

# The Economic Impact of Tourism in North Carolina

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Tourism Satellite Account  
Calendar Year 2013



**U.S. TRAVEL**  
ASSOCIATION



**TOURISM**  
**ECONOMICS**

AN OXFORD ECONOMICS COMPANY

# Key results

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- Total tourism demand tallied \$26 billion in 2013, expanding 3.9%. This marks another new high for the North Carolina tourism sector and the fourth consecutive year of growth.
- The direct GDP of the tourism sector grew 4.1% to \$10.2 billion in 2013.
- Tourism demand sustained 397,714 jobs in 2013, 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 \$3.0 billion in state and local taxes and \$3.1 billion in Federal taxes in 2013.

\* Compared to BEA Wage and Salary Employment, SA25N

# Important definitions

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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?

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- 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?

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- 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

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- 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

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- 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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# Detailed Results

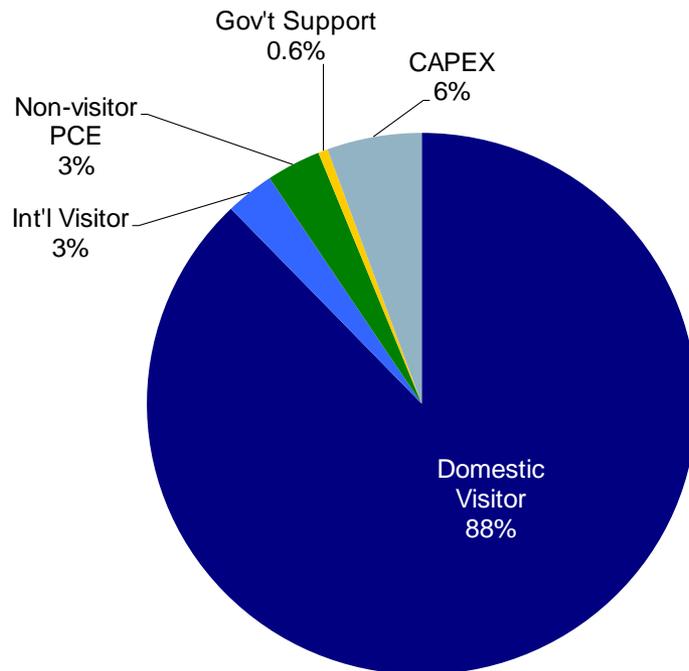
# Tourism demand (spending)

Tourism Demand by Category, \$ million							
	Domestic Visitor	Int'l Visitor	Non-visitor PCE	Gov't Support	CAPEX	Total	% change
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%
2013	\$ 22,792	\$ 745	\$ 832	\$ 146	\$ 1,447	\$ 25,962	3.9%
% change	4.0%	3.5%	2.4%	5.9%	4.6%	3.9%	

- Total tourism demand in NC rose 3.9% in 2013, building on the strength of the prior three years, and reaching a new peak of nearly \$26 billion.
- Non-visitor private consumption expenditures (PCE) represent tourism consumer durables such as an RV, boat, or furniture for a vacation home. These rose 2.4% last year to \$832 million.
- International visitor spending expanded 3.5% % as NC continues to rise as a global destination.
- Government support for tourism, including the budgets for tourism promotion and visitor centers, increased 5.9%.
- Capital investment, including construction of hotels and attractions, as well as tourism infrastructure, continued to recover in 2013 with a 4.6% increase.

