

ECONOMIC IMPACT OF VISITORS IN RHODE ISLAND 2019

Prepared for:
Rhode Island Commerce Corporation



WWW.TOURISMECONOMICS.COM

INTRODUCTION

The travel sector is an integral part of the Rhode Island economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Rhode Island's future. The total traveler economy in Rhode Island surpassed \$7.0 billion in 2019.

By monitoring the visitor industry and traveler economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for Rhode Island as it continues to expand upon its visitor economy, and by establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the economic significance of the tourism sector in Rhode Island, Tourism Economics has prepared a comprehensive model detailing the far-reaching impacts arising from visitor spending. Tourism impacts are measured on two levels:

Visitor industry – this includes only the spending of visitors to Rhode Island who spent the night or traveled at least 50 miles for a day trip. For comparisons with other industries, only the direct impacts are considered.

Traveler economy – this includes the spending of all travelers, including non-commuters from within 50 miles as well as the impact of tourism-related construction, and industries providing services to resident travelers. All levels of impacts (direct, indirect, and induced) are considered.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the state of Rhode Island. The model 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. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

The value of seasonal and second homes was estimated based on census data for seasonal units and estimated gross rents.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis. This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

The analysis draws on the following data sources:

- Longwoods International: survey data, including spending and visitor profile characteristics for visitors to Rhode Island
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- Tax collections: Hotel tax receipts
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Rhode Island based on aviation, survey, and credit card information

KEY FINDINGS

KEY FINDINGS

The visitor economy is an engine for economic growth

Growth in visitation, spending, and employment

Tourism is an integral part of the Rhode Island economy and continues to be a key driver of business sales, employment, and tax revenue.



Continued Growth

Rhode Island hosted 26.2 million visitors in 2019, an increase of 3.2% over the prior year.



Visitor Spending

The total traveler economy surpassed \$7.0 billion in 2019, registering \$7.1 billion and increasing 4.0%. This includes visitor spending, tourism-related construction, and supporting industries.



Employment Generator

The traveler economy supported 87,852 jobs, including direct, indirect, and induced impacts.



Fiscal Contributions

Tourism in Rhode Island generated \$1.7 billion in tax revenues in 2019, with \$843 million accruing to state and local governments.

VISITOR ECONOMY TRENDS

VISITOR ECONOMY TRENDS

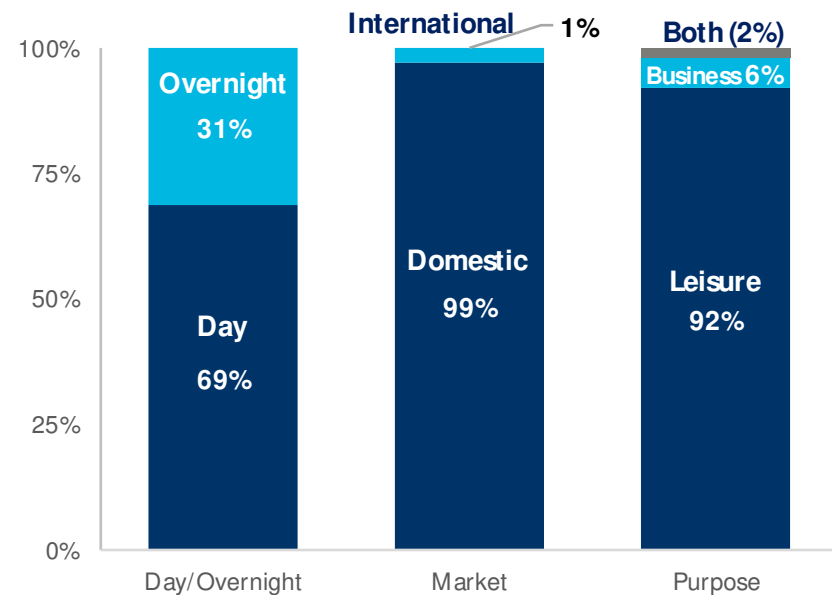
Visitor volume by segment

Rhode Island hosted 26.2 million visitors in 2019. Increasing 3.2% over the prior year, both day (+3.4%) and overnight (+2.8%) visitors contributed to growth.

Leisure visitors and those coming for the day continue to account for the majority of visitors to the state.

