



# Rhode Island and US Tourism:

**How long is this tunnel?**

**November, 2010**





**GLOBAL  
INSIGHT**



## ***Agenda***

- **Quick Introduction to IHS Global Insight**
- **What is Tourism Satellite Accounting?**
- **2009 Rhode Island Tourism Results**
- **2009 Regional Tourism Results**
- **Outlook for the Region**
- **What Do Visitors Mean to RI?**



## About IHS Global Insight:

- **Premier** economic analysis, forecasting, & consulting organization
- Formed in 2001 by combining WEFA and DRI
- Provides the most **comprehensive** coverage of countries, regions and industries available from any single source
- Brings a **common analytical framework** and a consistent set of assumptions to diverse capabilities and products
- Significant Travel & Tourism practice, with major public and private clients
- We are now part of **IHS**, an \$900B publicly traded information company

- Provides a broad range of consulting capabilities covering:

- |                                  |                            |
|----------------------------------|----------------------------|
| ▪ <b>Market Analysis</b>         | ▪ <b>Business Planning</b> |
| ▪ <b>Investment Strategy</b>     | ▪ <b>Risk Assessment</b>   |
| ▪ <b>Infrastructure Analysis</b> | ▪ <b>Policy Evaluation</b> |
| ▪ <b>Economic Development</b>    | ▪ <b>Economic Impact</b>   |

- **Strong reputation and experience within the travel & tourism sector**



## Travel and Tourism Expertise

- ***Visitation & Spending Forecasts*** –by category and by country, region, state, or U.S. city. Market size, growth, and share.
  - ***Market Feasibility & Investment Facilitation*** market analysis & research, demand/supply review, policy evaluation, development cost analysis.
  - ***Destination Impact & Concession Support*** economic impact of the construction and operations of individual facilities –resort, convention center, entertainment venue, event...
- ***Tourism Economic Impact & Tourism Satellite Accounting*** conforming to the UN/WTO standards. What does travel & tourism contribute in jobs, wages, spending, and taxes to a national or local economy?
- ***Tourism Policy Analysis*** travel & tourism policy evaluation and rationalization.



## Tourism Satellite Accounting

- The **Tourism Satellite Account** is the international (UN/WTO, OECD) standard for measuring the contribution of tourism to an economy
- **Measuring the industry “tourism” is difficult:**
  - Tourism is not measured in standard economic accounting terms.
  - Most industries are accounted via the *supply-side*: firms are categorized into NAICS codes and asked about jobs, revenues, costs.
  - But tourism is a *demand-side* activity: the focus is on what the traveler buys before and during a trip( hotel, food, transportation, retail...).
  - As a result, *tourism touches many industries*
- **Why a TSA? -the 4”Cs”:** **Credibility, Comprehensiveness, Comparability, Consistency**



## Benefits of a TSA

- ✓ **Are we spending enough on tourism promotion and infrastructure?** *Compares government support of the tourism sector with government revenue generated by tourism.*
- ✓ **Which are our best economic development targets and are candidate-requested concessions worth it?** *Allows policy-makers to compare the size & growth of tourism to other industrial sectors.*
- ✓ **What is the ROI of public tourism investment?** *Enables analysts to assess long-term health of the tourism sector vis-a-vis capital investment and govt. support.*
- ✓ **How can we benchmark ourselves against our destination competition?** *Provides an accepted international standard for benchmarking.*
- ✓ **How can we communicate the full value of tourism to policy makers, businesses, and citizens?** *Quantifies how other industries benefit from tourism.*



# TSA and Tourism Economic Impact Client Examples

## Tourism Satellite Account

- **RHODE ISLAND**
- North Dakota
- New Jersey
- Bahamas
- Delaware
- Maryland
- Israel
- Dubai
- Abu Dhabi
- South Dakota
- Kansas
- Guam
- North Carolina
- Alaska
- South Carolina
- Virginia
- Utah

## Economic Impact

- Idaho
- Pennsylvania
- Indiana

## City Tourism Impact

- |                  |                |
|------------------|----------------|
| • Washington, DC | • Tulsa        |
| • NYC            | • St. Louis    |
| • Dallas         | • Kansas City  |
| • Boston         | • Battle Creek |
| • Arlington, TX  | • Durham, NC   |
| • Sacramento     | • Savannah     |
| • Baltimore      | • Pittsburgh   |
| • Philadelphia   | • Austin       |
| • Orlando        | • Indianapolis |
| • Meadowlands    | • Omaha        |



## Tourism Economic Impact: Definitions

- **Visitor:** GT 50 miles, non-commuting; All overnight trips
- **Resident Tourism:** Outbound purchases made in advance of a trip only. Resident usage of RI tourism assets are not included.
- **Tourism Expenditures:** A TSA concept, includes all spending by all constituents on travel made in the state (RI), including tourism related investments
- **Visitor Spending:** Spending in the jurisdiction by visitors (see above) (on accommodations, food & beverage, shopping, transportation, entertainment,...)
- **Economic Impact:** “GDP” definition...spending less value of supply chain purchases made outside RI. The amount retained in the RI economy.
- **Import Leakages:** The value of supply chain purchases made outside of RI.
- **Direct Spending/Jobs/Wages/Taxes:** Industries that “touch” the visitor (e.g. hotels, restaurants, museums,...)
- **Indirect Spending/Jobs/Wages/Taxes:** Industries that supply those that touch the visitor
- **Induced Spending/Jobs/Wages/Taxes:** Workers of industries that touch or supply spend their wages locally
- **Core Impact:** Impact results based purely off of visitor expenditures
- **Total Impact:** Impact results Include investment, government support, and expenditures



## T&T Industry and Economy

### Travel & Tourism Industry

The direct effect of travel demand

#### Tourism Industry (Direct Effect)

Accommodation, Recreation, Catering,  
Entertainment, Transportation

### Travel & Tourism Economy

The flow-through effect of travel  
demand across the economy

#### Tourism Economy (Indirect Effect)

Aircraft Manufacturing, Chemicals,  
Computers, Concrete, Financial  
Services, Foods and Beverages,  
Furniture and Fixtures, Iron/Steel,  
Laundry Services, Metal Products,  
Mining, Oil/Gas Suppliers, Plastics,  
Printing/Publishing, Rental Car  
Manufacturing, Resort Development,  
Sanitation Services, Security, Ship  
Building, Suppliers, Textiles, Utilities,  
Wholesalers, Wood

The TSA provides both a narrow & a broad understanding of the *Tourism "Industry"*



## Rhode Island Tourism Economic Impact - Definitions

### Approach

- **TSA:** Results (spending, economic impact, jobs,...) conform strictly to the TSA definition (*e.g. 50mile+overnight visitor definition*).
- **TSA + Under 50 Mile:** TSA results, plus those coming from visitors traveling less than the 50 mile threshold. This classification is both historically consistent with previous studies and arguably more applicable to Rhode Island.

### Impact Sources

- **Total Impact:** Total economic contribution of tourism to Rhode Island. Sum of core and non-core.
- **Core Impact:** Economic contribution of from industries directly providing goods and services to the visitor.
- **Non-core Impact:** Economic contribution from industries providing goods and services to core tourism providers. Also includes tourism investment.



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# **2009 Rhode Island Tourism Results**



## State Overview: 2009 Totals At A Glance

| Tourism Concept                   | TSA + Under 50 Mile Visitors | TSA             | TSA '08 – '09 Growth |
|-----------------------------------|------------------------------|-----------------|----------------------|
| <i>Visits</i>                     | <b>16.18 M</b>               | <b>6.87 M</b>   | <b>-6.3%</b>         |
| <i>Expenditures</i>               | <b>\$4.99 B</b>              | <b>\$3.40 B</b> | <b>-5.5%</b>         |
| <i>Total Economic Impact</i>      | <b>\$3.27 B</b>              | <b>\$2.31 B</b> | <b>-6.5%</b>         |
| <i>Core Economic Impact (GSP)</i> | <b>\$2.27</b>                | <b>\$1.62 B</b> | <b>-4.8%</b>         |
| <i>Total Jobs</i>                 | <b>66,145</b>                | <b>42,160</b>   | <b>-6.8%</b>         |
| <i>Wages</i>                      | <b>\$1.88 B</b>              | <b>\$1.28 B</b> | <b>-7.3%</b>         |
| <i>Taxes</i>                      | <b>\$1,401 M</b>             | <b>\$921 M</b>  | <b>-3.7%</b>         |

Source: IHS Global Insight



# Industry Structure: Definitions

**Tourism & Under 50 Mile Visitor Expenditures**

**\$4.99 billion**

**Tourism Expenditures**

**\$3.40 billion**

All Visitor Related Spending

**Total Impact**

**\$2.31 billion**

**Import Leakage**

**\$1.09 billion**



Tourism goods & services from outside of the state - e.g. RI keychains made in China

Economic Value to State



**Core Tourism  
(Direct)**

**\$1.62 billion**

Industries directly providing goods & services to the visitor, such as restaurants

**Non-Core Tourism  
(Indirect & Investment)**

**\$698 million**

Industries directly providing goods & services to core tourism providers - e.g. Food Distribution





## State Overview: Tourism and Under 50Mile Visitors

| Measurement  | 2009           | 2008           | Definition   |
|--|----------------|----------------|--|
| <b>Tourism (TSA) + Under 50Mile Visitor <u>Spending</u></b>    | <b>\$4.99B</b> | <b>\$5.27B</b> | • <i>Spending from all tourism factors</i>   |
| ▪ <b>Tourism Expenditures (TSA)</b>                            | <b>\$3.40B</b> | <b>\$3.60B</b> | • <i>TSA Definition of State Tourism</i>   |
| ▪ <b>Under 50Mile Visitors</b>                                 | <b>\$1.59B</b> | <b>\$1.67B</b> | • <i>Spending by visitors from less than 50 miles that utilize RI tourism assets</i> |
| <b>Tourism + Under 50Mile Visitors Core <u>Employment</u>*</b> | <b>66,145</b>  | <b>70,741</b>  | • <i>Employment required to support core RI tourism activity</i>                     |
| ▪ <b>Core Tourism (TSA) Employment*</b>                        | <b>33,268</b>  | <b>35,120</b>  | • <i>TSA Definition of Tourism "Industry"</i>  |

Source: IHS Global Insight

•Employment figures taken from a top down review of the total spending, creating a resultant number of jobs, both full-time and part-time required to support that spending.



