



# The Vast and Varied Economic Contributions of Tourism

## **Tourism Directly Supports Economic Development Goals and Quality of Life**

Few things have gained consensus in the world of economic development, yet it appears that the highest priority of most economic development professionals is increasing the quality of life in their community. That is precisely what tourism delivers.

Even though local officials in many places may be aware of, or even witnessing the economic activity generated by the small businesses in a community, there may still be many who have not grasped the concept that attracting visitors proactively contributes to exactly what they want to achieve. They must be made aware that it's possible to chart a path to generate economic development through tourism which touches upon virtually every primary goal of economic development.

Tourism does in fact, increase the number of jobs at both starter and higher levels. Plus, tourism can and often does spark that much needed downtown revitalization. It delivers stronger support for the arts and diversifies the tax base, making economic development more inclusive. And it delivers these things in far less time than it takes to plan and build a major infrastructural project or recruit a large manufacturing corporation.

### **Taking Credit for All Tourism Delivers**

In spite of all that, it still appears that one of the most critical issues is convincing the “powers that be” that tourism is serious economic development and not just “the fun stuff.” Doing so will certainly elevate the perception of tourism. And in many locations that just means taking credit for what actually happens. The additional vast and varied, just as viable results that tourism delivers are most often

overlooked when assessing the value of the tourism program, because they are not normally tracked and quantified as part of tourism reporting. Doing so dramatically increases the value of the tourism program and justified the funds invested in it.

### **Tourism Creates Jobs**

One of the first questions that local officials being asked to support expanding tourism ask is, "what level of job creation can we expect that spending to generate?"

Even in view of the priority of economic development offices to publicize the number of jobs they are responsible for generating, proving job numbers for tourism that everyone can agree on, has been challenging. It stands to reason that people in the community are working in jobs serving visitors. Workers staff and manage hotels and restaurants, serve visitors at attractions and in local retail stores, and hold otherwise obvious jobs in tourism.

There have been many attempts to clarify the true number of jobs generated by tourism programs, yet there is no one single figure used in the United States. This is mainly due to the fact that pay scales vary so widely from coast to coast and for example, not all restaurant jobs, can be attributed to tourism.

Conventional thinking has been that tourism jobs are only low paying and marginal, and some are only seasonal. In fact, these types of workers are needed to serve visitors, yet the tourism industry generates a wide range of job opportunities in hospitality, entertainment, transportation, and retail. Every new business, hotel, restaurant, shop, or service business has a manager and sometimes an assistant manager, in addition to front line staff.

If these business do not have their own financial management personnel, they use the services of local providers, who can increase their own staff in response to more demand. Plus tourism jobs are both “starter” jobs that reduce local unemployment, and higher paying professional positions. Interestingly, research reveals that more individuals in starter jobs in the tourism industry successfully pursue college degrees than in any other industry. The jobs both pay the bills and allow the flexibility needed to pursue classes, serving as a springboard to greater things.

US Travel indicates every \$100,000 in visitor spending generates one new job. Research based on numbers analyzed from various US congressional districts summarized that 100 new traveling parties would create the equivalent of one new job and 1,000 new parties the equivalent of 10 new jobs.

Using the Travel Oregon number of \$249 per person per day visitor spending and an average traveling party size of 2.1 spending 3 days in a community, results in a total of \$156,870 in visitor spending. Comparing that figure to the US Travel number, 100 new traveling parties creates the equivalent of 1.5 new jobs and 1,000 new parties, the equivalent of 15 new jobs.

Quad Cities stated that 8,618 people were employed in the visitor economy industry while Tybee Island, Georgia indicated visitor spending supported 1,902 jobs on the island, and many more off-island. The State of Georgia calculated that 484,00 people are employed in tourism within 159 counties, an average of 3,044 tourism supported jobs per county. Tri-Valley, California indicated that visitor spending supported 7,396 jobs.

One of the clearest statements about the value of tourism was issued by New York State, where a side-by-side graph clearly illustrates that the unemployment rate in New York State was 5.3% in 2015 with jobs in tourism included. It would have been 13.2% if the tourism jobs were eliminated.

Research by Tourism Economics revealed that visitor spending also spurs faster growth in a region as a whole. According to their study, destinations with a higher concentration of visitor industries grew faster than other areas, and a 10% increase in travel and tourism employment tended to be followed by a 1.5% increase in broader employment.

### **Diversification of Income**

As new businesses move in and others are started, tourism works to diversify the local economy which reduces the vulnerability to economic downturns or reliance on a sole industry. It also spreads the wealth around. For example, in Joplin, Missouri, noted for its location on Route 66, a strong arts community works to attract additional visitors markets, as does Meridian, Mississippi, which has two major arts facilities to attract visitors from the surrounding region to first rate performances. New arts venues attract more arts locations and are often accompanied by more restaurants and boutiques. All these and other added new businesses and economic activities add up to a more diversified community tax base.

**Illustrate the new revenue spread of the more diversified tax base.**

## **Attracting New Resident to Counter Depopulation**

Research indicates one third of new residents who move to a region first arrive as visitors. New businesses also come with new residents in tow. This presents the opportunity for communities with a history of depopulation to change the population trend line.

**Illustrate population changes as the trend line changes from negative to positive.**

## **Enhanced Community Services**

The increased tax revenues that visitors deliver can be reinvested to improve local services and/or add more amenities for residents. Or, they can be mandated to make the community a more attractive place to live, increase services and support of the disadvantaged, improve education, expand health care services and public safety, or all of the above, depending on community priorities. These possibilities are a win-win for everyone.

