The Economic Impact of Tourism in Maryland

Tourism Satellite Account
Calendar Year 2016

TOURISM ECONOMICS

AN OXFORD ECONOMICS COMPANY

Increasing travel to MD supports industry growth

- Increases in visitor volumes supported tourism industry growth in 2016 as visitor spending grew 2.7% to $17.3 billion.

  - Total visitor volumes reached 43.1 million visitors in 2016.

    - 42.1 million domestic person trips

    - 985,000 overseas and Canada person trips

  - Visitor spending was supported by growth in lodging, food & beverage, and recreational spending while declines in gas prices capped visitor spending increases

  - Leisure markets continue to drive performance.

  - Visitor spending has grown for seven straight years, expanding by more than 35% since 2009.

- Visitor spending generated $28.7 billion in total business sales across all Maryland industries in 2016.

TOURISM ECONOMICS

Tourism is an economic engine

- Tourism supported 221,589 jobs, both directly and indirectly, accounting for 6.2% of total employment in Maryland.

- The tourism sector directly generated $8.7 billion of state GDP in 2016.

- Including indirect and induced impacts, tourism in Maryland generated $2.4 billion in state and local taxes and $2.1 billion in Federal taxes last year.

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Tourism-supported tax revenues surpassed $1,080 per Maryland household in 2016.	One-in-16.25 jobs in the State of Maryland is supported by tourism.

TOURISM ECONOMICS

Key volume and spending trends

- Both visitor volume and visitor spending continued to grow in 2016..

    - 2016 marks the seventh straight year of visitation and spending growth.

- Maryland tourism industry sales (visitor spending) increased 2.7% in 2016.

- Lower gas prices spurred travel in 2016, providing a surge in day travel which outpaced overnight visits.

- Visitor spending on food & beverages and lodging services led all categories.

TOURISM ECONOMICS

Continued growth in visitor spending

- Visitor spending growth of 2.7% in 2016 brought tourism industry sales to $17.3 billion.

- Visitor spending was $4.5 billion higher in 2016 than in 2009 – an overall increase of 35%.

TOURISM ECONOMICS
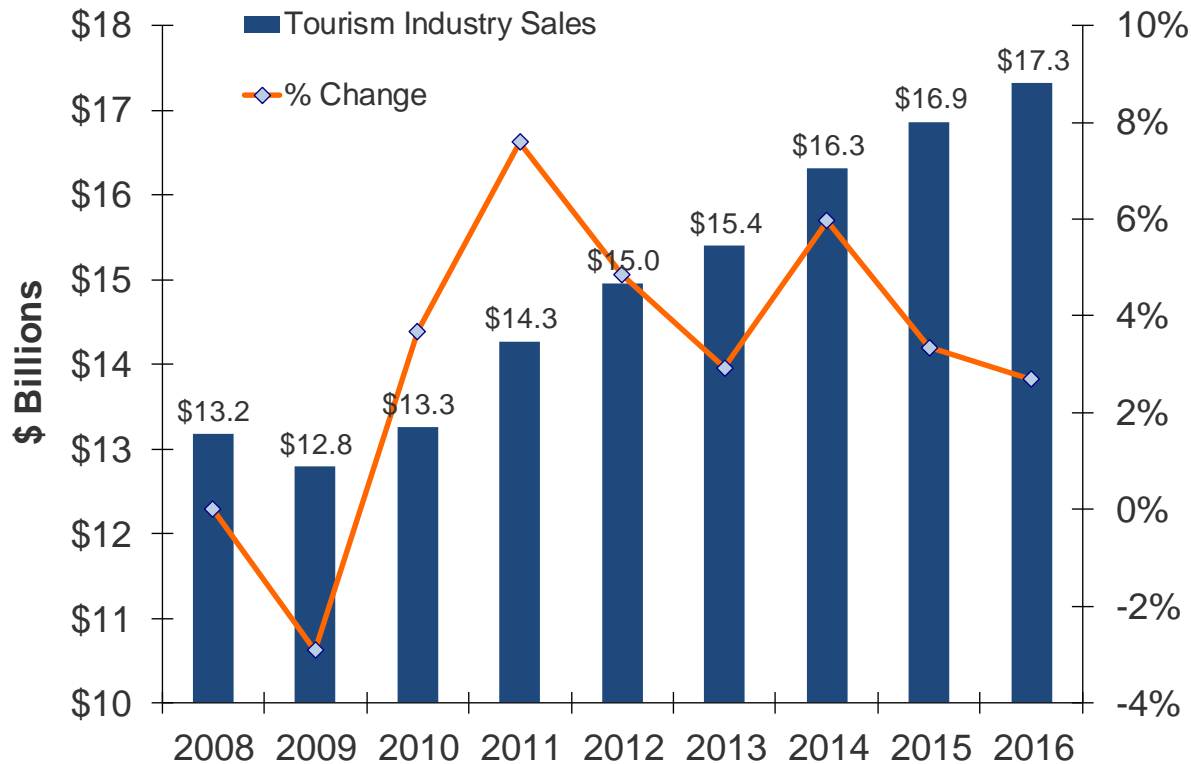
Benefits of the expansion were widespread

					Tourism Industry Sales (Millions)					
Sector	2008	2009	2010	2011	2012	2013	2014	2015	2016	% Change
Transportation	$3,081.3	$2,698.5	$2,790.3	$3,189.6	$3,343.3	$3,417.1	$3,597.0	$3,682.7	$3,598.1	-2.3%
Lodging	$2,544.4	$2,476.0	$2,616.7	$2,721.2	$2,888.6	$2,864.2	$3,039.4	$3,162.2	$3,350.5	6.0%
F&B	$2,682.4	$2,710.4	$2,757.0	$2,874.1	$3,079.3	$3,221.7	$3,459.6	$3,673.5	$3,850.4	4.8%
Retail	$1,851.6	$1,886.2	$1,934.1	$2,086.7	$2,205.1	$2,300.2	$2,426.3	$2,400.6	$2,383.2	-0.7%
Ent/Rec	$1,089.8	$1,060.3	$1,116.9	$1,208.3	$1,277.6	$1,345.4	$1,458.9	$1,498.3	$1,577.2	5.3%
Other	$554.9	$590.1	$607.9	$654.7	$630.0	$663.3	$698.8	$753.7	$808.2	7.2%
Air	$1,369.4	$1,369.2	$1,439.0	$1,533.3	$1,536.3	$1,585.4	$1,636.1	$1,691.8	$1,749.3	3.4%
TOTAL	$13,173.8	$12,790.6	$13,261.8	$14,267.9	$14,960.1	$15,397.4	$16,316.1	$16,862.9	$17,316.8	2.7%
Pch Change		-2.9%	3.7%	7.6%	4.9%	2.9%	6.0%	3.4%	2.7%	

- Tourism industry sales increased $450 million in 2016, led by a $188 million increase in lodging sales.

- Growth in lodging, food & beverage, and recreational spending supported overall visitor spending growth in Maryland.

- Price declines – and not demand losses – were the primary reason for the negative growth in transportation costs.

