



The 2001 Economic Impact of Connecticut's Travel and Tourism Industry

EXECUTIVE SUMMARY

Fred V. Carstensen, Director
Stan McMillen, Manager, Research Projects
Murat Arik, Research Associate
Hulya Varol, Senior Research Assistant
Xiaozhong Liang, Research Assistant

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CONNECTICUT CENTER FOR ECONOMIC ANALYSIS©
University of Connecticut
341 Mansfield Road
Unit 1240
Storrs, CT 06269
Voice: 860-486-0485 Fax: 860-486-0204
<http://ceea.uconn.edu>

Executive Summary

In 2001:

- ***\$9.89 billion in travel & tourist spending in Connecticut that through multiplier effects:***
- ***generated \$9.46 billion in new GSP (6% of state total);***
- ***generated \$10.3 billion in new personal income (7% of state total);***
- ***generated 146,178 new jobs in CT (8.6% of state total);***
- ***generated \$1.4 billion in new state revenue (11% of state total);***
- ***generated \$951 million in new local revenue (14% of state total);***
and
- ***employed more workers than Manufacturing and FIRE.***
- ***Connecticut's Travel & Tourism industry employment grew faster than its Manufacturing and FIRE employment over past 10 years***

The Connecticut Center for Economic Analysis (CCEA) at the University of Connecticut, in cooperation with the Connecticut Tourism Council and the Connecticut Office of Tourism, Department of Economic and Community Development, is pleased to present the second study of the economic impact of the travel and tourism industry on the Connecticut economy. This study expands the scope of establishments surveyed and includes results from a tourist and traveler intercept study that sets this work apart from earlier studies of Connecticut travel and tourism. In addition to all lodging establishments, and campgrounds, CCEA contacted all Connecticut marinas and boatyards to gain an understanding of the services they provide and the sales they generate. The intercept survey conducted by Witan Intelligence, Inc., surveyed tourists at Connecticut attractions, highway welcome centers and disbursed sites in the summer and fall of 2001 and winter and spring of 2002. These hard data and those from the Travel Industry Association of America, TravelScope, the Connecticut Vacation Guide survey, and Connecticut's Department of Revenue Services (DRS), as well as insights from several travel and tourism studies, provide

richer sources for this year’s work. The literature review describes some of the significant work done in other states and countries.

The extensive data collected and processed through several methodologies provides travel and tourism expenditures by type of visitor, by category of expenditure and by Connecticut county and tourism district. These expenditures represent lodging sales, transportation-related sales, retail sales, restaurant sales, and amusement and recreation sales. In turn, these sales drive the economic impact of travel and tourism in Connecticut via their flow through the economy as they in turn purchase labor (pay wages and salaries), purchase intermediate goods and services (e.g., raw food products, accounting services), pay rent and taxes, and pay the cost of goods sold (retail goods). Subsequent rounds of spending by people receiving direct and indirect wages and salaries generate a multiplier for the original sales. The sum of these multiplied changes (tourism-related sales) across all sectors of the Connecticut economy represents the impact of the travel and tourism industry.

Table I.2 below from the main report body shows traveler and tourist spending in each district by visitor accommodation (day trippers includes those passing through).