Rhode Island Visitor Share by Segment

Expressed as percentage of total visitation by market



Source: Longwoods International; Tourism Economics

VISITS AND SPENDING

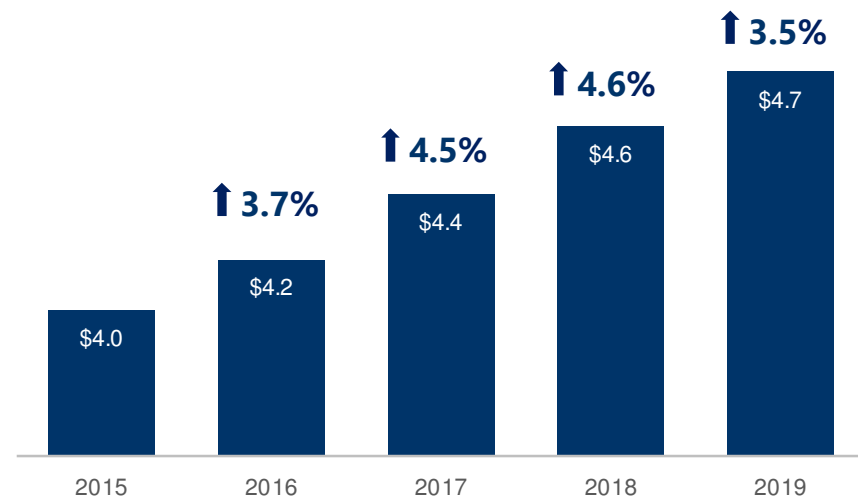
Visitor spending trends

Visitor spending in Rhode Island increased 3.5% in 2019, surpassing \$4.7 billion. This includes overnight visitors, as well as day visitors from at least 50 miles away.

Rhode Island visitor spending cumulatively increased 17.3% between 2015 and 2019: an annualized growth rate of 4.1%.

Rhode Island Visitor Spending

Amounts in billions of nominal dollars



Source: Longwoods International; Tourism Economics

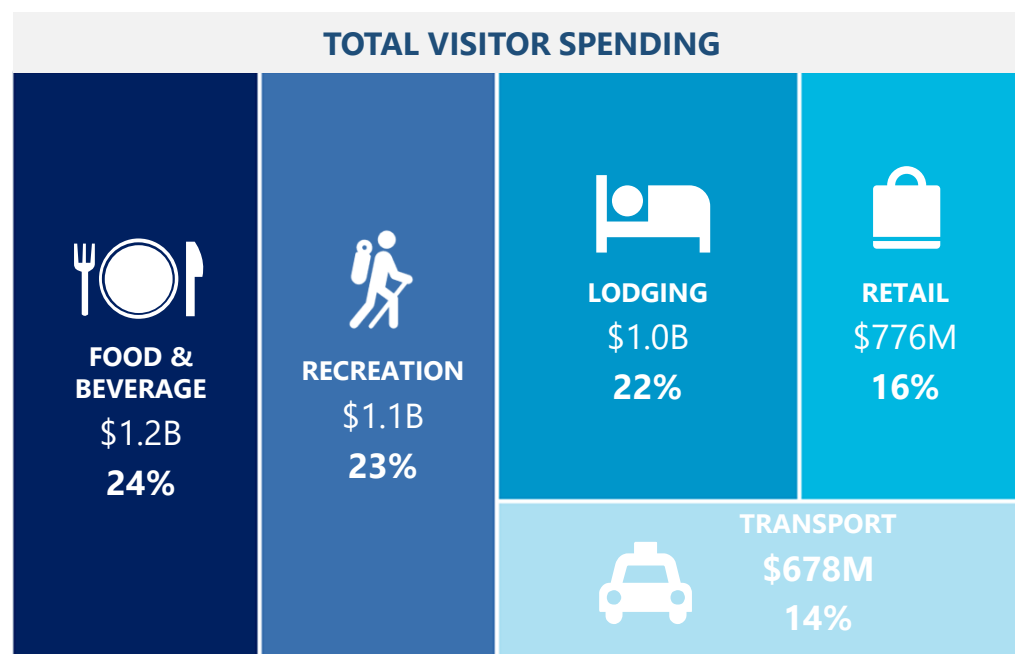
VISITS AND SPENDING

Visitor spending by industry

Visitors to Rhode Island spent \$4.7 billion across a wide range of sectors in 2019

Visitors spent \$1.2 billion on food and beverages, \$1.1 billion on recreation (including other travel services), \$1.0 billion on lodging, \$776 million on retail, and \$678 million on transportation, including air transport, in 2019.

The value of second home accommodations, included in lodging spend, tallied \$183 million.



Note: Lodging spending is calculated as an industry, including meetings, catering, etc. Spending also includes dollars spend on second homes. Transport includes both air and local transportation. Recreation spend includes other travel services.

Source: Longwoods International; Tourism Economics

VISITS AND SPENDING

Visitor spending by industry

Visitor spending increased by \$159 million between 2018 and 2019, an increase of 3.5%, to top \$4.7 billion. Spending on food & beverages and recreation alone contributed about 70% of the total increase.

As Rhode Island enjoyed broad growth, recreation led spending growth, increasing 7.4% and surpassing \$990 million.