# Tourism demand by source

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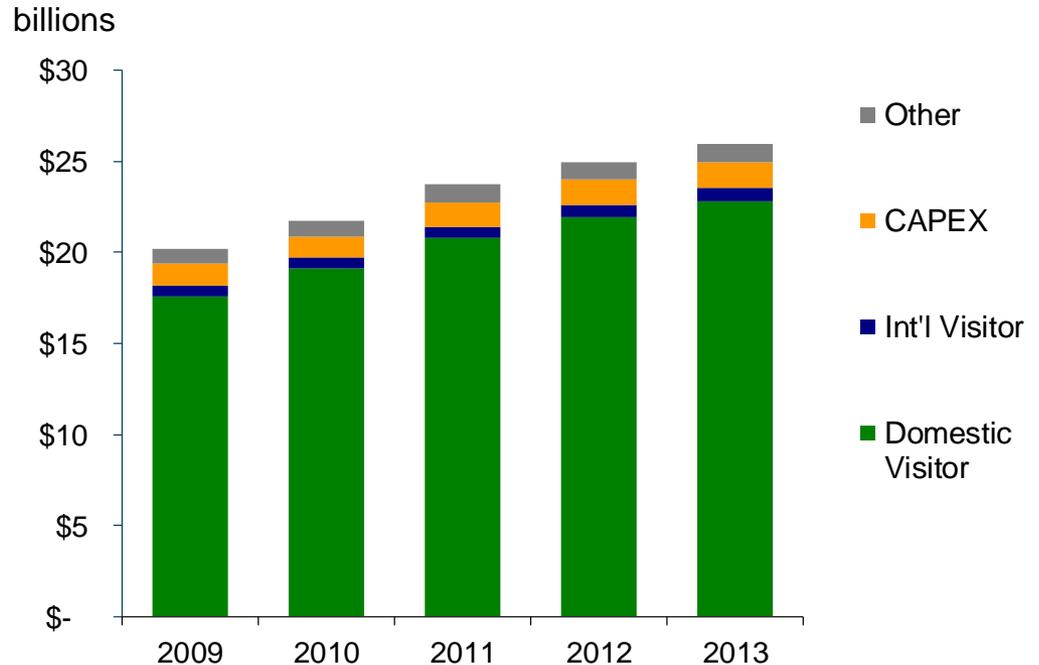


- Domestic visitor markets comprised the majority (88%) of tourism demand in 2013.
- Capital investment in tourism-related construction and machinery & equipment represents 6% of all tourism-related demand.
- International visitor markets contributed 3% of tourism demand in North Carolina last year.

# Tourism demand growth

- The North Carolina visitor economy reached a new peak of \$26 billion in 2013.
- Tourism demand has grown by an average of 6.4% per annum since 2009.

