

# The Economic Impact of Tourism in Georgia

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Tourism Satellite Account  
Calendar Year 2010



AN OXFORD ECONOMICS COMPANY

# Highlights

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- The Georgia visitor economy rebounded in 2010, recovering 98% of the losses experienced during the recession
- Visitor spending increased 8% in 2010
- The tourism sector sustained employment of more than 390,000 jobs in 2010

# Key results

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- Total tourism demand tallied \$28 billion in 2010, rebounding 8% after a 9.7% decline in prior year.
- The direct GDP of the tourism sector grew 8.2% to \$10.0 billion in 2010.
- This economic activity sustained 391,000 jobs in 2010, including direct, indirect, and induced impacts.
- 10.4% of all jobs\* in the state are directly and indirectly sustained by tourism activities. This is an increase in share since 2008 (9.9%) and 2009 (10.1%).
- 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 2010.

# 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

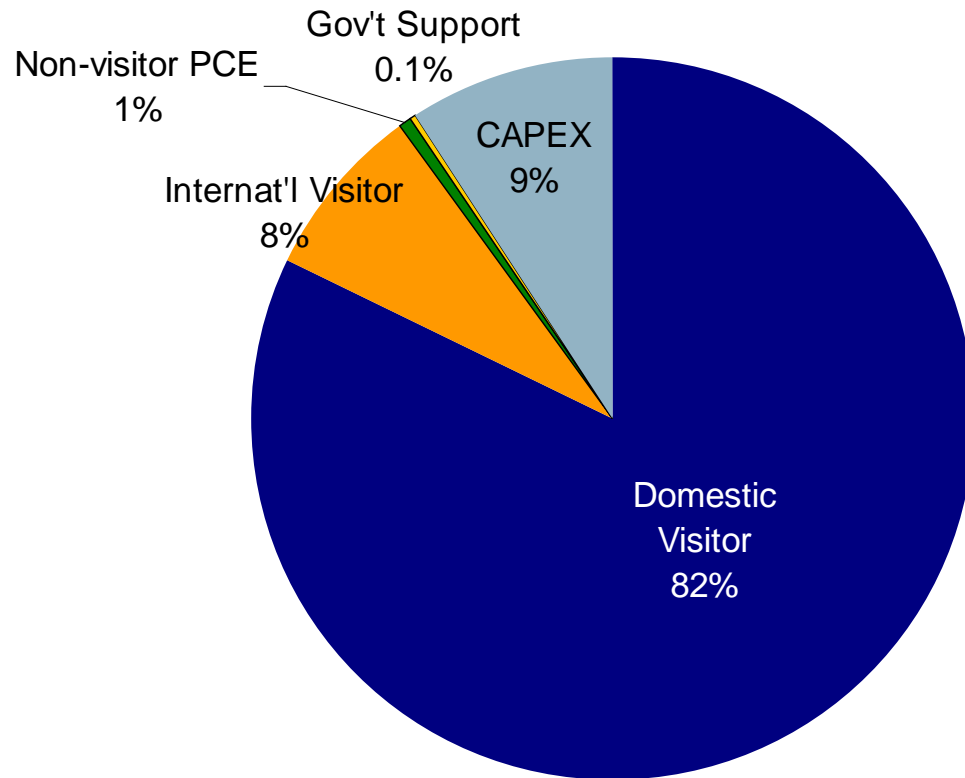
# Tourism demand (spending)

Tourism Demand by Category, \$ million						
	Domestic Visitor	Internat'l Visitor	Non-visitor PCE	Gov't Support	CAPEX	Total
2006	\$ 21,537	\$ 1,613	\$ 179	\$ 33	\$ 3,532	\$ 26,895
2007	\$ 22,781	\$ 1,706	\$ 189	\$ 35	\$ 3,737	\$ 28,449
2008	\$ 23,285	\$ 1,950	\$ 189	\$ 38	\$ 3,309	\$ 28,771
2009	\$ 21,353	\$ 2,039	\$ 165	\$ 36	\$ 2,394	\$ 25,987
2010	\$ 23,072	\$ 2,357	\$ 171	\$ 35	\$ 2,418	\$ 28,054
% change 2010/09	8.1%	15.6%	3.8%	-2.3%	1.0%	8.0%

- Non-visitor private consumption expenditures (PCE) represent tourism consumer durables such as an RV, boat, or furniture for a vacation home. These rose 3.8% last year.
- Government support for tourism, including the budgets for the Division of Tourism, tourism attractions, security, and other budget items in broad support of tourism, declined slightly by -2.3%.
- Capital investment, including construction of hotels and attractions, as well as tourism infrastructure, grew modestly in 2010 after a 28% decline in 2009.

