

The Economic Impact of Tourism in North Carolina

Tourism Satellite Account
Calendar Year 2012



Key results

- Total tourism demand tallied \$25 billion in 2012, expanding 5.3% after a 9.0% increase in 2011. This marks another new high for the North Carolina tourism sector.
- The direct GDP of the tourism sector grew 5.7% to \$9.8 billion in 2012.
- Tourism demand sustained 390,000 jobs in 2012, including direct, indirect, and induced impacts.
- 9.2% of all jobs* in the state are directly or indirectly sustained by tourism activities. This marks a steady increase in share since 2008 (8.6%).
- Including indirect and induced impacts, tourism in North Carolina generated \$2.9 billion in state and local taxes and \$3 billion in Federal taxes in 2012.

* Compared to BEA Wage and Salary Employment, SA25N

Important definitions

1. **Total Tourism Demand:** Includes visitor spending plus other spending streams in support of the traveler industry. This includes government spending and capital investment in support of tourism.
2. **Tourism Industry GDP:** Measures the value of production of “tourism characteristic industries” on behalf of travelers. This concept measures only the direct impact of the travel industry.
3. **Tourism Economic Impact:** Measures the full economic impacts of tourism demand, including indirect and induced impacts.

Illustrating the concepts

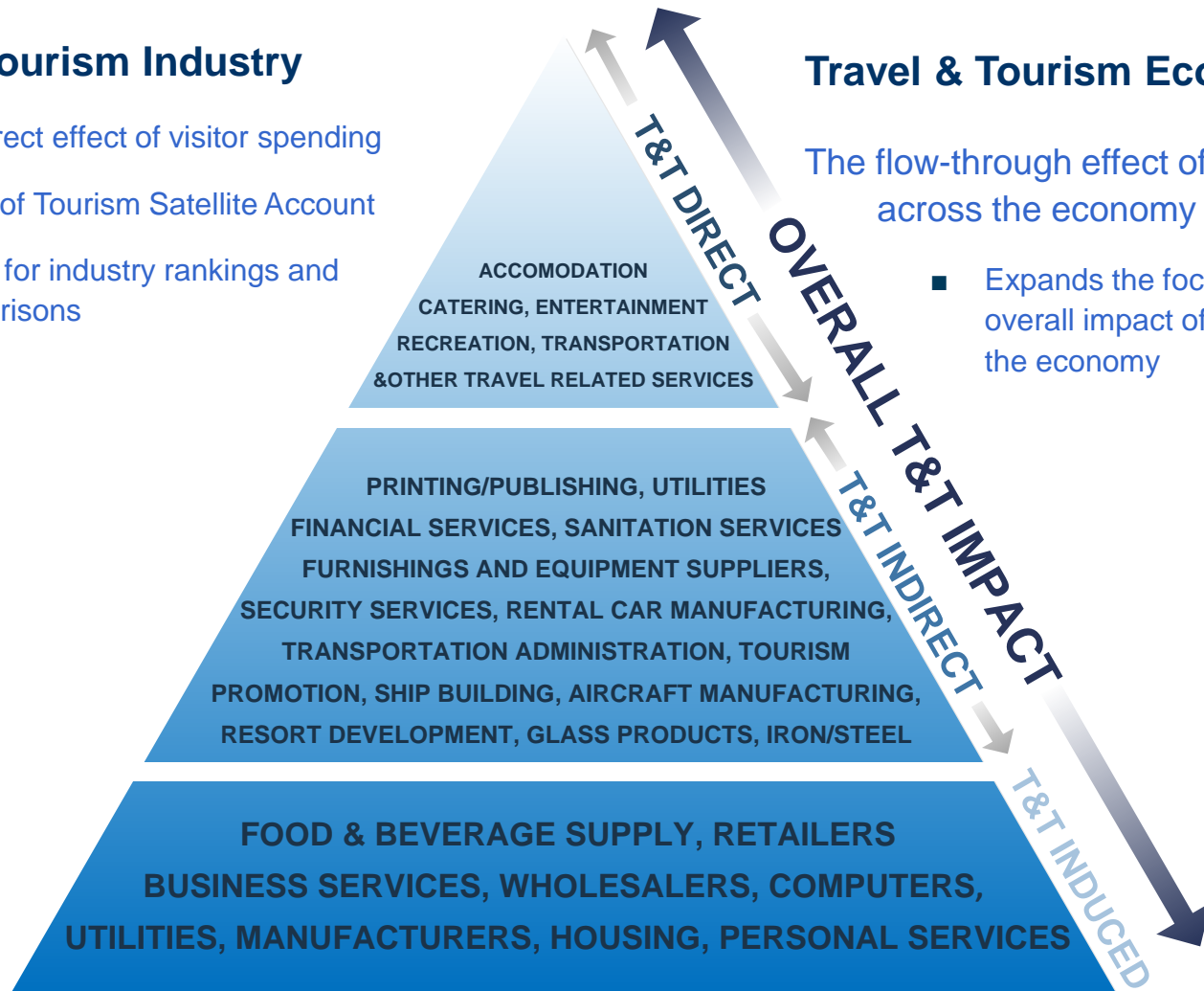
Travel & Tourism Industry

- The direct effect of visitor spending
- Focus of Tourism Satellite Account
- Allows for industry rankings and comparisons

Travel & Tourism Economic Impact

The flow-through effect of total T&T demand across the economy

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



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...

