



The Economic Impact of Travel in Kansas

**Tourism Satellite Account
Calendar Year 2013**



**TOURISM
ECONOMICS**

AN OXFORD ECONOMICS COMPANY

Who we are



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Tourism Economics

**Union of industry
expertise and
economic disciplines**

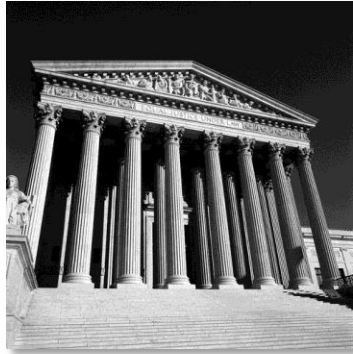
**Real world insights
based on quantitative
frameworks**



Rigorous analysis, applied to reality



**Travel forecasts
for 185 countries**



**Policy analysis /
recommendations**



Scenario analysis



**Destination
economic impact**

Key Partners

DMAI – together provide the DMAI Event Impact Calculator to DMOs



Smith Travel – Tourism Economics partners with Smith Travel on their hotel forecasts



US Travel – together conduct a twice-annual forecast of the US Travel industry



100s of Associations, DMOs and CVBs

Who we work with



Data analysis



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Why quantify the tourism economy?

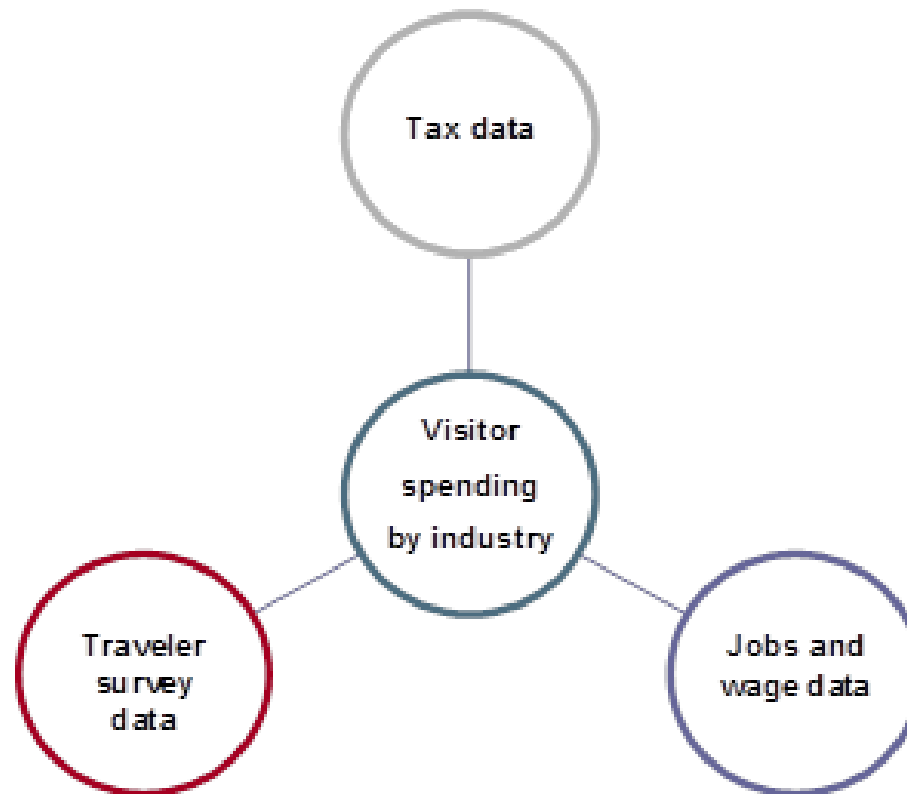
- By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.
- It can also carefully monitor its successes and future needs.
- In order to do this, tourism must be measured in the same categories as other economic sectors – i.e. tax generation, employment, wages, and gross domestic product.

Why is this a challenge?

- Most economic sectors such as financial services, insurance, or construction are easily defined within a country's national accounts statistics.
- Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple sectors to various degrees.
- Tourism spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents...

Visitor activity: multiple data points used

Example of data cross-check method

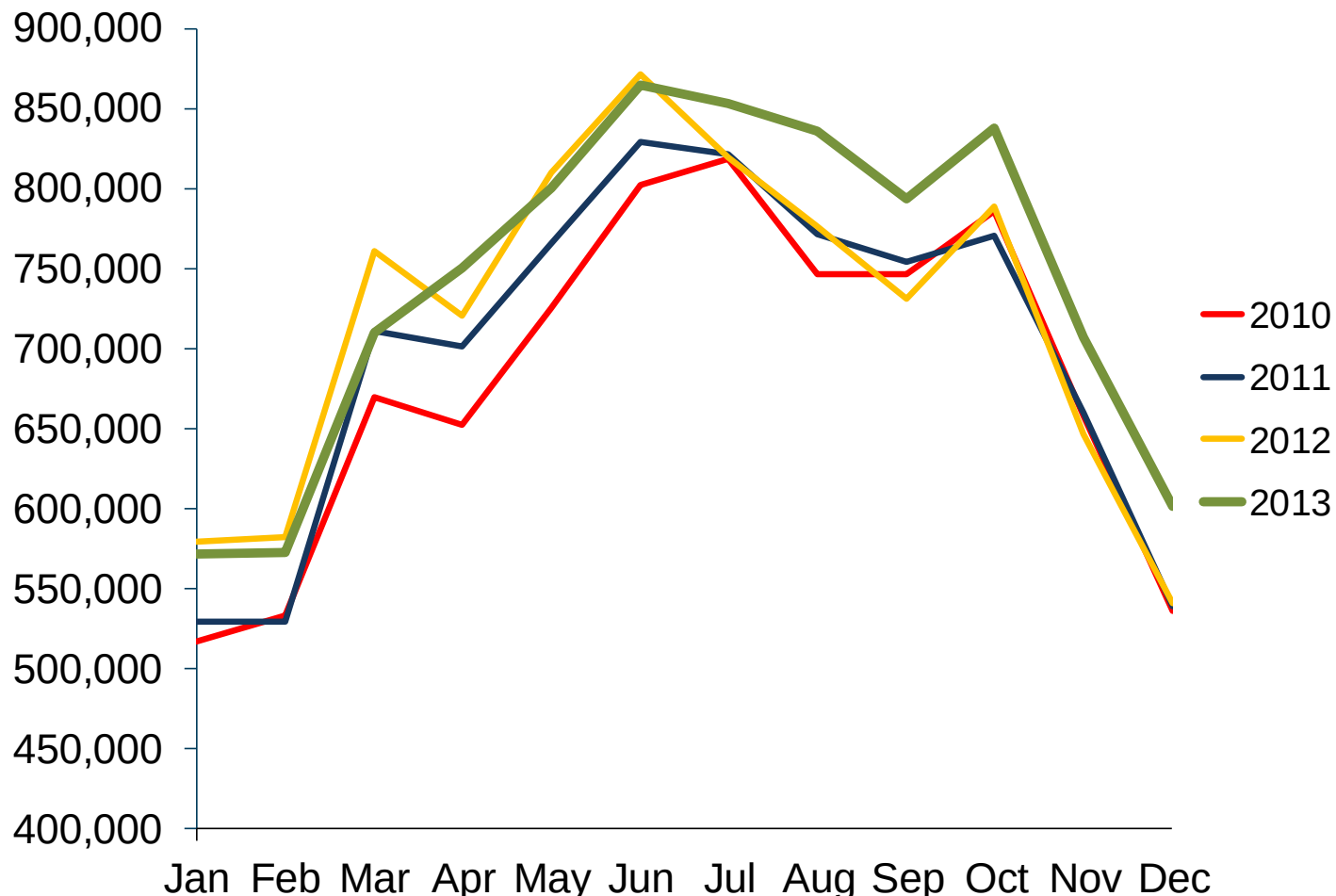


Sample of data collected

- D. K. Shifflet syndicated study - visitor spending from survey data
- Camping 'orders', hunting and fishing licenses
- Smith Travel reports – hotel industry data
- Department of Revenue – state sales tax collections by industry, bed tax revenues
- Industry supply – association data from AGA, employment and wage data from governmental sources including U.S. Census, BEA, BLS
- Credit Card data, retail analysis

Kansas – when do visitors come?

