



The Economic Impact of Tourism in:

Dane County & Madison, Wisconsin

April 2017



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Key themes for 2016

- Visitor spending continued growing in Dane County, Wisconsin in 2016, growing 5.2% to surpass \$1.2 billion.
- Visitor spending of \$1.2 billion generated nearly \$2.1 billion in total business sales in 2016 as tourism dollars flowed through the Dane County economy.
- More than 21,650 jobs, with income of \$635 million, were sustained by visitors to Dane County last year.
- Including indirect and induced impacts, tourism in Dane County generated \$155.6 million in state and local taxes and \$129.3 million in Federal taxes last year.

How important is tourism

- Visitor supported business sales in Dane County is similar in size to ALL funding of the University of Wisconsin system from the state.
- In the absence of the state and local taxes generated by tourism, each Dane County household would need to pay \$720 to maintain the current level of government services.
- Tourism in Downtown Madison supports 4,152 jobs – enough to fill the Capitol Theater nearly four times over.
- Estimated local tax revenue from visitor activity in downtown Madison – \$14.9 million – is more than enough to pay for all capital projects of the city parks division in FY17.

Visitor Spending – Downtown Madison



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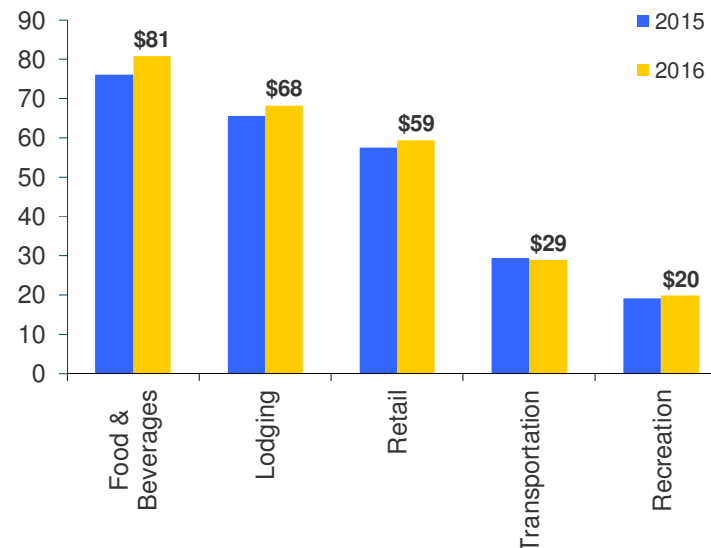
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Visitor spending

- Visitor spending grew 4.0% in downtown Madison in 2016, reaching \$257.3 million.
- While hotel performance in the downtown area lagged the county, downtown is still an area that attracts visitors with its restaurants and retail opportunities.

Visitor Spending and Impacts Downtown Madison					
Spending Category	Millions				Pch Change
	2013	2014	2015	2016	
Lodging	\$61.3	\$64.4	\$65.5	\$68.4	4.30%
Food & Beverages	\$69.7	\$71.2	\$76.0	\$80.8	6.32%
Retail	\$55.2	\$54.1	\$57.6	\$59.3	3.06%
Recreation & Entmt.	\$17.6	\$18.0	\$19.1	\$19.9	4.24%
Local Transportation	\$29.1	\$29.5	\$29.3	\$29.0	-1.11%
Total	\$232.9	\$237.2	\$247.5	\$257.3	3.99%
Growth Rate		1.85%	4.34%	3.99%	

\$ Million, 2016 values shown



Total impacts of visitor spending

Total Tourism Impacts Downtown Madison and Wisconsin												
County	Business Sales				Employment				Labor Income			
	Total			Percent Change	Total			Percent Change	Millions - Total			Percent Change
	2014	2015	2016		2014	2015	2016		2014	2015	2016	
Downtown Madison	\$237.2	\$247.5	\$257.3	3.99%	3,972	4,056	4,152	2.36%	\$106.9	\$113.0	\$119.2	5.44%
Wisconsin	\$18,474.4	\$19,291.7	\$19,967.7	3.50%	187,643	190,717	193,454	1.43%	\$4,829.9	\$5,065.7	\$5,273.5	4.10%
Share of State	1.28%	1.28%	1.29%		2.12%	2.13%	2.15%		2.21%	2.23%	2.26%	

- 4,152 Downtown Madison jobs were supported by visitor spending in 2016.
- Those employees earned \$119 million in wages and benefits.
- Tourism related employment increased 2.4% in Downtown Madison – nearly a percentage point higher than the state.

