



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY



Travel Industry Association

The Economic Contribution of Tourism to the State of Georgia

Tourism Satellite Account Method
September 2008

Prepared by:
Tourism Economics
121, St Aldates, Oxford, OX1 1HB UK
303 W Lancaster Ave. Wayne PA 19087 USA
+44 1865 268900 / +1 610 995 9600
www.tourismeconomics.com

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! Lodging, recreation, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents...

Must quantify demand then link to supply

- The economic activity generated by travel and tourism is diverse. It spans various industrial sectors and represents only a part of most of these sectors. Therefore, the “tourism industry” is not identified in state or local economic accounts and must be measured separately.

Visitor Spending

Sector	Impact	Effect
Transportation	Direct Indirect Induced	<i>Production</i>
Recreation		<i>Jobs</i>
Entertainment		<i>Wages</i>
Accommodations		<i>Taxes</i>
Retail		
Food and Beverage		

- The analysis is based on an examination of visitor spending (the demand side) and related industry sales, value added, wages, and employment (the supply side).
- Economic modeling is used to quantify the linkages between visitor spending and industries and among industries.

- **Direct impact:** The benefit to sectors directly providing goods or services to travelers.
- **Indirect impact:** The benefit to suppliers to the directly-involved companies.
- **Induced impact:** The benefit to the local economy as incomes in the prior two levels of impact are spent on goods and services.

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.
- The TSA deals with the challenge of measuring tourism in two important ways:
 1. Defines the tourism economy
 2. Provides methodology for calculating tourism GDP in a way that is consistent with economic accounts

Benefits of a TSA

1. Enables comparisons of the importance of tourism to other sectors of the economy in terms of GDP, employment, and income
2. Allows for benchmarking to other destinations
3. Tracks the economic contribution of tourism over time
4. Monitors strength by tracking capital investment
5. Allows for extension analysis for taxes, scenarios, full impact

Highlights

- Tourism is a vital and growing component of the Georgia economy.
- In 2007, total tourism demand tallied \$28.5 billion, growing 5.8% from 2006.
- The direct GDP of the tourism sector was \$9.4 billion in 2007.
- This economic activity sustained 400,000 jobs, growing 2.7% in 2007.
- 9.8% of all jobs in the state are directly and indirectly dependent on tourism.
- Including indirect and induced impacts, tourism in Georgia generated \$2.4 billion in state and local taxes and \$3.2 billion in Federal taxes in 2007.

