

The Economic Impact of Tourism in Louisiana

2016



Prepared for :

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Overview



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2016 at a glance

- A total of 185,389 jobs, with income of \$5.7 billion, were sustained by the visitor economy in Louisiana in 2016.
- Visitor-supported employment represents nearly 7% of all employment in the state of Louisiana (1-in-14 jobs).
- Including indirect and induced impacts, travel in Louisiana generated \$1.7 billion in state and local taxes and \$1.3 billion in Federal taxes in 2016.

State Travel Impacts

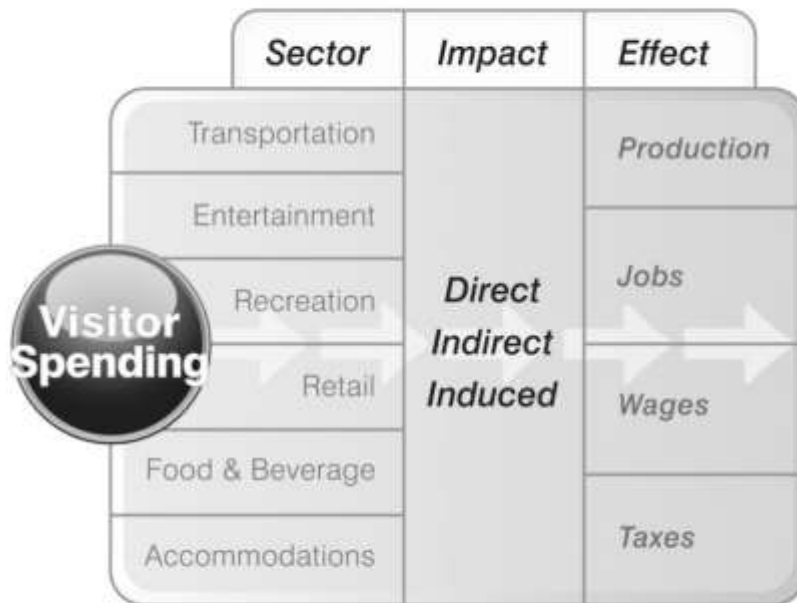


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How traveler spending generates impact

- 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 travel, spend those incomes in the state economy.

Tourism generated sales

Tourism Sales				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	39.0	16.7	55.7
Construction and Utilities	-	363.9	152.6	516.4
Manufacturing	-	233.8	125.2	359.0
Wholesale Trade	-	136.6	138.4	275.0
Air Transport	71.5	16.6	16.9	105.0
Other Transport	476.5	202.6	87.8	767.0
Retail Trade	2,192.1	59.2	288.5	2,539.7
Gasoline Stations	1,667.9	5.0	16.1	1,689.0
Communications	-	198.9	135.4	334.3
Finance, Insurance and Real Estate	470.0	867.7	959.5	2,297.3
Business Services	261.1	1,105.4	305.6	1,672.1
Education and Health Care	-	8.6	650.3	658.9
Recreation and Entertainment	2,954.9	125.8	68.6	3,149.3
Lodging	2,180.0	7.9	3.6	2,191.6
Food & Beverage	3,602.0	75.1	271.5	3,948.7
Personal Services	94.3	114.5	171.9	380.7
Government	-	107.0	62.1	169.1
TOTAL	13,970.4	3,667.7	3,470.9	21,108.9