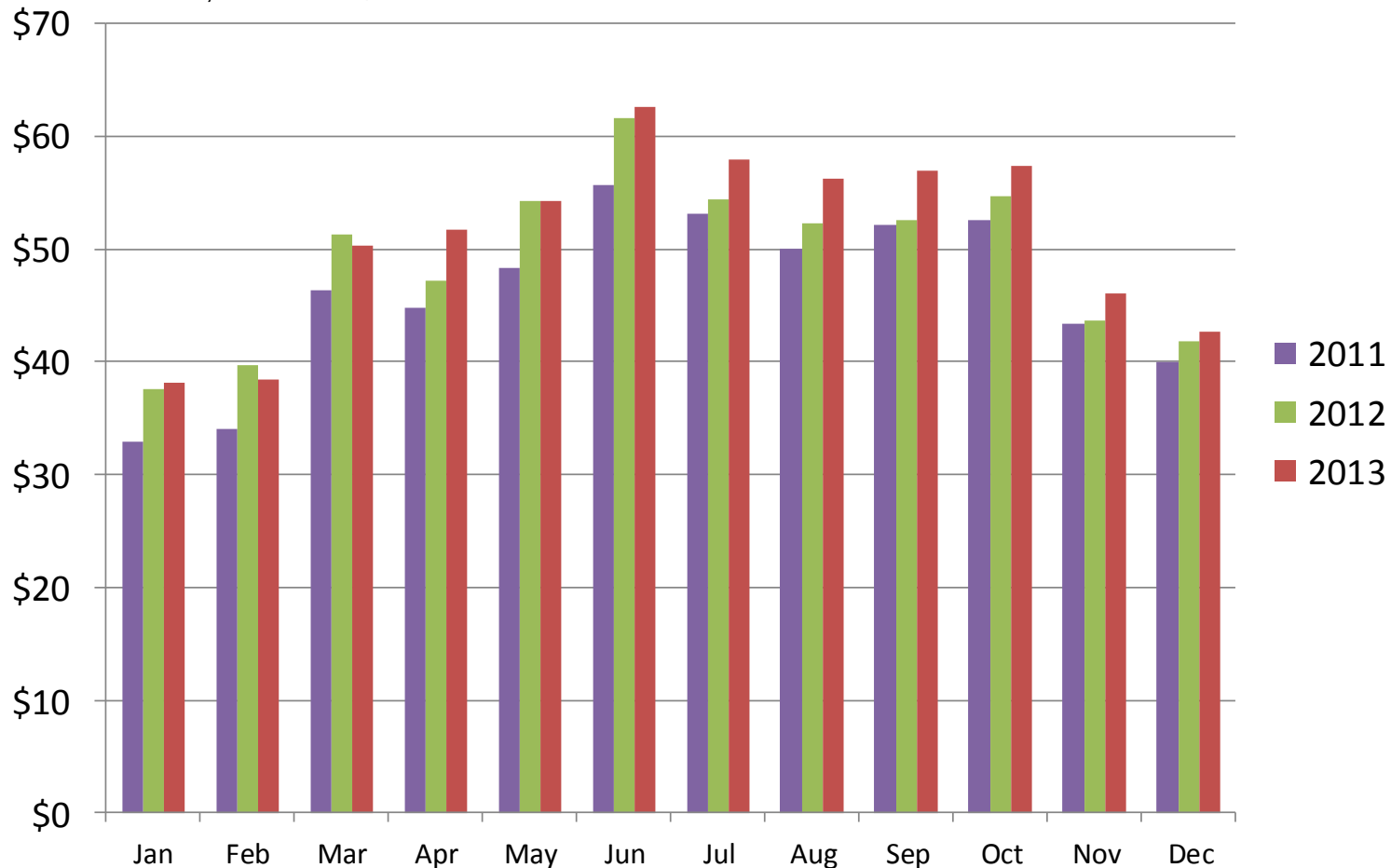
Rooms Rented



Kansas – when do visitors come?