# Tourism demand by source

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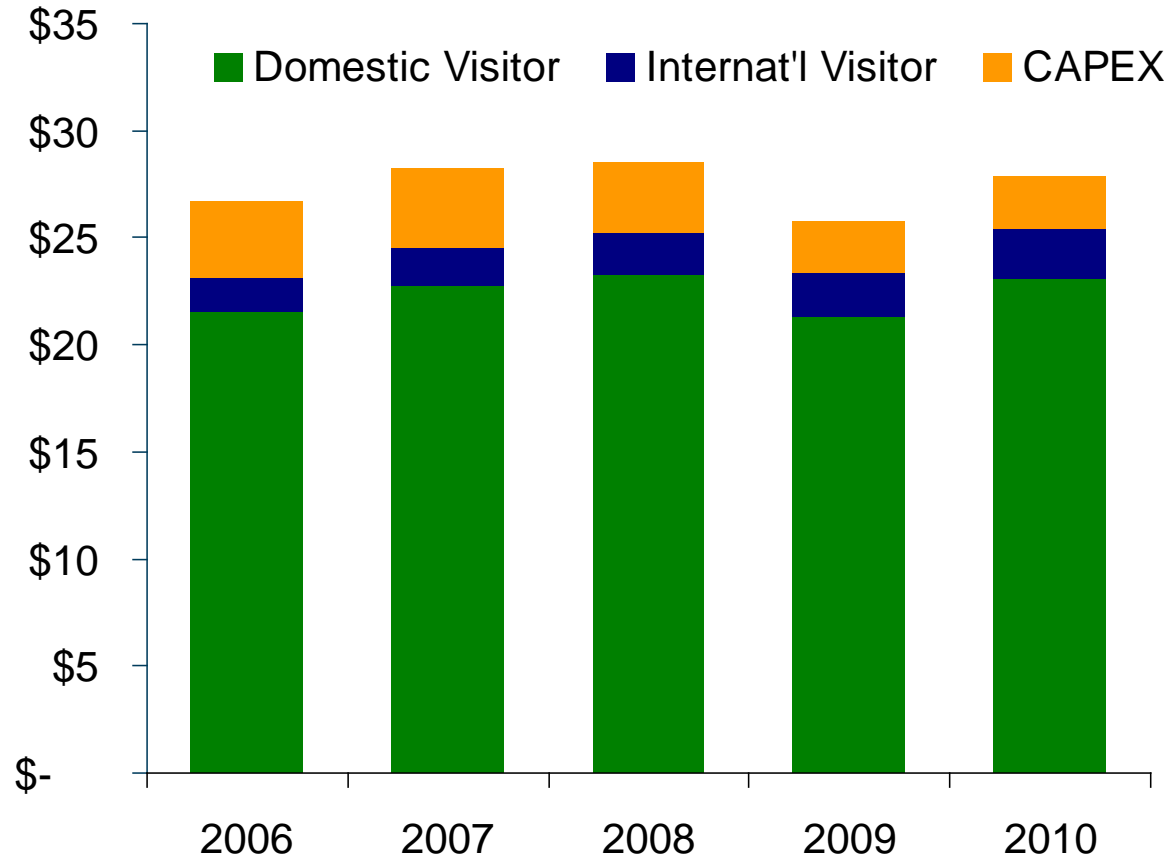


- Domestic visitor markets comprise the majority (82%) of tourism demand.
- Capital investment in tourism-related construction and machinery & equipment is second in importance even after two consecutive years of contraction.
- International visitor markets contributed 8% of tourism demand in Georgia last year.

