

Economic Impact of Tourism in Kansas, 2016

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TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Table of Contents

1) Key Findings	3
2) Visitation and Spending	7
3) The Tourism Satellite Account	20
4) The Economic Impact of Tourism	24
5) Economic Impact in Context	43

1) Key Findings

1) 2016 marks the seventh straight year of visitation and spending growth in Kansas

Key facts about Kansas' tourism sector

Visitor spending rose 2.1% in 2016 to \$6.7 billion

This spending generated \$10.8 billion in total business sales

Tourism spending supports nearly 5% of all jobs in Kansas

Tourism in Kansas generated \$282 million in state taxes and \$327 million in local taxes in 2016

2) Visitor spending generates income, jobs, and tax revenue

Key indicators in Kansas 2016

Dollar figures in millions

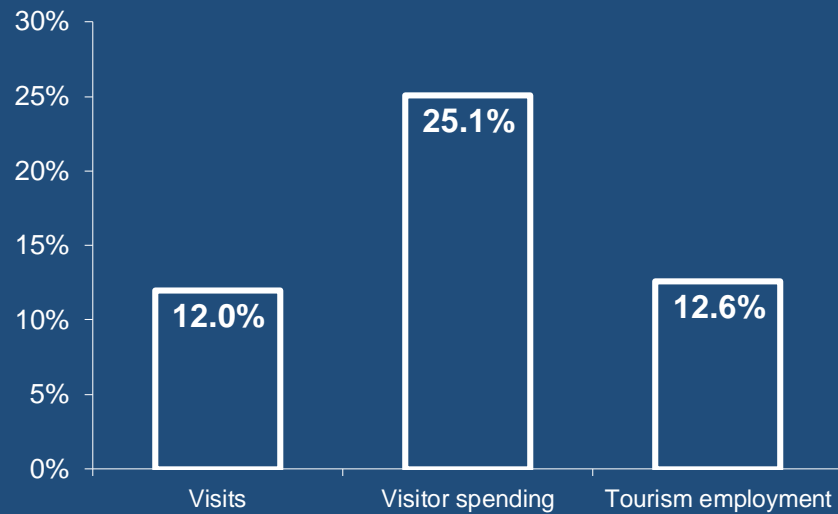
Tourism spending	\$6,691
Total business sales	\$10,786
Employment sustained by tourism	95,062
Income sustained by tourism	\$3,074
Taxes sustained by tourism	\$1,046
Federal	\$437
State	\$282
Local	\$327

Source: Tourism Economics

3) Tourism indicators and economic impacts have grown rapidly since 2011

Growth in key indicators

Percent growth 2011-2016



Source: Tourism Economics

2) Visitation and Spending

Trends in Kansas tourism

1

Tourism spending is increasing – and has been for seven straight years

- Tourism spending reached \$6.7 billion in 2016
- Spending increased 2.1% in 2016.