Growth in Hotel Revenues - State Sales Tax

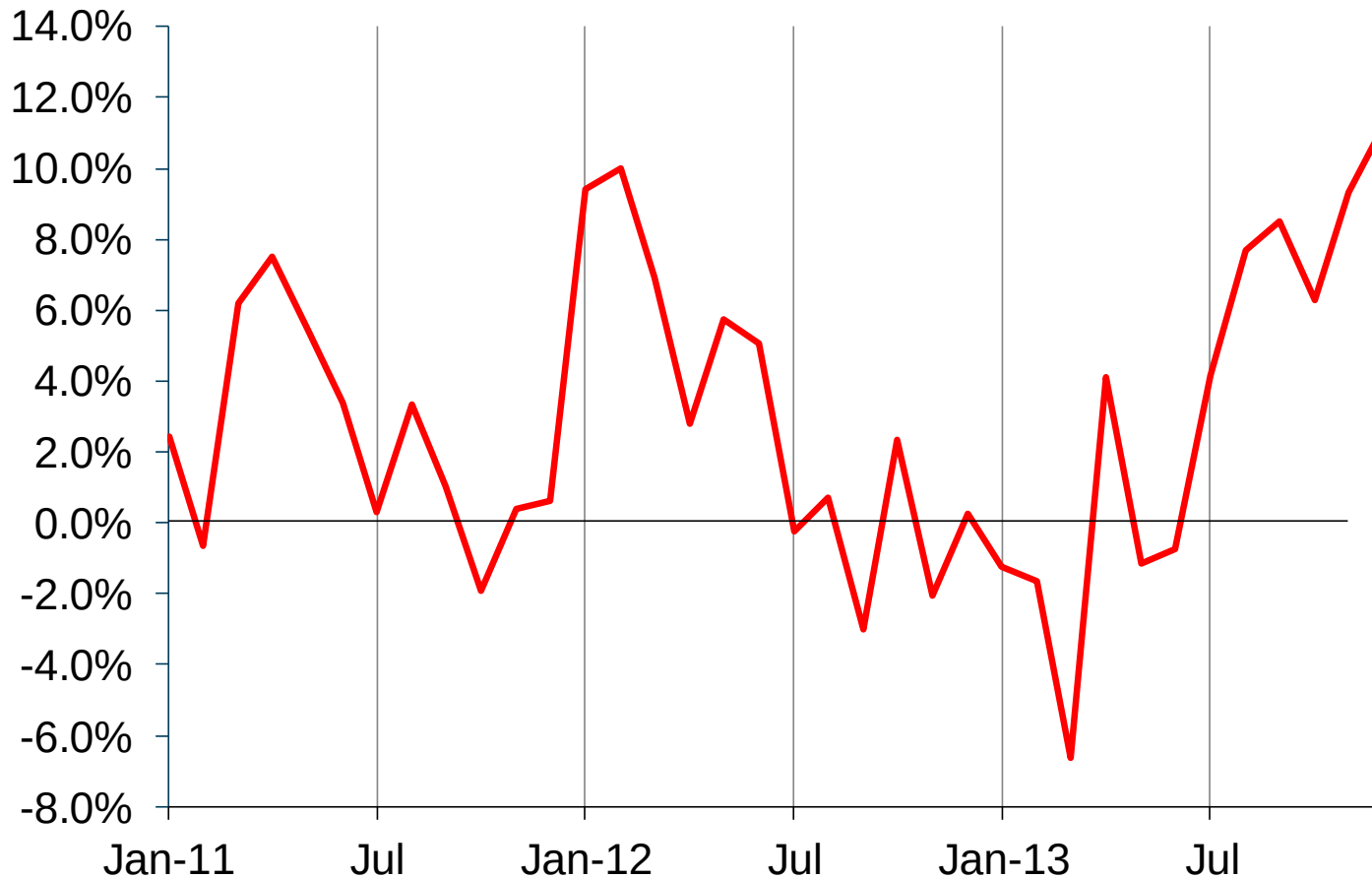
Accommodations, Millions of \$



Growth picked up in late-2013

Growth in Rooms Rented

% growth



Traveler Spending

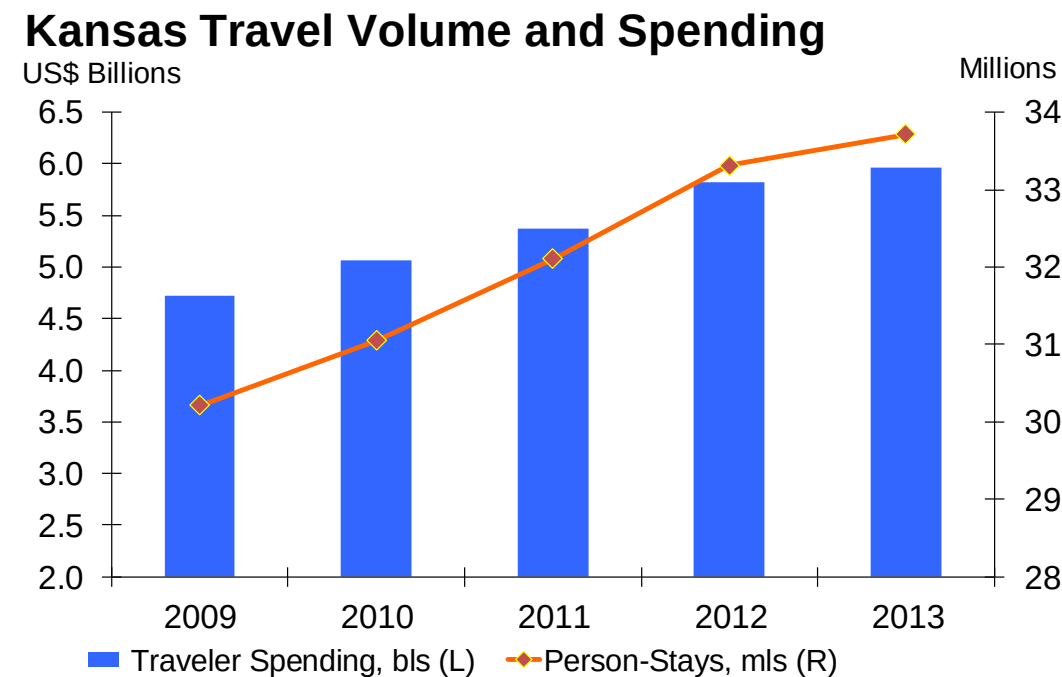


TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Kansas tourism continues to expand

- Both the number of travelers and their spending continued to grow in 2013.
- Visitation reached 33.7 million in 2013.
- Overnight travel grew in 2013 as improving economic conditions and moderating growth in transportation costs encouraged travel.



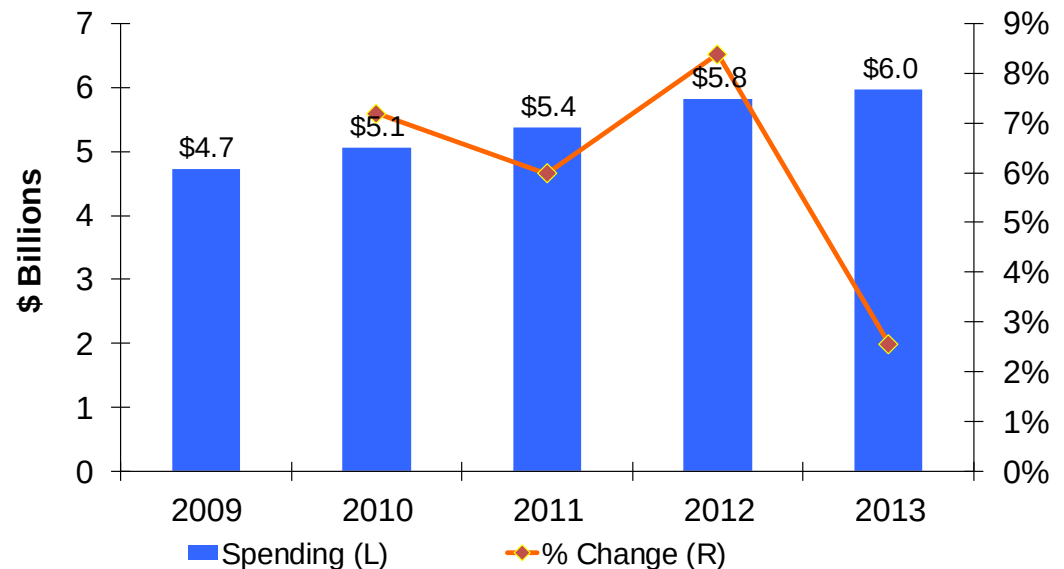
Sources: DK Shifflet, NTTO, Tourism Economics

Traveler spending reaches a new high

- Traveler spending grew 2.6% in 2013 to reach \$6.0 billion.
- Traveler spending growth has averaged 6.0% per annum over the past four years.