## Why Are the 2008 Figures Revised From Last Year?

| Key Measurements             | 2008 Original TSA | 2008 Recast TSA |
|------------------------------|-------------------|-----------------|
| <b>RI Expenditures (\$B)</b> | \$3.60            | \$3.60          |
| <b>Economic Value</b>        |                   |                 |
| ▪ Core Tourism               | \$1.74            | \$1.70          |
| ▪ Total Impact               | \$2.26            | \$2.47          |
| <b>Wages &amp; Salaries</b>  |                   |                 |
| ▪ Core Tourism               | \$1.05            | \$.891          |
| ▪ Total Impact               | \$1.37            | \$1.38          |
| <b>Employment ('000)</b>     |                   |                 |
| ▪ Core Tourism               | 37.76             | 35.12           |
| ▪ Total Impact               | 45.54             | 45.23           |
| <b>Taxes –Total Impact</b>   | \$843 M           | \$956 M         |

Each year revisions to most of the historical tourism metrics must be made in order to reflect:

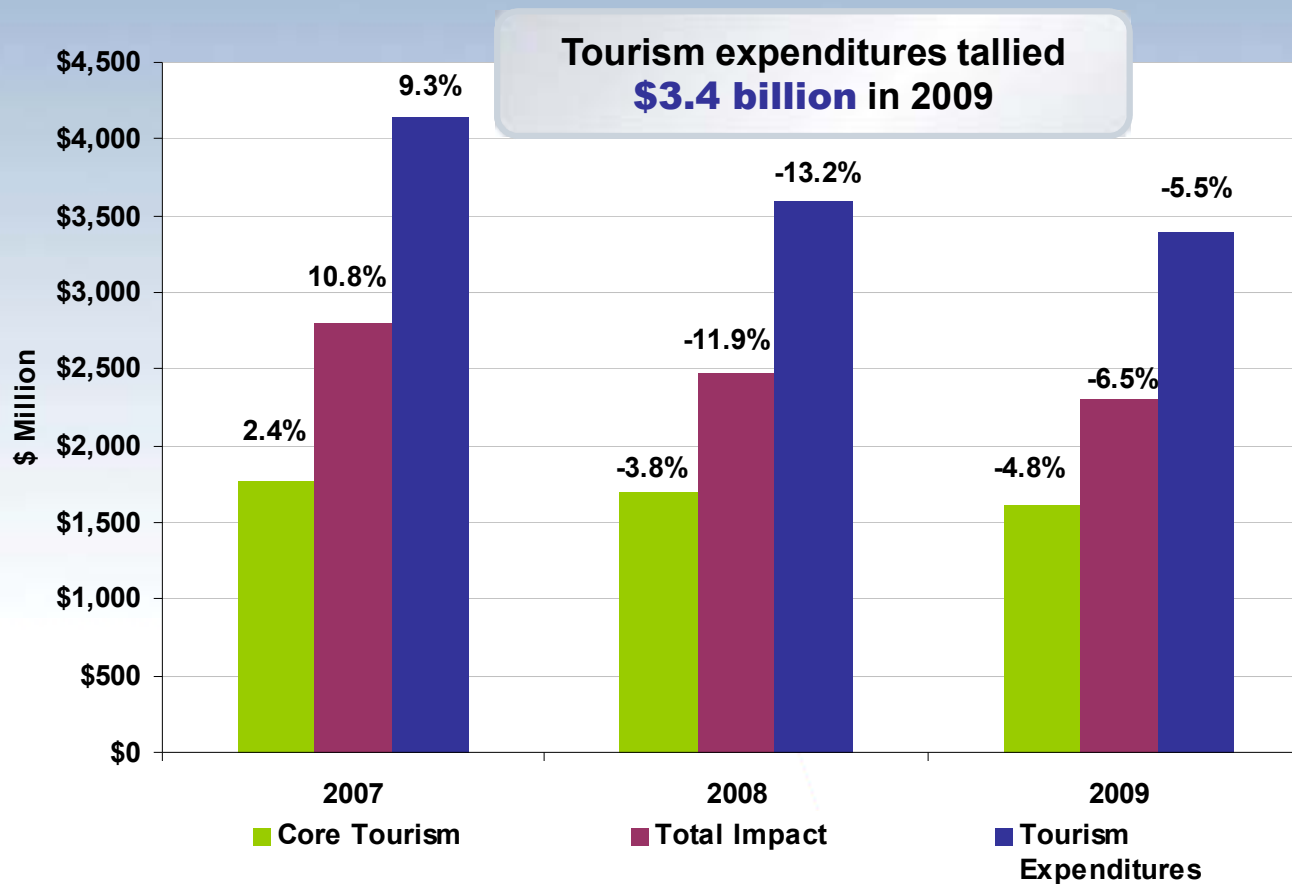
- Finalization of the annual visitor spending data from DKSA.
- Revisions to the BLS and BEA inputs covering employment, Gross State Product, Sales Output, and Payroll for all industries at the jurisdiction county level.
- New Baseline Data for IMPLAN interindustry model incorporating latest Census data

Source: IHS Global Insight



# Total Tourism (TSA) Expenditures

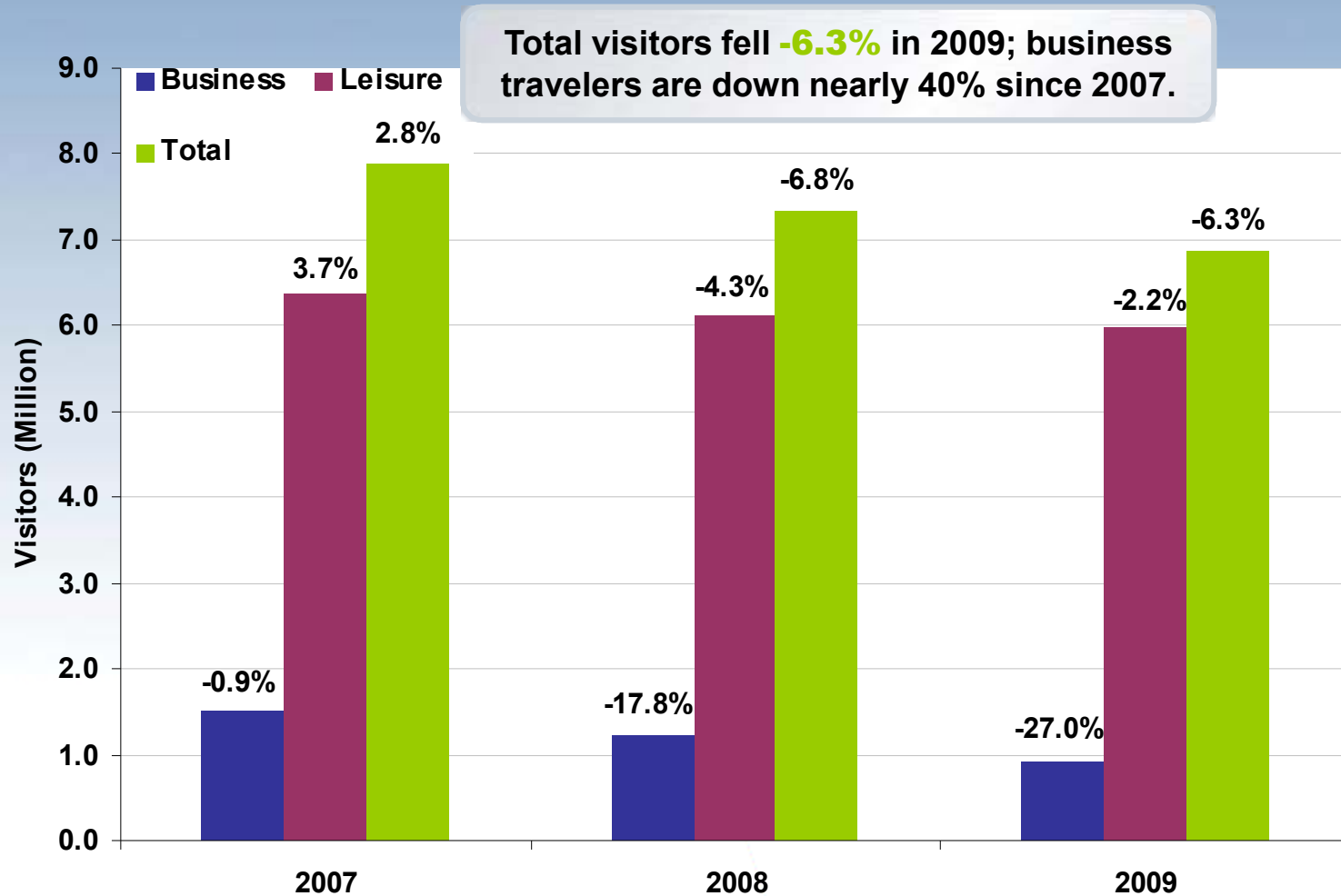
- RI visitation fell by 6.3% in '09
- Spending per visit increased by 2.9% in '09
- Visitor spending fell 3.6% '09
- Investment spending fell 44% in '09



Source: IHS Global Insight



## Visitors to Rhode Island\*



\* Visitors from GT 50 miles or overnight only, provided by DK Shifflet & Associates, Ltd. Leisure and Business travel results were estimated by IGI.