2

Spending growth is strong in key industry sectors

- Visitor spending growth led by spending on food & beverage and recreation

3

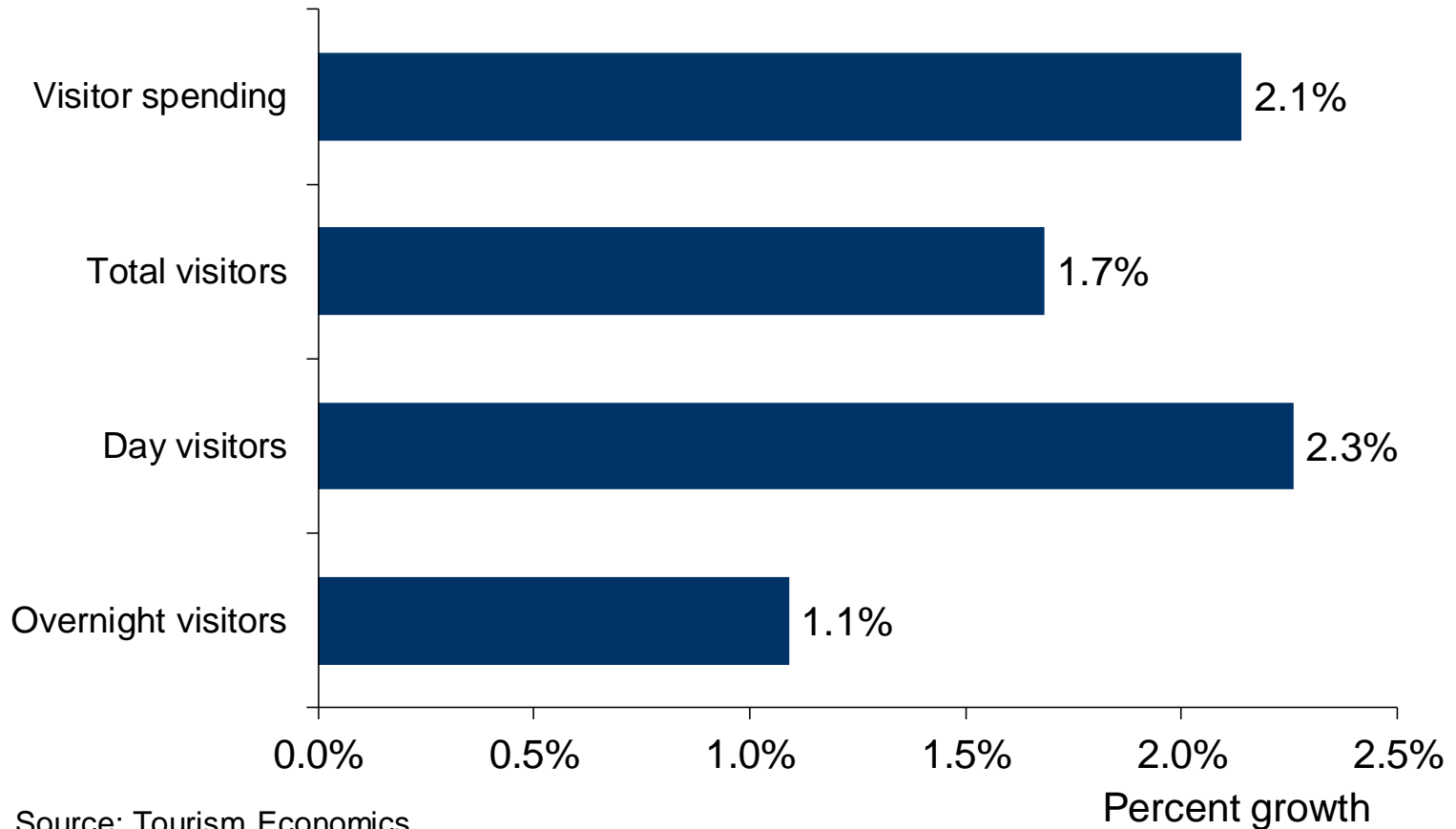
Domestic day leisure visitors lead growth

- Spending growth was strongest from the domestic market (vs. international) and leisure market

Visitor and visitor spending growth in 2016

Visitation and visitor spending continued to grow in 2016

Growth in visitors and spending, 2016



Source: Tourism Economics

2016 trends

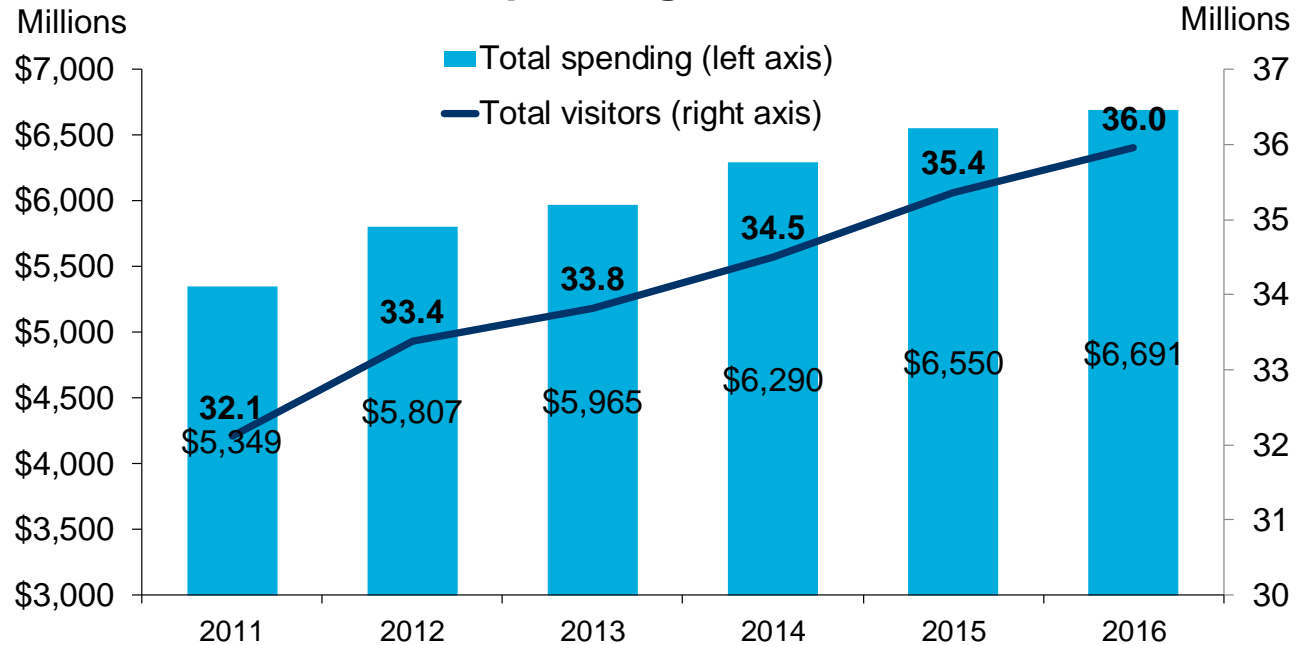
Visitation reached 36 million in 2016, increasing by 600,000 – which is like adding the population of Oklahoma City to the visitation count.

