



# The Economic Impact of Tourism in South Dakota

## Tourism Satellite Account Calendar Year 2015



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# Overview



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# 2015 Highlights

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## Visitor Spending

- Visitor spending of \$3.8 billion generated \$5.9 billion in total business sales in 2015 as visitor dollars flowed through the state's economy.
- Visitors to South Dakota destinations spent 2.0% more in 2015 than in 2014.
- Non-transportation spending increased 5.5%.

## Visitor Counts

- The number of person-trips in South Dakota grew 3.0% in 2015, reaching 13.7 million visitors.

# 2015 Highlights

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## Jobs

- A total of 52,166 jobs, with income of \$1.4 billion, were sustained by the visitor economy in South Dakota last year.
- Visitor-supported employment represents 9.5% of all employment in the state of South Dakota.
- The unemployment rate in South Dakota was 2.7% in 2015. Without tourism jobs, the unemployment rate would have been 14.2%.

## Taxes

- Including indirect and induced impacts, travel in South Dakota generated \$270 million in state and local taxes and \$327 million in Federal taxes last year.
- In the absence of the state and local taxes generated by visitors, each South Dakota household would need to pay \$825 to fill the gap.

# 2015 Milestones

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- 2015 saw the first month since July 2010 (July) with over 1 million National Park recreational visitors.
- Annual recreational visitation in National Parks in South Dakota increased over 450,000 to surge past 4.2 million - the largest recreational visitation to in-state national parks seen in this century.
- The person count at South Dakota Information Centers surpassed 700,000 in 2015, a new record.
- July set a new record with more than 630,000 rooms sold (more than 20,000 a night), sustaining an occupancy rate of over 80% in the month.
- The total number of rooms sold in 2015 inched ever closer to 5 million with room revenue surpassing \$450 million.
- Taxable sales at Eating & Drinking establishments broke through \$150 million in the September reporting period (August sales).

# Visitor Spending

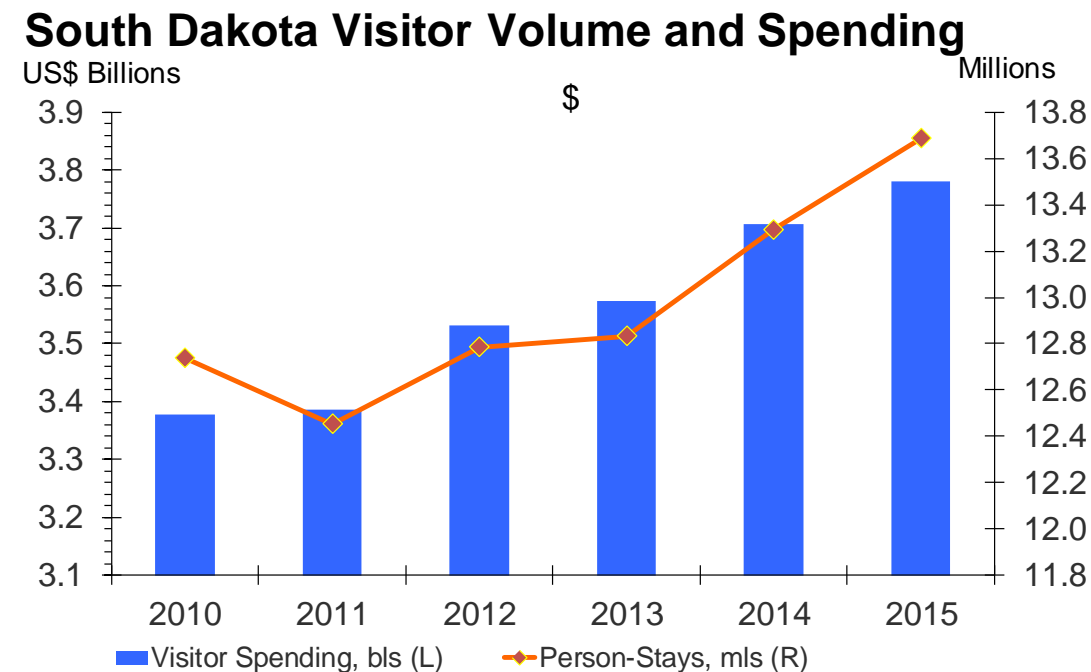


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# South Dakota tourism continues to grow

- Both the number of visitors and their spending continued to grow in 2015.
- Visitation reached 13.7 million in 2015.
- Despite the significant decline in gas prices, visitor spending still grew in 2015 to reach \$3.8 billion.



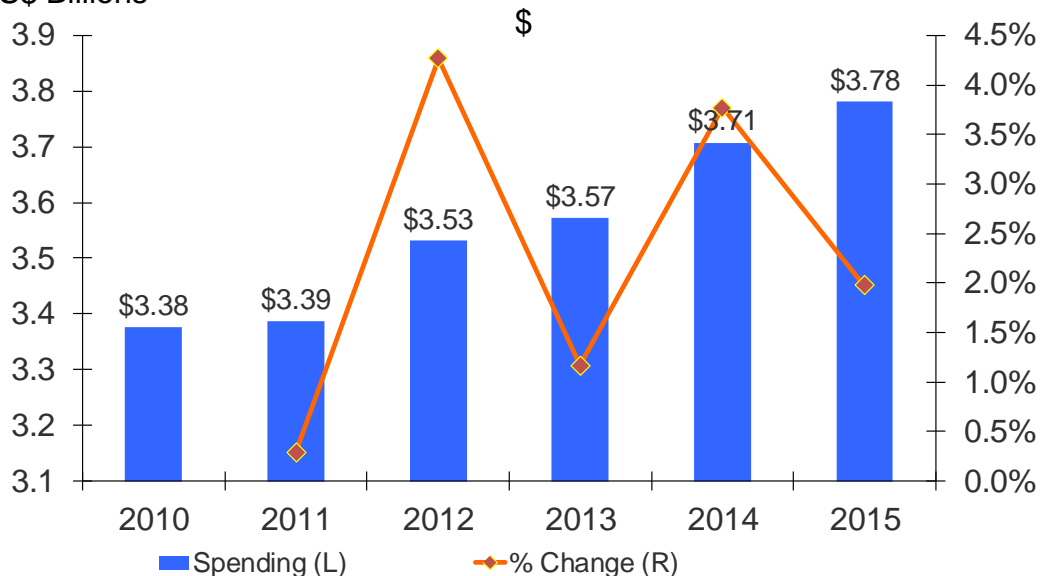
Sources: DK Shifflet, NTTO, Tourism Economics

# Visitor spending reaches a new high

- Visitor spending continued to grow, increasing 2.0%.
- Gas price declines of 25% subdued overall spending. Excluding transportation costs, visitor spending increased 5.5% last year.
- Visitor spending growth has averaged 2.5% per annum over the past four years.

## South Dakota Visitor Spending

US\$ Billions



Sources: DK Shifflet, NTTO, Tourism Economics



# Non-transportation categories drive growth

- Growth in visitor spending was driven primarily by F&B and lodging in 2015.
- Average gas prices in 2015 were nearly \$1 lower than in 2014, resulting in lower spending on transportation.

