

# Economic Impact of Tourism in Connecticut, 2017

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TOURISM  
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AN OXFORD ECONOMICS COMPANY

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## 1) Key findings

# Report Overview

## Key facts about Connecticut's tourism sector

Visitor spending **rose 3.6%** in 2017 to \$9.3 billion

Tourism supports **5.3% of all jobs** in Connecticut

Tourism in Connecticut generated **\$960 million in state and local taxes** alone in 2017

## Key indicators in Connecticut 2017

Dollar figures in millions

<b>Tourism spending</b>	<b>\$9,294</b>
<b>Total business sales</b>	<b>\$15,493</b>
<b>Employment sustained by tourism</b>	<b>123,521</b>
<b>Income sustained by tourism</b>	<b>\$5,441</b>
<b>Taxes sustained by tourism</b>	<b>\$2,183</b>
Federal	\$1,224
State	\$546
Local	\$413

Source: Tourism Economics

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## 2) Visitation Spending

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## Trends in Connecticut tourism

1

### Visitor spending growth increases in 2017

2017 marks the eighth straight year of visitor spending growth with spending increasing 3.6% — **the strongest growth since 2011.**

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### Growth in key spending categories

Visitor spending increased the most in food & beverages and lodging – both key tourism sectors.

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## Results are subject to revision

### **Current year results should be considered to be preliminary.**

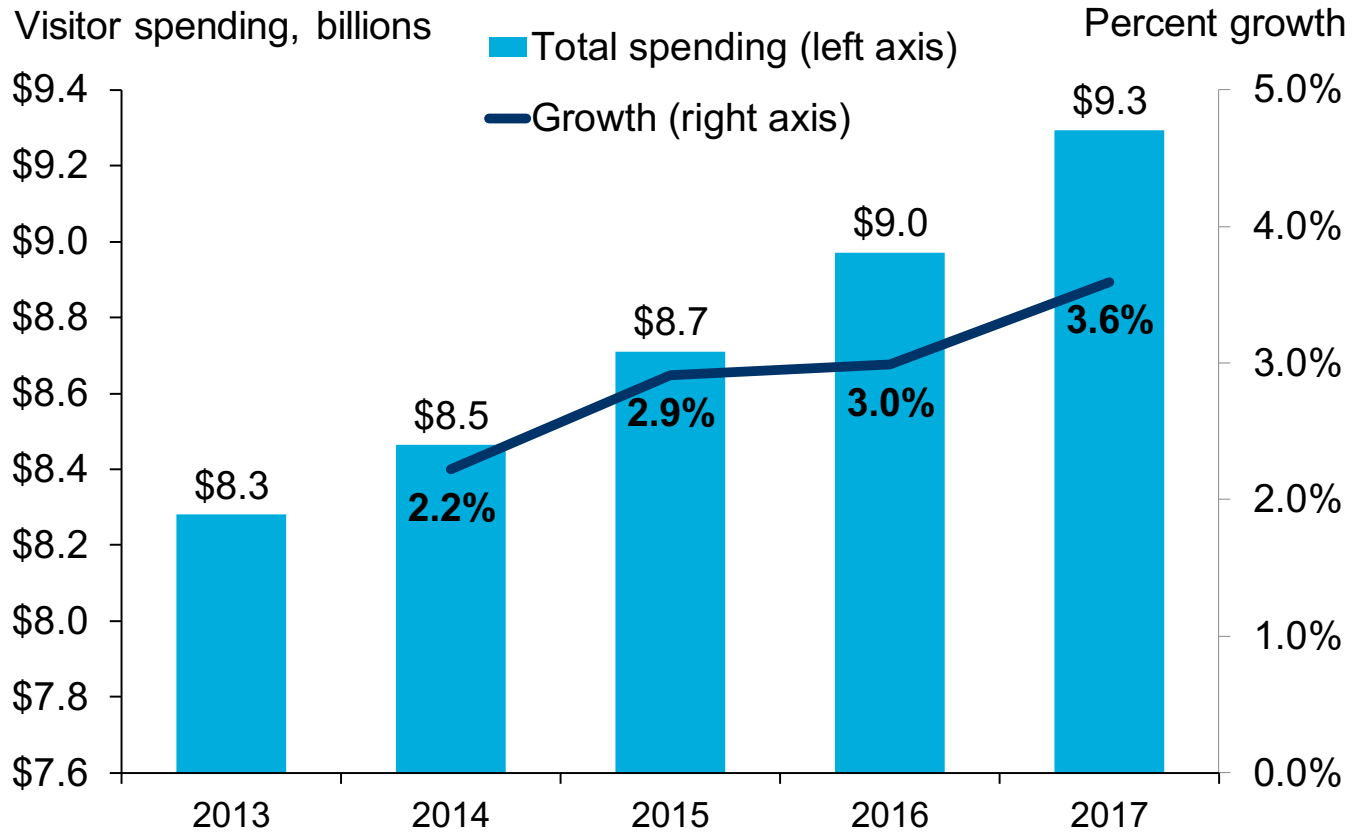
The economic impact of tourism in Connecticut analysis uses several different data sources including consumer survey data from Longwoods International, tax data, and employment and wage data.

At the time of publication, current year results should be considered to be preliminary as many of these sources get revised before being considered final.

## Visitor spending growth

Visitor spending increased 3.6% in 2017, the strongest rate of increase in Connecticut since 2011.