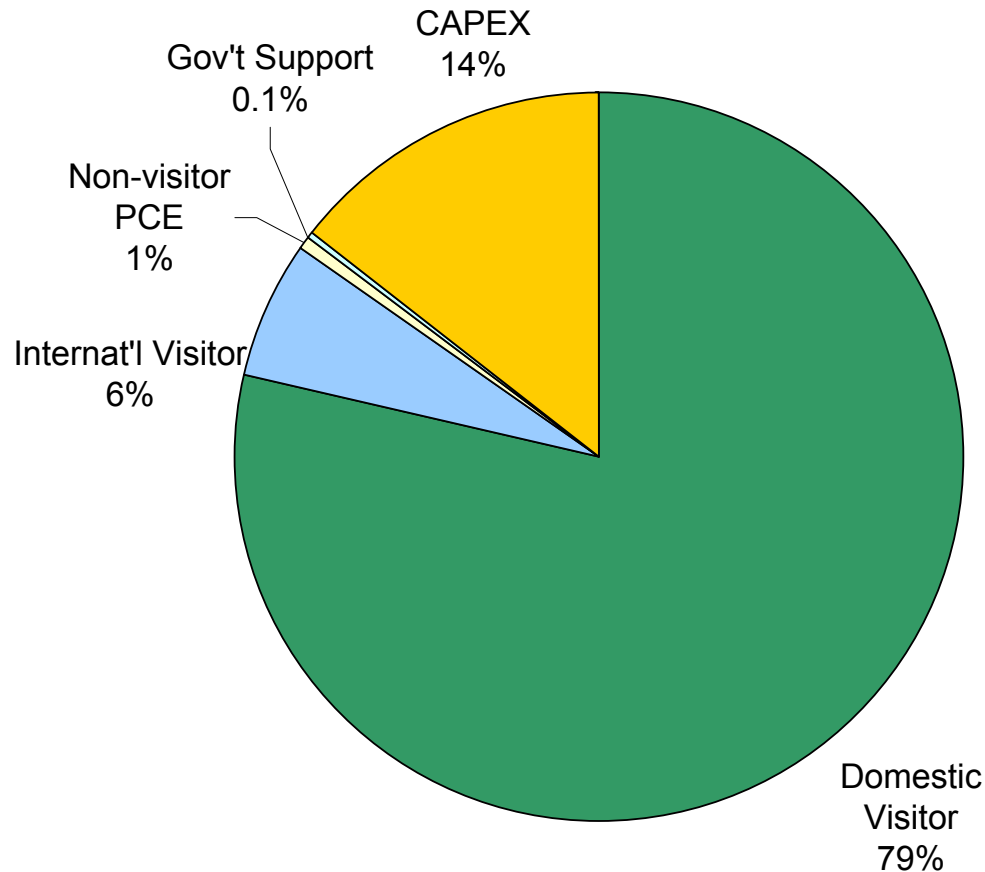
Tourism Demand

- The Tourism Satellite Account looks at the full range of tourism-related expenditures.

<i>Tourism Demand by Category, \$ million</i>					
Domestic Visitor	Internat'l Visitor	Non-visitor PCE	Gov't Support	CAPEX	Total
\$ 22,447	\$ 1,706	\$ 189	\$ 35	\$ 4,129	\$ 28,506

- 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 Division of Tourism, tourism attractions, security, and other budget items in broad support of tourism.
- Capital investment includes construction of hotels and attractions, as well as tourism infrastructure.

Tourism Demand by Source



- Domestic visitor markets comprise the majority of tourism demand.
- Capital investment in tourism-related construction and machinery & equipment is second in importance.