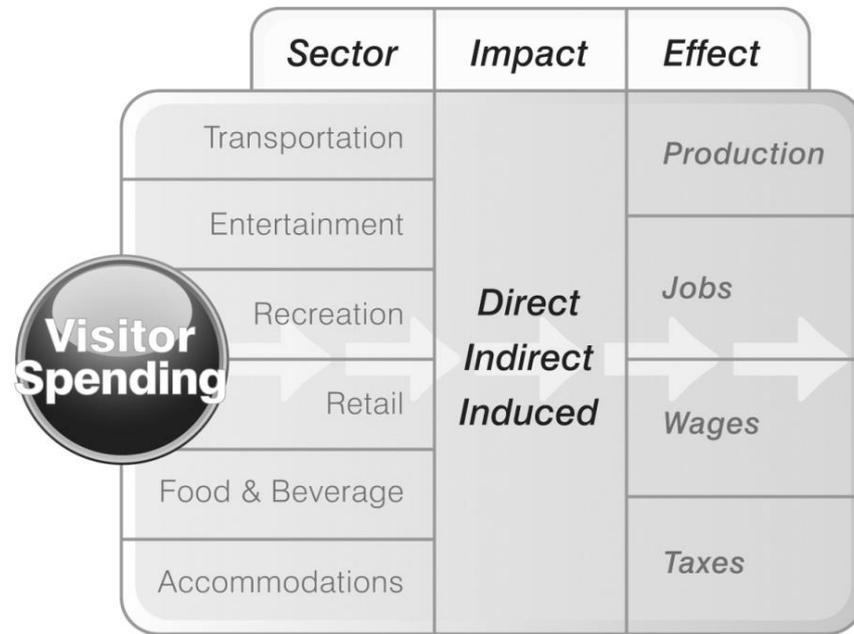
## Tourism Demand Trend



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

<b>Tourism Sales (Output)</b>					
US\$ Million, 2013					
	Direct*	Indirect	Induced	Total	% Change
Agriculture, Fishing, Mining		124	63	186	2.9%
Construction and Utilities	352	386	166	904	3.0%
Manufacturing		1,149	833	1,982	2.9%
Wholesale Trade	1,095	389	372	1,857	4.1%
Air Transport	3,423	15	16	3,453	6.3%
Other Transport	335	479	192	1,006	3.8%
Retail Trade	5,131	187	835	6,153	3.3%
Gasoline Stations	2,400	14	56	2,470	1.5%
Communications		391	218	610	2.9%
Finance, Insurance and Real Estate**	2,212	1,265	912	4,389	2.0%
Business Services	295	1,491	402	2,188	-13.4%
Education and Health Care		7	1,170	1,177	3.1%
Recreation and Entertainment	1,961	67	97	2,125	2.7%
Lodging	3,368	55	50	3,473	4.8%
Food & Beverage	4,381	168	357	4,907	4.5%
Personal Services	864	132	286	1,282	56.3%
Government	146	150	1,023	1,319	3.4%
<b>TOTAL (2013)</b>	<b>25,962</b>	<b>6,469</b>	<b>7,049</b>	<b>39,480</b>	<b>3.6%</b>
<b>% change</b>	<b>3.9%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>3.6%</b>	

\* Direct sales include cost of goods for retail sectors

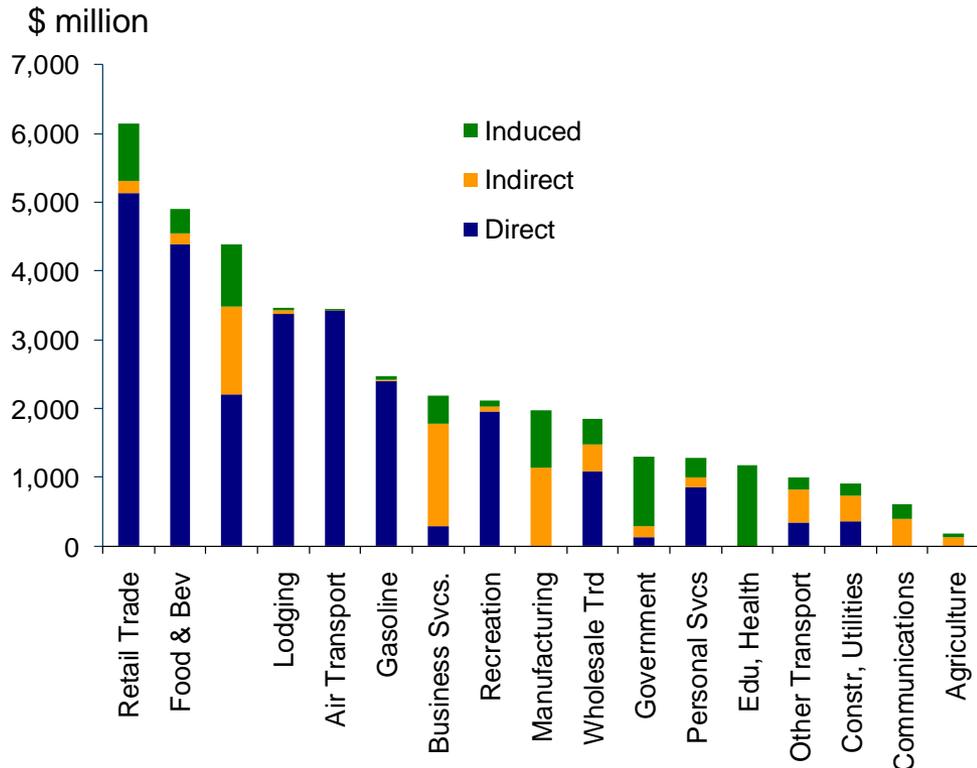
\*\*Includes seasonal second homes

- Tourism demand of \$26 billion generated \$39.5 billion in business sales, including indirect and induced impacts. Total tourism-generated business sales expanded 3.6% in 2013.

# 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

<b>Tourism GDP (Value Added)</b>						
<b>(US\$ Million)</b>						
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>%</b>
<b>Air Transport</b>	819	940	1,063	1,144	1,217	6.4%
<b>Other Transport</b>	147	165	176	186	197	5.7%
<b>Retail Trade</b>	955	1,008	1,067	1,118	1,155	3.3%
<b>Gasoline Stations</b>	218	265	328	336	341	1.4%
<b>Communications</b>						
<b>Finance, Insurance and Real Estate</b>	1,302	1,339	1,486	1,535	1,553	1.2%
<b>Business Services</b>	103	108	274	283	122	-57.0%
<b>Education and Health Care</b>						
<b>Recreation and Entertainment</b>	957	980	1,043	1,090	1,119	2.6%
<b>Lodging</b>	1,616	1,743	1,866	2,027	2,126	4.9%
<b>Food &amp; Beverage</b>	1,557	1,699	1,798	1,913	2,003	4.7%
<b>Personal Services</b>	344	363	185	189	394	108.4%
<b>Government</b>	6	7	7	7	7	5.9%
<b>TOTAL</b>	<b>8,023</b>	<b>8,617</b>	<b>9,294</b>	<b>9,828</b>	<b>10,233</b>	<b>4.1%</b>
<b>% change</b>	<b>-5.9%</b>	<b>7.4%</b>	<b>7.8%</b>	<b>5.7%</b>	<b>4.1%</b>	