### Visitor spending in Connecticut



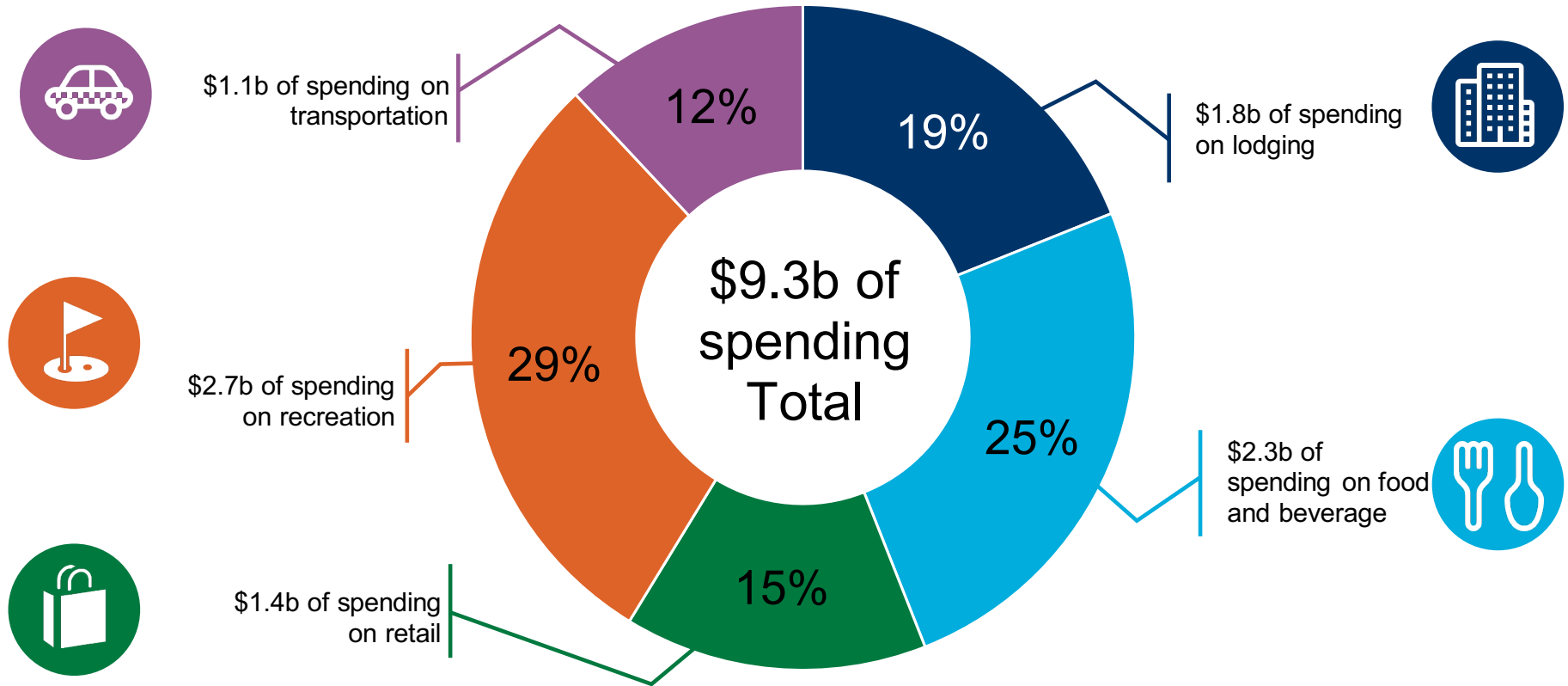
Source: Tourism Economics

## Visitor spending in Connecticut

The largest visitor spending category is recreational spending, capturing 29 cents of each visitor dollar. 19% of each visitor dollar is spent on lodging.

### Visitor spending in Connecticut, 2017

Dollars, billions and percent of total



Source: Tourism Economics



## Tourism spending reached \$9.3 billion in 2017

Spending grew 3.6% in 2017, led by increases in spending on food & beverages and lodging.

The 3.6% growth represented an increase in visitor spending of more than \$300 million.

Visitor spending has increased by \$1.0 billion since 2013, an annual average increase of 2.3%.

With visitor spending on food & beverages growing an average of 5.0% over the past five years, food & beverage spending has increased by \$500 million.

### Visitor spending in Connecticut

Nominal dollars, millions

	2013	2014	2015	2016	2017	2017 Growth	2013-2017 CAGR
Lodging	\$1,401.3	\$1,427.4	\$1,486.5	\$1,681.9	\$1,758.8	4.6%	4.6%
Food & beverages	\$1,830.8	\$1,980.8	\$2,163.2	\$2,212.1	\$2,331.3	5.4%	5.0%
Retail	\$1,238.5	\$1,297.4	\$1,312.4	\$1,341.0	\$1,368.7	2.1%	2.0%
Recreation	\$2,813.7	\$2,697.4	\$2,684.5	\$2,653.6	\$2,722.1	2.6%	-0.7%
Local Transportation	\$795.8	\$853.5	\$859.1	\$867.3	\$886.7	2.2%	2.2%
Air Transportation	\$200.2	\$207.7	\$205.2	\$215.4	\$226.2	5.0%	2.5%
<b>Total</b>	<b>\$8,280.4</b>	<b>\$8,464.2</b>	<b>\$8,710.9</b>	<b>\$8,971.2</b>	<b>\$9,293.8</b>	<b>3.6%</b>	<b>2.3%</b>

Source: Tourism Economics

# Tourism spending by category

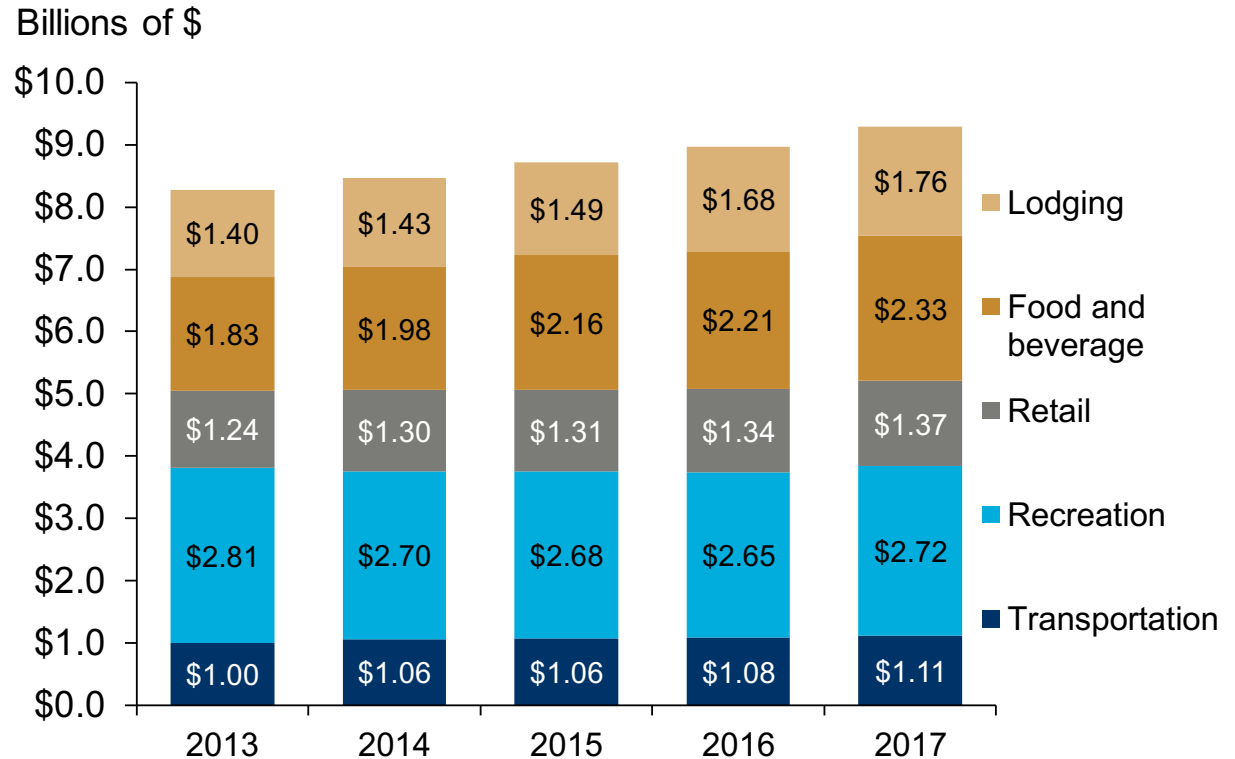
Visitor spending increased in each category — led by food & beverages and lodging.

Spending on lodging – including 2<sup>nd</sup> home rental and room rentals – surpassed \$1.75 million in 2017.

Spending by visitors on food & beverages jumped over \$110 million in 2017, reaching \$2.3 billion.

Recreational spending reached \$2.7 billion in 2017 despite a decline in visitor supported gaming revenue.

## Connecticut visitor spending



Transportation includes both Air and Local Transportation

Source: Tourism Economics

## Visitor spending shares

The share of the visitor dollar going to retail is decreasing while the lodging and food & beverages shares are increasing.

