

# The Economic Impact of Tourism in Greater Philadelphia

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2012 Analysis



TOURISM  
ECONOMICS

AN OXFORD ECONOMICS COMPANY

# Key themes for 2012

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- Philadelphia surpassed its pre-recession high in 2012, welcoming more visitors and achieving higher business sales.
  - Visitor volume grew 2.1%
  - Overnight visitation outperformed overall visitation as room demand remained strong
  - Business visitation growth outpaced leisure growth
  - With business visitation supporting growth – Philadelphia outperformed outlying counties.
- Total tourism spending grew 4.5% as per trip spending grew 2.4%. Per trip spending growth was supported by the value of the business visitor along with increases in prices in the accommodations.

# Headline results

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- The visitor economy remains a large contributor to business sales, employment, and taxes in the Philadelphia region.
- Visitors to Greater Philadelphia spent \$6.1 billion in 2012.
- This spending generated \$9.7 billion in economic impact in terms of business sales including indirect and induced impacts.
- 88,761 jobs were sustained by visitors to the Philadelphia region last year with total income of \$2.97 billion.
- Nearly 5.3% (1 in 19) of all jobs in the region are sustained by tourism.
- Tourism in Greater Philadelphia generated \$1.4 billion in taxes in 2012, with \$622 million accruing to state and local governments.

# Annual visitor trends

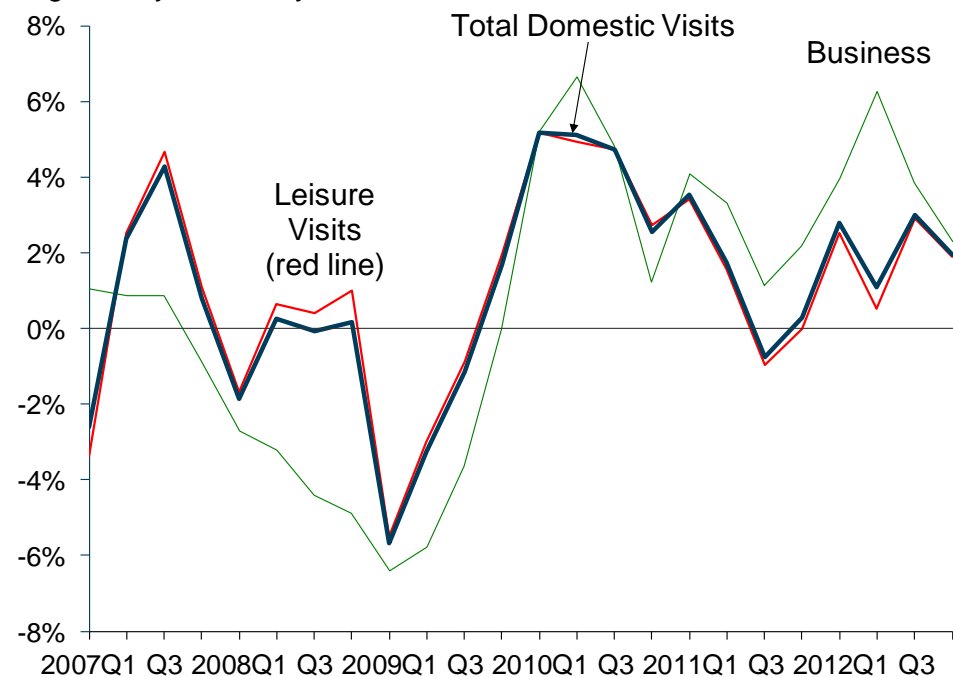
- Domestic visitation accelerated, growing 2.1% in 2012, led by business visitation, which grew 4.1% in 2012.
- Leisure visitation rebounded from modest growth in 2011, posting a nearly 2% growth in 2012.
- Overnight demand continued to out-perform the total market in 2012.

| Annual Visitor Estimates |            |       |       |       |       |       |       |            |       |       |       |       |      |
|--------------------------|------------|-------|-------|-------|-------|-------|-------|------------|-------|-------|-------|-------|------|
|                          | (millions) |       |       |       |       |       |       | (% growth) |       |       |       |       |      |
|                          | 2006       | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2007       | 2008  | 2009  | 2010  | 2011  | 2012 |
| Overnight Business       | 2.01       | 2.01  | 1.89  | 1.80  | 1.93  | 2.00  | 2.09  | 0.1%       | -6.0% | -5.0% | 7.5%  | 3.7%  | 4.3% |
| Overnight Leisure        | 11.65      | 11.79 | 11.56 | 11.35 | 12.59 | 12.87 | 13.13 | 1.2%       | -2.0% | -1.8% | 11.0% | 2.2%  | 2.0% |
| Day Business             | 2.48       | 2.49  | 2.44  | 2.36  | 2.42  | 2.46  | 2.56  | 0.7%       | -2.0% | -3.2% | 2.2%  | 1.9%  | 4.0% |
| Day Leisure              | 20.04      | 20.51 | 20.83 | 20.50 | 20.67 | 20.62 | 20.98 | 2.3%       | 1.6%  | -1.6% | 0.8%  | -0.2% | 1.8% |
| Overnight Visitors       | 13.66      | 13.80 | 13.45 | 13.14 | 14.52 | 14.87 | 15.22 | 1.1%       | -2.6% | -2.3% | 10.5% | 2.4%  | 2.3% |
| Day Visitors             | 22.52      | 23.00 | 23.27 | 22.87 | 23.08 | 23.08 | 23.54 | 2.2%       | 1.2%  | -1.7% | 0.9%  | 0.0%  | 2.0% |
| Business                 | 4.49       | 4.51  | 4.34  | 4.16  | 4.35  | 4.46  | 4.65  | 0.5%       | -3.8% | -4.0% | 4.5%  | 2.7%  | 4.1% |
| Leisure                  | 31.69      | 32.30 | 32.39 | 31.85 | 33.26 | 33.48 | 34.11 | 1.9%       | 0.3%  | -1.7% | 4.4%  | 0.7%  | 1.9% |
| Total Domestic Visitors  | 36.17      | 36.80 | 36.72 | 36.01 | 37.61 | 37.95 | 38.76 | 1.7%       | -0.2% | -1.9% | 4.4%  | 0.9%  | 2.1% |

# Summary: Leisure vs. Business

- Business visitation outperformed overall arrival growth in 2012.
- Growth was strongest early in the year.
- Weak economic news and high and increasing gas prices in the late spring affected summer travel.
- Visitation late in the year was affected by disruptions caused by Superstorm Sandy.

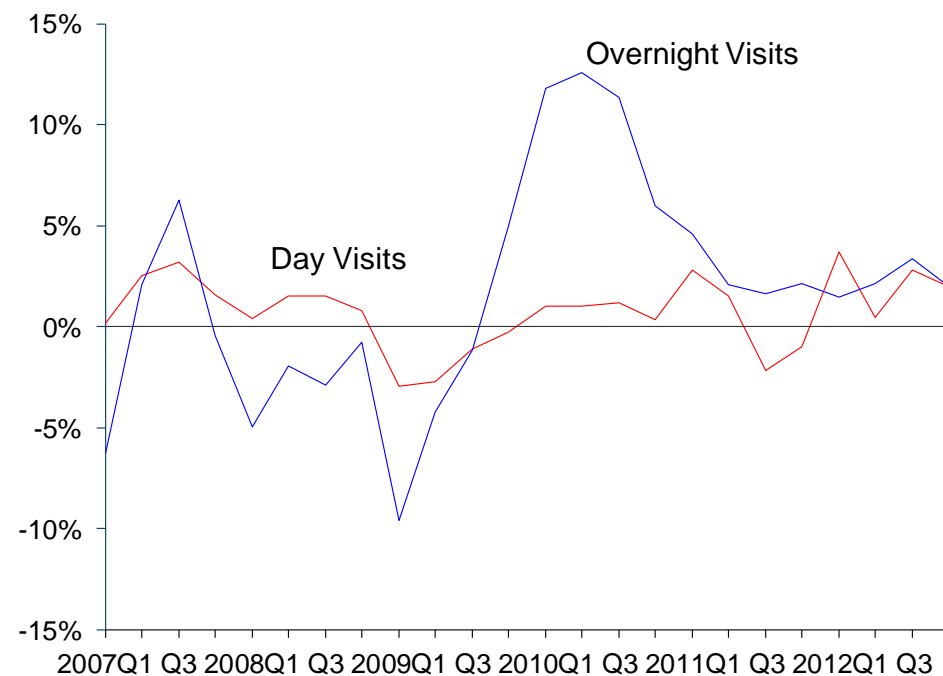
**Greater Philadelphia Domestic Arrivals**  
% growth, year-over-year



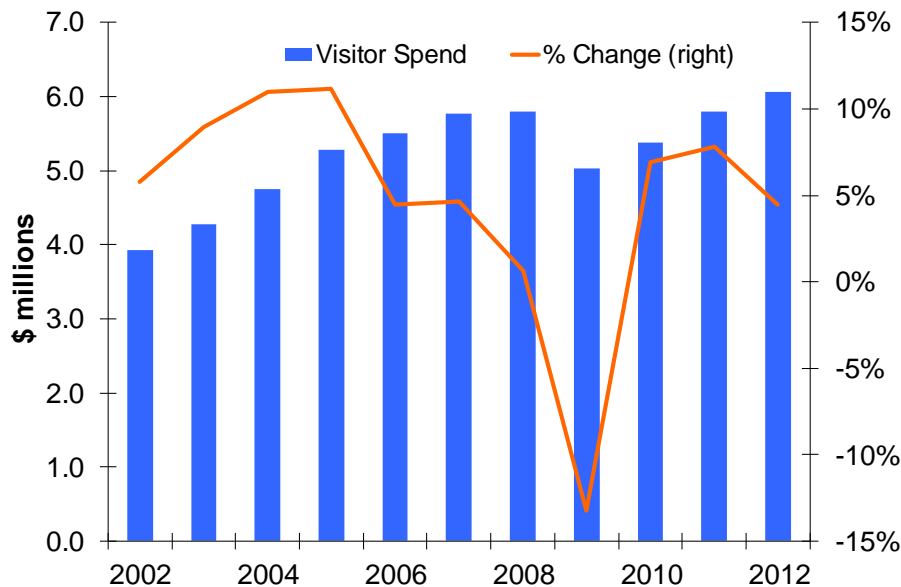
# Summary: Day vs. Overnight

- Overnight visit growth continued to out-perform overall visit growth in 2012.
- Room demand grew 2.6% in 2012, supporting overnight growth of 2.1%.
- Day visits were impacted by higher gasoline prices along with slow economic growth in the middle of 2012.
- Day leisure visitors performed near long-term trends despite see-sawing gas prices and weak economic gains.