- 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 \$10.2 billion in 2013, accounting for 2.2% of total North Carolina GDP.

# Tourism GDP impact

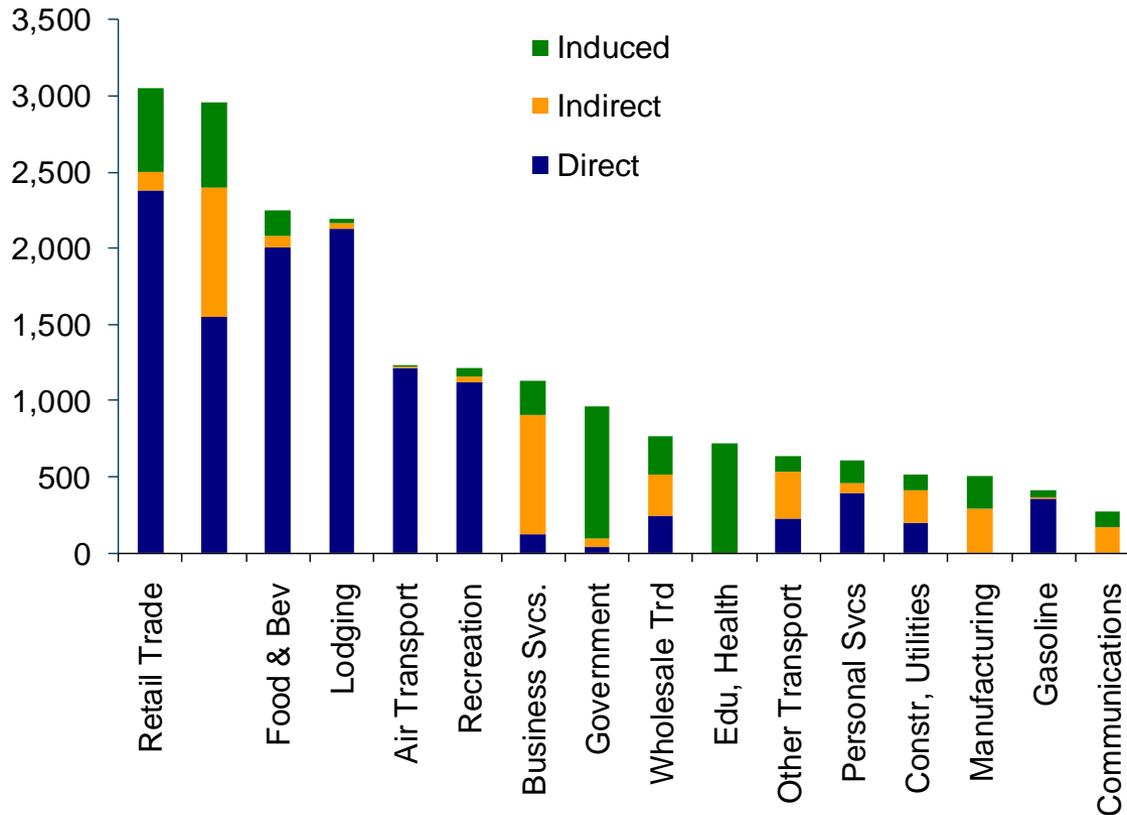
<b>Tourism GDP (Value Added)</b>					
<b>(2013, US\$ Million)</b>					
	<b>Direct*</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>	<b>% change</b>
Agriculture, Fishing, Mining		28	18	46	2.9%
Construction and Utilities	200	214	103	518	3.0%
Manufacturing		293	215	507	2.9%
Wholesale Trade	247	264	252	763	3.6%
Air Transport	1,217	4	5	1,226	6.3%
Other Transport	226	309	103	637	3.8%
Retail Trade	2,383	122	543	3,048	3.3%
Gasoline Stations	360	9	39	408	1.6%
Communications		173	97	269	2.9%
Finance, Insurance and Real Estate	1,553	848	556	2,957	2.0%
Business Services	122	786	220	1,128	-10.6%
Education and Health Care		4	717	721	3.1%
Recreation and Entertainment	1,119	37	57	1,214	2.7%
Lodging	2,126	34	31	2,191	4.8%
Food & Beverage	2,003	77	164	2,245	4.5%
Personal Services	394	66	145	605	53.6%
Government	42	58	868	968	3.2%
<b>TOTAL</b>	<b>11,992</b>	<b>3,325</b>	<b>4,133</b>	<b>19,450</b>	<b>3.6%</b>
<b>% change</b>	<b>4.1%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>3.6%</b>	