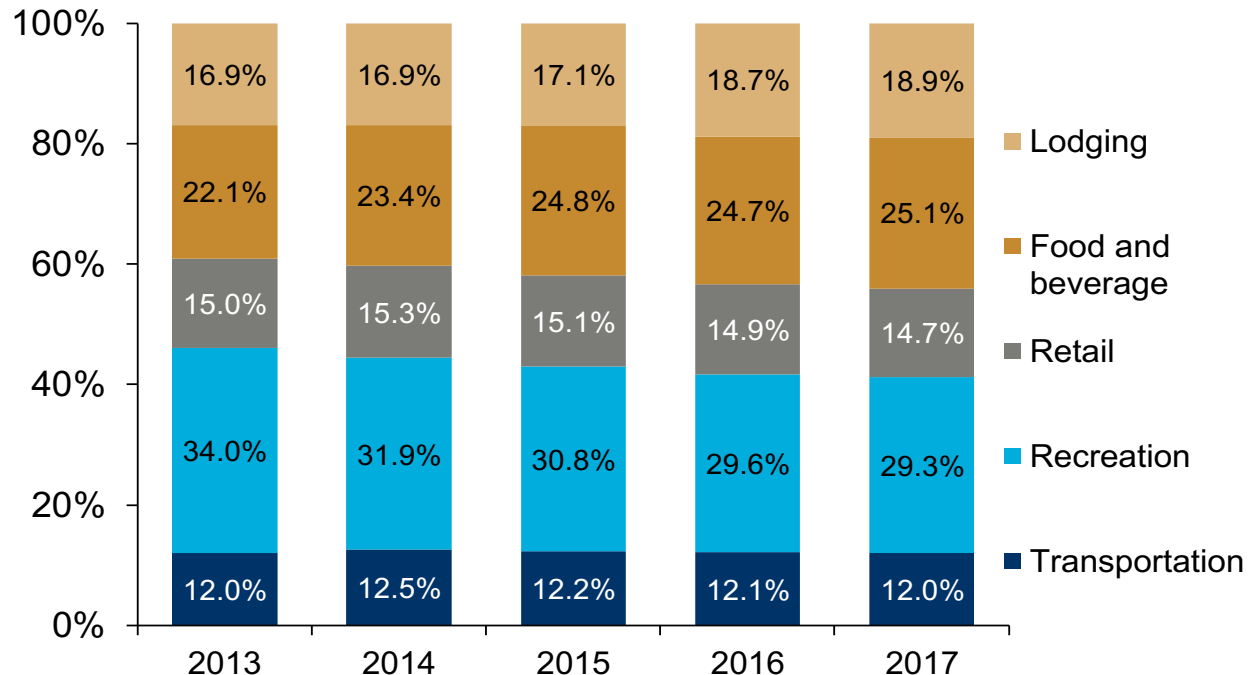
The share of the visitor dollar going to lodging expenses (including 2<sup>nd</sup> homes) increased to nearly 19% in 2017.

Visitors are now spending 25 cents of their dollar in Connecticut at restaurants and grocery stores, an increase of 3.0 percentage points since 2013.

Increasing competition for the gaming dollar across the Northeast has affected the recreational share in Connecticut.

## Connecticut visitor spending

Percent of total



Transportation includes both Air and Local Transportation

Source: Tourism Economics

## Travel sectors

Spending growth was strongest amongst day visitors, Canadian visitors, and amongst visitors traveling for leisure purposes.

2017 saw visitor spending growth across all travel sectors.

Leisure spend grew 4.0% in 2017, supporting overall state growth.

Strength in both the day and overnight sectors contributed to overall gains in spending.

The majority of visitor spending growth in Connecticut in 2017 can be attributed to domestic visitors.

### Visitor spending in Connecticut

Nominal dollars, millions

	Purpose		Stay		Market
Leisure	\$8.08	Day	\$3.58	Domestic	\$8.51
Business	\$1.22	Overnight	\$5.71	Overseas	\$0.76
				Canada	\$0.02
<b>Total</b>	<b>\$9.29</b>	<b>Total</b>	<b>\$9.29</b>	<b>Total</b>	<b>\$9.29</b>
Growth Rates					
Leisure	4.0%	Day	4.3%	Domestic	3.7%
Business	1.2%	Overnight	3.2%	Overseas	2.2%
				Canada	5.4%
<b>Total</b>	<b>3.6%</b>	<b>Total</b>	<b>3.6%</b>	<b>Total</b>	<b>3.6%</b>
Share					
Leisure	86.9%	Day	38.5%	Domestic	91.6%
Business	13.1%	Overnight	61.5%	Overseas	8.2%
				Canada	0.3%

Source: Tourism Economics

# Travel sectors

Visitor spending in Connecticut is led by leisure, overnight, and domestic sectors.

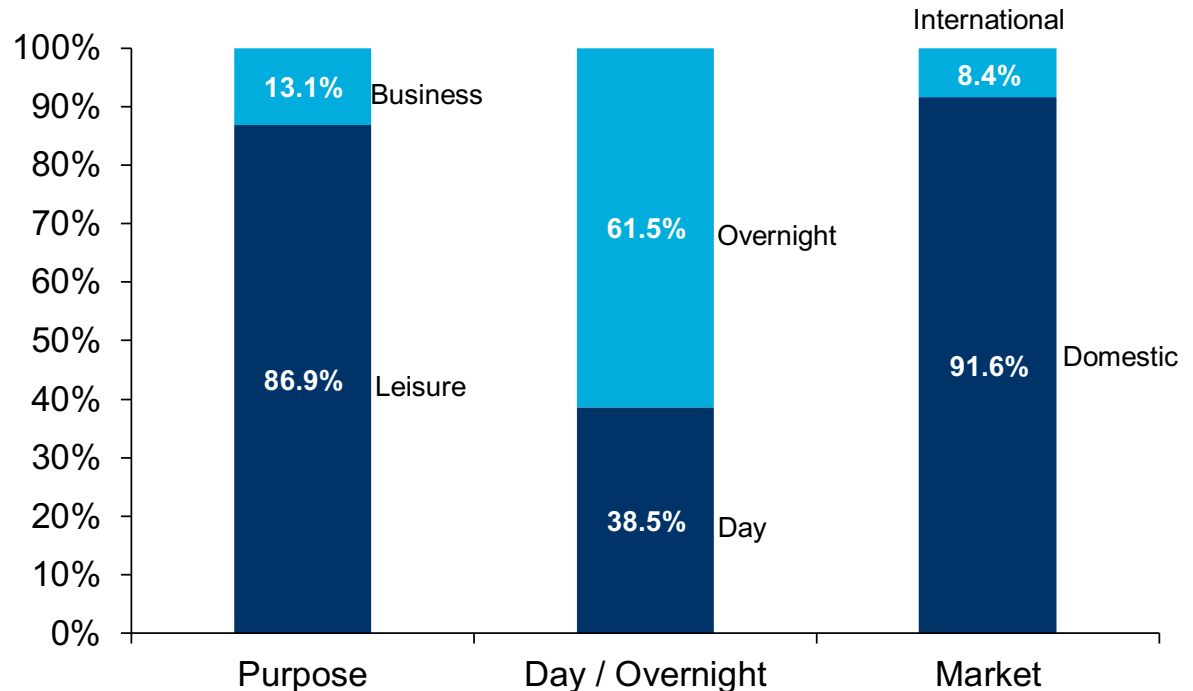
Leisure spending makes up 87% of all visitor spending in the state.