Visitor Spending in Rhode Island

Amounts in millions of nominal dollars and growth rates

	2015	2016	2017	2018	2019	2019 Growth	CAGR 2015-2019
Total visitor spending	\$4,027	\$4,175	\$4,364	\$4,565	\$4,724	3.5%	4.1%
Food & beverage	\$964	\$1,028	\$1,067	\$1,107	\$1,151	4.0%	4.5%
Recreation	\$830	\$865	\$893	\$923	\$992	7.4%	4.6%
Lodging	\$713	\$745	\$770	\$806	\$835	3.6%	4.0%
Retail	\$663	\$707	\$735	\$766	\$776	1.3%	4.0%
Local transport	\$311	\$282	\$328	\$368	\$375	1.9%	4.7%
Air transport	\$286	\$285	\$298	\$310	\$303	-2.2%	1.5%
Seasonal homes	\$170	\$171	\$177	\$182	\$183	1.0%	1.8%
Other travel services	\$89	\$91	\$96	\$102	\$107	4.9%	4.7%

Source: Longwoods International; Tourism Economics

VISITS AND SPENDING

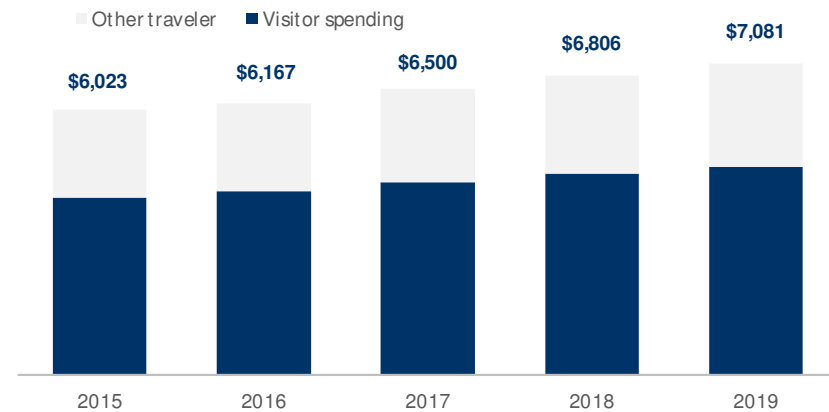
Traveler economy

Including all traveler-related expenditures, the Rhode Island travel economy neared \$7.1 billion in 2019.

This includes tourism-related construction, non-commuting travelers within 50 miles, and travel service industries.

Rhode Island Travel Expenditures

Amounts in millions of nominal dollars



Source: Longwoods International; Tourism Economics

VISITS AND SPENDING

Traveler economy

The Rhode Island travel economy expanded 4.0% in 2019, with growth across all spending categories except for air travel.

Since 2015, the travel economy has cumulatively increased 17%: an annualized growth rate of 4.1%.

Traveler Economy Spending in Rhode Island

Amounts in millions of nominal dollars and growth rates

	2015	2016	2017	2018	2019	2019 Growth	CAGR 2015-2019
Total spending	\$6,023	\$6,167	\$6,500	\$6,806	\$7,081	4.0%	4.1%
Food & beverage	\$1,699	\$1,806	\$1,872	\$1,939	\$2,013	3.8%	4.3%
Recreation	\$1,141	\$1,186	\$1,222	\$1,264	\$1,352	6.9%	4.3%
Retail	\$1,012	\$1,077	\$1,118	\$1,164	\$1,179	1.3%	3.9%
Lodging	\$713	\$745	\$770	\$806	\$835	3.6%	4.0%
Air transport	\$476	\$476	\$496	\$516	\$505	-2.2%	1.5%
Local transport	\$321	\$291	\$337	\$379	\$386	1.9%	4.7%
Other travel services	\$298	\$303	\$322	\$341	\$358	4.9%	4.7%
Construction	\$193	\$113	\$185	\$214	\$269	25.6%	8.7%
Seasonal homes	\$170	\$171	\$177	\$182	\$183	1.0%	1.8%

Source: Longwoods International; DODGE; Tourism Economics

ECONOMIC IMPACTS



ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on Rhode Island begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Rhode Island, we input visitor spending into a model of the Rhode Island state economy created in IMPLAN. This move calculates three distinct types of impact: direct, indirect, and induced.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

- 1. Direct Impacts:** Visitors 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.
- 2. Indirect Impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.
- 3. Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitors, spend those wages in the local economy.

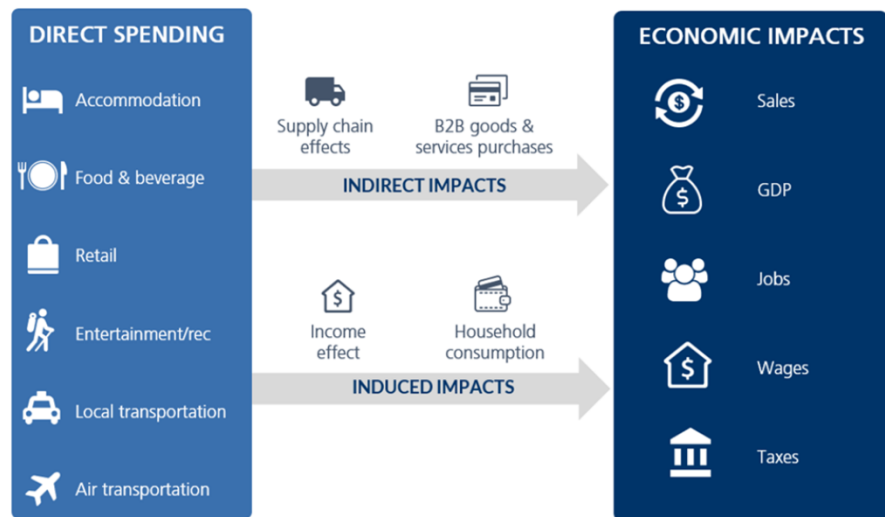
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes



ECONOMIC IMPACTS

Two measures of impacts

Two separate impact analyses were run using the IMPLAN model for Rhode Island

Visitor industry: this includes only the spending of visitors to Rhode Island who spent the night or traveled at least 50 miles for a day trip. For comparisons with other industries, only the direct impacts are considered.