Kansas Traveler Spending

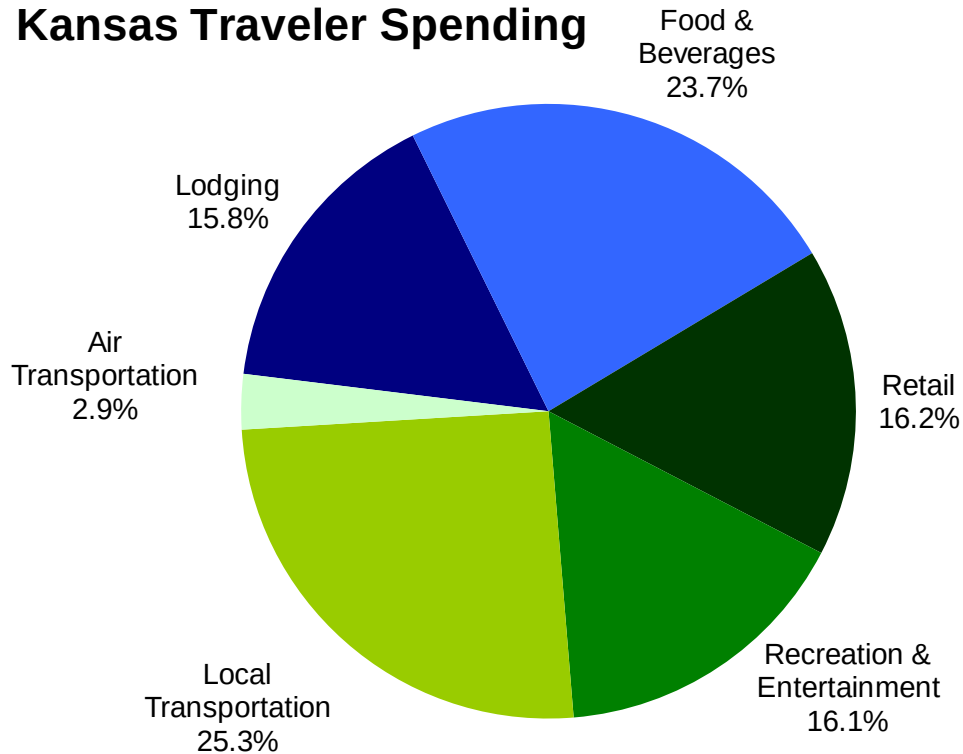
US\$ Billions



Sources: DK Shifflet, NTTO, Tourism Economics

Traveler spending by sector

Kansas Traveler Spending



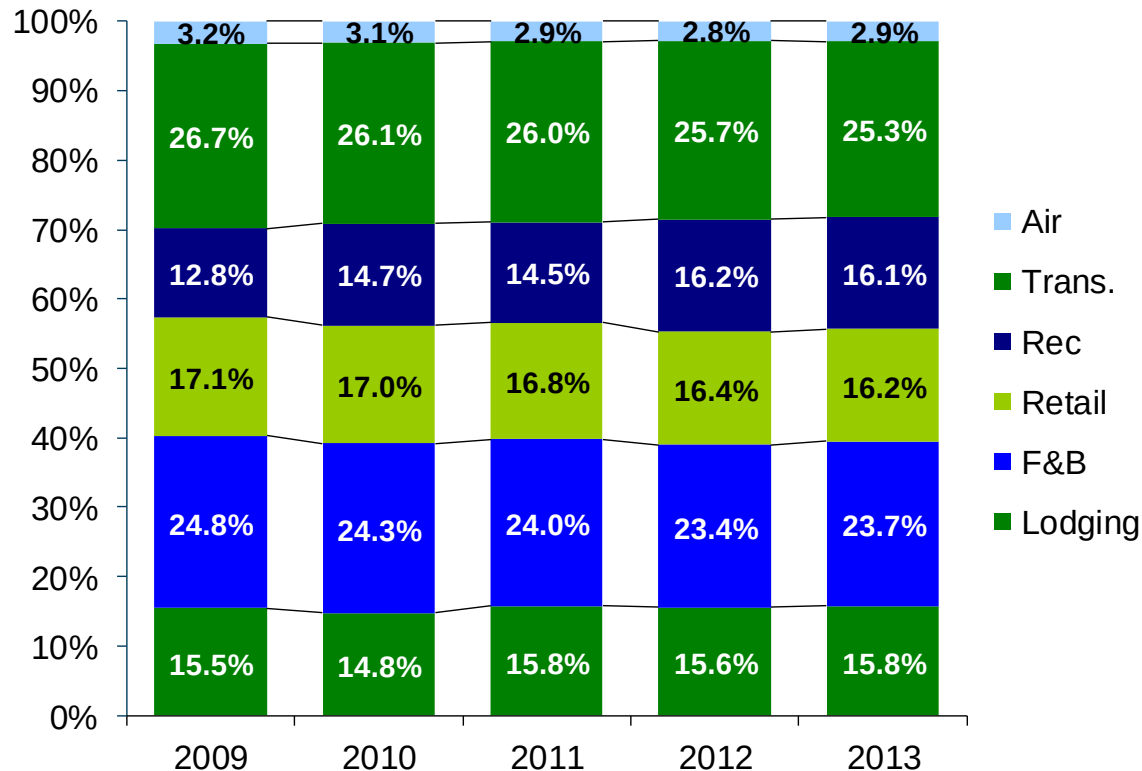
Sources: DK Shifflet, NTTU, Tourism Economics

- F&B spending represents nearly a quarter of all traveler spending.
- With growth in both occupancy and room rates, the share of the traveler dollar spend on lodging has grown to 15.8% in 2013.
- Retail purchases represent 16.2% of every traveler dollar.

Traveler spending by sector

Kansas Traveler Spending

by Year, Share of Total



Sources: DK Shifflet, NTTO, Tourism Economics

- The share of the traveler dollar spent on recreational activities has grown since 2009, increasing more than three percentage points to 16.1%.
- In 2013, growth in transportation costs moderated and the share of the traveler dollar dedicated to transportation remained steady.

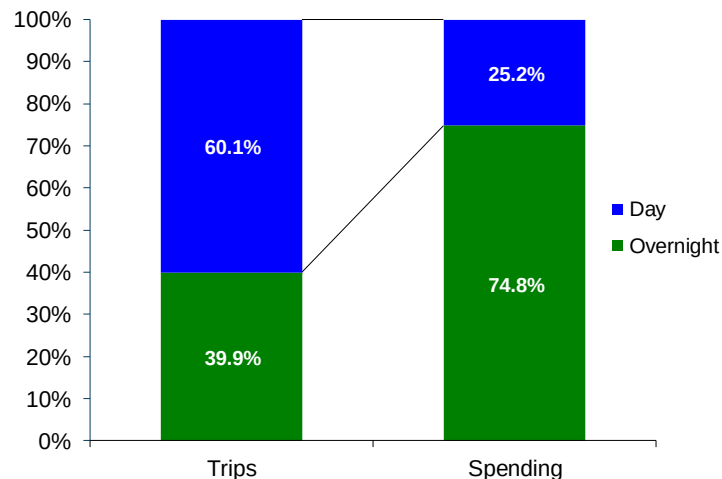
Overnight and day markets

- Kansas hosted 33.7 million travelers in 2013. The majority of travelers were day travelers (60%).
- While representing only 40% of all trips, overnight traveler spending accounts for nearly 75% of all traveler spending, generating \$4.5 billion.
- On average, overnight travelers spent \$332 in Kansas during their trip.

Trips and Spend	
2013, in millions	
Total Travelers	33.7
Overnight	13.5
Day	20.3
Total Spending	\$5,966
Overnight	\$4,464
Day	\$1,503
Per Traveler Spending	\$177
Overnight	\$332
Day	\$74