## Recession May Have Ended, But Effects Linger

| Measurement  | 2008<br>(billions) | 2009<br>(billions) | 2008-09<br>growth |
|--|--------------------|--------------------|-------------------|
| <b>Tourism (TSA) + Under 50Mile Visitor Expenditures</b> | \$5.274            | \$4.993            | -5.3%             |
| • <b>Tourism (TSA) Expenditures</b>                      | \$3.601            | \$3.402            | -5.5%             |
| • <b>Total Economic Impact</b>                           | \$2.474            | \$2.316            | -6.5%             |
| • <b>Core Tourism (direct)</b>                           | \$1.697            | \$1.615            | -4.8%             |
| • <b>Non-Core Tourism</b>                                | \$0.860            | \$0.742            | -13.7%            |
| • <b>Import Leakage</b>                                  | \$1.127            | \$1.089            | -3.4%             |

Similar to 2008, Non-Core decline is driven by significant decrease in private investment; this decrease exacerbates declines in "Total" categories

Source: IHS Global Insight



# Tourism Remains Acutely Affected By Recession...

## 2009 TSA Bottom Line:

| Measurement   | 2009                           | 2008                           | %                            | Perspective  |
|---|--------------------------------|--------------------------------|------------------------------|--|
| <b>Economic Value (\$B)</b><br>▪ Core Tourism<br>▪ Total Impact             | <b>\$1.62</b><br><b>\$2.31</b> | <b>\$1.70</b><br><b>\$2.47</b> | <b>-4.8%</b><br><b>-6.5%</b> | <ul style="list-style-type: none"> <li>Continued weakness in construction/investment highlights decline in Total Impact</li> </ul>                                   |
| <b>Wages &amp; Salaries</b><br>▪ Core Tourism (\$M)<br>▪ Total Impact (\$M) | <b>\$845</b><br><b>\$1,279</b> | <b>\$891</b><br><b>\$1,380</b> | <b>-5.2%</b><br><b>-7.3%</b> | <ul style="list-style-type: none"> <li>Average annual salary grew 0.1% and fell 0.6% for Core and Total Tourism, respectively</li> </ul>                             |
| <b>Employment ('000)</b><br>▪ Core Tourism<br>▪ Total Impact                | <b>33.27</b><br><b>42.16</b>   | <b>35.12</b><br><b>45.23</b>   | <b>-5.3%</b><br><b>-6.8%</b> | <ul style="list-style-type: none"> <li>Core tourism remains the 4<sup>th</sup> largest industry in RI</li> </ul>   |
| <b>Taxes –Total Impact (\$M)</b>  | <b>\$921</b>                   | <b>\$957</b>                   | <b>-3.7%</b>                 | <ul style="list-style-type: none"> <li>If tourism didn't exist, each household would pay an additional \$1,349 in taxes to maintain current tax receipts.</li> </ul> |

Numbers may differ due to rounding

Source: IHS Global Insight



## Total Impact of Tourism

- In 2009, the total economic impact of travel & tourism (direct and indirect) was **\$2.31 billion**. This represents 5.0% of RI Gross State Product
- The ratio of the total impact to total expenditures reveals that **68¢ of each tourism dollar spent in Rhode Island** is retained in the state. The remainder represents import leakages. This share is fairly typical for a diversified state like Rhode Island and higher than many other states.
- **42,160 jobs** – direct and indirect – were created by travel & tourism (TSA) economic activity. This accounts for **9.2% of total employment** in RI
- **\$1.28 billion** in wages & salaries were generated by travel & tourism (TSA) in 2009.
- Tourism (TSA) generated **\$921 million in federal, state, and local government taxes** in 2009, with the state and local tax contribution making up 8.9% of all RI state gov. revenue.



## Sources of Tourism Expenditures

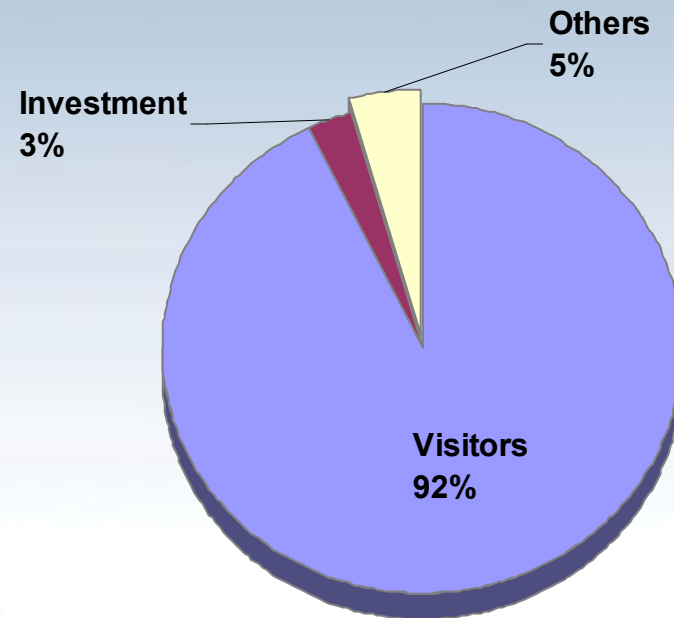
- **Visitor Spending** – Expenditures by visitors who have come from greater than 50 miles or stayed overnight
  - **Business Travel** – Businesses' spending within the state economy on travel
  - **Resident Outbound** – Resident spending preparing for an out-of-state trip
  - **Government Spending** – Tourism Office Budgets, transportation functions related to tourism, publicly funded attractions and funding for security in tourism-intensive areas
  - **Investment** – Construction of hotels, attractions, tourism infrastructure, operating and transportation equipment
  - **International** – Spending of international visitors within the state
- 
- **Under 50Mile Visitors** – Spending by residents or non-residents who have come from under 50 miles. No commuters or local utilization. Not included in TSA definition.



## Breaking Down Tourism Expenditures – \$3.40 Billion

Only 8% of TSA Expenditures in Rhode Island come from outside of visitor spending, while in 2007 that share was 16%. The source of that change is the 2 year collapse in investment spending.

|              | Million<br>\$ | Share<br>Of<br>Total | '08 – '09<br>Growth |
|--------------|---------------|----------------------|---------------------|
| Investment   | 96            | 2.8%                 | -44.0%              |
| Visitors     | 3,153         | 92.7%                | -2.9%               |
| Other        | 154           | 4.5%                 | -16.3%              |
| <b>Total</b> | <b>3,402</b>  | <b>100%</b>          | <b>-5.5%</b>        |



Source: IHS Global Insight

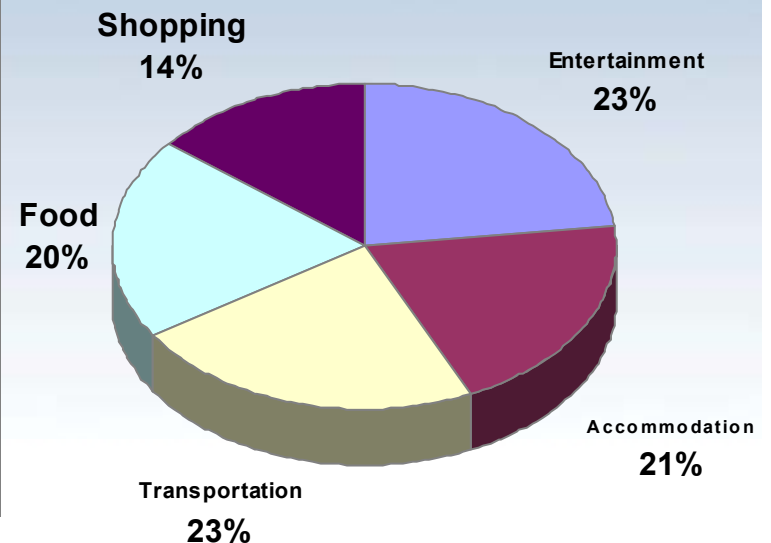


## Category Distribution of Expenditures

In 2009, retail spending was up nearly 6%, which is a variation from what is occurring nationally, but 2009 retail spending is still 14% below 2007 levels, and the growth is really only due to the 19% decline in 2008.