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

- 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

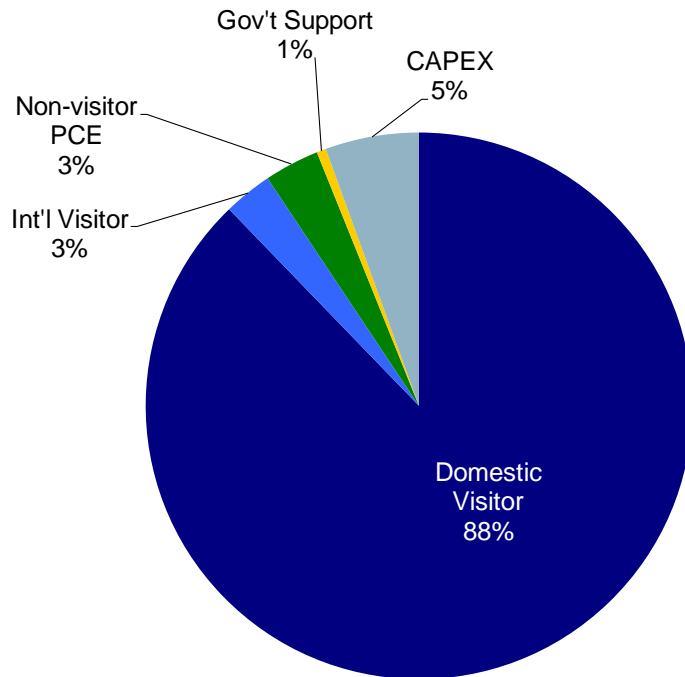
Detailed Results

Tourism demand (spending)

Tourism Demand by Category, \$ million							
	Domestic Visitor	Int'l Visitor	Non-visitor PCE	Gov't Support	CAPEX	Total	% change
2007	\$ 18,551	\$ 607	\$ 792	\$ 128	\$ 1,677	\$ 21,754	
2008	\$ 18,978	\$ 623	\$ 808	\$ 136	\$ 1,670	\$ 22,215	2.1%
2009	\$ 17,608	\$ 551	\$ 668	\$ 127	\$ 1,258	\$ 20,213	-9.0%
2010	\$ 19,112	\$ 591	\$ 724	\$ 140	\$ 1,192	\$ 21,758	7.6%
2011	\$ 20,818	\$ 618	\$ 804	\$ 152	\$ 1,330	\$ 23,722	9.0%
2012	\$ 21,925	\$ 720	\$ 812	\$ 138	\$ 1,384	\$ 24,978	5.3%
% change	5.3%	16.4%	1.0%	-9.0%	4.1%	5.3%	

- Total tourism demand in NC rose 5.3% in 2012, building on the strength of the prior two years, and reaching a new peak.
- Non-visitor private consumption expenditures (PCE) represent tourism consumer durables such as an RV, boat, or furniture for a vacation home. These rose 1.0% last year – exceeding their peak from 2008.
- International visitor spending surged 16.4% as NC gained market share from other US destinations.
- Government support for tourism, including the budgets for tourism promotion and visitor centers, dropped 9.0%.
- Capital investment, including construction of hotels and attractions, as well as tourism infrastructure, continued to recover in 2012 but still remains 17% below 2007 levels.

