



# The Economic Impact of Tourism in:

## Dane County & Madison, Wisconsin

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April 2016



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# Key themes for 2015

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- The Dane County, Wisconsin visitor economy continued to expand in 2015, growing 6.2% to reach \$1.15 billion.
- Visitor spending of \$1.15 billion generated nearly \$2.0 billion in total business sales in 2015 as tourism dollars flowed through the Dane County economy.
- More than 21,000 jobs, with income of nearly \$600 million were sustained by visitors to Dane County last year.
- Including indirect and induced impacts, tourism in Dane County generated \$148.3 million in state and local taxes and \$120.9 million in Federal taxes last year.
- Visitor spending in the City of Madison outperformed the county with the area just outside the downtown area driving city tourism growth.

# How important is tourism

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- Visitor spending of \$1.2 billion is similar in size to the entire budget of the STATE Department of Children's and Families.
- In the absence of the state and local taxes generated by tourism, each Dane County household would need to pay \$700 to maintain the current level of government services.
- Tourism in Downtown Madison supports 4,056 jobs – enough to employ every resident of Cottage Grove.
- Estimated local tax revenue from visitor activity in downtown Madison - \$14.5 million – or nearly enough to pay for the operations of the City library system.

# Visitor Spending – Downtown Madison



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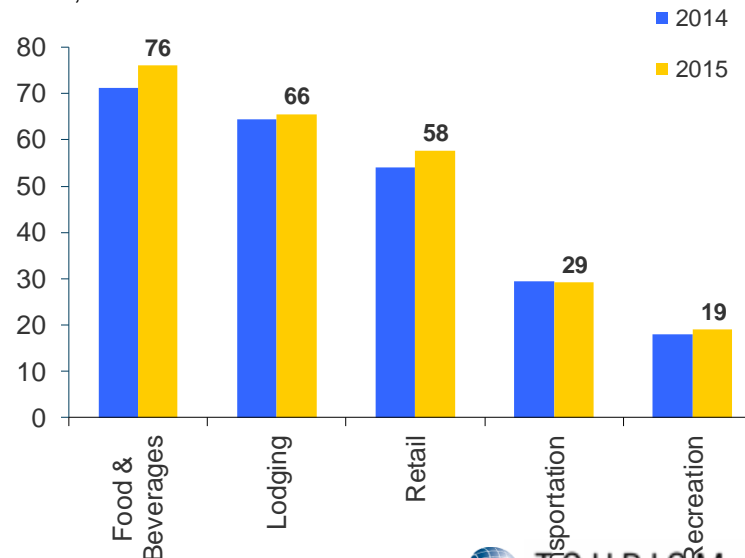
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# Visitor spending

- Visitor spending grew 4.3% in downtown Madison in 2015, reaching \$247.5 million.
- Areas right outside of the downtown saw the strongest room growth benefiting downtown restaurants and retailers.

Visitor Spending and Impacts Downtown Madison				
Spending Category	Millions			Pch Change
	2013	2014	2015	
Lodging	\$61.30	\$64.41	\$65.54	1.76%
Food & Beverages	\$69.68	\$71.19	\$76.02	6.78%
Retail	\$55.17	\$54.07	\$57.57	6.47%
Recreation & Entertainment	\$17.60	\$18.03	\$19.05	5.66%
Local Transportation	\$29.12	\$29.47	\$29.29	-0.59%
Total	\$232.87	\$237.18	\$247.48	4.34%
Growth Rate		1.85%	4.34%	

\$ Million, 2015 values shown



# Total impacts of visitor spending

Total Tourism Impacts Downtown Madison and Wisconsin												
	Business Sales				Employment				Labor Income			
	Total			Percent Change	Total			Percent Change	Millions - Total			Percent Change
County	2013	2014	2015		2013	2014	2015		2013	2014	2015	
Downtown Madison	\$232.9	\$237.2	\$247.5	4.34%	3,935	3,972	4,056	2.12%	\$104.1	\$106.9	\$113.0	5.73%
Wisconsin	\$17,520.7	\$18,474.4	\$19,291.7	4.42%	185,495	187,643	190,717	1.64%	\$4,657.6	\$4,829.9	\$5,065.7	4.88%
Share of State	1.33%	1.28%	1.28%		2.12%	2.12%	2.13%		2.23%	2.21%	2.23%	

- 4,056 Downtown Madison jobs were supported by visitor spending in 2015.
- Those employees earned \$113 million in wages and benefits.
- Tourism related employment growth grew 2.1% in Downtown Madison – about half a percentage point higher than the state.

