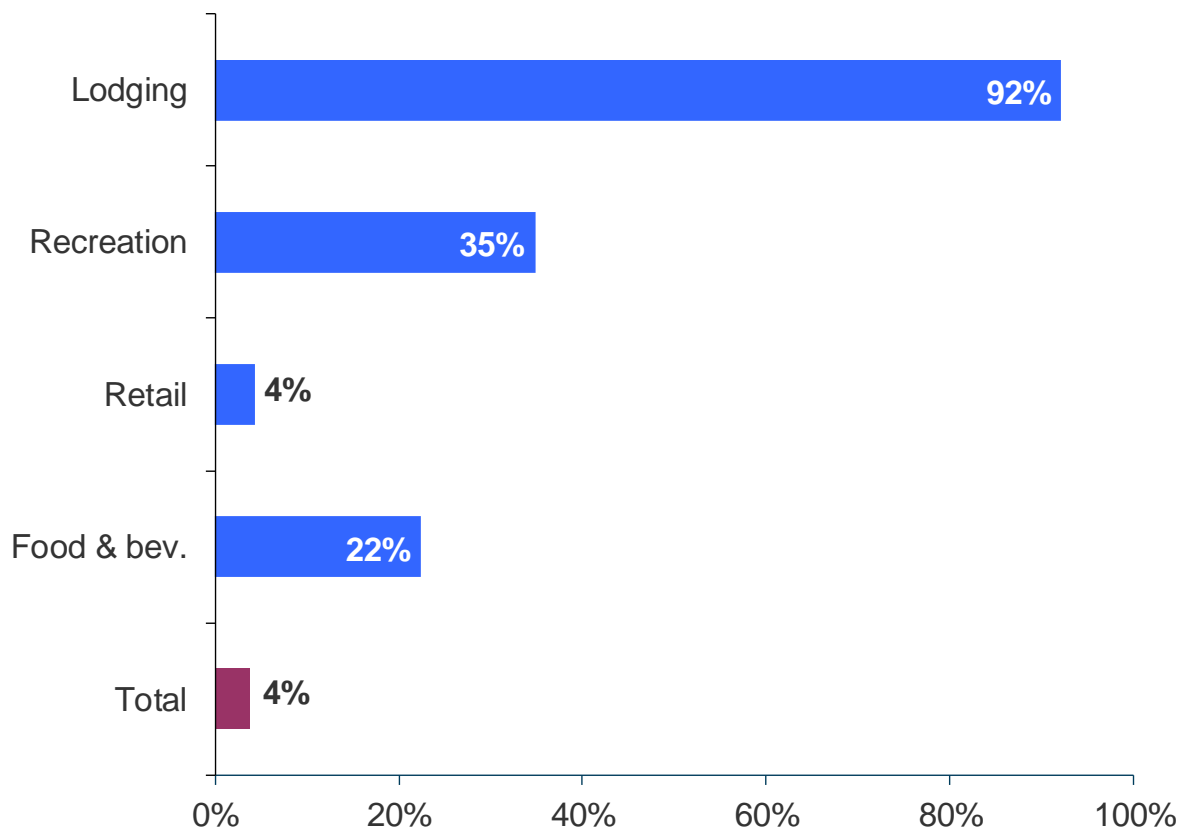
Tourism Employment by Industry



Tourism employment intensity

- Tourism is a significant part of several industries – 92% of lodging, 35% of recreation, and 22% of food & beverage employment is supported by tourism spending.