Tourism demand by source

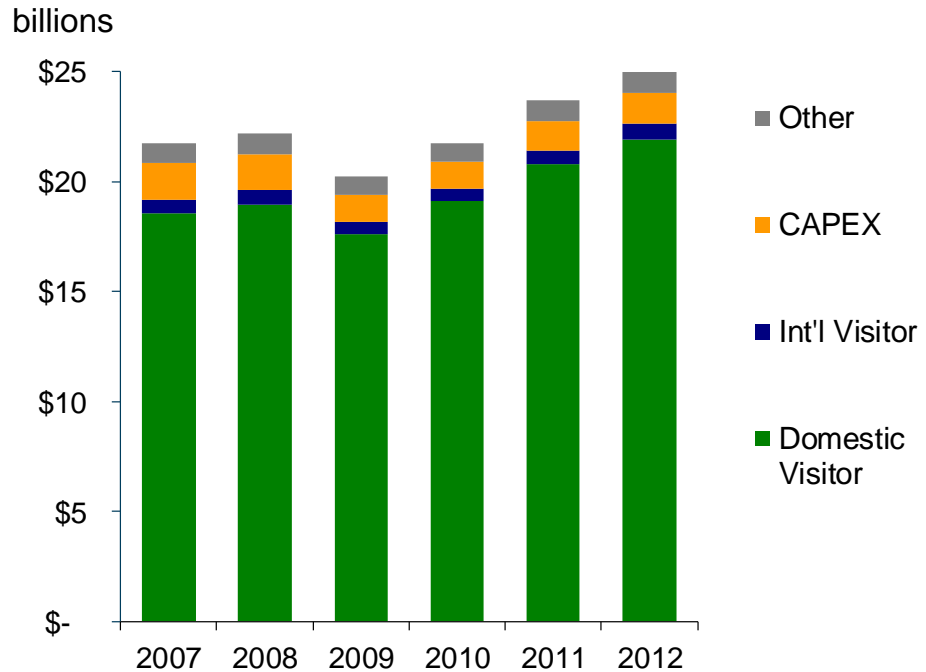


- Domestic visitor markets comprised the majority (88%) of tourism demand in 2012.
- Capital investment in tourism-related construction and machinery & equipment represents 5% of all tourism-related demand.
- International visitor markets contributed 3% of tourism demand in North Carolina last year.

Tourism demand growth

- The North Carolina visitor economy reached a new peak of \$25 billion in 2012.
- Tourism demand has grown by an average of 7.3% per annum over the past three years.

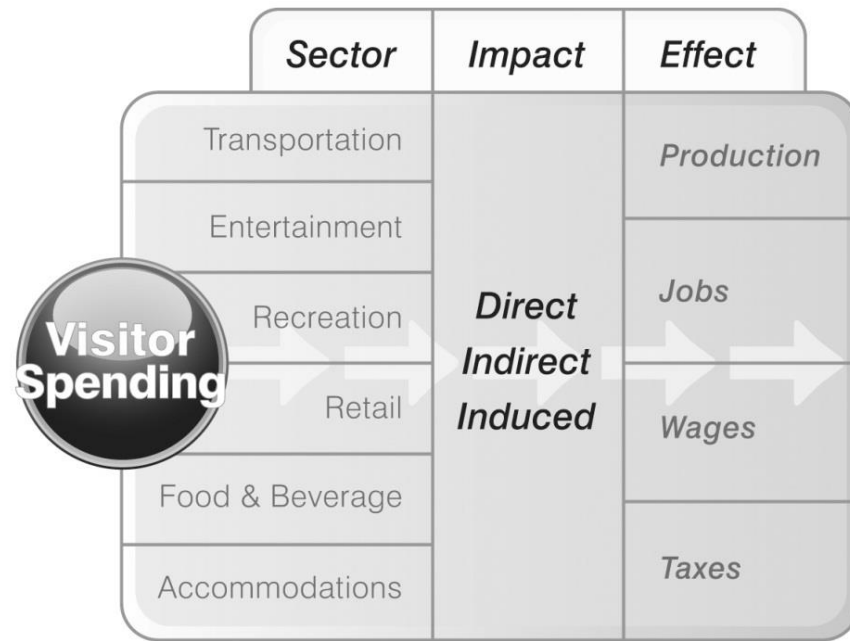
Tourism Demand Trend



Source: Tourism Economics

Translating spending into impact

- The direct impacts are quantified within travel-related sectors.
- The indirect impacts include the benefits realized by the supply chain.
- The induced impacts are generated as wages are spent within the state's economy.



Tourism business sales by sector

Tourism Sales (Output)					
US\$ Million, 2012					
	Direct*	Indirect	Induced	Total	% Change
Agriculture, Fishing, Mining		120	61	181	3.9%
Construction and Utilities	341	375	161	877	2.9%
Manufacturing		1,118	807	1,926	3.9%
Wholesale Trade	1,043	379	361	1,783	4.6%
Air Transport	3,218	14	16	3,248	7.6%
Other Transport	317	466	187	970	4.5%
Retail Trade	4,966	182	810	5,957	4.7%
Gasoline Stations	2,365	13	55	2,433	2.4%
Communications		381	212	592	3.9%
Finance, Insurance and Real Estate**	2,187	1,231	884	4,302	3.6%
Business Services	685	1,451	390	2,526	3.7%
Education and Health Care		7	1,134	1,141	4.2%
Recreation and Entertainment	1,910	66	94	2,070	4.5%
Lodging	3,210	53	49	3,313	8.4%
Food & Beverage	4,183	163	347	4,693	6.1%
Personal Services	414	129	277	820	3.1%
Government	138	146	992	1,276	2.7%
TOTAL (2012)	24,978	6,295	6,834	38,108	4.8%
%change	5.3%	3.7%	4.2%	4.8%	