TOURISM ECONOMICS

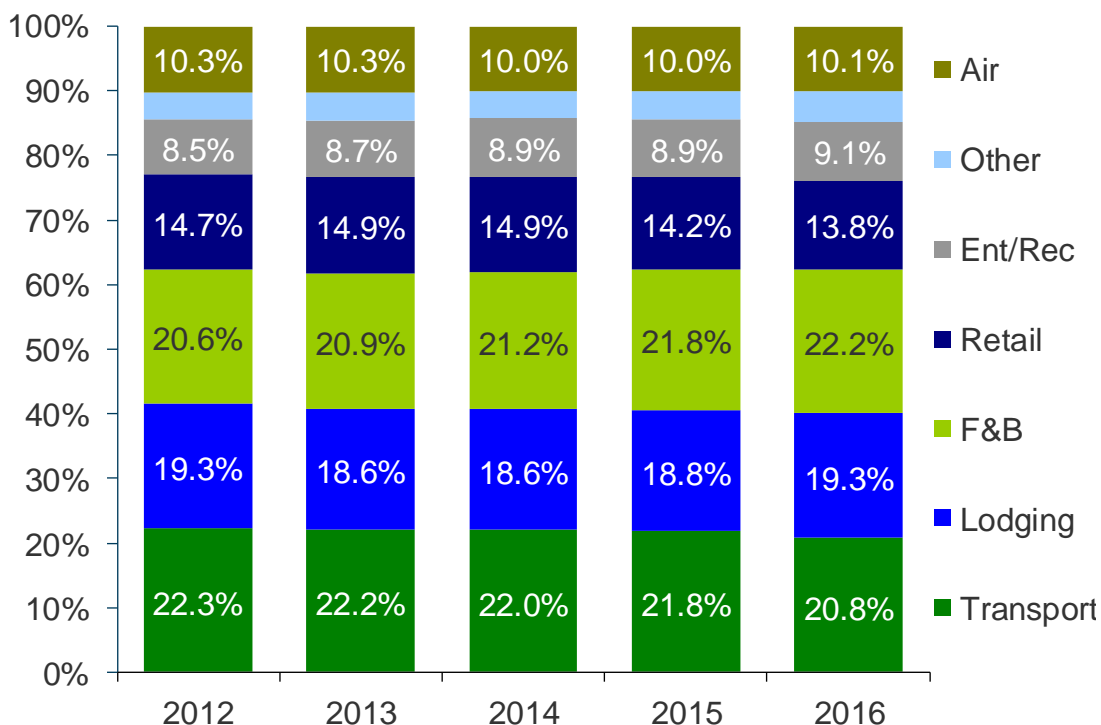# Tourism industry sales by sector

Tourism Industry by Sector
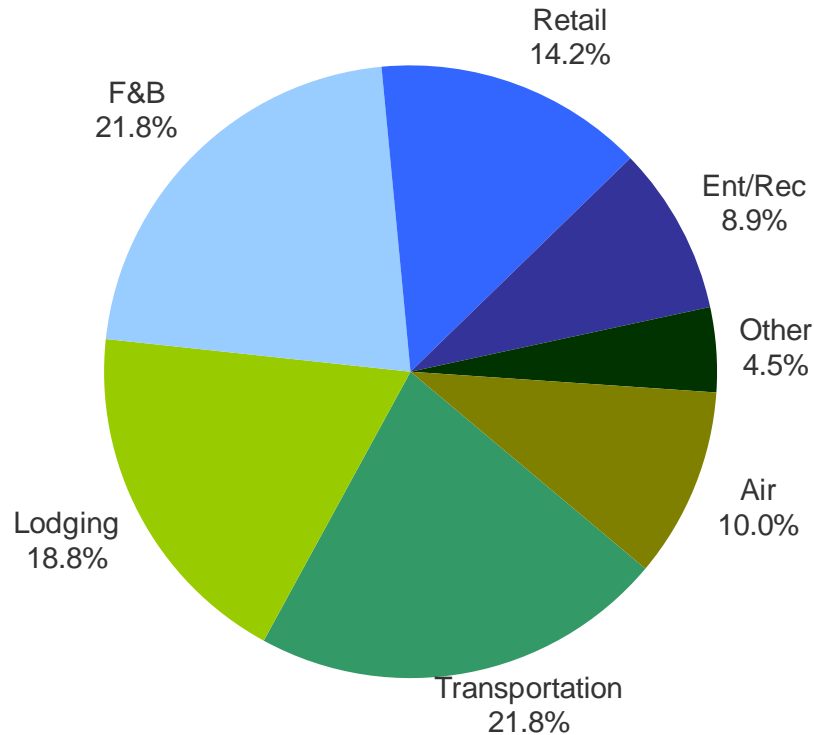
- More than 60% of visitor spending takes place in three industries: transportation, food & beverages and lodging.

- Transportation includes air transportation of both visitors to MD and MD resident flights to other destinations.

TOURISM ECONOMICS

Tourism industry sales over time

- The share of the visitor dollar spent on food & beverages slid past 22% in 2016, the highest in this decade.

- Entertainment & recreation's share reached 9.1% of all visitor spending in 2016 after falling as low as 8.2% in 2009.

Maryland's Tourism Industry
by Year, Share of Total

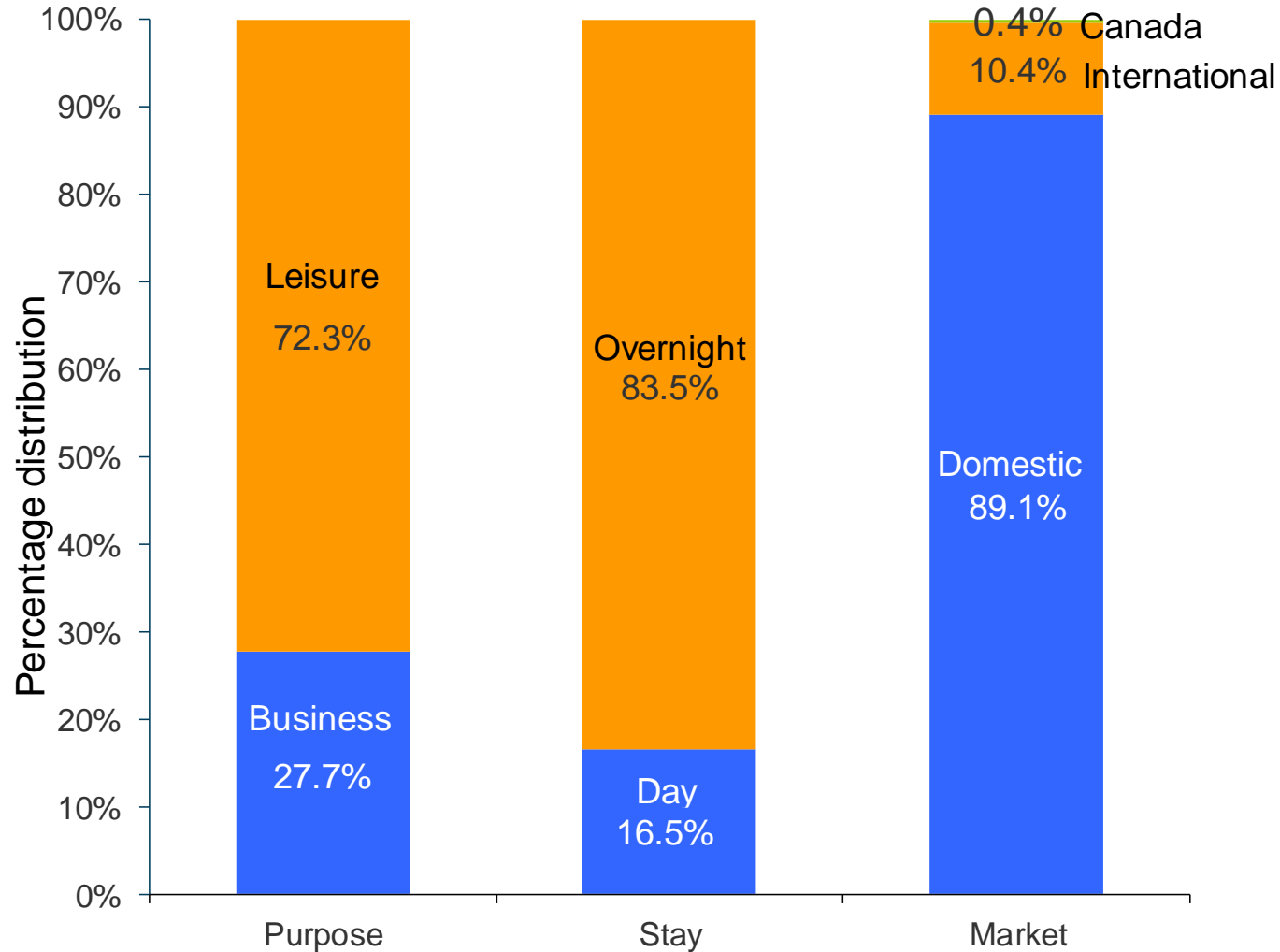| Category	2012	2013	2014	2015	2016
Air	10.3%	10.3%	10.0%	10.0%	10.1%
Ent/Rec	8.5%	8.7%	8.9%	8.9%	9.1%
Retail	14.7%	14.9%	14.9%	14.2%	13.8%
F&B	20.6%	20.9%	21.2%	21.8%	22.2%
Lodging	19.3%	18.6%	18.6%	18.8%	19.3%
Transport	22.3%	22.2%	22.0%	21.8%	20.8%