- Including the direct, indirect and induced impacts of total tourism demand, the tourism sector generated \$19.4 billion of state GDP in 2013. This was 4.1% of the state economy.

# Tourism GDP impact

## Tourism GDP Impact

\$ million



# Ranking tourism industry employment

- The NC tourism industry directly employed 289,055 in 2013. 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 4<sup>th</sup> largest private employer in the state of North Carolina.\*

Employment Ranking		
2013		
Rank	Industry	Jobs
1	Health Care and Social Assistance	474,765
2	Manufacturing	442,519
3	Retail Trade*	381,914
4	Tourism (Direct Impact)	289,055
5	Administrative and Support and Waste Management	270,746
6	Accommodation and Food Services*	245,441
7	Professional, Scientific, and Technical Services	199,973
8	Wholesale Trade	173,869
9	Construction	173,485
10	Finance and Insurance	150,658
11	Other Services (except Public Administration)	99,161
12	Transportation and Warehousing	90,370
13	Management of Companies and Enterprises	77,841
14	Information	69,715
15	Educational Services	66,167
16	Real Estate and Rental and Leasing	49,410
17	Agriculture, Forestry, Fishing and Hunting	28,745
18	Arts, Entertainment, and Recreation*	27,782
19	Utilities	12,452
20	Mining, Quarrying, and Oil and Gas Extraction	2,961

\* net of tourism employment

\* Ranked to BLS Wage and Salary Employment, QCEW

# Total tourism employment

<b>Tourism Employment</b>					
2013					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining	-	1,360	713	2,073	1.9%
Construction and Utilities	5,873	1,732	378	7,983	2.1%
Manufacturing	3,750	3,635	2,123	9,507	1.2%
Wholesale Trade	2,310	2,233	2,120	6,662	2.2%
Air Transport	11,942	66	71	12,079	-2.4%
Other Transport	5,188	5,305	1,731	12,224	2.3%
Retail Trade	74,271	2,801	12,518	89,590	1.7%
Gasoline Stations	4,310	141	573	5,024	0.9%
Communications	-	1,584	699	2,282	1.9%
Finance, Insurance and Real Estate	13,705	7,078	4,583	25,367	1.2%
Business Services	1,033	14,297	4,205	19,536	-0.3%
Education and Health Care	-	102	14,323	14,426	2.1%
Recreation and Entertainment	32,114	1,602	1,854	35,570	3.4%
Lodging	43,529	798	704	45,031	1.3%
Food & Beverage	81,628	3,269	6,916	91,814	2.3%
Personal Services	8,698	2,126	5,657	16,482	6.5%
Government	706	786	574	2,066	2.3%
<b>TOTAL</b>	<b>289,055</b>	<b>48,916</b>	<b>59,743</b>	<b>397,714</b>	<b>1.9%</b>
<b>% change</b>	<b>1.9%</b>	<b>1.9%</b>	<b>2.1%</b>	<b>1.9%</b>	