# Tourism demand growth

## Tourism Demand Trend

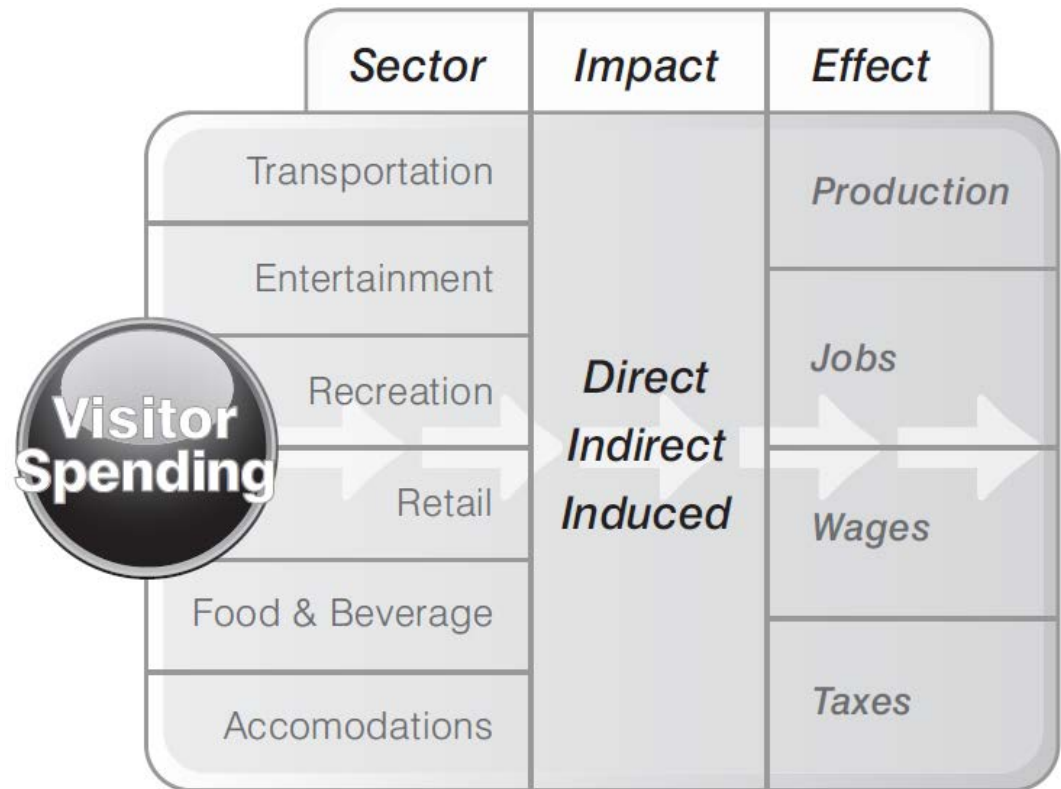
billions



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

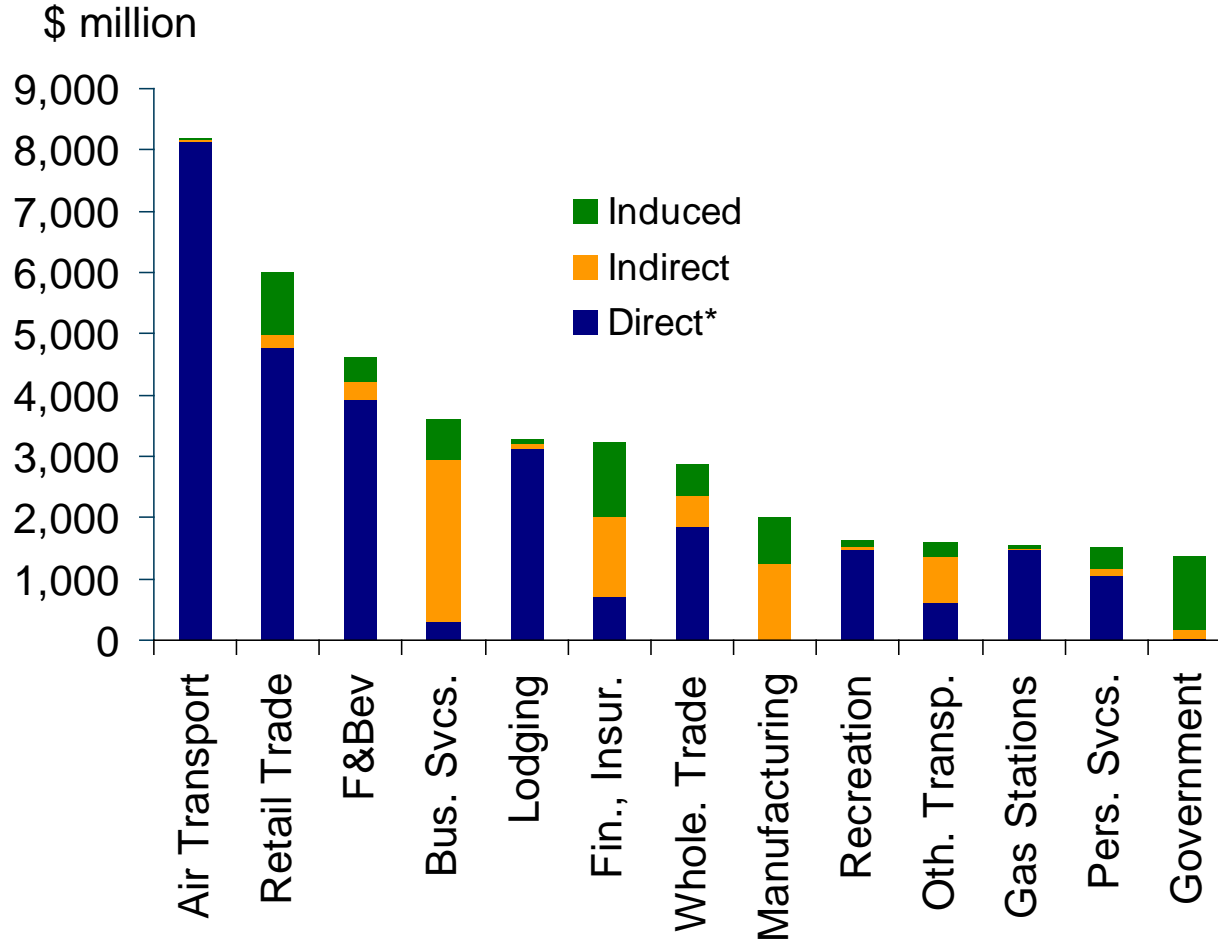
Tourism Sales (Output)					% change from year earlier
US\$ Million, 2010					
	Direct*	Indirect	Induced	Total	
Agriculture, Fishing, Mining		94	73	167	6.1%
Construction and Utilities	567	365	272	1,204	5.2%
Manufacturing		1,243	779	2,021	6.1%
Wholesale Trade	1,851	510	523	2,884	2.1%
Air Transport	8,138	25	30	8,193	12.2%
Other Transport	620	753	234	1,607	7.6%
Retail Trade	4,785	204	1,019	6,008	5.6%
Gasoline Stations	1,479	14	65	1,558	20.4%
Communications		500	312	813	6.1%
Finance, Insurance and Real Estate	714	1,290	1,221	3,225	4.7%
Business Services	304	2,641	677	3,622	5.9%
Education and Health Care		81	1,201	1,283	6.3%
Recreation and Entertainment	1,478	50	108	1,636	3.5%
Lodging	3,124	74	80	3,277	9.6%
Food & Beverage	3,914	300	407	4,620	5.8%
Personal Services	1,045	127	354	1,526	5.3%
Government	35	151	1,187	1,373	6.1%
<b>TOTAL (2010)</b>	<b>28,054</b>	<b>8,424</b>	<b>8,541</b>	<b>45,019</b>	<b>7.3%</b>