Source: DK Shifflet, Tourism Economics, NTTO

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TOURISM ECONOMICS

Tourism industry sales by market segment

- Leisure tourism represents 72.3% of visitor spending in MD.

- Overnight visitors spent $14.5 billion, or 83.5% of the total.

- Visitor spending growth was led by domestic visitors.

- Canadian visitor spending fell in 2016, following the national trend.

Tourism Industry Sales in 2016					
(US$ Million)					
Purpose		**Stay**		**Market**	
Business	$ 4,804.8	Day	$ 2,864.1	Domestic	$ 15,437.8
Leisure	$ 12,512.0	Overnight	$ 14,452.7	Overseas	$ 1,806.9
				Canada	$ 72.1
TOTAL	$ 17,316.8		$ 17,316.8		$ 17,316.8
Share					
Business	27.7%	Day	16.5%	Domestic	89.1%
Leisure	72.3%	Overnight	83.5%	Overseas	10.4%
				Canada	0.4%
TOTAL	100%		100%		100%
Growth Rate					
Business	0.0%	Day	11.6%	Domestic	14.1%
Leisure	4.8%	Overnight	1.9%	Overseas	1.2%
				Canada	-15.5%
TOTAL	3.4%		3.4%		3.4%

TOURISM ECONOMICS

Tourism industry sales by market segment

TOURISM ECONOMICS

Tourism capital investment

Tourism Capital Investment								
(Millions of US$)								
	2009	2010	2011	2012	2013	2014	2015	2016
Construction	$262.4	$283.9	$268.0	$191.1	$386.8	$416.0	$519.5	$459.4
Machinery & Equipment	$525.8	$545.6	$604.7	$636.8	$653.1	$692.6	$716.7	$726.8
Total	$788.2	$829.5	$872.6	$827.9	$1,039.9	$1,108.6	$1,236.2	$1,186.1

- Capital investment in support of tourism has steadily climbed since the recession through 2015 and has stabilized at around $1.2 billion the last two years.

- Construction in hotels and amusement businesses was two-thirds of the $460 million in construction investment in 2016.

- Investment of tourism businesses in new machinery and equipment (computers, vehicles and other tools and devices) increased by $10 million to $727 million in 2016.

TOURISM ECONOMICS

Tourism economy sales

- The Tourism Satellite Account looks at a broad range of tourism-related expenditures which reached $18.7 billion in 2016.

Tourism Satellite Account 2016 Spending by Category (US$ Million)					
Domestic Visitor	**International Visitor**	**Non-Visitor PCE**	**Gov't Support**	**CAPEX**	**Total**
$15,437.8	$1,879.0	$78.4	$145.262946	$1,186.1	$18,726.6

- Non-visitor private consumption expenditures (PCE) represent tourism consumer durables such as an RV, boat, or furniture for a vacation home.

- Government support for tourism includes the budgets for the MD Office of Tourism Development and other budget items in broad support of tourism.

- Capital investment (CAPEX) includes construction of hotels and attractions, as well as tourism equipment and infrastructure.

TOURISM ECONOMICS

Tourism industry and economy sales

- The direct impact of tourism is driven by tourism industry sales only. This allows for apples-to-apples comparisons with other industries.

- The total economic impact of tourism includes investment in support of tourism, government spending and non-visitor private consumption expenditures (PCE).

Tourism Sales, 2016 State of Maryland		
Category	Industry	Economy
Lodging	$3,350.5	$3,350.5
Food & Beverage	$3,850.4	$3,850.4
Recreation	$2,385.3	$2,385.3
Shopping	$2,383.2	$2,383.2
Air	$1,749.3	$1,749.3
Other Transport	$3,598.1	$3,598.1
Non-Visitor PCE	$0.0	$78.4
Investment	$0.0	$1,186.1
Government	$0.0	$145.3
Total	$17,316.8	$18,726.6

(Data shown in millions)