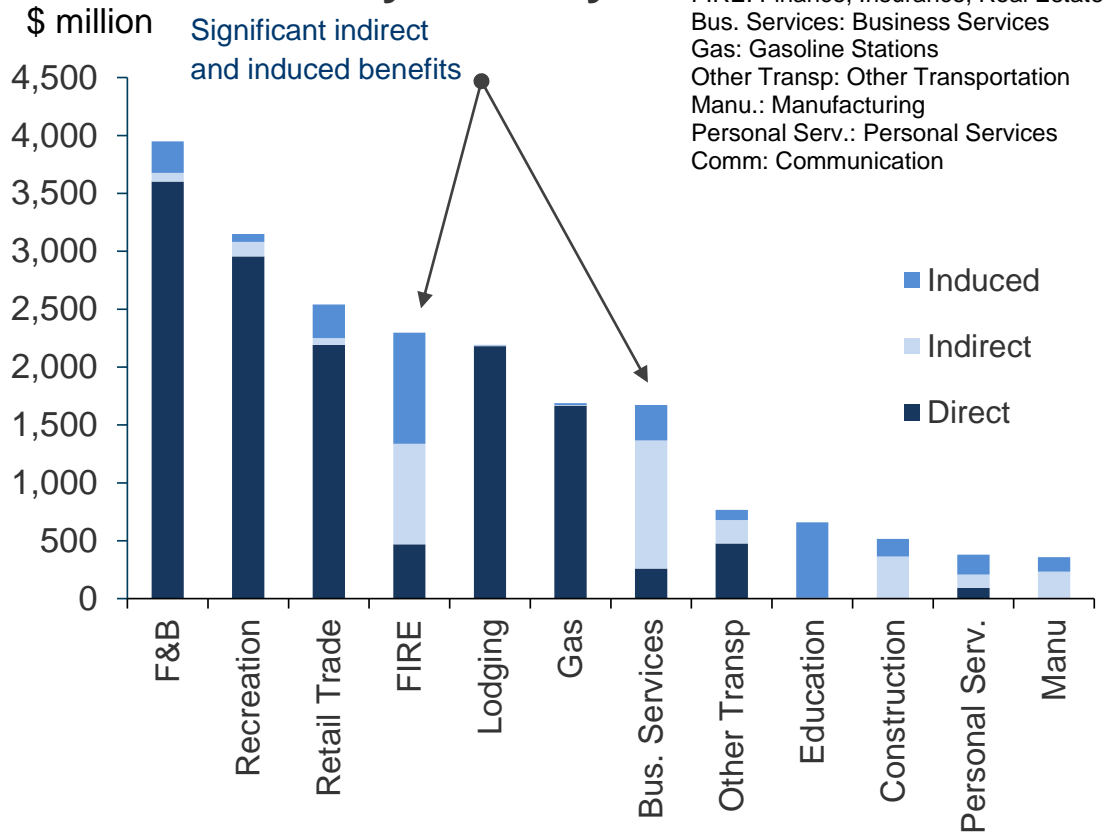
* Direct sales include cost of goods sold for retail sectors

Tourism spending of nearly \$14 billion generated a total tourism economic impact of \$21.1 billion in 2016, as traveler dollars flowed through the Louisiana economy.

Tourism sales

- All business sectors of the Louisiana 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



Tourism GDP (value added)

Tourism GDP (Value Added)				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	24.3	9.8	34.1
Construction and Utilities	-	155.0	64.6	219.7
Manufacturing	-	71.9	37.6	109.4
Wholesale Trade	-	84.9	86.0	170.9
Air Transport	27.0	6.3	6.4	39.7
Other Transport	271.5	109.0	43.0	423.5
Retail Trade	553.7	38.7	190.8	783.2
Gasoline Stations	139.1	3.3	10.7	153.2
Communications	-	79.2	61.2	140.4
Finance, Insurance and Real Estate	-	541.9	570.3	1,112.2
Business Services	140.9	690.6	191.6	1,023.0
Education and Health Care	-	4.8	393.4	398.3
Recreation and Entertainment	1,558.7	63.2	36.9	1,658.8
Lodging	1,437.6	5.2	2.4	1,445.2
Food & Beverage	1,678.8	42.2	156.5	1,877.4
Personal Services	50.1	71.2	95.1	216.3
Government	-	57.5	24.8	82.3
TOTAL	5,857.3	2,049.0	1,981.2	9,887.6