Traveler economy: this includes the spending of all travelers, including non-commuters from within 50 miles as well as the impact of tourism-related construction, and industries providing services to resident travelers. All levels of impact (direct, indirect, and induced) are considered.

Tourism Expenditures in Rhode Island

Amounts in millions of nominal dollars

	Visitor spending	Other traveler impacts	Traveler economy
Total	\$4,724	\$2,357	\$7,081
Food & beverage	\$1,151	\$862	\$2,013
Recreation	\$992	\$360	\$1,352
Retail	\$776	\$403	\$1,179
Lodging	\$835		\$835
Air transport	\$303	\$202	\$505
Local transport	\$375	\$11	\$386
Other travel services	\$107	\$251	\$358
Construction		\$269	\$269
Seasonal homes	\$183		\$183

Source: Longwoods International; Tourism Economics

VISITOR INDUSTRY IMPACTS

ECONOMIC IMPACTS

Visitor industry impacts by sector

Visitor spending of \$4.7 billion generated a total of \$2.3 billion in direct state-wide GDP in 2019.

This excludes all import leakages to measure the economic value generated by visitors and represents 3.6% of the state economy.

The visitor industry also directly supported 39,343 jobs (6.0% of all employment) with income of \$1.3 billion in 2019.

Visitor Industry Impacts, 2019 (Direct)

Amounts in millions of current dollars and number of jobs	GDP	Employment	Personal Income
Total	\$2,292	39,343	\$1,297
By industry			
Lodging	\$666	7,634	\$350
Food & Beverage	\$588	15,308	\$396
Recreation and Entertainment	\$531	9,954	\$296
Retail Trade	\$184	3,831	\$112
Air Transport	\$165	694	\$39
Other Transport	\$57	979	\$46
Business Services	\$48	526	\$29
Finance, Insurance and Real Estate	\$36	244	\$11
Gasoline Stations	\$17	172	\$17
Share of Rhode Island economy	3.6%	6.0%	3.5%

Source: Tourism Economics

ECONOMIC IMPACTS

Visitor industry employment

Direct visitor industry employment registered 39,343 in 2019, increasing 2.2% over the prior year and marking the ninth consecutive year of growth.

Direct visitor employment growth has grown over 10% since 2015 and has averaged 2.4% each year. This compares with just 1.0% annual average employment growth in the total state economy since 2015.

Visitor Industry Employment (Direct)

	2015	2016	2017	2018	2019
Total	35,720	36,473	37,403	38,512	39,343
Food & beverage	14,042	14,344	14,756	15,023	15,308
Recreation	9,290	9,560	9,620	9,785	9,954
Lodging	6,514	6,584	6,876	7,315	7,634
Retail	3,544	3,593	3,731	3,806	3,831
Other transport	892	895	903	977	979
Air transport	565	612	618	679	694
Other travel services	482	490	498	514	526
Finance, insurance, and real estate	235	237	239	242	244
Gasoline stations	157	159	161	171	172
% change	2.3%	2.1%	2.6%	3.0%	2.2%

Source: Tourism Economics

ECONOMIC IMPACTS

Visitor industry employment

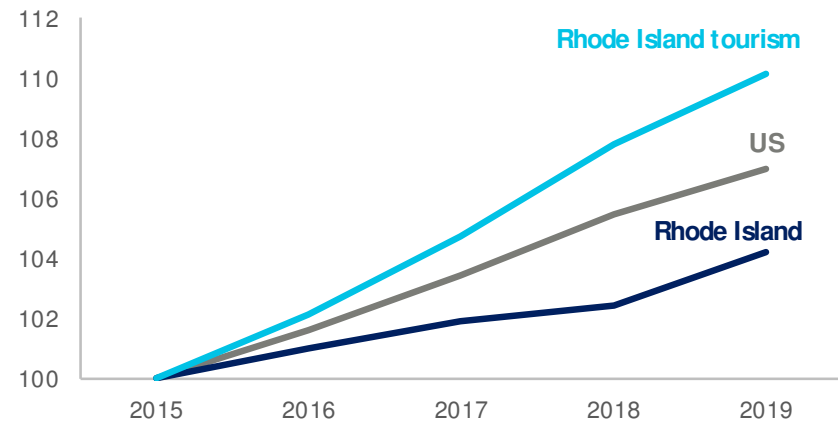
Tourism job growth in Rhode Island is outpacing the state

Rhode Island direct visitor industry employment has consistently outpaced both the overall state economy and the US economy.

