

# **AUGUSTA'S VISITOR ECONOMY: A CATALYST FOR GROWTH**

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**The Augusta  
Visitor  
Economy**

**...is a substantial**

**...has been growing briskly**

**...has the potential to drive the broader economy**

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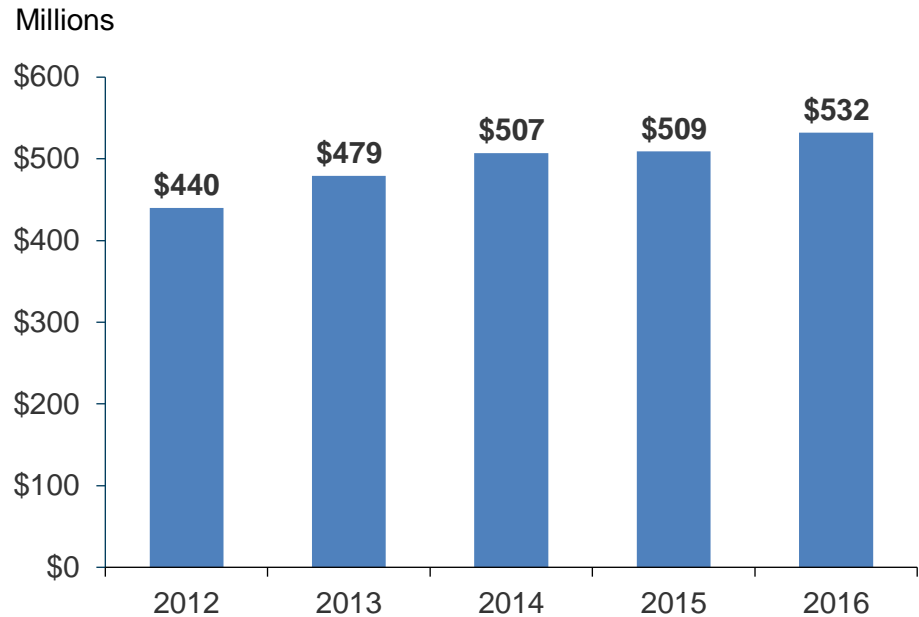
...has the potential to drive the broader economy

# VISITOR ECONOMY IMPACTS

## Visitor spending continues to grow

**Visitors spent  
\$532 million in  
Augusta**

### Augusta Visitor Spending



Source: Augusta Convention & Visitors Bureau

2016 impacts

## VISITOR ECONOMY IMPACTS

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### Visitor spending impacts

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#### **Direct impact**

**Supporting 4,782 direct jobs in  
Augusta  
(e.g. hotel, F&B, retail)**

2016 impacts

# VISITOR ECONOMY IMPACTS

## Visitor spending impacts

Visitors spent  
**\$532 million in  
Augusta**

### Direct impact

Supporting 4,782 direct jobs in  
Augusta  
(e.g. hotel, F&B, retail)

Tourism-driven state  
and local tax  
proceeds of \$38  
million



Tax offset  
per Augusta  
household



**\$529**

2016 impacts

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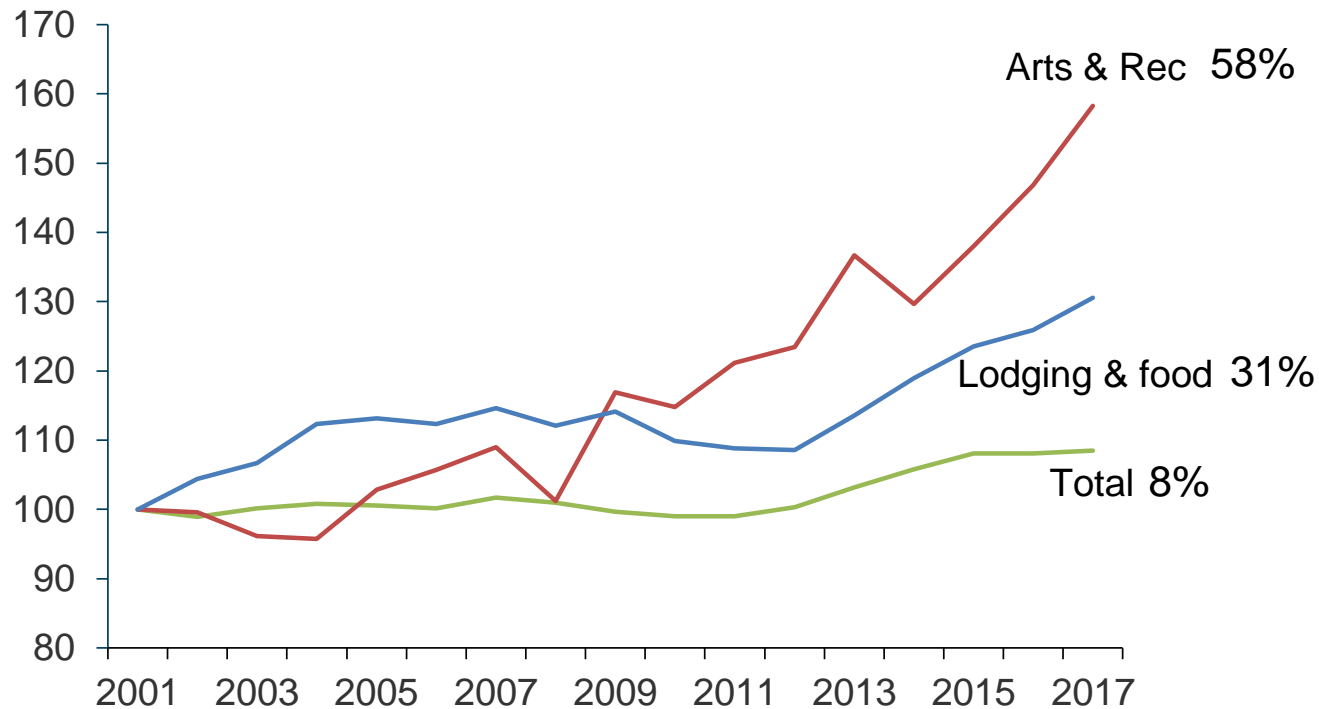
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# GROWTH TRENDS: VISITOR SPENDING IN AUGUSTA

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## Employment by Industry in Richmond County