| Table I.2 | | | | | | | |
|---|------------------|-------------------|--------------------------------|---------------------|----------------|------------------|----------------|
| Travel and Tourism Expenditures | | | | | | | |
| by Tourism District and Accommodation Used (2001 \$ million) | | | | | | | |
| Connecticut, 2001 | | | | | | | |
| Tourism District | HMR | Campground | Friends & Relatives | Day Trippers | Marinas | Total | Percent |
| Central Connecticut | \$97.5 | \$0.0 | \$47.3 | \$111.1 | \$0.7 | \$256.6 | 2.6% |
| Coastal Fairfield | \$392.8 | \$0.7 | \$73.9 | \$188.6 | \$87.8 | \$743.8 | 7.5% |
| Connecticut River Valley | \$244.9 | \$14.8 | \$179.2 | \$789.1 | \$79.9 | \$1,307.9 | 13.2% |
| Greater Hartford | \$424.3 | \$14.3 | \$209.6 | \$462.3 | \$2.8 | \$1,113.3 | 11.3% |
| Greater New Haven | \$269.2 | \$1.3 | \$240.0 | \$789.7 | \$37.7 | \$1,337.9 | 13.5% |
| Housatonic Valley | \$86.0 | \$0.5 | \$16.5 | \$42.2 | \$19.1 | \$164.3 | 1.7% |
| Litchfield Hills | \$91.1 | \$20.1 | \$60.0 | \$161.3 | \$1.9 | \$334.4 | 3.4% |
| North Central | \$118.3 | \$3.8 | \$58.4 | \$129.3 | \$0.8 | \$310.6 | 3.1% |
| Northeast Connecticut | \$94.2 | \$63.9 | \$39.0 | \$161.1 | \$4.3 | \$362.5 | 3.7% |
| Southeastern Connecticut | \$829.8 | \$66.0 | \$671.9 | \$1,728.5 | \$101.9 | \$3,398.0 | 34.3% |
| Waterbury Region | \$104.1 | \$3.8 | \$103.3 | \$339.4 | \$12.4 | \$563.1 | 5.7% |
| State Total | \$2,752.2 | \$189.0 | \$1,699.3 | \$4,902.6 | \$349.3 | \$9,892.4 | 100% |

Table I.3 below from the main report body shows the distribution of traveler and tourist spending in eight categories by type of accommodation.

| Expenditure Category | HMR | Campground | Friends & Relatives | Day Trippers | Marinas | Total | Percent |
|-----------------------------|------------------|-------------------|------------------------------------|-------------------------|----------------|------------------|----------------|
| Recreation | \$371.7 | \$18.7 | \$402.7 | \$1,103.2 | \$0.0 | \$1,896.3 | 19% |
| Meals | \$450.8 | \$33.7 | \$306.5 | \$846.8 | \$15.0 | \$1,652.9 | 17% |
| Shopping | \$271.3 | \$14.4 | \$407.6 | \$1,090.5 | \$19.5 | \$1,803.3 | 18% |
| Fuel | \$101.1 | \$5.4 | \$92.6 | \$435.0 | \$0.0 | \$634.1 | 6% |
| Other Auto | \$184.8 | \$1.8 | \$59.0 | \$63.8 | \$0.0 | \$309.5 | 3% |
| Local Transportation | \$73.7 | \$1.0 | \$21.4 | \$72.7 | \$6.4 | \$175.3 | 2% |
| Lodging | \$737.6 | \$33.2 | \$221.8 | \$0.0 | \$0.5 | \$993.1 | 10% |
| Wagers | \$561.1 | \$80.7 | \$187.7 | \$1,290.5 | \$0.0 | \$2,120.0 | 21% |
| Marina Sales | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$308.0 | \$308.0 | 3% |
| State Total | \$2,752.2 | \$189.0 | \$1,699.3 | \$4,902.6 | \$349.3 | \$9,892.4 | 100% |

Note: marina sales include membership fees, boat rentals, slip and mooring fees, boat repair, sail repair, notary services, chandlery services.

Table I.5 shows the breakdown of spending by expenditure category and by tourism district. Lodging expenditure includes DRS gross receipts data adjusted for exemptions and all other lodging-related expenditure such as house rentals, vacation property rentals, and motor home rentals.