<b>TOTAL (2009)</b>	<b>25,987</b>	<b>7,950</b>	<b>8,030</b>	<b>41,967</b>	<b>-8.9%</b>
<b>TOTAL (2008)</b>	<b>28,771</b>	<b>8,572</b>	<b>8,704</b>	<b>46,046</b>	<b>1.1%</b>

\* Direct sales include cost of goods for retail sectors

- Tourism demand of \$28 generated \$45 billion in business sales, including indirect and induced impacts. Total tourism-generated business sales expanded 7.3% in 2010.

# Tourism sales

## Tourism Business Sales



# Tourism industry GDP

Tourism Industry GDP (US\$ Million)			
Industry Composition	2009	2010	%
Agriculture, Fishing, Mining			
Construction and Utilities			
Manufacturing			
Wholesale Trade			
Air Transport	2,547	2,858	12.2%
Other Transport	273	301	10.2%
Retail Trade	746	787	5.5%
Gasoline Stations	174	210	21.3%
Communications			
Finance, Insurance and Real Estate	431	430	-0.2%
Business Services	124	128	3.9%
Education and Health Care			
Recreation and Entertainment	731	754	3.2%
Lodging	2,047	2,246	9.7%
Food & Beverage	1,766	1,867	5.7%
Personal Services	469	492	4.9%
Government			
<b>TOTAL</b>	<b>9,307</b>	<b>10,074</b>	<b>8.2%</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 billion in 2010, accounting for 2.3% of total Georgia GDP.