TOURISM ECONOMICS

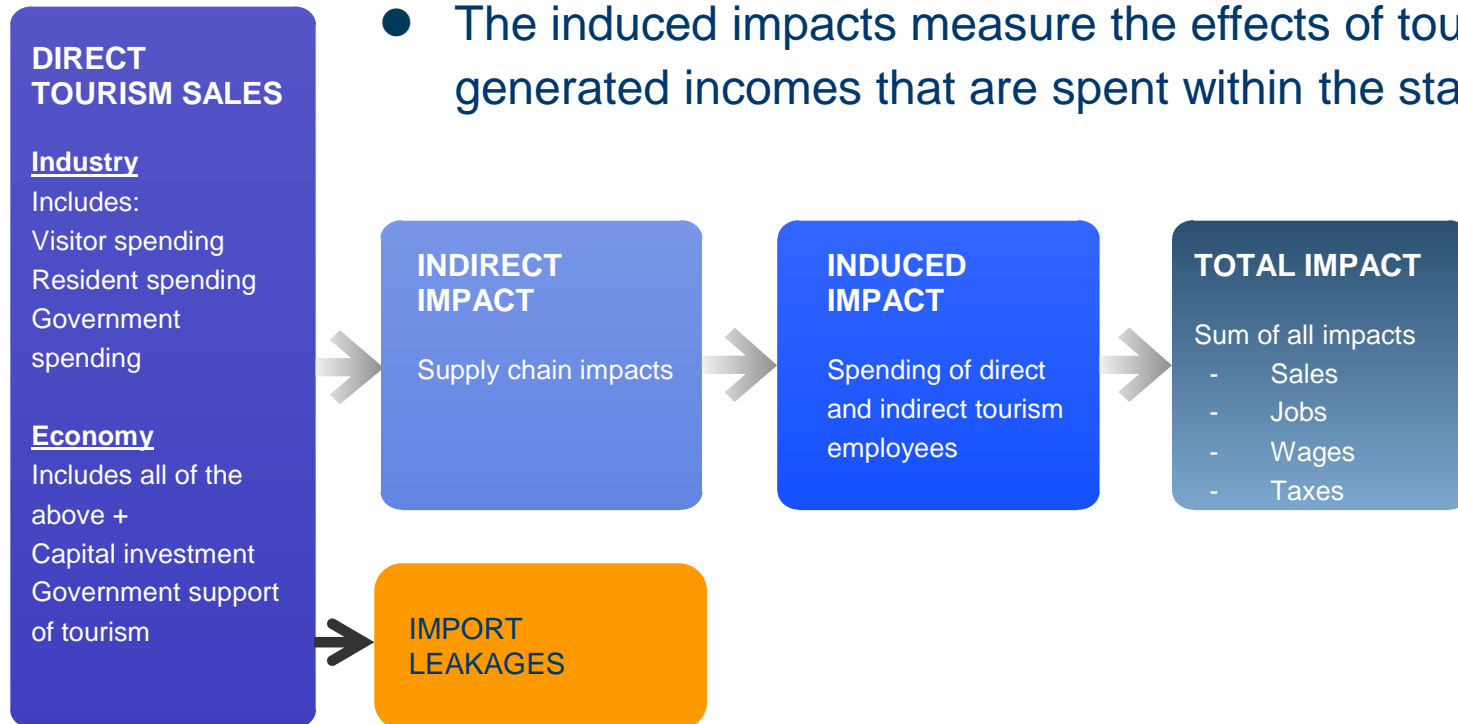# Tourism economy sales by source

Tourism Economy Sales by Source
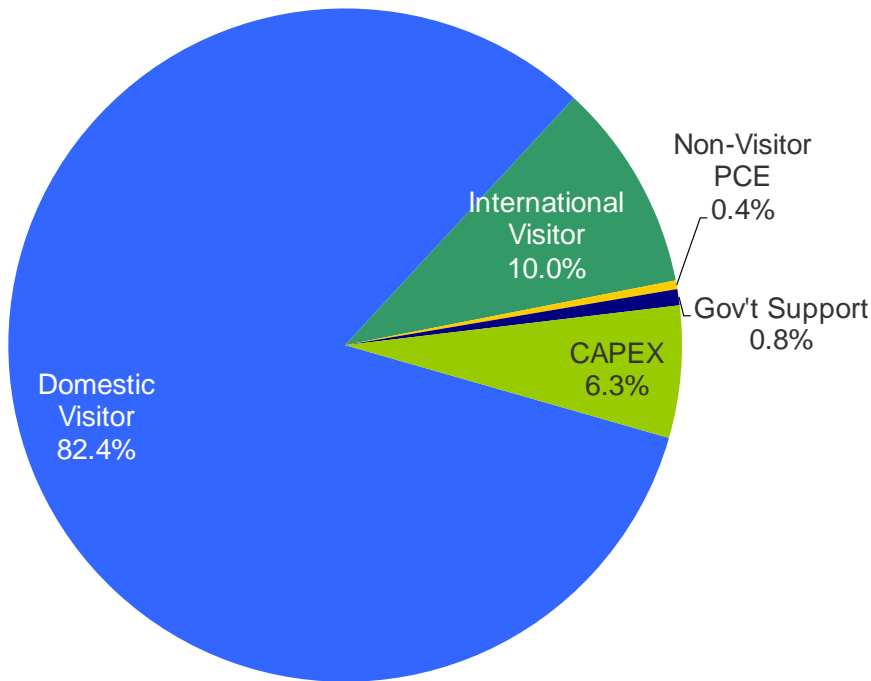
- Domestic visitor markets grew in importance in 2016, providing 82.4% of tourism sales in Maryland.

- Capital investment in tourism-related construction and machinery & equipment stabilized at around 6.3% in 2016.

TOURISM ECONOMICS

Translating sales into impact

- Direct tourism sales flow through the MD economy, generating GDP, jobs, wages, and taxes.

- The indirect impacts measure supply chain (b2b) activity generated by tourism sales.

- The induced impacts measure the effects of tourism-generated incomes that are spent within the state.

DIRECT TOURISM SALES

Industry
Includes:
Visitor spending
Resident spending
Government spending

Economy
Includes all of the above +
Capital investment
Government support of tourism

INDIRECT IMPACT

Supply chain impacts

INDUCED IMPACT

Spending of direct and indirect tourism employees

TOTAL IMPACT

Sum of all impacts
- Sales
- Jobs
- Wages
- Taxes

IMPORT LEAKAGES

TOURISM ECONOMICS

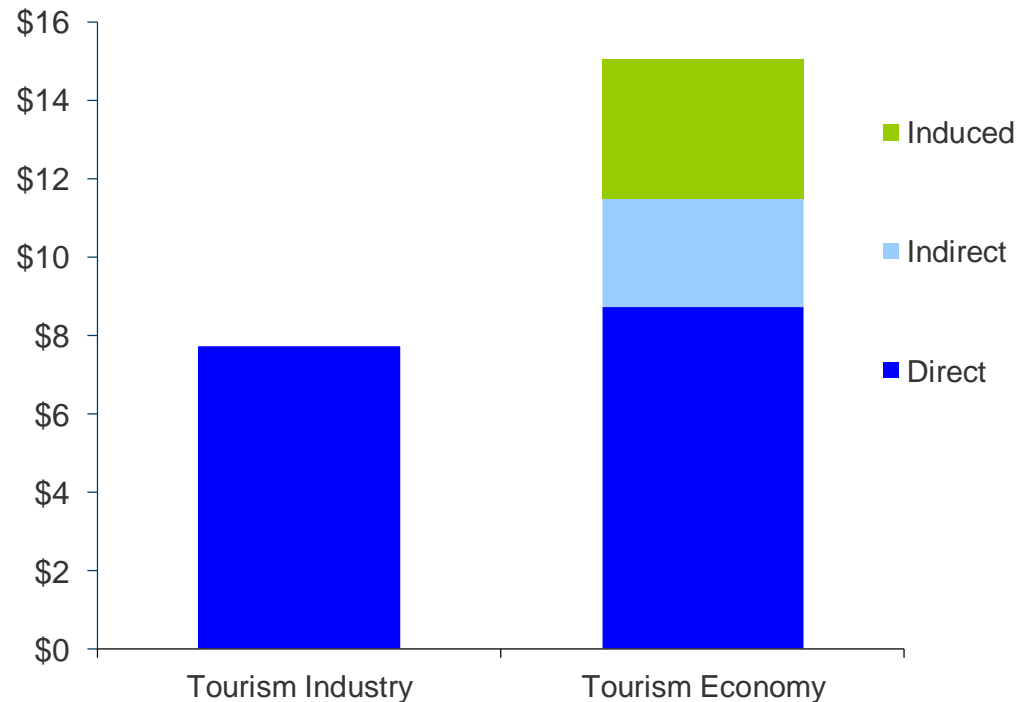# Tourism impact summary

- Tourism industry GDP grew 4.0% in 2016, directly generating $7.7 billion of Maryland GDP.

- The tourism economy, including direct, indirect and induced impacts, generated GDP of $15.0 billion. This is 4.0% of the state economy.

Tourism GDP Impact
2016, US$ Billions

Source: Tourism Economics

TOURISM ECONOMICS

State Tourism Industry Impacts
(Direct)

Tourism industry impacts

Tourism Industry Impacts		
	GDP (Millions)	**Jobs** (Units)
Agriculture, Fishing, Mining	-	-
Construction and Utilities	-	-
Manufacturing	-	-
Wholesale Trade	-	-
Air Transport	$601.2	3,922
Other Transport	$889.0	13,441
Retail Trade	$671.2	13,902
Gasoline Stations	$248.3	4,283
Communications	-	-
Finance, Insurance and Real Estate	$414.7	2,703
Business Services	$98.4	1,052
Education and Health Care	-	-
Recreation and Entertainment	$1,030.9	28,349
Lodging	$1,798.4	25,751
Food & Beverage	$1,867.8	50,124
Personal Services	$120.3	2,486
Government	-	-
TOTAL	$7,740.4	146,012
Growth Rate	4.05%	1.66%

- Tourism GDP is the value added of those sectors directly interacting with travelers.