Tax impacts of visitor spending

- State and local governments benefitted by collecting \$31.6 million in tax revenue coming from visitor activity in Downtown Madison.
- Local governmental revenue supported by tourism reached \$14.9 million.

Tourism Tax Impacts Downtown Madison and Wisconsin							
	Taxes						
	State and Local				Federal		
	Millions			Percent	Millions		
County	2014	2015	2016	Change	2014	2015	2016
Downtown Madison	\$29.6	\$30.6	\$31.6	3.30%	\$22.7	\$24.0	\$25.3
Wisconsin	\$1,412.2	\$1,469.5	\$1,505.8	2.47%	\$1,052.3	\$1,102.6	\$1,147.7
Share of State	2.09%	2.08%	2.10%		2.16%	2.18%	2.21%

Visitor Spending - County



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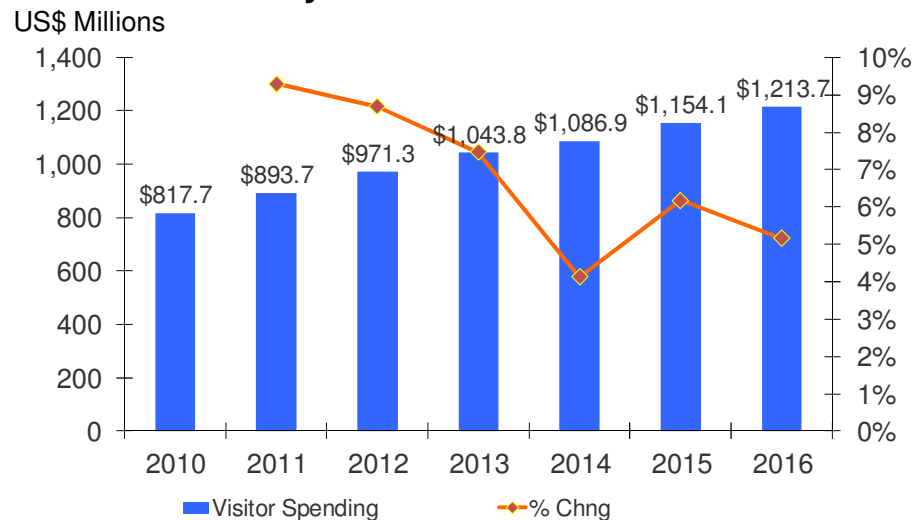
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Visitor spending

- Visitor spending grew 5.2% in 2016, surpassing \$1.2 billion.
- Visitor spending growth has averaged 5.2% per annum since 2013.
- Food & beverage sales have grown by more than \$50 million since 2013.

Visitor Spending and Impacts Dane County					
	Millions				Pch Change
Spending Category	2013	2014	2015	2016	
Lodging	\$256.5	\$280.6	\$304.6	\$327.1	7.40%
Food & Beverages	\$288.6	\$298.9	\$318.4	\$339.5	6.64%
Retail	\$233.1	\$232.5	\$248.7	\$258.9	4.08%
Recreation & Entmt.	\$119.0	\$124.4	\$132.2	\$141.3	6.87%
Local Transportation	\$146.7	\$150.5	\$150.2	\$146.9	-2.22%
Total	\$1,043.8	\$1,086.9	\$1,154.1	\$1,213.7	5.16%
Growth Rate		4.13%	6.18%	5.16%	