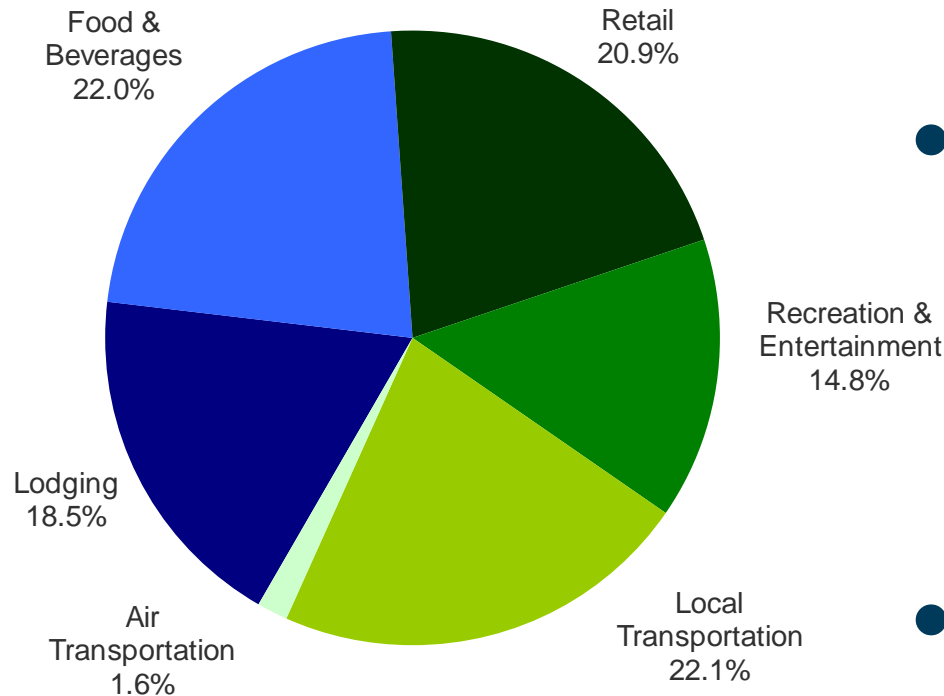
## Visitor Spending

(US\$ Million)

| Sector                     | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | % Change    |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Lodging                    | \$522          | \$531          | \$576          | \$604          | \$641          | \$701          | 9.3%        |
| Food & Beverages           | \$700          | \$699          | \$731          | \$742          | \$781          | \$832          | 6.6%        |
| Retail                     | \$735          | \$756          | \$775          | \$763          | \$773          | \$792          | 2.4%        |
| Recreation & Entertainment | \$525          | \$528          | \$526          | \$522          | \$540          | \$560          | 3.7%        |
| Local Transportation       | \$842          | \$816          | \$866          | \$882          | \$912          | \$835          | -8.5%       |
| Air Transportation         | \$52           | \$56           | \$58           | \$60           | \$61           | \$61           | 0.4%        |
| <b>TOTAL</b>               | <b>\$3,377</b> | <b>\$3,387</b> | <b>\$3,531</b> | <b>\$3,573</b> | <b>\$3,708</b> | <b>\$3,781</b> | <b>2.0%</b> |
| <b>% Change</b>            |                | <b>0.3%</b>    | <b>4.3%</b>    | <b>1.2%</b>    | <b>3.8%</b>    | <b>2.0%</b>    |             |

# Visitor spending by sector

## South Dakota Visitor Spending



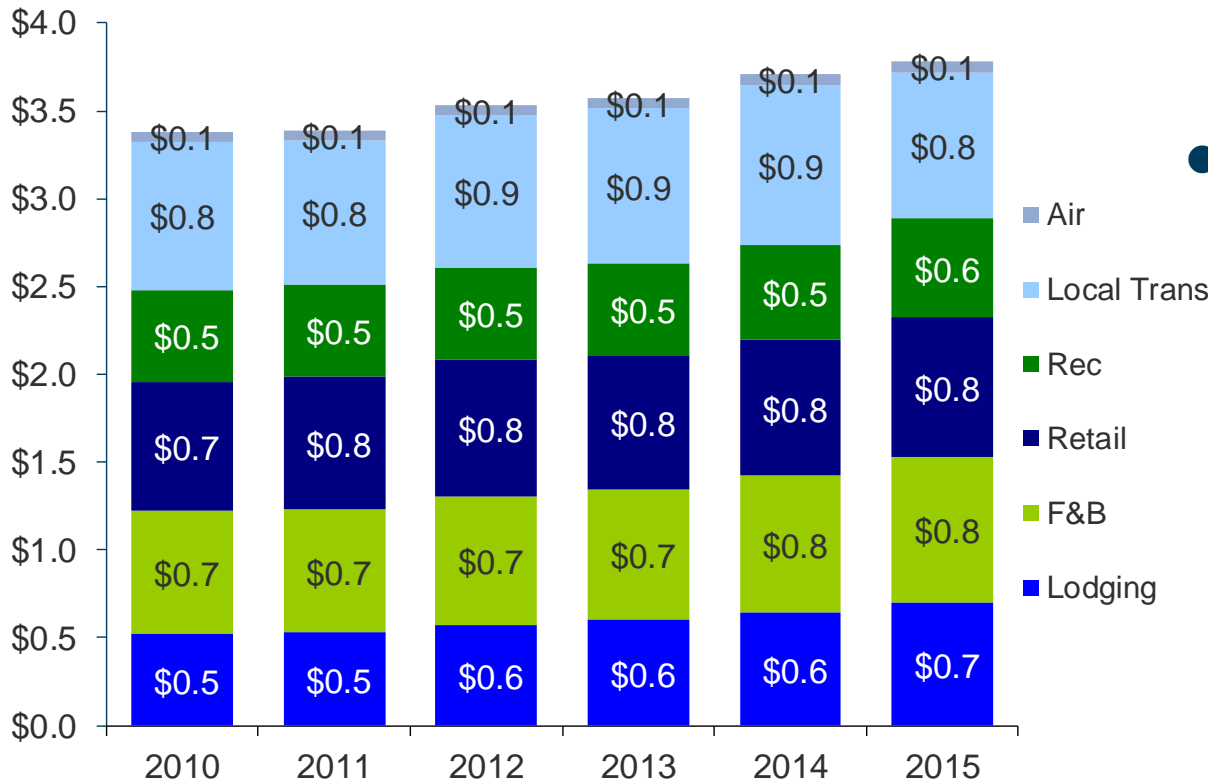
Sources: DK Shifflet, NTTO, Tourism Economics

- F&B spending represents more than a fifth of all visitor spending.
- With growth in both occupancy and room rates, the share of the visitor dollar spent on lodging has grown to 18.5% in 2015.
- Retail purchases represent 21.0% of every visitor dollar.

# Visitor spending by sector

## South Dakota Visitor Spending

by Year, Billions of \$



- Spending grew by \$72 million – an average of \$200,000 per day - in 2015.
- Spending on lodging and food increased by over \$110 million, counteracting the decline in transportation spending.

F&B: Food & Beverages  
 Retail: Retail Shopping  
 Lodging: Accommodations Sales  
 Trans: Non-Air Transportation  
 Rec: Recreation & Entertainment  
 2nd homes: 2nd Home Rental Spending  
 Air: Air Transportation Spending

Sources: DK Shifflet, NTTO, Tourism Economics

# Tourism economy sales

- The Tourism Satellite Account looks at a broader range of tourism-related expenditures, tallying \$4.1 billion.

| Tourism Satellite Account |                  |                   |                       |                 |               |            |            |
|---------------------------|------------------|-------------------|-----------------------|-----------------|---------------|------------|------------|
| Spending by Category      |                  |                   |                       |                 |               |            |            |
| (US\$ Million)            |                  |                   |                       |                 |               |            |            |
| Year                      | Domestic Visitor | Resident In-State | International Visitor | Non-Visitor PCE | Gov't Support | Investment | Total      |
| 2015                      | \$2,797.11       | \$869.00          | \$114.57              | \$39.41         | \$20.66       | \$238.04   | \$4,078.78 |
| 2014                      | \$2,698.41       | \$894.00          | \$115.10              | \$37.12         | \$20.29       | \$240.91   | \$4,005.82 |
| 2013                      | \$2,573.51       | \$884.00          | \$115.25              | \$35.77         | \$17.91       | \$245.35   | \$3,871.79 |
| 2012                      | \$2,471.78       | \$929.00          | \$130.71              | \$34.78         | \$17.44       | \$280.92   | \$3,864.64 |
| % Change                  | 3.7%             | -2.8%             | -0.5%                 | 6.2%            | 1.8%          | -1.2%      | 1.8%       |

- 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.