**Greater Philadelphia Domestic Arrivals**  
% growth, year-over-year



# Trends in tourism spending



| Tourism Expenditures |         |        |
|----------------------|---------|--------|
| Year                 | US\$ Mn | %      |
| 2002                 | 3,925   | 5.8%   |
| 2003                 | 4,275   | 8.9%   |
| 2004                 | 4,745   | 11.0%  |
| 2005                 | 5,275   | 11.2%  |
| 2006                 | 5,509   | 4.4%   |
| 2007                 | 5,764   | 4.6%   |
| 2008                 | 5,800   | 0.6%   |
| 2009                 | 5,032   | -13.2% |
| 2010                 | 5,380   | 6.9%   |
| 2011                 | 5,799   | 7.8%   |
| 2012                 | 6,057   | 4.5%   |

- Visitor spending grew 4.5% to \$6.1 billion in 2012.
- Spending growth remained healthy in 2012 and has now grown in three consecutive years.
- Visitor spending in 2012 has surpassed the pre-recession peak year – 2008.

# Visitor spending by market

- Leisure travel spending growth of 5.2% supported overall visitor spending growth.
- Spending gains from overnight visitors continue to outpace total tourism spending.
- Overseas visitor spending rose 7.0%.

| <b>Tourism Expenditures in 2012</b> |      |                  |      |                 |      |
|-------------------------------------|------|------------------|------|-----------------|------|
| % Change Over 2011                  |      |                  |      |                 |      |
| Purpose                             |      | Stay             |      | Market          |      |
| <b>Business</b>                     | 2.9% | <b>Day</b>       | 2.6% | <b>Domestic</b> | 4.1% |
| <b>Leisure</b>                      | 5.2% | <b>Overnight</b> | 5.2% | <b>Overseas</b> | 7.0% |
| <b>Both</b>                         | 2.4% |                  |      | <b>Canada</b>   | 5.1% |
| <b>TOTAL</b>                        | 4.5% |                  | 4.5% |                 | 4.5% |

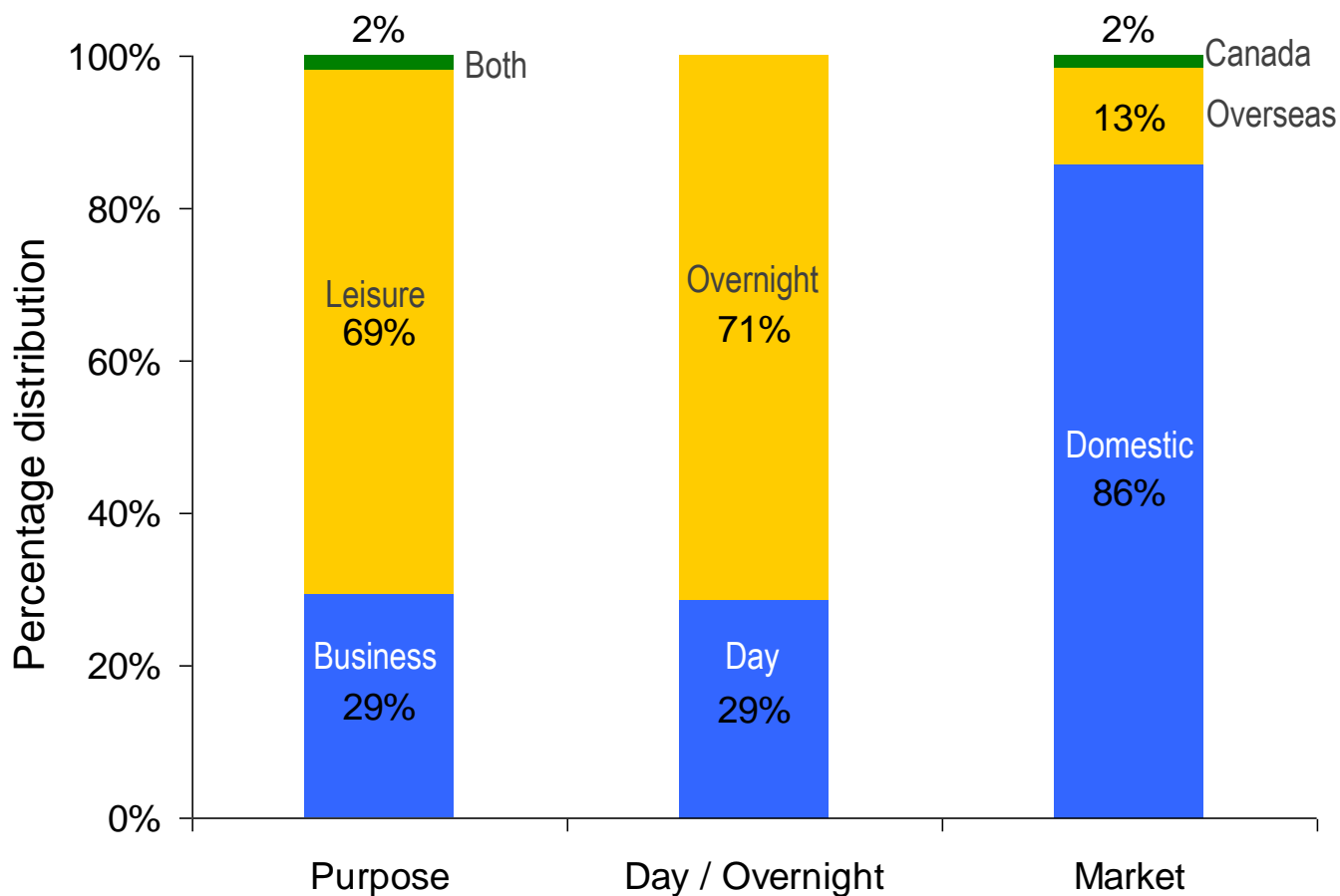
  

| <b>Tourism Expenditures in 2012</b> |       |                  |       |                 |       |
|-------------------------------------|-------|------------------|-------|-----------------|-------|
| (US\$ Million)                      |       |                  |       |                 |       |
| Purpose                             |       | Stay             |       | Market          |       |
| <b>Business</b>                     | 1,836 | <b>Day</b>       | 1,639 | <b>Domestic</b> | 5,147 |
| <b>Leisure</b>                      | 4,112 | <b>Overnight</b> | 4,418 | <b>Overseas</b> | 796   |
| <b>Both</b>                         | 110   |                  |       | <b>Canada</b>   | 114   |
| <b>TOTAL</b>                        | 6,058 |                  | 6,058 |                 | 6,058 |

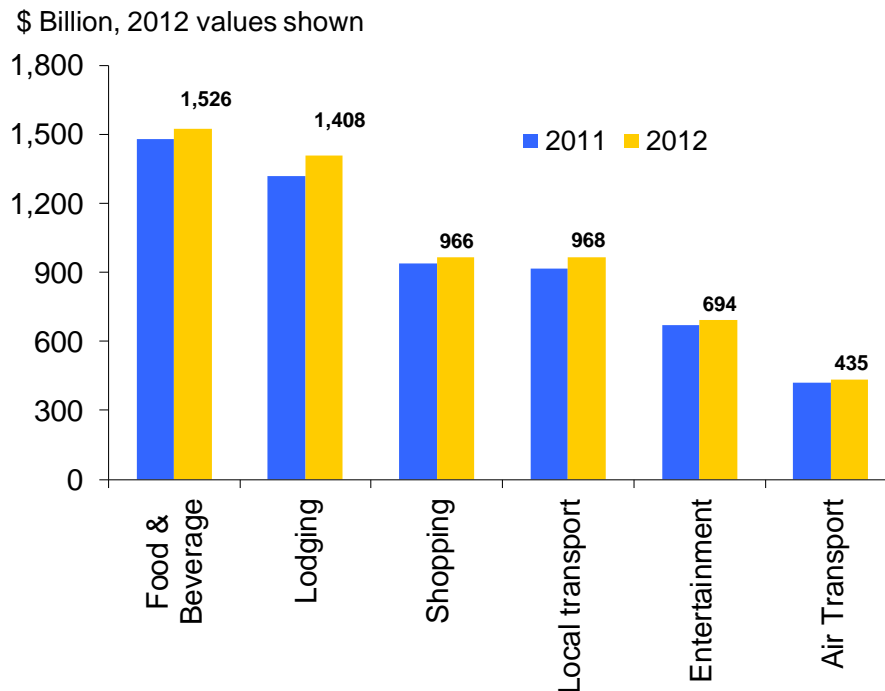


# Visitor spending by market

- Visitors to Greater Philadelphia spent \$6.1 billion in the local economy in 2012. Domestic visitors accounted for 86% of all tourism spending.