|                 | 2009<br><50Mile<br>Million \$ | 2009<br>TSA<br>Million \$ | TSA<br>'08 – '09<br>Growth |
|-----------------|-------------------------------|---------------------------|----------------------------|
| Entertainment** | 1,216                         | 762                       | -1.7%                      |
| Accommodation   | 660                           | 660                       | -7.4%                      |
| Transportation  | 773                           | 755                       | -8.3%                      |
| Food            | 1,430                         | 665                       | -2.3%                      |
| Shopping        | 818                           | 465                       | 5.9%                       |
| <b>Total *</b>  | <b>4,897</b>                  | <b>3,306</b>              | <b>-3.6%</b>               |

**TSA Shares**



\* Direct and Indirect Tourism Expenditures (w/o construction & investment)

Source: IHS Global Insight

\*\* Entertainment category includes all marina and boating activity



## Entertainment Spending Detail - TSA + Under 50Mile

The Entertainment category includes a wide array of industries, from gaming to recreation sports to movies. This data is only available at the county level.

|  | 2009 (\$000)     | 2008 (\$000)     |
|--|------------------|------------------|
| Amusement Parks & Arcades                  | 4,177            | 4,498            |
| Gambling Industries                        | 461,200          | 475,000          |
| Independent Artists, Writers, & Performers | 10,409           | 10,288           |
| Motion Picture & Video Industries          | 117,612          | 129,390          |
| Museums & Historical Sites                 | 64,646           | 71,522           |
| Other Amusement & Rec. Services**          | 383,209          | 409,184          |
| Performing Arts Companies                  | 71,498           | 76,598           |
| Spectator Sports                           | 103,327          | 110,786          |
| <b>Total Entertainment Spending</b>        | <b>1,216,081</b> | <b>1,287,268</b> |

Source: IHS Global Insight

\*\* NAICS 7139 – Other Amusement & Rec. Services – includes both golf and marina activity



## Core Tourism

- Answers the question **“How does tourism compare with other industries?”**
- Core Tourism measures the size of the industry directly providing goods & services to the visitor.
- Indirect effects are excluded – these are part of other supplier industries such as wholesalers. The impact of capital investment is also excluded.
- Core Tourism generated \$1.6 billion in economic value in 2009. This ranks core tourism as the 10th largest private industry in RI in terms of Gross State Product.



## Core Tourism – Gross State Product

Core Tourism contributed \$1.61 billion in economic value in 2009. Tourism ranked as the 10<sup>th</sup> largest private industry in Rhode Island.

| Rank | Industry                                     | Millions \$   | '08-'09 Growth | % of State    |
|------|--|---------------|----------------|---------------|
| 1    | Real Estate and Rental and Leasing           | 6,893         | -1.3%          | 16.8%         |
| 2    | Finance and Insurance                        | 5,160         | -2.9%          | 12.6%         |
| 3    | Health Care and Social Assistance            | 4,624         | 2.1%           | 11.3%         |
| 4    | Durables Manufacturing                       | 2,738         | -8.7%          | 6.7%          |
| 5    | Retail Trade                                 | 2,674         | -3.7%          | 6.5%          |
| 6    | Professional, Scientific, and Tech. Services | 2,674         | 0.3%           | 6.5%          |
| 7    | Wholesale Trade                              | 2,316         | -2.5%          | 5.7%          |
| 8    | Information                                  | 1,803         | 0.0%           | 4.4%          |
| 9    | Construction                                 | 1,797         | -9.9%          | 4.4%          |
| 10   | Non-Durables Manufacturing                   | 1,556         | -5.7%          | 3.8%          |
| 11   | Accommodation and Food Services              | 1,364         | -1.6%          | 3.3%          |
| 12   | Admin., Support and Waste Management         | 1,159         | -1.4%          | 2.8%          |
| 13   | Educational Services                         | 1,132         | 0.2%           | 2.8%          |
| 14   | Management of Companies and Enterprises      | 1,102         | -1.4%          | 2.7%          |
| 15   | Utilities                                    | 1,061         | 1.3%           | 2.6%          |
|      | Other Industries                             | 2,911         | -1.5%          | 7.1%          |
|      | <b>Total Private</b>                         | <b>40,964</b> | <b>-2.3%</b>   | <b>100.0%</b> |
|      | <b>Government</b>                            | <b>5,402</b>  | <b>-1.0%</b>   |               |
|      | <b>Travel &amp; Tourism</b>                  | <b>1,615</b>  | <b>-4.8%</b>   | <b>3.9%</b>   |

Core Travel & Tourism would have 4.1% of Rhode Island's GSP

Source: Bureau of Economic Analysis and IHS Global Insight



## Core Tourism Impact – Composition

As discussed previously, the growth in the retail contribution is due in part to a comparison to a very down year in 2008.

### Composition of Core Tourism

| Rank         | Industry  | \$ Value<br>(Millions) | '08-'09<br>Growth | % of<br>Total |
|--------------|---|------------------------|-------------------|---------------|
| 1            | Food services and drinking places                 | 335                    | -4.0%             | 20.7%         |
| 2            | Real estate establishments                        | 288                    | -0.5%             | 17.8%         |
| 3            | Other amusement and recreation industries         | 266                    | -0.8%             | 16.5%         |
| 4            | Travel arrangement and reservation services       | 184                    | -7.3%             | 11.4%         |
| 5            | Hotels and motels, including casino hotels        | 184                    | -14.7%            | 11.4%         |
| 6            | Automotive equipment rental and leasing           | 164                    | -8.7%             | 10.2%         |
| 7            | Performing arts companies                         | 29                     | -6.7%             | 1.8%          |
| 8            | Retail Stores - Food and beverage                 | 28                     | 5.3%              | 1.7%          |
| 9            | Retail Stores - Clothing and clothing accessories | 27                     | 5.3%              | 1.7%          |
| 10           | Spectator sports companies                        | 23                     | -6.7%             | 1.4%          |
| 11           | Transport by air                                  | 21                     | -13.1%            | 1.3%          |
| 12           | Retail Stores - Gasoline stations                 | 14                     | 3.6%              | 0.9%          |
| 13           | Scenic and sightseeing transportation             | 13                     | 2.2%              | 0.8%          |
| 14           | Transit and ground passenger transportation       | 11                     | -2.9%             | 0.7%          |
| 15           | Retail Stores - Miscellaneous                     | 11                     | 5.3%              | 0.7%          |
|              | Other Industries                                  | 17                     | 3.7%              | 1.0%          |
| <b>Total</b> |   | <b>1,615</b>           | <b>-4.8%</b>      | <b>100.0%</b> |

Source: IHS Global Insight



## Core Tourism – Employment

- Core Tourism is the 4<sup>th</sup> largest private sector employer in Rhode Island with **33,268 tourism supported jobs** in 2009.
- Core Tourism generated **8.4% of private employment** in 2009.
- Core Tourism jobs provided **\$845 million in wages & salaries** in 2009.
- Core Tourism's **average annual wage** has grown to **\$25,400/year**.