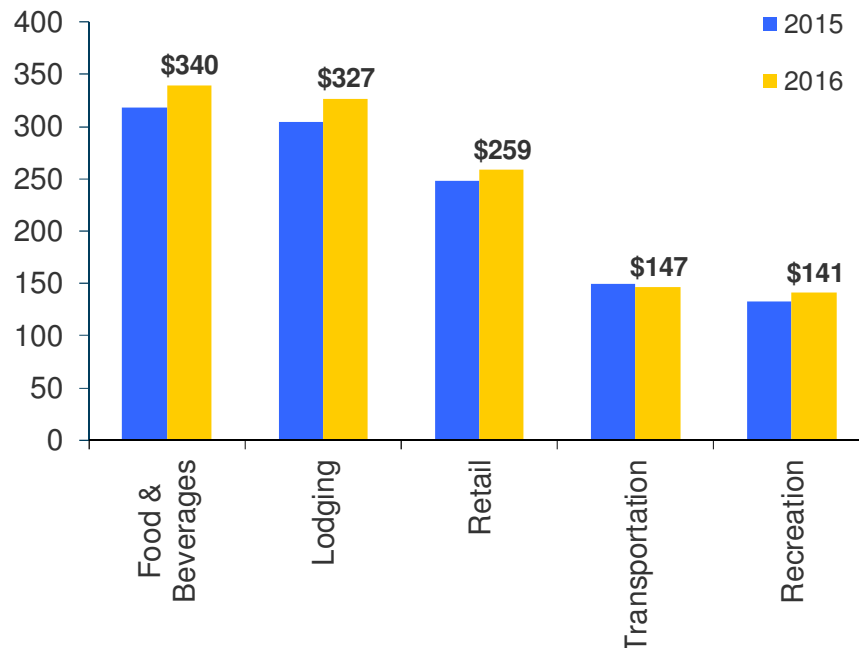
Tourism Industry Sales



Sources: Tourism Economics

Visitor spending by sector

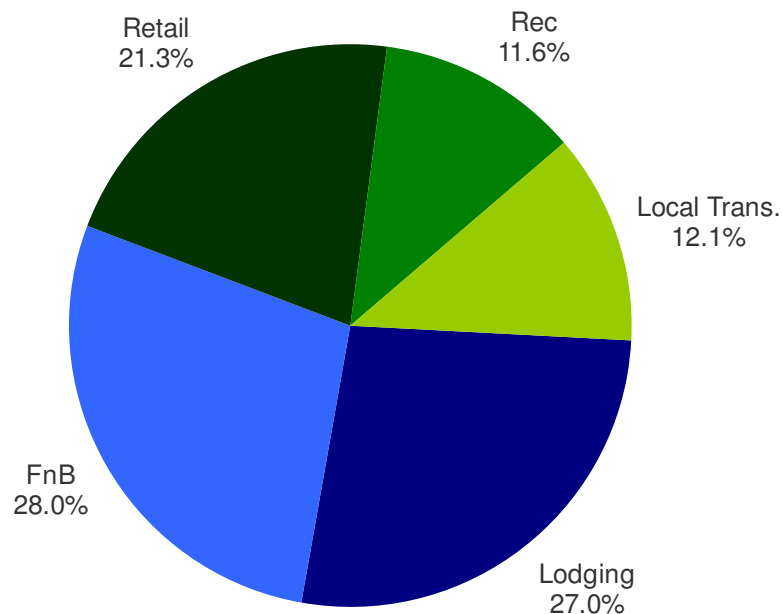
\$ Million, 2016 values shown



- Travelers spent \$340 million on food & beverages and \$327 million in the lodging sector in 2016. The retail sector in Dane County received nearly \$260 million from visitors.
- Spending growth in lodging, recreational activities, and food & beverages supported overall visitor spending growth.