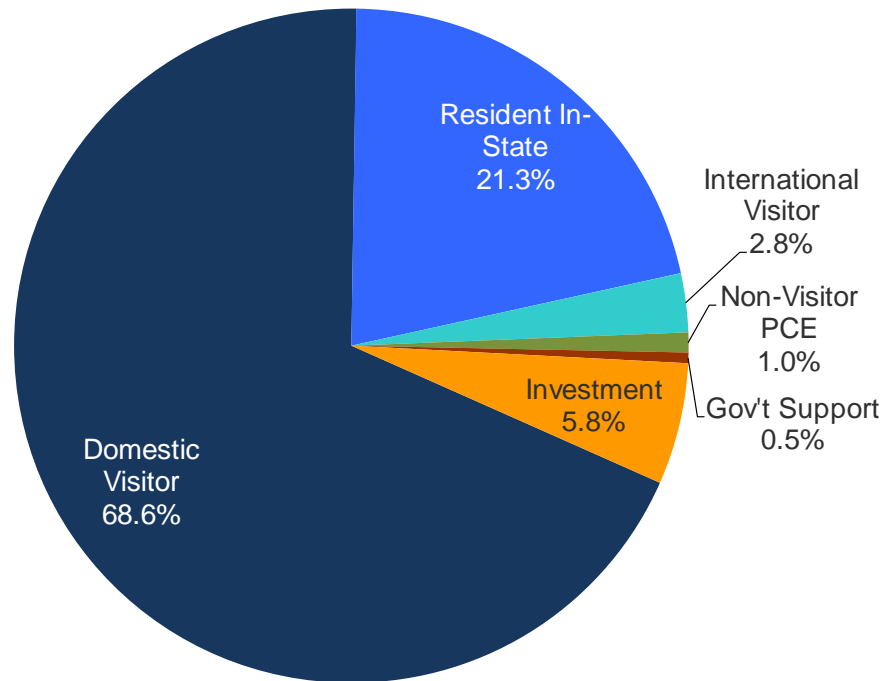
# Tourism industry and economy sales

- The direct impact of tourism is driven by tourism industry sales only. This allows for apples-to-apples comparisons with other industries.
- The total economic impact of tourism includes investment in support of tourism, government spending and non-visitor private consumption expenditures (PCE).

| Tourism Sales<br>State of South Dakota |                  |                  |
|----------------------------------------|------------------|------------------|
| Categories                             | Industry         | Economy          |
| Lodging                                | \$700.7          | \$700.7          |
| Food                                   | \$832.2          | \$832.2          |
| Retail                                 | \$792.0          | \$792.0          |
| Recreation                             | \$560.0          | \$560.0          |
| Local Trans.                           | \$834.8          | \$834.8          |
| Air Trans.                             | \$61.0           | \$61.0           |
| PCE Spending                           | \$0.0            | \$39.4           |
| Investment                             | \$0.0            | \$238.0          |
| Government                             | \$0.0            | \$20.7           |
| <b>Total</b>                           | <b>\$3,780.7</b> | <b>\$4,078.8</b> |

# Tourism economy sales by source

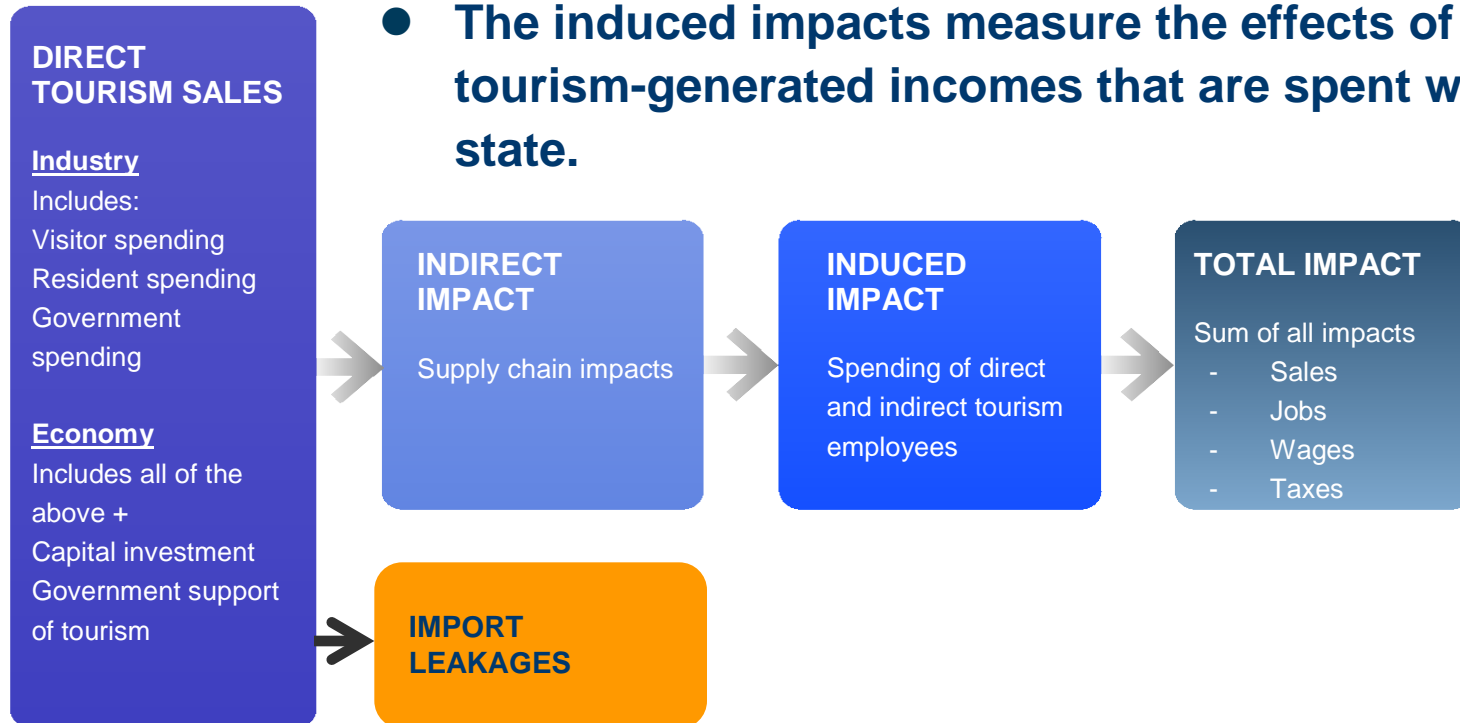
Tourism Demand by Source



- Domestic visitor markets comprise the majority (68.5%) of tourism sales in South Dakota.
- International visitor markets contributed 2.8% of tourism sales last year.
- Capital investment in tourism-related construction and machinery & equipment represents 5.8% of tourism economy sales.