# Ranking Core Tourism – Employment

Travel & tourism is RI's *4<sup>th</sup> largest private sector employer.*

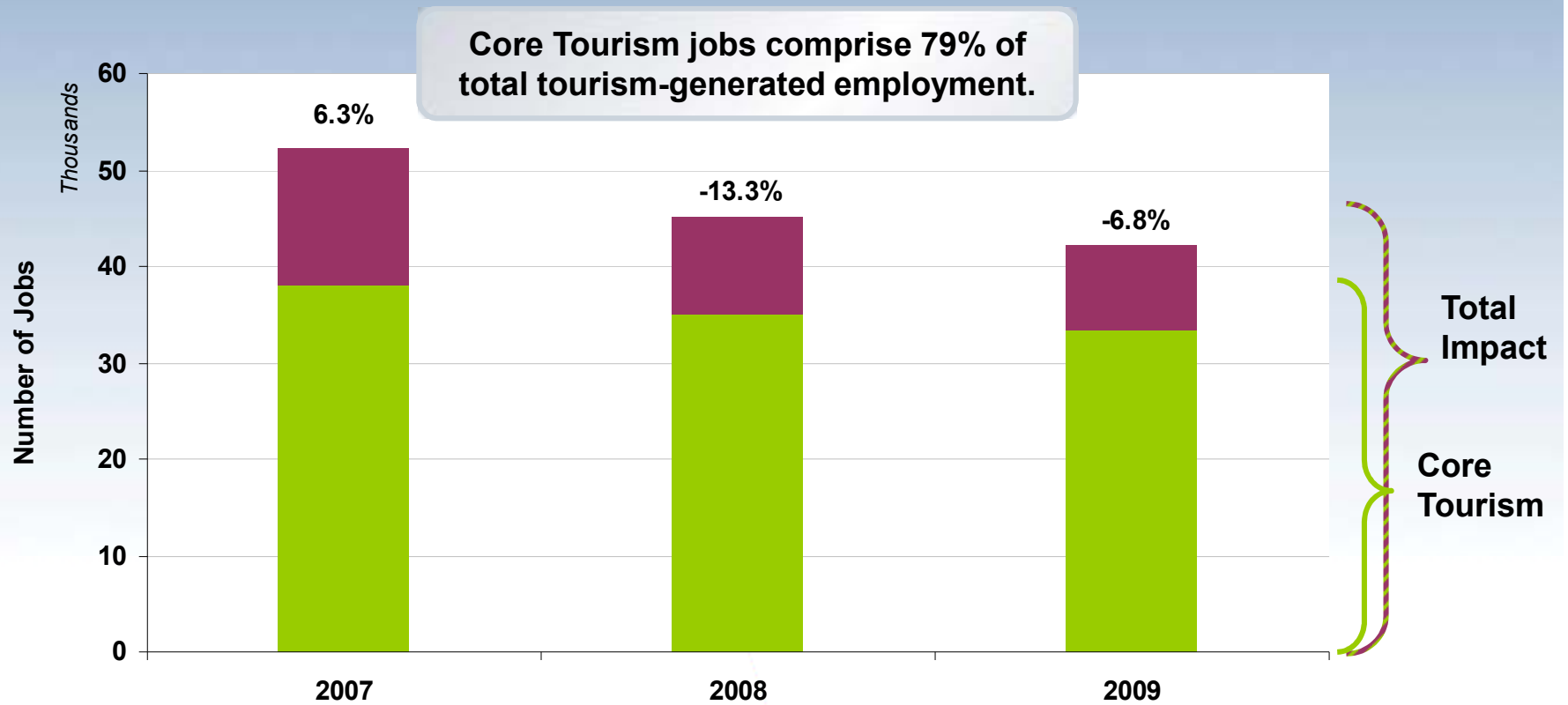
| Rank | Industry                                     | Reported Employment (Thousands) | 2008-2009 Growth | % of State    | Tourism-Extracted Employment (Thousands) |
|------|--|---------------------------------|------------------|---------------|--|
| 1    | Health Care and Social Assistance            | 76.9                            | 0.5%             | 16.8%         | 76.9                                     |
| 2    | Retail Trade                                 | 46.9                            | -5.5%            | 10.2%         | 44.7                                     |
| 3    | Accommodation and Food Services              | 41.0                            | -4.4%            | 8.9%          | 25.9                                     |
| 4    | Manufacturing, Durables                      | 26.8                            | -14.0%           | 5.8%          | 26.8                                     |
| 5    | Finance and Insurance                        | 25.2                            | -5.6%            | 5.5%          | 25.2                                     |
| 6    | Educational Services                         | 23.9                            | 1.8%             | 5.2%          | 23.9                                     |
| 7    | Other Services                               | 22.0                            | -3.2%            | 4.8%          | 22.0                                     |
| 8    | Administrative and Waste Services            | 22.0                            | -7.8%            | 4.8%          | 19.7                                     |
| 9    | Professional, Scientific, and Tech. Services | 21.1                            | -2.4%            | 4.6%          | 21.1                                     |
| 10   | Construction                                 | 17.3                            | -15.6%           | 3.8%          | 17.3                                     |
| 11   | Wholesale Trade                              | 16.1                            | -5.0%            | 3.5%          | 16.1                                     |
| 12   | Manufacturing, Nondurables                   | 14.9                            | -11.6%           | 3.2%          | 14.9                                     |
| 13   | Information                                  | 10.1                            | -5.5%            | 2.2%          | 10.1                                     |
| 14   | Transportation and Warehousing               | 10.1                            | -7.4%            | 2.2%          | 9.3                                      |
| 15   | Management of Companies and Enterprises      | 9.2                             | -1.0%            | 2.0%          | 9.2                                      |
|      | Other Industries                             | 13.6                            | -6.8%            | 3.0%          | 0.8                                      |
|      | <b>Total Private Nonfarm</b>                 | <b>397.1</b>                    | <b>-4.7%</b>     | <b>100.0%</b> | <b>363.8</b>                             |
|      | <b>Government</b>                            | <b>62.0</b>                     | <b>-2.4%</b>     | <b>11.3%</b>  | <b>62.0</b>                              |
|      | <b>Travel &amp; Tourism</b>                  | <b>33.3</b>                     | <b>-5.3%</b>     | <b>8.4%</b>   | <b>33.3</b>                              |

**Core Tourism represented 33,268 jobs in 2009.**

Source: Bureau of Labor Statistics and IHS Global Insight



## Total Rhode Island Tourism Employment fell 6.8% in 2009



Source: IHS Global Insight



## Non-Core Tourism – Indirect Benefits

Excluding Investment, non-core tourism fell 6.2% in 2009

### Indirect Benefits of Tourism

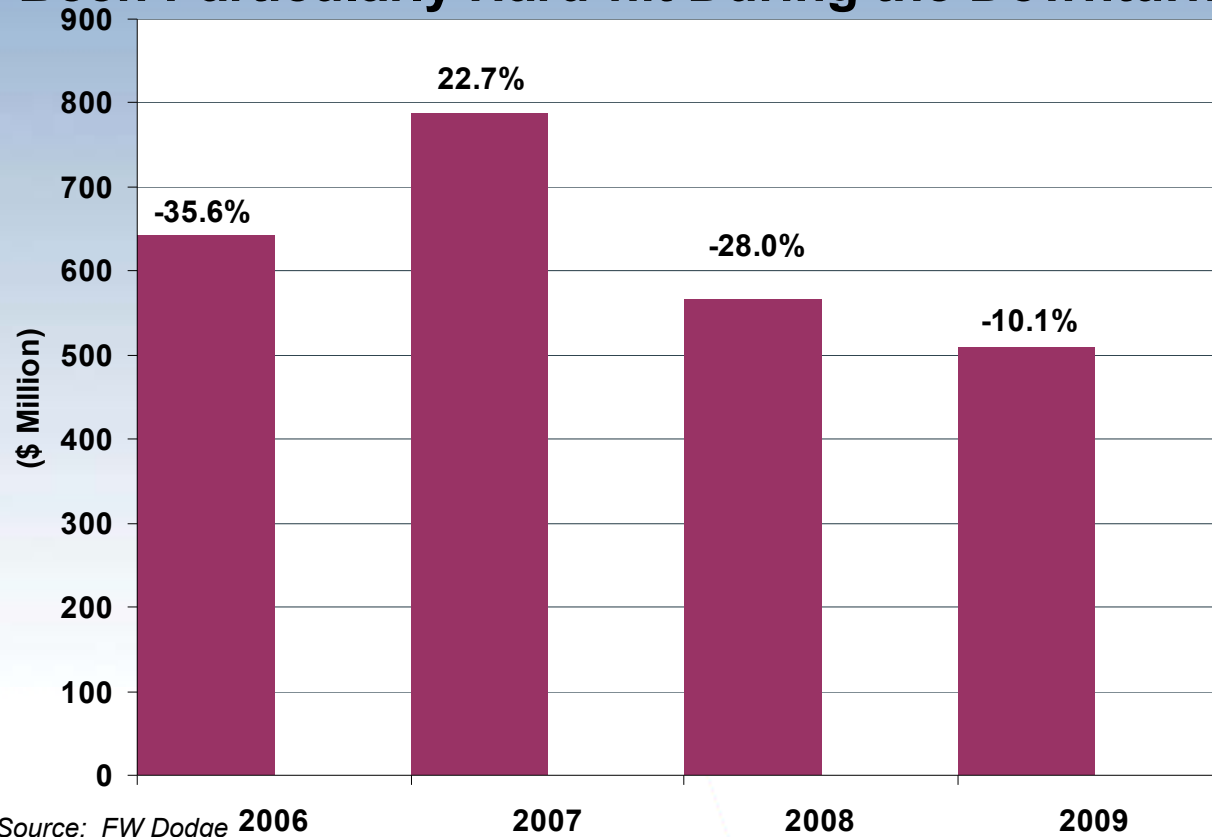
| Rank | Industry   | \$ Value<br>(Millions) | '08-'09<br>Growth | % of<br>Total |
|------|--|------------------------|-------------------|---------------|
| 1    | Real estate  | 97                     | -4.5%             | 13.1%         |
| 2    | Nondepository credit intermediation firms          | 47                     | -7.3%             | 6.4%          |
| 3    | Wholesale trade                                    | 36                     | -5.3%             | 4.9%          |
| 4    | Power generation and supply                        | 32                     | -5.5%             | 4.3%          |
| 5    | Monetary authorities and depository credit firms   | 32                     | -7.3%             | 4.3%          |
| 6    | Telecommunications                                 | 26                     | -7.1%             | 3.5%          |
| 7    | Legal services                                     | 25                     | -5.9%             | 3.4%          |
| 8    | Maintenance and repair of nonresidential buildings | 21                     | -5.8%             | 2.8%          |
| 9    | Management of companies and enterprises            | 20                     | -8.2%             | 2.7%          |
| 10   | Food services and drinking places                  | 17                     | -6.9%             | 2.4%          |
| 11   | Other State and local government enterprises       | 17                     | -5.8%             | 2.3%          |
| 12   | Postal service                                     | 15                     | -6.2%             | 2.0%          |
| 13   | Architectural and engineering services             | 11                     | -7.0%             | 1.5%          |
| 14   | Employment services                                | 11                     | -6.8%             | 1.5%          |
| 15   | Accounting and bookkeeping services                | 11                     | -7.5%             | 1.4%          |
|      | Other Industries                                   | 227                    | -6.5%             | 30.6%         |
|      | Investment   | 96                     | -44.0%            | 12.9%         |
|      | <b>Total</b>                                       | <b>742</b>             | <b>-13.7%</b>     | <b>100.0%</b> |

Source: IHS Global Insight



## Non-Core Tourism – Construction Benefits

**Construction Investment, Both Public and Private, Has Been Particularly Hard-hit During the Downturn**



Data is “Value of Construction Contracts”, measuring the value of government and private construction at the time when work begins, encompassing total value for entire projects which start or break ground in a given year, excluding ancillary costs such as land acquisition.



