

# ECONOMIC IMPACT OF VISITORS IN RHODE ISLAND 2020

Prepared for:  
Rhode Island Commerce Corporation



[WWW.TOURISMECONOMICS.COM](http://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 economy. How critical? Even in 2020, the traveler economy registered \$4.9 billion.

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

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The pandemic affected 2020 visitor activity



## Visitor Spending

The total traveler economy declined 30.6% in 2020, registering \$4.9 billion. This includes visitor spending, tourism-related construction, and supporting industries.



## Employment Supporter

The traveler economy supported 66,402 jobs, including direct, indirect, and induced impacts.



## Pandemic causes spending losses

Rhode Island hosted 21.6 million visitors in 2020, a 17.5% decline from the prior year.



## Fiscal Contributions

Tourism in Rhode Island generated \$1.3 billion in tax revenues in 2020, with \$597 million accruing to state and local governments.

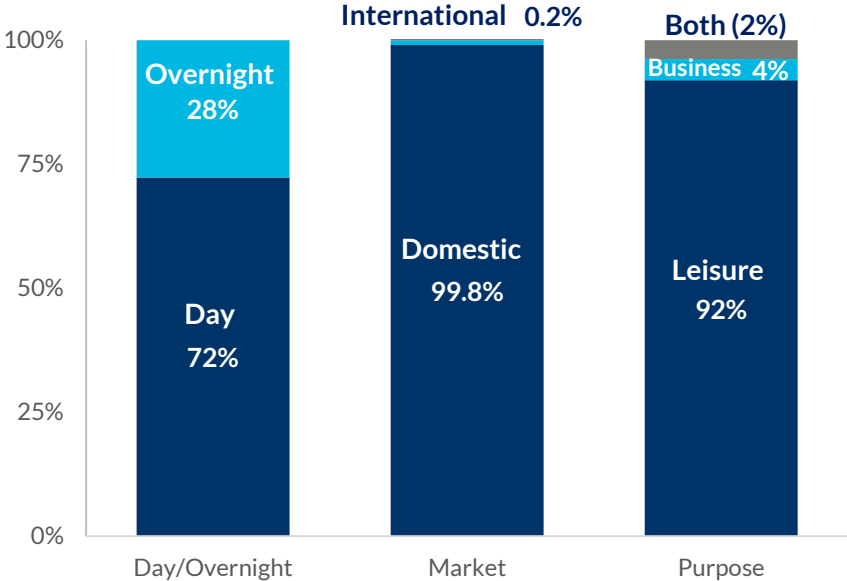
# VISITOR ECONOMY TRENDS

# VISITATION TRENDS

## Visitor volume by segment

Rhode Island hosted 21.6 million visitors in 2020, a 17.5% decline from the prior year. The share of day visitors increased, as did those coming for leisure purposes. A national trend, international inbound travel was severely restricted in 2020, and significant declines were felt across the county both in terms of visitation and spending.

**Rhode Island Visitor Share by Segment**  
Expressed as percentage of total visitation by market



Source: Longwoods International; Tourism Economics

# VISITOR SPENDING TRENDS

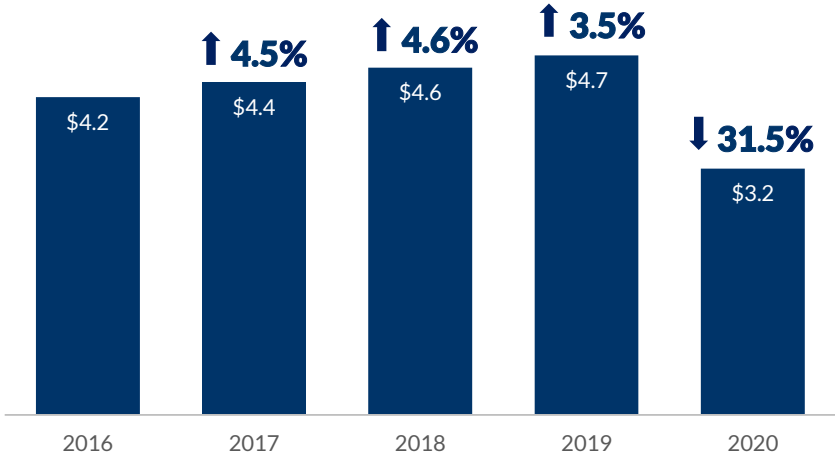
The 2020 visitor and visitor spending results have been severely impacted by the pandemic. Both the limitations and restrictions to mobility, as well as economic disruptions, hit travel hard.