* Direct sales include cost of goods for retail sectors

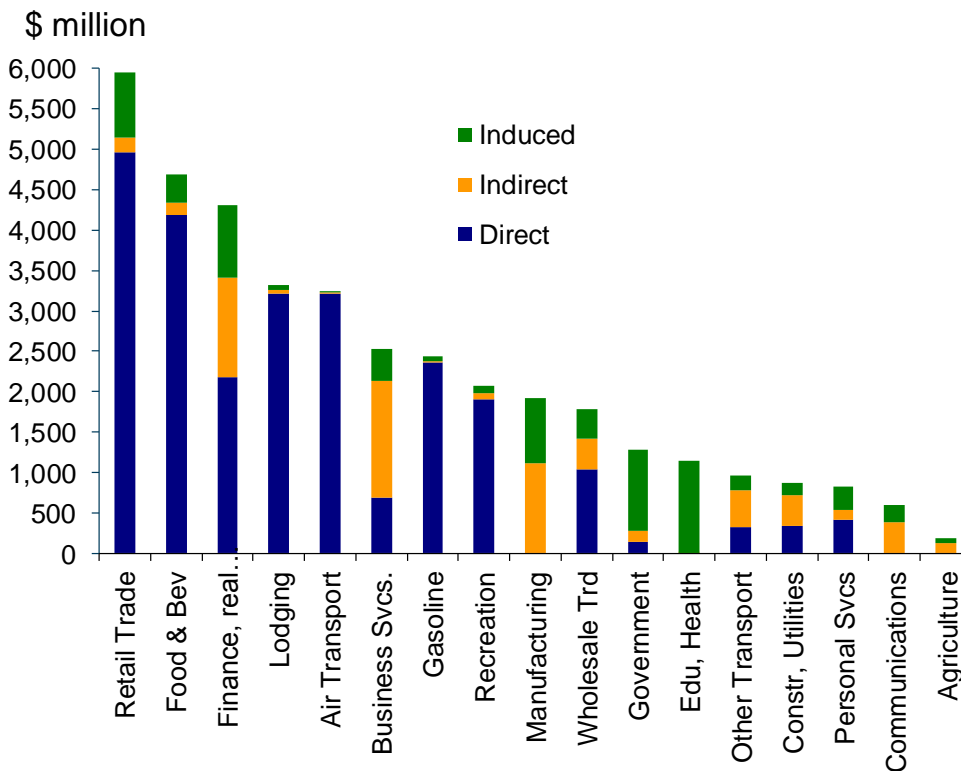
**Includes seasonal second homes

- Tourism demand of \$25 billion generated \$38.1 billion in business sales, including indirect and induced impacts. Total tourism-generated business sales expanded 4.8% in 2012.

Tourism sales

- All sectors of the North Carolina economy benefit from tourism activity directly and/or indirectly.
- Finance, insurance & real estate (FIRE), business services, and manufacturing sectors realize substantial indirect business from tourism activities.

Tourism Business Sales



Tourism industry GDP

Tourism GDP (Value Added)						
(US\$ Million)						
	2008	2009	2010	2011	2012	%
Agriculture, Fishing, Mining						
Construction and Utilities						
Manufacturing						
Wholesale Trade						
Air Transport	961	819	940	1,063	1,144	7.7%
Other Transport	156	147	165	176	186	5.8%
Retail Trade	1,016	955	1,008	1,067	1,118	4.8%
Gasoline Stations	296	218	265	328	336	2.4%
Communications						
Finance, Insurance and Real Estate	1,313	1,302	1,339	1,486	1,535	3.3%
Business Services	99	103	108	274	283	3.3%
Education and Health Care						
Recreation and Entertainment	927	957	980	1,043	1,090	4.5%
Lodging	1,822	1,616	1,743	1,866	2,027	8.6%
Food & Beverage	1,589	1,557	1,699	1,798	1,913	6.4%
Personal Services	339	344	363	185	189	2.2%
Government	7	6	7	7	7	-7.9%
TOTAL	8,525	8,023	8,617	9,294	9,828	5.7%
% change	1.2%	-5.9%	7.4%	7.8%	5.7%	

- 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 reached \$9.8 billion in 2011, accounting for 2.2% of total North Carolina GDP.