## Tourism Generated \$921M in Total Tax Revenue in 2009

- Tourism activity generated **\$536 million in state and local government revenue** in 2009, a **1.2% decrease over 2008**.
- In 2009, **\$370 million in state tax revenue** was generated by the travel & tourism sector in Rhode Island. Indirect business tax (sales tax) and the gaming taxes are the two largest contributors.
- Tourism contributes disproportionately to state & local tax revenue. While Core Tourism is responsible for 3.5% of total RI GSP, it contributed **8.9% of state government revenue in 2008**.
- If tourism didn't exist, each RI household would pay **\$1,349 more in taxes** to maintain the current level of state and local tax receipts.



# State and Local Government Revenue

| <b>Tax Revenues from Tourism (TSA)</b> | <b>2009 (Million)</b> | <b>'08-'09 Growth</b> |
|--|-----------------------|-----------------------|
| <b>Federal Government</b>              |                       |                       |
| Corporate Profits Tax                  | 79.8                  | -5.9%                 |
| Personal Income                        | 116.1                 | -7.3%                 |
| Social Security & Other Taxes          | 189.9                 | -7.3%                 |
| <b>Federal Total</b>                   | <b>385.7</b>          | <b>-7.0%</b>          |
| <b>State Government</b>                |                       |                       |
| Corporate Profits Tax                  | 12.9                  | -5.9%                 |
| Personal Income                        | 36.9                  | -7.3%                 |
| Sales                                  | 114.5                 | -5.9%                 |
| Licenses & Fees                        | 9.7                   | -7.1%                 |
| Gaming Tax                             | 143.3                 | 16.0%                 |
| Other Taxes                            | 45.1                  | -6.1%                 |
| State Share of Occupancy Tax*          | 7.6                   | -10.2%                |
| <b>State Total</b>                     | <b>370.2</b>          | <b>1.19%</b>          |
| <b>Local Government</b>                |                       |                       |
| Local Share of Occupancy Taxes         | 6.7                   | -10.2%                |
| Property Taxes                         | 158.6                 | -5.9%                 |
| <b>Local Total</b>                     | <b>165.3</b>          | <b>-6.1%</b>          |
| <b>Total</b>                           | <b>921.3</b>          | <b>-3.7%</b>          |

Source: IHS Global Insight

\* Remainder of Room Tax not distributed back to local towns and cities.



## How Important?

### TSA + UNDER 50MILE VISITORS

**Total Tourism-related spending of \$4.99 billion**



### TOTAL TSA

|                      |                       |
|----------------------|-----------------------|
| Gross State Product: | <b>\$3.27 billion</b> |
|                      | 7.1 % of GSP          |
| Total Employment:    | <b>66,145 jobs</b>    |
|                      | 14.4% of Employment   |

### CORE TOURISM

|                      |                       |
|----------------------|-----------------------|
| Gross State Product: | <b>\$2.31 billion</b> |
|                      | 5.0% of GSP           |
| Total Employment:    | <b>42,160 jobs</b>    |
|                      | 9.2% of Employment    |

|                  |                       |
|------------------|-----------------------|
| Core GSP:        | <b>\$1.62 billion</b> |
|                  | 3.5% of GSP           |
| Core Employment: | <b>33,268 jobs</b>    |
|                  | 7.2% of Employment    |

*% shown are for total state GSP, including Government*



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# **2009 Rhode Island Tourism Regional Analysis**



# Regional Distribution of Tourism

**Rhode Island is divided into eight regions in the analysis:**

**Blackstone Valley**

- Burrillville
- Central Falls
- Cumberland
- Glocester
- Lincoln
- North Smithfield
- Pawtucket
- Smithfield
- Woonsocket



**Providence**

- Providence



**Warwick**

- Warwick



**Block Island**

- Block Island



**Balance of State**

- Cranston
- Foster
- Johnston
- North Providence
- Scituate
- West Warwick



**Newport County**

- Little Compton
- Middletown
- Newport
- Portsmouth
- Tiverton
- Jamestown



**South County**

- Charlestown
- Coventry
- East Greenwich
- Exeter
- Hopkinton
- Narragansett
- North Kingstown
- Richmond
- South Kingstown
- Westerly
- West Greenwich



**East Bay**

- Barrington
- Bristol
- East Providence
- Warren





## Regional TSA + Under 50Mile Expenditures

### Regional Share of State Expenditures by Category (\$M)

|                   | Accommodations | Entertainment   | Food            | Retail        | Transportation | Total           |
|-------------------|----------------|-----------------|-----------------|---------------|----------------|-----------------|
| Balance of State  | 10.23          | 43.25           | 189.86          | 67.69         | 78.82          | 389.85          |
| Blackstone Valley | 22.83          | 443.59          | 219.93          | 54.23         | 79.82          | 820.40          |
| Block Island      | 80.20          | 53.67           | 21.61           | 44.64         | 22.65          | 222.77          |
| East Bay          | 5.24           | 33.07           | 100.15          | 42.76         | 44.11          | 225.32          |
| Newport           | 204.18         | 175.11          | 201.77          | 70.79         | 41.59          | 693.45          |
| Providence        | 122.50         | 330.24          | 297.22          | 323.17        | 254.56         | 1,327.68        |
| South County      | 162.17         | 77.74           | 228.69          | 138.42        | 42.63          | 649.66          |
| Warwick           | 52.56          | 59.40           | 170.47          | 76.54         | 208.97         | 567.93          |
| <b>Total</b>      | <b>659.89</b>  | <b>1,216.08</b> | <b>1,429.70</b> | <b>818.25</b> | <b>773.14</b>  | <b>4,897.06</b> |

Entertainment data includes gaming, spectator sports boating and marina activity and other categories.



## Regional TSA Tourism Expenditures

### Regional Share of State Expenditures by Category (\$M)

|                   | Accommodations | Entertainment | Food          | Retail        | Transportation | Total           |
|-------------------|----------------|---------------|---------------|---------------|----------------|-----------------|
| Balance of State  | 10.23          | 29.76         | 79.30         | 36.12         | 81.57          | 236.98          |
| Blackstone Valley | 22.83          | 191.42        | 100.24        | 31.76         | 79.95          | 426.19          |
| Block Island      | 80.20          | 50.19         | 21.86         | 25.13         | 17.40          | 194.78          |
| East Bay          | 5.24           | 33.01         | 49.22         | 28.33         | 39.16          | 154.96          |
| Newport           | 204.18         | 117.62        | 88.49         | 39.81         | 27.18          | 477.28          |
| Providence        | 122.50         | 232.96        | 152.56        | 176.56        | 255.86         | 940.44          |
| South County      | 162.17         | 72.74         | 98.21         | 76.90         | 35.58          | 445.60          |
| Warwick           | 52.56          | 34.13         | 74.72         | 50.87         | 217.92         | 430.19          |
| <b>Total</b>      | <b>659.89</b>  | <b>761.81</b> | <b>664.62</b> | <b>465.48</b> | <b>754.62</b>  | <b>3,306.42</b> |

Accommodation data includes seasonal second home rentals, which creates significant differences in share from state room tax data. As the TSA definition of tourism includes any overnight stay, accommodations results are the same for TSA and TSA + Under 50Mile.



## Regional Share of Statewide TSA + Under 50 Mile Expenditures

### Regional Share of State Expenditures by Category

|                   | Accommodation | Entertainment | Food          | Shopping      | Transportation | Total         |
|-------------------|---------------|---------------|---------------|---------------|----------------|---------------|
| Providence        | 18.6%         | 27.2%         | 20.8%         | 39.5%         | 32.9%          | 27.1%         |
| Blackstone Valley | 3.5%          | 36.5%         | 15.4%         | 6.6%          | 10.3%          | 16.8%         |
| Newport           | 30.9%         | 14.4%         | 14.1%         | 8.7%          | 5.4%           | 14.2%         |
| South County      | 24.6%         | 6.4%          | 16.0%         | 16.9%         | 5.5%           | 13.3%         |
| Warwick           | 8.0%          | 4.9%          | 11.9%         | 9.4%          | 27.0%          | 11.6%         |
| Balance of State  | 1.5%          | 3.6%          | 13.3%         | 8.3%          | 10.2%          | 8.0%          |
| East Bay          | 0.8%          | 2.7%          | 7.0%          | 5.2%          | 5.7%           | 4.6%          |
| Block Island      | 12.2%         | 4.4%          | 1.5%          | 5.5%          | 2.9%           | 4.5%          |
| <b>Total</b>      | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>  | <b>100.0%</b> |

Entertainment data includes gaming, spectator sports boating and marina activity and other categories.