But travel did happen in 2020. More than 21 million visitors still traveled to and within the state of Rhode Island. With travel limited, overnight visitors stayed longer when they did travel and travel party sizes grew as more families traveled together.

Losses to businesses and residents were significant; however, the pandemic has highlighted tourism's importance to the state and underscores the potential once normalcy returns.

## Rhode Island Visitor Spending

Amounts in billions of nominal dollars



Source: Longwoods International; Tourism Economics



# SPENDING DETAILS

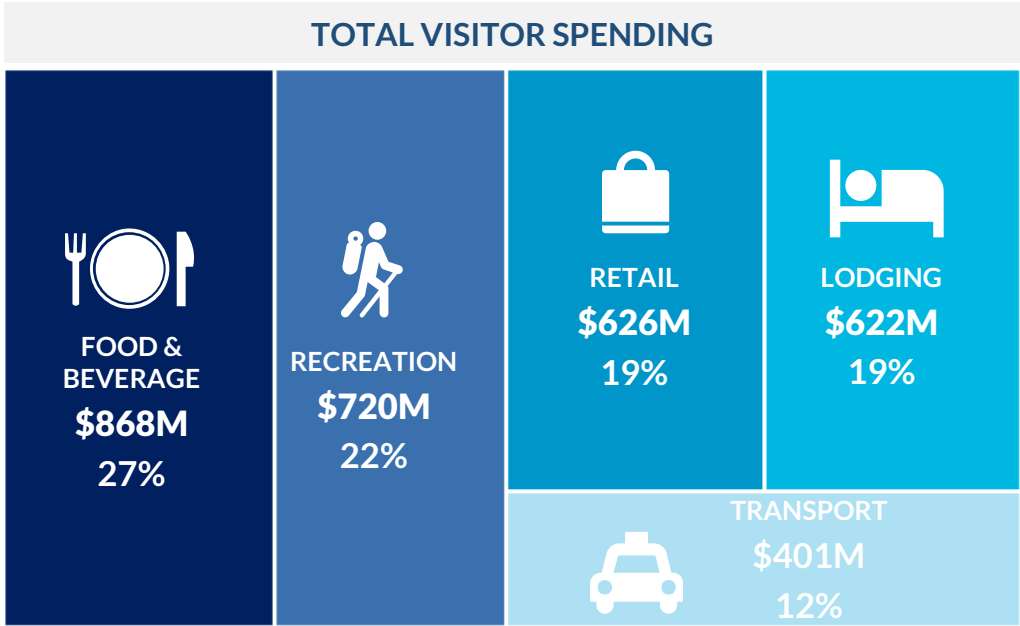
## Spending by category, 2020

Visitors to Rhode Island spent \$3.2 billion across a wide range of sectors in 2020

Of the \$3.2 billion spent in Rhode Island in 2020 by visitors, food and beverage spending captured \$868 million—27% of the average visitor dollar.

Recreational spending comprised 22% of the visitor dollar, while retail and lodging accounted for about 19% of each visitor dollar. Retail and lodging spend tallied \$626 million and \$622 million, respectively.

Transportation, including both air and transportation within the destination, averaged 12% of the visitor dollar.



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

# SPENDING TIMELINE

## Visitor spending timeline

Visitor spending declined by -31.5% in 2020, a direct result of the pandemic. However, as 2020 travel became more leisure and family-oriented overall, spending sectors with more reliance on those segments declined less. For example, retail spending declined -19.4%.

Lodging spending was hit particularly hard by the pandemic as lower prices and fewer rooms rented led to a decline of -46.8% in lodging spending.

Lower gas prices coupled with less spending on car rentals and the severe decline in air travel resulted in declines of -25% and -60.5%, respectively, on local transportation and air transportation spending by visitors.