# Tourism GDP Impact

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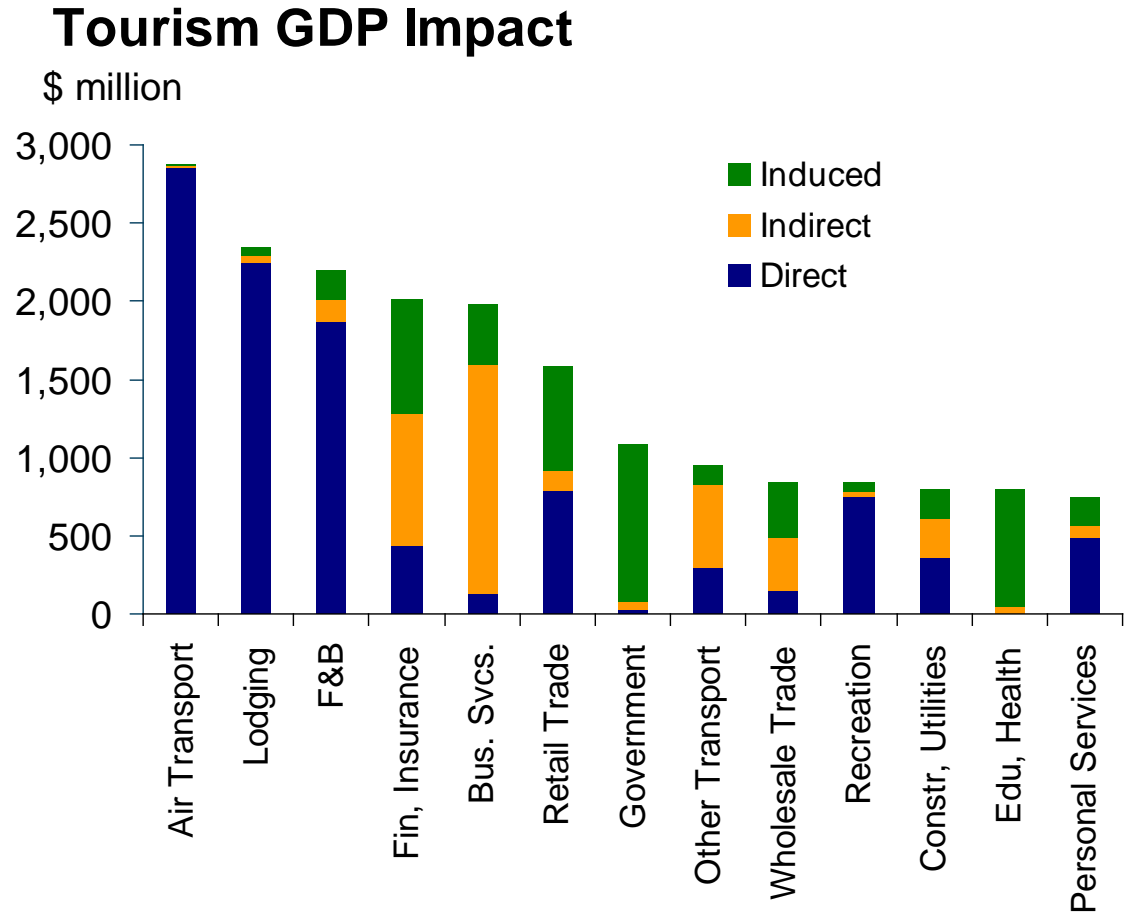
- The complete definition of the tourism demand includes capital investment and general government support of tourism.
- Including the direct, indirect and induced impacts of total tourism demand, the tourism sector generated \$20.3 billion of state GDP. This is 5.0% of the state economy.

# Tourism GDP Impact

Tourism GDP (Value Added) (US\$ Million)					% change from year earlier
	Direct*	Indirect	Induced	Total	
Agriculture, Fishing, Mining		26	29	55	6.2%
Construction and Utilities	380	243	193	816	5.3%
Manufacturing		303	219	522	6.1%
Wholesale Trade	149	344	353	846	5.0%
Air Transport	2,858	9	10	2,877	12.2%
Other Transport	301	525	129	954	7.3%
Retail Trade	787	134	665	1,586	5.9%
Gasoline Stations	210	10	44	264	17.9%
Communications		251	155	406	6.1%
Finance, Insurance and Real Estate	430	849	735	2,014	4.7%
Business Services	128	1,470	387	1,986	5.9%
Education and Health Care		48	747	795	6.3%
Recreation and Entertainment	754	29	63	846	3.5%
Lodging	2,246	47	50	2,344	9.6%
Food & Beverage	1,867	143	194	2,204	5.8%
Personal Services	492	66	186	745	5.4%
Government	23	55	1,008	1,085	6.1%
<b>TOTAL (2010)</b>	<b>10,626</b>	<b>4,552</b>	<b>5,168</b>	<b>20,346</b>	<b>7.1%</b>
<b>TOTAL (2009)</b>	<b>9,843</b>	<b>4,296</b>	<b>4,859</b>	<b>18,999</b>	<b>-9.1%</b>
<b>TOTAL (2008)</b>	<b>10,995</b>	<b>4,632</b>	<b>5,267</b>	<b>20,894</b>	<b>1.3%</b>

# Tourism GDP impact

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



# Ranking tourism industry employment

- The tourism industry directly employed 239,135 Georgians in 2010. 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 5<sup>th</sup> largest private employer in the state of Georgia.