## Regional Share of Statewide TSA + Under 50Mile Expenditures

### Expenditure Category Share of Regional Tourism Spending

|                    | Accommodation | Entertainment | Food         | Shopping     | Transportation | Total         |
|--------------------|---------------|---------------|--------------|--------------|----------------|---------------|
| Providence         | 9.2%          | 24.9%         | 22.4%        | 24.3%        | 19.2%          | 100.0%        |
| Blackstone Valley  | 2.8%          | 54.1%         | 26.8%        | 6.6%         | 9.7%           | 100.0%        |
| Newport            | 29.4%         | 25.3%         | 29.1%        | 10.2%        | 6.0%           | 100.0%        |
| South County       | 25.0%         | 12.0%         | 35.2%        | 21.3%        | 6.6%           | 100.0%        |
| Warwick            | 9.3%          | 10.5%         | 30.0%        | 13.5%        | 36.8%          | 100.0%        |
| Balance of State   | 2.6%          | 11.1%         | 48.7%        | 17.4%        | 20.2%          | 100.0%        |
| Block Island       | 2.3%          | 14.7%         | 44.4%        | 19.0%        | 19.6%          | 100.0%        |
| East Bay           | 36.0%         | 24.1%         | 9.7%         | 20.0%        | 10.2%          | 100.0%        |
| <b>Grand Total</b> | <b>13.5%</b>  | <b>24.8%</b>  | <b>29.2%</b> | <b>16.7%</b> | <b>15.8%</b>   | <b>100.0%</b> |

**Warwick's Transportation share is very high as TF Green Airport revenue is counted here.**



# Regional Share of Statewide TSA Tourism

## Regional Share of State Expenditures by Category

|                   | Accommodation | Entertainment | Food        | Shopping    | Transportation | Total       |
|-------------------|---------------|---------------|-------------|-------------|----------------|-------------|
| Providence        | 18.6%         | 30.6%         | 23.0%       | 37.9%       | 33.9%          | 28.4%       |
| Newport           | 30.9%         | 15.4%         | 13.3%       | 8.6%        | 3.6%           | 14.4%       |
| South County      | 24.6%         | 9.5%          | 14.8%       | 16.5%       | 4.7%           | 13.5%       |
| Warwick           | 8.0%          | 4.5%          | 11.2%       | 10.9%       | 28.9%          | 13.0%       |
| Blackstone Valley | 3.5%          | 25.1%         | 15.1%       | 6.8%        | 10.6%          | 12.9%       |
| Balance of State  | 1.5%          | 3.9%          | 11.9%       | 7.8%        | 10.8%          | 7.2%        |
| Block Island      | 12.2%         | 6.6%          | 3.3%        | 5.4%        | 2.3%           | 5.9%        |
| East Bay          | 0.8%          | 4.3%          | 7.4%        | 6.1%        | 5.2%           | 4.7%        |
| <b>Total</b>      | <b>100%</b>   | <b>100%</b>   | <b>100%</b> | <b>100%</b> | <b>100%</b>    | <b>100%</b> |



Accommodation data includes seasonal second home rentals, which creates significant differences in share from state room tax data. As the TSA definition of tourism includes any overnight stay, accommodations results are the same for TSA and TSA + Under 50Mile.



## Regional Share of Statewide TSA Tourism

### Expenditure Category Share of Regional Tourism Spending

|                   | Accommodation | Entertainment | Food  | Shopping | Transportation | Total  |
|-------------------|---------------|---------------|-------|----------|----------------|--------|
| Providence        | 13.0%         | 24.8%         | 16.2% | 18.8%    | 27.2%          | 100.0% |
| Newport           | 42.8%         | 24.6%         | 18.5% | 8.3%     | 5.7%           | 100.0% |
| South County      | 36.4%         | 16.3%         | 22.0% | 17.3%    | 8.0%           | 100.0% |
| Warwick           | 12.2%         | 7.9%          | 17.4% | 11.8%    | 50.7%          | 100.0% |
| Blackstone Valley | 5.4%          | 44.9%         | 23.5% | 7.5%     | 18.8%          | 100.0% |
| Balance of State  | 4.3%          | 12.6%         | 33.5% | 15.2%    | 34.4%          | 100.0% |
| Block Island      | 41.2%         | 25.8%         | 11.2% | 12.9%    | 8.9%           | 100.0% |
| East Bay          | 3.4%          | 21.3%         | 31.8% | 18.3%    | 25.3%          | 100.0% |
| Grand Total       | 20.0%         | 23.0%         | 20.1% | 14.1%    | 22.8%          | 100.0% |

**Warwick's Transportation share is very high as TF Green Airport revenue is counted here.**



## TSA + Under 50Mile Growth Rates by Region for 2009

### Regional Growth Rates by Category 2009 vs 2008

|                   | Accomodation | Entertainment | Food  | Retail | Transportation | Grand Total |
|-------------------|--------------|---------------|-------|--------|----------------|-------------|
| Balance of State  | -11.1%       | -4.4%         | -2.5% | -1.9%  | -7.0%          | -3.8%       |
| Blackstone Valley | 3.9%         | -4.6%         | -1.1% | -1.9%  | -7.0%          | -3.5%       |
| Block Island      | -6.0%        | -7.1%         | -1.3% | -2.8%  | -2.2%          | -4.8%       |
| East Bay          | -15.6%       | -8.9%         | 1.0%  | -1.7%  | -11.3%         | -4.1%       |
| Newport           | -6.4%        | -6.9%         | -3.2% | -5.6%  | -8.9%          | -5.7%       |
| Providence        | -10.6%       | -4.4%         | -2.0% | -1.9%  | -7.0%          | -4.4%       |
| South County      | -5.9%        | -7.9%         | 2.8%  | -1.7%  | -10.7%         | -2.7%       |
| Warwick           | -12.3%       | -8.8%         | -1.2% | -1.7%  | -10.4%         | -6.7%       |
| Grand Total       | -7.4%        | -5.5%         | -1.0% | -2.2%  | -8.4%          | -4.4%       |

Retail, including gas and grocery stores, saw by far the largest category level drop. Entertainment saw the only state-wide growth although it was not consistent across regions.



## TSA Tourism Growth Rates by Region for 2009

### Regional Growth Rates by Category 2009 vs 2008

|                   | Accomodation | Entertainment | Food  | Retail | Transportation | Grand Total |
|-------------------|--------------|---------------|-------|--------|----------------|-------------|
| Balance of State  | -11.1%       | -4.1%         | -4.5% | 4.6%   | -9.1%          | -5.2%       |
| Blackstone Valley | 3.9%         | 3.8%          | -1.8% | 6.3%   | -5.6%          | 0.7%        |
| Block Island      | -6.0%        | -6.4%         | -1.1% | 8.9%   | -3.0%          | -3.6%       |
| East Bay          | -15.6%       | -5.4%         | -1.7% | 3.0%   | -8.4%          | -4.0%       |
| Newport           | -6.4%        | -4.3%         | -4.4% | 7.3%   | -11.9%         | -4.8%       |
| Providence        | -10.6%       | -0.8%         | -3.5% | 5.7%   | -7.9%          | -3.5%       |
| South County      | -5.9%        | -5.2%         | 2.3%  | 6.0%   | -8.9%          | -2.4%       |
| Warwick           | -12.3%       | -6.0%         | -2.5% | 6.5%   | -9.1%          | -6.6%       |
| Total             | -7.4%        | -1.7%         | -2.3% | 5.9%   | -8.3%          | -3.6%       |

As discussed previously, the growth in retail spending is in part due to the 19% decline in 2008.



## Regional Share of Statewide TSA + Under 50Mile Visitation

### Regional Share of State Visitors - 2009

|                   | Share of Expenditures | Share of Visitation | Total Visitors (000) |
|-------------------|-----------------------|---------------------|----------------------|
| Balance of State  | 8.0%                  | 7.5%                | 1,217.2              |
| Blackstone Valley | 16.8%                 | 19.7%               | 3,186.1              |
| Block Island      | 4.5%                  | 3.3%                | 536.9                |
| East Bay          | 4.6%                  | 4.7%                | 760.0                |
| Newport           | 14.2%                 | 16.0%               | 2,587.1              |
| Providence        | 27.1%                 | 27.1%               | 4,391.9              |
| South County      | 13.3%                 | 12.6%               | 2,042.9              |
| Warwick           | 11.6%                 | 9.0%                | 1,456.9              |
| <b>Total</b>      | <b>100.0%</b>         | <b>100.0%</b>       | <b>16,178.9</b>      |

Biggest variances from spending shares are in regions where there is a dominant category, such as expensive accommodations in Block Island or high transportation revenue in Warwick