### Visitor Spending in Rhode Island

Amounts in millions of nominal dollars and growth rates

	2016	2017	2018	2019	2020	2020 Growth	CAGR 2016-2020
<b>Total visitor spending</b>	<b>\$4,175</b>	<b>\$4,364</b>	<b>\$4,565</b>	<b>\$4,724</b>	<b>\$3,237</b>	<b>-31.5%</b>	<b>-6.2%</b>
Food & beverage	\$1,028	\$1,067	\$1,107	\$1,151	\$868	-24.6%	-4.1%
Recreation	\$865	\$893	\$923	\$992	\$652	-34.2%	-6.8%
Retail	\$707	\$735	\$766	\$776	\$626	-19.4%	-3.0%
Lodging	\$745	\$770	\$806	\$835	\$445	-46.8%	-12.1%
Local transport	\$282	\$328	\$368	\$375	\$281	-25.0%	-0.1%
Seasonal homes	\$171	\$177	\$182	\$183	\$177	-3.3%	0.9%
Air transport	\$285	\$298	\$310	\$303	\$120	-60.5%	-19.5%
Other travel services	\$91	\$96	\$102	\$107	\$67	-37.4%	-7.3%

Source: Longwoods International; Tourism Economics

# TRAVELER ECONOMY TRENDS

# SPENDING TIMELINE

## Traveler economy spending timeline

Including all traveler-related expenditures, the Rhode Island travel economy registered \$4.9 billion in 2020.

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

# SPENDING TIMELINE

## Traveler economy spending timeline

The Rhode Island travel economy declined 30.0% in 2020, with declines felt across all spending categories.

### Traveler Economy Spending in Rhode Island

Amounts in millions of nominal dollars and growth rates

	2016	2017	2018	2019	2020	2020 Growth	CAGR 2016-2020
<b>Total spending</b>	<b>\$6,130</b>	<b>\$6,464</b>	<b>\$6,766</b>	<b>\$7,022</b>	<b>\$4,915</b>	<b>-30.0%</b>	<b>-5.4%</b>
Food & beverage	\$1,806	\$1,872	\$1,939	\$2,013	\$1,539	-23.5%	-3.9%
Retail	\$1,077	\$1,118	\$1,164	\$1,179	\$958	-18.7%	-2.9%
Recreation	\$1,186	\$1,222	\$1,264	\$1,352	\$870	-35.6%	-7.5%
Lodging	\$707	\$735	\$766	\$776	\$445	-42.7%	-10.9%
Local transport	\$291	\$337	\$379	\$386	\$290	-25.0%	-0.1%
Other travel services	\$303	\$322	\$341	\$358	\$224	-37.4%	-7.3%
Construction	\$113	\$185	\$214	\$269	\$212	-21.2%	17.2%
Air transport	\$476	\$496	\$516	\$505	\$199	-60.5%	-19.5%
Seasonal homes	\$171	\$177	\$182	\$183	\$177	-3.3%	0.9%

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.