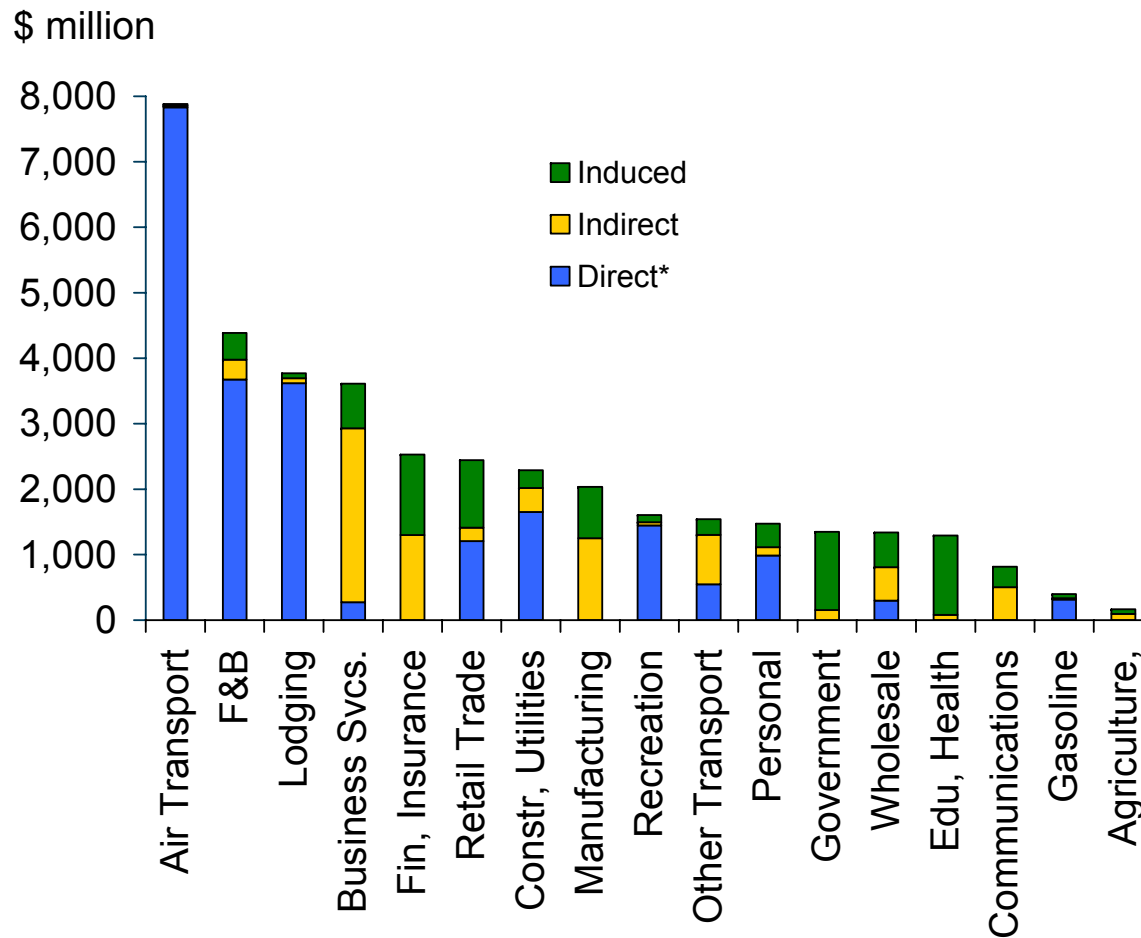
Tourism Sales

<i>Tourism Sales (Output)</i>				
<i>(US\$ Million)</i>				
	Direct*	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	95	73	168
Construction and Utilities	1,650	367	274	2,292
Manufacturing	-	1,250	785	2,035
Wholesale Trade	2,479	513	527	3,519
Air Transport	7,829	25	30	7,884
Other Transport	546	758	235	1,539
Retail Trade	4,474	205	1,027	5,706
Gasoline Stations	1,529	14	65	1,608
Communications	-	503	315	818
Finance, Insurance and Real Estate	-	1,298	1,230	2,528
Business Services	273	2,658	682	3,613
Education and Health Care	-	82	1,211	1,292
Recreation and Entertainment	1,446	50	109	1,605
Lodging	3,617	74	80	3,771
Food & Beverage	3,675	302	410	4,387
Personal Services	988	128	357	1,473
Government	1	152	1,196	1,349
TOTAL (2007)	28,506	8,476	8,606	45,589
TOTAL (2006)	26,948	8,013	8,136	43,097

* Direct sales include cost of goods for retail sectors

- Tourism demand of \$28.5 generated \$45.6 billion in business sales, including indirect and induced impacts. The industry registered growth of 5.8% in 2007.

Tourism Sales



Tourism GDP

<i>Tourism GDP (Value Added)</i> (US\$ Million)	
	Industry GDP
Agriculture, Fishing, Mining	-
Construction and Utilities	-
Manufacturing	-
Wholesale Trade	-
Air Transport	2,750
Other Transport	265
Retail Trade	736
Gasoline Stations	217
Communications	-
Finance, Insurance and Real Estate	-
Business Services	115
Education and Health Care	-
Recreation and Entertainment	738
Lodging	2,321
Food & Beverage	1,753
Personal Services	461
Government	1
TOTAL (2007)	9,356
TOTAL (2006)	8,845
Growth in 2007	5.8%

- Tourism GDP is the value added of those sectors directly interacting with travelers.
- The narrow definition of the tourism industry counts only tourism consumption, which excludes capital investment and general government support of tourism. This definition is consistent with economic accounts.
- On this basis, tourism industry GDP was \$9.4 billion in 2007, accounting for 2.4% of total Georgia GDP.