2001=100



Source: BEA, BLS, Tourism Economics

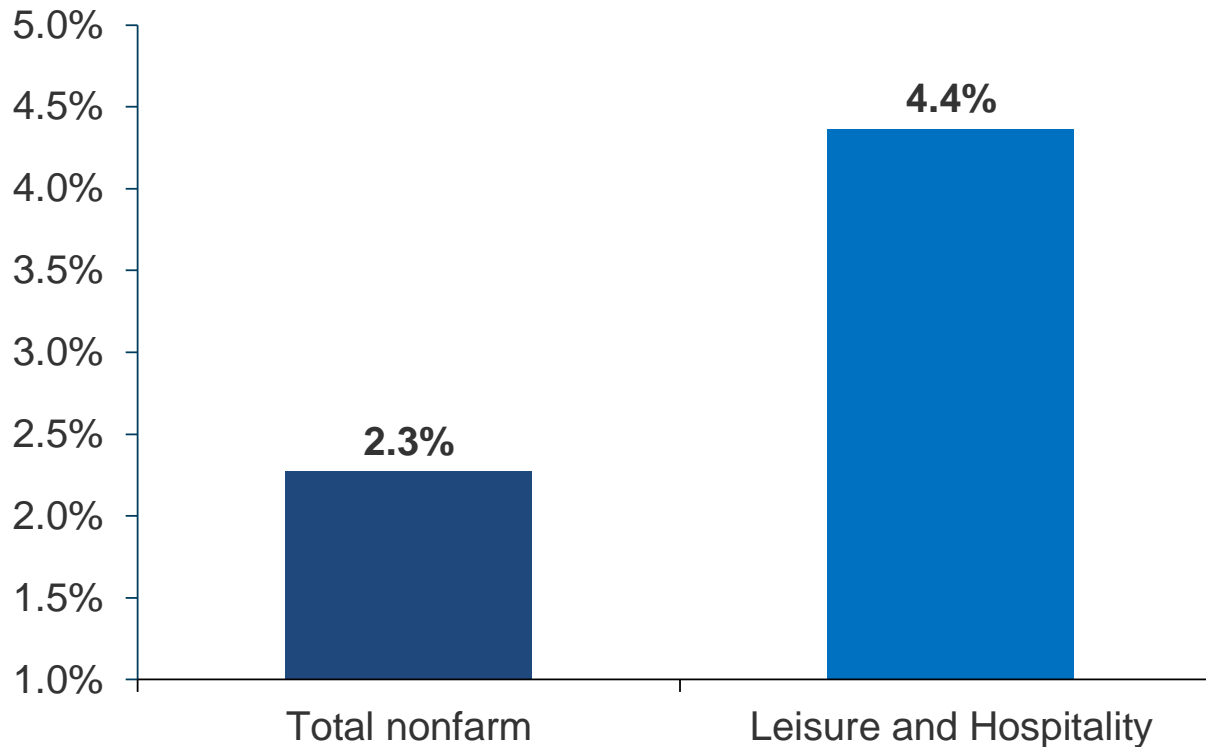


# GROWTH TRENDS: VISITOR SPENDING IN AUGUSTA

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## Employment growth, 2016-2017