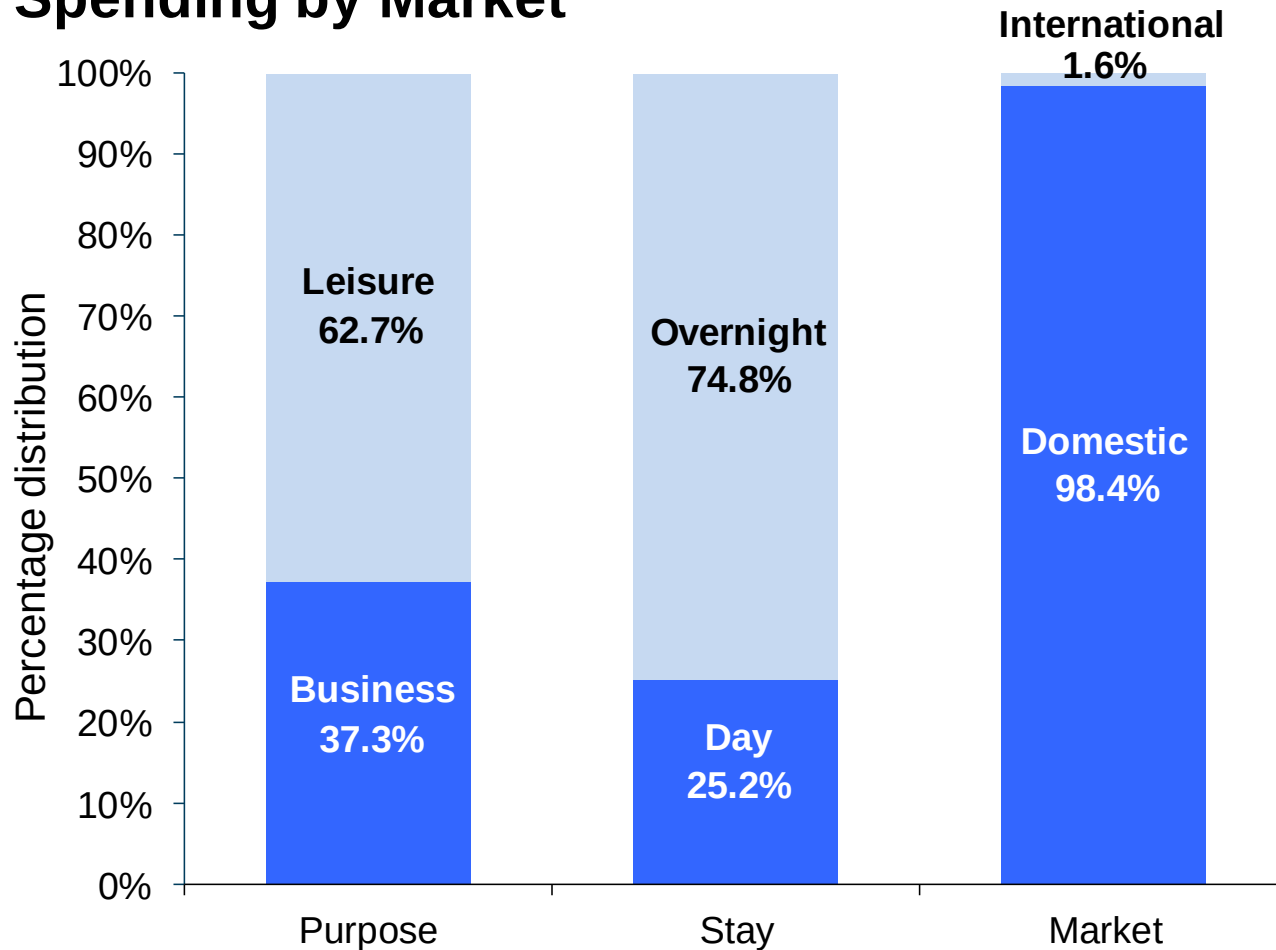
Traveler Spending Breakout

Share of Total



Traveler spending by market segment

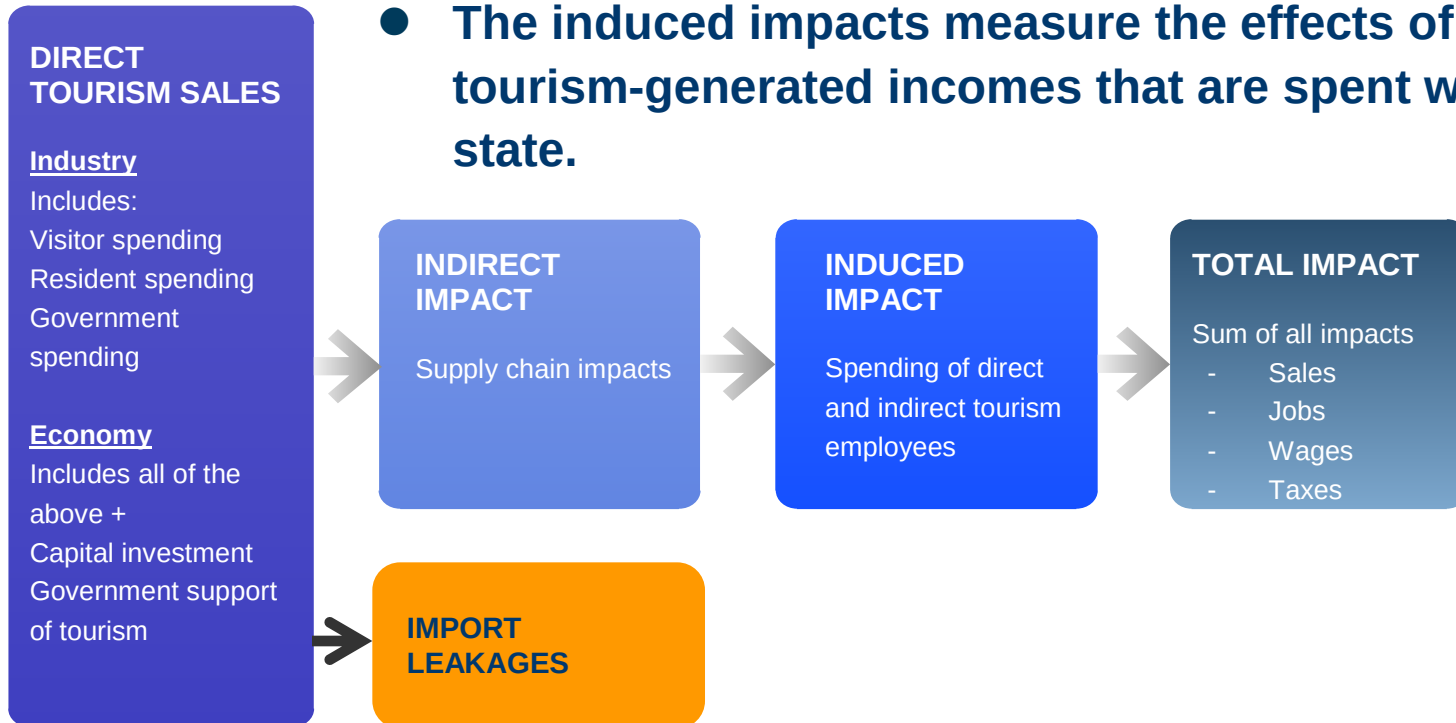
Spending by Market



Sources: DK Shifflet, NTTO, Tourism Economics

Translating sales into impact

- Direct tourism sales flow through the Kansas economy, generating GDP, jobs, wages, and taxes.
- The indirect impacts measure supply chain (b2b) activity generated by tourism sales.
- The induced impacts measure the effects of tourism-generated incomes that are spent within the state.



Direct Tourism Industry

What is the direct economic value of tourism-related sectors?



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Tourism industry impacts

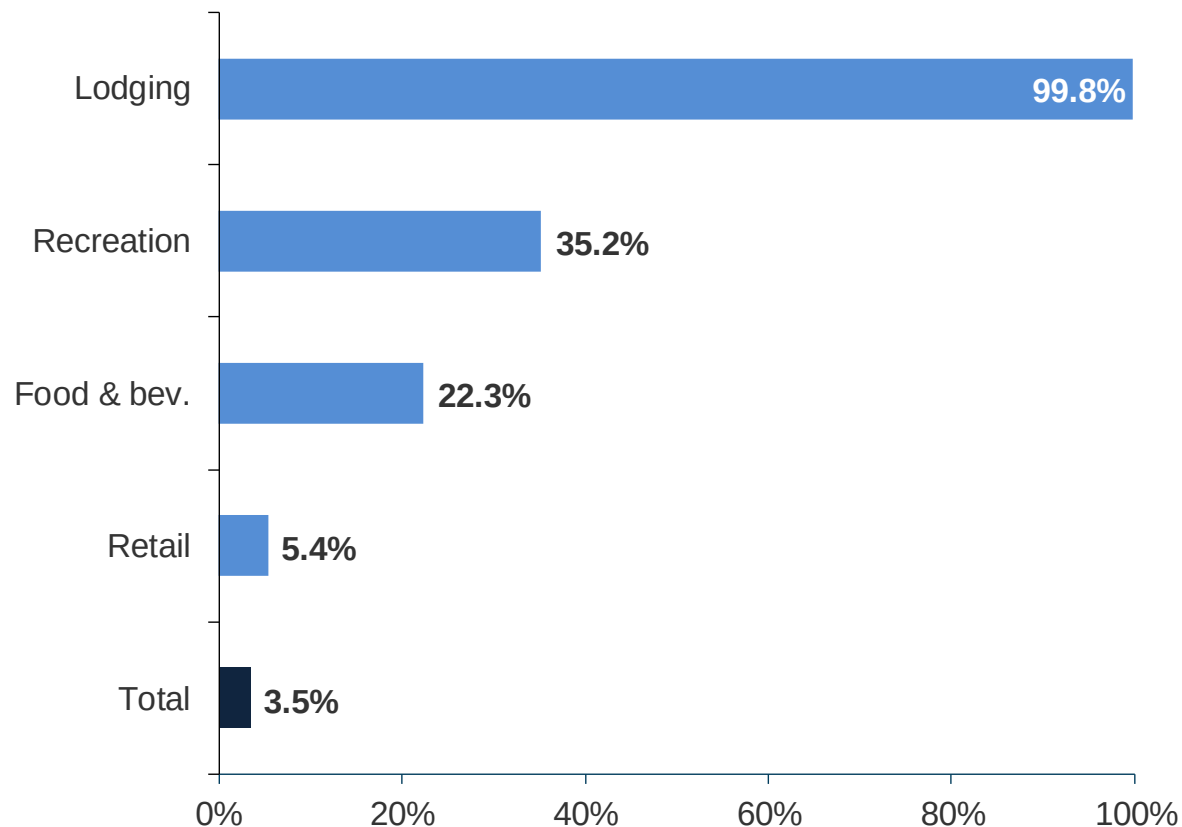
Core Tourism Impacts		
	Employment	GDP
Agriculture, Fishing, Mining	-	-
Construction and Utilities	-	-
Manufacturing	-	-
Wholesale Trade	-	-
Air Transport	691	\$51.1
Other Transport	2,930	\$83.9
Retail Trade	6,133	\$220.2
Gasoline Stations	1,719	\$86.1
Communications	-	-
Finance, Insurance and Real Estate	1,056	\$120.1
Business Services	49	\$4.0
Education and Health Care	-	-
Recreation and Entertainment	10,927	\$311.6
Lodging	12,090	\$764.2
Food & Beverage	23,138	\$658.1
Personal Services	1,598	\$64.8
Government	1,042	\$103.1
TOTAL	61,374	\$2,467.2

- Tourism GDP is the value added of those sectors directly interacting with travelers.
- 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 \$2.5 billion in 2013, accounting for 1.7% of total Kansas GDP.