# Translating sales into impact

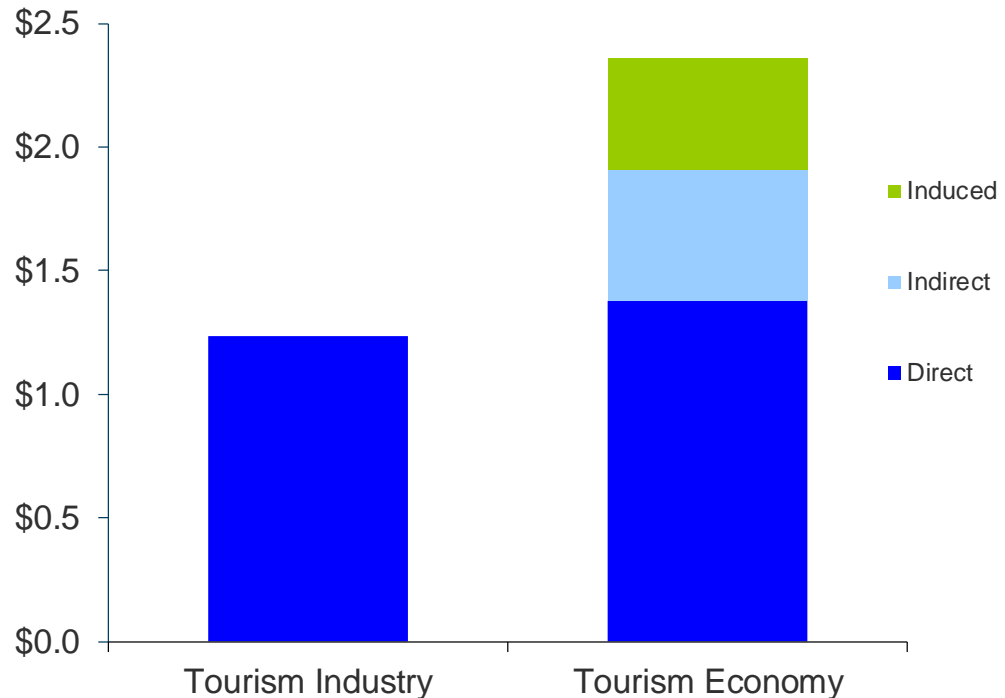
- Direct tourism sales flow through the South Dakota economy, generating GDP, jobs, wages, and taxes.
- The indirect impacts measure supply chain (b2b) activity generated by tourism sales.
- The induced impacts measure the effects of tourism-generated incomes that are spent within the state.



# Tourism impact summary - GDP

- Tourism industry GDP directly generated \$1.2 billion of South Dakota GDP in 2015.
- The tourism economy, including direct, indirect and induced impacts of all tourism sales, generated GDP of \$2.4 billion. This is 5.1% of the state economy.

**Tourism GDP Impact**  
2015, US\$ Billions



Source: Tourism Economics

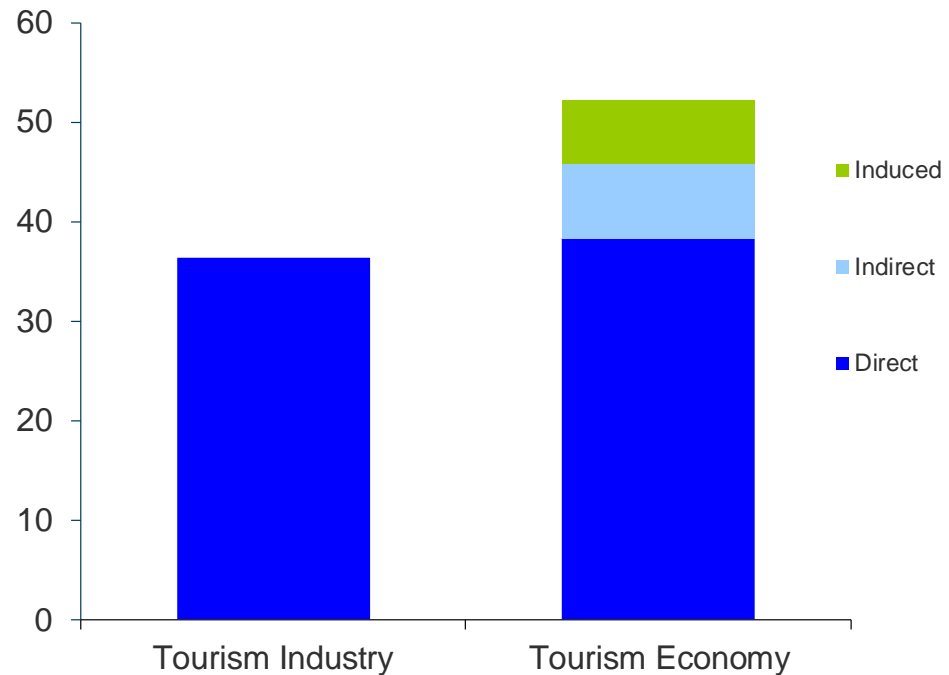


# Tourism impact summary - Jobs

- Tourism spending directly supported 36,337 jobs in South Dakota in 2015.
- The tourism economy, including direct, indirect and induced impacts, supported 52,166 jobs. This is 9.5% of all jobs in the state.

## Tourism Employment Impact

2015, Thousands



Source: Tourism Economics

# Direct Tourism Industry

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



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# Tourism industry impacts

| Core Tourism                       |               |                  |
|------------------------------------|---------------|------------------|
|                                    | Employment    | GDP              |
| Agriculture, Fishing, Mining       | -             | -                |
| Construction and Utilities         | -             | -                |
| Manufacturing                      | -             | -                |
| Wholesale Trade                    | -             | -                |
| Air Transport                      | 215           | \$16.0           |
| Other Transport                    | 813           | \$38.8           |
| Retail Trade                       | 4,280         | \$166.1          |
| Gasoline Stations                  | 1,200         | \$48.4           |
| Communications                     | -             | -                |
| Finance, Insurance and Real Estate | -             | \$0.0            |
| Business Services                  | 256           | \$26.0           |
| Education and Health Care          | -             | -                |
| Recreation and Entertainment       | 6,663         | \$223.5          |
| Lodging                            | 8,060         | \$345.1          |
| Food & Beverage                    | 13,828        | \$350.7          |
| Personal Services                  | 1,022         | \$22.1           |
| Government                         | -             | \$0.0            |
| <b>TOTAL</b>                       | <b>36,337</b> | <b>\$1,236.7</b> |

- Tourism GDP is the value added of those sectors directly interacting with visitors.
- 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 \$1.2 billion in 2015, accounting for 2.7% of total South Dakota GDP.

# Why sales and GDP differ

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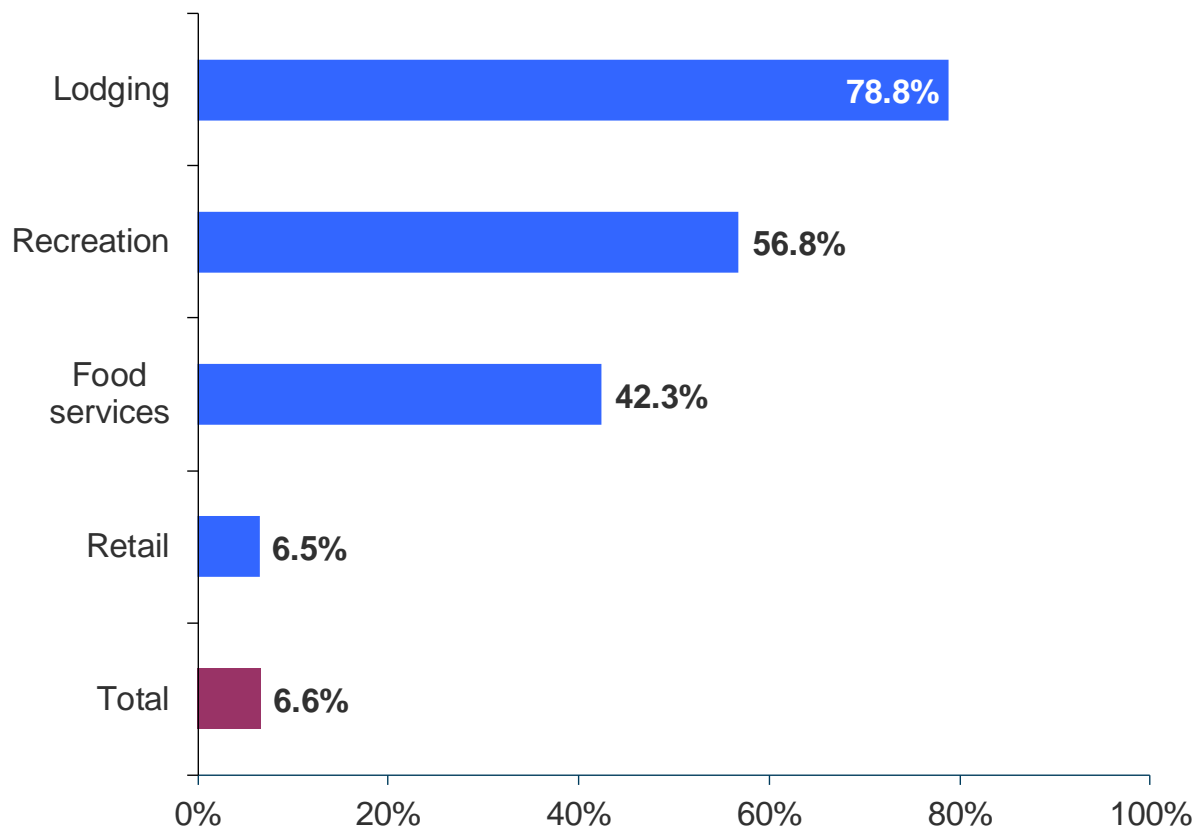
- Tourism industry sales in South Dakota \$3.8 billion while direct GDP measures \$1.2 billion
- GDP (Gross domestic product) is less than sales because it measures only the locally-produced value of goods and services consumed by visitors
  - This includes the local labor, capital depreciation, and the profits of tourism-related companies that are based in South Dakota
  - The costs of imported goods (gasoline, food or retail goods) that come from out-of-state are excluded from the GDP calculation
  - In addition, business profits from out-of-state companies are also excluded. For example, Wal-Mart profits leave the state.