- The narrow definition of the tourism industry counts only tourism industry sales, which excludes capital investment and general government support of tourism. This definition is consistent with economic accounts.

- On this basis, tourism industry GDP tallied $7.7 billion in 2016, and tourism industry employment of 146,012, or 4.0% of total Maryland employment.

TOURISM ECONOMICS

Why sales and GDP differ

➤ Tourism industry sales in Maryland equals $17.3 billion while GDP measures $7.7 billion

➤ GDP (Gross domestic product) is less than sales because it measures only the locally-produced value of goods and services consumed by visitors

  ➤ This includes the local labor, capital depreciation, and the profits of tourism-related companies that are based in Maryland

  ➤ The costs of imported goods (gasoline, food or retail goods) that come from out-of-state are excluded from the GDP calculation

  ➤ In addition, business profits from out-of-state companies are also excluded. For example, Wal-Mart profits leave the state.

TOURISM ECONOMICS

Tourism employment growth outpaces state

Tourism Employment										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Tourism Employment	130,920	132,268	128,845	129,595	131,686	135,741	138,682	140,288	143,625	146,012
Percent Change	2.9%	1.0%	-2.6%	0.6%	1.6%	3.1%	2.2%	1.2%	2.4%	1.7%

- With continued growth in both visitation and sales, tourism businesses hired in 2016. Tourism employment grew 1.7%.

- Tourism job growth outpaced broader job growth; total MD employment grew 1.3% in 2016.

TOURISM ECONOMICS
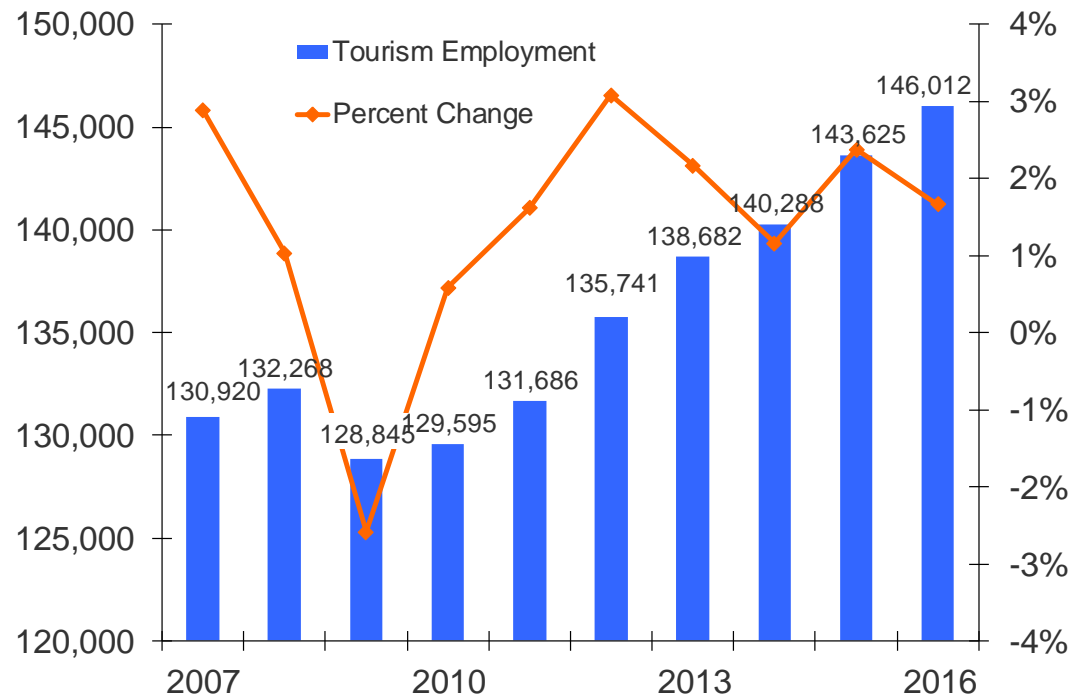
Ranking tourism employment

- The direct employment contribution of the tourism industry tallied 146,012 in 2016. This narrow measurement of tourism includes only those jobs directly supported by visitor activity and allows for inter-industry ranking.

- On this basis, tourism is the 12th largest employer in the State of Maryland.

Employment Ranking		
State of Maryland		
Rank	Industry	2016
1	Health care and social assistance	438,513
2	Professional, scientific, and technical services	356,756
3	Retail trade	350,302
4	Accommodation and food services	246,139
5	Local government	244,831
6	Administrative and waste management services	241,334
7	Construction	235,543
8	Other services, except public administration	219,408
9	Real estate and rental and leasing	182,387
10	Federal, civilian	175,468
11	Finance and insurance	161,030
12	Tourism	146,012
13	Transportation and warehousing	117,642
14	Manufacturing	113,719
15	Educational services	107,496

TOURISM ECONOMICS

Ranking tourism employment to private sector

- Examining the tourism industry against other *private sector* industries, tourism is the 10th largest employer in the State of Maryland.

Employment Ranking - Private Sector		
State of Maryland		
Rank	Industry	2016
1	Health care and social assistance	438,513
2	Professional, scientific, and technical services	356,756
3	Retail trade	350,302
4	Accommodation and food services	246,139
5	Administrative and waste management services	241,334
6	Construction	235,543
7	Other services, except public administration	219,408
8	Real estate and rental and leasing	182,387
9	Finance and insurance	161,030
10	Tourism	146,012
11	Transportation and warehousing	117,642
12	Manufacturing	113,719
13	Educational services	107,496
14	Wholesale trade	100,578
15	Arts, entertainment, and recreation	90,170

TOURISM ECONOMICS

Tourism employment intensity

- Tourism is a significant part of several industries, representing 94% of lodging, 75% of air transport, 32% of recreation, and 23% of F&B.