# Visitor spending by sector

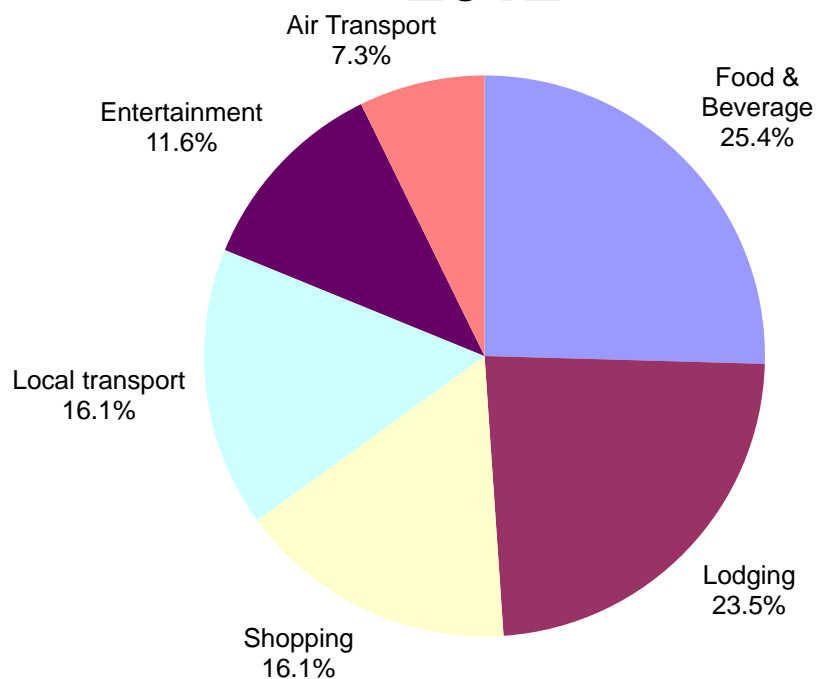


- Visitors spent more than \$1.5 billion in restaurants and bars and \$1.4 billion in the lodging sector last year. Visitor related business sales in the retail industry reached \$966 million.
- The lodging sector saw spending grow 6.8% as ADR grew by nearly 5% in 2012.
- In other major spending categories, spending was up 3.1% on food and beverages and 3.6% on recreation in 2012.

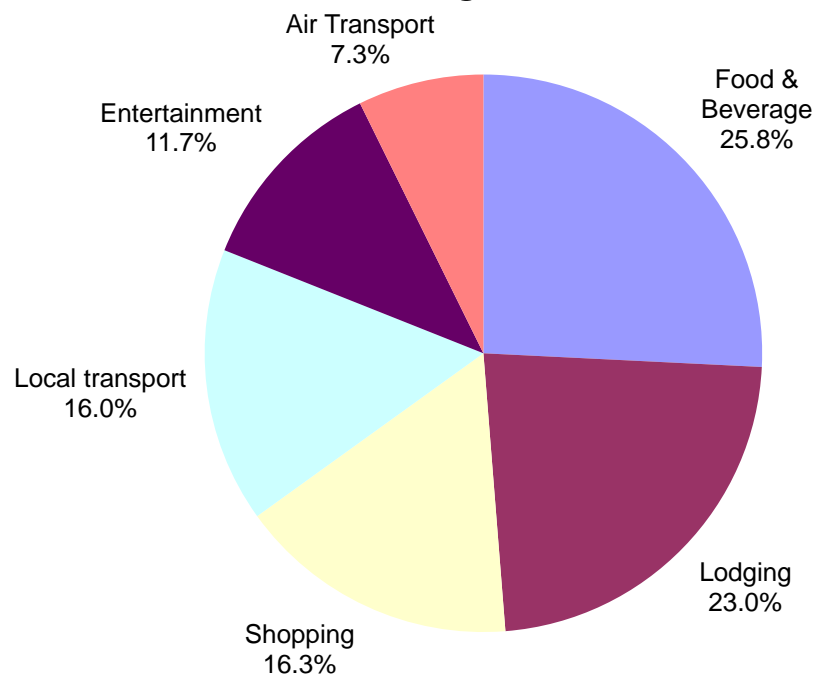
# Visitor spending by sector

- In the Philadelphia region, half of the visitor dollar is spent in either the lodging industry or on food and beverages.
- Spending shares grew in both lodging and transportation as price increases bolstered visitor spending.

**2012**

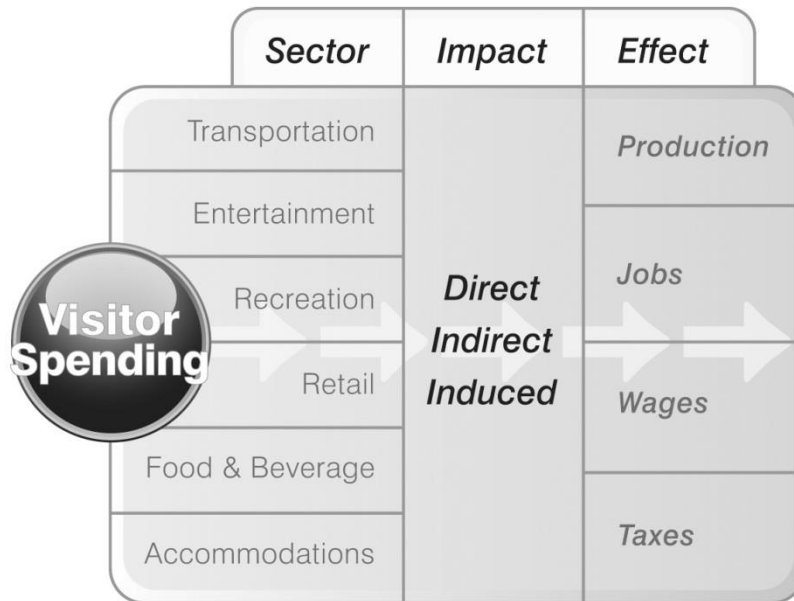


**2011**



# 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 state economy.

# Tourism sales

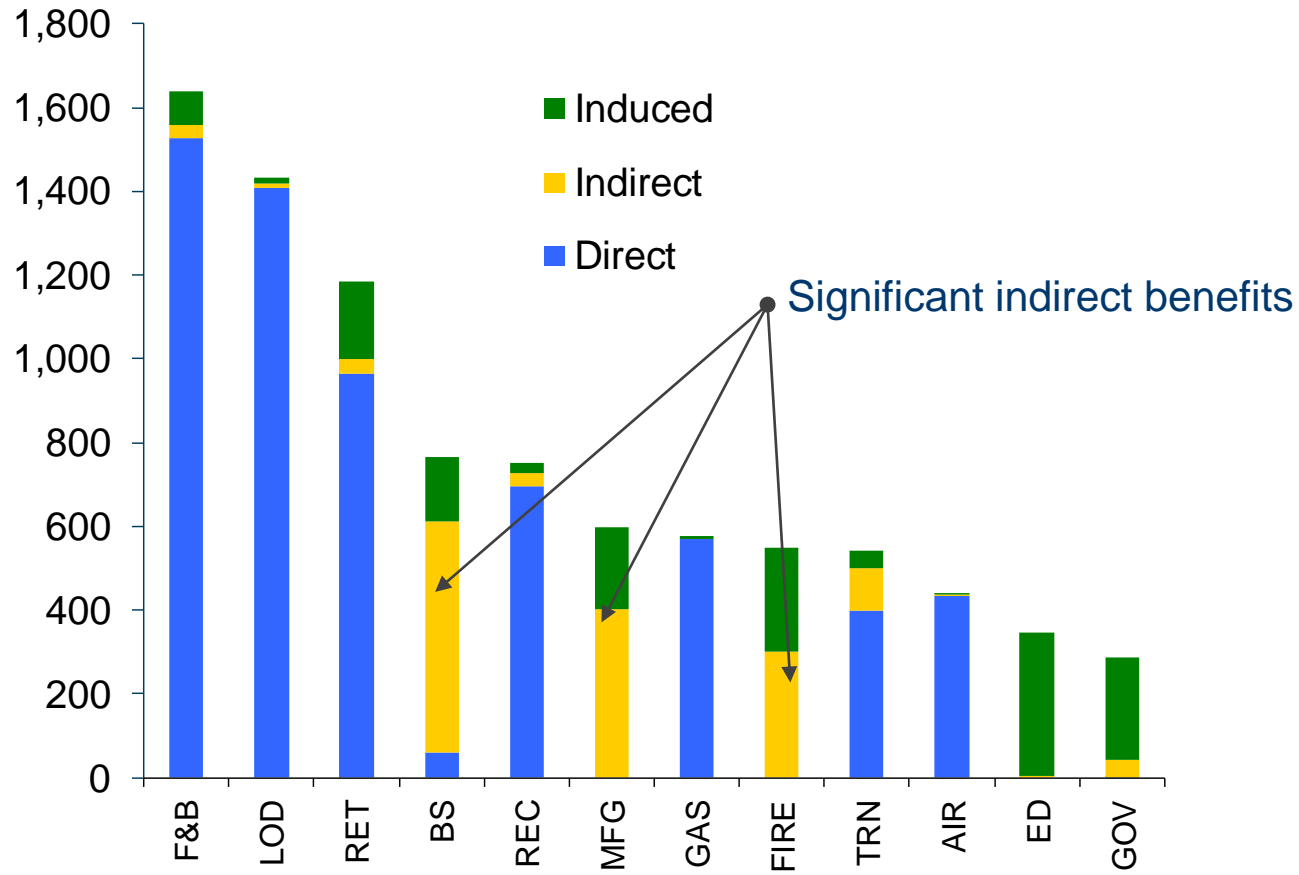
- Including the indirect and induced business sales, tourism generated \$9.7 billion in business sales in 2012, an increase of 4.3% over 2011.