# Tax impacts of visitor spending

- State and local governments benefitted by collecting \$30.5 million in tax revenue coming from visitor activity in Downtown Madison.
- Local governmental revenue supported by tourism reached \$14.5 million.

<b>Tourism Tax Impacts</b>							
<b>Downtown Madison and Wisconsin</b>							
	Taxes						
	State and Local				Federal		
	Millions			Percent	Millions		
County	2013	2014	2015	Change	2013	2014	2015
Downtown Madison	\$28.9	\$29.6	\$30.5	3.04%	\$22.1	\$22.7	\$24.0
Wisconsin	\$1,356.3	\$1,412.2	\$1,459.9	3.37%	\$1,011.0	\$1,052.3	\$1,102.6
Share of State	2.13%	2.09%	2.09%		2.19%	2.16%	2.18%

# Visitor Spending - County



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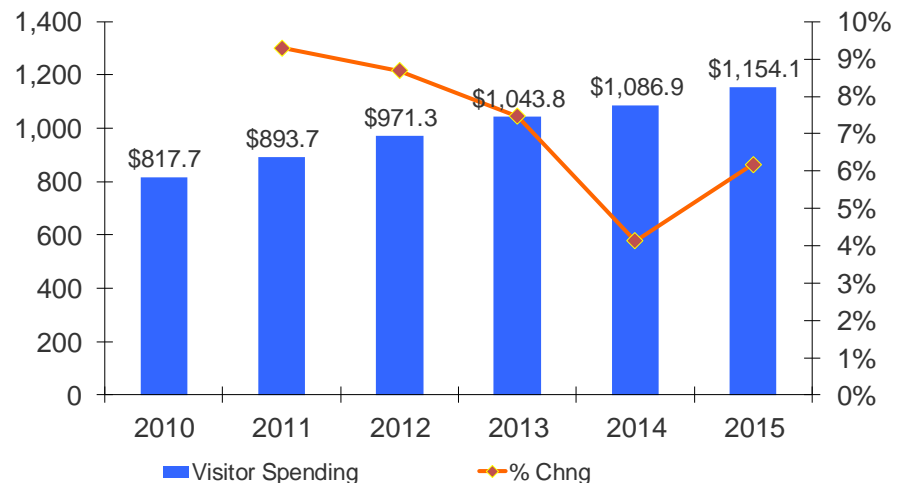
# Visitor spending

- Visitor spending grew 6.2% in 2015, surpassing \$1.1 billion.
- Visitor spending growth has averaged 7.1% per annum since 2010.
- Lodging sales have grown by nearly \$100 million since 2010.

Visitor Spending and Impacts Dane County				
	Millions			Pch Change
Spending Category	2013	2014	2015	
Lodging	\$256.5	\$280.6	\$304.6	8.53%
Food & Beverages	\$288.6	\$298.9	\$318.4	6.53%
Retail	\$233.1	\$232.5	\$248.7	6.97%
Recreation & Entertainment	\$119.0	\$124.4	\$132.2	6.25%
Local Transportation	\$146.7	\$150.5	\$150.2	-0.20%
Total	\$1,043.8	\$1,086.9	\$1,154.1	6.18%
Growth Rate		4.13%	6.18%	