| Tourism District | Recreation | Meals | Shopping | Fuel | Other Auto | Local Transp | Lodging | Wagers | Marina Sales | Total |
|--------------------------|-------------------|------------------|------------------|----------------|-----------------------|-------------------------|----------------|------------------|-------------------------|------------------|
| Central Connecticut | \$50.5 | \$56.9 | \$43.7 | \$22.8 | \$14.6 | \$12.9 | \$31.4 | \$23.0 | \$0.6 | \$256.6 |
| Coastal Fairfield | \$123.9 | \$111.7 | \$97.2 | \$46.4 | \$27.6 | \$35.2 | \$159.4 | \$64.9 | \$77.4 | \$743.8 |
| Connecticut River Valley | \$252.5 | \$223.4 | \$457.0 | \$116.2 | \$39.8 | \$8.3 | \$63.9 | \$76.5 | \$70.4 | \$1,307.9 |
| Greater Hartford | \$211.9 | \$268.6 | \$177.1 | \$96.6 | \$58.0 | \$51.2 | \$131.2 | \$116.2 | \$2.5 | \$1,113.3 |
| Greater New Haven | \$384.4 | \$257.5 | \$307.9 | \$142.3 | \$56.8 | \$11.5 | \$69.4 | \$75.0 | \$33.3 | \$1,337.9 |
| Housatonic Valley | \$27.2 | \$24.8 | \$21.8 | \$10.3 | \$6.0 | \$7.6 | \$35.0 | \$14.8 | \$16.8 | \$164.3 |
| Litchfield Hills | \$59.8 | \$66.4 | \$75.9 | \$29.0 | \$9.7 | \$6.0 | \$34.8 | \$51.1 | \$1.7 | \$334.4 |
| North Central | \$59.2 | \$74.6 | \$49.6 | \$27.0 | \$16.3 | \$14.4 | \$36.7 | \$32.2 | \$0.7 | \$310.6 |
| Northeast Connecticut | \$115.4 | \$46.2 | \$32.6 | \$7.8 | \$1.6 | \$1.0 | \$26.3 | \$127.9 | \$3.8 | \$362.5 |
| Southeastern Connecticut | \$450.3 | \$413.3 | \$406.9 | \$75.2 | \$56.0 | \$23.8 | \$379.3 | \$1,503.3 | \$89.8 | \$3,398.0 |
| Waterbury Region | \$161.1 | \$109.5 | \$133.5 | \$60.4 | \$23.1 | \$3.4 | \$25.9 | \$35.3 | \$10.9 | \$563.1 |
| State Total | \$1,896.3 | \$1,652.9 | \$1,803.3 | \$634.1 | \$309.5 | \$175.3 | \$993.1 | \$2,120.0 | \$308.0 | \$9,892.4 |

This spending generated the economic impact of travel and tourism through multiplier effects in Connecticut in 2001. Table I.11 shows the total impact of this spending by district (the impact by county appears in the main body of the report) in terms of gross regional product and personal income. For the state as a whole, the \$9.47 billion in GSP

represents 6 % of Connecticut’s GSP in 2001; the \$10.25 billion in personal income represents more than 7% of Connecticut’s personal income in 2001.

Table I.12 presents the employment and population gains due to the travel and tourism industry in Connecticut. The 146,178 jobs represent 8.6% of the state’s employment in 2001. Table I.13 reports state and local revenues and expenditures due to travel and tourism activities in the state. State taxes and revenue (\$1.4 billion) represents about 11% of own source revenue for 2001. Local revenue (\$950.6 million) represents about 14% of own source revenue for 2001.

| Tourism District | Gross Regional Product | Personal Income |
|--------------------------|------------------------|-------------------|
| Central Connecticut | \$306.1 | \$273.1 |
| Coastal Fairfield | \$1,201.3 | \$1,290.6 |
| Connecticut River Valley | \$1,043.0 | \$1,167.7 |
| Greater Hartford | \$1,360.4 | \$1,297.0 |
| Greater New Haven | \$1,180.6 | \$1,289.5 |
| Housatonic Valley | \$264.3 | \$285.3 |
| Litchfield Hills | \$379.2 | \$467.3 |
| North Central | \$379.0 | \$360.1 |
| Northeast Connecticut | \$511.3 | \$727.8 |
| Southeastern Connecticut | \$2,359.1 | \$2,554.3 |
| Waterbury Region | \$483.1 | \$541.7 |
| State Total | \$9,467.4 | \$10,254.5 |