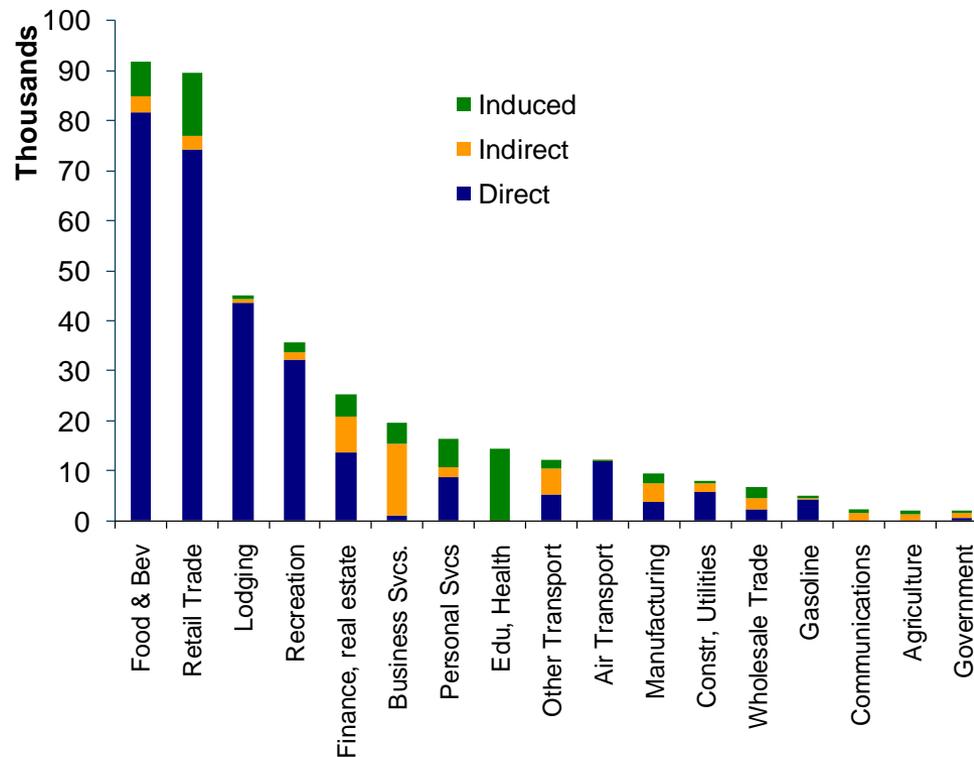
- The tourism sector directly and indirectly supported 397,714 jobs, or 9.2% of all payroll employment\* in North Carolina last year.
- Tourism-related employment grew 1.9% in 2013 as businesses hired to support visitor spending increases.
- Tourism is leading the state in job creation. Total NC employment grew just 1.6% in 2013.