Tourism Employment Intensity by Industry

Industry	Intensity
Lodging	94.0%
Air Trans.	75.2%
Recreation	31.6%
Food & bev.	23.3%
Retail	4.0%
Total	4.0%
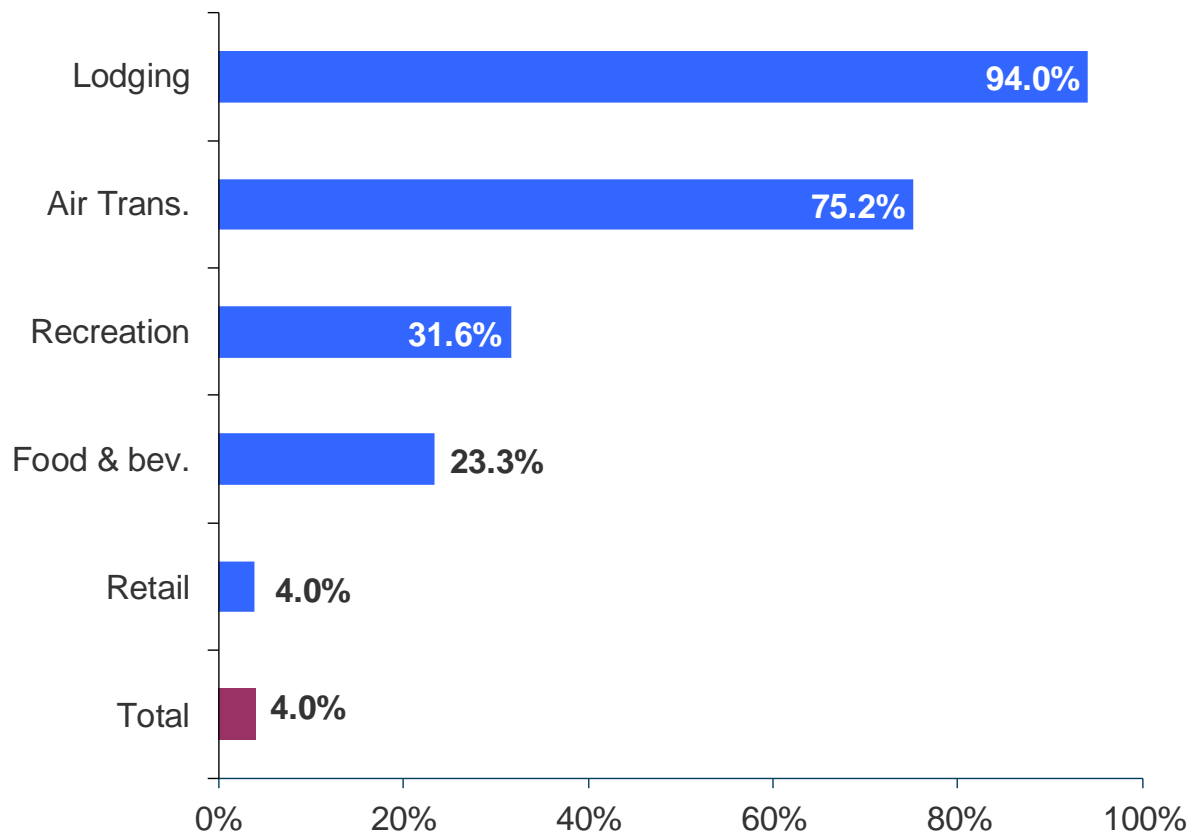
TOURISM ECONOMICS

State Tourism Economy Impacts

(direct, indirect, and induced)

Tourism economy GDP– total impact

Tourism Economy GDP Impact (US$ Million)			
	Direct	**Indirect**	**Induced**	**Total**
Agriculture, Fishing, Mining	-	3.2	2.1	5.3
Construction and Utilities	743.1	201.9	112.8	1,057.9
Manufacturing	3.4	80.1	40.4	123.8
Wholesale Trade	-	150.4	174.0	324.4
Air Transport	613.4	4.7	8.4	626.4
Other Transport	907.1	186.0	55.6	1,148.7
Retail Trade	740.5	30.7	320.7	1,091.9
Gasoline Stations	253.4	1.2	14.2	268.8
Communications	-	214.8	112.8	327.6
Finance, Insurance and Real Estate	423.1	753.0	1,223.6	2,399.7
Business Services	100.4	832.4	311.8	1,244.5
Education and Health Care	-	4.9	664.2	669.1
Recreation and Entertainment	1,051.8	55.6	41.7	1,149.2
Lodging	1,835.0	2.6	2.6	1,840.3
Food & Beverage	1,905.8	79.5	250.3	2,235.6
Personal Services	122.8	91.1	160.0	373.9
Government	28.9	89.0	36.2	154.0
TOTAL	8,728.7	2,781.0	3,531.3	15,041.1
Pch Change	4.6%	4.2%	3.5%	4.3%

TOURISM ECONOMICS

Tourism economy GDP– total impact

- GDP represents the total dollar value of all goods and services produced in Maryland.

- All sectors of the Maryland economy benefit from tourism activity directly and/or indirectly.

Tourism Economy GDP by Industry
$ million

Legend: Direct, Indirect, Induced

X-axis categories: FIRE, F&B, Lodging, Bus. Services, Recreation, Other Transp, Retail Trade, Construction, Education, Air Transport, Personal Serv., Comm.
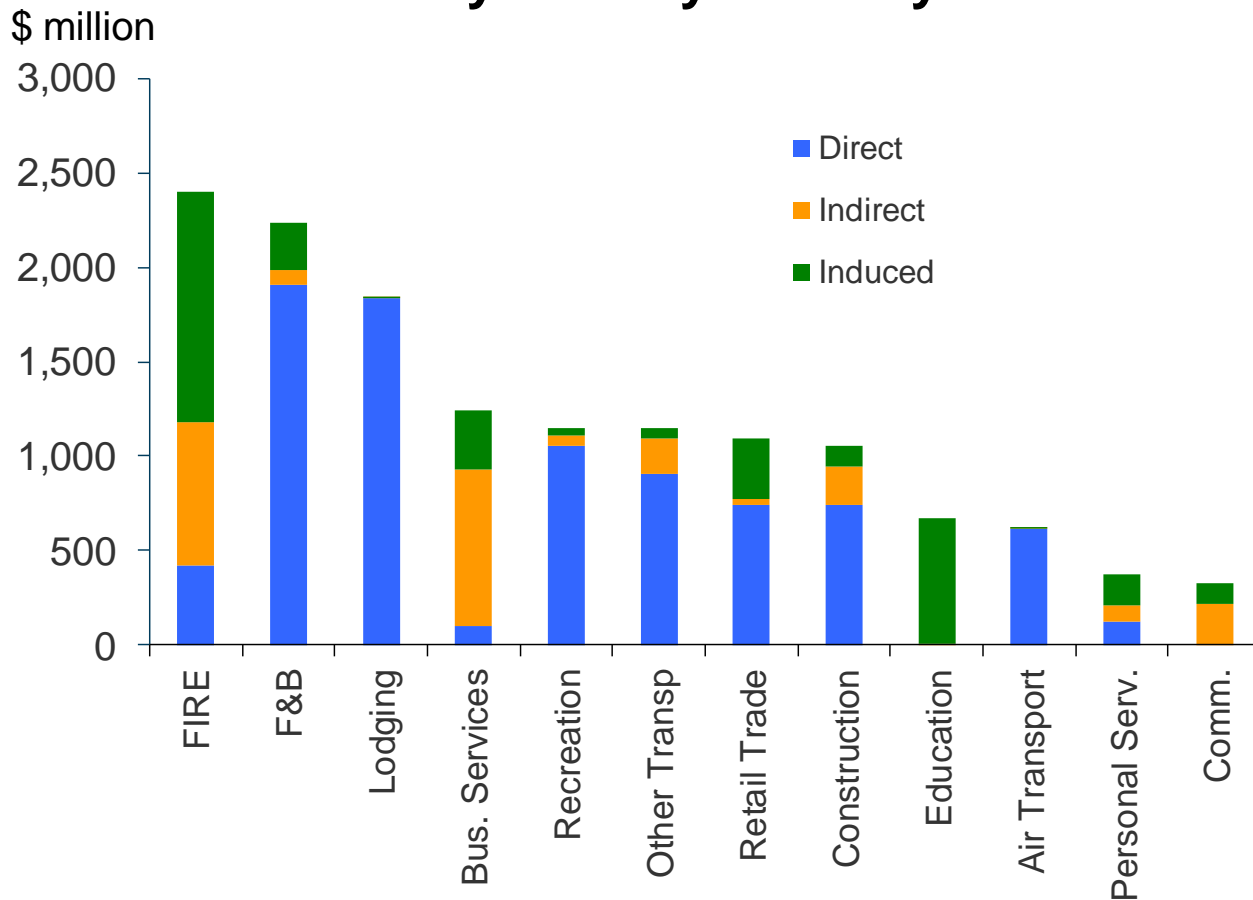
TOURISM ECONOMICS

Tourism economy employment – total impact

Tourism Economy Employment				
	Direct	**Indirect**	**Induced**	**Total**
Agriculture, Fishing, Mining	-	150	108	258
Construction and Utilities	7,824	887	493	9,204
Manufacturing	40	573	289	903
Wholesale Trade	-	870	1,035	1,904
Air Transport	3,922	29	53	4,003
Other Transport	13,441	2,643	877	16,961
Retail Trade	14,590	501	5,307	20,397
Gasoline Stations	4,283	21	235	4,539
Communications	-	1,088	515	1,603
Finance, Insurance and Real Estate	2,703	4,745	4,972	12,421
Business Services	1,052	9,942	3,846	14,840
Education and Health Care	-	107	10,269	10,376
Recreation and Entertainment	28,349	2,025	1,273	31,647
Lodging	25,751	35	35	25,821
Food & Beverage	50,124	1,880	5,298	57,302
Personal Services	2,486	1,472	3,563	7,521
Government	378	1,045	466	1,889
TOTAL	154,942	28,012	38,635	221,589
Growth Rate	1.5%	1.4%	1.0%	1.4%

- The tourism sector directly and indirectly supported 221,589 jobs, or 6.2% of all employment in Maryland last year.