| <b>Tourism Sales (Output)</b>      |                |                 |                |                |
|------------------------------------|----------------|-----------------|----------------|----------------|
| <b>(US\$ Million)</b>              |                |                 |                |                |
|                                    | <b>Direct</b>  | <b>Indirect</b> | <b>Induced</b> | <b>Total</b>   |
| Agriculture, Fishing, Mining       | -              | 7.8             | 3.8            | 11.6           |
| Construction and Utilities         | -              | 105.3           | 44.2           | 149.5          |
| Manufacturing                      | -              | 401.0           | 196.3          | 597.3          |
| Wholesale Trade                    | -              | 104.2           | 92.6           | 196.8          |
| Air Transport                      | 435.2          | 3.2             | 3.7            | 442.1          |
| Other Transport                    | 398.4          | 102.8           | 39.1           | 540.3          |
| Retail Trade                       | 966.1          | 33.7            | 185.0          | 1,184.8        |
| Gasoline Stations                  | 569.6          | 1.3             | 6.7            | 577.6          |
| Communications                     | -              | 105.6           | 52.6           | 158.2          |
| Finance, Insurance and Real Estate | -              | 302.4           | 246.1          | 548.5          |
| Business Services                  | 60.2           | 552.5           | 153.7          | 766.4          |
| Education and Health Care          | -              | 2.3             | 344.5          | 346.8          |
| Recreation and Entertainment       | 694.1          | 32.1            | 24.6           | 750.8          |
| Lodging                            | 1,407.6        | 12.0            | 12.7           | 1,432.2        |
| Food & Beverage                    | 1,526.1        | 33.8            | 79.0           | 1,638.9        |
| Personal Services                  | -              | 35.6            | 75.1           | 110.7          |
| Government                         | 0.4            | 40.5            | 244.9          | 285.8          |
| <b>TOTAL</b>                       | <b>6,057.6</b> | <b>1,876.0</b>  | <b>1,804.8</b> | <b>9,738.3</b> |
| <b>Percent Change</b>              | <b>4.5%</b>    | <b>4.2%</b>     | <b>3.8%</b>    | <b>4.3%</b>    |

# Tourism sales

## Tourism Sales

\$ million

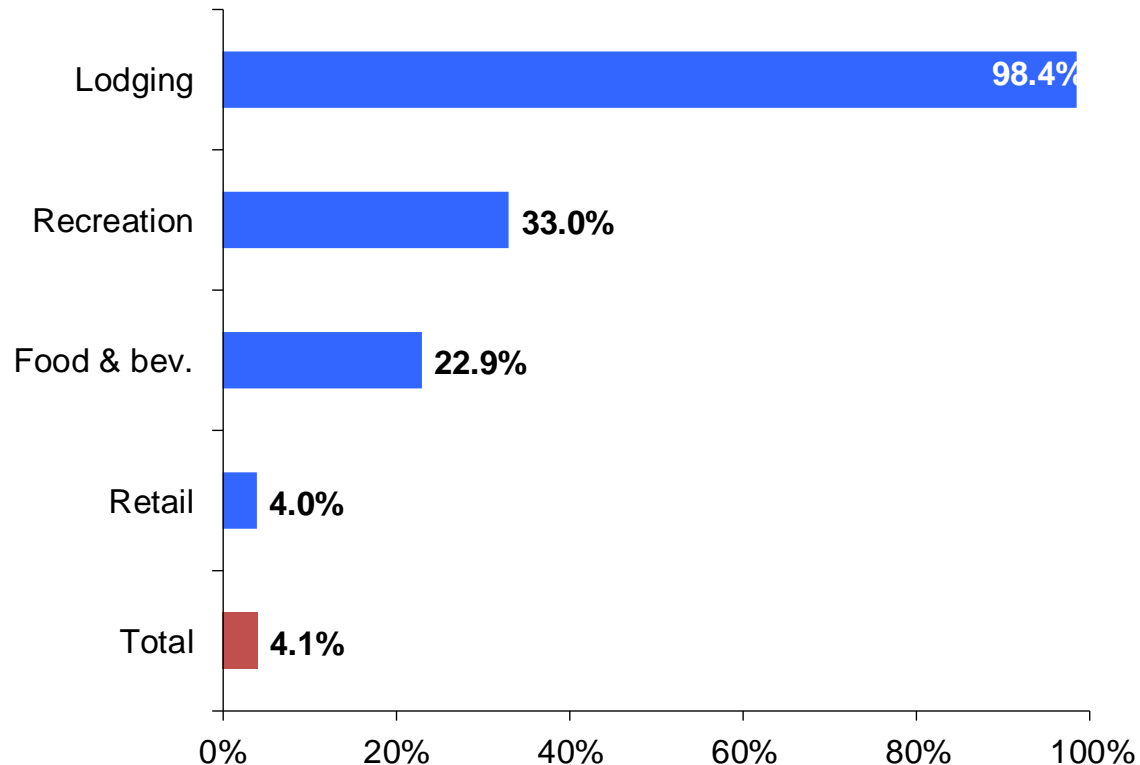


\* Direct sales include cost of goods sold for retail

# Tourism employment

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## Tourism Employment Share of Key Industries



- Tourism is a significant part of several industries – 98% of all employment in lodging is supported by tourism spending. Tourism spending supports almost a quarter of food & beverage employment.

# Tourism employment

| <b>Total Tourism Employment Impact</b> |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | Direct        | Indirect      | Induced       | Total         |
| Agriculture, Fishing, Mining           | -             | 123           | 71            | 194           |
| Construction and Utilities             | -             | 333           | 73            | 406           |
| Manufacturing                          | -             | 619           | 317           | 936           |
| Wholesale Trade                        | -             | 445           | 386           | 831           |
| Air Transport                          | 2,463         | 17            | 19            | 2,498         |
| Other Transport                        | 5,230         | 982           | 317           | 6,529         |
| Retail Trade                           | 4,599         | 425           | 2,304         | 7,328         |
| Gasoline Stations                      | 1,144         | 14            | 68            | 1,226         |
| Communications                         | -             | 373           | 137           | 510           |
| Finance, Insurance and Real Estate     | -             | 1,296         | 988           | 2,284         |
| Business Services                      | 480           | 4,040         | 1,233         | 5,753         |
| Education and Health Care              | -             | 29            | 3,660         | 3,688         |
| Recreation and Entertainment           | 10,498        | 841           | 465           | 11,804        |
| Lodging                                | 13,880        | 116           | 124           | 14,119        |
| Food & Beverage                        | 26,741        | 596           | 1,352         | 28,689        |
| Personal Services                      | -             | 424           | 1,160         | 1,584         |
| Government                             | -             | 233           | 148           | 381           |
| <b>TOTAL</b>                           | <b>65,034</b> | <b>10,905</b> | <b>12,821</b> | <b>88,761</b> |
| Percent Change                         | 3.1%          | 1.2%          | 1.2%          | 2.6%          |

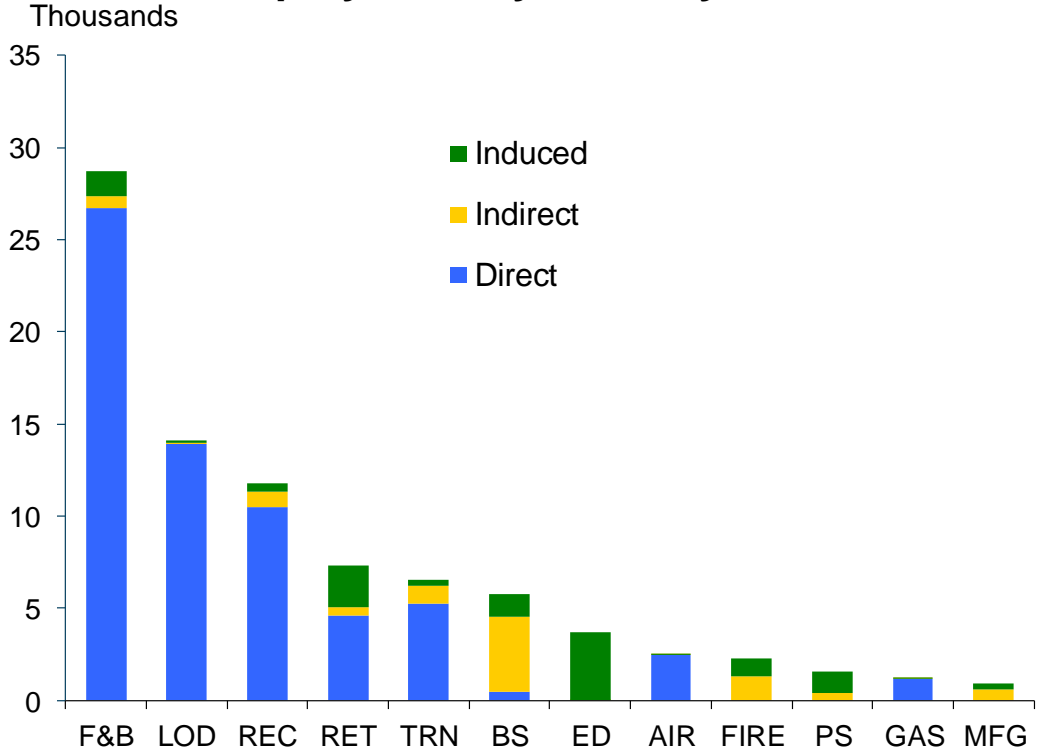
- The tourism sector supported 5.3% of employment (1-in-19 jobs) in Greater Philadelphia last year. Total tourism employment rose 2.6% last year to 88,761 jobs, outpacing overall employment growth.



# Tourism employment

- As a labor intensive collection of services, tourism-related sectors represent significant employment to the Philadelphia region.
- More than 88,750 jobs sustained by Philadelphia tourism span every sector of the economy, either directly or indirectly.