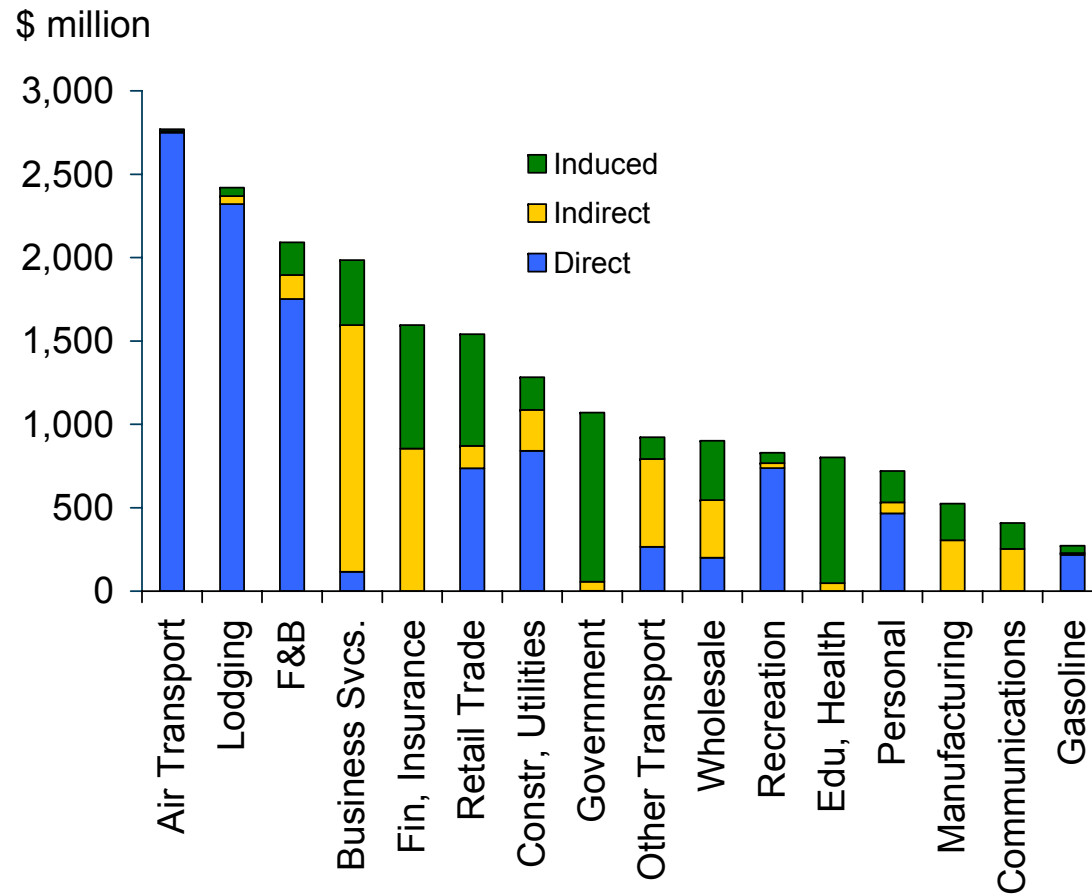
Tourism GDP Contribution

- The complete definition of the tourism demand includes capital investment and general government support of tourism. By this broader definition, tourism activity directly contributed \$10.4 billion to the state GDP in 2007 (2.6%).
- In total, including all direct tourism demand, indirect and induced impacts, the tourism sector generated GDP of \$20.1 billion. This is 5.1% of the state economy.

Tourism GDP Contribution

<i>Tourism GDP (Value Added)</i>				
<i>(US\$ Million)</i>				
	Direct*	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	26	30	56
Construction and Utilities	842	245	195	1,282
Manufacturing	-	304	221	525
Wholesale Trade	200	346	356	902
Air Transport	2,750	9	11	2,769
Other Transport	265	528	130	923
Retail Trade	736	135	671	1,541
Gasoline Stations	217	10	45	272
Communications	-	253	156	409
Finance, Insurance and Real Estate	-	854	740	1,595
Business Services	115	1,479	390	1,985
Education and Health Care	-	49	752	801
Recreation and Entertainment	738	29	63	830
Lodging	2,321	48	51	2,419
Food & Beverage	1,753	144	196	2,092
Personal Services	466	67	187	720
Government	1	55	1,015	1,071
TOTAL (2007)	10,404	4,580	5,208	20,192
TOTAL (2006)	9,835	4,330	4,923	19,088

Total tourism GDP



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

Ranking Tourism Employment

- The direct contribution of the core tourism industry was 241,760 in 2007. 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 5th largest employer in the state of Georgia.