Ranking of Employment		
2010		
Rank	Industry	Value*
1	Retail trade	402,069
2	Health care	395,959
3	Manufacturing	343,111
4	Administration and waste management	248,662
5	Tourism	239,135
6	Accommodation and food services (minus tourism)	219,277
7	Professional, Scientific, and Technical Services	216,413
8	Wholesale Trade	196,278
9	Construction	149,320
10	Finance and insurance	144,835
	* Comparative data is BLS QCEW employment	

# Total tourism employment

Tourism Employment					% change from year earlier
	Direct	Indirect	Induced	Total	
Agriculture, Fishing, Mining		1,501	1,228	2,729	1.7%
Construction and Utilities	10,225	944	342	11,512	3.0%
Manufacturing		3,701	2,119	5,821	1.7%
Wholesale Trade	1,227	2,589	2,657	6,473	1.6%
Air Transport	40,475	107	127	40,709	-0.4%
Other Transport	9,583	8,054	2,459	20,096	3.0%
Retail Trade	25,738	2,991	17,982	46,711	2.6%
Gasoline Stations	4,599	177	863	5,639	-0.1%
Communications		1,518	767	2,286	1.7%
Finance, Insurance and Real Estate		6,846	6,079	12,925	1.7%
Business Services	1,031	22,230	7,836	31,097	1.7%
Education and Health Care		1,333	14,631	15,964	1.7%
Recreation and Entertainment	28,095	1,052	2,572	31,720	2.0%
Lodging	43,358	881	945	45,184	1.2%
Food & Beverage	71,370	5,797	7,869	85,036	3.2%
Personal Services	14,818	1,982	8,557	25,357	2.6%
Government	67	924	794	1,785	1.8%
<b>TOTAL (2010)</b>	<b>250,588</b>	<b>62,627</b>	<b>77,827</b>	<b>391,042</b>	<b>2.0%</b>
<b>TOTAL (2009)</b>	<b>245,238</b>	<b>61,619</b>	<b>76,492</b>	<b>383,348</b>	<b>-4.0%</b>
<b>TOTAL (2008)</b>	<b>256,319</b>	<b>63,684</b>	<b>79,232</b>	<b>399,235</b>	

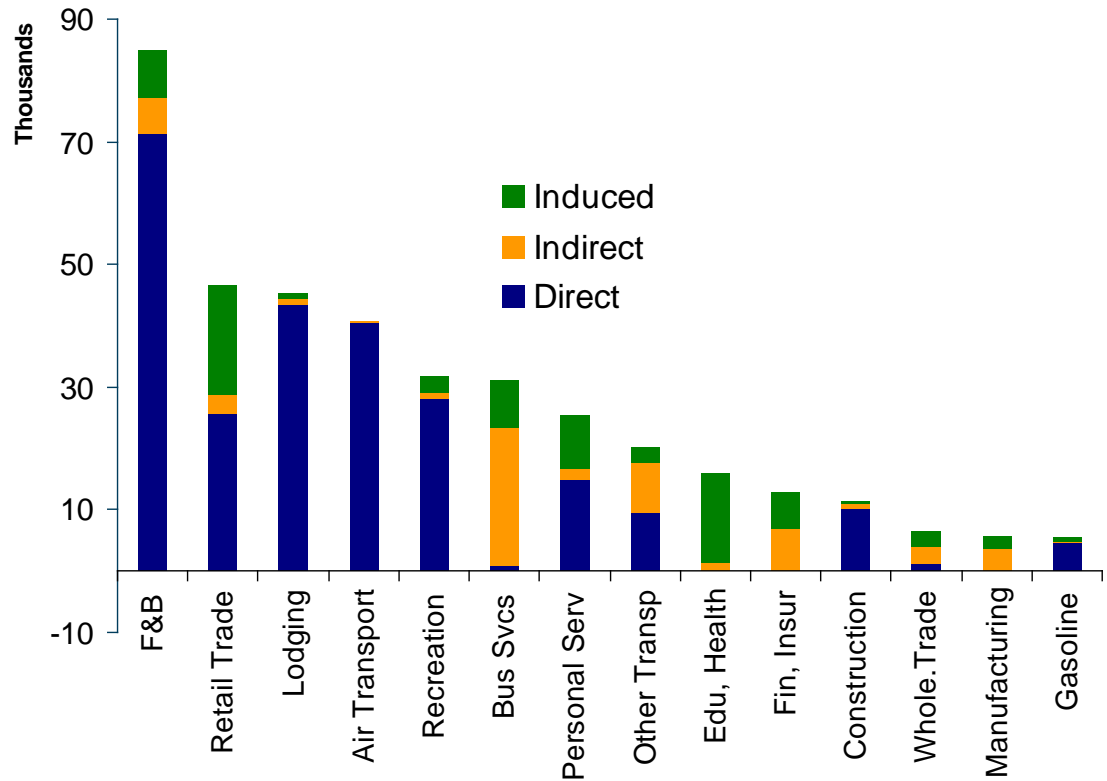
The tourism sector directly and indirectly supported more than 391,000 jobs, or 10.4% of all payroll employment\* in Georgia last year.