**Tourism Employment by Industry**

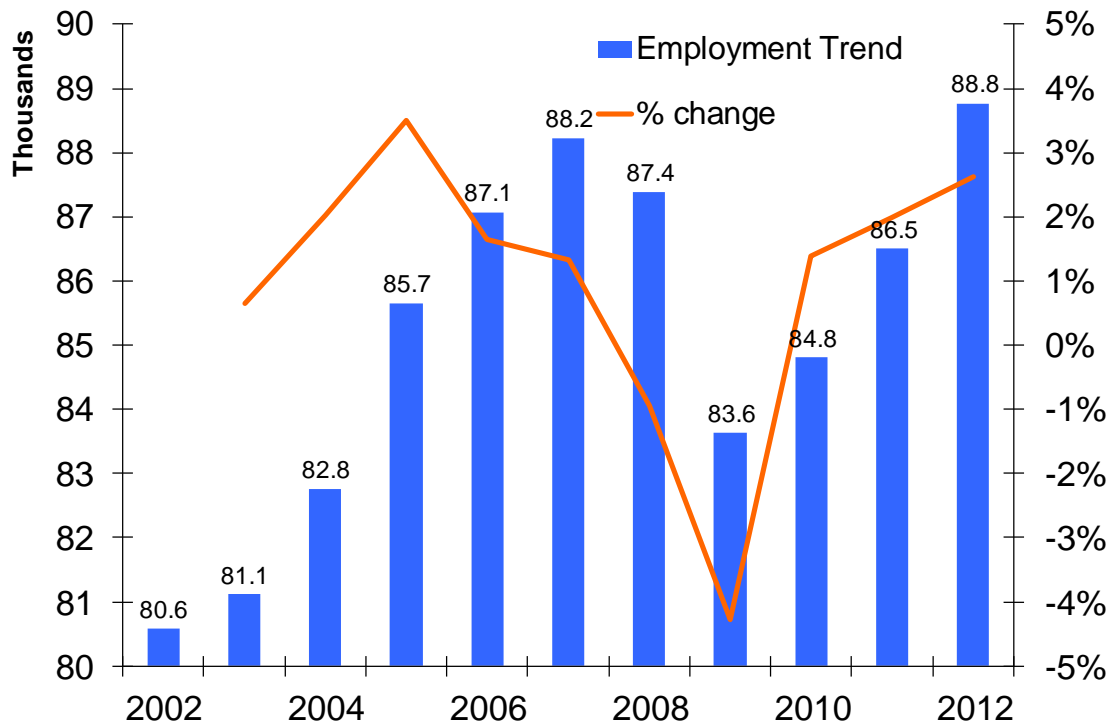


# Tourism employment

| Tourism Employment |                                     |               |               |               |               |               |               |               |               |
|--------------------|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Rank               | Industry                            | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          |
| 1                  | Health Care and Social Assistance   | 280,333       | 287,425       | 293,258       | 300,100       | 305,500       | 309,500       | 314,500       | 320,000       |
| 2                  | Food Services                       | 105,983       | 107,267       | 108,675       | 109,200       | 107,200       | 109,700       | 113,100       | 117,300       |
| 3                  | Education                           | 104,583       | 105,375       | 106,983       | 110,500       | 112,300       | 113,200       | 114,700       | 115,800       |
| 4                  | Business Administration and Support | 97,675        | 101,442       | 103,708       | 100,700       | 91,700        | 93,700        | 97,000        | 97,000        |
| 5                  | Wholesale Trade                     | 84,408        | 84,342        | 85,183        | 85,500        | 81,200        | 80,600        | 82,200        | 82,500        |
| <b>6</b>           | <b>Tourism</b>                      | <b>62,107</b> | <b>63,135</b> | <b>63,970</b> | <b>63,376</b> | <b>60,936</b> | <b>61,765</b> | <b>63,049</b> | <b>65,034</b> |
| 7                  | Construction and Mining             | 80,850        | 82,367        | 81,850        | 78,800        | 66,900        | 64,500        | 63,100        | 60,800        |
| 8                  | Transportation and Warehousing      | 54,325        | 55,933        | 55,767        | 55,200        | 53,600        | 53,800        | 54,000        | 53,700        |
| 9                  | Insurance                           | 48,508        | 48,675        | 47,700        | 48,800        | 48,000        | 47,000        | 47,200        | 48,500        |
| 10                 | Food & Beverage Stores              | 45,533        | 45,000        | 45,283        | 45,900        | 45,200        | 45,300        | 45,000        | 46,900        |
| 11                 | Information                         | 41,142        | 40,967        | 41,967        | 42,400        | 40,400        | 38,700        | 38,000        | 37,600        |
| 12                 | Banking                             | 39,725        | 39,325        | 37,492        | 35,000        | 32,700        | 32,000        | 31,100        | 30,400        |

- Tourism has moved up one position in the employment ranking, to 6<sup>th</sup> place in 2012.
- Tourism employment passed employment in Construction and Mining.

# Tourism employment



- Visitor supported employment has now grown for three straight years.
- Tourism supported employment grew 2.6% in 2012.
- Tourism employment growth outpaced the employment growth of the whole private sector by 1.5 percentage points.

# Tourism personal income

| <b>Total Tourism Labor Income Impact</b> |               |                 |                |              |
|--|---------------|-----------------|----------------|--------------|
| <b>(US\$ Million)</b>                    |               |                 |                |              |
|  | <b>Direct</b> | <b>Indirect</b> | <b>Induced</b> | <b>Total</b> |
| Agriculture, Fishing, Mining             | -             | 2.1             | 1.5            | 3.6          |
| Construction and Utilities               | -             | 34.0            | 12.3           | 46.3         |
| Manufacturing                            | -             | 47.2            | 28.2           | 75.5         |
| Wholesale Trade                          | -             | 39.6            | 34.4           | 74.0         |
| Air Transport                            | 81.3          | 0.6             | 0.7            | 82.6         |
| Other Transport                          | 142.7         | 55.5            | 17.1           | 215.3        |
| Retail Trade                             | 116.0         | 13.8            | 74.1           | 203.9        |
| Gasoline Stations                        | 35.3          | 0.4             | 2.0            | 37.7         |
| Communications                           | -             | 29.5            | 11.4           | 40.8         |
| Finance, Insurance and Real Estate       | -             | 75.8            | 68.9           | 144.7        |
| Business Services                        | 19.1          | 242.1           | 73.0           | 334.3        |
| Education and Health Care                | -             | 1.4             | 189.7          | 191.1        |
| Recreation and Entertainment             | 292.8         | 14.0            | 10.3           | 317.1        |
| Lodging                                  | 506.7         | 4.2             | 4.3            | 515.2        |
| Food & Beverage                          | 549.0         | 11.9            | 27.3           | 588.2        |
| Personal Services                        | -             | 15.3            | 34.0           | 49.3         |
| Government                               | 0.3           | 12.4            | 6.2            | 18.9         |
| <b>TOTAL</b>                             | <b>1,743</b>  | <b>600</b>      | <b>595</b>     | <b>2,939</b> |
| <b>Percent Change</b>                    | <b>3.1%</b>   | <b>3.2%</b>     | <b>3.0%</b>    | <b>3.1%</b>  |

- Greater Philadelphia households earned \$2.94 billion as a result of visitor activity in 2012. Tourism-generated income rose 3.1%.

# Tourism tax generation

| <b>Tourism-Generated</b>    |                |                 |
|-----------------------------|----------------|-----------------|
| <b>(US\$ Million, 2012)</b> |                |                 |
|                             | <b>Total</b>   | <b>% change</b> |
| <b>Federal Taxes</b>        | <b>779.8</b>   | <b>4.3%</b>     |
| Corporate                   | 124.9          | 4.5%            |
| Indirect Business           | 68.9           | 4.5%            |
| Personal Income             | 245.0          | 4.3%            |
| Social Security             | 341.0          | 4.3%            |
| <b>State Taxes</b>          | <b>329.4</b>   | <b>4.4%</b>     |
| Corporate                   | 109.0          | 4.5%            |
| Personal Income             | 52.3           | 4.3%            |
| Sales                       | 168.0          | 4.5%            |
| <b>Local Taxes</b>          | <b>293.6</b>   | <b>3.2%</b>     |
| Sales                       | 18.8           | 4.5%            |
| Property                    | 185.6          | 1.9%            |
| Lodging                     | 54.6           | 6.8%            |
| Excise and Fees             | 13.2           | 4.5%            |
| Personal Income             | 21.4           | 4.3%            |
| <b>TOTAL</b>                | <b>1,402.8</b> | <b>4.1%</b>     |

- Tourism generated \$1.4 billion in taxes in 2012. This represents an increase of 3.5%
- State and local tax proceeds of \$622 million saved the region's households an average of \$415 per household.
- Over \$293 million in local taxes were generated by tourism in 2012.

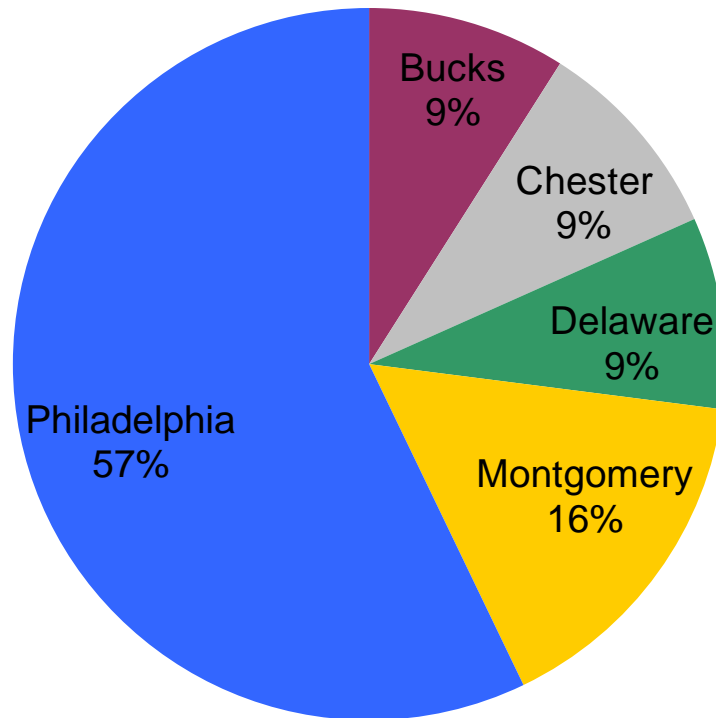
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# COUNTY ANALYSIS

# Tourism sales in 2012

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## Distribution of Tourism Sales



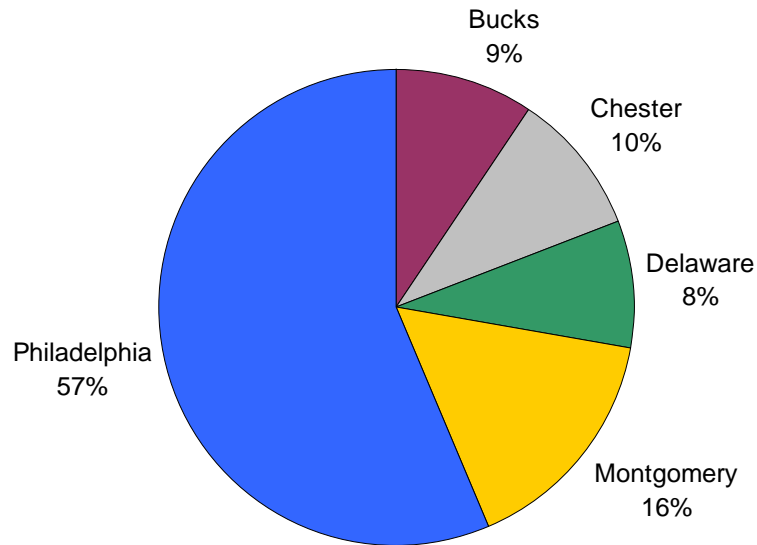
Source: Tourism Economics

- Tourism sales rose over 6% in Philadelphia County, increasing its share of visitor spending to 57% of the region's total.
- After a stellar 2011, Delaware County's visitor sales growth in 2012 lagged the region.