# Tourism employment intensity

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- Tourism is a significant part of several industries – 80% of lodging, 57% of recreation, and 42% of food & beverage employment is supported by tourism spending.

## Tourism Employment Intensity by Industry

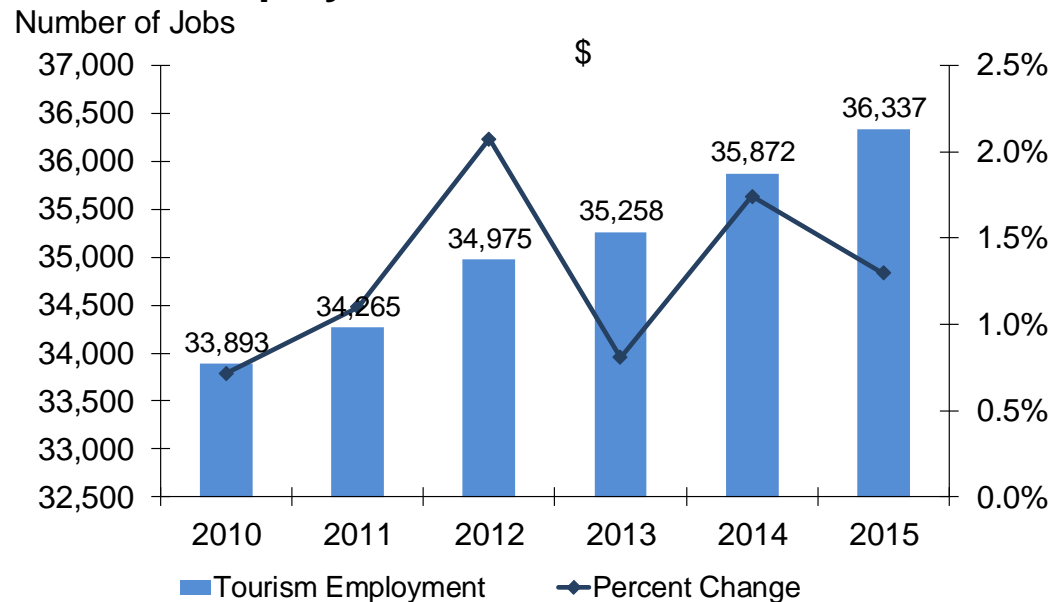


# Tourism employment growth (direct impacts)

| Tourism Employment |        |        |        |        |        |        |
|--------------------|--------|--------|--------|--------|--------|--------|
|                    | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   |
| Tourism Employment | 33,893 | 34,265 | 34,975 | 35,258 | 35,872 | 36,337 |
| Percent Change     | 0.7%   | 1.1%   | 2.1%   | 0.8%   | 1.7%   | 1.3%   |

- Tourism employment grew 1.3% in 2015, making six straight years of employment growth.
- Since 2011, more than 2,000 new jobs have been created by visitor activity.

## Tourism Employment



Source: Tourism Economics

# Tourism ranking (direct impacts)

- Were tourism an industry as defined by the government, tourism employment would rank as the 6<sup>th</sup> largest industry in South Dakota.

| Employment Ranking<br>State of South Dakota |                                                  |                      |
|---------------------------------------------|--------------------------------------------------|----------------------|
| Rank                                        | Industry                                         | Employment<br>(000s) |
| 1                                           | Health care and social assistance                | 67,191               |
| 2                                           | Retail trade                                     | 66,272               |
| 3                                           | Manufacturing                                    | 44,784               |
| 4                                           | Accommodation and food services                  | 42,907               |
| 5                                           | Finance and insurance                            | 40,049               |
| <b>6</b>                                    | <b>TOURISM</b>                                   | <b>36,337</b>        |
| 7                                           | Construction                                     | 33,656               |
| 8                                           | Other services, except public administration     | 29,998               |
| 9                                           | Wholesale trade                                  | 22,152               |
| 10                                          | Professional, scientific, and technical services | 20,929               |
| 11                                          | Administrative and waste management services     | 19,483               |
| 12                                          | Real estate and rental and leasing               | 16,858               |
| 13                                          | Transportation and warehousing                   | 16,320               |
| 14                                          | Arts, entertainment, and recreation              | 11,738               |

# Total Tourism Economy

*What is the total economic impact of tourism in South Dakota?*



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# Tourism generated sales

| Tourism Sales<br>(US\$ Million)    |                |                |              |                |
|------------------------------------|----------------|----------------|--------------|----------------|
|                                    | Direct         | Indirect       | Induced      | Total          |
| Agriculture, Fishing, Mining       | -              | 13.6           | 5.8          | 19.4           |
| Construction and Utilities         | 240.9          | 106.8          | 37.2         | 385.0          |
| Manufacturing                      | 39.4           | 48.2           | 13.2         | 100.9          |
| Wholesale Trade                    | -              | 62.6           | 41.7         | 104.3          |
| Air Transport                      | 61.0           | 1.8            | 1.7          | 64.5           |
| Other Transport                    | 83.4           | 55.5           | 16.6         | 155.5          |
| Retail Trade                       | 792.0          | 58.8           | 59.7         | 910.4          |
| Gasoline Stations                  | 709.5          | 4.3            | 4.1          | 717.9          |
| Communications                     | -              | 79.7           | 40.8         | 120.5          |
| Finance, Insurance and Real Estate | 45.6           | 252.2          | 256.1        | 553.9          |
| Business Services                  | 49.8           | 211.2          | 47.4         | 308.4          |
| Education and Health Care          | -              | 2.2            | 162.7        | 165.0          |
| Recreation and Entertainment       | 517.7          | 27.5           | 14.2         | 559.4          |
| Lodging                            | 655.7          | 1.8            | 0.6          | 658.1          |
| Food & Beverage                    | 831.9          | 22.3           | 57.8         | 912.0          |
| Personal Services                  | 34.2           | 30.8           | 36.1         | 101.1          |
| Government                         | 27.4           | 40.2           | 18.2         | 85.8           |
| <b>TOTAL</b>                       | <b>4,088.5</b> | <b>1,019.7</b> | <b>814.0</b> | <b>5,922.2</b> |