Tourism GDP Impact

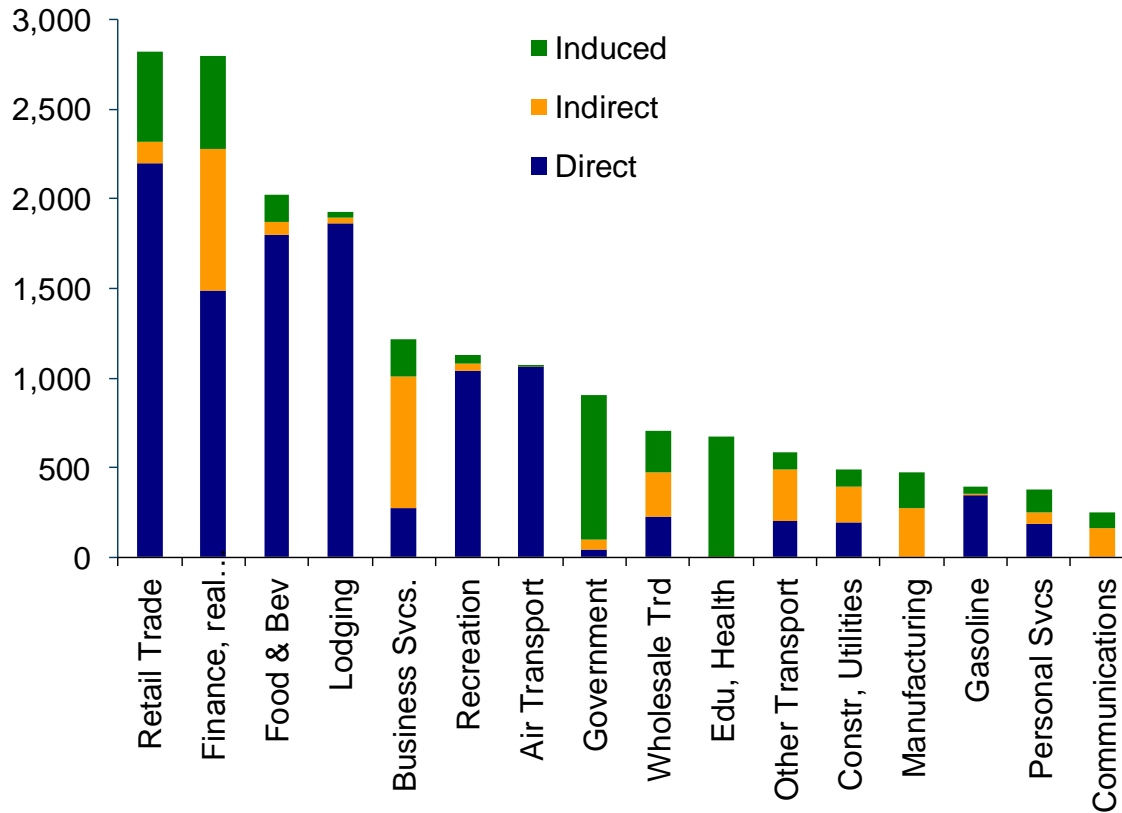
Tourism GDP (Value Added)					
(2012, US\$ Million)					
	Direct*	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		27	18	44	3.9%
Construction and Utilities	194	209	100	503	2.9%
Manufacturing		285	208	493	3.9%
Wholesale Trade	235	257	244	736	4.3%
Air Transport	1,144	4	5	1,153	7.6%
Other Transport	214	300	100	614	4.5%
Retail Trade	2,307	118	526	2,952	4.6%
Gasoline Stations	355	9	38	401	2.6%
Communications		168	94	262	3.9%
Finance, Insurance and Real Estate	1,535	825	539	2,899	3.6%
Business Services	283	765	213	1,261	3.7%
Education and Health Care		4	695	699	4.2%
Recreation and Entertainment	1,090	36	56	1,182	4.5%
Lodging	2,027	34	30	2,090	8.4%
Food & Beverage	1,913	75	159	2,147	6.1%
Personal Services	189	64	141	394	3.2%
Government	40	56	842	938	3.6%
TOTAL	11,525	3,236	4,006	18,767	4.9%
% change	5.5%	3.7%	4.2%	4.9%	

- Including the direct, indirect and induced impacts of total tourism demand, the tourism sector generated \$18.8 billion of state GDP. This is 4.1% of the state economy.

Tourism GDP impact

Tourism GDP Impact

\$ million



Ranking tourism industry employment

- The NC tourism industry directly employed 283,927 in 2012. This narrow measurement of tourism includes only those jobs directly supported by visitor activity and enables inter-industry ranking.
- On this basis, tourism is the 4th largest private employer in the state of North Carolina.*

Employment Ranking		
2012		
Rank	Industry	Jobs
1	Health Care and Social Assistance	464,861
2	Manufacturing	439,618
3	Retail Trade*	373,873
4	Tourism (Direct Impact)	283,927
5	Administrative and Support and Waste Management	255,733
6	Accommodation and Food Services*	234,437
7	Professional, Scientific, and Technical Services	195,165
8	Construction	172,145
9	Wholesale Trade	171,803
10	Finance and Insurance	148,259
11	Other Services (except Public Administration)	96,911
12	Transportation and Warehousing*	88,517
13	Management of Companies and Enterprises	80,544
14	Information	69,204
15	Educational Services	65,348
16	Real Estate and Rental and Leasing	47,575
17	Agriculture, forestry, fishing and hunting	28,746
18	Arts, Entertainment, and Recreation*	27,038
19	Utilities	12,265
20	Mining	3,003