## Tourism Industry Sales

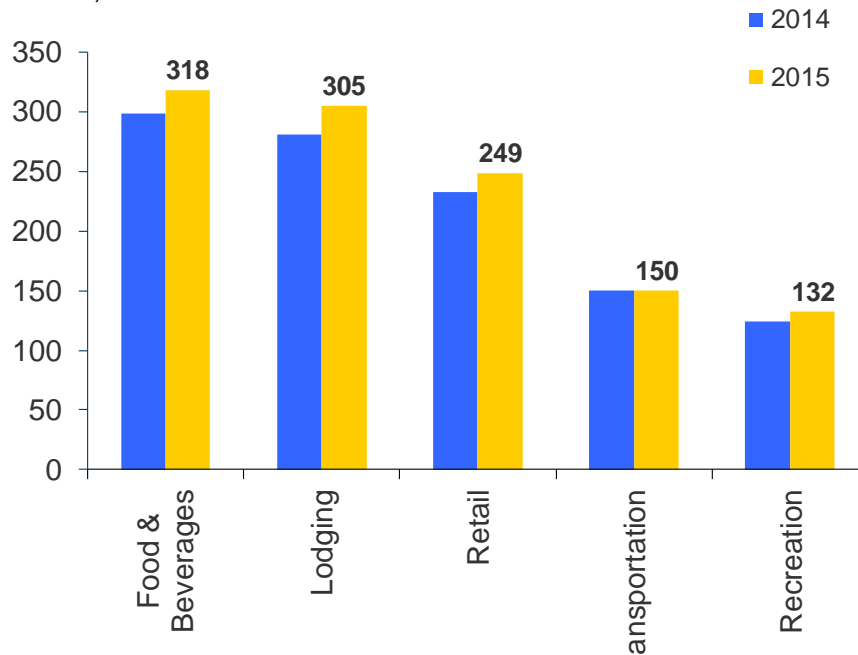
US\$ Millions



Sources: Tourism Economics

# Visitor spending by sector

\$ Million, 2015 values shown

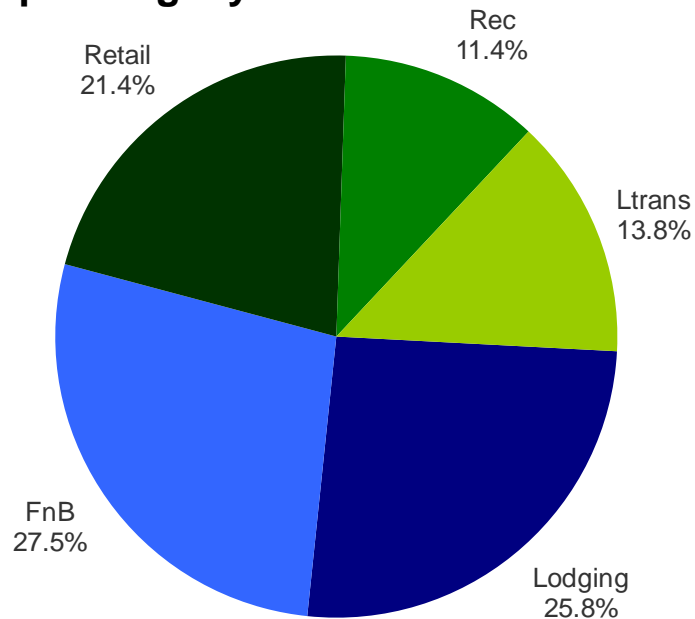


- Travelers spent \$318 million on food & beverages and \$305 million in the lodging sector last year. The retail sector in Dane County received nearly \$250 million from visitors.
- Spending growth in lodging and recreational activities supported overall visitor spending growth.

# Visitor spending by sector

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**Visitor Spending by Sector**