Travel employment intensity

- Tourism is a significant part of several industries – 100% of lodging, 35% of recreation, and 22% of food & beverage employment is supported by tourism spending.

Tourism Employment Intensity by Industry



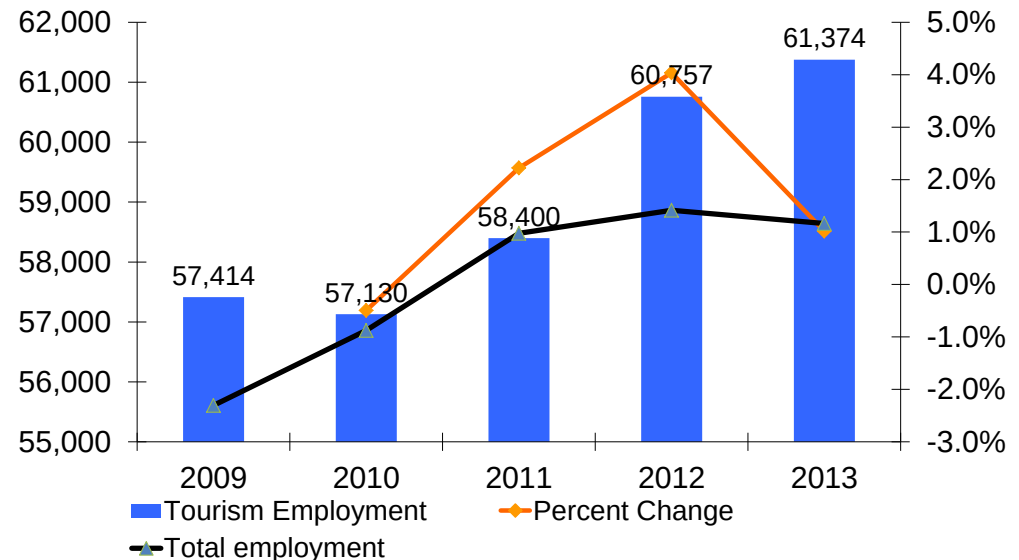
Travel employment growth

Tourism Employment					
	2009	2010	2011	2012	2013
Tourism Employment	57,414	57,130	58,400	60,757	61,374
Percent Change		-0.5%	2.2%	4.0%	1.0%

- Tourism employment grew 1.0% in 2013, making three straight years of employment growth.
- Employment growth outpacing state employment growth.

Tourism Employment

Number of Jobs



Source: Tourism Economics

Tourism ranking

- Were tourism an industry as defined by the government, tourism employment would rank as the 12th largest industry in Kansas.

Employment Ranking State of Kansas		
Rank	Industry	2013
1	Health care and social assistance	195,275
2	Retail trade	183,668
3	Manufacturing	169,114
4	Accommodation and food services	115,647
5	Administrative and waste management services	105,650
6	Finance and insurance	103,809
7	Professional, scientific, and technical services	101,557
8	Other services, except public administration	97,274
9	Construction	87,907
10	Wholesale trade	65,931
11	Real estate and rental and leasing	62,414
12	Tourism	61,374
13	Transportation and warehousing	60,108
14	Mining	33,336
15	Information	31,896

Total Tourism Economy

What is the total economic impact of tourism in Kansas?



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Tourism economy sales

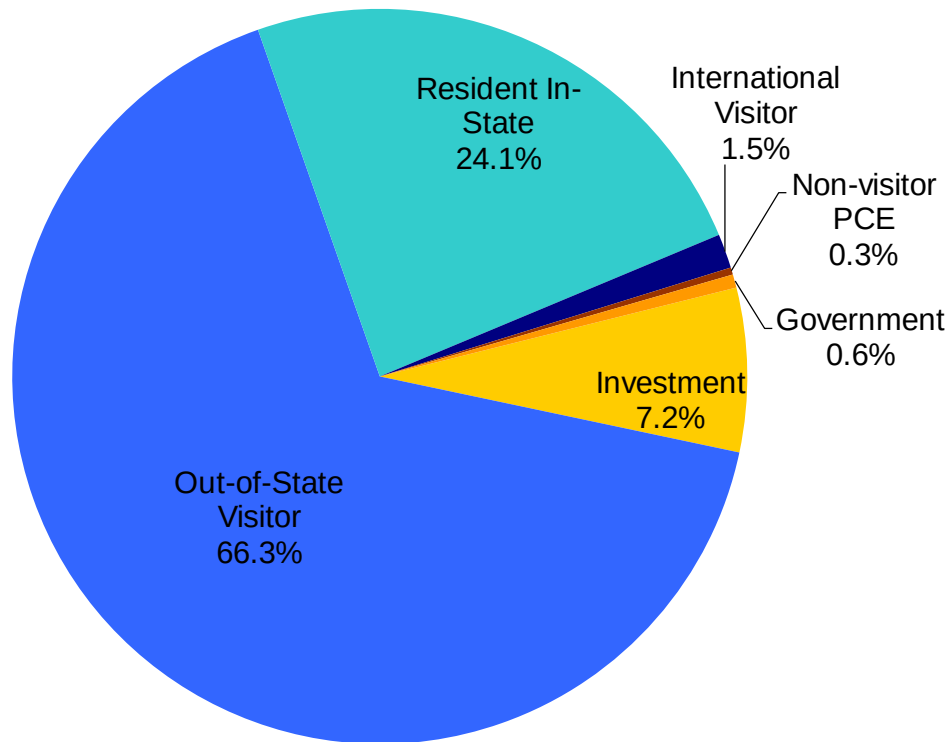
- The Tourism Satellite Account looks at a broader range of tourism-related expenditures, tallying \$6.5 billion.

Tourism Satellite Account 2013 Spending by Category (US\$ Million)						
Domestic Visitor	Resident In-State	International Visitor	Non-Visitor PCE	Gov't Support	CAPEX	Total
\$4,304.5	\$1,563.9	\$97.7	\$20.5	\$38.0	\$467.9	\$6,492.5

- Non-visitor private consumption expenditures (PCE) represent tourism consumer durables such as an RV, boat, or furniture for a vacation home.
- Government support for tourism includes the budgets for destination marketing and other budget items in broad support of tourism.
- Capital investment (CAPEX) includes construction of hotels and attractions, as well as tourism equipment and infrastructure.

Tourism economy sales by source

Tourism Demand by Source



- Domestic visitor markets comprise the majority (90%) of tourism sales in Kansas.
- International visitor markets contributed 1.5% of tourism sales last year.
- Capital investment in tourism-related construction and machinery & equipment represents 7.2% of tourism economy sales.

Businesses benefit

Travel Sales				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	20.1	9.3	29.4
Construction and Utilities	467.9	138.5	49.7	656.1
Manufacturing	20.5	137.7	59.6	217.7
Wholesale Trade	-	68.5	81.6	150.2
Air Transport	173.0	1.1	1.4	175.5
Other Transport	204.2	79.6	30.2	313.9
Retail Trade	968.3	15.3	133.3	1,116.9
Gasoline Stations	1,119.1	1.1	9.5	1,129.6
Communications	-	142.7	70.2	212.9
Finance, Insurance and Real Estate	210.4	286.7	436.4	933.6
Business Services	7.1	386.8	90.2	484.0
Education and Health Care	-	4.3	295.4	299.7
Recreation and Entertainment	578.8	31.4	20.2	630.4
Lodging	919.8	0.9	1.1	921.8
Food & Beverage	1,412.7	59.0	117.4	1,589.1
Personal Services	102.3	57.1	64.2	223.6
Government	308.4	58.2	26.3	392.9
TOTAL	6,492.5	1,489.0	1,495.9	9,477.4

* Direct sales include cost of goods sold for retail sectors

Traveler spending of \$6.5 billion generated a travel generated economic impact of \$9.5 billion in 2013 as traveler dollars flowed through the Kansas economy.