<i>Ranking of Employment</i>		
Rank	Industry	Value*
1	Professional and business services	565,900
2	Retail trade	475,600
3	Manufacturing	430,900
4	Health care	377,300
5	Tourism	241,760
6	Food and drinking places (minus tourism)	235,657
7	Financial activities	232,400
8	Construction	224,000
9	Wholesale trade	220,600
10	Transportation, warehousing, and utilities	215,277

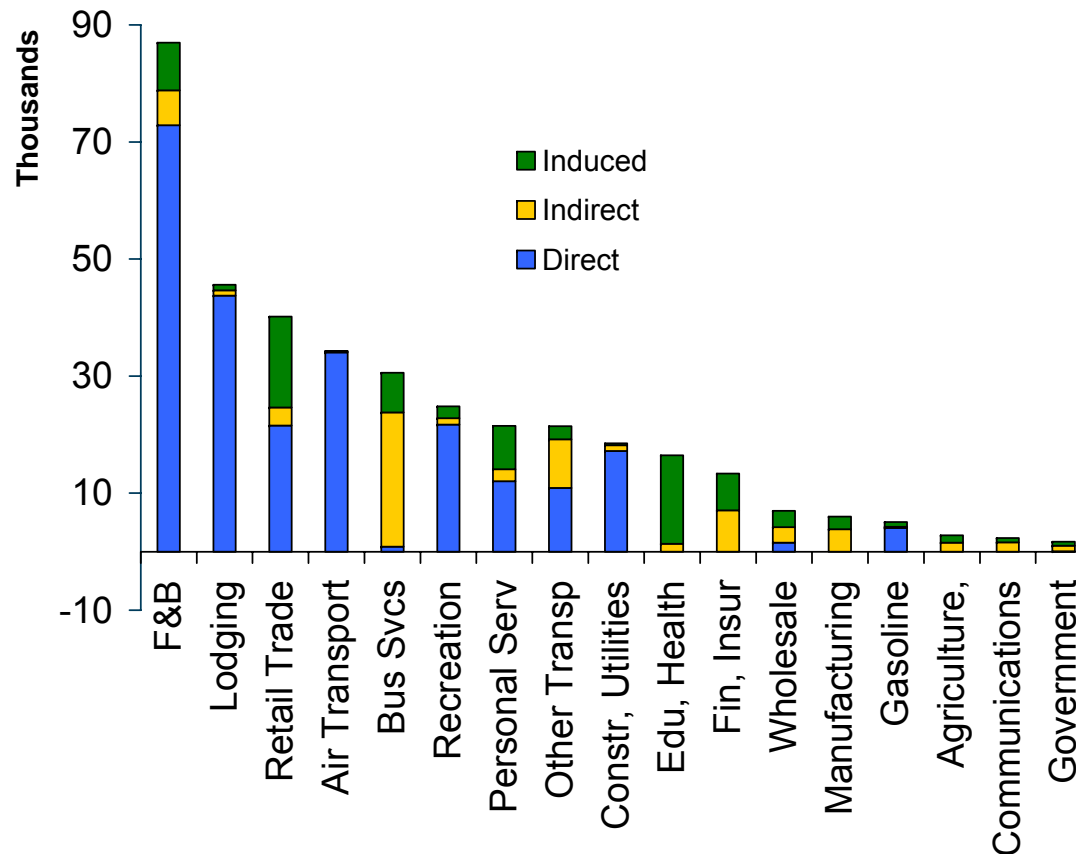
* Comparative data is August 2007 BLS employment