\* Direct sales include cost of goods sold for retail sectors

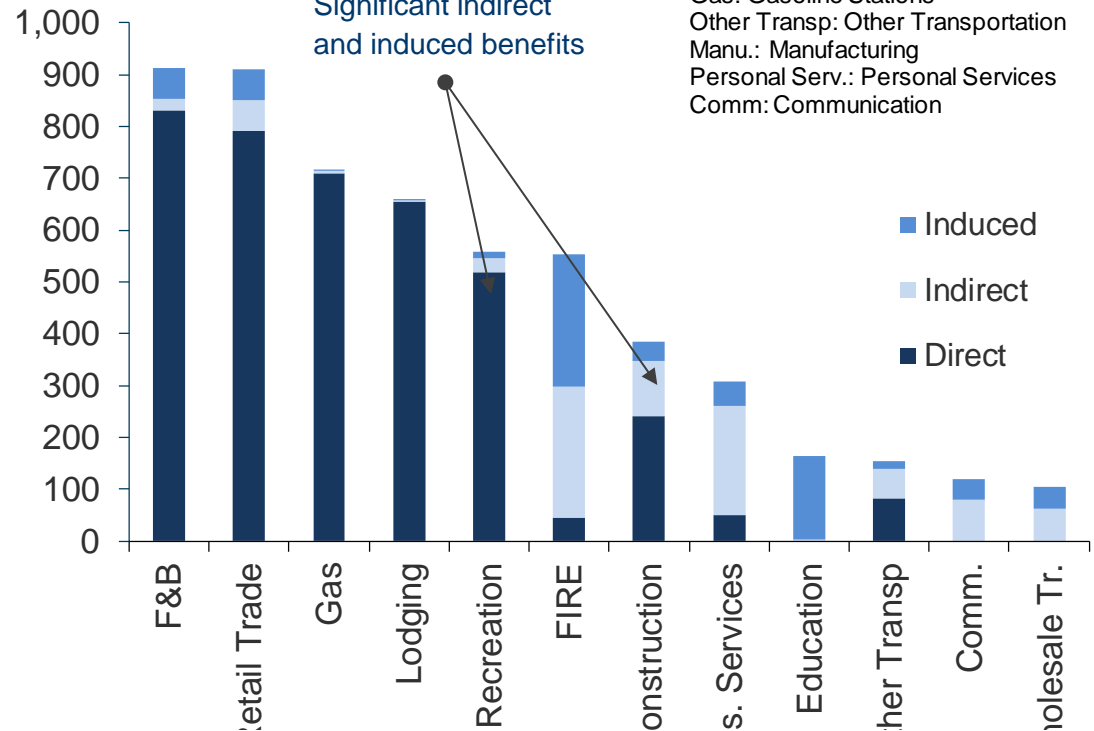
Tourism generated spending of \$4.1 billion generated an economic impact of \$5.9 billion in 2015 as visitor dollars flowed through the South Dakota economy.

# Tourism sales

- All business sectors of the South Dakota 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.

## Tourism 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 GDP (value added)

| Tourism GDP (Value Added)          |                |              |              |                |
|------------------------------------|----------------|--------------|--------------|----------------|
| (US\$ Million)                     |                |              |              |                |
|                                    | Direct         | Indirect     | Induced      | Total          |
| Agriculture, Fishing, Mining       | -              | 5.4          | 2.6          | 8.0            |
| Construction and Utilities         | 92.5           | 35.3         | 12.2         | 140.0          |
| Manufacturing                      | 7.6            | 14.0         | 2.9          | 24.4           |
| Wholesale Trade                    | -              | 38.4         | 25.6         | 64.0           |
| Air Transport                      | 16.3           | 0.5          | 0.4          | 17.3           |
| Other Transport                    | 40.1           | 25.7         | 7.6          | 73.4           |
| Retail Trade                       | 175.2          | 34.8         | 38.1         | 248.1          |
| Gasoline Stations                  | 50.1           | 2.6          | 2.5          | 55.2           |
| Communications                     | -              | 37.0         | 17.5         | 54.5           |
| Finance, Insurance and Real Estate | -              | 168.9        | 159.5        | 328.4          |
| Business Services                  | 26.9           | 118.6        | 27.1         | 172.6          |
| Education and Health Care          | -              | 1.0          | 95.4         | 96.4           |
| Recreation and Entertainment       | 227.8          | 8.5          | 6.0          | 242.2          |
| Lodging                            | 351.8          | 1.0          | 0.3          | 353.1          |
| Food & Beverage                    | 358.3          | 11.3         | 30.2         | 399.8          |
| Personal Services                  | 22.5           | 21.8         | 25.0         | 69.3           |
| Government                         | 6.6            | 6.0          | (3.4)        | 9.2            |
| <b>TOTAL</b>                       | <b>1,375.7</b> | <b>530.8</b> | <b>449.5</b> | <b>2,356.0</b> |

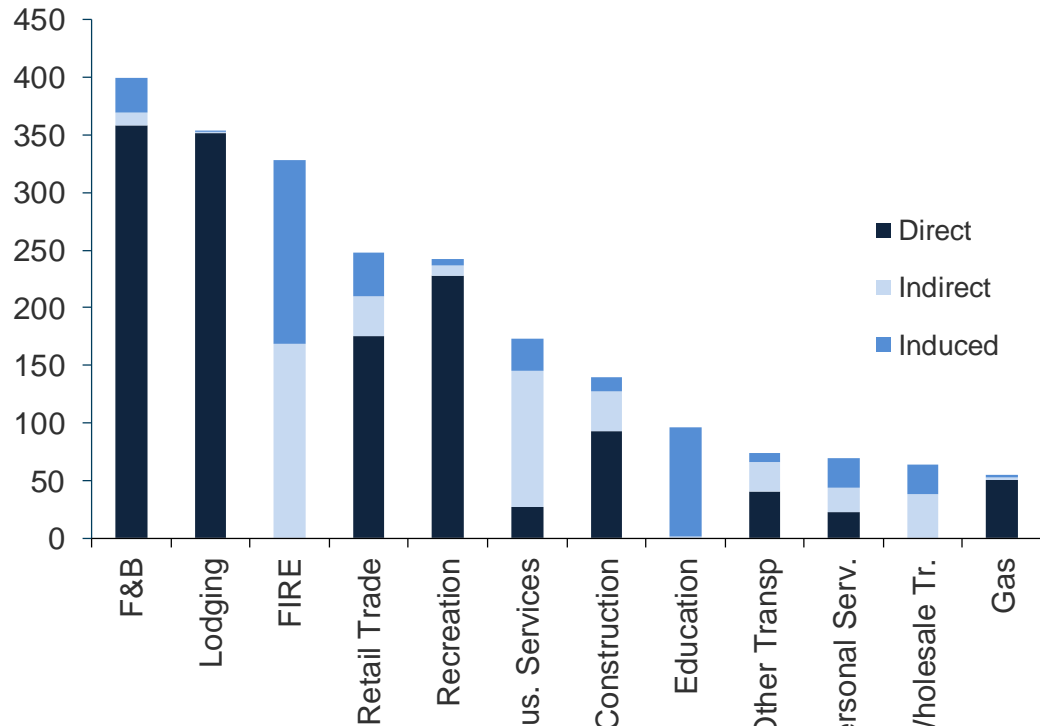
Tourism generated \$2.4 billion in state GDP in 2015, representing 5.1% of the total South Dakota economy.

# Tourism GDP (value added)

- The F&B (food and beverage services) industry generates the largest share of tourism-generated GDP, closely followed by lodging services.
- Despite not being a primary supplier directly to visitors, FIRE (finance, insurance and real estate) generates \$330 million of tourism GDP.