* net of tourism employment

* Ranked to BLS Wage and Salary Employment, QCEW

Total tourism employment

Tourism Employment					
2012					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining	-	1,336	698	2,034	1.9%
Construction and Utilities	5,751	1,700	371	7,822	1.2%
Manufacturing	3,750	3,569	2,079	9,397	1.2%
Wholesale Trade	2,253	2,192	2,076	6,521	2.2%
Air Transport	12,466	65	70	12,601	3.0%
Other Transport	5,044	5,208	1,695	11,948	2.3%
Retail Trade	73,057	2,750	12,258	88,065	2.3%
Gasoline Stations	4,278	138	561	4,977	2.5%
Communications	-	1,555	684	2,239	1.9%
Finance, Insurance and Real Estate	13,625	6,949	4,488	25,063	1.8%
Business Services	1,445	14,037	4,118	19,599	1.9%
Education and Health Care	-	101	14,026	14,126	2.1%
Recreation and Entertainment	30,971	1,573	1,815	34,359	3.0%
Lodging	43,012	784	689	44,485	3.3%
Food & Beverage	79,741	3,210	6,772	89,723	3.1%
Personal Services	7,848	2,087	5,540	15,475	1.6%
Government	685	772	562	2,020	-0.1%
TOTAL	283,927	48,025	58,502	390,454	2.5%
% change	2.7%	1.9%	2.1%	2.5%	

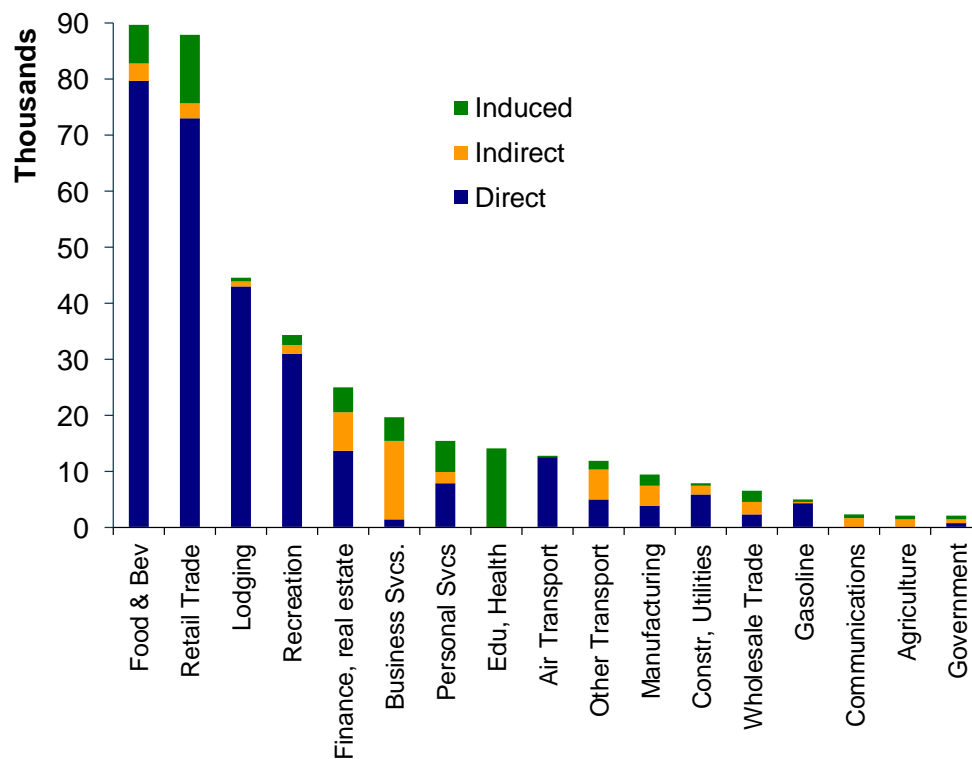
- The tourism sector directly and indirectly supported 390,454 jobs, or 9.2% of all payroll employment* in North Carolina last year.
- Tourism-related employment grew 2.5% in 2012 as businesses hired to support visitor spending increases.
- Tourism is leading the state in job creation. Total employment grew just 1.7% in 2012.

* Compared to BEA Wage and Salary Employment, SA25N

Total tourism employment

- The restaurant, lodging, and retail 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.
- For example, nearly 20,000 people are employed in business services as a result of tourism activity.