Tourism Employment Intensity by Industry



Tourism personal income

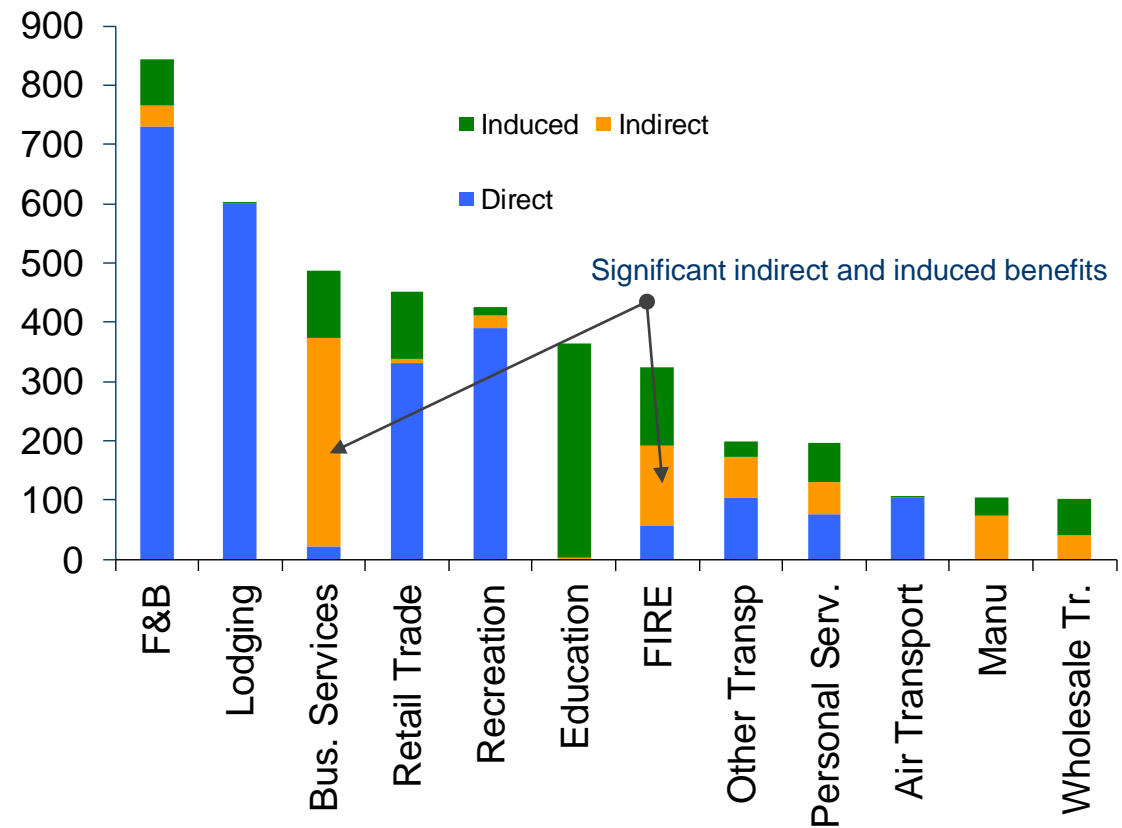
Tourism Labor Income (Compensation)				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	3.8	3.4	7.2
Construction and Utilities	-	67.2	24.0	91.2
Manufacturing	-	72.8	30.7	103.6
Wholesale Trade	-	40.8	61.4	102.2
Air Transport	103.2	0.9	1.4	105.5
Other Transport	104.1	67.2	26.5	197.7
Retail Trade	330.7	6.3	113.0	450.0
Gasoline Stations	40.0	0.5	7.2	47.7
Communications	-	52.0	23.5	75.5
Finance, Insurance and Real Estate	57.4	132.8	132.5	322.8
Business Services	20.4	351.7	114.0	486.1
Education and Health Care	-	2.9	360.7	363.6
Recreation and Entertainment	388.8	21.8	14.0	424.6
Lodging	600.3	0.6	0.6	601.5
Food & Beverage	729.4	36.8	77.3	843.5
Personal Services	74.8	54.0	67.1	196.0
Government	-	68.8	24.5	93.3
TOTAL	2,449.3	980.9	1,081.8	4,512.0
Growth Rate	3.07%	3.05%	3.25%	3.11%

Tourism personal income

- The larger employment numbers in F&B and recreations support significant labor income in those industries.
- Business services and the FIRE (finance, insurance and real estate) sectors depend on tourism activity as suppliers to tourism companies and their employees.

Tourism Labor Income by Industry

\$ million



Tourism tax generation

Traveler Generated Taxes			
	(US\$ Million)		
Tax Type	2010	2011	2012
Federal Taxes Subtotal	<u>917.6</u>	<u>944.5</u>	<u>976.9</u>
Corporate	81.9	87.4	91.5
Indirect Business	104.8	112.0	117.1
Personal Income	212.6	216.8	223.5
Social Security	518.2	528.4	544.8
State and Local Taxes Subtotal	<u>1,202.1</u>	<u>1,269.8</u>	<u>1,312.1</u>
Corporate	113.2	120.9	126.5
Personal Income	101.9	103.9	107.2
Sales	425.3	453.1	473.4
Bed	72.7	77.3	80.9
Property	370.9	391.7	397.8
Excise and Fees	108.5	113.0	116.4
State Unemployment	9.6	9.8	10.1
TOTAL	2,119.6	2,214.3	2,289.0

- Taxes of \$2.3 billion were directly and indirectly generated by tourism in 2012.
- State and local taxes alone tallied \$1.3 billion.
- Each household in Wisconsin would need to be taxed an additional \$575 per year to replace the tourism taxes received by state and local governments.