Total Tourism Employment

<i>Tourism Employment</i>				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	1,548	1,269	2,817
Construction and Utilities	17,189	974	353	18,516
Manufacturing		3,818	2,189	6,007
Wholesale Trade	1,544	2,670	2,744	6,958
Air Transport	34,046	110	131	34,287
Other Transport	13,685	8,308	2,540	24,533
Retail Trade	25,788	3,086	18,571	47,444
Gasoline Stations	4,855	182	891	5,928
Communications	-	1,566	792	2,359
Finance, Insurance and Real Estate	-	7,062	6,278	13,340
Business Services	1,041	22,931	8,092	32,065
Education and Health Care	-	1,375	15,110	16,485
Recreation and Entertainment	25,969	1,086	2,429	29,484
Lodging	43,751	896	962	45,609
Food & Beverage	72,856	5,980	8,126	86,962
Personal Services	14,285	2,044	8,837	25,167
Government	68	953	820	1,841
TOTAL (2007)	255,075	64,590	80,135	399,800
TOTAL (2006)	248,418	62,904	78,043	389,364

- The tourism sector directly and indirectly supported nearly 400,000 jobs, or 9.8% of all employment in Georgia last year. Tourism demand directly supported 255,000 jobs. This represents 2.7% growth from 2006.

Total Tourism Employment



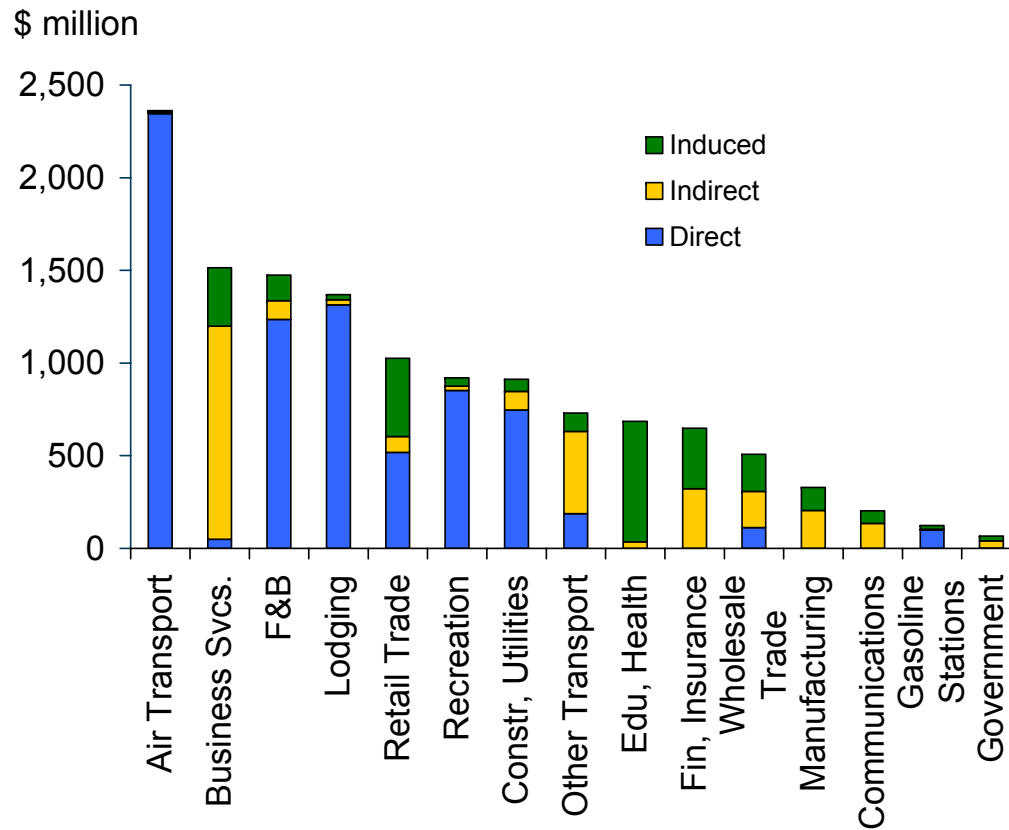
- The restaurant, lodging, and retail sectors employed the most persons in the tourism sector.