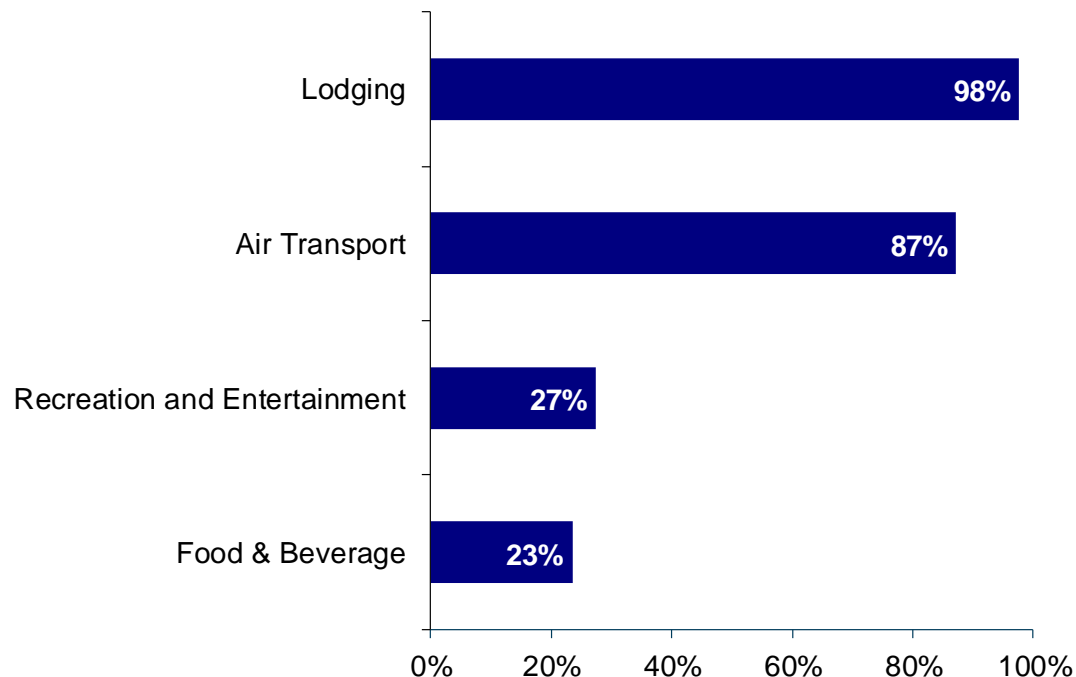
Tourism Employment Impact



Tourism employment shares

- Tourism represents substantial shares of the air transport, recreation, lodging, and food & beverage industries.

Tourism Employment Share of Key Industries



Tourism personal income

Tourism Income (Compensation)					
(2012, US\$ Million)					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		19	13	33	3.8%
Construction and Utilities	176	106	39	320	2.3%
Manufacturing		174	114	288	3.8%
Wholesale Trade	130	139	132	401	3.9%
Air Transport	618	3	4	625	2.9%
Other Transport	145	238	73	456	4.1%
Retail Trade	1,569	73	324	1,966	4.0%
Gasoline Stations	129	4	16	150	2.3%
Communications		94	43	137	3.7%
Finance, Insurance and Real Estate	354	278	217	849	3.4%
Business Services	109	590	169	868	3.6%
Education and Health Care		3	583	586	4.1%
Recreation and Entertainment	607	28	37	672	4.7%
Lodging	1,134	18	16	1,168	6.6%
Food & Beverage	1,332	51	108	1,491	7.0%
Personal Services	164	48	107	319	2.9%
Government	24	32	21	77	0.3%
TOTAL	6,489	1,900	2,017	10,406	4.5%
% change	4.8%	3.6%	4.1%	4.5%	

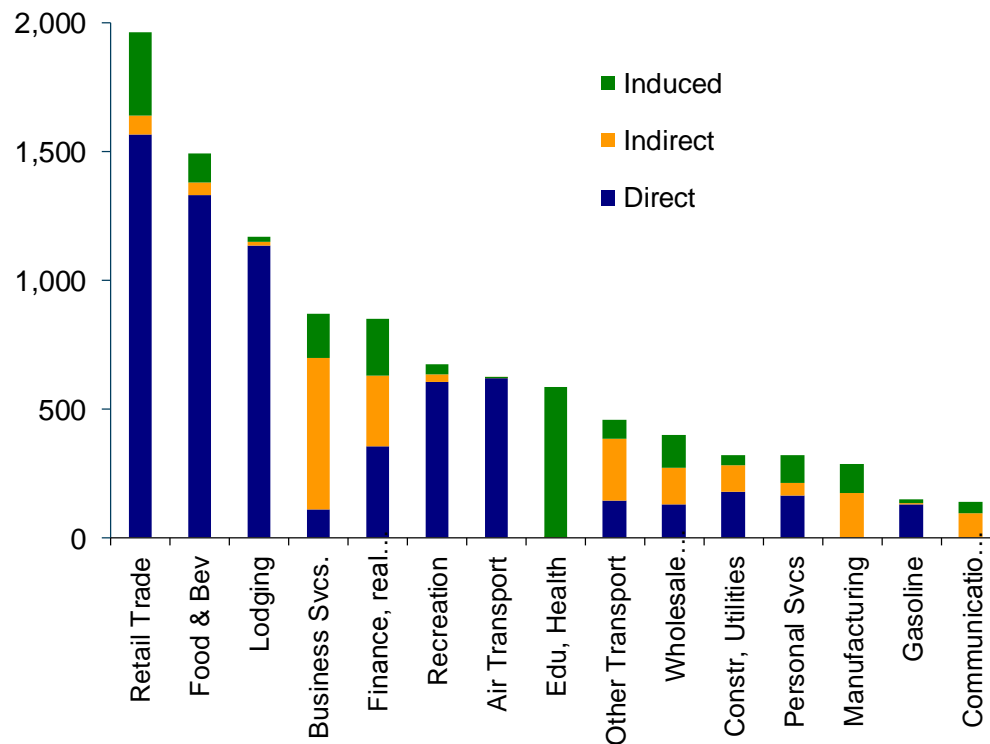
- \$10.4 billion in compensation was generated by tourism demand in 2012, an increase of 4.5%.