Augusta-Richmond County, GA-SC



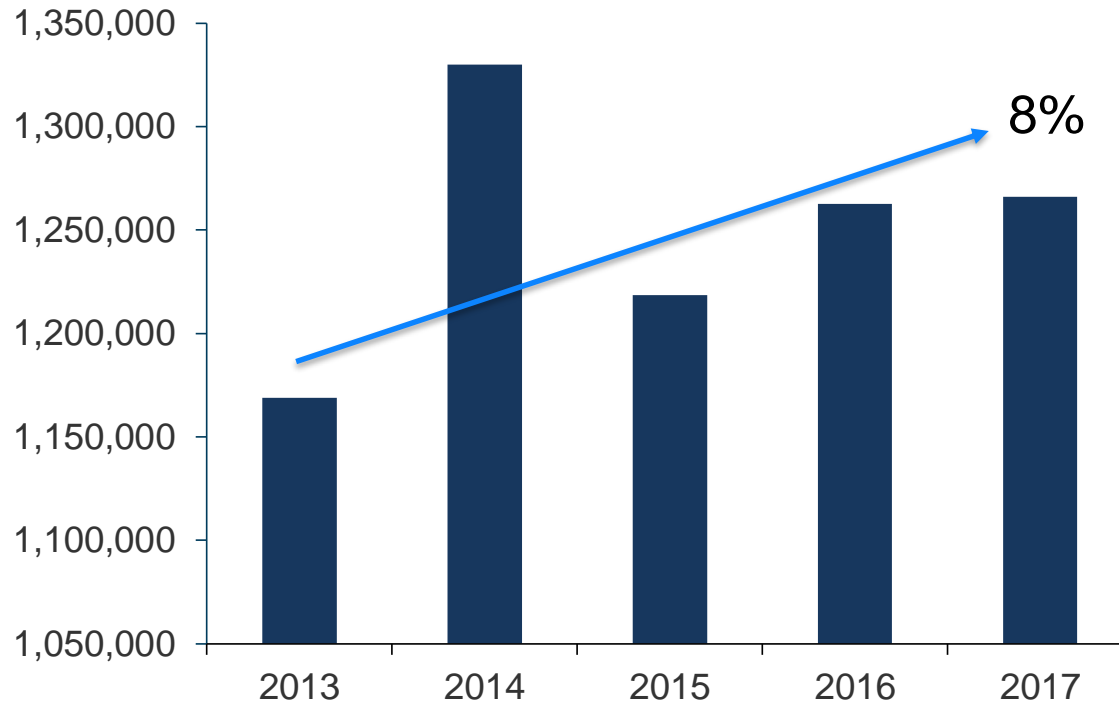
Source: BLS, Tourism Economics

# HOTEL ROOM DEMAND IS STEADILY INCREASING

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## Hotel Room Demand

% chg yr ago, Richmond County, GA

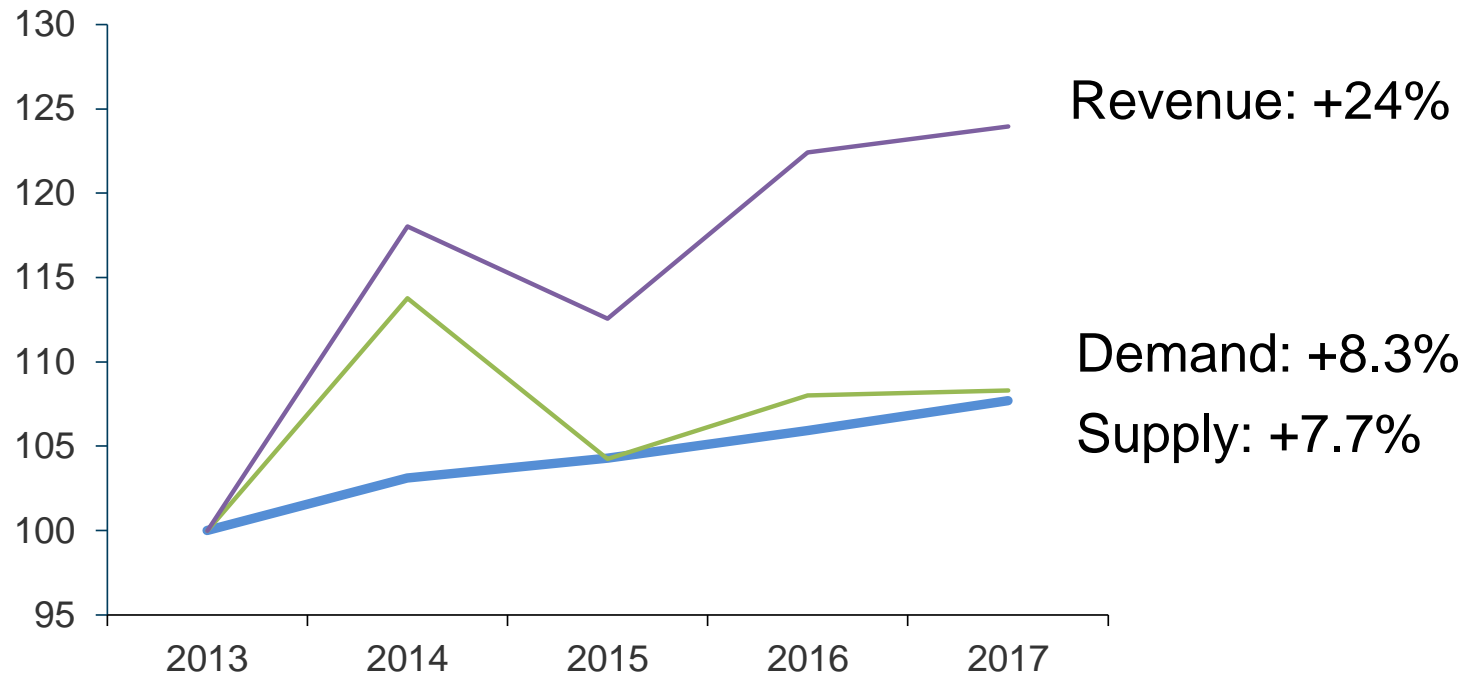


Sources: STR

# HOTEL PERFORMANCE REFLECTS A STRENGTHENING MARKET

## Room Supply & Demand

Indexed 2013 = 100



Sources: STR, Tourism Economics

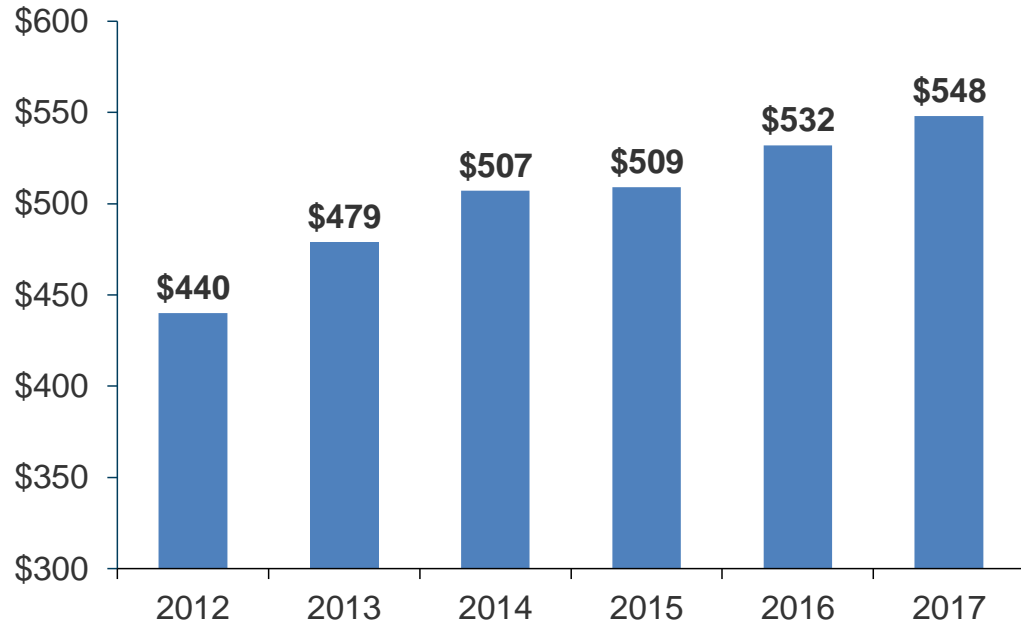
# GROWTH TRENDS: VISITOR SPENDING IN AUGUSTA

Visitor  
spending  
growth  
(’12 to ’16)

25%

## Augusta Visitor Spending

Millions



Source: Augusta Convention & Visitors Bureau, Tourism Economics

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## WHY FOSTER THE VISITOR ECONOMY?

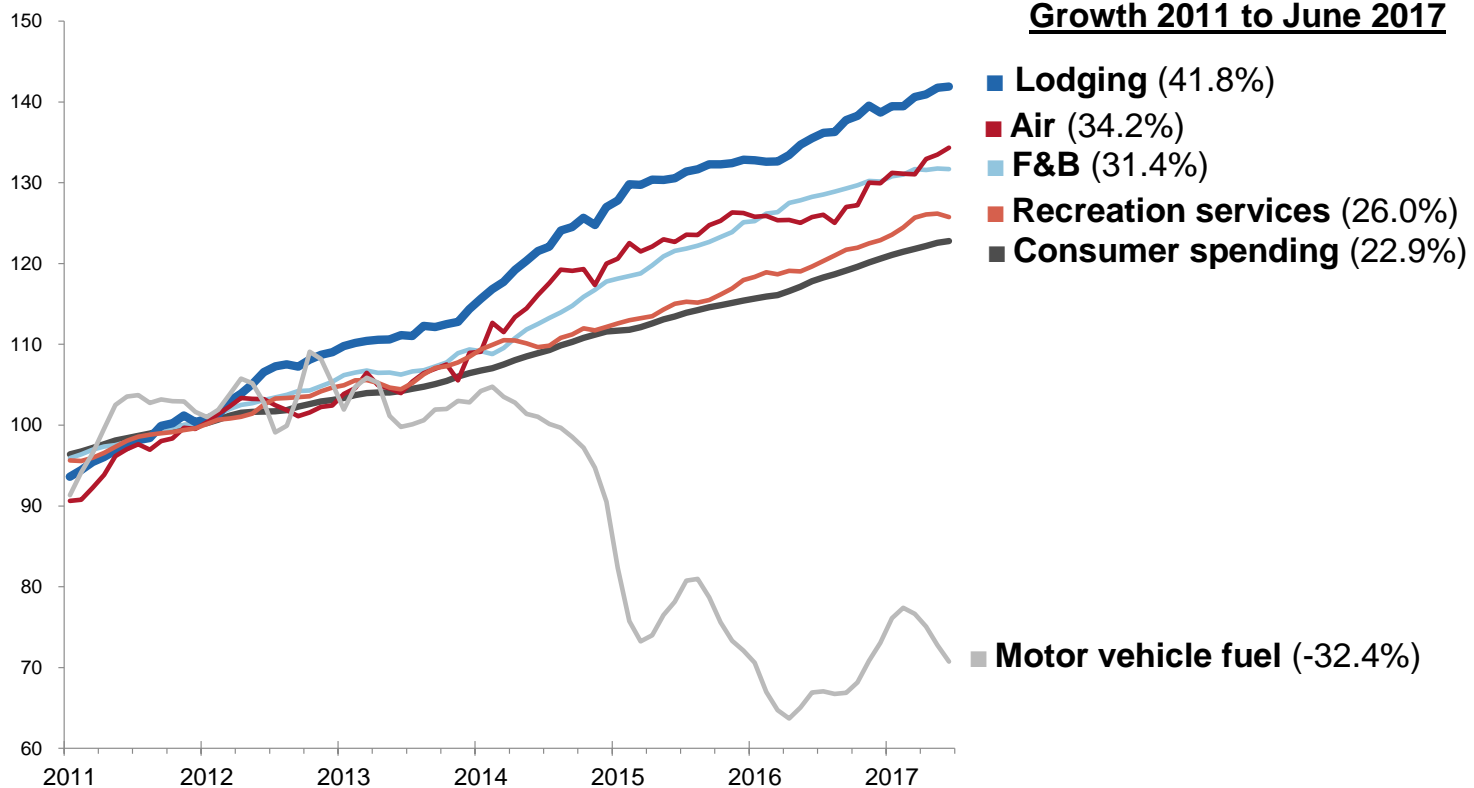
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- **The visitor economy is outpacing the rest of the economy**

# TRAVEL CONTINUES TO LEAD CONSUMPTION TRENDS

## Consumer spending, US

Index (Dec. 2011=100)