TOURISM ECONOMICS

Tourism economy employment – total impact

- The restaurant, lodging, and recreational sectors employed the most persons in the tourism sector.

- Secondary benefits are realized across the entire economy through the supply chain and incomes as they are spent.

Tourism Employment by Industry

Thousands

Legend:
- Induced (green)
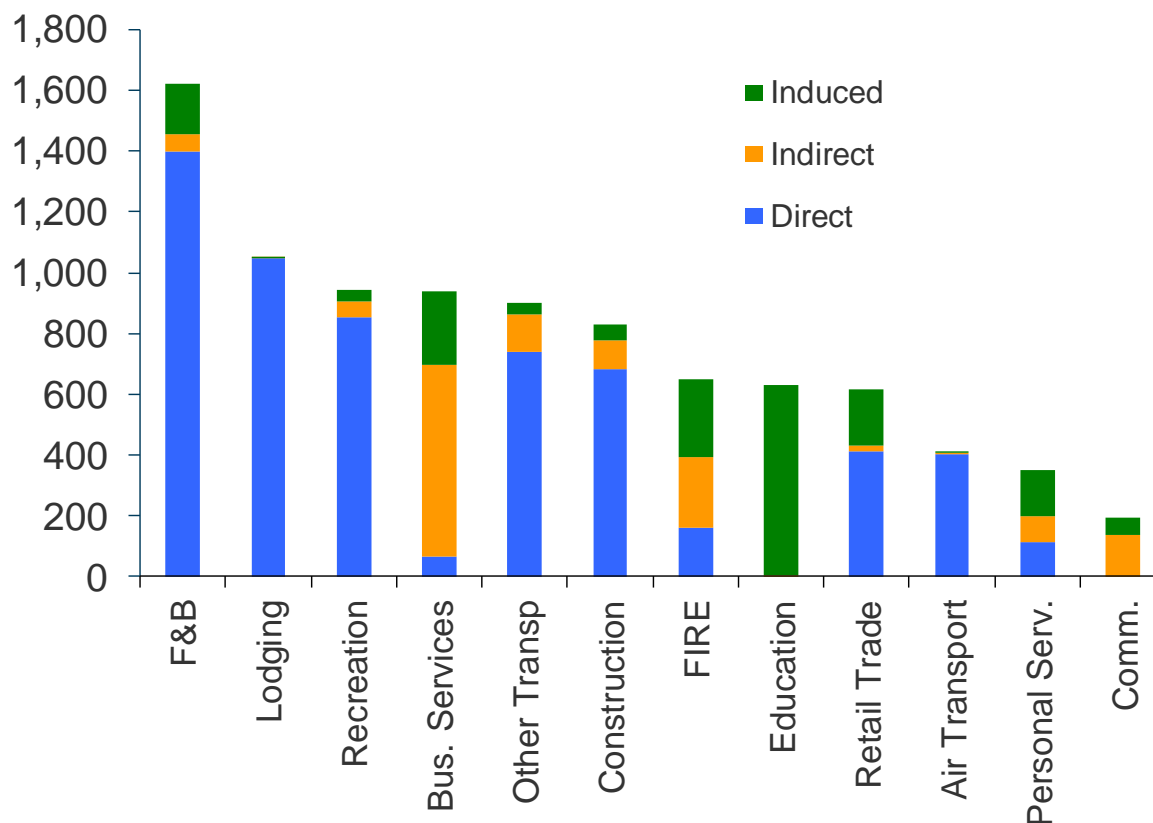- Indirect (orange)
- Direct (blue)

Categories (left to right): F&B, Recreation, Lodging, Retail Trade, Other Transp, Bus. Services, FIRE, Education, Construction, Personal Serv., Gas, Air Transport
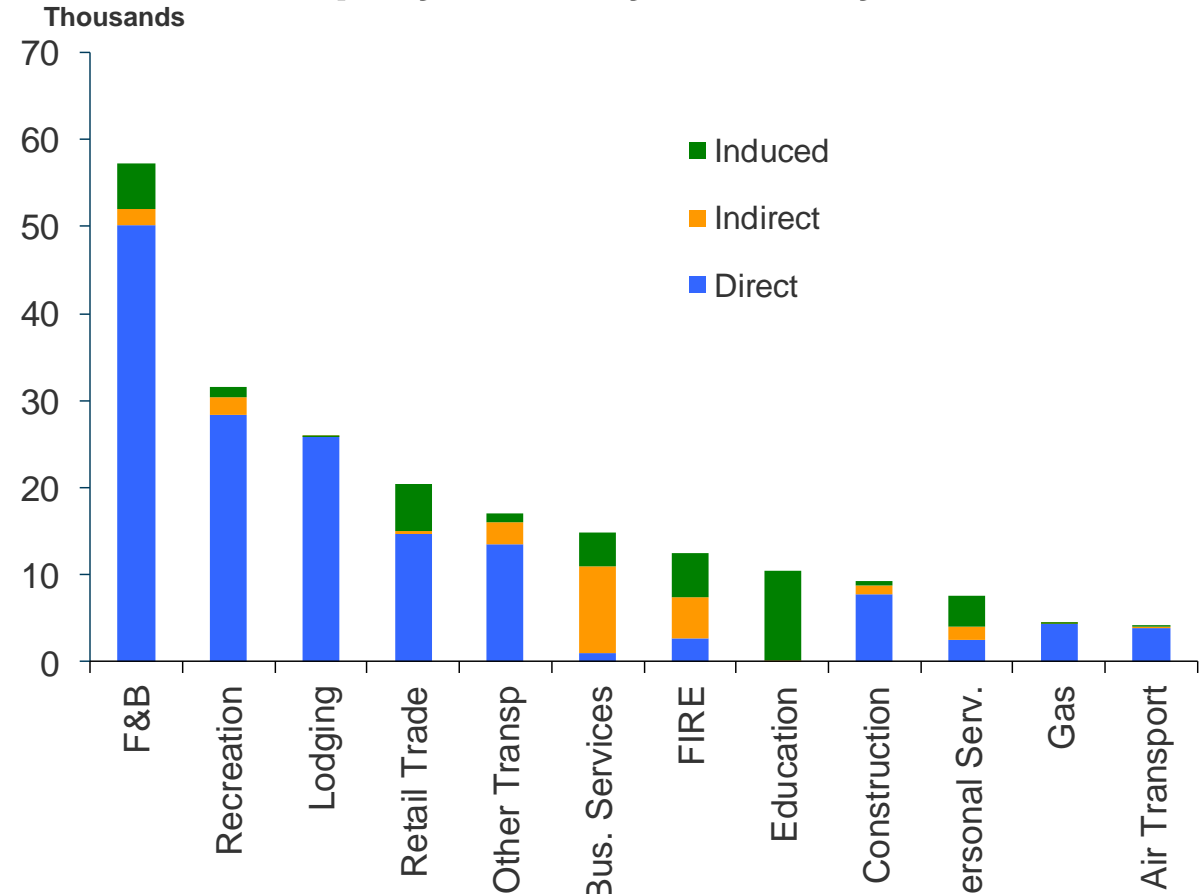
TOURISM ECONOMICS