Tourism-related employment grew 2.0 in 2010 as visitor spending recovered.

# 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, 13,000 people are employed in the finance, insurance, and real estate sector as a result of tourism activity.

## Tourism Generated Employment



# Tourism personal income

Tourism Income (Compensation) (US\$ Million)					% change from year earlier
	Direct	Indirect	Induced	Total	
Agriculture, Fishing, Mining		17	21	38	6.1%
Construction and Utilities	548	98	66	712	3.1%
Manufacturing		203	123	326	6.0%
Wholesale Trade	89	193	198	480	5.2%
Air Transport	2,455	8	9	2,471	8.5%
Other Transport	199	441	98	738	5.8%
Retail Trade	542	84	419	1,044	5.0%
Gasoline Stations	99	4	20	123	9.4%
Communications		133	69	202	6.0%
Finance, Insurance and Real Estate	302	319	324	945	5.2%
Business Services	51	1,142	313	1,506	5.9%
Education and Health Care		36	644	680	6.3%
Recreation and Entertainment	864	23	44	930	2.7%
Lodging	1,310	27	28	1,365	11.3%
Food & Beverage	1,285	101	137	1,522	4.4%
Personal Services	355	53	150	558	4.6%
Government		39	26	65	6.0%
<b>TOTAL (2010)</b>	<b>8,096</b>	<b>2,922</b>	<b>2,688</b>	<b>13,706</b>	<b>6.2%</b>
<b>TOTAL (2009)</b>	<b>7,622</b>	<b>2,759</b>	<b>2,529</b>	<b>12,911</b>	<b>-7.4%</b>
<b>TOTAL (2008)</b>	<b>8,232</b>	<b>2,975</b>	<b>2,742</b>	<b>13,949</b>	<b>1.3%</b>

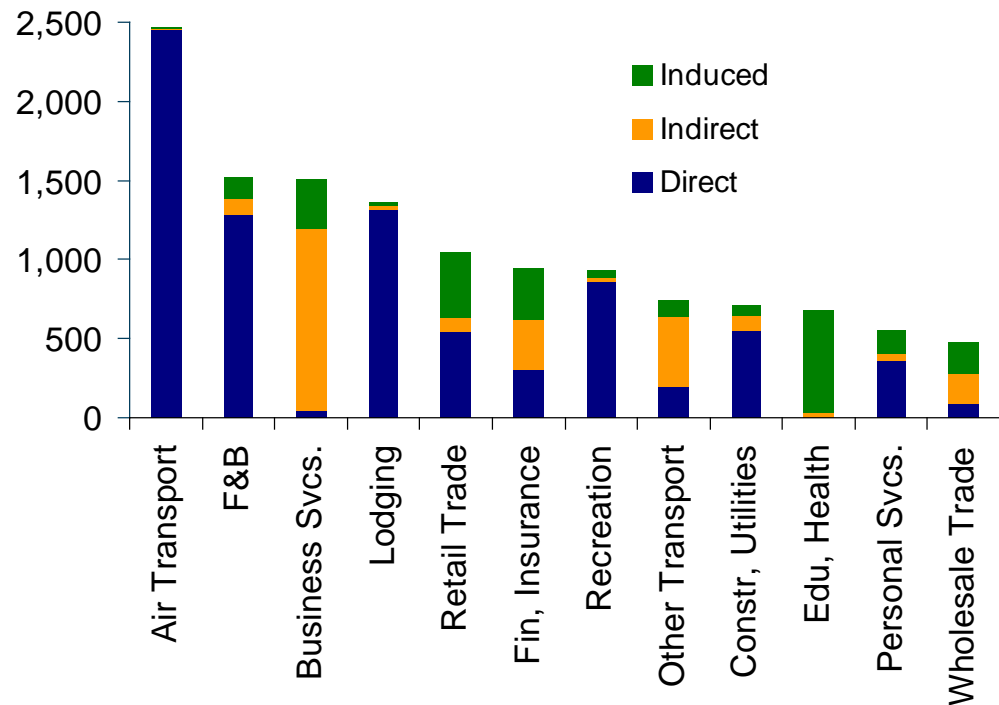
- \$13.7 billion in compensation was generated by tourism demand in 2010, an increase of 6.2%