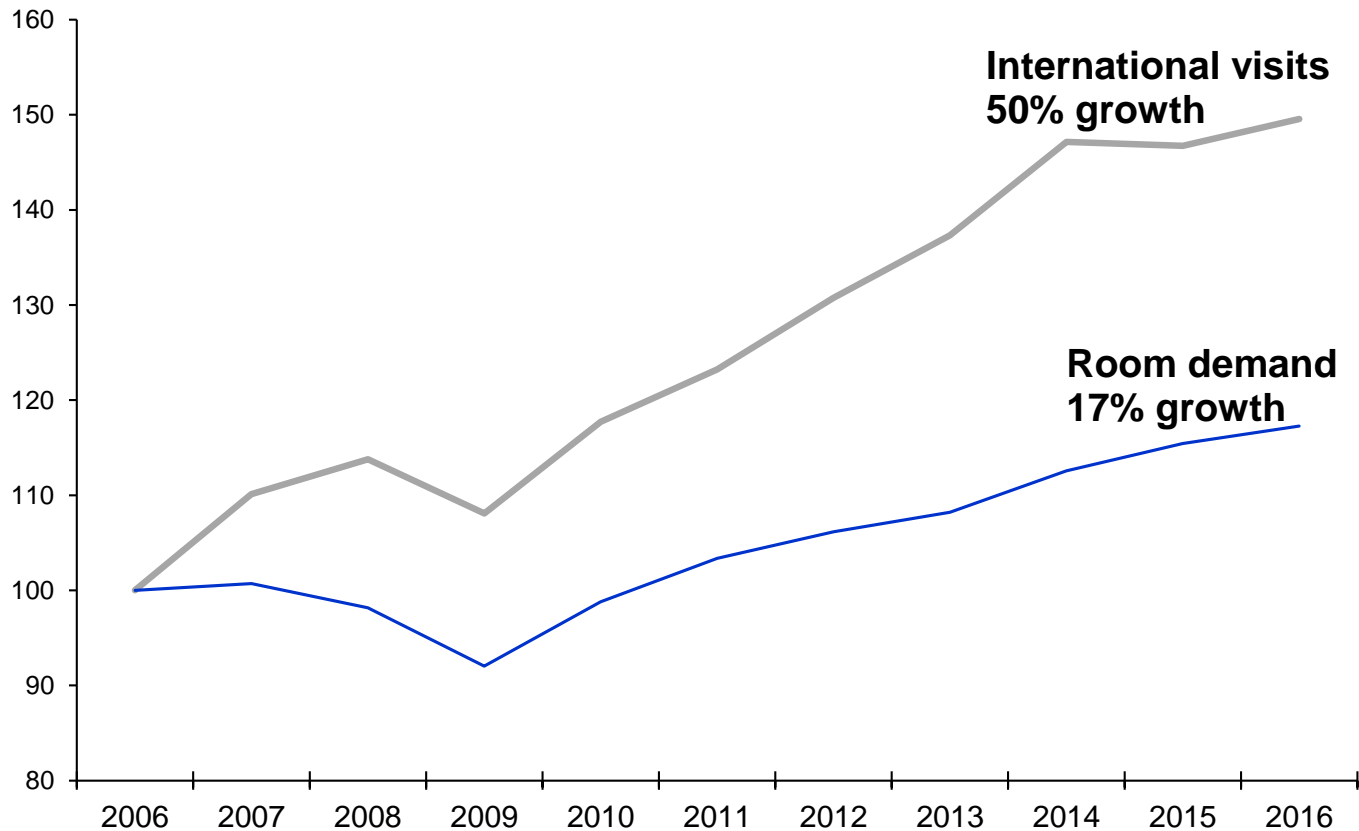


Note: Data is nominal, three-month moving average, seasonally adjusted and extends through June 2017.  
Source: Bureau of Economic Analysis; Tourism Economics