Visitor spending by sector

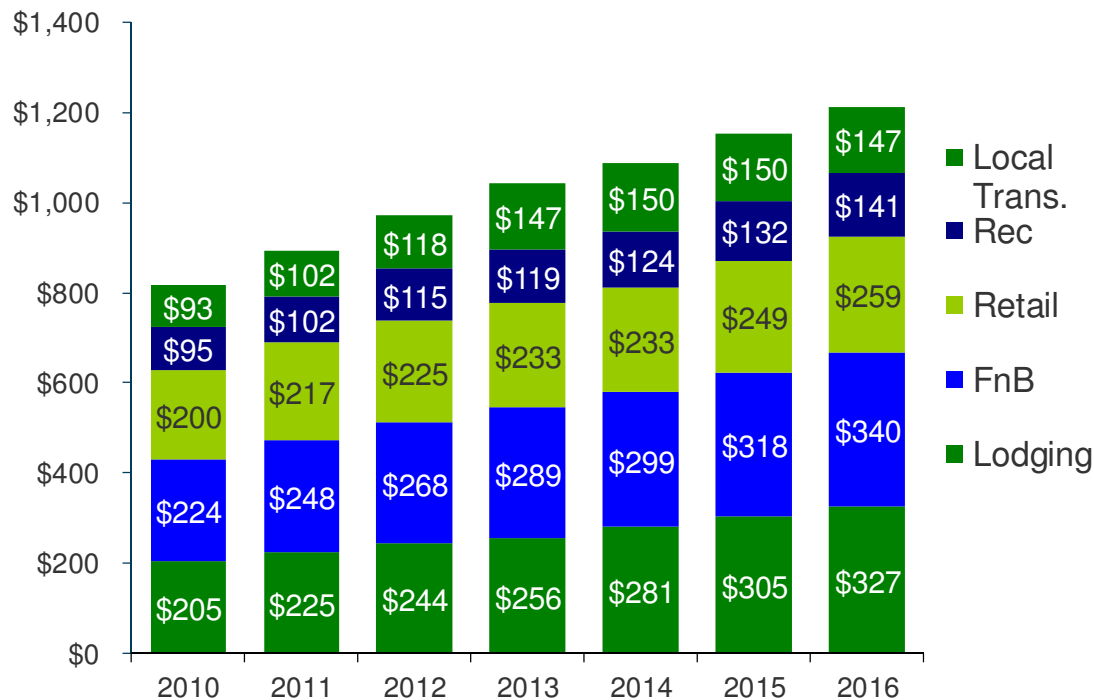
Visitor Spending by Sector



- Food & beverage purchases comprise 28% of the visitor dollar in Dane County with lodging spending following at around 27%.
- Twenty-one cents of every visitor dollar is spent on retail purchases in Dane County in 2016.

Visitor spending by sector

Visitor Spending
by Year, Millions of \$



- Visitor spending has grown an average of 6.8% annually since 2010.
- 2016 growth rates of all non-transportation categories were in line with CAGR growth rates between 2010 and 2016. Said another way, 2016 growth has maintained the momentum seen all decade.

Tourism Impacts

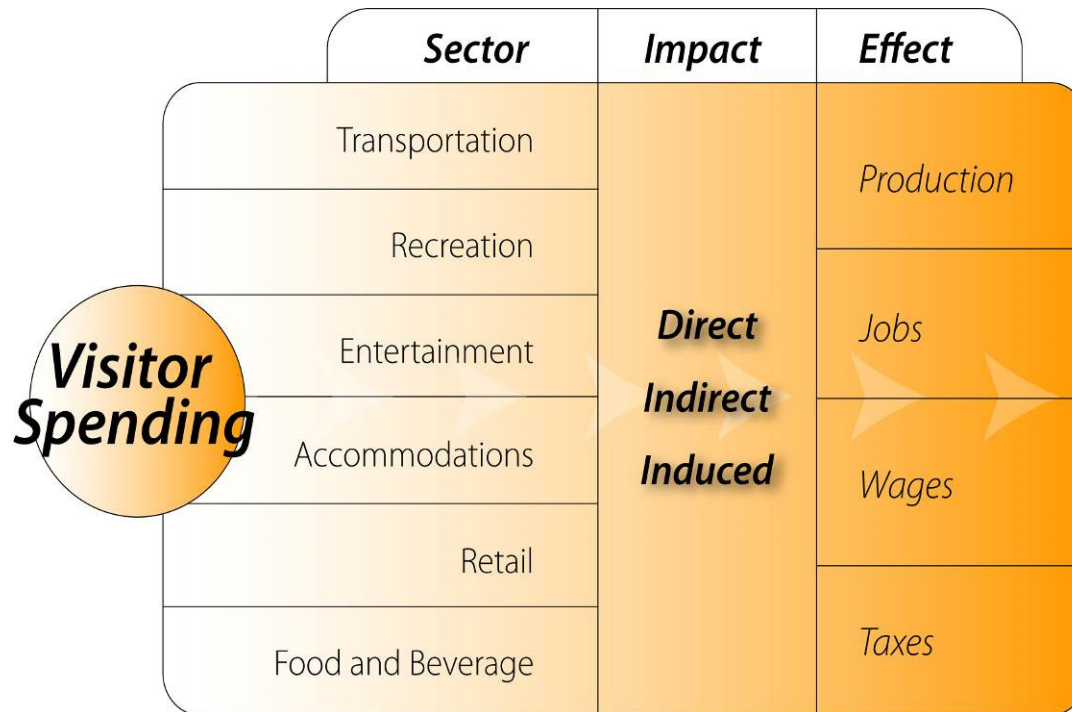


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How visitor spending generates impact