**Illustrate what expanded tax revenues have provided in increased community impact.**

## **Quality of Life Enhancement**

Virtually everything developed and constructed for visitors also contributes to a higher quality of life for residents. Improved amenities, more entertainment options, more shops, and physical improvements to the community's downtown, are all byproducts of a thriving tourism program. A new or improved heritage museum presents the opportunity for local residents to learn more about their own heritage, and new entertainment venues provide higher levels of entertainment

programming for visitors and locals alike. An upgraded trail provides exercise opportunities for both, as do other outdoor recreation improvements built on a community wide basis.

**Illustrate all improvements, new offerings, upgraded offerings, and other positive changes. They are all a result of tourism increases.**

### **Historic Building Restoration**

In many communities, especially those with historic downtowns, increased visitors most often mean that historic buildings are restored or renovated, while retaining their historic character, due to the understanding that is what visitors will respond to. Think of all the restaurants located in historic structures with exposed brick walls and ceiling superstructures that have been pressed into productive use because relocating businesses wanted a location on Main Street.

A report out of North Carolina titled Small Towns, Big Ideas relates stories of small towns that began revitalization with very limited resources. In some cases, in these tiny towns, the restoration of only one historic building that transformed it into an artisan center, or a collection of antique dealers that decided to band together in a new restored location, started it all. That was all there was available initially to attract visitors to town. The upgrade was soon joined by a new restaurant or cafe, and so it progressed. At the same time, bringing these buildings up to speed leads to higher property values, a more attractive downtown, and commerce where there was none. Other communities start with restoration of a theater, or development of a craft brewery as a spearhead to attract visitors to their town.

Quantify and illustrate the number of these projects, new tenants, facade restorations and improvements, and other similar activities, and the dollars spent. They are also products of the tourism effort.

### **Infrastructure Improvement and Development**

The new mayor of a small town said recently, “we need to clean up the gateway to town,” since no community should say to visitors “we value your visit and want you to leave your money behind,” and then have them drive into town on potholed roads with unkempt roadsides and other visual blight. At some point a plan to improve community gateways, roads, public spaces, and new placemaking projects will deliver a better impression for visitors as they arrive and at the same time elevate community pride. Many states have grants available for these improvements and welcome the impetus on the part of a local community to spearhead getting the work done.

**Quantify the value and illustrate all community improvements.**

### **Additional Real Estate Development**

Visitors who bring their businesses and other residents to small town life need places to live, increasing the demand for residential real estate.

**Value and illustrate all additional residential development to house new residents who arrive due to increased tourism.**



## **Heritage and Cultural Preservation**

An increase in visitors often also provides the opportunity to expand offerings and events that promote, preserve, and celebrate local heritage, culture, and traditions. All are important to maintain a cohesive cultural fabric for generations to come, while also strengthening community identity and pride.

Illustrate the number of new offerings, festivals, and events, plus any specific cultural preservation activities such as new storytelling or other culturally focused activities that have occurred (such as new programs at local churches focused on heritage) as well as counting the number of visitors who attended.

## **Support for Arts and Culture**

When visitors explore art galleries, visit museums, and participate in art center activities, they boost revenues for existing artisans, that likely work to attract additional creative types who want to join a thriving arts scene.

Verify these new arts revenues with the various locations and add them to the tally.

## **Promotion of Local Products**

Tourism also drives demand for local goods, produce, wines, brews, crafts, and more, supporting local artisans, and producers.

Gather information from the producers themselves about increases in sales that are attributable to visitors, and add that total to the benefits tourism delivers.

## **Preserving Land and Family Land Ownership**

Farm-based visitor experiences, referred to in the industry as “agritourism,” help preserve farmland and keep ownership of the land in the hands of farmers.

**Illustrate the number of acres involved, and verify the value of the protected and preserved acreage.**

## **Increased Recreational Opportunities and Conservation**

As tourism increases, communities often increase the number outdoor recreational opportunities for visitors, which in turn increases the acreage of preserved landscapes and protected natural areas, while providing new outdoor recreation resources for residents.

**Track and illustrate these developments as they occur, the natural environments that are preserved in the process, and the new opportunities that come online.**

## **Other Economic Benefits of Outdoor Recreation**

Interestingly the availability of outdoor recreation delivers additional benefits to areas where these recreational environments are located. Some of the visitors who value the quality of outdoor recreational facilities in a particular area purchase a second home. In fact, there are studies that indicate the availability of outdoor recreation can make the difference between gaining or losing population, particularly in rural counties.

Plus, new residents moving into locations with high quality recreation assets generally have higher incomes, than new residents moving into locations without the resources. The presence of outdoor recreational assets and amenities such as

trails are also related to higher property values, especially when the trails provide convenient opportunities for physical activity and safe corridors for walking or cycling. Adjacency to trails added an approximate 2% price premium in a San Antonio, Texas, neighborhood. Where the trails were surrounded with a larger green space, the premium went up to 5%.

In New Castle County, Delaware, homes near bike paths commanded a 4% price premium. And in Methow Valley, Washington, homes within one-quarter mile of trails benefit from a 10% price premium. Homes located along a trail in Austin, Texas, enjoy a price premium ranging from 6% to 20% depending on views of the green space surrounding the trail, and whether they had direct neighborhood access.

At the conclusion of compiling all of the above information on an annual basis, it will be very important to develop a very succinct, visually attractive presentation and distribute it widely. Be prepared to answer any and all questions about how the information was generated. Communicate interactively with all interested parties and ask for support. Keep an eye out for the change in attitudes as the information sinks in. Make sure the tourism continues to deliver and watch it grow. Keep delivering the message that tourism is economic development, over and over again.