# Tourism sales

2010

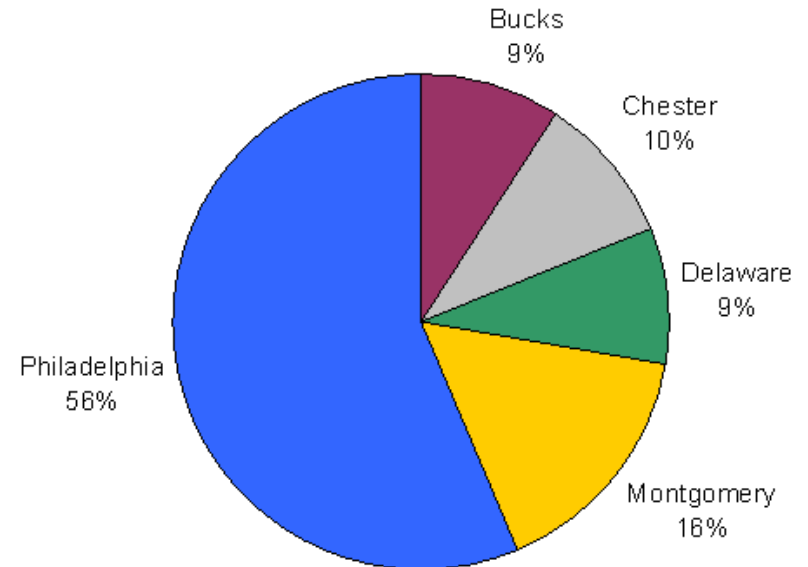
Distribution of Tourism Sales



Source : Tourism Economics

2011

Distribution of Tourism Sales



Source : Tourism Economics



# Tourism sales in 2012

| <b>Tourism Sales (Output)</b>     |              |                |                 |                   |                     |                |
|-----------------------------------|--------------|----------------|-----------------|-------------------|---------------------|----------------|
| <b>(US\$ Million)</b>             |              |                |                 |                   |                     |                |
|                                   | <b>Bucks</b> | <b>Chester</b> | <b>Delaware</b> | <b>Montgomery</b> | <b>Philadelphia</b> | <b>TOTAL</b>   |
| <b>DIRECT SALES</b>               |              |                |                 |                   |                     |                |
| Air Transport                     | 1.4          | 44.6           | 7.4             | 4.9               | 376.9               | 435.2          |
| Other Transport                   | 17.2         | 10.8           | 82.5            | 104.5             | 183.5               | 398.4          |
| Retail Trade                      | 105.9        | 98.0           | 83.9            | 144.2             | 534.1               | 966.1          |
| Gasoline Stations                 | 55.0         | 55.2           | 53.8            | 88.5              | 317.0               | 569.6          |
| Business Services                 | 5.8          | 6.6            | 2.3             | 10.5              | 35.1                | 60.2           |
| Recreation                        | 76.7         | 74.2           | 73.8            | 86.8              | 382.7               | 694.1          |
| Lodging                           | 123.1        | 123.7          | 87.5            | 289.5             | 783.8               | 1,407.6        |
| Food & Beverage                   | 160.6        | 151.0          | 136.2           | 230.6             | 847.7               | 1,526.1        |
| Government                        | *            | *              | *               | *                 | *                   | 0.4            |
| <b>TOTAL DIRECT SALES</b>         | <b>545.7</b> | <b>564.1</b>   | <b>527.4</b>    | <b>959.4</b>      | <b>3,461.0</b>      | <b>6,057.6</b> |
| <b>INDIRECT AND INDUCED SALES</b> | <b>331.6</b> | <b>342.8</b>   | <b>320.4</b>    | <b>582.9</b>      | <b>2,103.0</b>      | <b>3,680.7</b> |
| <b>TOTAL TOURISM SALES</b>        | <b>877.3</b> | <b>906.8</b>   | <b>847.8</b>    | <b>1,542.3</b>    | <b>5,564.0</b>      | <b>9,738.3</b> |
| <b>% CHANGE SINCE 2011</b>        | <b>1.5%</b>  | <b>2.2%</b>    | <b>0.6%</b>     | <b>3.6%</b>       | <b>5.9%</b>         | <b>4.3%</b>    |

\* Not Disclosable

- Gains in tourism sales were seen in all five counties with Philadelphia County leading the region.

# Tourism sales in 2012

## Tourism Direct Sales

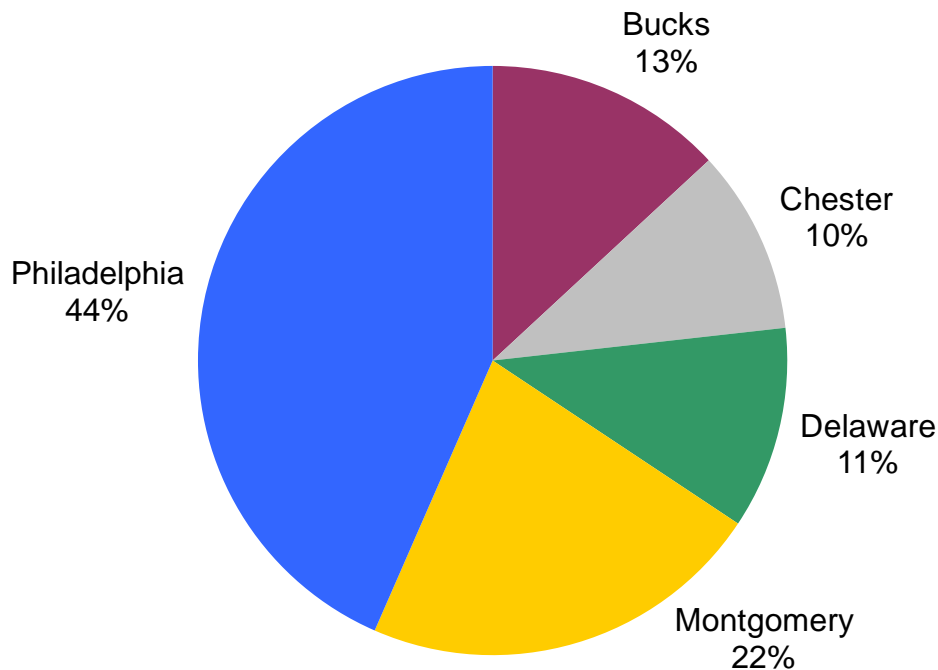
\$ million



Source: Tourism Economics

# Tourism employment in 2012

## Distribution of Tourism Employment



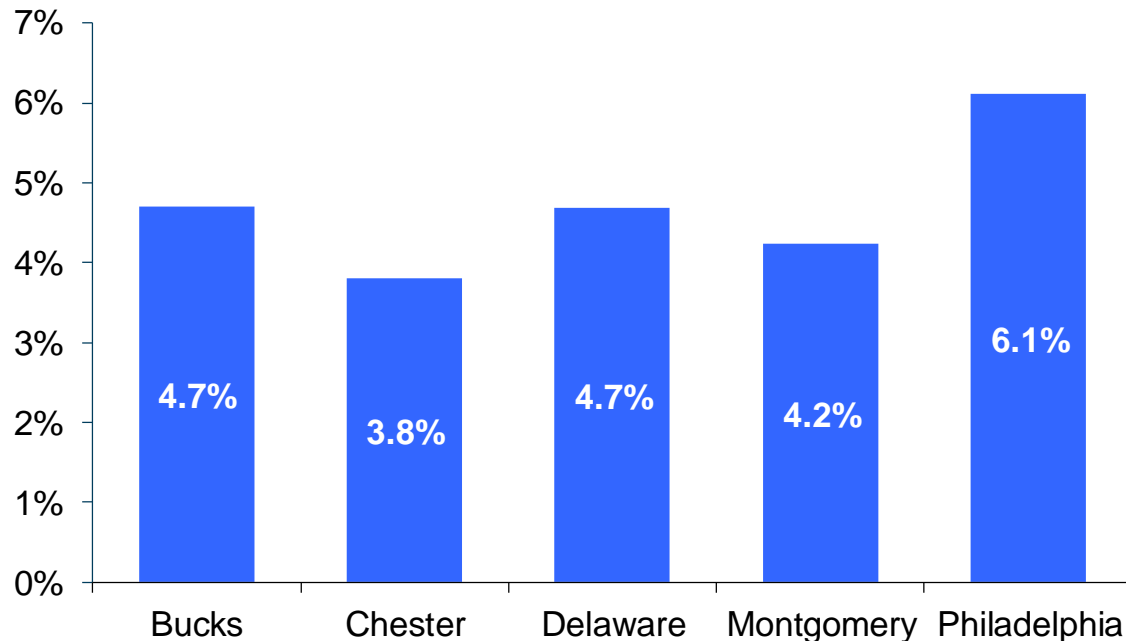
Source: Tourism Economics

- In terms of employment, the “countryside” counties represent a larger share of Greater Philadelphia’s tourism economy than in sales terms, reflecting the relatively higher prices and wages in the city. As a result, tourism sales generates more employment per dollar spent in the countryside.
- With opening of six new hotel properties and two new attractions, Montgomery County tourism employment grew 7% in 2012, increasing its regional tourism employment share to 22%..