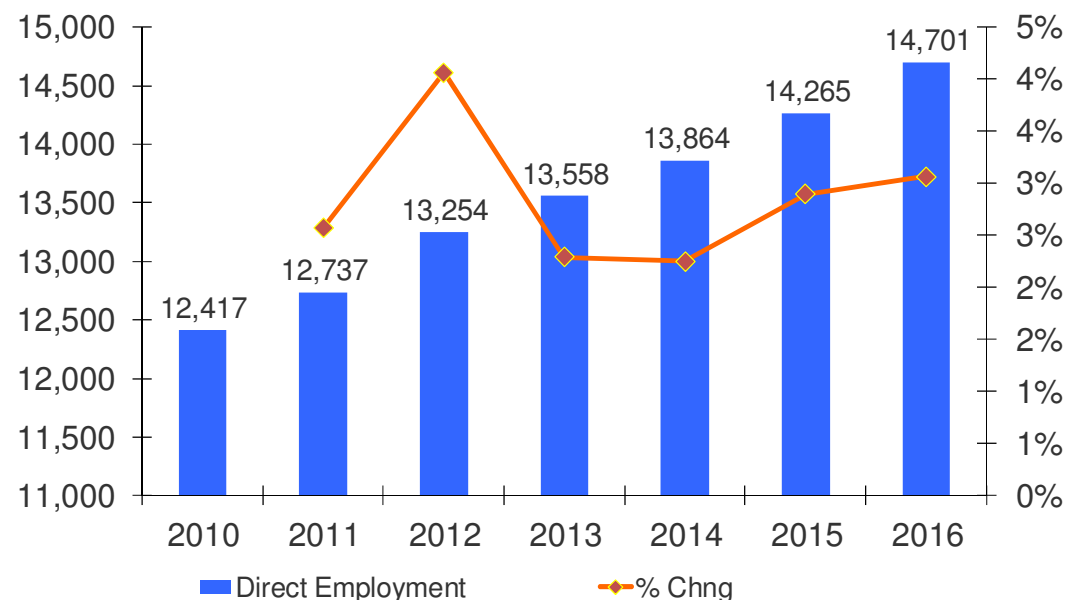
- Travelers create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) 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 tourism, spend those incomes in the local economy.

Tourism employment

Direct Tourism Employment



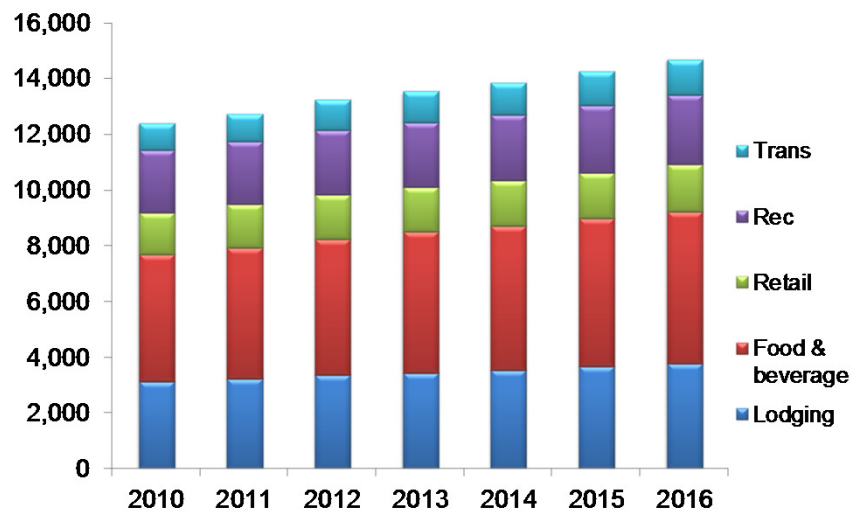
Source: Tourism Economics

- Direct tourism employment – those jobs that directly interact with the visitor – grew 3.1% in 2016 to 14,701 jobs.
- Tourism employment growth in Dane County has outpaced the state tourism employment growth in each of the past three years.