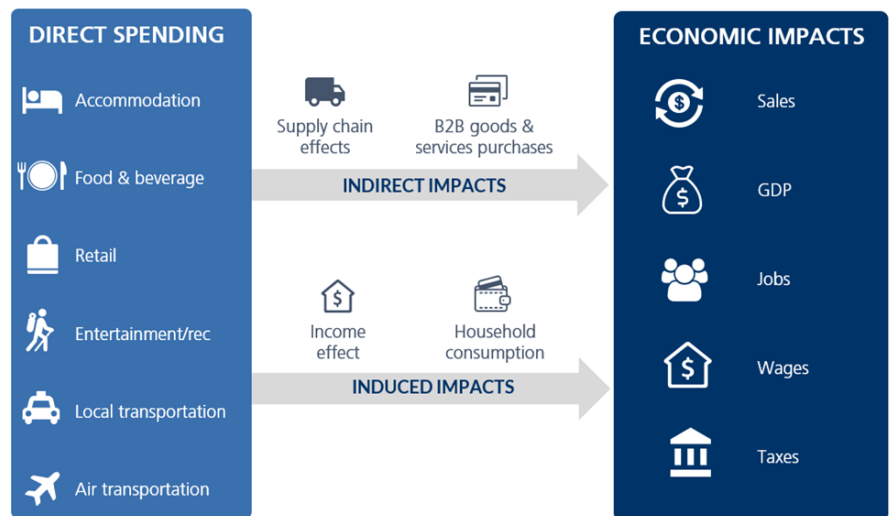
# ECONOMIC IMPACTS

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
<b>Total</b>	<b>\$3,237</b>	<b>\$1,678</b>	<b>\$4,915</b>
Food & beverage	\$868	\$671	\$1,539
Recreation	\$652	\$218	\$870
Retail	\$626	\$332	\$958
Lodging	\$445		\$445
Local transport	\$281	\$8	\$290
Air transport	\$120	\$80	\$199
Other travel services	\$67	\$157	\$224
Construction		\$212	\$212
Seasonal homes	\$177		\$177

Source: Longwoods International; Tourism Economics

# VISITOR INDUSTRY IMPACTS

# ECONOMIC IMPACTS

## Visitor industry impacts by sector

Visitor spending of \$3.2 billion generated \$1.5 billion in direct state-wide GDP in 2020. This excludes all import leakages to measure the economic value generated by visitors and represents 2.5% of the state economy.

The visitor industry also directly supported 28,412 jobs (4.8 % of all employment) with income of \$1.0 billion in 2020.

### Visitor Industry Impacts, 2020 (Direct)

Amounts in millions of current dollars and number of jobs	GDP	Employment	Personal Income
<b>Total</b>	<b>\$1,487</b>	<b>28,412</b>	<b>\$1,013</b>
<b>By industry</b>			
Lodging	\$354	4,624	\$233
Food & Beverage	\$450	11,736	\$326
Recreation and Entertainment	\$342	6,844	\$248
Retail Trade	\$150	3,258	\$97
Air Transport	\$65	358	\$22
Other Transport	\$47	835	\$39
Business Services	\$30	369	\$21
Finance, Insurance and Real Estate	\$35	237	\$11
Gasoline Stations	\$15	152	\$15
<b>Share of Rhode Island economy</b>	<b>2.5%</b>	<b>4.8%</b>	<b>1.6%</b>

Source: Tourism Economics

# ECONOMIC IMPACTS

## Visitor industry employment

Direct visitor industry employment registered 28,412 in 2020, declining 27.8% from the prior year.

The largest declines were seen in the lodging, air transportation, and recreation industries, which were severely impacted by the pandemic.

### Visitor Industry Employment (Direct)

	2016	2017	2018	2019	2020
<b>Total</b>	<b>36,473</b>	<b>37,403</b>	<b>38,512</b>	<b>39,343</b>	<b>28,412</b>
Food & beverage	14,344	14,756	15,023	15,308	11,736
Recreation	9,560	9,620	9,785	9,954	6,844
Lodging	6,584	6,876	7,315	7,634	4,624
Retail	3,593	3,731	3,806	3,831	3,258
Other transport	895	903	977	979	835
Air transport	612	618	679	694	358
Other travel services	490	498	514	526	369
Finance, insurance, and real estate	237	239	242	244	237
Gasoline stations	159	161	171	172	152
<b>% change</b>	<b>2.1%</b>	<b>2.6%</b>	<b>3.0%</b>	<b>2.2%</b>	<b>-27.8%</b>