Despite being only one-third of overall visitation, overnight visitor spending is 61.5% of all visitor spending.

International visitor spending comprises about 8.4% of all visitor spending in Connecticut in 2017.

## Connecticut market breakouts

Visitor spending shares



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### 3) The Economic Impact of Tourism – Direct Tourism Industry

## How tourism generates impact

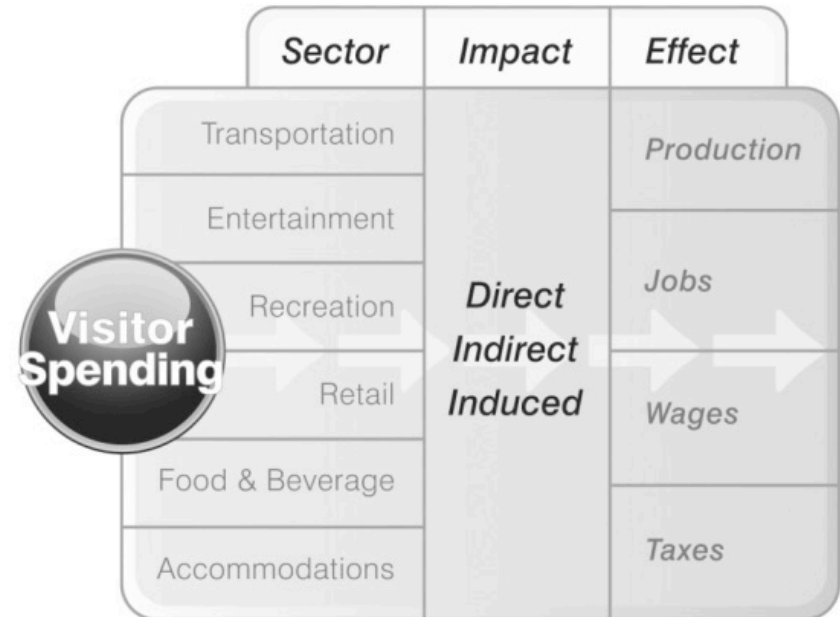
Our analysis of tourism's impact on Connecticut starts with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Connecticut, we input tourism spending into a model of the Connecticut's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

- Travelers create **direct** economic value within a discreet group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called **indirect** impacts.
- Lastly, the **induced** impact is generated when employees whose wages are generated either directly or indirectly by tourism, spend those wages in the local economy.

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

Tourism spending flows through the economy and generates economic benefit through multiple channels.

## How tourism spending flows through the economy and generates economic benefits



## Tourism industry impacts

Tourism GDP is the value added of those sectors directly interacting with visitors.

The narrow definition of the tourism industry counts only tourism consumption, which excludes capital investment and general government support of tourism. This definition is consistent with economic accounts.

On this basis, tourism industry GDP was \$4.6 billion in 2017, accounting for 1.8% of total Connecticut GDP.

Visitor spending in Connecticut directly supported 84,254 jobs and \$4.6 billion in state GDP in 2017.

Core Tourism		
	Employment	GDP
<b>Agriculture, Fishing, Mining</b>	-	-
<b>Construction and Utilities</b>	-	-
<b>Manufacturing</b>	-	-
<b>Wholesale Trade</b>	-	-
<b>Air Transport</b>	744	\$82.4
<b>Other Transport</b>	1,981	\$155.8
<b>Retail Trade</b>	6,931	\$304.4
<b>Gasoline Stations</b>	528	\$53.7
<b>Communications</b>	-	-
<b>Finance, Insurance and Real Estate</b>	331	\$358.1
<b>Business Services</b>	81	\$9.7
<b>Education and Health Care</b>	-	-
<b>Recreation and Entertainment</b>	18,909	\$636.2
<b>Lodging</b>	13,609	\$888.6
<b>Food &amp; Beverage</b>	30,323	\$1,181.6
<b>Personal Services</b>	2,216	\$118.8
<b>Government</b>	8,603	\$852.2
<b>TOTAL</b>	<b>84,254</b>	<b>\$4,641.5</b>

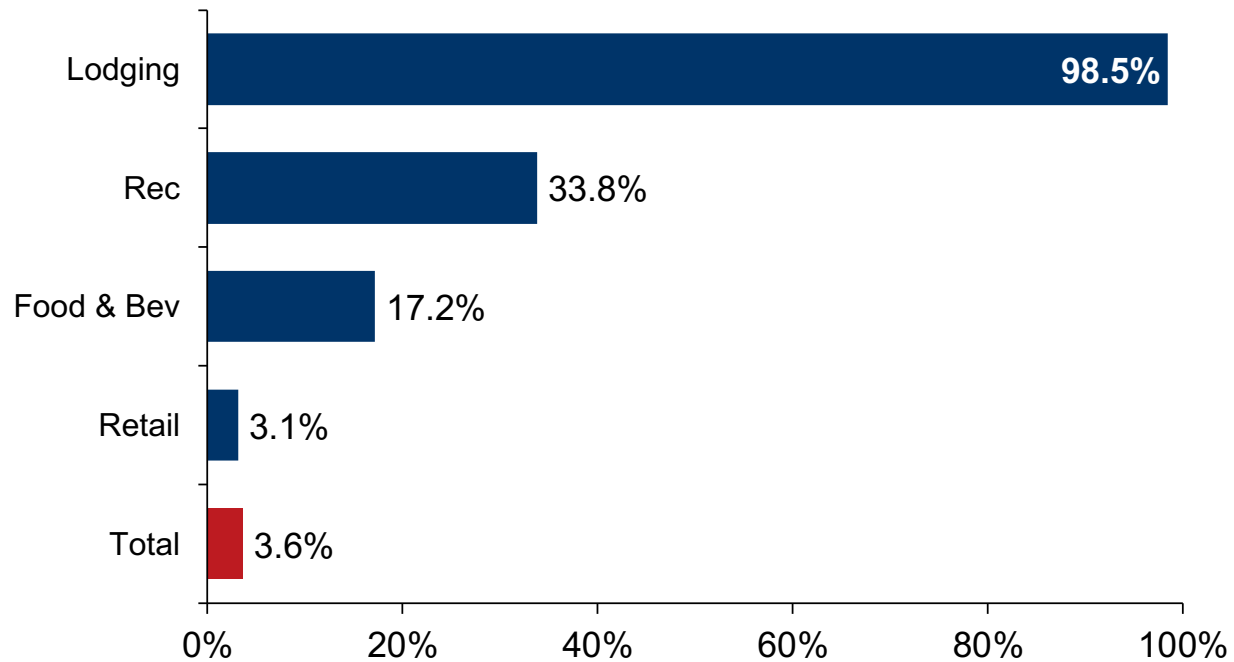
Source: Tourism Economics



## Tourism Employment Intensity

Tourism employment is a significant part of several industries – 99% of lodging, 34% of recreation, and 17% of the food & beverage employment is supported by visitor spending.