# INTERNATIONAL HAS LED GROWTH OVER THE PAST DECADE

## Room demand and international travel to the US

2006=100

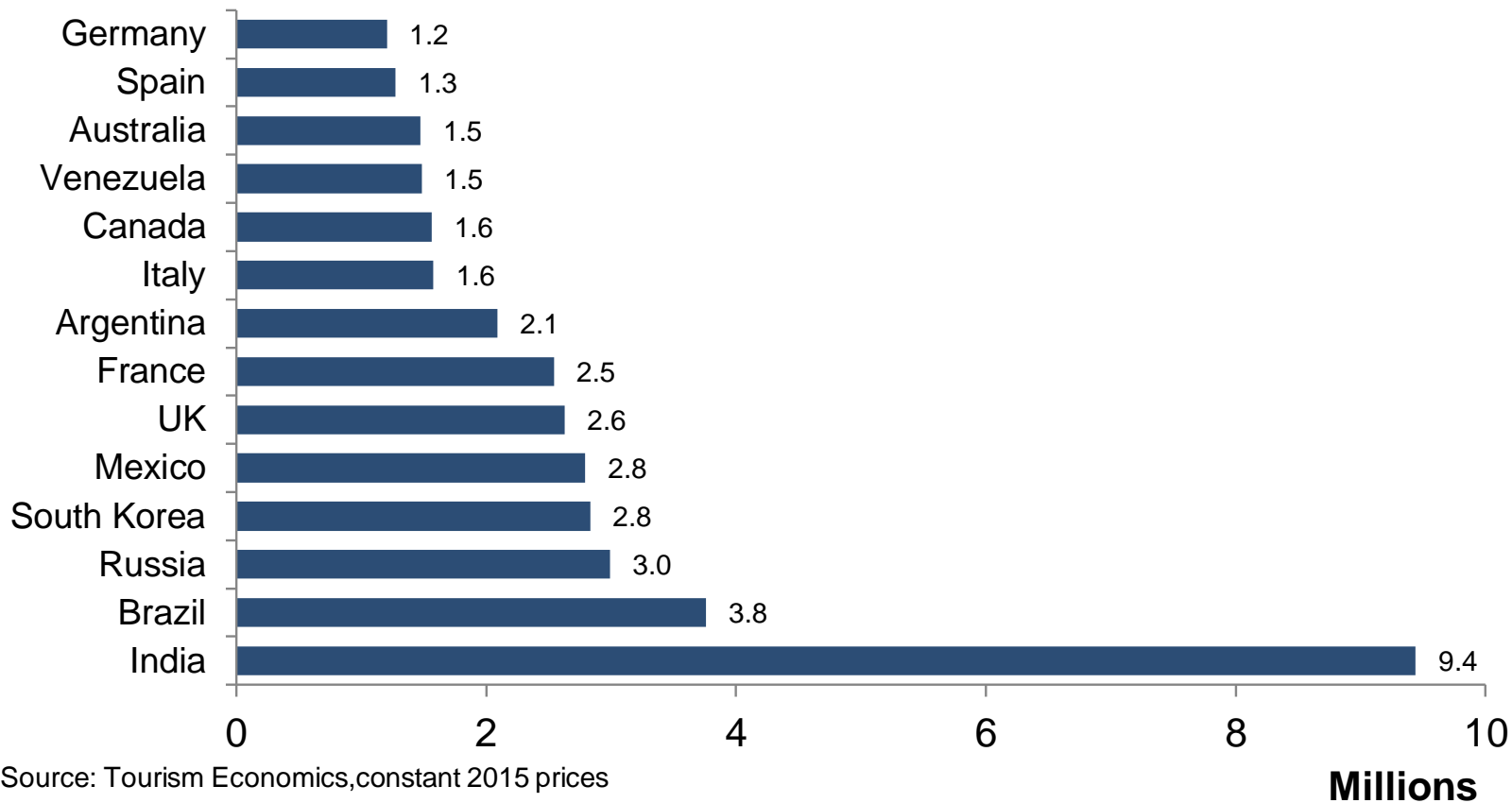


Source: STR; NTT; Tourism Economics



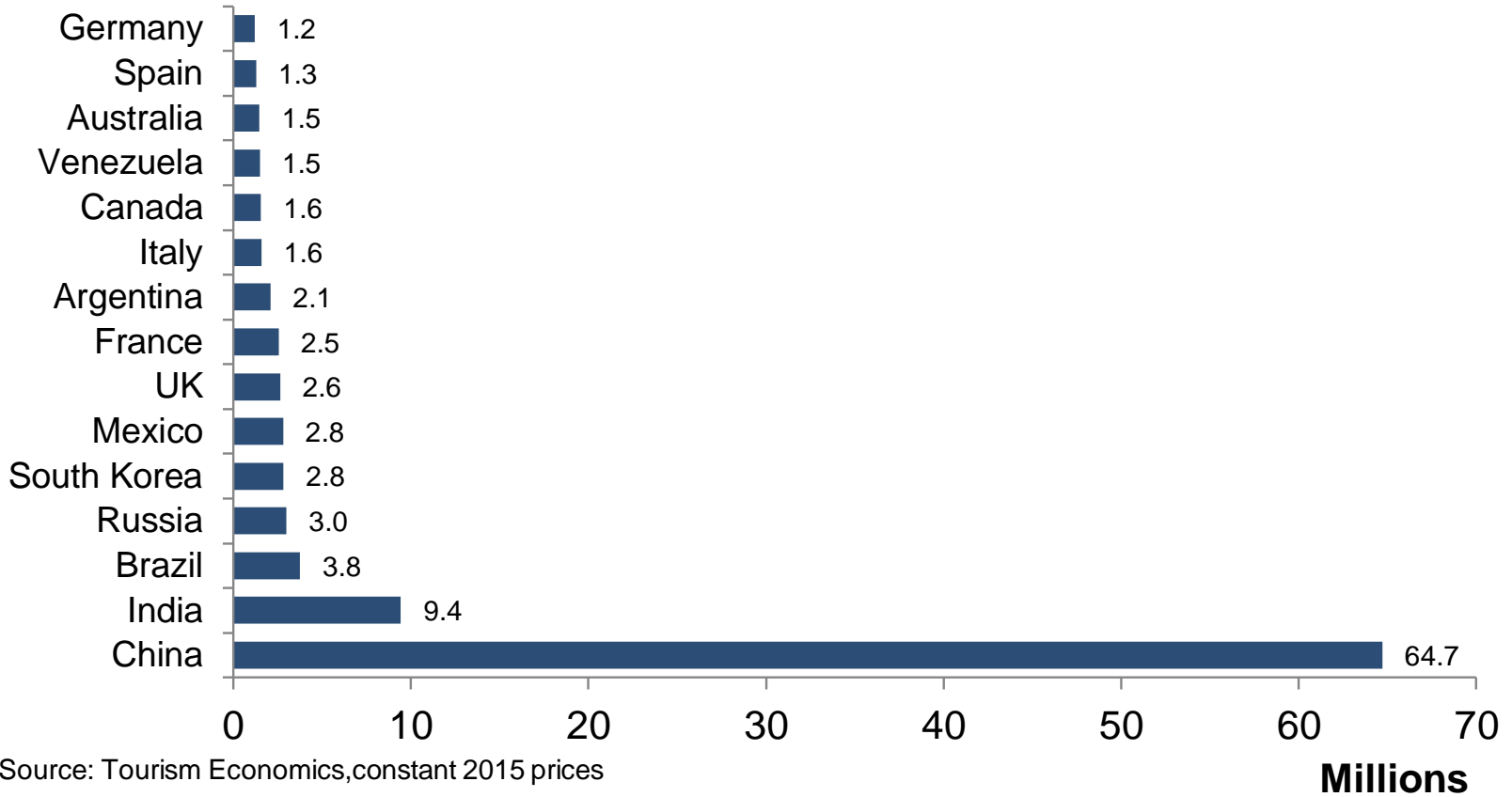
# THE GLOBAL TRAVEL MARKET IS SURGING

## Added households with income > \$35,000 2027 vs. 2017



# NEW TRAVELING HOUSEHOLDS (ADDING CHINA)

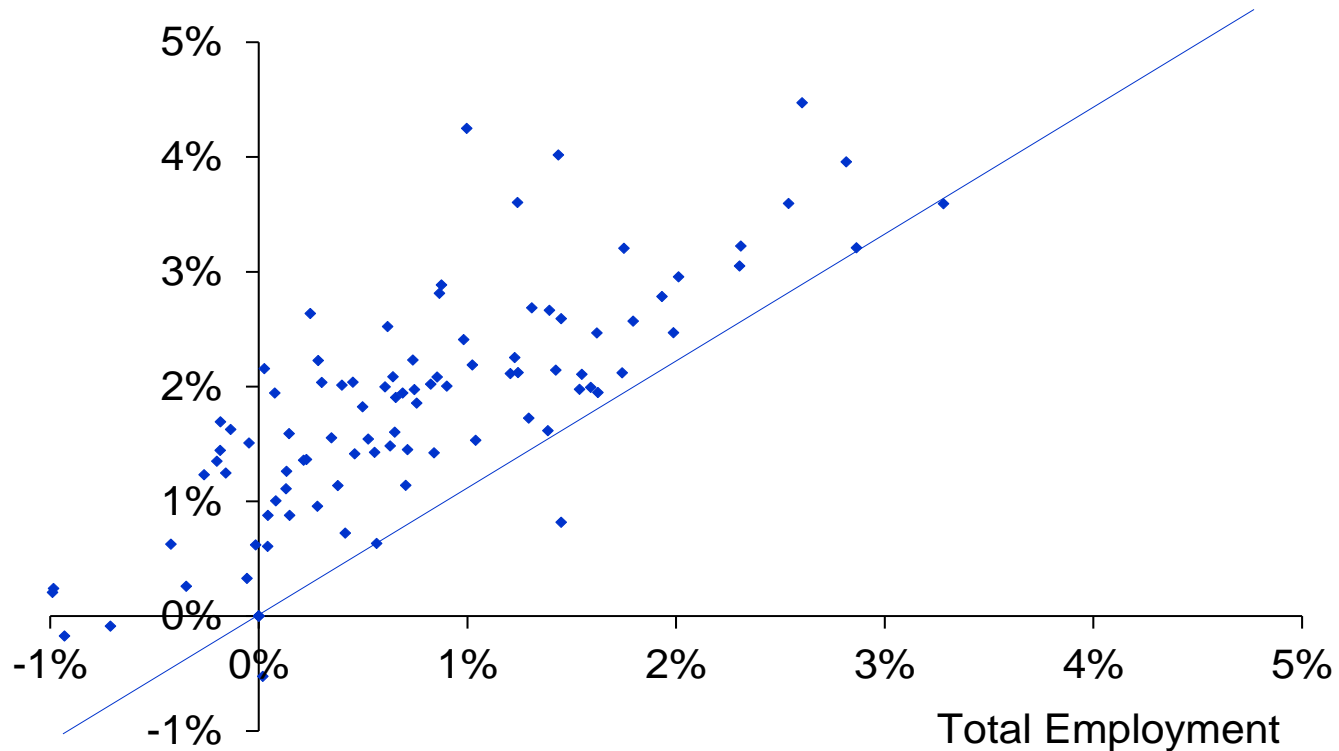
## Added households with income > \$35,000 2027 vs. 2017