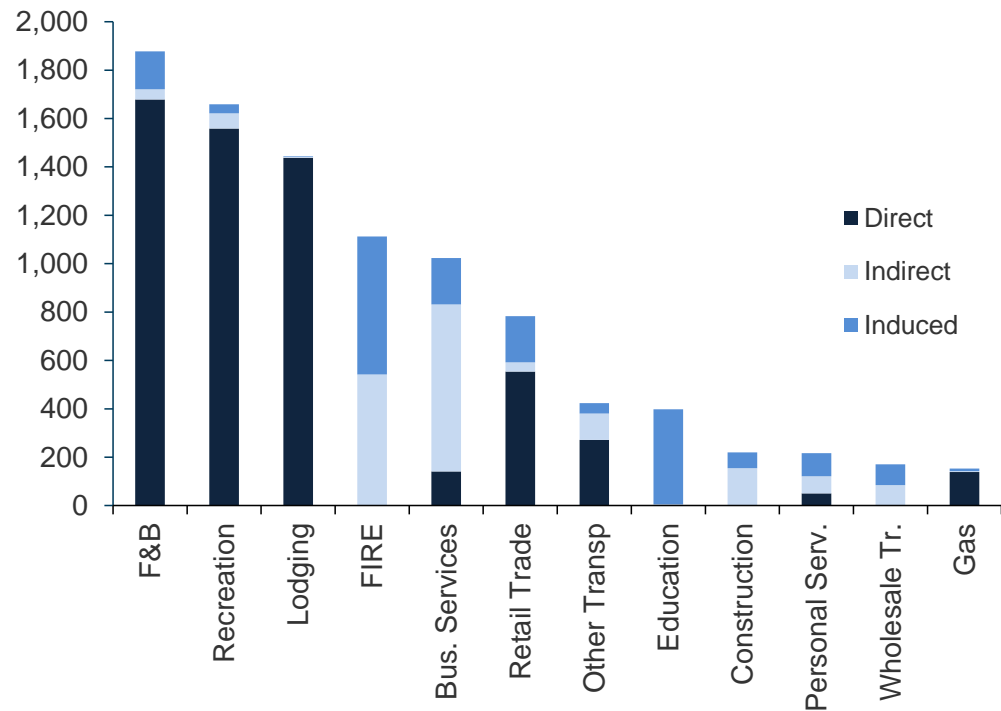
Tourism generated \$9.9 billion in state GDP in 2016, representing 4.1% of the total Louisiana economy.

Tourism GDP (value added)

- The F&B (food and beverage services) industry generates the largest share of tourism-generated GDP, closely followed by recreation and lodging services.
- Despite not being a primary supplier directly to visitors, FIRE (finance, insurance and real estate) generates about \$1.1 billion of tourism GDP.

Tourism GDP by Industry

\$ million



Tourism employment

- The tourism sector supported 185,389 jobs in 2016.

Tourism Employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	297	134	431
Construction and Utilities	-	1,038	426	1,465
Manufacturing	-	484	191	675
Wholesale Trade	-	563	571	1,134
Air Transport	190	44	45	279
Other Transport	4,905	1,431	599	6,935
Retail Trade	13,416	748	3,439	17,603
Gasoline Stations	3,037	73	234	3,344
Communications	-	670	338	1,008
Finance, Insurance and Real Estate	-	4,871	2,688	7,559
Business Services	1,201	9,772	3,008	13,980
Education and Health Care	-	219	7,064	7,283
Recreation and Entertainment	33,476	2,130	812	36,417
Lodging	21,253	68	32	21,353
Food & Beverage	52,522	1,483	4,535	58,540
Personal Services	2,545	1,287	2,591	6,422
Government	-	654	306	960
TOTAL	132,545	25,833	27,011	185,389