# Tourism employment in 2012

## Tourism Total Employment

Share of total payroll employment



Source: Tourism Economics

- Tourism generates a significant share of employment in every county of Greater Philadelphia.
- Tourism employment growth was stronger than overall employment growth in all counties but Delaware.
- As a result, the tourism share of employment grew in every county but Delaware in 2012.

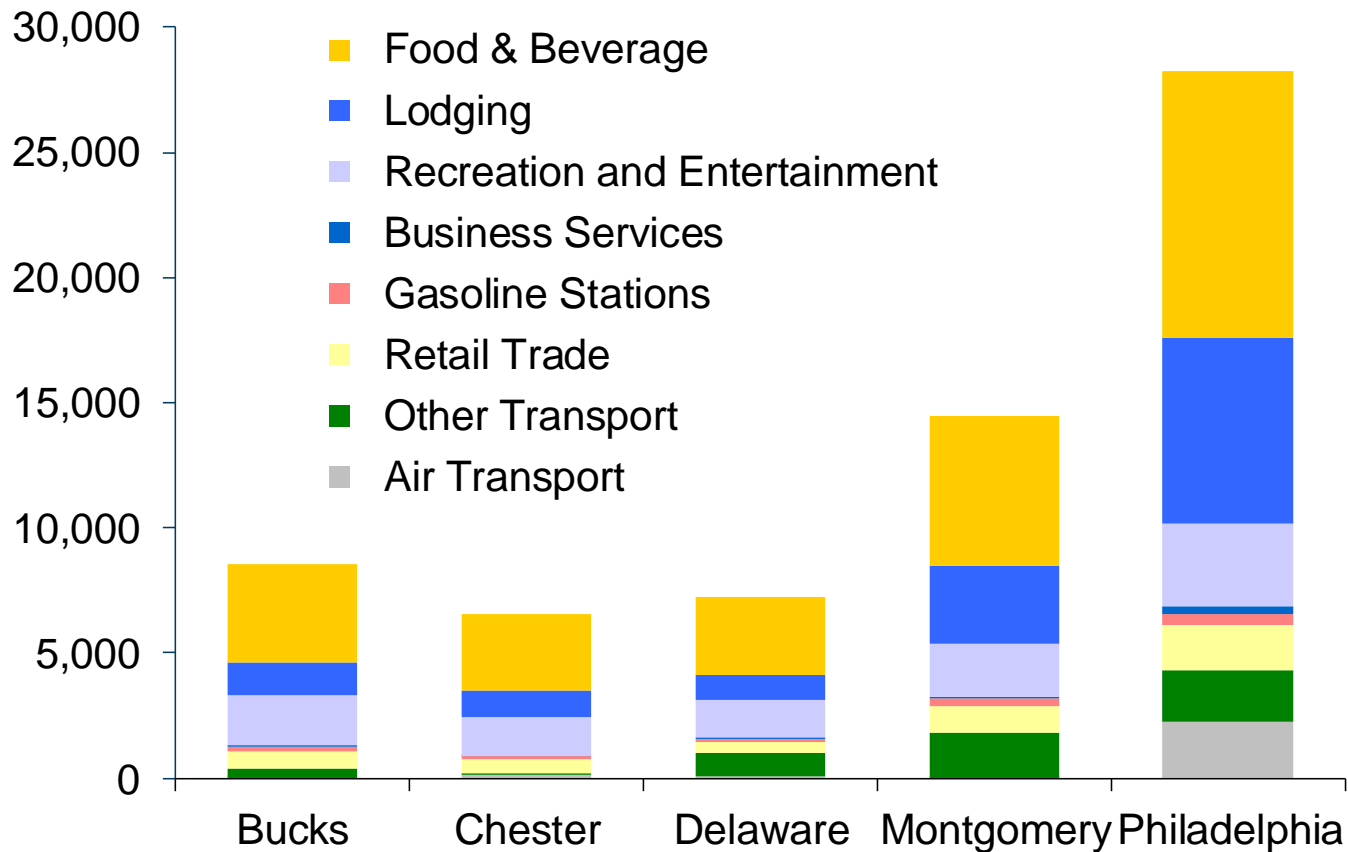
# Tourism employment detail

| <b>Tourism Employment</b>       |               |              |              |               |               |               |
|---------------------------------|---------------|--------------|--------------|---------------|---------------|---------------|
| Jobs                            |               |              |              |               |               |               |
|                                 | Bucks         | Chester      | Delaware     | Montgomery    | Philadelphia  | TOTAL         |
| <b>DIRECT EMPLOYMENT</b>        |               |              |              |               |               |               |
| Air Transport                   | 16            | 131          | 53           | 34            | 2,229         | 2,463         |
| Other Transport                 | 372           | 70           | 927          | 1,799         | 2,062         | 5,230         |
| Retail Trade                    | 683           | 539          | 483          | 1,049         | 1,845         | 4,599         |
| Gasoline Stations               | 174           | 118          | 125          | 288           | 440           | 1,144         |
| Business Services               | 49            | 50           | 19           | 88            | 274           | 480           |
| Recreation and Entertainment    | 2,030         | 1,539        | 1,516        | 2,097         | 3,316         | 10,498        |
| Lodging                         | 1,297         | 1,049        | 1,021        | 3,117         | 7,396         | 13,880        |
| Food & Beverage                 | 3,905         | 3,083        | 3,080        | 5,981         | 10,692        | 26,741        |
| <b>TOTAL DIRECT EMPLOYMENT</b>  | <b>8,526</b>  | <b>6,579</b> | <b>7,224</b> | <b>14,451</b> | <b>28,254</b> | <b>65,034</b> |
| <b>INDIRECT AND INDUCED</b>     | <b>3,111</b>  | <b>2,400</b> | <b>2,636</b> | <b>5,272</b>  | <b>10,308</b> | <b>23,726</b> |
| <b>TOTAL TOURISM EMPLOYMENT</b> | <b>11,637</b> | <b>8,980</b> | <b>9,860</b> | <b>19,723</b> | <b>38,562</b> | <b>88,761</b> |
| <b>% CHANGE SINCE 2011</b>      | <b>1.4%</b>   | <b>0.7%</b>  | <b>0.2%</b>  | <b>7.0%</b>   | <b>1.9%</b>   | <b>2.6%</b>   |

- 38,562 jobs in Philadelphia County were sustained by tourism activity (directly and indirectly) in 2012—an increase of 1.9%.
- Montgomery and Philadelphia Counties experienced the strongest tourism employment growth in 2012.
- Strong lodging sector employment growth in Philadelphia and Montgomery Counties resulted in faster tourism employment growth in each county.

# Tourism employment

## Tourism Direct Employment



Source: Tourism Economics

# Tourism personal income

| <b>Tourism Personal Income</b>     |              |                |                 |                   |                     |                |
|------------------------------------|--------------|----------------|-----------------|-------------------|---------------------|----------------|
| <b>(US\$ Million)</b>              |              |                |                 |                   |                     |                |
|                                    | <b>Bucks</b> | <b>Chester</b> | <b>Delaware</b> | <b>Montgomery</b> | <b>Philadelphia</b> | <b>TOTAL</b>   |
| <b>DIRECT INCOME</b>               |              |                |                 |                   |                     |                |
| Air Transport                      | 0.3          | 8.3            | 1.4             | 0.9               | 70.5                | 81.3           |
| Other Transport                    | 6.2          | 3.9            | 29.5            | 37.4              | 65.7                | 142.7          |
| Retail Trade                       | 12.7         | 11.8           | 10.1            | 17.3              | 64.2                | 116.0          |
| Gasoline Stations                  | 3.4          | 3.4            | 3.3             | 5.5               | 19.6                | 35.3           |
| Business Services                  | 1.8          | 2.1            | 0.7             | 3.2               | 11.3                | 19.1           |
| Recreation and Entertainment       | 31.9         | 30.9           | 30.7            | 36.1              | 159.3               | 289.0          |
| Lodging                            | 44.1         | 39.0           | 30.8            | 141.3             | 278.5               | 533.6          |
| Food & Beverage                    | 58.7         | 55.1           | 49.8            | 84.2              | 309.7               | 557.5          |
| Government                         | *            | *              | *               | *                 | *                   | 0.3            |
| <b>TOTAL DIRECT INCOME</b>         | <b>159.1</b> | <b>154.6</b>   | <b>156.3</b>    | <b>326.0</b>      | <b>978.9</b>        | <b>1,774.8</b> |
| <b>INDIRECT AND INDUCED INCOME</b> | <b>107.4</b> | <b>104.3</b>   | <b>105.5</b>    | <b>220.1</b>      | <b>660.7</b>        | <b>1,198.0</b> |
| <b>TOTAL TOURISM INCOME</b>        | <b>266.4</b> | <b>258.9</b>   | <b>261.8</b>    | <b>546.1</b>      | <b>1,639.6</b>      | <b>2,972.8</b> |
| <b>% CHANGE SINCE 2011</b>         | <b>-1.6%</b> | <b>0.4%</b>    | <b>0.0%</b>     | <b>12.9%</b>      | <b>4.0%</b>         | <b>4.3%</b>    |