\* 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

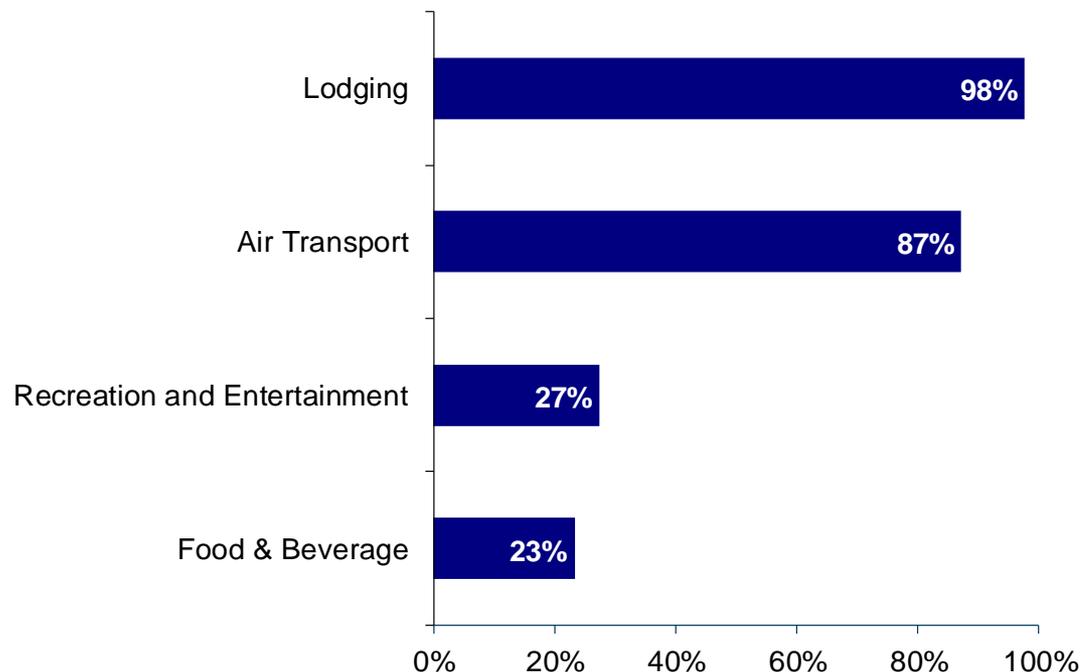


# Tourism employment shares

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

## Tourism Employment Share of Key Industries



# Tourism personal income

<b>Tourism Income (Compensation)</b>					
<b>(2013, US\$ Million)</b>					
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>	<b>% change</b>
Agriculture, Fishing, Mining		20	14	34	3.5%
Construction and Utilities	181	110	40	331	3.3%
Manufacturing		180	118	298	3.5%
Wholesale Trade	136	144	137	417	3.9%
Air Transport	665	4	4	673	10.6%
Other Transport	153	246	76	475	4.2%
Retail Trade	1,620	76	335	2,031	3.3%
Gasoline Stations	131	4	17	152	1.7%
Communications		98	44	142	3.5%
Finance, Insurance and Real Estate	358	288	224	870	2.5%
Business Services	48	611	174	834	-3.9%
Education and Health Care		3	602	606	3.3%
Recreation and Entertainment	636	29	38	703	3.5%
Lodging	1,171	19	17	1,206	1.8%
Food & Beverage	1,364	53	112	1,528	3.0%
Personal Services	270	50	111	431	35.0%
Government	25	33	22	80	4.2%
<b>TOTAL</b>	<b>6,758</b>	<b>1,969</b>	<b>2,084</b>	<b>10,811</b>	<b>3.9%</b>
<b>% change</b>	<b>4.1%</b>	<b>3.6%</b>	<b>3.3%</b>	<b>3.9%</b>	

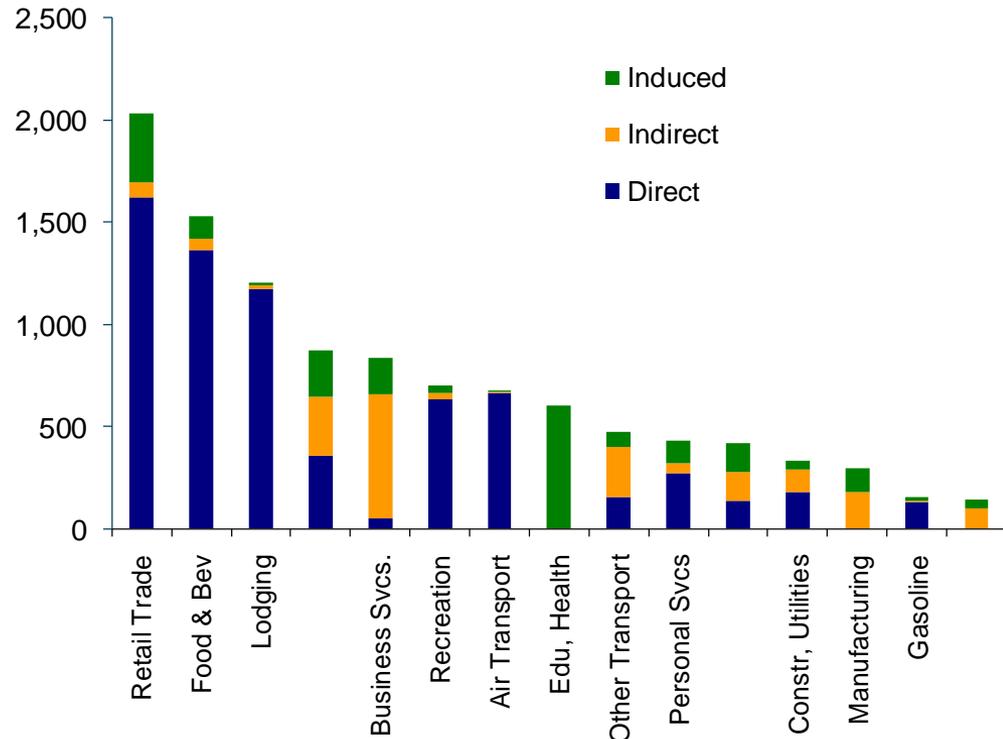
- \$10.8 billion in compensation was generated by tourism demand in 2013, an increase of 3.9%.