Source: Tourism Economics

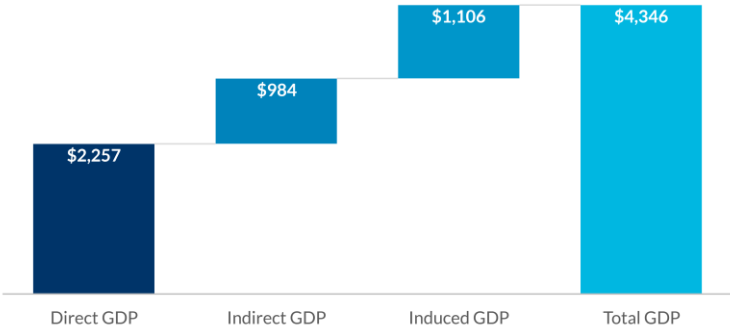
# TRAVEL ECONOMY IMPACTS

# TOTAL VALUE-ADDED IMPACTS

## GDP impacts by industry

The travel economy generated a total of \$4.3 billion in state GDP in 2020, when indirect and induced values are considered. This accounts for 7.2% 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
<b>Total, all industries</b>	<b>\$2,257</b>	<b>\$984</b>	<b>\$1,106</b>	<b>\$4,346</b>
<b>By industry</b>				
Finance, Insurance and Real Estate	\$36	\$411	\$465	\$911
Food & Beverage	\$789	\$20	\$73	\$883
Recreation and Entertainment	\$464	\$27	\$17	\$508
Business Services	\$100	\$223	\$73	\$395
Lodging	\$354	\$1	\$0	\$356
Retail Trade	\$228	\$13	\$79	\$320
Education and Health Care		\$3	\$196	\$199
Construction and Utilities	\$114	\$47	\$26	\$187
Communications		\$91	\$50	\$141
Other Transport	\$48	\$48	\$15	\$111
Air Transport	\$108	\$1	\$1	\$111
Wholesale Trade		\$46	\$46	\$92
Personal Services		\$22	\$46	\$67
Government		\$18	\$6	\$24
Gasoline Stations	\$15	\$2	\$6	\$23
Manufacturing		\$9	\$6	\$15
Agriculture, Fishing, Mining		\$1	\$0	\$1

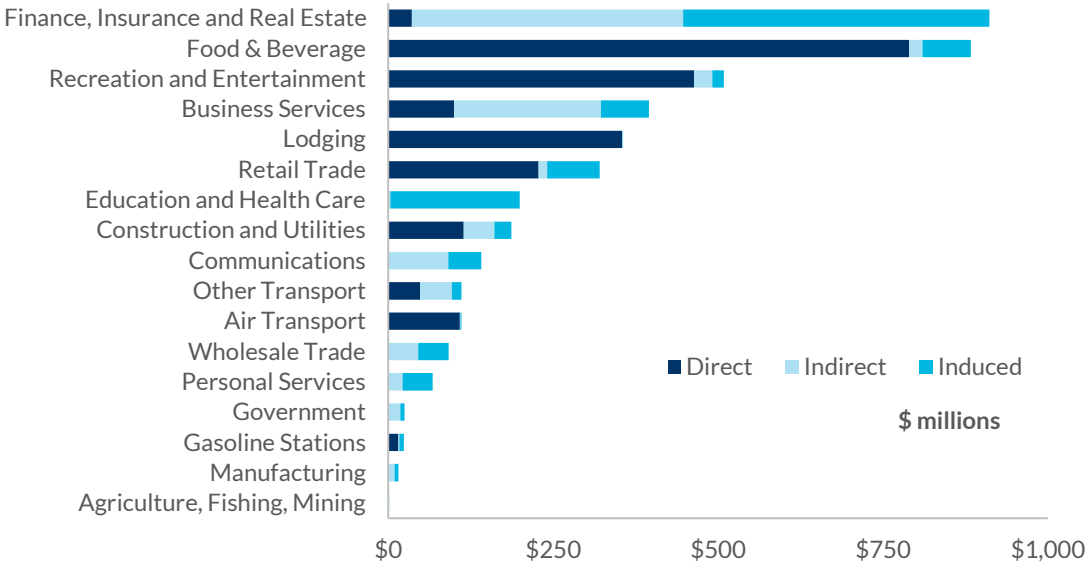
Source: Tourism Economics

# TOTAL VALUE-ADDED IMPACTS

## GDP impacts by industry

The finance, insurance, and real estate sector comprises the largest share of travel economy GDP, followed by food and beverage. 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