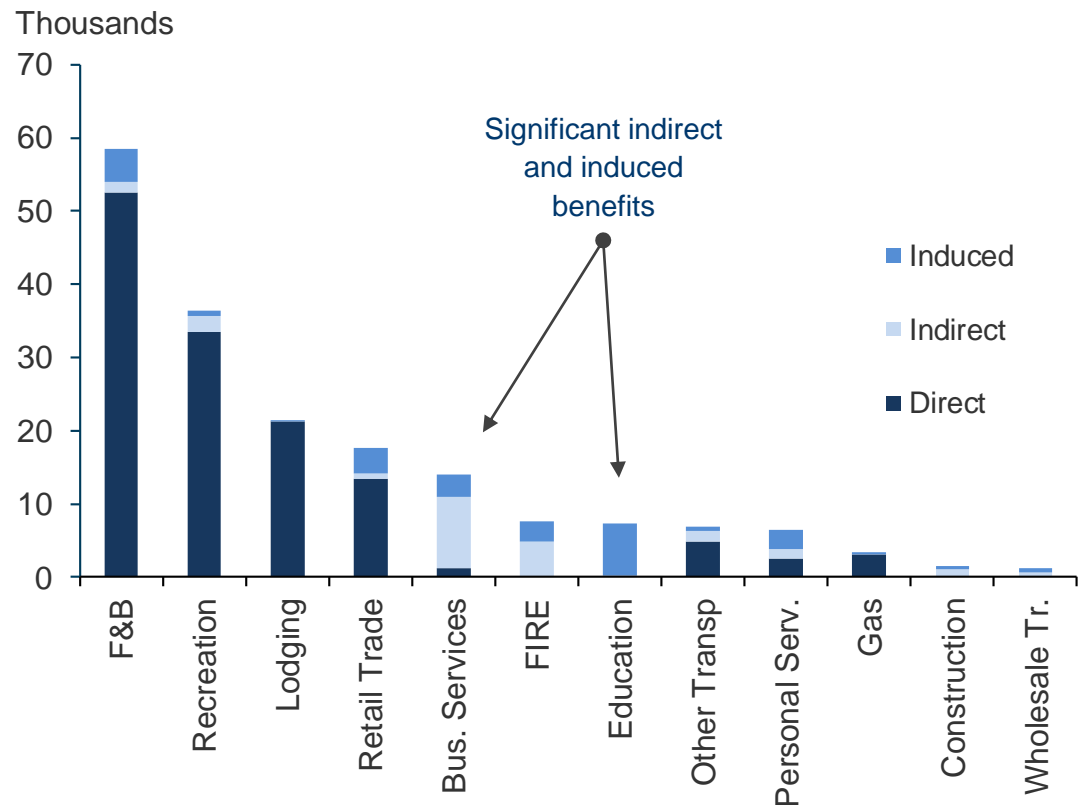
Indirect impacts quantify the supply chain to those industries directly providing goods or services to visitors.

Induced impacts are generated when employees whose incomes are generated either directly or indirectly by travel, spend those incomes in the state economy.

Tourism employment

- Secondary benefits are realized across the entire economy through the supply chain and incomes as they are spent.
- If all tourism industry employees were unemployed, it would double the unemployment rate to 12.3% from 6.1% in 2016.