Direct visitor industry employment in Rhode Island has increased 10.1% since 2015, versus just 4.2% growth in overall state employment.

Tourism employment in Rhode Island

Index (2015=100)



Source: BEA; BLS; Tourism Economics

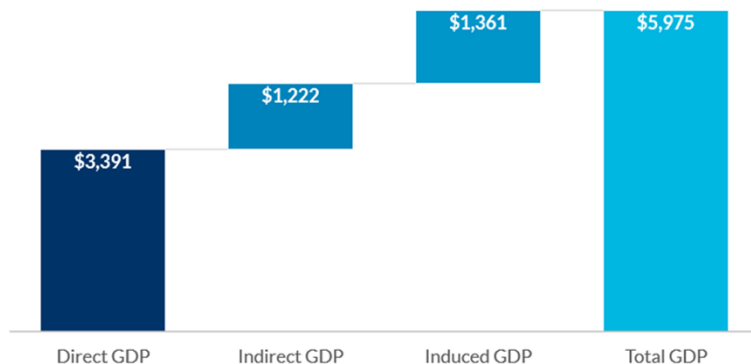
TRAVEL ECONOMY IMPACTS

ECONOMIC IMPACTS

GDP impacts by industry

The travel economy generated a total of nearly \$6.0 billion in state GDP in 2019, when indirect and induced values are considered. This accounts for 9.4% of the Rhode Island economy.

Summary GDP impacts (\$ millions)



GDP impacts by industry

Amounts in millions of current dollars	Direct value	Indirect value	Induced value	Total value
Total, all industries	\$3,391	\$1,222	\$1,361	\$5,975
By industry				
Food & Beverage	\$1,032	\$26	\$94	\$1,153
Finance, Insurance and Real Estate	\$37	\$424	\$480	\$940
Recreation and Entertainment	\$720	\$37	\$23	\$781
Lodging	\$666	\$2	\$1	\$668
Business Services	\$159	\$336	\$113	\$608
Retail Trade	\$280	\$16	\$97	\$393
Education and Health Care		\$4	\$277	\$281
Air Transport	\$274	\$2	\$3	\$280
Construction and Utilities	\$145	\$58	\$32	\$235
Communications		\$126	\$70	\$196
Other Transport	\$59	\$57	\$18	\$135
Wholesale Trade		\$63	\$65	\$128
Personal Services		\$30	\$64	\$94
Government		\$25	\$8	\$33
Gasoline Stations	\$18	\$2	\$7	\$27
Manufacturing		\$13	\$8	\$21
Agriculture, Fishing, Mining		\$1	\$1	\$2

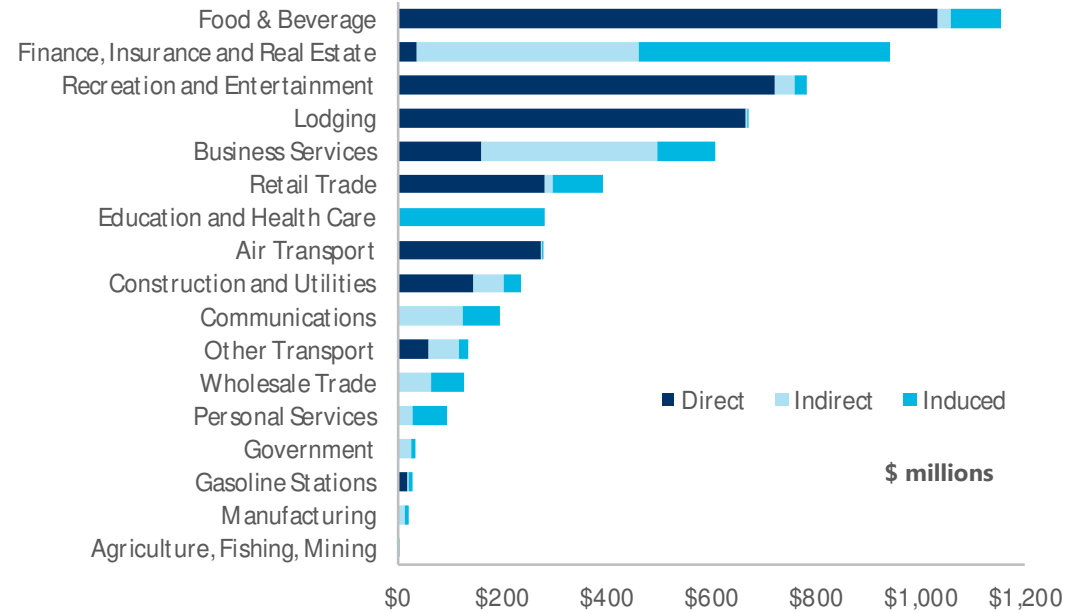
Source: Tourism Economics

ECONOMIC IMPACTS

GDP impacts by industry

The food and beverage sector comprises the largest share of travel economy GDP, followed by finance, insurance, and real estate. While the direct portion of impacts is relatively small in the finance, insurance, and real estate industry, the travel economy generates substantial business in this sector through the supply chain (indirect) and household spending (induced).