## Regional Share of Statewide TSA Tourism Visitation

### Regional Share of State Visitors - 2009

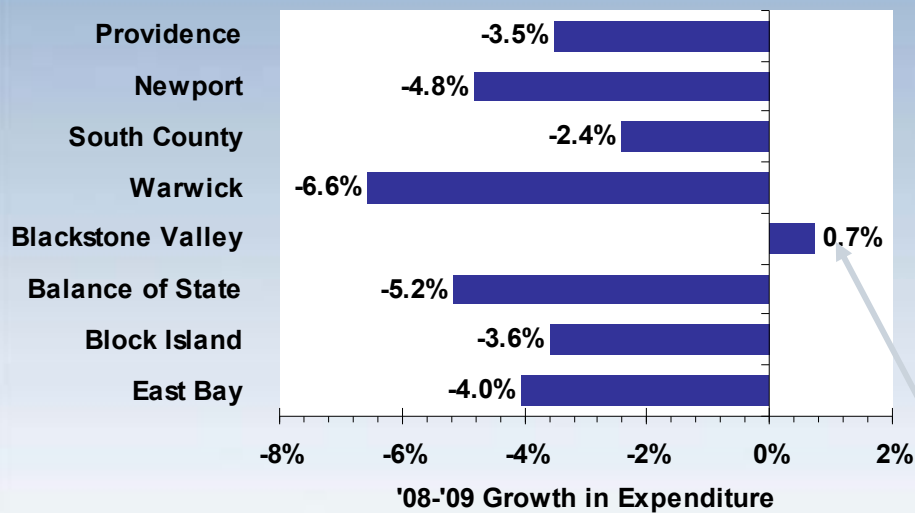
|                   | Share of Expenditures | Share of Visitation | Total Visitors<br>(000) |
|-------------------|-----------------------|---------------------|-------------------------|
| Balance of State  | 7.2%                  | 7.6%                | 522.3                   |
| Blackstone Valley | 12.9%                 | 15.4%               | 1061.2                  |
| Block Island      | 5.9%                  | 5.5%                | 379.3                   |
| East Bay          | 4.7%                  | 6.0%                | 412.2                   |
| Newport           | 14.4%                 | 14.9%               | 1021.0                  |
| Providence        | 28.4%                 | 29.4%               | 2023.4                  |
| South County      | 13.5%                 | 12.4%               | 849.9                   |
| Warwick           | 13.0%                 | 8.8%                | 602.6                   |
| <b>Total</b>      | <b>100.0%</b>         | <b>100.0%</b>       | <b>6871.9</b>           |

Biggest variances from spending shares are in regions where there is a dominant category, such as expensive accommodations in Block Island or high transportation revenue in Warwick

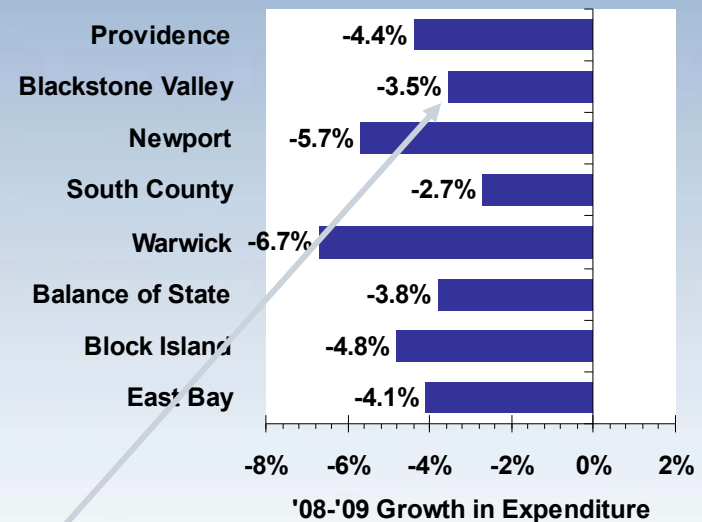


# Regional Growth in Expenditures 2009 - 2008

**TSA Only**



**TSA + <50Mile**



**Blackstone Valley benefited from strong growth in casino gaming from out of state residents, which benefitted the TSA numbers, but total gaming was not as strong, resulting in less of a bump in the TSA +<50mile results.**



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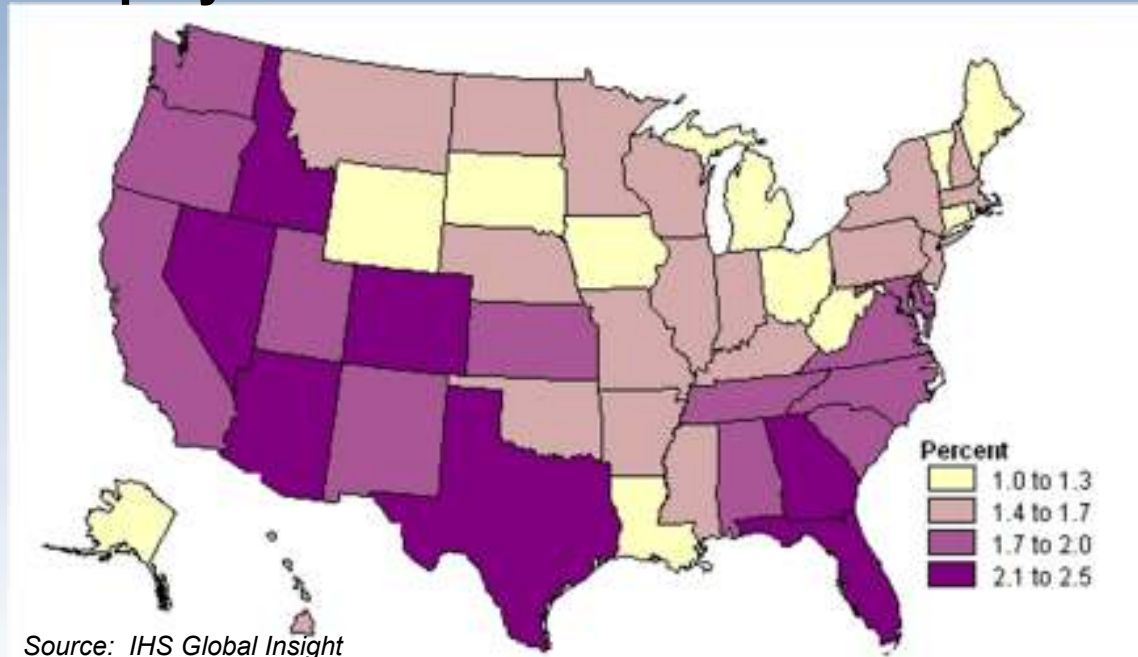


# **New England and Rhode Island Economic Overview**



## Employment Growth In New England Will Be Muted

### Employment Growth 2010-2015 Annual Rate

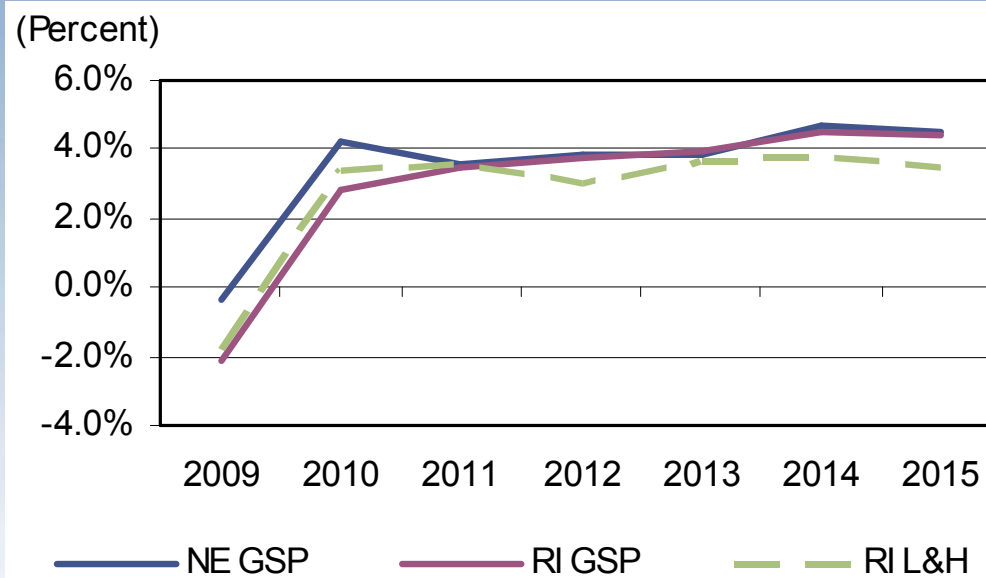


- **While national unemployment rate peaked at over 10%, New England unemployment topped out at 9.1% in Q1, resulting in slower long-term growth**
- **RI unemployment has peaked at 12.6% in Q1, but not expected to drop below 10% until 2<sup>nd</sup> half of 2013**
- **Employment in Leisure and Hospitality in RI will remain below 2007 peak through 2015**



## Economic Growth In New England and RI Should Boost Tourism

### Annual Economic Growth for NE and RI



Source: IHS Global Insight; based on nominal dollars

- **New England's economic recovery, like that of the nation, is underway but will be slow and steady**
- **Rhode Island's overall economy, and the L&H industry, had a steep decline but are on a path to recovery**



## Talking Points: What Do *Visitors* Mean to RI?

- ✓ If tourism didn't exist, each household would pay \$1,349 more in taxes to maintain the current level of state and local tax receipts
- ✓ Each visitor creates about \$134 in tax receipts, \$78 of which goes to state & local authorities
- ✓ It takes only 185 visitors to pay for one Rhode Island public school student for one year
- ✓ Each RI visitor/traveler generates about \$481 in expenditures, \$96 of which goes to RI businesses that do not directly "touch" that visitor
- ✓ Every 163 visitors creates a new RI job
- ✓ Each visitor adds about \$235 to RI Gross State Product



**Thank You!**

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