| Tourism District | Total Employment | Population |
|--------------------------|------------------|---------------|
| Central Connecticut | 3928 | 4769 |
| Coastal Fairfield | 12760 | 16085 |
| Connecticut River Valley | 16316 | 25233 |
| Greater Hartford | 18185 | 23632 |
| Greater New Haven | 18141 | 27199 |
| Housatonic Valley | 2820 | 3590 |
| Litchfield Hills | 5389 | 8929 |
| North Central | 5055 | 6546 |
| Northeast Connecticut | 11391 | 18858 |
| Southeastern Connecticut | 44557 | 59685 |
| Waterbury Region | 7637 | 11793 |
| State Total | 146178 | 206319 |

| Tourism District | State Revenues | Local Revenues | State Expenditures | Local Expenditures |
|--------------------------|------------------|----------------|--------------------|--------------------|
| Central Connecticut | \$39.9 | \$29.3 | \$24.0 | \$29.1 |
| Coastal Fairfield | \$168.0 | \$105.7 | \$108.8 | \$92.4 |
| Connecticut River Valley | \$162.1 | \$98.7 | \$84.9 | \$119.5 |
| Greater Hartford | \$182.9 | \$131.8 | \$112.2 | \$134.0 |
| Greater New Haven | \$182.6 | \$120.9 | \$103.0 | \$138.5 |
| Housatonic Valley | \$37.2 | \$23.4 | \$24.1 | \$20.5 |
| Litchfield Hills | \$63.8 | \$45.6 | \$43.1 | \$44.5 |
| North Central | \$50.9 | \$36.7 | \$31.2 | \$37.2 |
| Northeast Connecticut | \$89.3 | \$63.4 | \$51.5 | \$81.5 |
| Southeastern Connecticut | \$351.6 | \$243.8 | \$138.1 | \$289.6 |
| Waterbury Region | \$76.8 | \$51.4 | \$43.9 | \$59.1 |
| State Total | \$1,405.0 | \$950.6 | \$764.8 | \$1,045.9 |

The table below reports real growth in lodging sales (gross receipts adjusted for inflation) between 1993 and 1999 averaged 8% and was slightly larger than the national growth rate for this industry as reported by TIA. We obtained Department of Revenue Services' lodging gross receipts for 2000 and 2001, but we did not calculate economic impacts for the year 2000 because there was no study for that year. We calculate year-over-year trend growth based on constant 2001 dollars (adjusted for inflation) for lodging gross receipts not including exemptions.

| Years | Lodging Revenue from DRS(Nominal Million Dollars) | Lodging Revenue from DRS(2001 Million Dollars) | Real Revenue Growth Rate(Percentage) | Tourism Total Revenue(2001 Million Dollars) | Gross State Product Impact(2001 Million Dollars) | Total Employment Impact (Jobs) |
|-------|---|--|--------------------------------------|---|--|--------------------------------|
| 1993 | \$308 | \$360 | | \$3,280 | \$2,598 | 56,586 |
| 1994 | \$338 | \$385 | 7.03% | \$3,510 | \$2,781 | 60,562 |
| 1995 | \$366 | \$407 | 5.56% | \$3,705 | \$2,936 | 63,927 |
| 1996 | \$397 | \$433 | 6.38% | \$3,941 | \$3,123 | 68,005 |
| 1997 | \$441 | \$472 | 9.14% | \$4,302 | \$3,408 | 74,221 |
| 1998 | \$490 | \$522 | 10.56% | \$4,756 | \$3,768 | 82,056 |
| 1999 | \$544 | \$569 | 9.03% | \$5,186 | \$4,108 | 89,470 |
| 2000 | \$573 | \$587 | 3.08% | NA | NA | NA |
| 2001 | \$568 | \$568 | -3.18% | \$9,892 | \$9,467 | 146,178 |