GDP impacts by industry



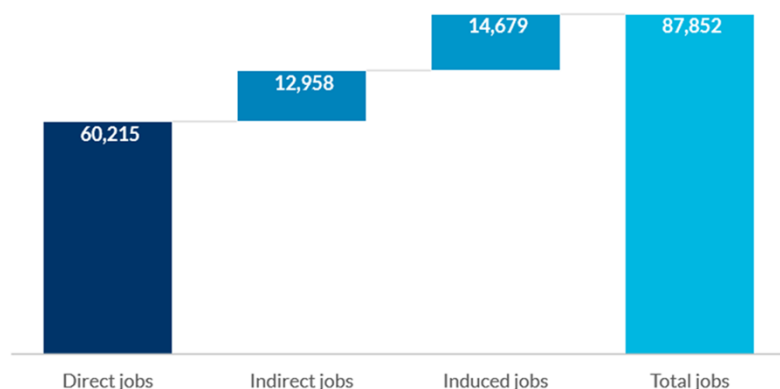
Source: Tourism Economics

ECONOMIC IMPACTS

Employment impacts by industry

The travel economy supported a total of 87,852 jobs when indirect and induced impacts are considered. This represents 13.4% of all jobs in Rhode Island, or 1 in 7 jobs.

Summary employment impacts (number of jobs)



Employment impacts by industry

Amounts in number of jobs	Direct jobs	Indirect jobs	Induced jobs	Total jobs
Total, all industries	60,215	12,958	14,679	87,852
By industry				
Food & beverage	26,968	789	2,324	30,081
Recreation and entertainment	13,932	2,284	522	16,738
Retail trade	5,849	304	1,653	7,806
Lodging	7,634	16	9	7,659
Business services	1,754	4,211	1,569	7,534
Finance, Insurance and Real Estate	251	2,278	1,749	4,278
Education and healthcare		145	4,005	4,150
Other transport	1,008	902	290	2,200
Construction and utilities	1,484	330	189	2,002
Personal services		470	1,529	2,000
Air transport	1,157	8	9	1,174
Wholesale trade		363	373	736
Communications		354	193	547
Government		278	101	379
Gasoline stations	178	19	74	271
Manufacturing		165	68	233
Agriculture, fishing, mining		42	23	65

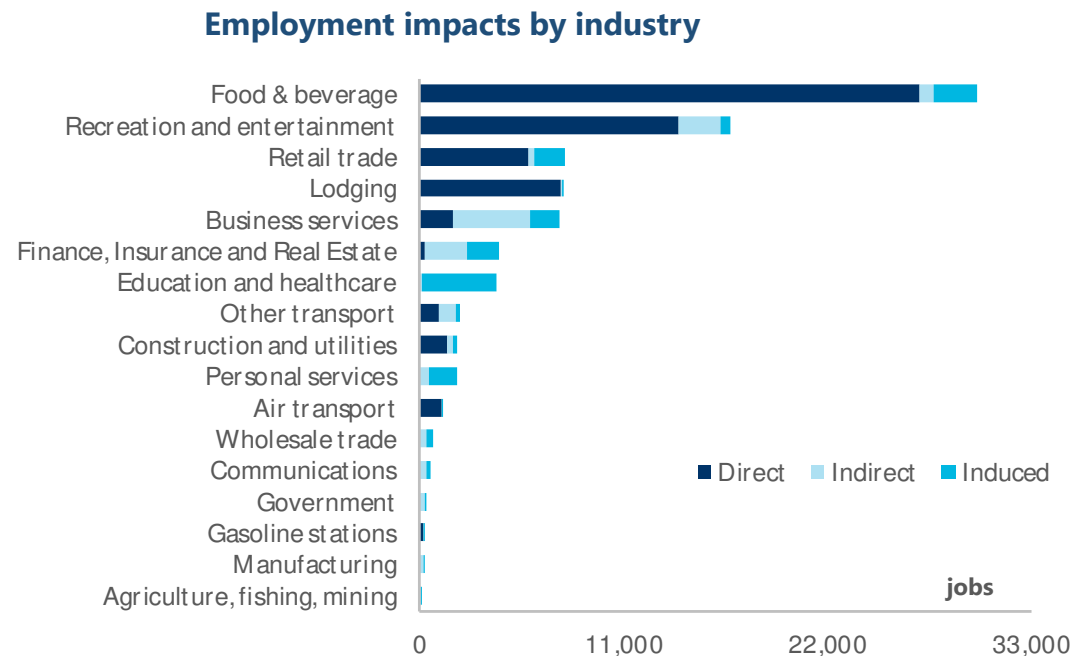
Source: Tourism Economics

ECONOMIC IMPACTS

Employment impacts by industry

As a labor-intensive collection of services, travel economy sectors represent significant employment to Rhode Island.

The 87,852 jobs supported by Rhode Island tourism span every sector of the economy, either directly or indirectly.