### Tourism Employment Intensity



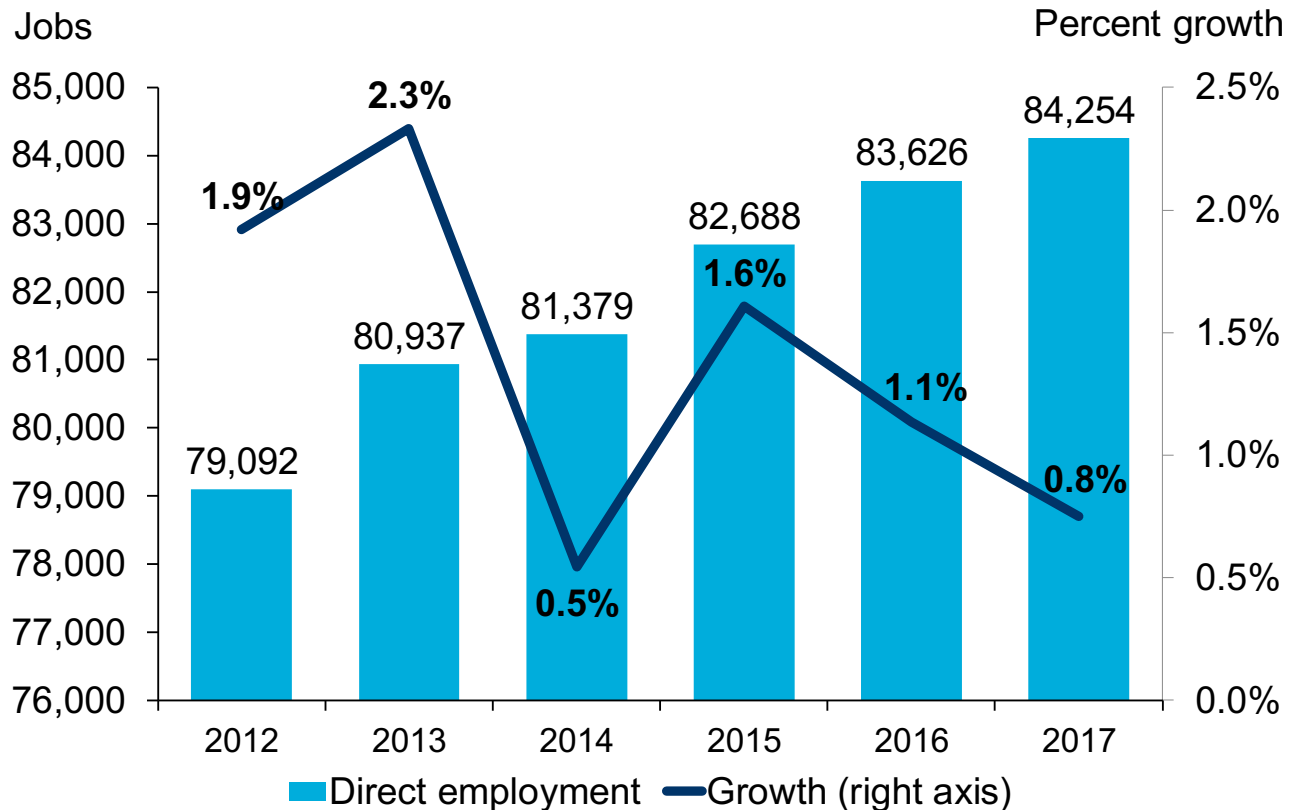
Source: Tourism Economics: BLS

Jobs

## Tourism employment growth

With spending growth concentrated in key tourism sectors, tourism businesses now employ 84,254 residents.

### Tourism supported employment in Connecticut



Source: Tourism Economics

The tourism sector is a major contributor to Connecticut's economy

Tourism is the 8<sup>th</sup> largest employer in Connecticut.

## Employment in Connecticut



Source: Tourism Economics; BLS (Current Employment Statistics)

Jobs

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## 4) The Economic Impact of Tourism – Total Tourism Economy

## Business sales impacts (1 of 2)

Visitors and tourism businesses spent \$9.3 billion in Connecticut in 2017. This supported a total of \$15.5 billion in business sales when indirect and induced impacts are considered.

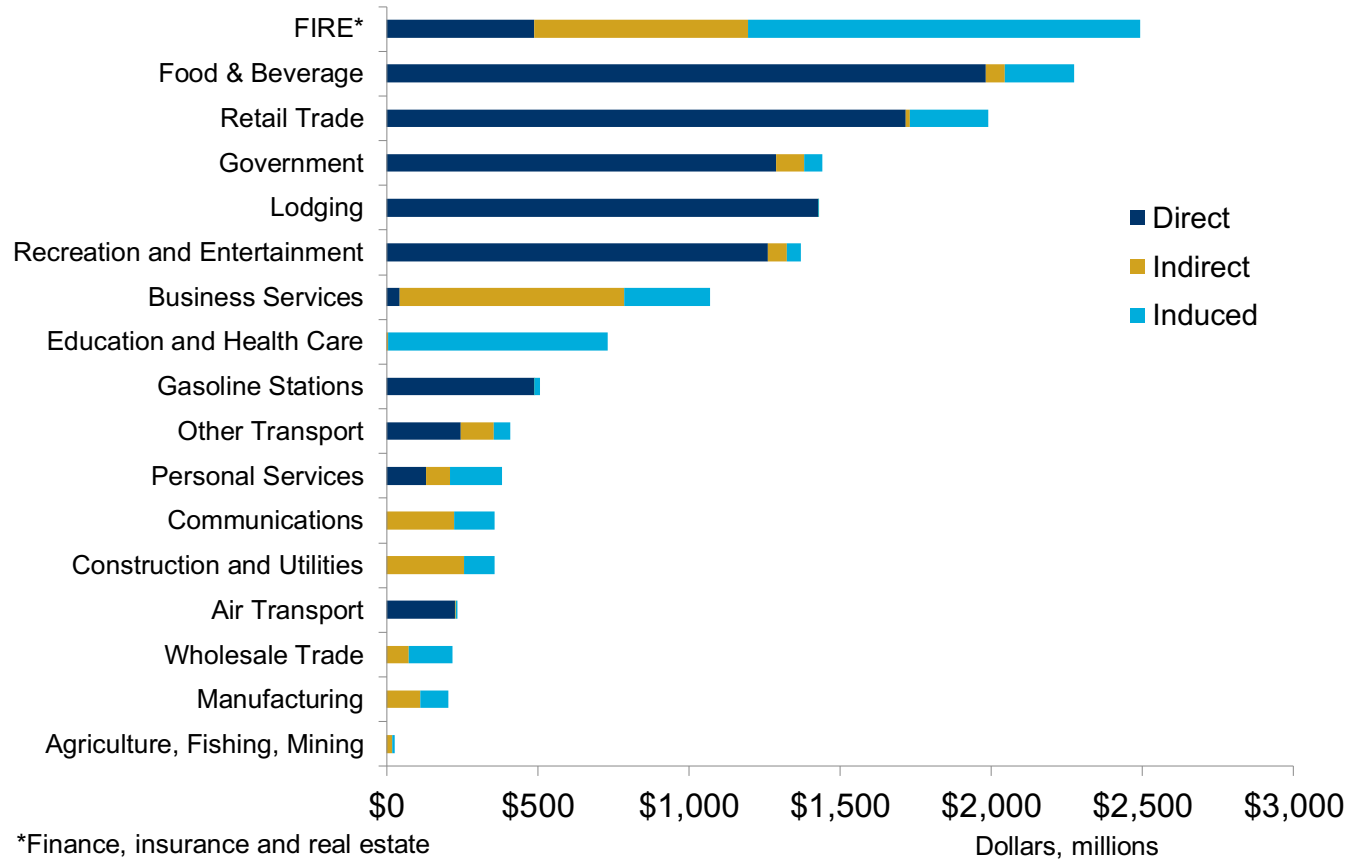
### Business sales impacts, 2017 (millions of \$)