Tourism economy income – total impact

Tourism Labor Income (Compensation)			
(US$ Million)			
	Direct	Indirect	Induced	Total
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Agriculture, Fishing, Mining	-	4.5	3.5	8.0
Construction and Utilities	682.0	95.7	52.9	830.6
Manufacturing	2.4	44.9	22.2	69.6
Wholesale Trade	-	85.1	98.9	184.0
Air Transport	404.1	2.9	5.4	412.4
Other Transport	740.2	122.8	35.8	898.9
Retail Trade	412.4	18.6	187.4	618.5
Gasoline Stations	168.7	0.9	9.5	179.0
Communications	-	139.0	54.8	193.9
Finance, Insurance and Real Estate	160.6	230.5	259.3	650.4
Business Services	67.2	630.6	238.9	936.6
Education and Health Care	-	3.9	625.9	629.8
Recreation and Entertainment	854.2	52.4	35.1	941.7
Lodging	1,046.3	1.4	1.5	1,049.2
Food & Beverage	1,398.9	55.2	166.3	1,620.4
Personal Services	115.2	81.2	153.6	350.0
Government	25.3	94.9	39.1	159.3
TOTAL	6,077.4	1,664.7	1,990.1	9,732.3
Pch Change	5.2%	5.0%	4.4%	5.0%

TOURISM ECONOMICS

Tourism economy income – total impact

- Employees in the food & beverage industry earned $1.6 billion through tourism in 2016.

- Of the $936 million in tourism-driven income in business services, $630 million was a result of this industry supplying services to tourism businesses (indirect impacts).

Tourism Labor Income by Industry

$ million

Legend:
- Induced
- Indirect
- Direct

Categories: F&B, Lodging, Recreation, Bus. Services, Other Transp, Construction, FIRE, Education, Retail Trade, Air Transport, Personal Serv., Comm.

TOURISM ECONOMICS

Tourism economy tax generation

Traveler Generated Taxes						
Tax Type	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
	Millions of $					
Federal Taxes Subtotal	**1,633.2**	**1,704.8**	**1,772.5**	**1,865.5**	**1,966.9**	**2,058.5**
Corporate	113.0	118.6	123.1	129.2	136.4	142.2
Indirect Business	166.9	173.7	181.8	188.5	193.8	197.4
Personal Income	524.2	547.1	568.5	599.5	634.0	665.8
Social Security	829.1	865.4	899.1	948.3	1,002.7	1,053.1
State and Local Taxes Subtotal	**1,953.3**	**2,022.2**	**2,078.8**	**2,187.3**	**2,271.4**	**2,350.7**
Corporate	176.2	184.9	191.9	201.5	212.7	221.7
Personal Income	205.0	214.0	222.3	234.5	248.0	260.4
Sales	818.6	853.5	886.2	939.7	971.5	1,000.1
Lodging	**122.0**	**128.0**	**126.9**	**133.4**	**141.3**	**151.5**
Local	122.0	128.0	126.9	133.4	141.3	151.5
Property	389.6	389.6	389.6	400.6	410.4	420.5
Excise and Fees	223.2	232.7	241.6	256.2	264.9	272.7
State Unemployment	18.7	19.5	20.3	21.4	22.6	23.8
TOTAL	**3,586.5**	**3,727.0**	**3,851.3**	**4,052.9**	**4,238.3**	**4,409.2**

- Taxes of $4.4 billion were directly and indirectly generated by tourism in 2016.

- State and local taxes alone tallied $2.4 billion.

- Each household in Maryland would need to be taxed an additional $1,080 per year to replace the tourism taxes received by state and local governments.

- Each visitor adds $55 to state and local coffers.

TOURISM ECONOMICS

Tourism economy tax generation

Traveler Generated Taxes	
Tax Type	**2016**
	Millions of $
State Revenues	**1,498.8**
Corporate	217.0
Personal Income	165.3
Sales	911.8
Lodging	0.0
Property	34.0
Excise and Fees	148.9
State Unemployment	21.8
Local Revenues	**851.9**
Corporate	4.7
Personal Income	95.1
Sales	88.3
Lodging	151.5
Property	386.5
Excise and Fees	123.8
State Unemployment	2.0
TOTAL	**2,350.7**

- Of the $2.35 billion collected by state and local governments from visitor activity, state government received $1.5 billion.

- Of that amount, 60% came from sales tax revenues alone

- Local governments saw $850 million in revenue from visitor activity in 2016.

- Key revenue streams for local governments were from property, lodging, and excise & fee charges.

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Methodology and Conceptual Overview

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Methods and data sources

- Domestic visitor expenditure estimates are provided by DK Shifflet 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: NTTO, TE)

  - Canada visitor spending (source: Statistics Canada, TE)

  - Bed tax receipts

  - Sales tax by sector

  - 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)

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Methods and data sources

- An IMPLAN model was compiled for the State of Maryland. 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.

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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.

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Why 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…

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The Tourism Satellite Account

- The TSA was conceived by the UN World Tourism Organization and has since been ratified by the UN, Eurostat, and OECD.

- The standard has been adopted by over fifty countries around the world and a growing number of US States.

- The TSA deals with the challenge of measuring tourism in two important ways:

  - Defines the tourism economy

  - Provides methodology for calculating tourism GDP in a way that is consistent with economic accounts

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Benefits of a TSA

- Enables comparisons of the importance of tourism to other sectors of the economy in terms of GDP, employment, and income.

- Allows for benchmarking to other destinations.

- Tracks the economic contribution of tourism over time.

- Monitors strength by tracking capital investment .

- Allows for extension analysis for of the full impact of tourism.

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Important definitions

1. **Tourism Industry:** Measures the value of traveler activity within "tourism characteristic industries". This concept measures only the direct impact of the travel industry.

2. **Tourism Economy:** Includes the tourism industry plus government spending and capital investment in support of tourism. This is the basis of the total economic impact analysis, including direct, indirect and induced impacts.

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Illustrating the concepts

Travel & Tourism Industry

- The direct effect of visitor spending
- Focus of Tourism Satellite Account

Travel & Tourism Economy

The flow-through effect of all tourism demand across the economy

- Expands the focus to measure the overall impact of tourism on all sectors of the economy

T&T DIRECT

OVERALL T&T IMPACT

T&T INDIRECT

T&T INDUCED

ACCOMMODATION

CATERING, ENTERTAINMENT

RECREATION, TRANSPORTATION

&OTHER TRAVEL RELATED SERVICES

PRINTING/PUBLISHING, UTILITIES

FINANCIAL SERVICES, SANITATION SERVICES

FURNISHINGS AND EQUIPMENT SUPPLIERS,

SECURITY SERVICES, RENTAL CAR MANUFACTURING,

TRANSPORTATION ADMINISTRATION, TOURISM

PROMOTION, SHIP BUILDING, AIRCRAFT MANUFACTURING,

RESORT DEVELOPMENT, GLASS PRODUCTS, IRON/STEEL

FOOD & BEVERAGE SUPPLY, RETAILERS

BUSINESS SERVICES, WHOLESALERS, COMPUTERS,

UTILITIES, MANUFACTURERS, HOUSING, PERSONAL SERVICES

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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 300 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 150 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.

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