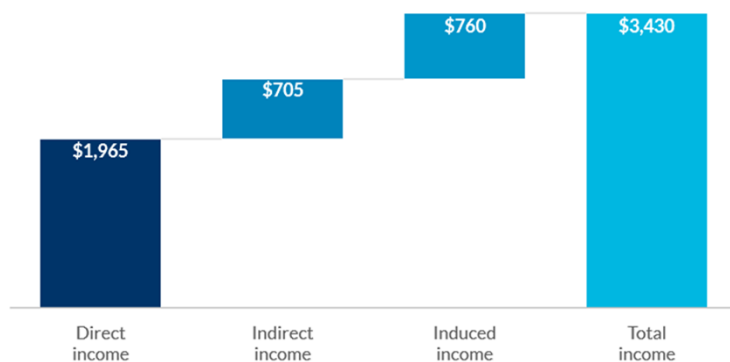
Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

Tourism generated nearly \$2.0 billion in direct income and \$3.4 billion when indirect and induced impacts are considered, a 4.1% increase over the prior year.

Summary personal income impacts (\$ millions)



Personal income impacts by industry

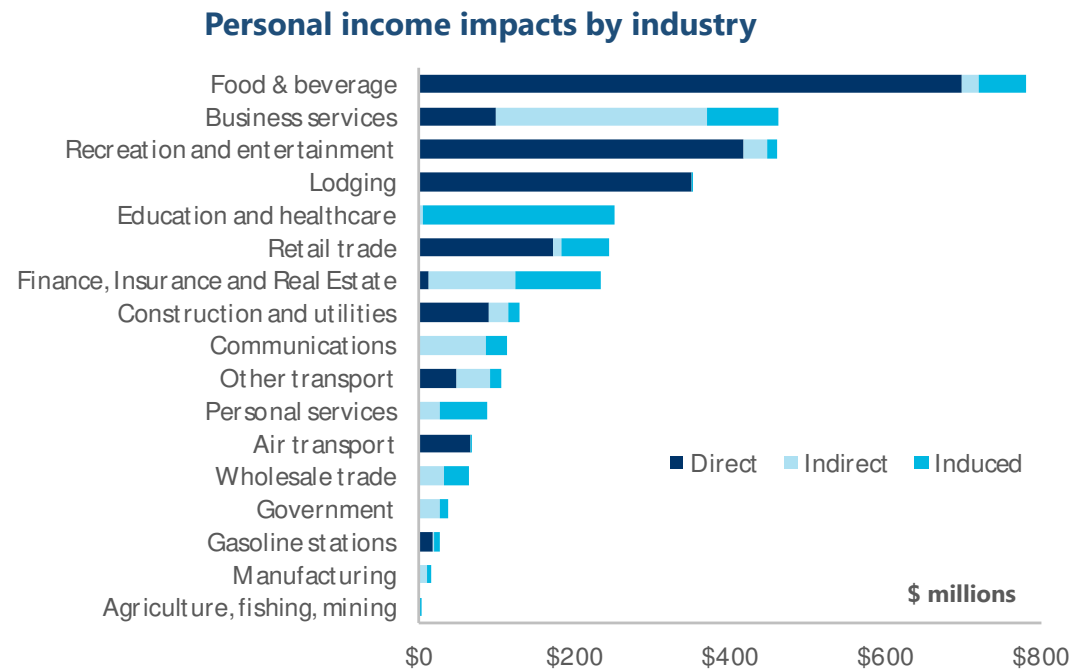
Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
Total, all industries	\$1,965	\$705	\$760	\$3,430
By industry				
Food & beverage	\$698	\$21	\$61	\$781
Business services	\$98	\$273	\$92	\$463
Recreation and entertainment	\$416	\$31	\$13	\$460
Lodging	\$350	\$1	\$0	\$351
Education and healthcare		\$4	\$247	\$251
Retail trade	\$172	\$11	\$61	\$245
Finance, Insurance and Real Estate	\$11	\$112	\$110	\$233
Construction and utilities	\$89	\$25	\$14	\$129
Communications		\$85	\$27	\$113
Other transport	\$47	\$44	\$14	\$105
Personal services		\$26	\$63	\$88
Air transport	\$66	\$0	\$1	\$67
Wholesale trade		\$32	\$33	\$65
Government		\$27	\$9	\$37
Gasoline stations	\$17	\$2	\$7	\$26
Manufacturing		\$10	\$5	\$15
Agriculture, fishing, mining		\$1	\$0	\$1

Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

There are 10 industries in which visitor activity supports more than \$100 million in personal income. These range from the obvious—food & beverages and lodging, to the less obvious—business services and education & health care.



Source: Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax) impacts

Rhode Island tax revenues generated by the travel economy surpassed \$1.7 billion in 2019.

State and local taxes alone tallied \$843 million in 2019.

Each household in Rhode Island would need to be taxed an additional \$2,050 to replace the visitor taxes received by the state and local governments in 2019.