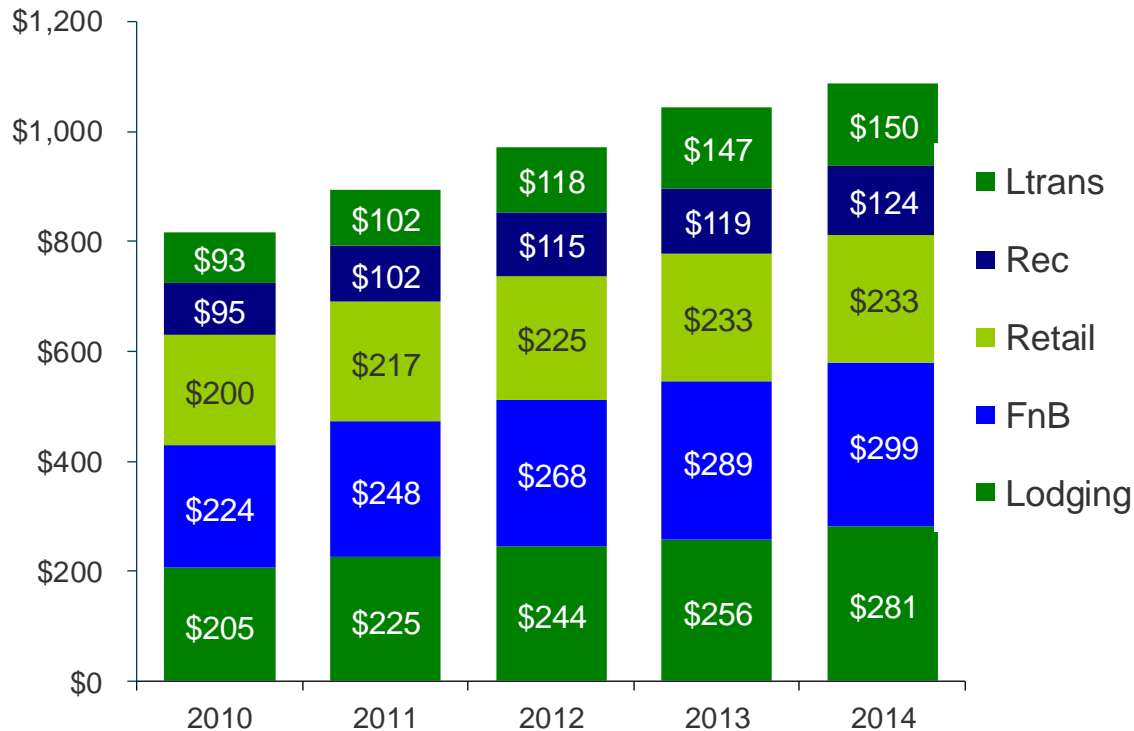


- Food & beverage purchases comprise nearly 28% of the visitor dollar in Dane County with lodging spending following at around 26%.
- Twenty-one cents of every visitor dollar is spent on retail purchase in Dane County in 2015.

# Visitor spending by sector

## Dane County's Visitor Spending

by Year, Millions of \$



- Visitor spending has grown an average of 7.1% annually since 2010.
- Growth in spending on food and beverages over the four-year period has averaged 7.3%.
- Spending on lodging has grown an average of \$20 million annually since 2010.

# Tourism Impacts

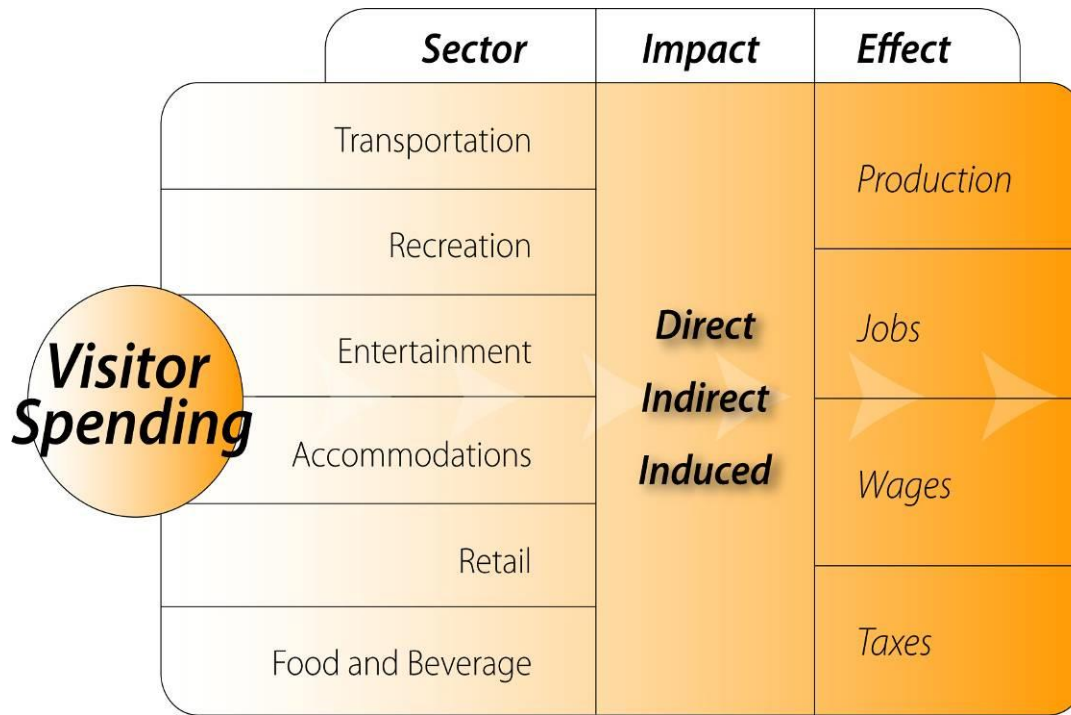


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# How visitor spending generates impact