Tourism personal income

- Tourism generated the most personal income in the retail trade, food & beverage, and lodging sectors.
- The business services sector benefits strongly as a supplier to other tourism sectors.

Tourism Income Impact

\$ million



Tourism tax generation

Tourism-Generated Taxes						
(US\$ Million)						
	2007	2008	2009	2010	2011	2012
Federal Taxes	2,589	2,787	2,543	2,708	2,875	3,007
Corporate	450	484	444	476	515	540
Indirect Business	348	375	344	369	399	418
Personal Income	725	780	710	754	793	829
Social Security	1,067	1,148	1,045	1,109	1,168	1,220
State and Local Taxes	2,498	2,690	2,442	2,582	2,785	2,913
Corporate	303	326	300	321	347	364
Personal Income	298	321	292	292	308	321
Sales	987	1,063	975	1,045	1,131	1,186
Property	662	712	654	700	758	795
Excise and Fees	74	80	74	79	85	89
State Unemployment	20	22	20	20	21	22
Lodging Taxes	153	166	128	124	134	136
TOTAL	5,088	5,477	4,985	5,290	5,660	5,920
% change		7.7%	-9.0%	6.1%	7.0%	4.6%

- Taxes of \$5.9 billion were directly and indirectly generated by tourism in 2012.
- State and local taxes alone tallied \$2.9 billion.
- Each household in North Carolina would need to be taxed an additional \$795 per year to replace the tourism taxes received by state and local governments.

Government support of tourism

Tourism Administration and Promotion				
2011/12				
Government	Individual	Collective	Total	% change
State	\$ 1,825,385	\$ 10,897,670	\$ 12,723,055	2.9%
Counties	\$ 16,444,164	\$ 93,183,598	\$ 109,627,763	-12.3%
Municipalities	\$ 2,362,578	\$ 13,387,940	\$ 15,750,518	8.4%
TOTAL	\$ 20,632,127	\$ 117,469,209	\$ 138,101,336	-9.0%

- Government support of tourism is divided between collective (general support) and individual (specific support) spending.
- Total state government support of tourism was \$12.7 million – an increase of 2.9%.
- County government support of tourism fell to \$110 million – a decline of 12.3%.
- Municipality government support of tourism increased 8.4% to \$15.8 million.
- Total government support of tourism tallied \$138 million in the 2011/12 fiscal year.
- State and local taxes generated by tourism (\$2.9 billion) surpass this funding by a rate of 21 to 1 (up from 17 to 1 in 2009).

Tourism capital investment

Tourism Capital Investment						
Total Tourism Related						
	2007	2008	2009	2010	2011	2012
Construction	\$ 610,330,725	\$ 578,551,532	\$ 348,723,507	\$ 236,881,875	\$ 336,083,006	\$ 340,743,963
Recreation and Entertainment	\$ 245,439,000	\$ 264,856,000	\$ 239,565,000	\$ 122,779,500	\$ 181,782,000	\$ 130,659,000
Hotels and Motels	\$ 342,119,000	\$ 270,062,000	\$ 54,529,000	\$ 84,690,000	\$ 126,119,000	\$ 182,335,000
Government Capital Outlays	\$ 22,772,725	\$ 43,633,532	\$ 54,629,507	\$ 29,412,375	\$ 28,182,006	\$ 27,749,963
Machinery and Equipment	\$ 1,066,460,166	\$ 1,091,156,982	\$ 909,775,654	\$ 955,264,436	\$ 993,475,014	\$ 1,043,148,765
Total	\$ 1,676,790,891	\$ 1,669,708,514	\$ 1,258,499,161	\$ 1,192,146,311	\$ 1,329,558,020	\$ 1,383,892,727
% change		-0.4%	-24.6%	-5.3%	11.5%	4.1%

- Nearly \$1.4 billion was invested by the tourism sector last year, including hotels, recreational facilities, and related government capital outlays.
- The 4.1% increase continues the recovery in tourism-related investment though it still remains 17% below 2007 levels.

About Tourism Economics

- Tourism Economics 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 more than 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.
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