	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	17.6	8.7	26.3
Construction and Utilities	-	254.5	101.1	355.7
Manufacturing	-	111.6	93.3	204.9
Wholesale Trade	-	73.6	142.9	216.5
Air Transport	226.2	2.5	6.2	234.9
Other Transport	243.8	111.3	54.2	409.4
Retail Trade	1,718.4	13.6	258.0	1,990.1
Gasoline Stations	487.7	1.1	18.6	507.4
Communications	-	222.5	135.7	358.2
Finance, Insurance and Real Estate	487.1	708.7	1,296.9	2,492.7
Business Services	43.0	742.8	284.6	1,070.5
Education and Health Care	-	4.7	726.5	731.2
Recreation and Entertainment	1,260.7	64.4	43.9	1,368.9
Lodging	1,426.9	1.4	1.5	1,429.9
Food & Beverage	1,981.6	63.6	228.1	2,273.3
Personal Services	128.9	80.6	172.7	382.2
Government	1,289.5	91.5	59.8	1,440.8
<b>TOTAL</b>	<b>9,293.8</b>	<b>2,566.3</b>	<b>3,632.7</b>	<b>15,492.8</b>
<b>Percent Change (2015-2017)</b>	<b>6.7%</b>	<b>4.8%</b>	<b>2.8%</b>	<b>5.5%</b>

## Business sales impacts (2 of 2)

While the majority of sales are in industries directly serving visitors, \$750 million in business sales is happening in business services as a result of selling to tourism businesses.

### Business sales impacts, 2017



Source: Tourism Economics

## GDP impacts (1 of 2)

Travel generated \$8.7 billion in state GDP in 2017, or 3.3% of the Connecticut economy. This excludes all import leakages to arrive at the economic value generated by travel.

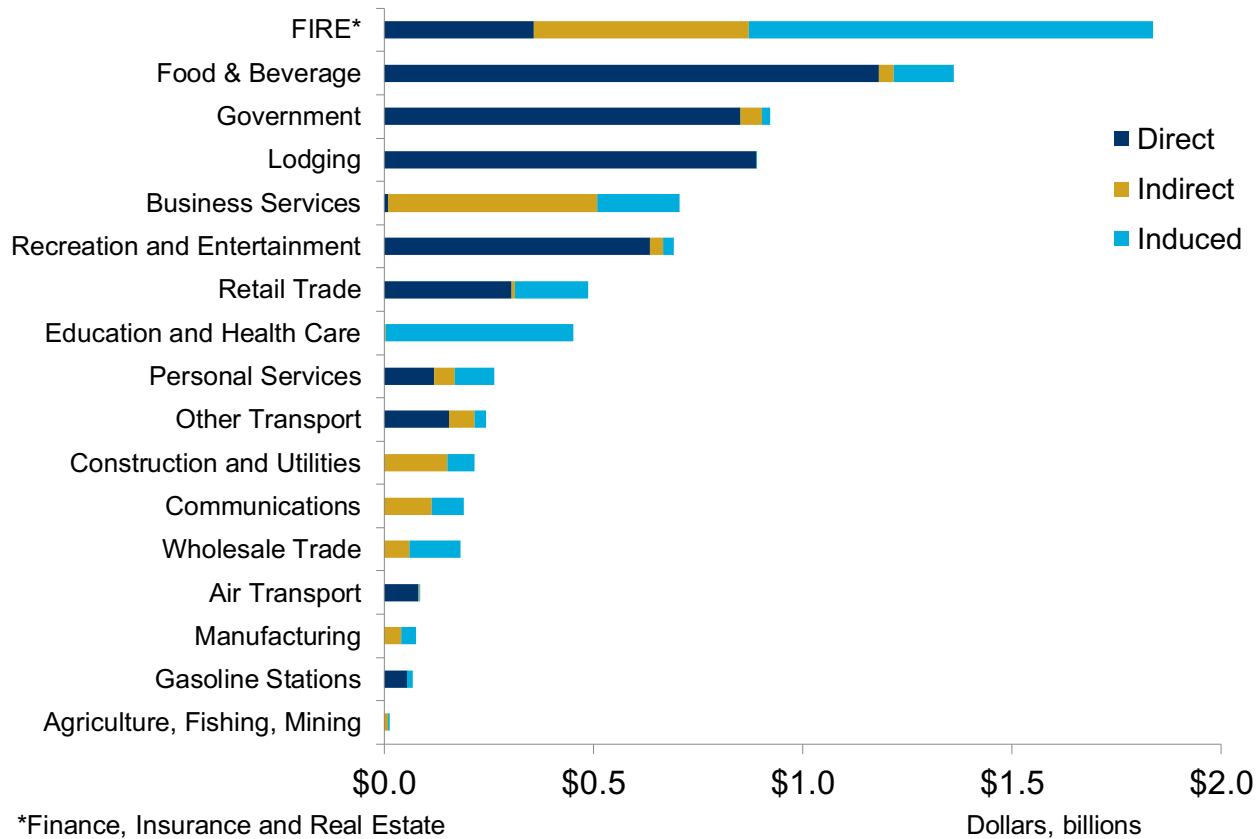
GDP impacts, 2017 (millions of \$)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	8.6	4.2	12.8
Construction and Utilities	-	150.6	66.3	216.9
Manufacturing	-	41.1	35.2	76.2
Wholesale Trade	-	60.4	122.3	182.7
Air Transport	82.4	1.1	2.7	86.2
Other Transport	155.8	59.7	28.8	244.4
Retail Trade	304.4	8.0	175.8	488.2
Gasoline Stations	53.7	0.7	13.4	67.9
Communications	-	114.6	76.5	191.1
Finance, Insurance and Real Estate	358.1	513.7	965.9	1,837.7
Business Services	9.7	499.8	196.8	706.3
Education and Health Care	-	2.6	450.4	453.1
Recreation and Entertainment	636.2	30.3	24.9	691.4
Lodging	888.6	0.9	1.0	890.5
Food & Beverage	1,181.6	37.1	142.1	1,360.8
Personal Services	118.8	50.2	93.8	262.8
Government	852.2	50.1	21.3	923.5
<b>TOTAL</b>	<b>4,641.5</b>	<b>1,629.5</b>	<b>2,421.4</b>	<b>8,692.4</b>
<b>Percent Change (2015-2017)</b>	<b>3.7%</b>	<b>2.2%</b>	<b>1.9%</b>	<b>2.9%</b>

Source: Tourism Economics

## GDP impacts (2 of 2)

Supported by 2<sup>nd</sup> home rentals, the finance, insurance and real estate (FIRE) industry has the largest economic contribution from traveler spending followed by the restaurant industry.