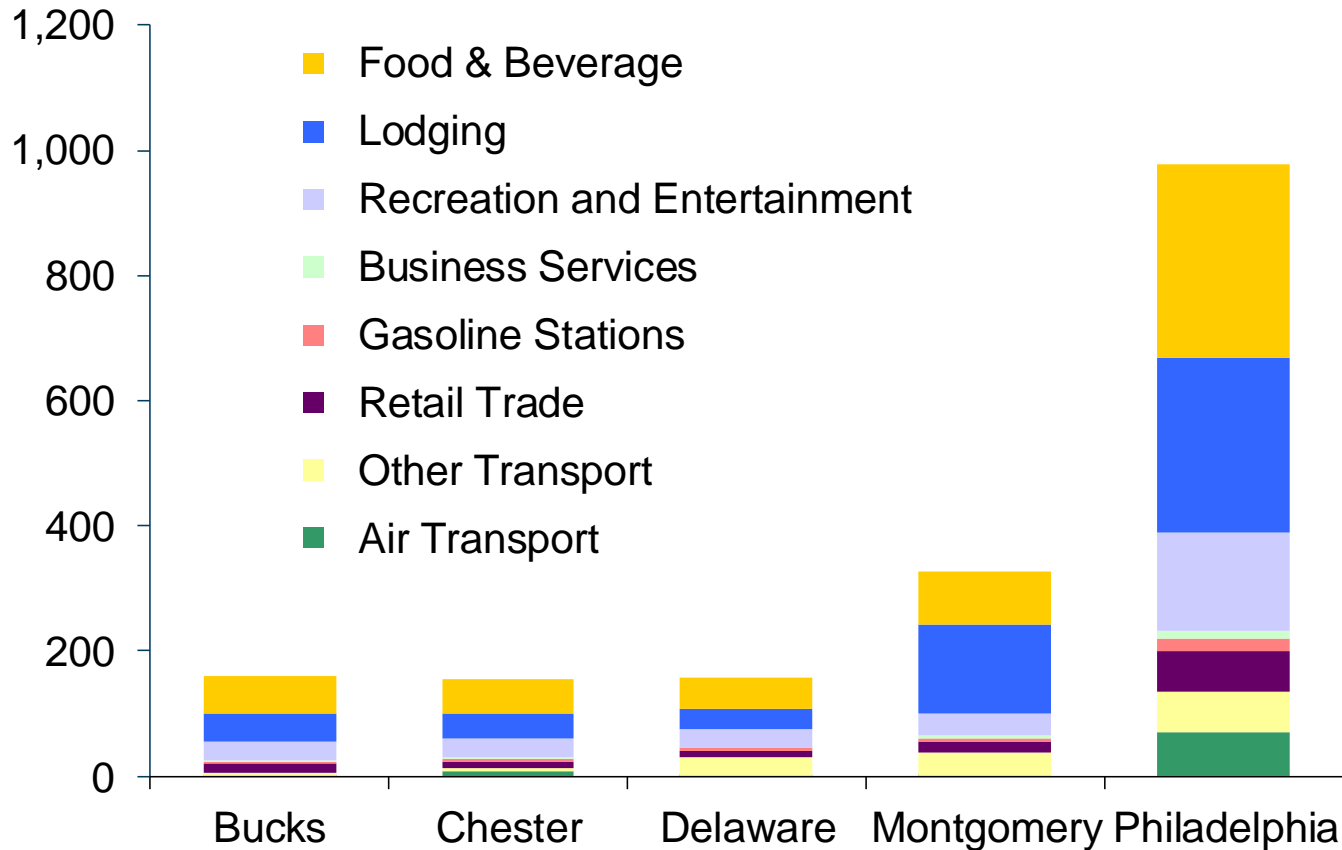
\* Not Disclosable

- With larger tourism employment gains, Montgomery and Philadelphia Counties sustained strong personal income gains.
- Increases in recreational wages helped push wage gains in Delaware and Bucks Counties.

# Tourism personal income

## Tourism Direct Income

\$ million



Source: Tourism Economics



# Tourism taxes

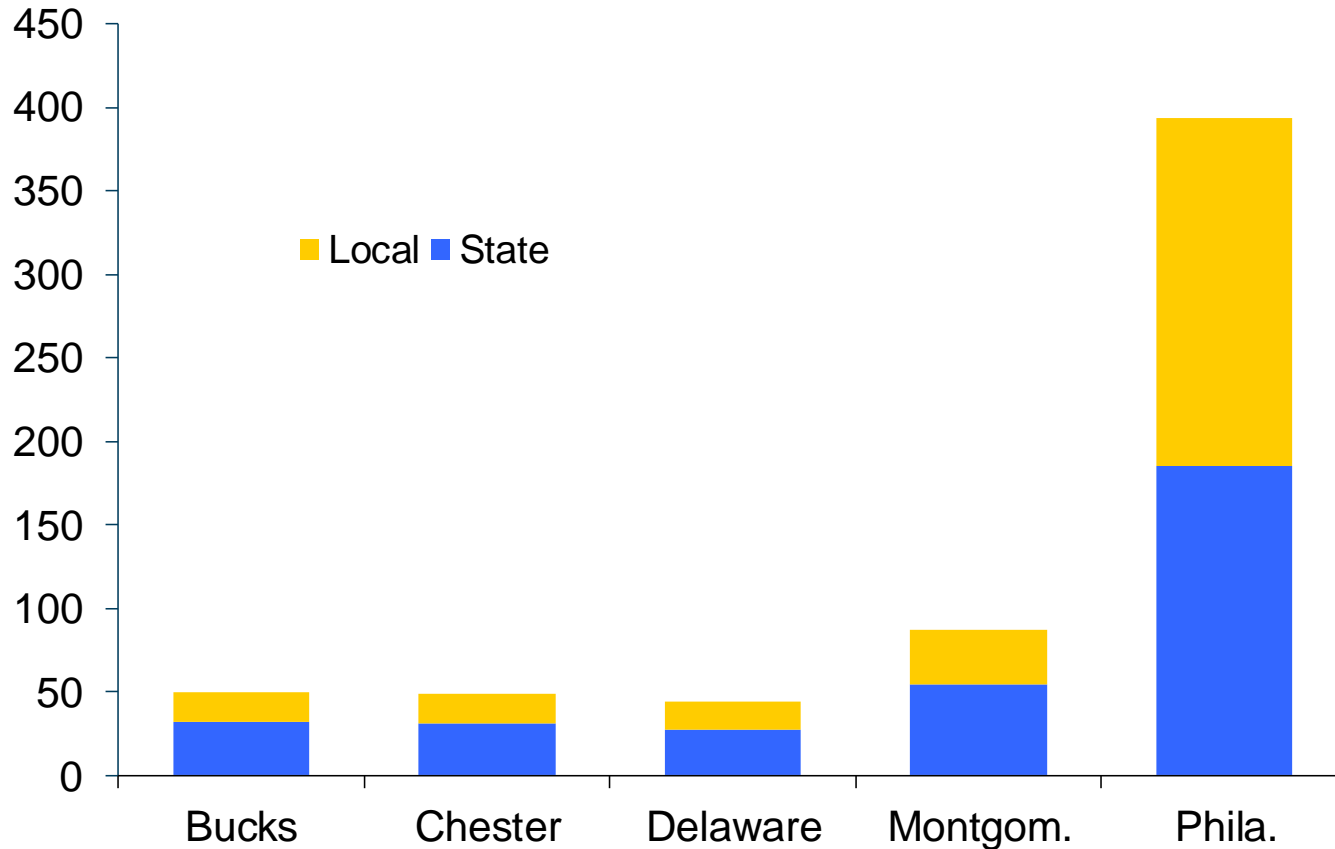
| <b>Tourism Taxes</b>       |             |             |             |             |             |              |
|----------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| \$ million                 |             |             |             |             |             |              |
|                            | Bucks       | Chester     | Delaware    | Montgom.    | Phila.      | TOTAL        |
| <b>Federal</b>             | 68.0        | 69.8        | 65.2        | 125.4       | 451.4       | 779.8        |
| <b>State</b>               | 31.5        | 30.6        | 27.1        | 54.8        | 185.4       | 329.4        |
| <b>Local</b>               | 17.7        | 18.2        | 17.0        | 32.7        | 207.9       | 293.6        |
| <b>TOTAL TOURISM TAXES</b> | <b>117</b>  | <b>119</b>  | <b>109</b>  | <b>213</b>  | <b>845</b>  | <b>1,403</b> |
| <b>% CHANGE SINCE 2011</b> | <b>1.2%</b> | <b>2.0%</b> | <b>0.4%</b> | <b>3.4%</b> | <b>5.5%</b> | <b>4.1%</b>  |

- Federal taxes generated by tourism follow the same distribution across the counties as tourism sales.
- State taxes are also quite similar, but vary slightly based on the distribution of visitor spending across taxable sectors.
- Local taxes weight heavily towards Philadelphia County (70%) with its higher lodging, income, sales, and amusements taxes.

# Tourism taxes

## Tourism State and Local Taxes

\$ million



Source: Tourism Economics

# 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 adds several categories of spending to these figures:
  - Overseas visitor spending (source: OTTI, Philadelphia CVB, TE)
  - Canada visitor spending (source: Statistics Canada, TE)
  - Spending on air travel which accrues to PHL airport and locally-based airlines
  - Gasoline purchases by visitors (source: TE calculation)
  - Recreational second home expenditures (source: US Census)
  - Convention business spending (source: BLS and TE)

# Methods and data sources

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- An IMPLAN model was compiled for the 5-county Greater Philadelphia region. 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.
- Tourism Economics then cross-checks these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.
- The source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data. The main definitional difference is that sole-proprietors, which do not require unemployment insurance and are not counted in the ES202 data.

# Description of spending categories

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| Spend Category    | Description   |
|-------------------|---|
| Lodging           | Includes visitor spending in accommodation sector. This includes food and other services provided by hotels and similar establishments.   |
| Recreation        | Includes visitors spending within the arts, entertainment and recreation supersector.   |
| Air transport     | Includes the local economic activity generated by visitors within the air transport (airline) and support services (on air-port) sectors. |
| Other transport   | Includes all forms of local transport services such as taxis, limos, trains, rental cars, and buses.                                      |
| Shopping          | Includes visitor spending within all retail sectors within the Philadelphia economy.  |
| Service stations  | Visitor spending on gasoline. Only the margin counts as local economic impact.  |
| Second homes      | Spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Department.                    |
| Food and beverage | Includes all spending at restaurants and bars.  |



# TOURISM ECONOMICS

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