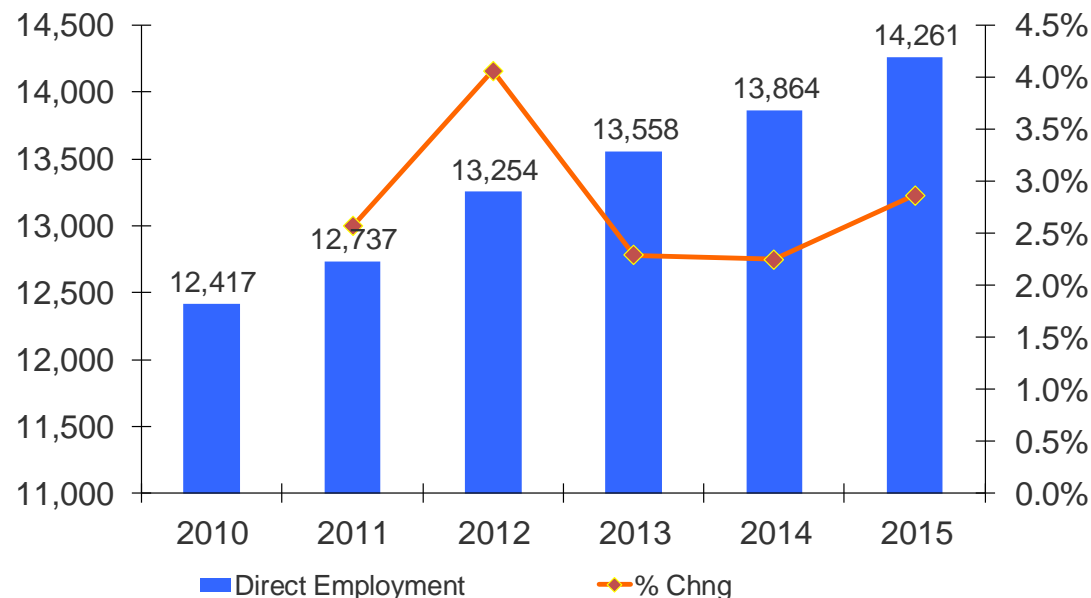
- Travelers create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.



- Lastly, the induced impact is generated when employees whose incomes are generated either directly or indirectly by tourism, spend those incomes in the local economy.

# Tourism employment

## Direct Tourism Employment



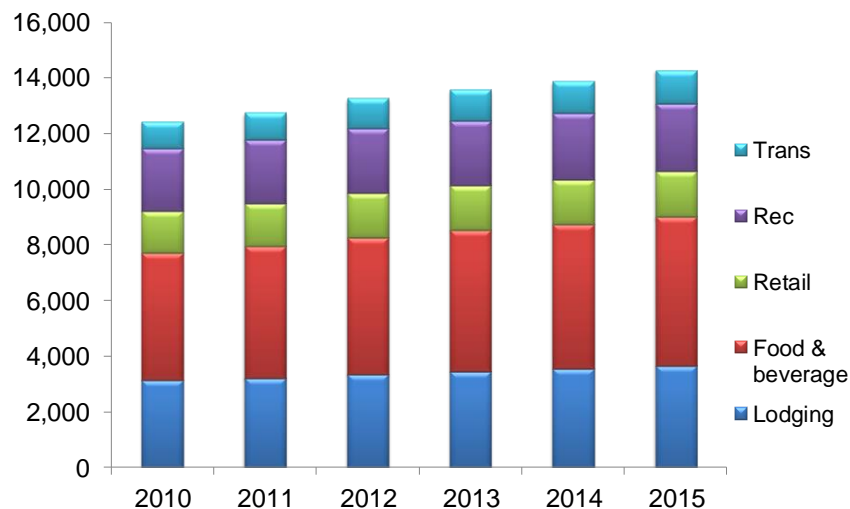
Source: Tourism Economics

- Direct tourism employment – those jobs that directly interact with the visitor – grew 2.9% in 2015 to 14,261 jobs.
- Tourism employment growth in Dane County has outpaced the state tourism employment growth in each of the past two years.