Tourism employment

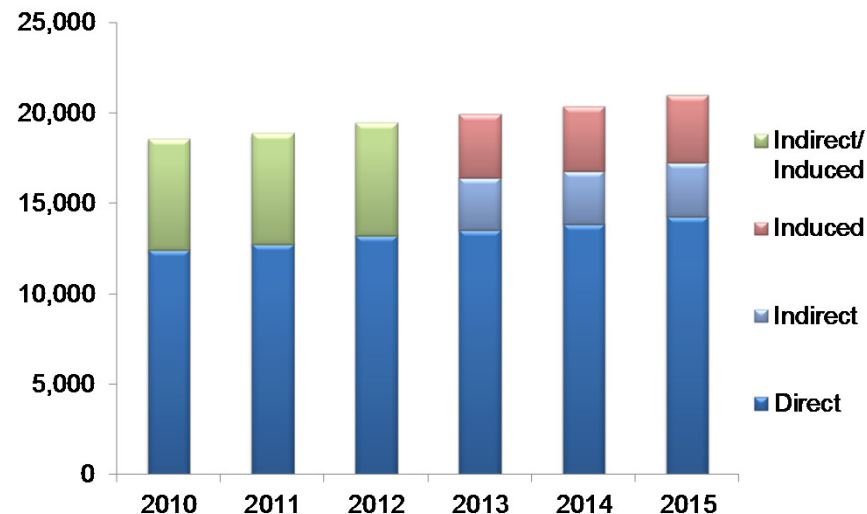
- Businesses supplying food & beverages or lodging services support a majority of tourism-generated employment in Dane County.
- 21,650 Dane County jobs, in total, were supported by visitor activity.

Direct Visitor Employment by Industry



Source: Tourism Economics

Total Visitor Employment



Source: Tourism Economics

Direct impacts of visitor spending

Visitor Spending and Impacts Dane County and Wisconsin												
County	Visitor Spending				Employment				Labor Income			
	Millions			Percent Change	Direct			Percent Change	Millions - Direct			Percent Change
	2014	2015	2016		2014	2015	2016		2014	2015	2016	
Dane County	\$1,086.9	\$1,154.1	\$1,213.7	5.16%	13,864	14,265	14,701	3.06%	\$283.7	\$310.3	\$333.7	7.53%
Wisconsin	\$11,417.9	\$11,919.4	\$12,310.7	3.28%	132,920	135,095	137,193	1.55%	\$2,610.9	\$2,736.5	\$2,846.2	4.01%
Share of State	9.52%	9.68%	9.86%		10.43%	10.56%	10.72%					

- Visitor spending growth in Dane County continued to outperform the state in 2016, growing 5.2% and encompassing nearly 10% of all visitor spending in Wisconsin.
- The \$1.2 billion in visitor spending directly supported 14,701 jobs in Dane County in 2016.
- The 14,701 jobs in Dane County provided \$334 million in wages and benefits to those employees.

Total impacts of visitor spending

Total Tourism Impacts Dane County and Wisconsin												
County	Business Sales				Employment				Labor Income			
	Total			Percent Change	Total			Percent Change	Millions - Total			Percent Change
	2014	2015	2016		2014	2015	2016		2014	2015	2016	
Dane County	\$1,881.0	\$1,983.6	\$2,074.4	4.58%	20,395	21,013	21,654	3.05%	\$548.6	\$593.3	\$635.1	7.04%
Wisconsin	\$18,474.4	\$19,291.7	\$19,967.7	3.50%	187,643	190,717	193,454	1.43%	\$4,829.9	\$5,065.7	\$5,273.5	4.10%
Share of State	10.18%	10.28%	10.39%		10.87%	11.02%	11.19%		11.36%	11.71%	12.04%	

- Visitor spending supported more than \$2.0 billion in business sales in Dane County.
- More than 21,650 Dane County jobs were supported by visitor spending in 2016.
- Visitor supported income growth in Dane County outpaced the state in 2016, with overall income supported by visitor activity growing 7% to reach \$635 million.