Tourism Employment by Industry



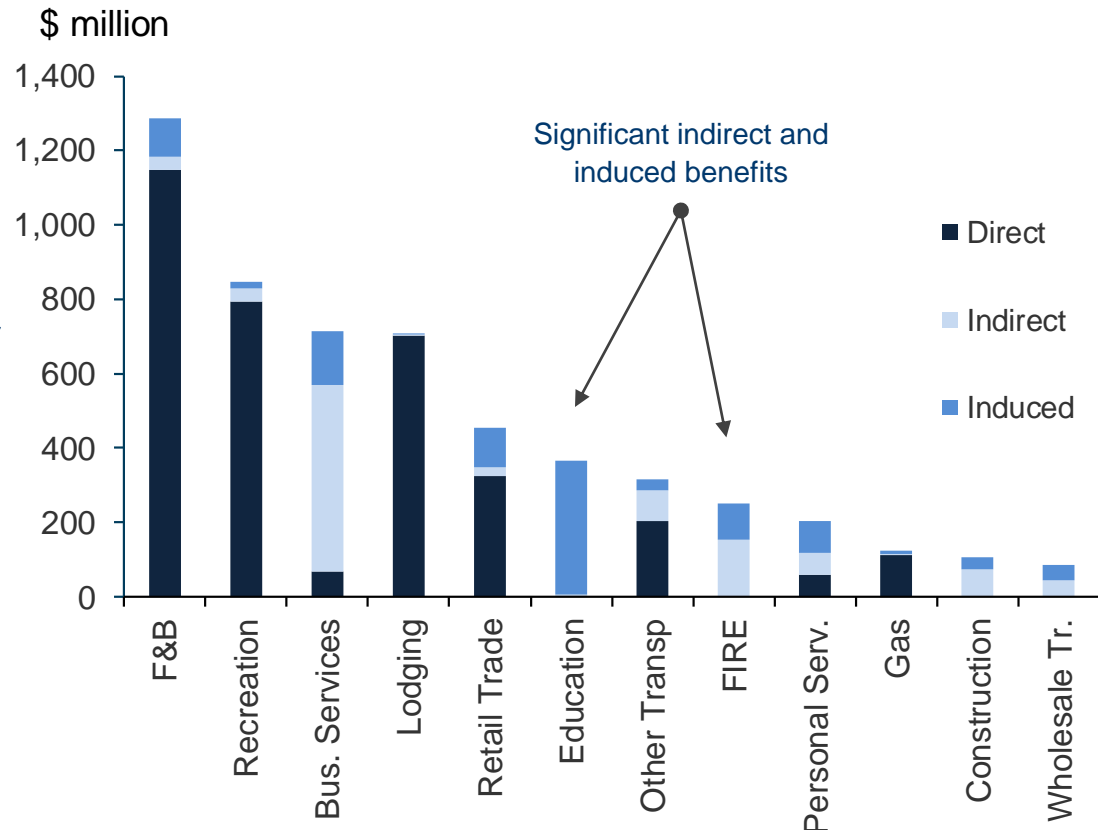
Tourism personal income

Tourism Labor Income (Compensation)				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	16.4	6.8	23.2
Construction and Utilities	-	74.6	30.9	105.5
Manufacturing	-	27.7	12.2	39.9
Wholesale Trade	-	42.9	43.5	86.5
Air Transport	16.3	3.8	3.8	23.9
Other Transport	204.2	80.7	32.0	316.9
Retail Trade	324.6	23.4	105.8	453.7
Gasoline Stations	113.0	2.7	8.7	124.4
Communications	-	39.5	20.8	60.4
Finance, Insurance and Real Estate	-	154.2	96.2	250.4
Business Services	68.9	501.2	144.9	715.0
Education and Health Care	-	4.6	359.6	364.2
Recreation and Entertainment	792.3	36.2	19.3	847.7
Lodging	701.4	2.3	1.1	704.8
Food & Beverage	1,148.7	35.7	103.4	1,287.8
Personal Services	59.0	59.6	84.5	203.1
Government	-	52.6	21.7	74.3
TOTAL	3,428.3	1,158.1	1,095.2	5,681.7

Tourism personal income

- Significant employment in F&B and recreation drives high labor income in those industries.
- Above average wages support labor income in supplier industries.
- The average labor income of workers supported by visitor spending was \$25,800 in 2016.

Tourism Labor Income by Industry



Tourism tax generation

Traveler-Generated Tax Revenues			
(US\$ Million, 2016)			
	Direct	Indirect/ Induced	Total
Federal	817.4	532.1	1,349.5
Personal Income	241.5	159.1	400.6
Corporate	110.0	114.3	224.3
Indirect business	124.4	39.3	163.7
Social Security	341.6	219.3	560.9
State and Local	1,396.4	338.1	1,734.6
Sales	851.6	188.4	1,040.0
Bed Tax	157.4	-	157.4
Personal Income	43.9	28.9	72.8
Corporate	5.4	5.6	10.9
Social Security	7.0	4.4	11.5
Excise and Fees	99.5	37.2	136.7
Property	231.7	73.6	305.3
TOTAL	2,213.9	870.2	3,084.1

- Taxes of just over \$3 billion were directly and indirectly generated by tourism in Louisiana.
- State and local taxes alone tallied \$1.7 billion in 2016.