# Tourism employment

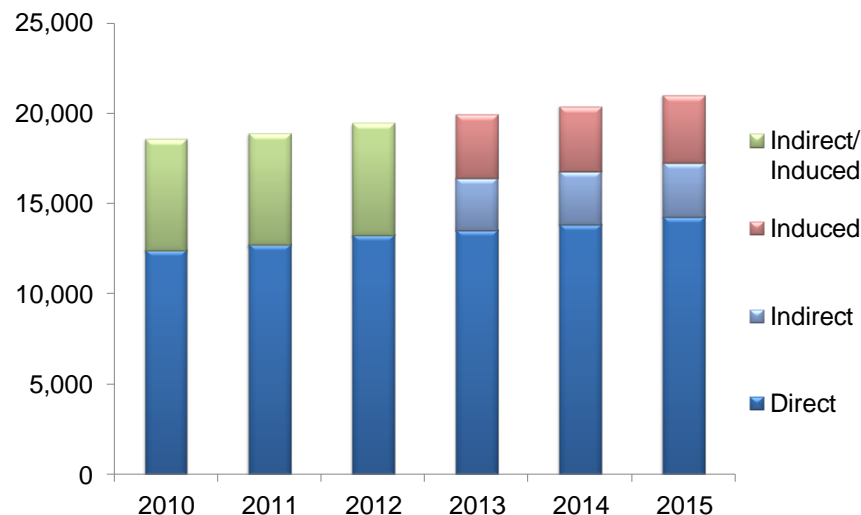
- Businesses supplying food & beverages or lodging services support a majority of tourism-generated employment in Dane County.
- 21,000 Dane County jobs in total were supported by visitor activity.

**Direct Visitor Employment by Industry**



Source: Tourism Economics

**Total Visitor Employment**



Source: Tourism Economics



# Direct impacts of visitor spending

Visitor Spending and Impacts Dane County and Wisconsin												
County	Visitor Spending				Employment				Labor Income			
	Millions			Percent Change	Direct			Percent Change	Millions - Direct			Percent Change
	2013	2014	2015		2013	2014	2015		2013	2014	2015	
Dane County	\$1,043.8	\$1,086.9	\$1,154.1	6.18%	13,558	13,864	14,261	2.86%	\$267.6	\$283.7	\$310.3	9.37%
Wisconsin	\$10,843.1	\$11,417.9	\$11,919.4	4.39%	131,484	132,920	135,095	1.64%	\$2,512.8	\$2,610.9	\$2,736.5	4.81%
Share of State	9.63%	9.52%	9.68%		10.31%	10.43%	10.56%					

- Visitor spending growth in Dane County continued to outperform the state in 2015, growing 6.2% and encompassing nearly 10% of all visitor spending in Wisconsin.
- The \$1.2 billion in visitor spending directly supported 14,261 jobs in Dane County in 2015.
- The 14,261 jobs in Dane County provided \$310 million in wages and benefits to those employees.

# Total impacts of visitor spending

Total Tourism Impacts Dane County and Wisconsin												
County	Business Sales				Employment				Labor Income			
	Total			Percent Change	Total			Percent Change	Millions - Total			Percent Change
	2013	2014	2015		2013	2014	2015		2013	2014	2015	
Dane County	\$1,795.4	\$1,881.0	\$1,983.6	5.45%	19,975	20,395	21,009	3.01%	\$517.2	\$548.6	\$593.3	8.14%
Wisconsin	\$17,520.7	\$18,474.4	\$19,291.7	4.42%	185,495	187,643	190,717	1.64%	\$4,657.6	\$4,829.9	\$5,065.7	4.88%
Share of State	10.25%	10.18%	10.28%		10.77%	10.87%	11.02%		11.11%	11.36%	11.71%	

- Visitor spending supported a total of nearly \$2.0 billion in business sales in Dane County.
- More than 21,000 Dane County jobs were supported by visitor spending in 2015.
- Visitor supported income growth in Dane County outpaced the state in 2015.