Tax impacts of visitor spending

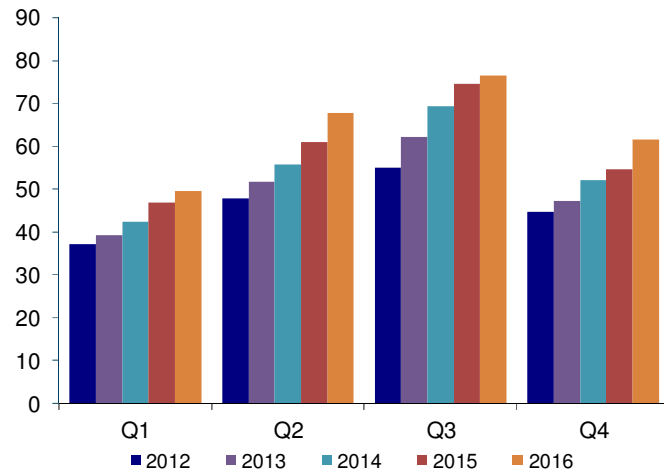
- State and local governments benefitted by collecting \$156 million in tax revenue coming from visitor activity in Dane County.
- \$73.2 million in local governmental revenue was supported by visitor activity in 2016.
- In the absence of the state and local taxes generated by tourism, each Dane County household would need to pay \$720 to maintain the current level of government services.

Tourism Tax Impacts Dane County and Wisconsin							
	Taxes						
	State and Local				Federal		
	Millions			Percent Change	Millions		
County	2014	2015	2016		2014	2015	2016
Dane County	\$142.1	\$149.2	\$155.6	4.27%	\$111.5	\$120.9	\$129.3
Wisconsin	\$1,412.2	\$1,469.5	\$1,505.8	2.47%	\$1,052.3	\$1,102.6	\$1,147.7
Share of State	10.06%	10.15%	10.33%				