**Tourism GDP by Industry**

\$ million



# Tourism employment

- The tourism sector supported 52,166 jobs in 2015.

| Tourism Employment                 |               |              |              |               |
|------------------------------------|---------------|--------------|--------------|---------------|
|                                    | Direct        | Indirect     | Induced      | Total         |
| Agriculture, Fishing, Mining       | -             | 69           | 28           | 97            |
| Construction and Utilities         | 1,689         | 314          | 103          | 2,105         |
| Manufacturing                      | 105           | 208          | 41           | 354           |
| Wholesale Trade                    | -             | 285          | 190          | 475           |
| Air Transport                      | 215           | 6            | 6            | 227           |
| Other Transport                    | 813           | 457          | 132          | 1,401         |
| Retail Trade                       | 4,407         | 794          | 767          | 5,968         |
| Gasoline Stations                  | 1,200         | 63           | 60           | 1,323         |
| Communications                     | -             | 282          | 99           | 381           |
| Finance, Insurance and Real Estate | -             | 1,204        | 684          | 1,888         |
| Business Services                  | 256           | 1,923        | 512          | 2,691         |
| Education and Health Care          | -             | 62           | 1,709        | 1,771         |
| Recreation and Entertainment       | 6,659         | 642          | 223          | 7,524         |
| Lodging                            | 8,060         | 21           | 8            | 8,089         |
| Food & Beverage                    | 13,821        | 533          | 1,118        | 15,472        |
| Personal Services                  | 1,021         | 348          | 579          | 1,948         |
| Government                         | 105           | 264          | 86           | 454           |
| <b>TOTAL</b>                       | <b>38,349</b> | <b>7,473</b> | <b>6,345</b> | <b>52,166</b> |

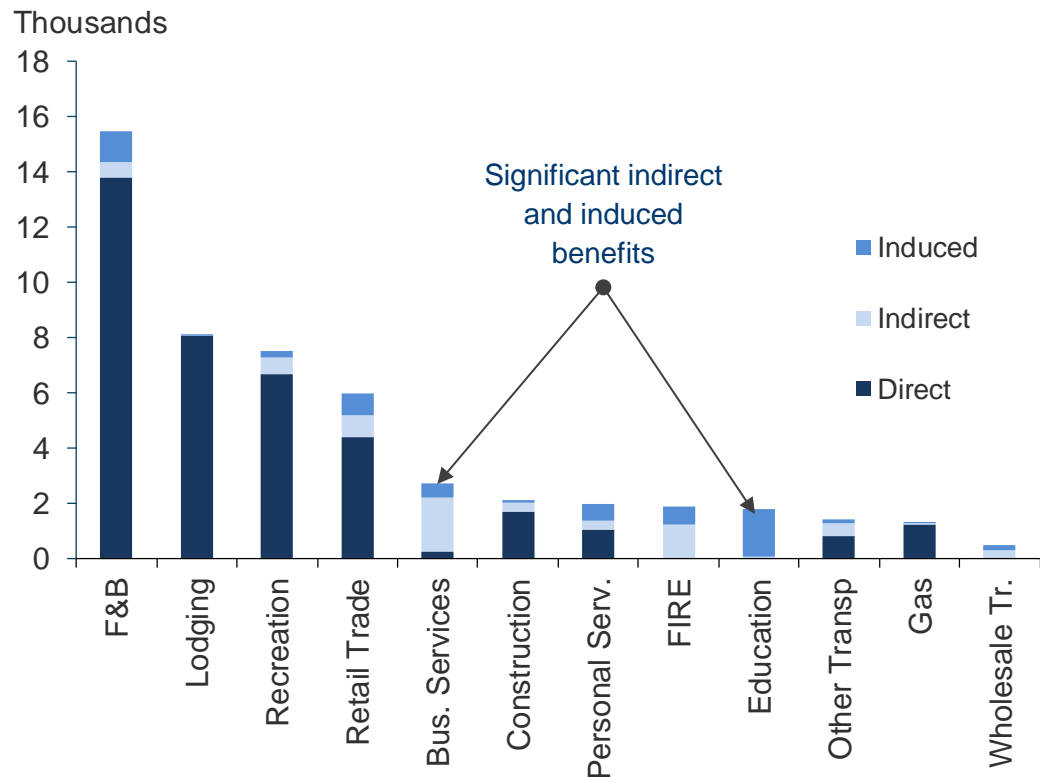
Indirect impacts quantify the supply chain to those industries directly providing goods or services to visitors.

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

# Tourism employment

- Secondary benefits are realized across the entire economy through the supply chain and incomes as they are spent.
- The unemployment rate in South Dakota was 2.7% in 2015. Without tourism jobs, the unemployment rate would have been 14.2%.