Tourism tax generation

Traveler-Generated Tax Revenues (US\$ Million, 2016)	
	Total
State Revenues	627.9
Sales	433.4
Personal Income	72.8
Corporate	10.9
Social Security	11.5
Excise and Fees	99.4
Property	-
Local Government Reven	1,106.6
Sales	606.6
Bed Tax	157.4
Personal Income	-
Corporate	-
Social Security	-
Excise and Fees	37.3
Property	305.3
TOTAL	1,734.6

- Each household in Louisiana would need to be taxed an additional \$1,003 per year to replace the visitor taxes received by state and local governments.

2016 Wrap-up

- Visitor spending has increased an average of 4.6% each year since 2011, supported by continued growth in visits from both domestic tourists and visitors from abroad.
- Increases in visitor spending were broadly felt across the major tourism sectors, with lodging and food & beverage experiencing the largest boost.
- The tourism economy supported over 185,000 jobs, and state and local tax revenues from visitor activity registered just over \$1.7 billion.

Tourism in Context



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How important is tourism?

- Louisiana's 46.9 million visitors in 2016 could sell out the Mercedes-Benz Superdome for 613 nights straight.



How important is tourism?

- The 132,545 direct tourism jobs would be enough jobs for every person at a sold out LSU Tigers game *and* every student at LSU.
- Total tourism supported employment is almost nine times larger than the enrollment of Louisiana State University.



How important is tourism?

- The \$1.7 billion in state and local revenues from visitor activity represents a 'savings' of \$1,003 per household in Louisiana – or enough money to purchase 1,406 beignets at Café du Monde.



Methodology and Background



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Methods and data sources

- Estimates of visitor volume and expenditures in Louisiana were based on several sources including:
 - Volume and spending estimates for both domestic and international visitors, produced by D.K. Shifflet and Associates, a national consumer research firm.
 - Smith Travel Research (STR) data on hotel room demand, supply, revenues, average prices, and occupancy rates.
 - U.S. Census data on sales and employees by industry.
- An IMPLAN input-output model was constructed for Louisiana. The model 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. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.
- The source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data. The main definitional difference is that sole-proprietors, which do not require unemployment insurance, are not counted in the ES202 data.

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.

Why is this a challenge?

- Most economic sectors such as financial services, insurance, or construction are easily defined within a region by economic data and 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, museums, and theme parks.

Quantifying the travel and tourism economy

- Most economic sectors such as financial services, insurance, or construction are easily defined within a country's national accounts statistics.
- Travel 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.
- Travel spans nearly a dozen sectors including lodging, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents, and recreation (including museums, theme parks, sports events and others).

Description of spending categories

Spend Category	Description
Lodging	Includes visitor spending in accommodation sector. This includes food and other services provided by hotels and similar establishments.
Recreation	Includes visitor spending within the arts, entertainment and recreation supersector.
Transportation	Includes all forms of transportation services such as taxis, limos, trains, rental cars, buses, and air travel.
Shopping	Includes visitor spending within all retail sectors within the North Dakota economy.
Service stations	Visitor spending on gasoline. Only the margin counts as local economic impact.
Second homes	Spending associated with the operation of seasonal second homes for recreational use as defined by the Census Department. This is based on an “imputed rent” calculation over an estimated peak season.
Food and beverage	Includes all visitor spending at restaurants and bars.

Cross section of our clients

Corporations

Hotel companies
Aviation manufacturing
Internet marketing
Internet distribution
Financial institutions
Theme Parks
Travel trade

Associations

Caribbean Tourism Org.
European Travel Commission
Pacific Asia Travel Assoc.
US Travel Association
DMAI
IAAPA
WTTC
UN World Tourism Org.

Destinations

Tourism Australia
Bahamas Ministry of Tourism
Brand USA
Visit California
Canadian Tourism Commission
Dubai Tourism
Georgia Tourism
Saudi Arabia (SCT)
Discover Los Angeles
NYC & Company
Ontario Ministry of Tourism
Visit Orlando
Philadelphia Tourism Marketing
San Diego CVB
Tourism Ireland
Visit Britain
Visit Denmark
Visit Florida
Visit Switzerland



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 200 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 80 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, Director

cpike@tourismeconomics.com