We assume total tourism revenue, GSP and employment grow at the rate of historical lodging gross receipts relative to the 1999 actual study values. The negative real revenue growth (-3.18%) from 2000 to 2001 reflects the recession and the exacerbating effects of September 11. This in turn reflects the decline in business travel; however, the large increase in estimated total tourism revenue in 2001 reflects the broader scope of data acquired for this study and the putative increase in leisure travel. The following table presents the growth of travel and tourism in Connecticut with respect to other major sectors of the Connecticut economy. Travel and tourism have had the highest **employment** growth rate relative to the Manufacturing and Financial, Insurance and Real Estate (FIRE) sectors, while holding second place in output (value added) and sales growth relative to Manufacturing and FIRE.

| Growth Rates in Manufacturing, FIRE, and Tourism Sectors by County and State: 1993-2001 | | | | | | | | | |
|--|-----------|-----------|----------|---------|------------|---------|------------|-----------|-------------|
| | Fairfield | New Haven | Hartford | Tolland | New London | Windham | Litchfield | Middlesex | Connecticut |
| Employment | | | | | | | | | |
| Manufacturing | -21.5% | -6.5% | -14.7% | -2.9% | -19.0% | 9.6% | 0.1% | 0.7% | -12.8% |
| FIRE | 30.4% | -0.1% | -3.8% | 43.2% | 15.1% | 48.2% | 35.5% | 7.9% | 9.3% |
| Tourism | 9.4% | 14.0% | 6.9% | 10.3% | 67.0% | 20.2% | 23.5% | 13.2% | 17.2% |
| Output (92 \$) | | | | | | | | | |
| Manufacturing | 34.6% | 48.6% | 43.9% | 75.2% | 52.5% | 62.3% | 61.4% | 67.7% | 45.6% |
| FIRE | 39.4% | 4.6% | 6.2% | 52.0% | 36.0% | 74.3% | 51.3% | 23.0% | 20.0% |
| Tourism | 28.2% | 32.9% | 23.0% | 25.8% | 94.7% | 44.3% | 29.9% | 23.6% | 34.9% |
| Demand (92 \$) | | | | | | | | | |
| Manufacturing | 34.9% | 51.3% | 36.3% | 39.5% | 23.3% | 101.6% | 55.1% | 39.3% | 40.4% |
| FIRE | 28.2% | -7.0% | -4.7% | 38.2% | 28.0% | 57.5% | 38.9% | 30.4% | 9.4% |
| Tourism | 23.8% | 21.6% | 11.5% | 18.5% | 43.5% | 33.3% | 31.3% | 23.6% | 21.6% |

Note: FIRE is a combination of Finance, Insurance, and Real Estate sectors. The travel & tourism sector, in this analysis, is defined as a combination of sectors such as Eating & Drinking, Hotels, Rest of Retail, Amusement & Recreation, Local & Interurban Transportation, Auto Repair, and Petroleum Products.

Tourism has the highest (imputed) direct employment in 2001 relative to the Manufacturing and FIRE sectors in Connecticut! The travel and tourism industry represents more than a fourth of FIRE’s value added and about one fifth of Manufacturing’s value added. The travel and tourism industry represents more than a third of FIRE’s sales and less than one fifth of Manufacturing’s sales. In relative terms, Connecticut’s travel and tourism industry employs a larger fraction of the state’s workers than Manufacturing or FIRE. Employment data are from the Bureau of Labor Statistics and total state employment equals private, nonfarm plus state government employment in 2001.

| Tourism Sector Compared to Manufacturing and FIRE as Percentage of State Total 2001 | | | |
|---|---------------|--------|---------|
| | Manufacturing | FIRE | Tourism |
| Employment | 12.95% | 8.16% | 13.35% |
| Output | 31.11% | 23.10% | 6.34% |
| Demand | 34.71% | 17.90% | 6.67% |

Our surveys uncovered more information than we sought; some lodging establishments, marinas and campgrounds recognized a neutral and friendly ear to mention their concerns with Connecticut’s high (12%) state lodging tax, regional tourism district structure, insufficient highway signage and need for dredging (for marinas) as major issues impeding their growth. Appendix 4 contains snippets of the typical comments received. We promised we would print them.