# TRAVEL-RELATED SECTORS HAVE LED TOTAL JOB GROWTH IN 98 OF THE TOP 100 US CITIES

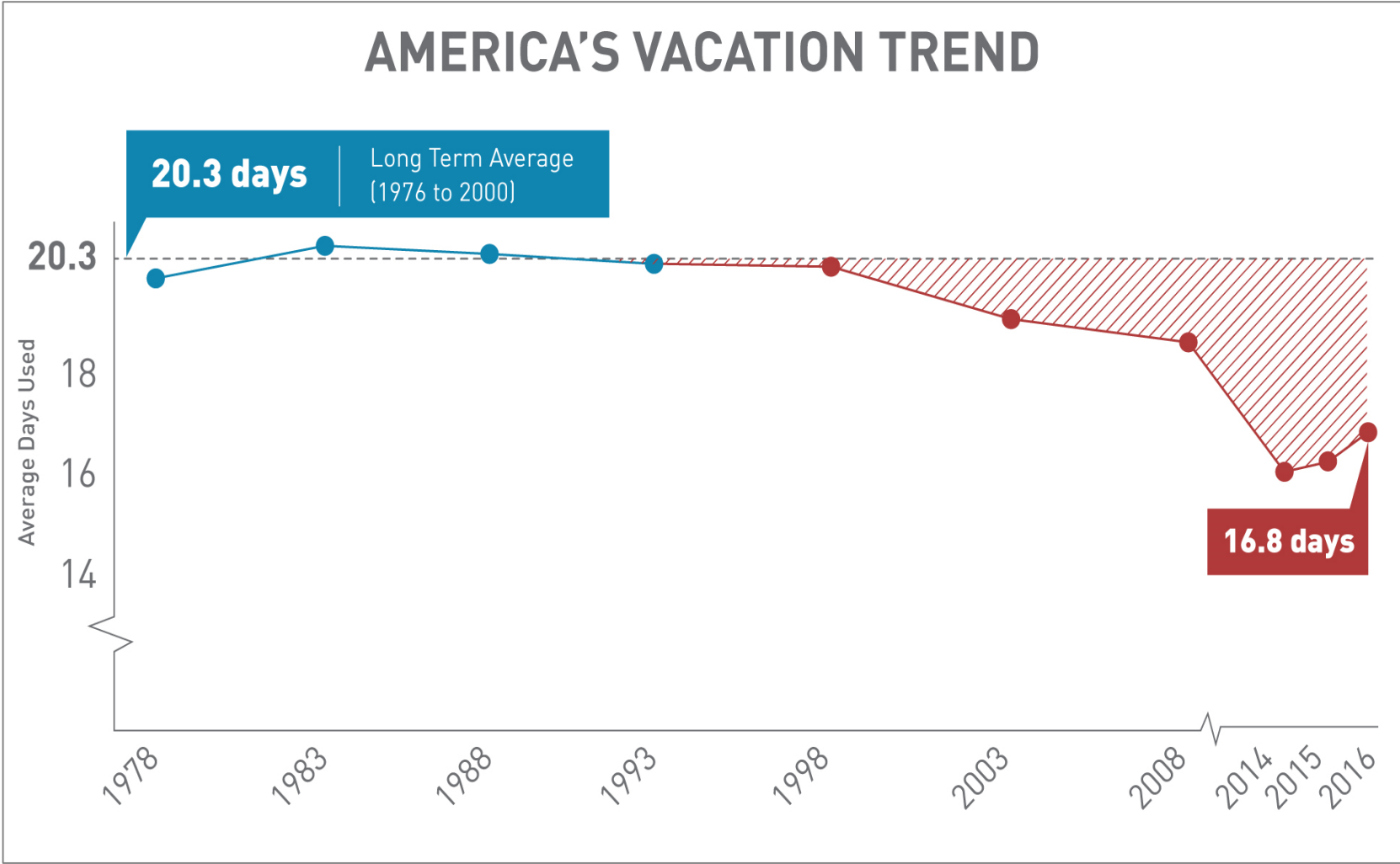
## Employment Growth, 2005-2015 (CAGR)

Leisure & Hospitality



Source: Tourism Economics, BLS

# TARGET OPPORTUNITY: 662 MN UNUSED VACATION DAYS



## WHY FOSTER THE VISITOR ECONOMY?

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- **The visitor economy is outpacing the rest of the economy**
- **Marketing works (and failure to do so has consequences)**

# THE NEED FOR DESTINATION PROMOTION

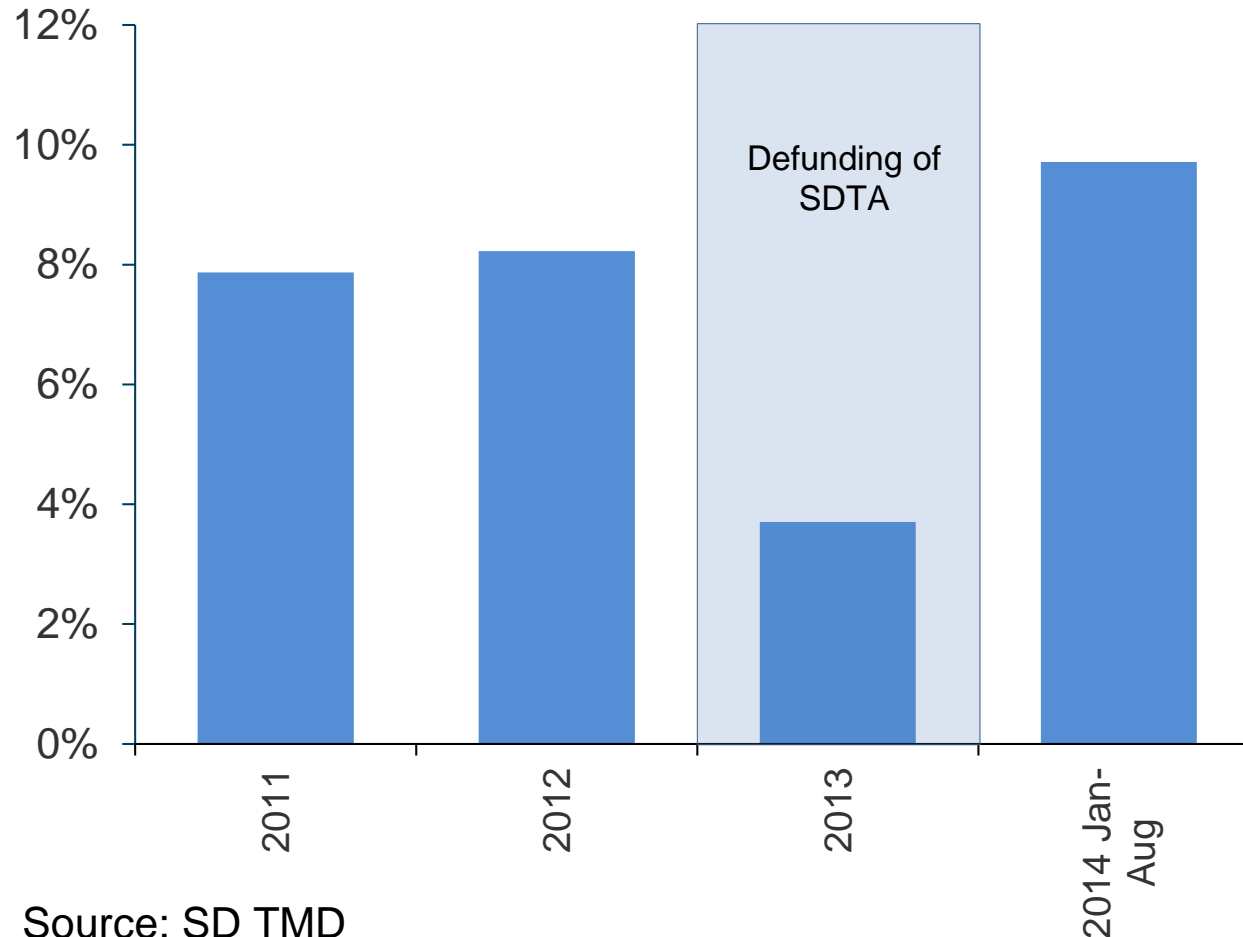
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	<b>Challenge</b>	<b>Solution: Destination Promotion</b>
<b>1</b>	<b>The primary motivator of a trip is usually the experience of a destination, not just one business</b>	<b>Articulates the brand message that is consistent with consumer motivations</b>
<b>2</b>	<b>Effective marketing requires scale to reach potential visitors</b>	<b>Pools sustained resources to provide the economies of scale and marketing infrastructure required to generate impact</b>