### GDP impacts, 2017



\*Finance, Insurance and Real Estate

Source: Tourism Economics



## Employment impacts (1 of 2)

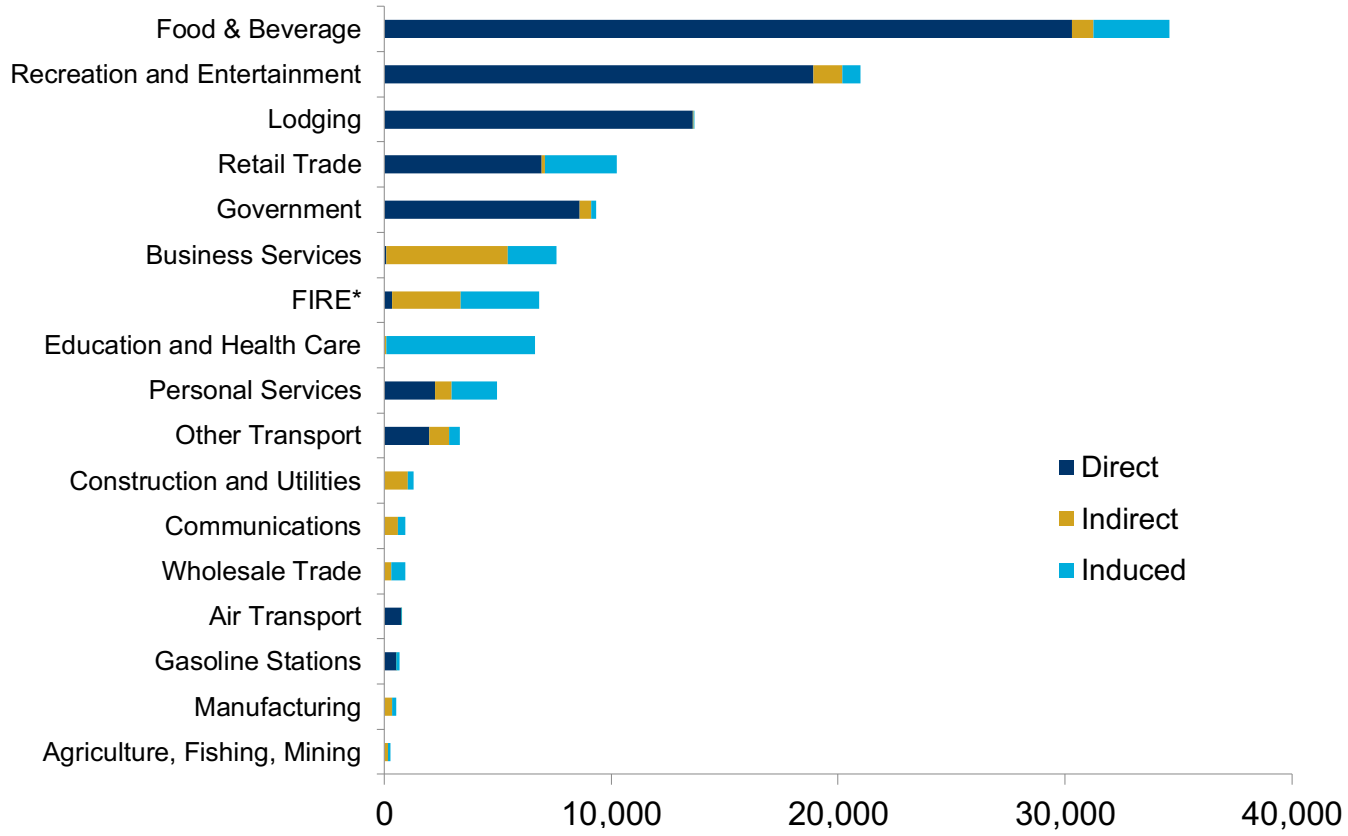
Visitor spending supported a total of 123,521 jobs when indirect and induced impacts are considered.

Employment impacts, 2017				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	160	105	265
Construction and Utilities	-	1,012	275	1,287
Manufacturing	-	326	180	505
Wholesale Trade	-	304	626	931
Air Transport	744	9	22	774
Other Transport	1,981	886	465	3,332
Retail Trade	6,931	140	3,167	10,238
Gasoline Stations	528	8	131	667
Communications	-	583	350	933
Finance, Insurance and Real Estate	331	3,037	3,444	6,812
Business Services	81	5,353	2,153	7,587
Education and Health Care	-	68	6,585	6,652
Recreation and Entertainment	18,909	1,263	823	20,995
Lodging	13,609	14	15	13,637
Food & Beverage	30,323	936	3,339	34,598
Personal Services	2,216	734	2,028	4,978
Government	8,603	502	225	9,331
<b>TOTAL</b>	<b>84,254</b>	<b>15,334</b>	<b>23,933</b>	<b>123,521</b>
<b>Percent Change (2015-2017)</b>	<b>1.9%</b>	<b>2.2%</b>	<b>0.4%</b>	<b>1.6%</b>

Source: Tourism Economics

# Employment impacts (2 of 2)

## Employment impacts, 2017



\*Finance, insurance and real estate

Source: Tourism Economics

## Personal income impacts (1 of 2)

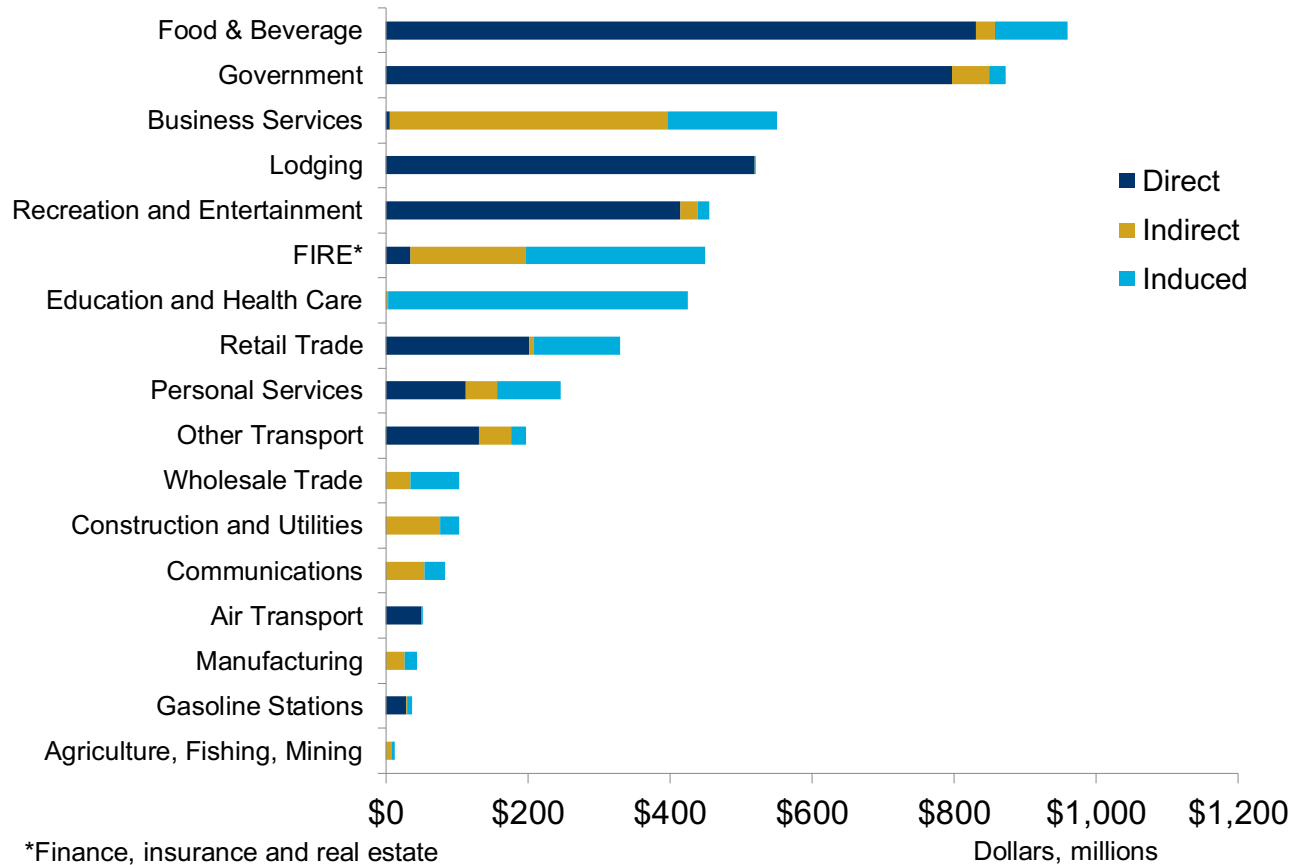
Tourism generated \$3.1 billion in direct income and \$5.4 billion when indirect and induced impacts are considered.