Tourism tax generation – state & local government

Traveler Generated Taxes - State and Local Government Revenues

(US\$ Million)

Tax Type	Total
State Tax Subtotal	<u>705.9</u>
Corporate	126.5
Personal Income	107.2
Sales	438.0
Lodging	0.0
Property	0.0
Excise and Fees	24.2
State Unemployment	10.1
Local Tax Subtotal	<u>606.2</u>
Corporate	0.0
Personal Income	0.0
Sales	35.4
Lodging	80.9
Property	397.8
Excise and Fees	92.1
State Unemployment	0.0

- Of the \$1.3 billion collected by state and local governments in 2012 from traveler activity, \$706 million (54%) accrued to state government.
- Local government revenues from visitor activity grew to \$606 million.
- Property tax revenue along with local excise and fees and lodging taxes comprise the major revenue streams for local governments.

Methodology and Background



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Why quantify the tourism economy?

- By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.
- It can also carefully monitor its successes and future needs.
- In order to do this, tourism must be measured in the same categories as other economic sectors – i.e. tax generation, employment, wages, and gross domestic product.

What is this a challenge?

- Most economic sectors such as financial services, insurance, or construction are easily defined within a country's national accounts statistics.
- Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple sectors to various degrees.
- Tourism spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents...

Methods and data sources

- Domestic visitor expenditure estimates are provided by Longwoods International's representative survey of US travelers. These are broken out by sectors (lodging, transport at destination, food & beverage, retail, and recreation), by purpose (business and leisure), and by length of stay (day and overnight).
- Tourism Economics then adjusts these levels of spending based on a range of known measures of tourism activity:
 - Overseas visitor spending (source: OTTI, TE)
 - Canada visitor spending (source: Statistics Canada, TE)
 - Bed tax receipts
 - Spending on air travel which accrues to all airports and locally-based airlines
 - Gasoline purchases by visitors (source: TE calculation)
 - Smith Travel Research data on hotel revenues
 - Construction Value by McGraw-Hill Construction
 - Industry data on employment, wages, GDP, and sales (source: BEA, BLS, Census)

Methods and data sources

- An IMPLAN model was compiled for the State of Wisconsin. This traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism.
- All results are benchmarked and cross-checked and adjusted based on the following:
 - US Bureau of Labor Statistics and Bureau of Economic Analysis (employment and wages by industry)
 - US Census (business sales by industry)
- The source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. All employment rankings are based on Bureau of Labor Statistics (ES202/QCEW) data.

Selected recent economic impact clients

Associations / Companies

Center for Exhibition Industry Research (Economic Impact of Visa Restrictions)

DMAI (Event Impact Calculator for 80 CVBs)

US Travel Association (Impact of travel promotion)

InterContinental Hotels

States

California

Georgia

Maryland

New York

North Carolina

Ohio

Pennsylvania

Wisconsin

Cities

Baltimore, MD

Columbus, OH

Kansas City, MO

London, United Kingdom

New York City

Omaha, NE

Orlando, FL

Philadelphia, PA

Pittsburgh, PA

Rockford, IL

Countries / Provinces

Bahamas

Bermuda

Cayman Islands

Dubai

Ontario Canada

St. Lucia

United Kingdom



About Tourism Economics

- Tourism Economics, headquartered in Philadelphia, is an Oxford Economics company dedicated to providing high value, robust, and relevant analyses of the tourism sector that reflects the dynamics of local and global economies. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, project feasibility analysis, tourism forecasting models, tourism policy analysis, and economic impact studies.
- Our staff have worked with over 100 destinations to quantify the economic value of tourism, forecast demand, guide strategy, or evaluate tourism policies.
- Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics is founded on a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of 40 highly-experienced professional economists; a dedicated data analysis team; global modeling tools; close links with Oxford University, and a range of partner institutions in Europe, the US and in the United Nations Project Link.
- For more information: info@tourismeconomics.com.



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For more information:

Adam Sacks, President

adam@tourismeconomics.com

Christopher Pike, Senior Economist

cpike@tourismeconomics.com