# SDTMD case study is telling

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## San Diego TOT Receipts year-over-year % change

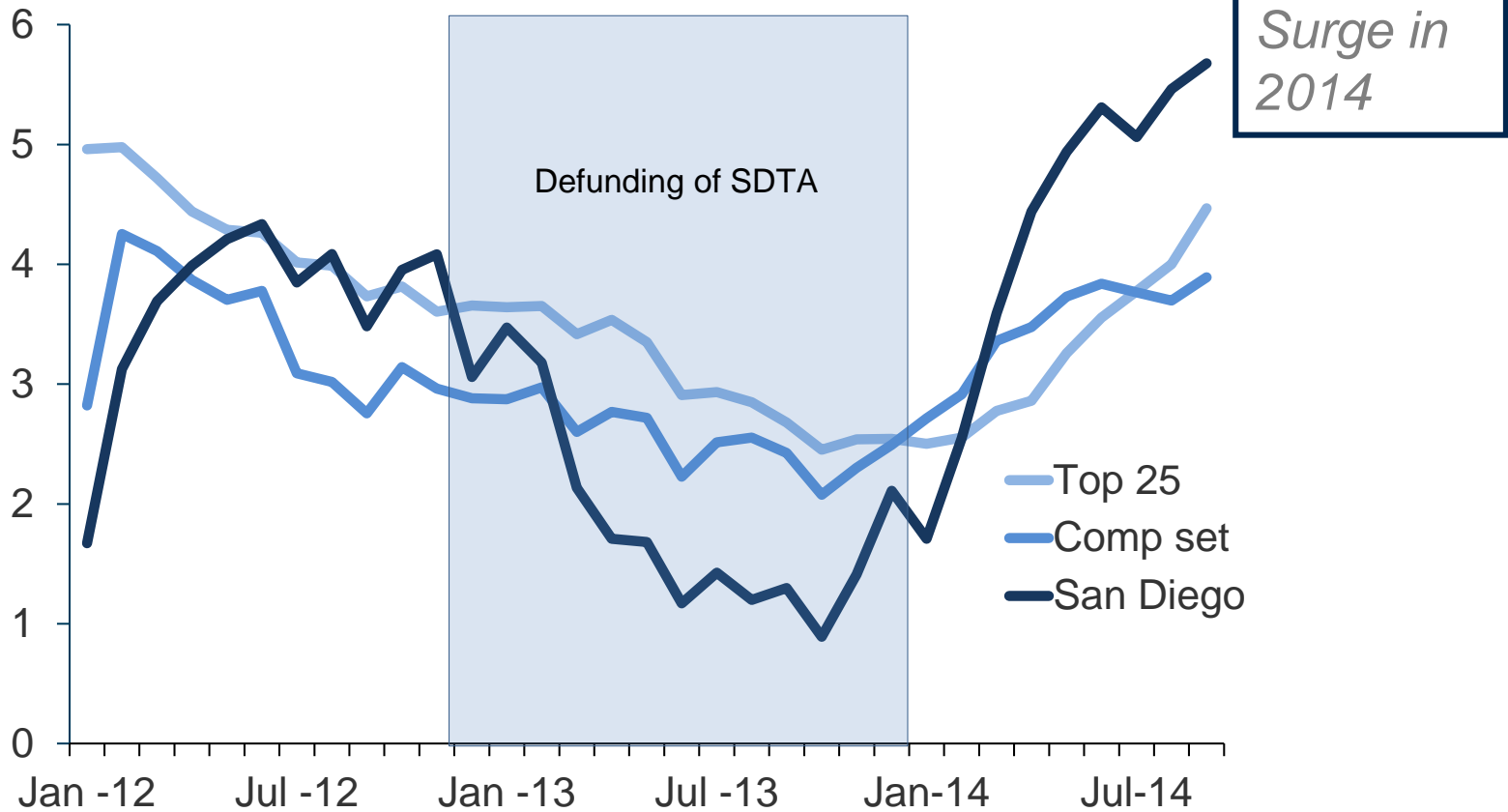


Source: SD TMD

# San Diego stark demand slowdown in 2013

## Striking lull in SD room demand

Room nights, 12-mo moving sum, % change year ago



Sources: STR, Tourism Economics



## CASE STUDY: ILLINOIS

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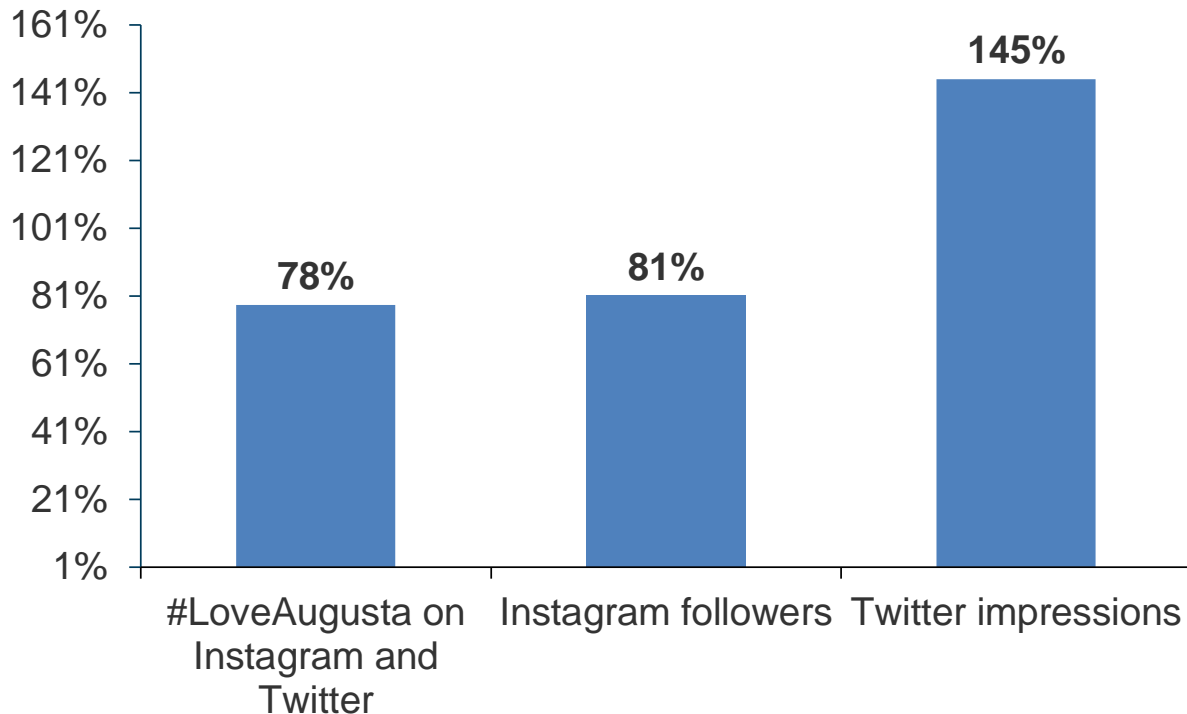
**State budget impasse limited state and city destination marketing for most of the 2016 fiscal year**

- Dropped to third from first most visited mid-west state.
- Inquiries about travel to Illinois were down over 70% in FY16.