# 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

<b>Tourism-Generated Taxes</b>						
<b>(US\$ Million)</b>						
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Federal Taxes</b>	<b>2,787</b>	<b>2,543</b>	<b>2,708</b>	<b>2,875</b>	<b>3,007</b>	<b>3,121</b>
Corporate	484	444	476	515	540	560
Indirect Business	375	344	369	399	418	433
Personal Income	780	710	754	793	829	861
Social Security	1,148	1,045	1,109	1,168	1,220	1,267
<b>State and Local Taxes</b>	<b>2,690</b>	<b>2,442</b>	<b>2,582</b>	<b>2,785</b>	<b>2,913</b>	<b>3,034</b>
Corporate	326	300	321	347	364	377
Personal Income	321	292	292	308	321	334
Sales	1,063	975	1,045	1,131	1,186	1,229
Property	712	654	700	758	795	824
Excise and Fees	80	74	79	85	89	93
State Unemployment	22	20	20	21	22	22
Lodging Taxes	166	128	124	134	136	156
<b>TOTAL</b>	<b>5,477</b>	<b>4,985</b>	<b>5,290</b>	<b>5,660</b>	<b>5,920</b>	<b>6,155</b>
<b>% change</b>	<b>7.7%</b>	<b>-9.0%</b>	<b>6.1%</b>	<b>7.0%</b>	<b>4.6%</b>	<b>4.0%</b>

- Taxes of \$6.1 billion were directly and indirectly generated by tourism in 2013.
- State and local taxes alone tallied \$3.0 billion.
- Each household in North Carolina would need to be taxed an additional \$816 per year to replace the tourism taxes received by state and local governments.

# Government support of tourism

<b>Tourism Administration and Promotion</b>				
2013/14				
Government	Individual	Collective	Total	% change
State	\$ 1,909,226	\$ 9,375,200	\$ 11,284,426	-11.3%
Counties	\$ 18,015,393	\$ 102,087,226	\$ 120,102,619	9.6%
Municipalities	\$ 2,228,521	\$ 12,628,284	\$ 14,856,805	-5.7%
TOTAL	\$ 22,153,140	\$ 124,090,710	\$ 146,243,850	5.9%

- Government support of tourism is divided between collective (general support) and individual (specific support) spending.
- Total state government support of tourism was \$11.3 million.
- County government support of tourism rose nearly 10% to \$120.1 million.
- Municipality government support of tourism fell 5.7% to \$14.9 million.
- Total government support of tourism tallied \$146 million in the 2013/14 fiscal year.
- State and local taxes generated by tourism (\$3.0 billion) surpass this funding by a rate of 21 to 1 (up from 17 to 1 in 2009).

# Tourism capital investment

<b>Tourism Capital Investment</b>					
Total Tourism Related					
	2009	2010	2011	2012	2013
<b>Construction</b>	\$ 348,723,507	\$ 236,881,875	\$ 336,083,006	\$ 340,743,963	\$ 351,822,738
Recreation and Entertainment	\$ 239,565,000	\$ 122,779,500	\$ 181,782,000	\$ 130,659,000	\$ 186,363,750
Hotels and Motels	\$ 54,529,000	\$ 84,690,000	\$ 126,119,000	\$ 182,335,000	\$ 152,263,000
Government Capital Outlays	\$ 54,629,507	\$ 29,412,375	\$ 28,182,006	\$ 27,749,963	\$ 13,195,988
<b>Machinery and Equipment</b>	\$ 909,775,654	\$ 955,264,436	\$ 993,475,014	\$ 1,043,148,765	\$ 1,095,306,203
<b>Total</b>	\$ 1,258,499,161	\$ 1,192,146,311	\$ 1,329,558,020	\$ 1,383,892,727	\$ 1,447,128,940
% change	-24.6%	-5.3%	11.5%	4.1%	4.6%

- \$1.4 billion was invested by the tourism sector last year, including hotels, recreational facilities, and related government capital outlays.
- The 4.6% increase continues the recovery in tourism-related investment though it still remains 13% below 2007 levels.

# About Tourism Economics

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- 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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