# Tourism personal income

- Tourism generated the most personal income in the air transport, business services and food & beverage sectors.
- The business services sector benefits strongly as a supplier to other tourism sectors.
- On average, the tourism economy generated \$35,084 in income per employee (including part-time).

## Tourism Generated Income

\$ million



# Tourism tax generation

Tourism-Generated Taxes (US\$ Million)			
	2008	2009	2010
<b>Federal Taxes</b>	<b>3,254</b>	<b>3,000</b>	<b>3,195</b>
Corporate	443	404	433
Indirect Business	330	301	323
Personal Income	1,102	1,020	1,084
Social Security	1,378	1,276	1,356
<b>State and Local Taxes</b>	<b>2,457</b>	<b>2,277</b>	<b>2,414</b>
Corporate	184	168	180
Personal Income	350	323	344
Sales	1,027	936	1,004
Property	745	712	738
Excise and Fees	131	119	128
State Unemployment	21	19	21
<b>TOTAL</b>	<b>5,710</b>	<b>5,278</b>	<b>5,609</b>
<b>%change year ago</b>	<b>1.1%</b>	<b>-7.6%</b>	<b>6.3%</b>

- Taxes of \$5.6 billion were directly and indirectly generated by tourism in 2010.
- State and local taxes alone tallied \$2.4 billion.
- Each household in Georgia would need to be taxed an additional \$706 per year to replace the tourism taxes received by state and local governments.

# State government's role

State Expenditures on Tourism			
		TOURISM ATTRIBUTION	
FY 2011	Current		Capital
	General	Specific	
<b>Economic Development</b>			
Aviation Hall of Fame		\$ 10,560	
Civil War Commission		\$ 4,800	
Music Hall of Fame		\$ 185,380	
Sports Hall of Fame		\$ 150,177	
<b>Tourism</b>	\$ 9,567,401		
<b>Film, Video, and Music</b>	\$ 494,696		
<b>Natural Resources</b>			
Historic Preservation		\$ 1,178,480	
Parks, Recreation and Historic Sites		\$ 14,052,601	
Coastal Resources		\$ 3,353,016	
<b>Office of the Governor</b>			
Georgia Council for the Arts		\$ 354,627	
<b>Public Safety</b>			
Aviation		\$ 1,264,997	
<b>Department of Transportation</b>			
Georgia Aviation Authority		\$ 4,780,037	
Highway construction			\$ 8,941,563
Highway construction and improvement- Special Project			\$ 100,119,863
<b>Total</b>	<b>\$ 10,062,097</b>	<b>\$ 25,334,673</b>	<b>\$ 109,061,426</b>
<b>% change</b>	<b>-5.0%</b>	<b>-1.2%</b>	<b>1.5%</b>

- 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.
- Current (operating) support of tourism contracted 2.3% in 2010.
- Capital expenditures in support of tourism increased 1.5% on account of infrastructure.

# Tourism capital investment

Tourism Capital Investment					
	2007	2008	2009	2010	2010 % change
Construction	\$ 1,110,340,200	\$ 1,093,385,055	\$ 436,326,674	\$ 459,565,580	5%
Machinery and Equipment	\$ 2,478,577,839	\$ 2,059,535,755	\$ 1,850,605,775	\$ 2,052,996,640	11%
Government Capital Outlays	\$ 147,650,000	\$ 155,870,608	\$ 107,474,569	\$ 109,061,426	1%
Total	\$ 3,736,570,046	\$ 3,308,793,425	\$ 2,394,409,027	\$ 2,621,625,656	9%

- More than \$2.6 billion was invested by the tourism sector last year, including hotels, recreational facilities, and related government capital outlays.
- After two years of contraction, tourism capital investment began its recover in 2010 with growth of 9%.

# About Tourism Economics

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- 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.
- For more information: [info@tourismeconomics.com](mailto:info@tourismeconomics.com) / +1 610 995 9600.



# TOURISM ECONOMICS

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