# Augusta's presence in visitor markets is surging

## Augusta Social Media

Growth in 2017



**+873,000  
website  
page views**

Source: Augusta Convention & Visitors Bureau

## Augusta's PR machine is producing

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Travel Writers Hosted: 12  
Stories Generated: 123

Total Number of Impressions: 449,753,837

Advertising Equivalency: \$504,744

## Pursuit of the group market is paying dividends

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208 groups

281,000 attendees



**\$64 million economic impact**

## WHY FOSTER THE VISITOR ECONOMY?

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- **The visitor economy is outpacing the rest of the economy**
- **Marketing works (and failure to do so has consequences)**
- **The visitor economy is a catalyst for economic development**

# HOW DESTINATION PROMOTION DRIVES THE ECONOMY

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## #1 – BUILDING TRANSPORT NETWORKS

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- Airlift is one of the top criteria for site selectors
- Air passenger volumes are a strong predictor of future population growth and employment growth.

*“Air service is profoundly important to corporate investment and location decisions... “This is one of tourism’s most significant contributions since the levels of air service at New Orleans far exceed what local demand could support.”*

Stephen Moret, Secretary, Louisiana  
Economic Development

## #2 – RAISING THE DESTINATION PROFILE

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- Destination promotion strongly supports economic development through brand development, raising awareness, and building familiarity

***“Every tourist that comes through here is a potential business lead.”***

Jeff Malehorn, President & CEO,  
World Business Chicago

***“If we do it right, the ideal brand will transcend the visitor market and support all economic development.”***

Hank Marshall, Economic Development  
Executive Officer, City of Phoenix  
Community and Economic Development  
Department



## #2 – RAISING THE DESTINATION PROFILE

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Familiarity is critical in attracting investment

- 13% of executives with site selection responsibilities state that their perceptions of an area's business climate were influenced by leisure travel and 37% reported influence by business travel (Development Counsellors International, 2014)

*“We are learning a lot from Visit California by how they brand California and how to take their model and apply it to economic development.”*

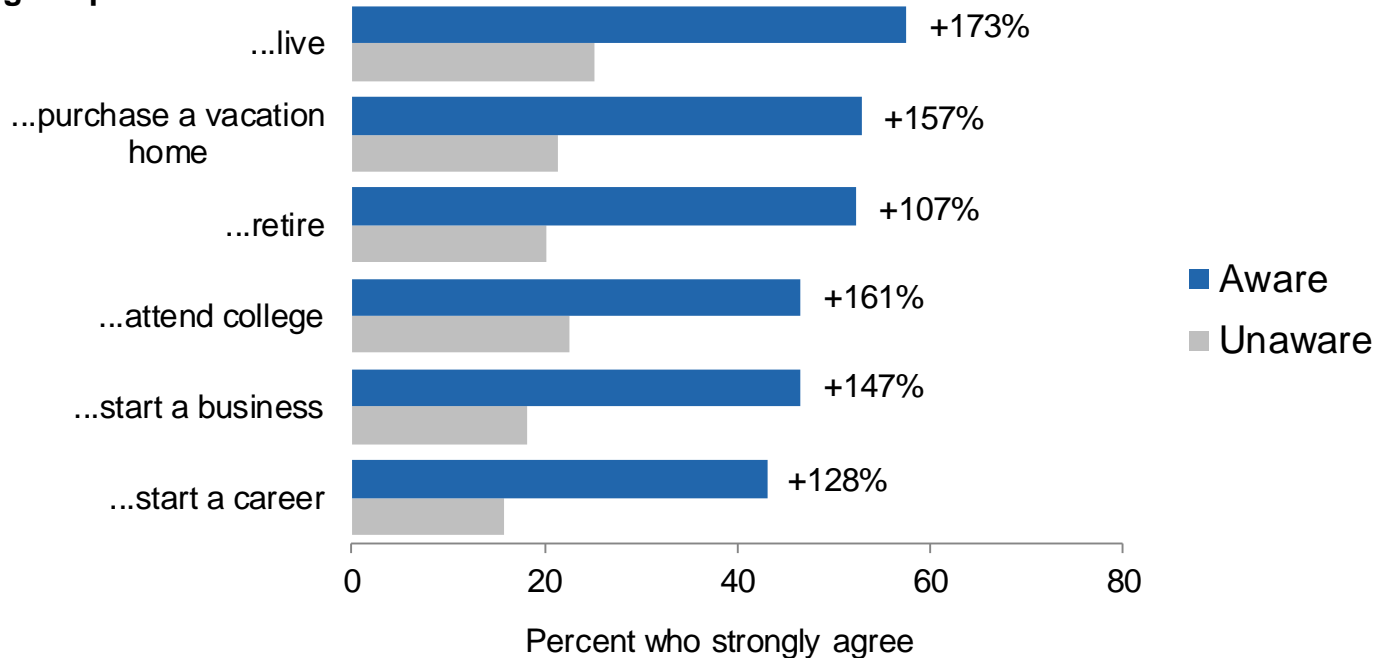
Brook Taylor, Deputy Director, Governor's Office of Business and Economic Development

# IMPACT OF CAMPAIGN ON ECONOMIC PERCEPTIONS

## Marketing influences perceptions on key decision criteria

Lake Erie Shores and Islands 2014 campaign impact on the region's economic development image

### "A good place to..."



Note: Percentages indicate the increase in "ad aware" respondents who strongly agree relative to "unaware".

Source: Longwoods International (2015, July) "Destination Marketing and Economic Development: Creating a Singular Place Brand"

## #3 – TARGETED CONVENTIONS AND TRADE SHOWS

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- By securing meetings, conventions and trade shows for local facilities, DMOs attract the very prospects that economic development agencies target.

***“Our EDO doesn’t have to fly to DC or China. The low hanging fruit is coming here for events.”***

Steve Moore, CEO, Greater Phoenix CVB

***“Economic clusters and conventions have become synergistic”***

Tom Clark, Metro Denver Economic Development Corp.

## #4 – RAISING THE QUALITY OF LIFE

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Channel of impact: The visitor economy supports amenities and a quality of life that attract investment in other sectors.

- Boeing’s decision to relocate its headquarters to Chicago was heavily influenced by the cultural assets and vibrancy of the city.
- Asheville’s recent win of a \$125 million investment from GE Aviation was heavily influenced by its quality of life scores related to both outdoor activities and a vibrant downtown.
- The development of leisure attractions in lower downtown Denver has been instrumental in the relocation of 20,000 residents to the area.

*“Traveler attractions are the same reason that CEOs choose a place.”*

Jeff Malehorn, President & CEO, World Business Chicago

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## **IMPERATIVES FOR ECONOMIC DEVELOPMENT**

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- **Sustain destination marketing efforts**
- **Pursue the group market strategically**
- **Collaborate on economic development bids**
- **Collaborate on air service development**
- **Facilitate product development**

# FEBRUARY 2018

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Tourism Economics

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