Personal income impacts, 2017 (millions of \$)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	8.0	4.2	12.1
Construction and Utilities	-	76.0	26.9	103.0
Manufacturing	-	26.6	16.6	43.2
Wholesale Trade	-	34.0	69.6	103.6
Air Transport	49.2	0.6	1.6	51.5
Other Transport	130.6	45.3	21.4	197.2
Retail Trade	201.6	5.7	122.1	329.4
Gasoline Stations	29.2	0.4	7.2	36.8
Communications	-	53.6	29.8	83.5
Finance, Insurance and Real Estate	34.9	162.1	252.9	449.9
Business Services	5.5	391.7	154.1	551.3
Education and Health Care	-	2.6	422.5	425.1
Recreation and Entertainment	415.1	23.8	16.6	455.5
Lodging	519.0	0.5	0.6	520.0
Food & Beverage	830.9	26.3	102.3	959.5
Personal Services	112.0	44.9	89.6	246.6
Government	797.0	52.2	23.7	872.9
<b>TOTAL</b>	<b>3,125.0</b>	<b>954.3</b>	<b>1,361.6</b>	<b>5,440.9</b>
<b>Percent Change (2015-2017)</b>	<b>3.4%</b>	<b>2.9%</b>	<b>3.1%</b>	<b>3.2%</b>

Source: Tourism Economics

# Personal income impacts (2 of 2)

## Personal income impacts, 2017



\*Finance, insurance and real estate

Source: Tourism Economics

## Tax impacts

State and local taxes alone tallied \$960 million in 2017 with property and sales taxes the two largest categories.

State and local tax receipts supported by visitor activity have grown by \$65 million since 2015.

Each household in Connecticut would need to be taxed an additional \$705 to replace the state and local taxes generated by visitors in 2017.

Visitor spending, visitor supported jobs, and business sales generated nearly \$2.2 billion in governmental revenues.

Tax impacts, millions			
	2015	2016	2017
<b>Federal</b>	<b>\$1,181.5</b>	<b>\$1,203.0</b>	<b>\$1,224.4</b>
Personal Income	\$507.1	\$522.7	\$530.8
Corporate	\$140.6	\$130.1	\$134.0
Indirect business	\$74.7	\$76.9	\$79.2
Social insurance	\$459.1	\$473.3	\$480.5
<b>State and Local</b>	<b>\$893.6</b>	<b>\$926.1</b>	<b>\$958.5</b>
Sales	\$203.8	\$213.3	\$218.4
Bed Tax	\$117.2	\$122.9	\$129.7
Personal Income	\$136.0	\$131.6	\$133.7
Corporate	\$21.1	\$21.7	\$22.4
Social insurance	\$5.1	\$4.4	\$4.5
Excise and Fees	\$44.2	\$45.8	\$47.5
Property	\$366.2	\$386.4	\$402.3
<b>Total</b>	<b>\$2,075.1</b>	<b>\$2,129.1</b>	<b>\$2,183.0</b>

Source: Tourism Economics

## Tax impacts

Governments receive tax revenues both directly from visitor activity and from the economic activity generated in support of visitors in the state.

Of the \$2.2 billion in tax revenue, \$1.4 billion came as a direct result of visitor activity.

Another \$880 million in tax revenue was collected indirectly from visitor activity in Connecticut.

Of the \$960 million state and local governments collect, \$679 million is directly tied to visitor activity.

\$161 million in sales tax revenue was directly tied to visitor activity in the state.

Tax impacts, millions			
	Direct	Indirect/Induced	Total
<b>Federal</b>	<b>\$676.3</b>	<b>\$548.1</b>	<b>\$1,224.4</b>
Personal Income	\$291.7	\$239.1	\$530.8
Corporate	\$66.1	\$67.8	\$134.0
Indirect business	\$50.9	\$28.3	\$79.2
Social insurance	\$267.6	\$212.9	\$480.5
<b>State and Local</b>	<b>\$678.7</b>	<b>\$311.7</b>	<b>\$958.5</b>
Sales	\$160.6	\$57.8	\$218.4
Bed Tax	\$129.7	\$0.0	\$129.7
Personal Income	\$73.5	\$60.2	\$133.7
Corporate	\$11.0	\$11.3	\$22.4
Social insurance	\$2.6	\$1.8	\$4.5
Excise and Fees	\$28.8	\$18.8	\$47.5
Property	\$240.6	\$161.7	\$402.3
<b>Total</b>	<b>\$1,355.0</b>	<b>\$880.3</b>	<b>\$2,183.0</b>

Source: Tourism Economics

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## 5) Tourism in context

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## Figures in context

### Tourism Spending

Stacking 9.3 billion \$1 bills would reach over 630 miles high – this pile would traverse the state nearly six times from east to west (110 miles long) .

### Tourism Supported Sales

The \$15.5 billion in total impact in 2017 is equal in size to the entire U.S. youth sports market.

### Employment

The 84,254 jobs directly supported by visitor spending would be enough for every resident of the City of Danbury (population 84,657).



## Figures in context

### Taxes

State and local tax revenue collected from tourism activity reached \$960 million in 2017 – enough to fund the entire state transportation capital budget AND capital budget for education & libraries (\$920 million).

### Taxes

To make up for the \$960 million in state and local taxes generated by visitor activity, each household in the state would need to contribute \$705 to maintain the current level of government.

In comparison, American consumers spent an average of \$652 on admissions to arts, movies, sporting events and other entertainment activities. The savings from tourism to state households is larger than what they spend on admissions.

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# About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 200 professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in London, Oxford, Dubai, New York, Philadelphia, and Belfast.

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