Fiscal (tax) impacts

Amounts in millions of current dollars	Direct	Indirect/ Induced	Total
Total	\$1,121	\$607	\$1,728
Federal	\$515	\$371	\$885
Personal income	\$145	\$109	\$255
Corporate	\$70	\$72	\$142
Indirect business	\$69	\$33	\$102
Social insurance	\$230	\$156	\$387
State and Local	\$607	\$236	\$843
Sales	\$205	\$73	\$278
Bed tax	\$25	\$0	\$25
Personal income	\$37	\$28	\$65
Corporate	\$10	\$10	\$21
Social insurance	\$4	\$3	\$7
Excise and fees	\$31	\$15	\$46
Property	\$295	\$106	\$401

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

ECONOMIC IMPACTS

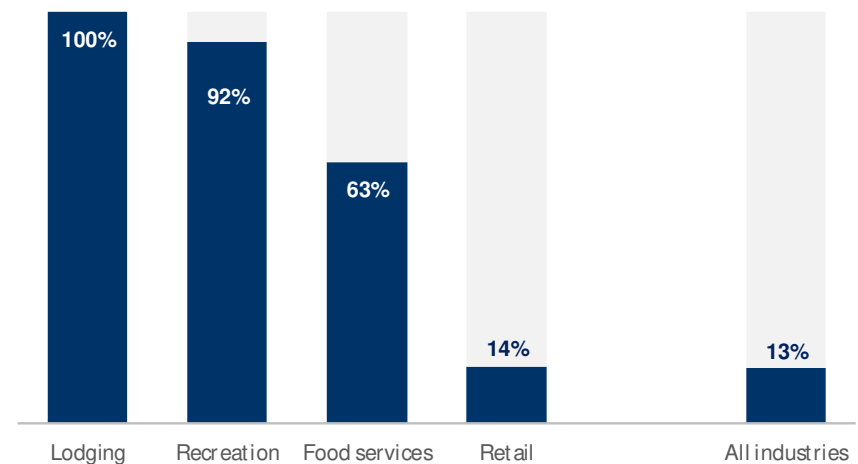
Tourism employment

Visitor-generated employment is a significant part of key industries

The entire lodging industry, as well as 92% of recreation, and 63% of food & beverage employment is supported by the travel economy, including indirect and induced benefits.

Tourism employment intensity

Amounts in percentage of total industry employment



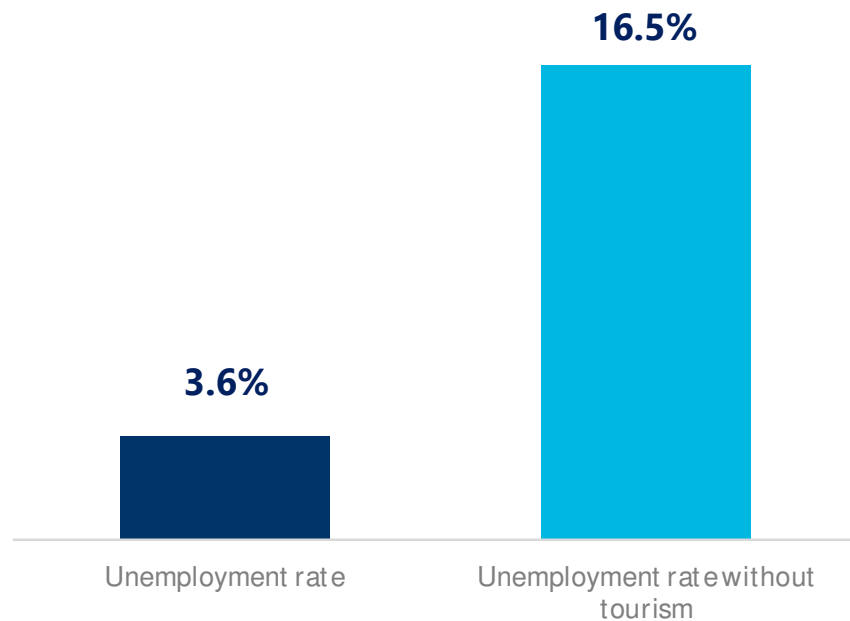
Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

Visitor-generated employment

In 2019, the unemployment rate was 3.6%.
Without jobs supported by the traveler economy,
the unemployment rate would quadruple to
16.5%.

Unemployment with and without the visitor economy



Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context



**\$4.7
BILLION**

VISITOR SPENDING

The \$4.7 billion in direct visitor spending means that \$13 million was spent EVERY DAY by visitors in Rhode Island.



**\$3.4
BILLION**

PERSONAL INCOME

The \$3.4 billion in total income generated by the travel economy is the equivalent of \$8,000 for every household in Rhode Island.



**87,852
JOBS**

EMPLOYMENT

The number of jobs sustained by the travel economy (87,852) supports 13.4% of all jobs in Rhode Island.



**\$843
MILLION**

STATE AND LOCAL TAXES

The \$843 million in state and local taxes generated by the travel economy would cover the average salaries of over 13,500 public school teachers in Rhode Island.

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

info@tourismeconomics.com