# Tax impacts of visitor spending

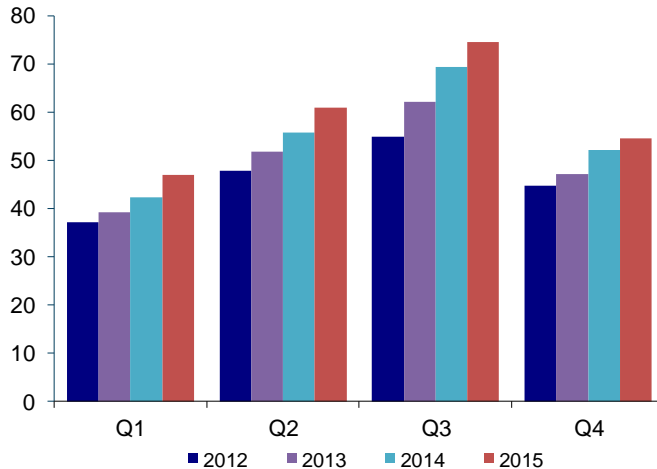
- State and local governments benefitted by collecting \$148 million in tax revenue coming from visitor activity in Dane County.
- \$70.7 million in local governmental revenue was supported by visitor activity in 2015.
- In the absence of the state and local taxes generated by tourism, each Dane County household would need to pay \$700 to maintain the current level of government services.

<b>Tourism Tax Impacts Dane County and Wisconsin</b>							
	Taxes						
	State and Local				Federal		
	Millions			Percent Change	Millions		
	2013	2014	2015		2013	2014	2015
Dane County	\$135.3	\$142.1	\$148.3	4.32%	\$105.5	\$111.5	\$120.9
Wisconsin	\$1,356.3	\$1,412.2	\$1,459.9	3.37%	\$1,011.0	\$1,052.3	\$1,102.6
Share of State	9.98%	10.06%	10.16%				

# Seasonality of visitation

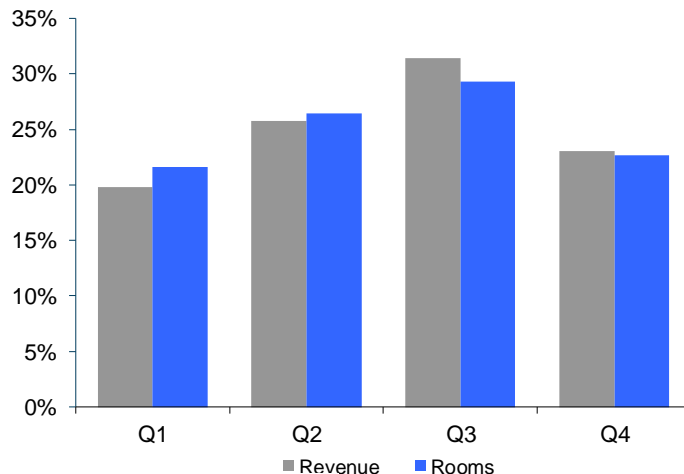
**Dane County Hotel Room Revenue**

\$ millions



**Dane County Hotel Rooms and Revenue**

Quarterly Share, 2015



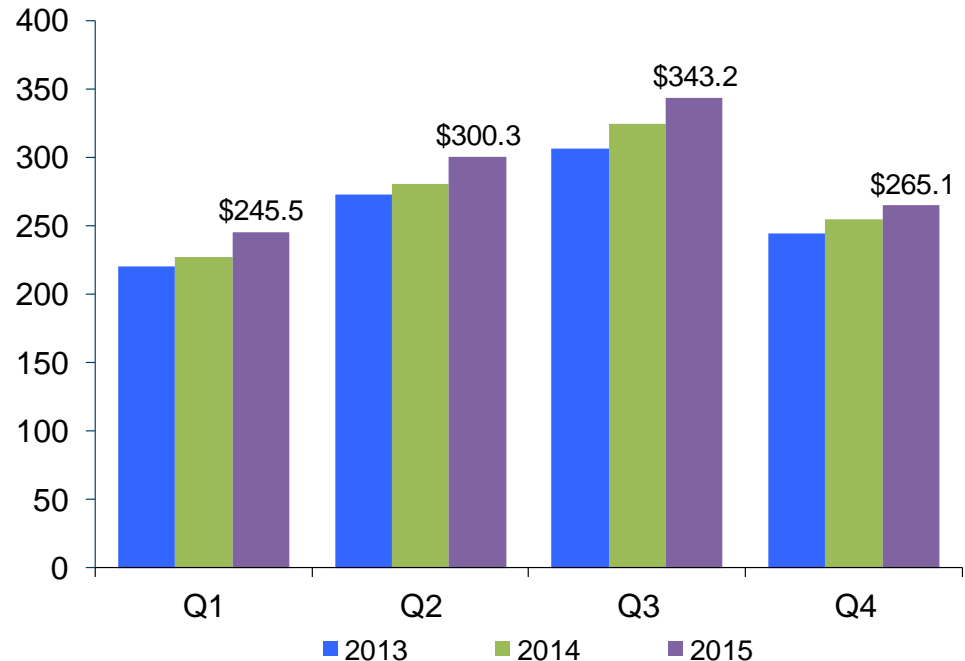
- Tourism is a year-round industry in Dane County. Its peak is in the third quarter, including strong summer travel.
- Q1 had the largest growth in room demand and revenue growth with much of the annual growth in the first half of the year.