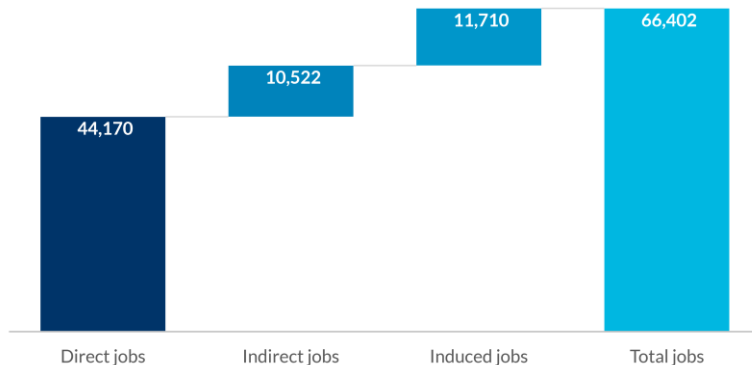
Source: Tourism Economics

# TOTAL EMPLOYMENT IMPACTS

## Employment impacts by industry

The travel economy supported a total of 66,402 jobs when indirect and induced impacts are considered. This represents 11.1% of all jobs in Rhode Island, or 1 in 9 jobs.

### Summary employment impacts (number of jobs)



### Employment impacts by industry

Amounts in number of jobs	Direct jobs	Indirect jobs	Induced jobs	Total jobs
<b>Total, all industries</b>	<b>44,170</b>	<b>10,522</b>	<b>11,710</b>	<b>66,402</b>
<b>By industry</b>				
Food & Beverage	20,676	655	1,882	23,213
Recreation and Entertainment	9,578	1,792	408	11,778
Retail Trade	4,974	263	1,403	6,640
Business Services	1,229	3,076	1,095	5,400
Lodging	4,624	11	5	4,640
Finance, Insurance and Real Estate	244	2,223	1,702	4,170
Education and Health Care		113	3,015	3,129
Other Transport	859	782	247	1,888
Construction and Utilities	1,233	279	156	1,669
Personal Services		367	1,152	1,518
Air Transport	597	4	5	606
Wholesale Trade		283	281	564
Communications		276	145	422
Government		218	79	297
Gasoline Stations	157	17	66	240
Manufacturing		128	51	180
Agriculture, Fishing, Mining		33	17	50

Source: Tourism Economics



# TOTAL EMPLOYMENT IMPACTS

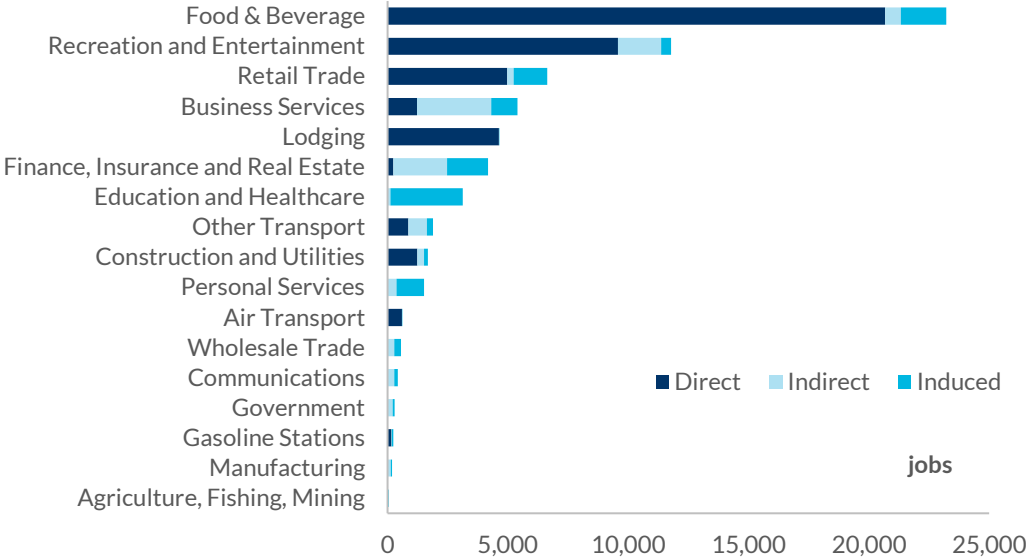
## Employment impacts by industry

The travel economy supports the largest number of jobs in the food & beverage industry—23,213. The majority of those jobs are directly supported by visitor activity.