Tourism Income

<i>Tourism Income (Compensation)</i>				
<i>(US\$ Million)</i>				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	18	21	39
Construction and Utilities	747	99	66	912
Manufacturing	-	205	124	328
Wholesale Trade	112	194	200	507
Air Transport	2,346	8	9	2,362
Other Transport	187	444	99	730
Retail Trade	519	84	422	1,026
Gasoline Stations	99	4	20	124
Communications	-	134	69	203
Finance, Insurance and Real Estate	-	321	327	648
Business Services	49	1,150	315	1,515
Education and Health Care	-	36	650	686
Recreation and Entertainment	852	23	44	920
Lodging	1,314	27	29	1,370
Food & Beverage	1,235	101	138	1,474
Personal Services	350	54	151	554
Government	1	39	26	67
TOTAL	7,812	2,942	2,711	13,465

- Over \$13 billion in compensation was generated by tourism demand in 2007.

Tourism Income



- Tourism generated the most personal income in the air transport, business services and food & beverage sectors.

Tourism Tax Generation

<i>Tourism-Generated Taxes</i> (US\$ Million)	
	Total
Federal Taxes	3,217.2
Corporate	437.8
Indirect Business	326.6
Personal Income	1,089.9
Social Security	1,362.9
State and Local Taxes	2,429.3
Corporate	182.2
Personal Income	345.6
Sales	1,015.2
Property	736.5
Excise and Fees	129.2
State Unemployment	20.6
TOTAL	5,646.5

- A total of \$5.6 billion in taxes was directly and indirectly generated by tourism in 2007 .
- State and local taxes alone tallied \$2.4 billion.

State Government's Role

Government Expenditures on Tourism,
\$ mn
FY 2007

	TOURISM ATTRIBUTION		
	Current		Capital
	Collective	Indiv	
Economic Development			
Film	\$ 498,500	\$ -	\$ -
Tourism	\$ 11,500,000	\$ -	\$ -
Georgia Music Hall of Fame	\$ -	\$ 407,000	\$ -
Georgia Sports Hall of Fame	\$ -	\$ 371,000	\$ -
Welcome Center Contracts	\$ -	\$ 193,000	\$ -
World Congress Center Renovation	\$ -	\$ -	\$ 5,400,000
	\$ -	\$ -	\$ -
Natural Resources	\$ -	\$ -	\$ -
Historic Preservation	\$ -	\$ 1,250,000	\$ -
Parks, Recreation and Historic Sites	\$ -	\$ 9,475,000	\$ -
Civil War Commission	\$ -	\$ 12,500	\$ -
Suwannee River Eco-Lodge	\$ -	\$ -	\$ 1,500,000
North Georgia Lodge Renovations	\$ -	\$ -	\$ 750,000
	\$ -	\$ -	\$ -
Public Safety	\$ -	\$ -	\$ -
Aviation	\$ -	\$ 1,800,000	\$ -
	\$ -	\$ -	\$ -
Department of Transportation	\$ -	\$ -	\$ -
Aviation	\$ -	\$ 9,900,000	\$ -
	\$ -	\$ -	\$ -
Highway construction and improvement	\$ -	\$ -	\$ 140,000,000
	\$ 11,998,500	\$ 23,408,500	\$ 147,650,000

- Government support of tourism is divided between collective (general support) and individual (specific support) spending.
- Capital expenditures are also considered in proportion to tourists' usage.
- Total state government support of tourism is estimated at \$183 mn.

Tourism Capital Investment

<i>Tourism Capital Investment</i>		
2007		
Total		
Construction	\$	1,502,280,000
Machinery and Equipment	\$	1,447,590,194
Government Capital Outlays	\$	147,650,000
Total	\$	3,097,520,194

- Over \$3 billion was invested by the tourism sector last year, including hotels, recreational facilities, and related government capital outlays.

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.