## Tourism Employment by Industry



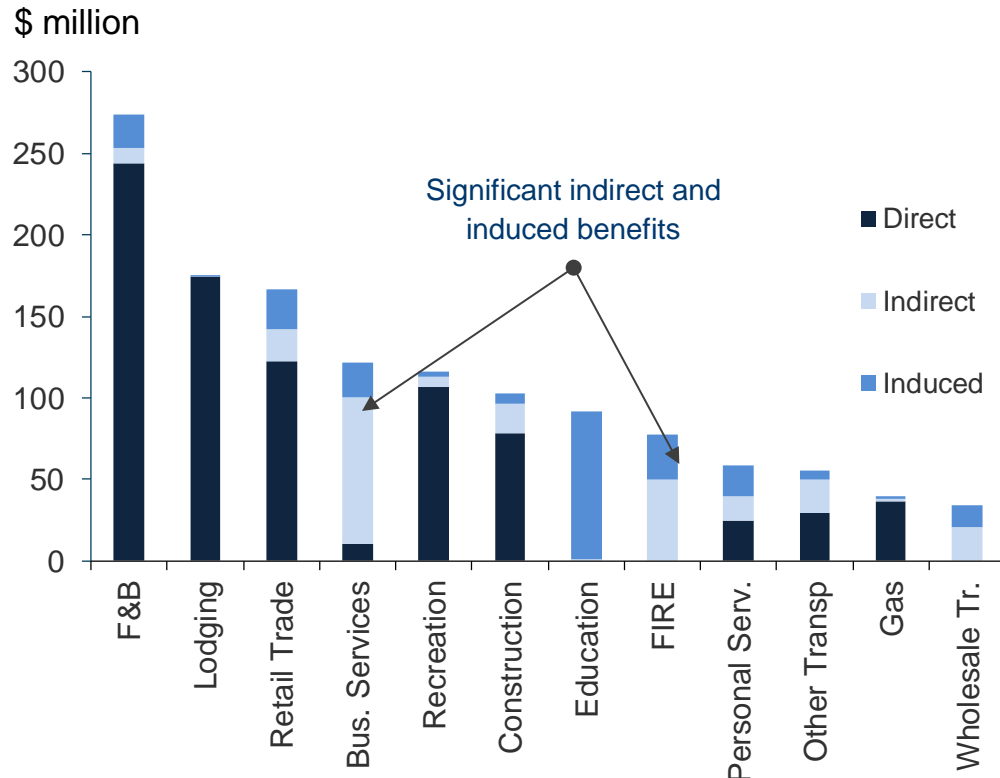
# Tourism personal income

| Tourism Labor Income (Compensation) |              |                |                |                 |
|-------------------------------------|--------------|----------------|----------------|-----------------|
| (US\$ Million)                      |              |                |                |                 |
|                                     | Direct       | Indirect       | Induced        | Total           |
| Agriculture, Fishing, Mining        | -            | 3.8            | 1.9            | 5.7             |
| Construction and Utilities          | 78.4         | 18.3           | 6.2            | 102.8           |
| Manufacturing                       | 6.0          | 11.7           | 2.4            | 20.0            |
| Wholesale Trade                     | -            | 20.6           | 13.7           | 34.3            |
| Air Transport                       | 6.3          | 0.2            | 0.2            | 6.7             |
| Other Transport                     | 29.7         | 20.0           | 6.0            | 55.7            |
| Retail Trade                        | 122.7        | 19.7           | 24.6           | 166.9           |
| Gasoline Stations                   | 36.2         | 1.9            | 1.8            | 39.9            |
| Communications                      | -            | 24.3           | 6.9            | 31.2            |
| Finance, Insurance and Real Estate  | -            | 49.6           | 27.9           | 77.4            |
| Business Services                   | 10.6         | 89.9           | 21.0           | 121.5           |
| Education and Health Care           | -            | 1.0            | 90.3           | 91.3            |
| Recreation and Entertainment        | 106.5        | 6.3            | 3.2            | 116.0           |
| Lodging                             | 174.3        | 0.5            | 0.2            | 175.0           |
| Food & Beverage                     | 243.6        | 9.9            | 20.6           | 274.0           |
| Personal Services                   | 24.4         | 15.5           | 18.4           | 58.2            |
| Government                          | 5.4          | 17.0           | 4.9            | 27.3            |
| <b>TOTAL</b>                        | <b>843.9</b> | <b>2,195.2</b> | <b>2,193.4</b> | <b>10,604.6</b> |

# Tourism personal income

- Significant employment in F&B and recreation drives high labor income in those industries.
- Above average wages support labor income in supplier industries.
- The average labor income of workers supported by visitor spending was \$26,900 in 2015.

## Tourism Labor Income by Industry





# Tourism tax generation

| Visitor-Generated Tax Revenues |              |                      |              |
|--------------------------------|--------------|----------------------|--------------|
| (US\$ Million, Year)           |              |                      |              |
|                                | Direct       | Indirect/<br>Induced | Total        |
| <b>Federal</b>                 | <b>191.8</b> | <b>135.7</b>         | <b>327.5</b> |
| Personal Income                | 58.7         | 41.0                 | 99.8         |
| Corporate                      | 25.9         | 26.6                 | 52.5         |
| Indirect business              | 15.2         | 6.4                  | 21.7         |
| Social Security                | 92.0         | 61.6                 | 153.6        |
| <b>State and Local</b>         | <b>198.9</b> | <b>71.5</b>          | <b>270.4</b> |
| Sales                          | 93.6         | 37.2                 | 130.7        |
| Bed Tax                        | 26.3         | -                    | 26.3         |
| Personal Income                | -            | -                    | -            |
| Corporate                      | 1.9          | 1.8                  | 3.7          |
| Social Security                | 1.3          | 0.8                  | 2.2          |
| Excise and Fees                | 18.4         | 8.8                  | 27.2         |
| Property                       | 57.4         | 22.9                 | 80.3         |
| <b>TOTAL</b>                   | <b>390.7</b> | <b>207.2</b>         | <b>597.9</b> |

- Taxes of \$598 million were directly and indirectly generated by tourism in South Dakota.
- State and local taxes alone tallied \$270 million in 2015.
- Each household in South Dakota would need to be taxed an additional \$825 per year to replace the visitor taxes received by state and local governments.

# 2015 Wrap-up

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- Visitation and spending both expanded in 2015, for the sixth consecutive year
- Visitation posted the 2<sup>nd</sup> highest growth rate since 2010
- Despite a 25% decline in gasoline prices, visitor spending grew, supported by strong increases in accommodations and food & beverage spending
- More visitation and spending created additional employment
- State and local tax revenues directly from visitor activity neared \$200 million
- Total state and local tax revenue supported by tourism activity reached \$270 million

# The importance of tourism in South Dakota in context



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# How important is tourism?

- South Dakota's 13.7 million visitors in 2015 would be like everyone from Missouri, Nebraska and Wisconsin visiting South Dakota.



# How important is tourism?

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- The \$4 billion tourism economy in South Dakota is equal to the amount Americans spent on video game rentals in 2014.

Sources: IBIS World



- The total of \$5.9 billion in sales supported by tourism in South Dakota is equal to the amount spent on laundry detergent in the US.



# How important is tourism?

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- The 36,337 direct tourism jobs are nearly three times more than the number of students at South Dakota State.
- Total tourism supported employment would be enough to fill Denny Sanford Center THREE AND A HALF times over



# How important is tourism?

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- The 36,337 total tourism jobs would be enough to employ everyone in Brown County - the 4<sup>th</sup> largest county in South Dakota.



# How important is tourism?

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- The \$199 million in sales tax collections DIRECTLY from visitor activity would be enough to fully fund the entire city budgets of Aberdeen and Rapid City – two of the three largest cities in South Dakota.





# How important is tourism?

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- The \$270 million in state and local revenues from visitor activity represents \$825 per household in South Dakota – or enough money for a family of four to take two half-day horseback rides in the Black Hills.



# Methodology and Background



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# Definitions and terms

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- A visitor includes all overnight and day visitors - traveling outside of their usual environment, defined as beyond 50 miles
- The analysis measures the economic impact of visitors to the State of South Dakota, including:
  - Day trips and overnight visitors
  - Domestic, Canadian and overseas visitors
  - Resident and non-resident travel

# Quantifying the travel and tourism economy

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- Most economic sectors such as financial services, insurance, or construction are easily defined within a country's national accounts statistics.
- Travel 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.
- Travel spans nearly a dozen sectors including lodging, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents, and recreation (including museums, theme parks, sports events and others).

# Methods and data sources

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- Domestic visitor expenditure estimates are provided by DK Shifflet'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 (TE) then adds and cross-checks several categories of spending:
  - International visitor spending (source: OTTI, TE)
  - Canada visitor spending (source: Statistics Canada, TE)
  - Spending on air travel which accrues to South Dakota airports and locally-based airlines
  - Gasoline purchases by visitors (source: TE calculation)
  - Recreational second home expenditures (source: US Census)
  - Smith Travel Research (lodging performance)
  - Local level lodging tax data
  - Sales tax by industry (South Dakota Department of Revenue)
  - Industry-by-industry employment and personal income (Bureau of Economic Analysis and Bureau of Labor Statistics)

# Methods and data sources

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- An IMPLAN model was utilized for the State of South Dakota. 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 travel.
- 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, are not counted in the ES202 data.

# Description of spending categories

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| <b>Spend Category</b> | <b>Description</b>                                                                                                                                                                                      |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lodging               | Includes visitor spending in accommodation sector. This includes food and other services provided by hotels and similar establishments.                                                                 |
| Recreation            | Includes visitor 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 airport) 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 South Dakota economy.                                                                                                                    |
| Service stations      | visitor spending on gasoline. Only the margin counts as local economic impact.                                                                                                                          |
| Second homes          | Spending associated with the operation of seasonal second homes for recreational use as defined by the Census Department. This is based on an “imputed rent” calculation over an estimated peak season. |
| Food and beverage     | Includes all visitor spending at restaurants and bars.                                                                                                                                                  |

# Cross section of our clients

## Corporations

Hotel companies  
Aviation manufacturing  
Internet marketing  
Internet distribution  
Financial institutions  
Theme Parks  
Travel trade

## Associations

Caribbean Tourism Org.  
European Travel Commission  
Pacific Asia Travel Assoc.  
US Travel Association  
DMAI  
IAAPA  
WTTC  
UN World Tourism Org.

## Destinations

Tourism Australia  
Bahamas Ministry of Tourism  
Brand USA  
Visit California  
Canadian Tourism Commission  
Dubai Tourism  
Georgia Tourism  
Saudi Arabia (SCT)  
Discover Los Angeles  
NYC & Company  
Ontario Ministry of Tourism  
Visit Orlando  
Philadelphia Tourism Marketing  
San Diego CVB  
Tourism Ireland  
Visit Britain  
Visit Denmark  
Visit Florida  
Visit Switzerland





# 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 200 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 80 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.
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