# Seasonality of visitor spending

- Examining the seasonality of key tourism industries, visitor spending peaks in the 3<sup>rd</sup> quarter with \$343 million in visitor sales.
- The year's strongest growth was posted in Q1 as visitor spending grew nearly 8.0%.

**Dane County Visitor Spending**

\$ Millions



**Visitor Spending by Quarter**  
**Dane County**

	Q1	Q2	Q3	Q4
2013	\$220.4	\$272.9	\$306.3	\$244.2
2014	\$227.5	\$280.3	\$324.8	\$254.4
2015	\$245.5	\$300.3	\$343.2	\$265.1
% Chn	7.93%	7.12%	5.68%	4.21%

# Methodology and Background



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# Why quantify the tourism economy?

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- 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?

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- 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.



# Methods and data sources

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- Domestic visitor expenditure estimates are provided by Longwoods International's representative survey of US travelers. These are broken out by sectors (lodging, transport at destination, food & beverage, retail, and recreation), by purpose (business and leisure), and by length of stay (day and overnight).
- Tourism Economics then adjusts these levels of spending based on a range of known measures of tourism activity:
  - Overseas visitor spending (source: OTTI, TE)
  - Canada visitor spending (source: Statistics Canada, TE)
  - Sales tax collections by industry and county (source: WI DOR)
  - Spending on air travel which accrues to all airports and locally-based airlines
  - Gasoline purchases by visitors (source: TE calculation)
  - Smith Travel Research data on hotel revenues
  - Construction Value by McGraw-Hill Construction
  - Industry data on employment, wages, GDP, and sales (source: BEA, BLS, Census)

# Methods and data sources

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- An IMPLAN model was compiled for the State of Wisconsin. This traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism.
- All results are benchmarked and cross-checked and adjusted based on the following:
  - US Bureau of Labor Statistics and Bureau of Economic Analysis (employment and wages by industry)
  - US Census (business sales by industry)
- The source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. All employment rankings are based on Bureau of Labor Statistics (ES202/QCEW) data.

# Selected recent economic impact clients

## Associations / Companies

Center for Exhibition Industry  
Research (Economic Impact  
of Visa Restrictions)

DMAI (Event Impact  
Calculator for 80 CVBs)

US Travel Association (Impact  
of travel promotion)

InterContinental Hotels

## States

California

Georgia

Maryland

New York

North Carolina

Ohio

Pennsylvania

Wisconsin

## Cities

Baltimore, MD

Columbus, OH

Kansas City, MO

London, United Kingdom

New York City

Omaha, NE

Orlando, FL

Philadelphia, PA

Pittsburgh, PA

Rockford, IL

## Countries / Provinces

Bahamas

Bermuda

Cayman Islands

Dubai

Ontario Canada

St. Lucia

United Kingdom



# About Tourism Economics

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- Tourism Economics, headquartered in Philadelphia, is an Oxford Economics company dedicated to providing high value, robust, and relevant analyses of the tourism sector that reflects the dynamics of local and global economies. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, project feasibility analysis, tourism forecasting models, tourism policy analysis, and economic impact studies.
- Our staff have worked with over 100 destinations to quantify the economic value of tourism, forecast demand, guide strategy, or evaluate tourism policies.
- 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 is founded on a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of 40 highly-experienced professional economists; a dedicated data analysis team; global modeling tools; close links with Oxford University, and a range of partner institutions in Europe, the US and in the United Nations Project Link.
- For more information: [info@tourismeconomics.com](mailto:info@tourismeconomics.com).



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