Travel generated sales

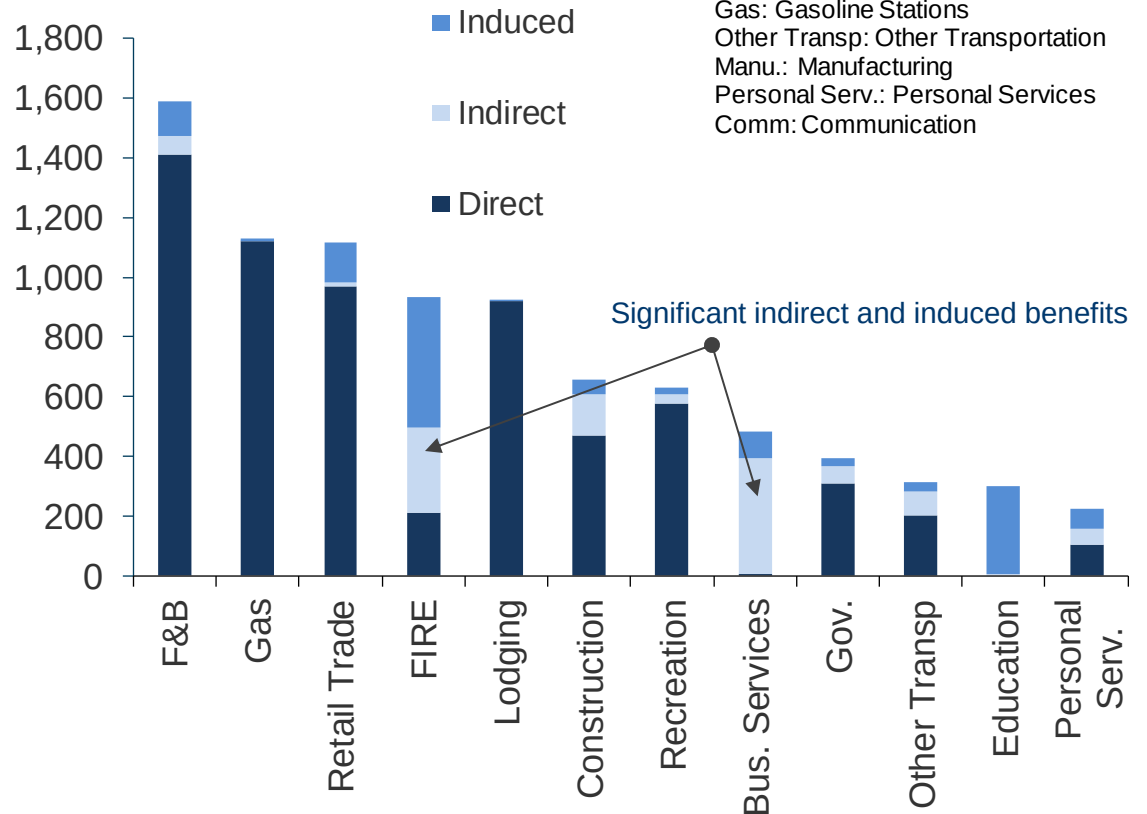
Travel Sales			
(US\$ Million)			
		Indirect	
Agriculture, Fishing, Mining		20.1	
Construction and Utilities		138.5	
Manufacturing		137.7	
Wholesale Trade		68.5	
Air Transport		1.1	
Other Transport		79.6	
Retail Trade		15.3	
Gasoline Stations		1.1	
Communications		142.7	
Finance, Insurance and Real Estate		286.7	
Business Services		386.8	
Education and Health Care		4.3	
Recreation and Entertainment		31.4	
Lodging		0.9	
Food & Beverage		59.0	
Personal Services		57.1	
Government		58.2	
TOTAL		1,489.0	

* Direct sales include cost of goods sold for retail sectors

Travel sales

- All business sectors of the Kansas economy benefit from tourism activity directly and/or indirectly.
- Sectors that serve the tourism industry, like business services, gain as suppliers to a dynamic industry.

Travel Sales by Industry
\$ million

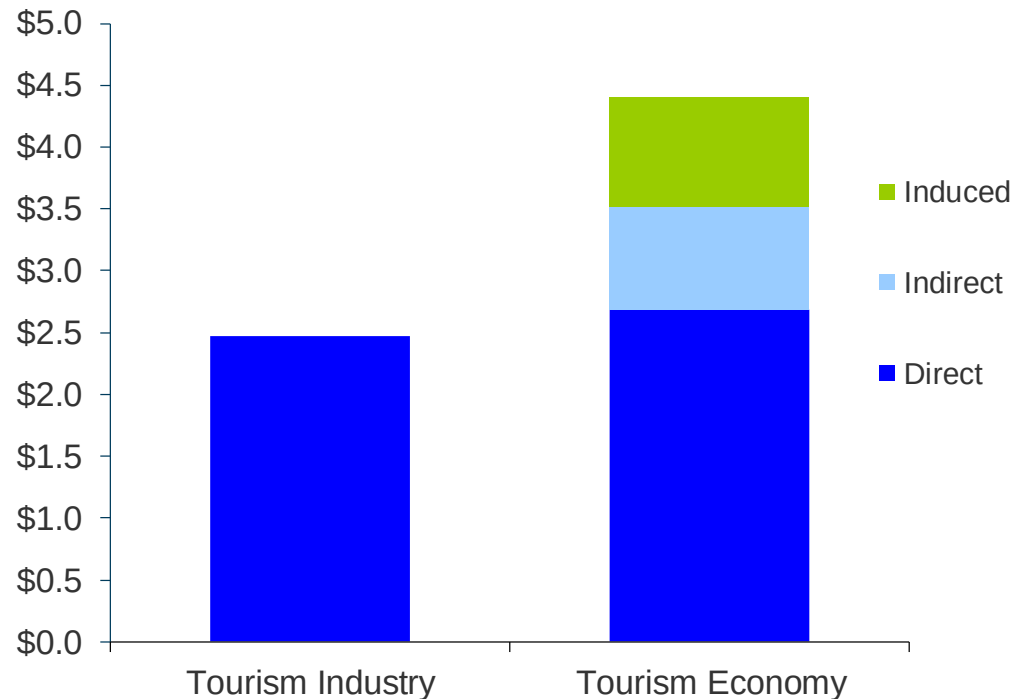


F&B: Food and Beverage
FIRE: Finance, Insurance, Real Estate
Bus. Services: Business Services
Gas: Gasoline Stations
Other Transp: Other Transportation
Manu.: Manufacturing
Personal Serv.: Personal Services
Comm: Communication

Tourism impact summary - GDP

- Tourism industry GDP directly generated \$2.5 billion of Kansas GDP in 2013.
- The tourism economy, including direct, indirect and induced impacts of all tourism sales, generated GDP of \$4.5 billion. This is 3.1% of the state economy.