Tourism-supported employment in recreation businesses provided 11,778 jobs to Rhode Island job holders with retail employment registering 6,640 jobs in the state in 2020.

More than 10,500 Rhode Island-based jobs were indirectly supported by visitor activity in 2020.

Employment impacts by industry



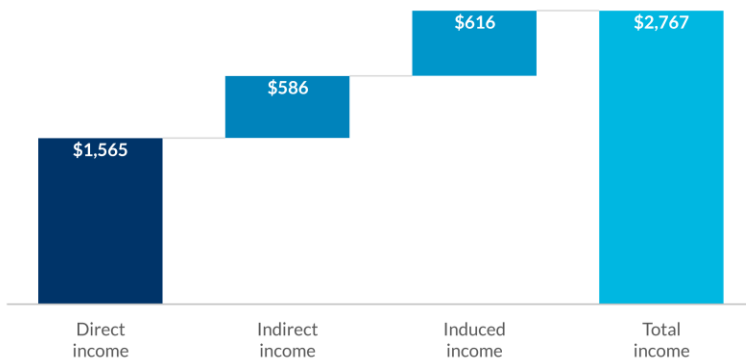
Source: Tourism Economics

# TOTAL INCOME IMPACTS

## Personal income impacts by industry

Tourism generated \$1.6 billion in direct income and \$2.8 billion when indirect and induced impacts are considered, a 19.3% decline from 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
<b>Total, all industries</b>	<b>\$1,554</b>	<b>\$586</b>	<b>\$616</b>	<b>\$2,756</b>
<b>By industry</b>				
Food & Beverage	\$575	\$18	\$51	\$644
Recreation and Entertainment	\$349	\$23	\$10	\$382
Business Services	\$70	\$204	\$67	\$342
Lodging	\$233	\$0	\$0	\$234
Finance, Insurance and Real Estate	\$11	\$109	\$107	\$227
Retail Trade	\$148	\$10	\$53	\$211
Education and Healthcare	\$0	\$3	\$181	\$185
Construction and Utilities	\$75	\$21	\$12	\$109
Communications		\$77	\$25	\$102
Other Transport	\$41	\$39	\$12	\$91
Personal Services		\$22	\$52	\$74
Wholesale Trade		\$26	\$26	\$52
Air Transport	\$36	\$0	\$0	\$37
Government		\$22	\$7	\$29
Gasoline Stations	\$15	\$2	\$6	\$24
Manufacturing		\$9	\$4	\$13
Agriculture, Fishing, Mining		\$1	\$0	\$1