Seasonality of visitation

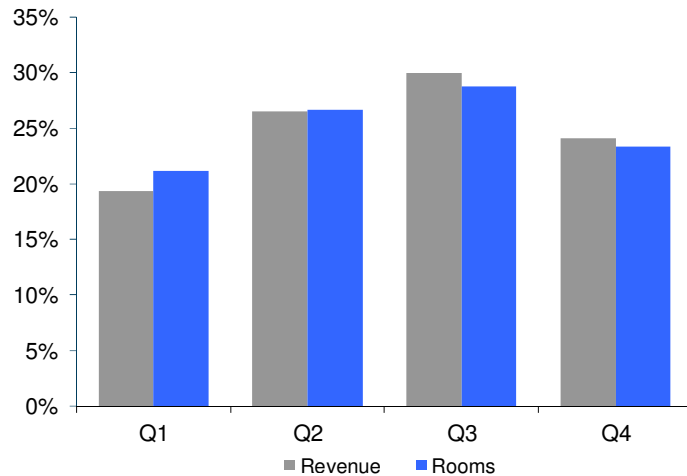
Dane County Hotel Room Revenue

\$ millions



Dane County Hotel Rooms and Revenue

Quarterly Share, 2016

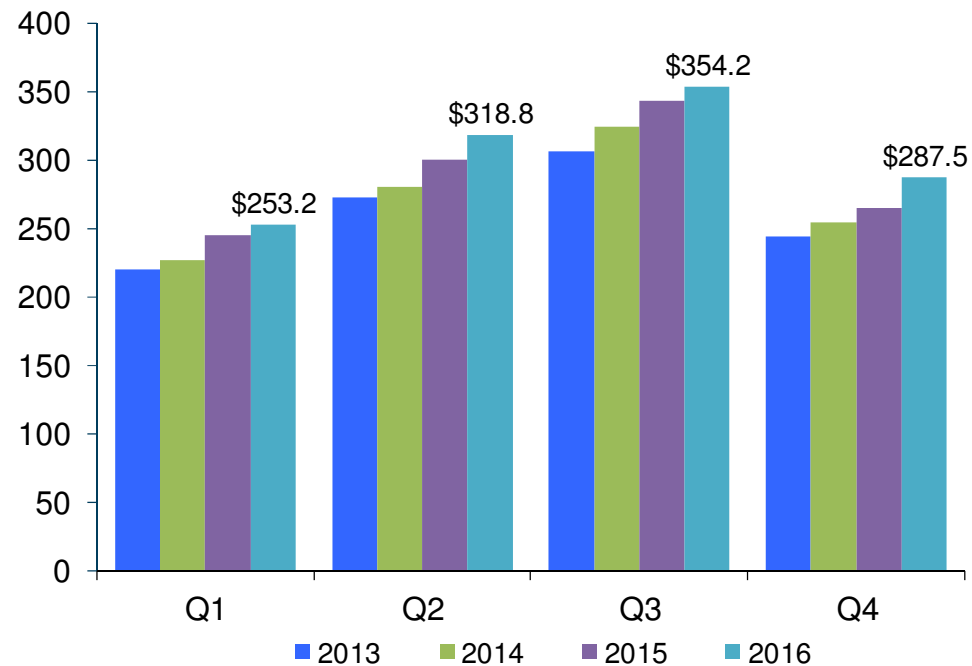


- As the seat of state government, hotel demand in Dane County is more consistent throughout the year but does peak in the summer with nearly 30% of room demand in Q3.
- Q4 had the largest growth in room demand and revenues, with Q2 very close behind.
- Hotel room revenues surpassed \$75 million in Q3.

Seasonality of visitor spending

- Visitor spending peaks in the 3rd quarter with \$354 million in visitor sales.
- The year's strongest growth was posted in Q4 as visitor spending grew 8.5%.
- Since 2013, visitor spending in Q3 has grown by nearly \$50 million.

Dane County Visitor Spending
\$ Millions



Visitor Spending by Quarter Dane County				
	Q1	Q2	Q3	Q4
2013	\$220.4	\$272.9	\$306.3	\$244.2
2014	\$227.5	\$280.3	\$324.8	\$254.4
2015	\$245.5	\$300.3	\$343.2	\$265.1
2016	\$253.2	\$318.8	\$354.2	\$287.5
% Chn	3.14%	6.15%	3.19%	8.46%

Methodology and Background



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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 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.

Methods and data sources

- Domestic visitor expenditure estimates are provided by Longwoods International's representative survey of US travelers. These are broken out by sectors (lodging, transport at destination, food & beverage, retail, and recreation), by purpose (business and leisure), and by length of stay (day and overnight).
- Tourism Economics then adjusts these levels of spending based on a range of known measures of tourism activity:
 - Overseas visitor spending (source: OTTI, TE)
 - Canada visitor spending (source: Statistics Canada, TE)
 - Sales tax collections by industry and county (source: WI DOR)
 - Spending on air travel which accrues to all airports and locally-based airlines
 - Gasoline purchases by visitors (source: TE calculation)
 - Smith Travel Research data on hotel revenues
 - Construction Value by McGraw-Hill Construction
 - Industry data on employment, wages, GDP, and sales (source: BEA, BLS, Census)

Methods and data sources

- An IMPLAN model was compiled for the State of Wisconsin. This 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.
- All results are benchmarked and cross-checked and adjusted based on the following:
 - US Bureau of Labor Statistics and Bureau of Economic Analysis (employment and wages by industry)
 - US Census (business sales by industry)
- The source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. All employment rankings are based on Bureau of Labor Statistics (ES202/QCEW) data.

Selected recent economic impact clients

Associations / Companies

Center for Exhibition Industry
Research (Economic Impact
of Visa Restrictions)

DMAI (Event Impact
Calculator for 80 CVBs)

US Travel Association (Impact
of travel promotion)

InterContinental Hotels

States

California

Georgia

Maryland

New York

North Carolina

Ohio

Pennsylvania

Wisconsin

Cities

Baltimore, MD

Columbus, OH

Kansas City, MO

London, United Kingdom

New York City

Omaha, NE

Orlando, FL

Philadelphia, PA

Pittsburgh, PA

Rockford, IL

Countries / Provinces

Bahamas

Bermuda

Cayman Islands

Dubai

Ontario Canada

St. Lucia

United Kingdom



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 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.



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