Tourism GDP Impact
2013, US\$ Billions



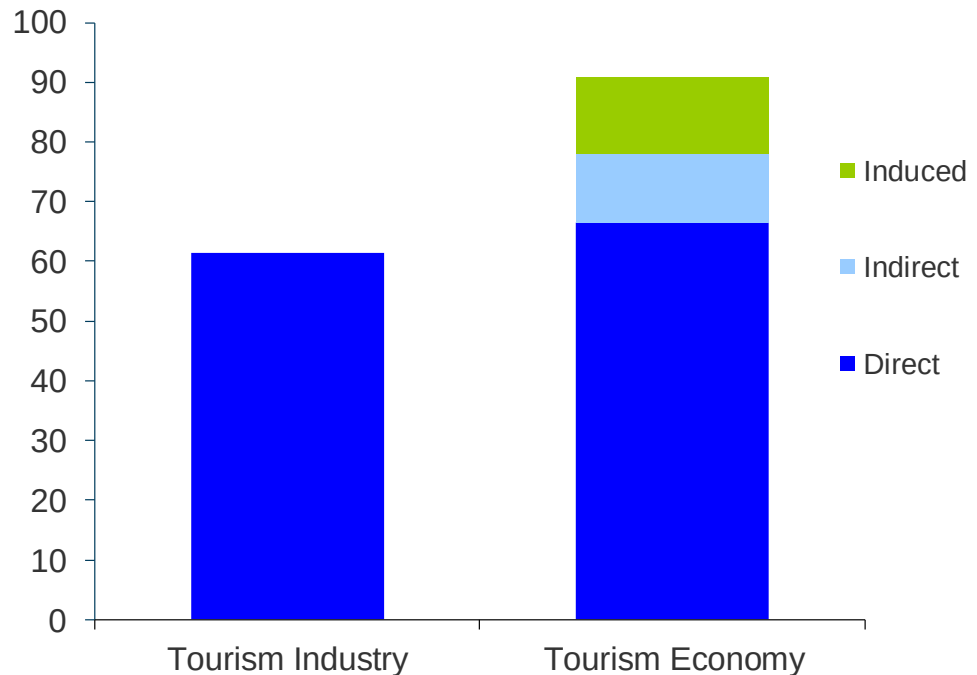
Source: Tourism Economics

Tourism impact summary - Jobs

- Tourism spending directly supported 61,374 jobs in Kansas in 2013.
- The tourism economy, including direct, indirect and induced impacts, supported 91,265 jobs. This is 5.2% of all jobs in the state.

Tourism Employment Impact

2013, Thousands



Source: Tourism Economics

Residents benefit - jobs

- The tourism sector supported 91,265 jobs in 2013.
- Traveler-supported employment represents 5.2% of all employment in the State of Kansas.

Travel Employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	91	40	131
Construction and Utilities	4,343	539	115	4,997
Manufacturing	47	432	127	606
Wholesale Trade	-	331	394	725
Air Transport	691	4	5	701
Other Transport	2,930	722	270	3,922
Retail Trade	6,185	229	2,028	8,442
Gasoline Stations	1,719	16	131	1,866
Communications	-	486	191	678
Finance, Insurance and Real Estate	1,056	1,664	1,332	4,052
Business Services	49	4,256	1,077	5,382
Education and Health Care	-	72	3,329	3,401
Recreation and Entertainment	10,927	716	400	12,043
Lodging	12,087	11	14	12,113
Food & Beverage	23,138	1,061	2,115	26,314
Personal Services	1,598	784	1,185	3,567
Government	1,692	435	198	2,325
TOTAL	66,463	11,849	12,953	91,265

Indirect impacts quantify the supply chain to those industries directly providing goods or services to travelers.

Induced impacts are generated when employees whose incomes are generated either directly or indirectly by travel, spend those incomes in the state economy.

Residents benefit - personal income

Travel Labor Income (Compensation)				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	3.9	2.3	6.1
Construction and Utilities	226.8	38.6	11.4	276.8
Manufacturing	2.3	24.2	7.5	34.1
Wholesale Trade	-	25.7	30.6	56.4
Air Transport	27.4	0.2	0.2	27.8
Other Transport	80.5	33.7	12.6	126.8
Retail Trade	151.3	7.3	60.8	219.4
Gasoline Stations	62.0	0.6	4.7	67.3
Communications	-	29.7	13.1	42.8
Finance, Insurance and Real Estate	56.6	61.4	47.9	165.9
Business Services	2.4	199.5	46.9	248.8
Education and Health Care	-	2.3	167.4	169.7
Recreation and Entertainment	179.4	6.7	6.3	192.4
Lodging	227.0	0.2	0.3	227.5
Food & Beverage	476.8	22.3	47.2	546.3
Personal Services	60.8	37.9	38.8	137.5
Government	125.5	32.8	11.5	169.8
TOTAL	1,678.9	526.7	509.7	2,715.3

Governments benefit - travel tax generation

Traveler-Generated Tax Revenues		
(US\$ Million, 2013)		
	Direct	Total
Federal	232.4	388.8
Personal Income	10.8	16.2
Corporate	30.6	66.4
Indirect business	42.2	61.7
Social Security	148.7	244.6
State and Local	386.4	556.3
Sales	157.9	230.9
Bed Taxes	38.0	38.0
Personal Income	35.1	56.7
Corporate	2.7	5.8
Social Security	1.8	3.0
Excise and Fees	24.9	37.6
Property	126.1	184.3
TOTAL	618.8	945.0

- Taxes of \$945 million were directly and indirectly generated by tourism in 2013.
- State and local taxes alone tallied \$556 million in 2013.

Governments benefit - travel tax generation

- Of the \$257 million in state revenues, \$175 million accrues from sales tax collections.
- Local governments received \$300 million in tax receipts from travel-generated activity.

Traveler-Generated Tax Revenues		
(US\$ Million, 2013)		
	State	Local
Sales	174.8	56.0
Bed Taxes	-	38.0
Personal Income	56.7	0.1
Corporate	5.8	-
Social Security	3.0	-
Excise and Fees	16.7	20.9
Property	-	184.3
TOTAL	256.9	299.3

The importance of tourism in Kansas in context

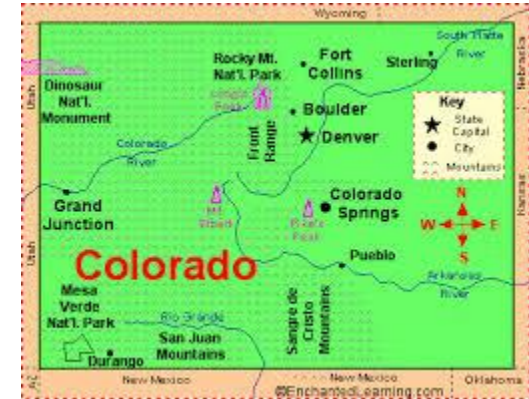


TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

How important is tourism?

- Kansas' 33.7 million visitors would be like everyone from Texas, Nebraska and Colorado visiting Kansas once a year.



How important is tourism?

- Were the Kansas tourism industry a single business, it would rank #410 on the Fortune 500 list, similar in size to Mattel and Foot Locker and larger than Dicks Sporting Goods or Starwood Hotels.
- The \$6 billion in traveler spending equals the total national revenue of the NFL



How important is tourism?

- \$9.5 billion in total traveler supported business sales would be like placing \$115,000 on every seat in Kansas Speedway.
- Tourism supported nearly \$9.5 billion in business sales in Kansas in 2013 - or about \$1,000 for every acre of wheat planted in Kansas.



How important is tourism?

- The 91,265 tourism jobs are more than all jobs in Wyandotte County – the 4th largest county by employment in Kansas.
- Total tourism supported employment would be enough to fill Kansas Speedway with enough left over to fill Allen Fieldhouse.



How important is tourism?

- The \$556 million in state and local revenues from visitor activity represents \$500 per household in Kansas – or about what the average household spending on pets in a year.

<http://www.usnews.com/news/articles/2013/05/22/americans-spend-61-billion-on-pets-annually>



How important is tourism?

- The \$257 million in state revenues from visitor activity would fully fund the Ag and Natural Resources Dept. with \$50 million left over for the KSU Veterinary Medical Center

OR

- Would fully fund the state support of Wichita State University

OR

- Is enough to educate over 20,000 Kansas students



Takeaways

- Visitation and spending in Kansas continues to show strong growth not just in the last year but over the last four years.
- Traveler spending reached \$6 billion in 2013, total spending in support of tourism neared \$6.5 billion.
- \$9.5 billion is the total impact of the traveler industry and traveler impacts run across every industry in Kansas.
- Tourism also supports the residents of Kansas (employment) and governmental activities (tax revenues) in Kansas – and is growing faster than the state economy as a whole.
- Tourism's importance can be favorably compared to many major industries and facilities in Kansas.

More to come

- Analysis on Outdoor activities - hunting, fishing, camping and an aggregate view of the spending and impacts from those and similar activities.
- Traveler spending and traveler impacts broken out to the County-level
- Kansas Event Impact Calculator – calculating the impact of individual events at a regional/state level



TOURISM ECONOMICS

AN OXFORD ECONOMICS COMPANY

For more information:

Adam Sacks, President

adam@tourismeconomics.com

Christopher Pike, Director

cpike@tourismeconomics.com