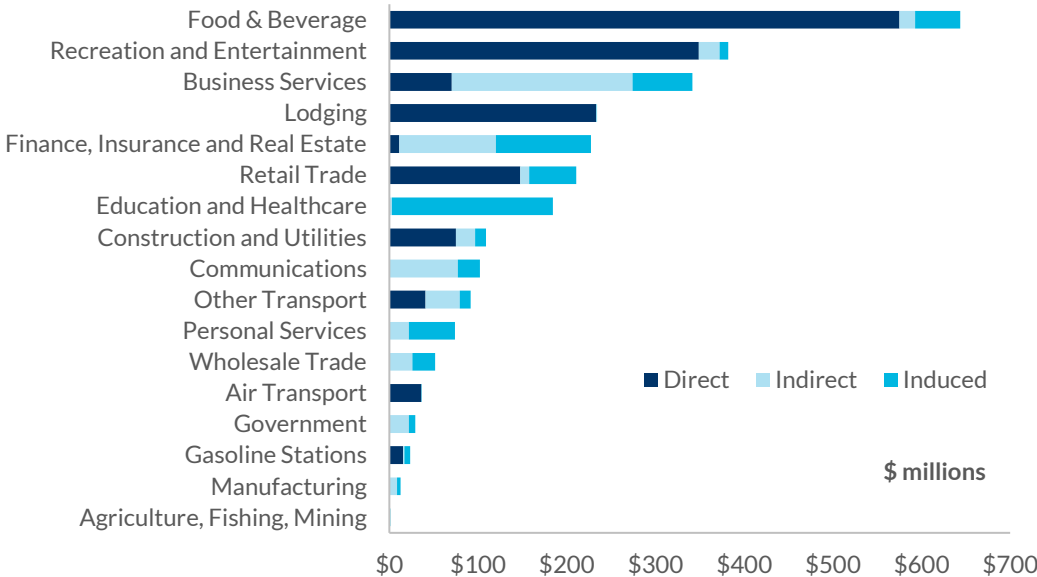
Source: Tourism Economics

# TOTAL INCOME IMPACTS

## Personal income impacts by industry

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

Personal income impacts by industry



Source: Tourism Economics

# ECONOMIC IMPACTS

## Fiscal (tax) impacts

Rhode Island tax revenues generated by the travel economy registered \$1.3 billion in 2020.

State and local taxes alone tallied \$597 million in 2020.

Each household in Rhode Island would need to be taxed an additional \$1,450 to replace the visitor taxes received by the state and local governments in 2020.

### Fiscal (tax) impacts

Amounts in millions of current dollars	Direct	Indirect/ Induced	Total
<b>Total</b>	<b>\$815</b>	<b>\$466</b>	<b>\$1,281</b>
<b>Federal</b>	<b>\$393</b>	<b>\$291</b>	<b>\$684</b>
Personal income	\$115	\$88	\$203
Corporate	\$49	\$53	\$102
Indirect business	\$48	\$24	\$72
Social insurance	\$182	\$126	\$308
<b>State and Local</b>	<b>\$421</b>	<b>\$175</b>	<b>\$597</b>
Sales	\$142	\$54	\$196
Bed tax	\$13	\$0	\$13
Personal income	\$29	\$23	\$52
Corporate	\$7	\$8	\$15
Social insurance	\$3	\$2	\$6
Excise and fees	\$21	\$11	\$33
Property	\$205	\$78	\$282

Source: Tourism Economics

# ECONOMIC IMPACTS IN CONTEXT

# ECONOMIC IMPACTS

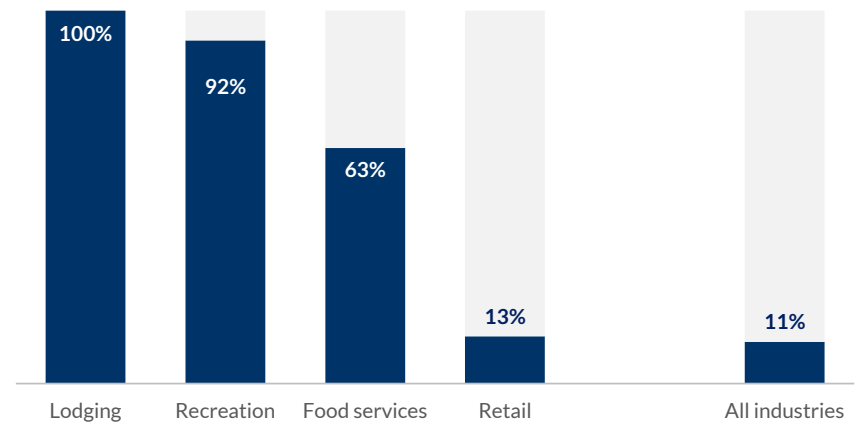
## Tourism employment

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

Spending, jobs, and income impacts in context



**\$3.2  
BILLION**

## VISITOR SPENDING

The \$3.2 billion in direct visitor spending means that almost \$9 million was spent EVERY DAY by visitors in Rhode Island.



**\$2.8  
BILLION**

## PERSONAL INCOME

The \$2.8 billion in total income generated by the travel economy is the equivalent of \$6,700 for every household in Rhode Island.



**66,402  
JOBS**

## EMPLOYMENT

The number of jobs sustained by the travel economy (66,402) supports 11.1% of all jobs in Rhode Island.



**\$597  
MILLION**

## STATE AND LOCAL TAXES

The \$597 million in state and local taxes generated by the travel economy would cover the average salaries of over 9,700 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.

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