Visitor volume and spending expanded in 2016, driven by strong consumer confidence, low gas prices, employment and wage growth and, of course, the attractiveness of Kansas as a destination.

An estimated 36.0 million visitors spent \$6.7 billion in 2016, increases of 1.7% and 2.1%, respectively, from 2015.

This marks seven straight years of visitation and visitor spending growth with visitation up nearly 20% and visitor spending up 42% since 2009.

Visitation and visitor spending in Kansas

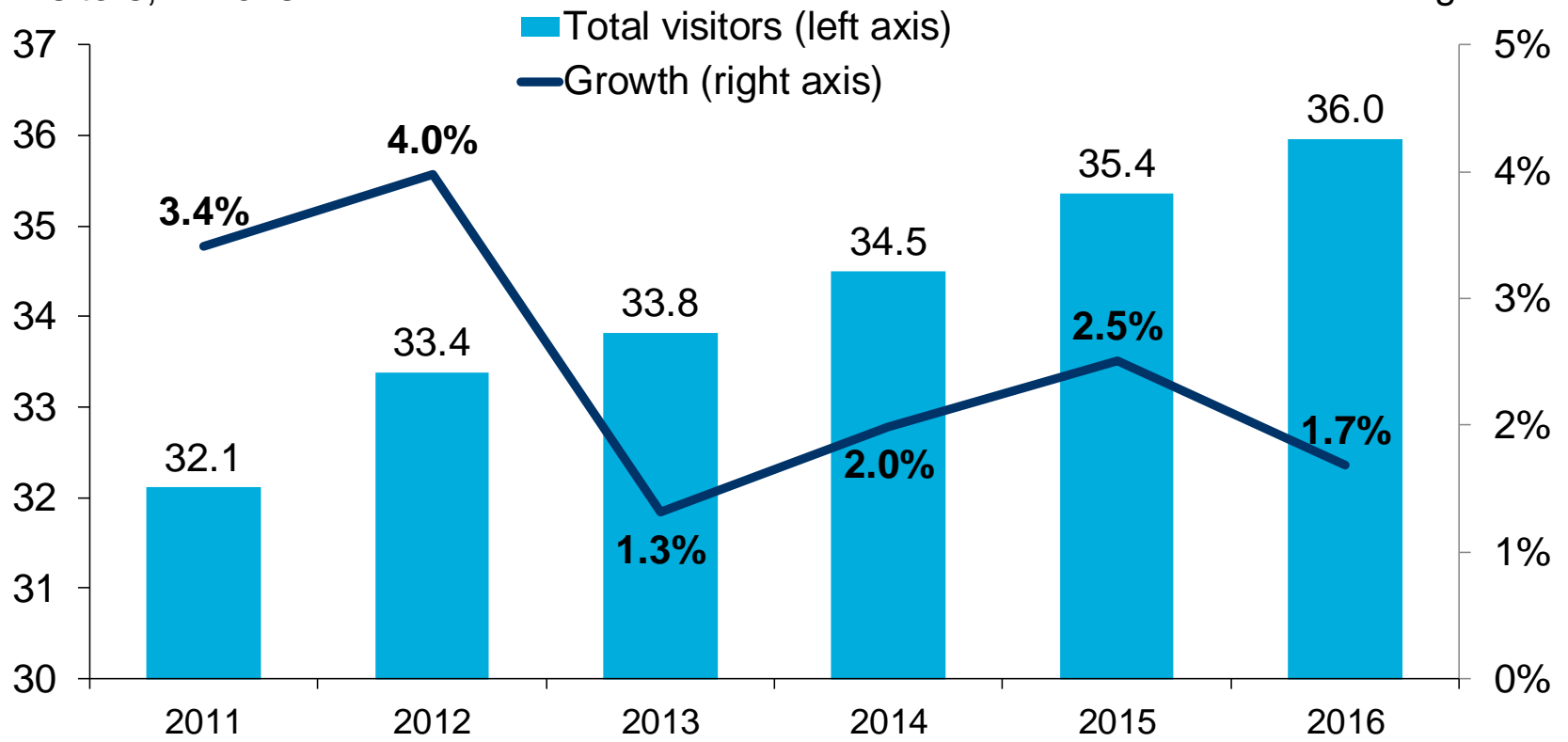


Source: Tourism Economics

Visitation

Visitors to Kansas

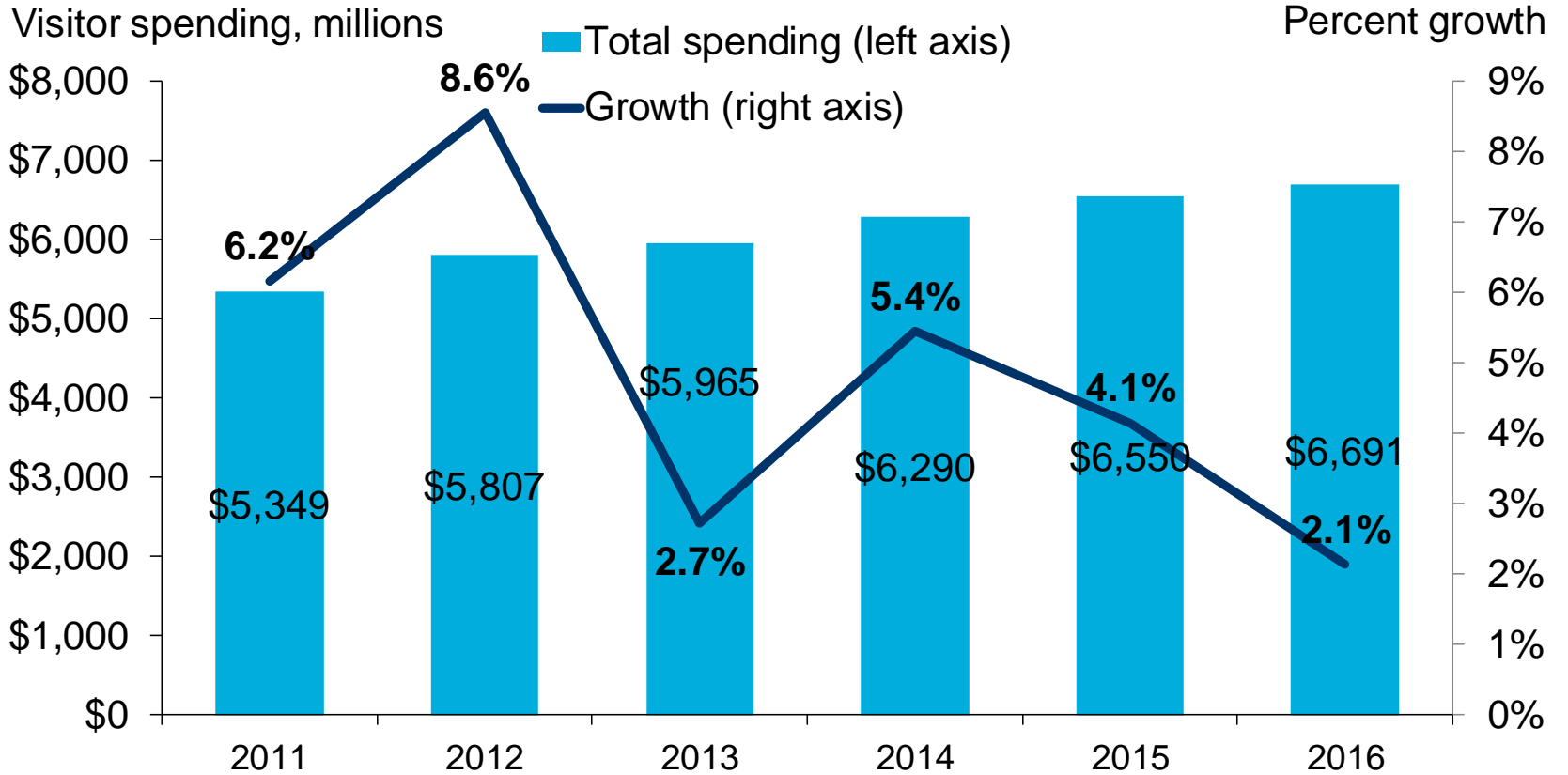
Visitors, millions



Source: Tourism Economics

Visitor spending growth

Visitor spending in Kansas



Source: Tourism Economics

Tourism spending reached \$6.7 billion in 2016

Food & beverages represented the largest spending sector at \$1.6 billion, followed by spending on lodging at \$1.1 billion.

Visitor spending increased by \$140 million in 2016 with spending on food & beverages increasing by more than \$50 million.

Visitors spend an average of \$760,000 each hour in Kansas.

Spending grew 2.1% in 2016, led by increases in spending on food & beverages and recreation by visitors.

Visitor spending in Kansas

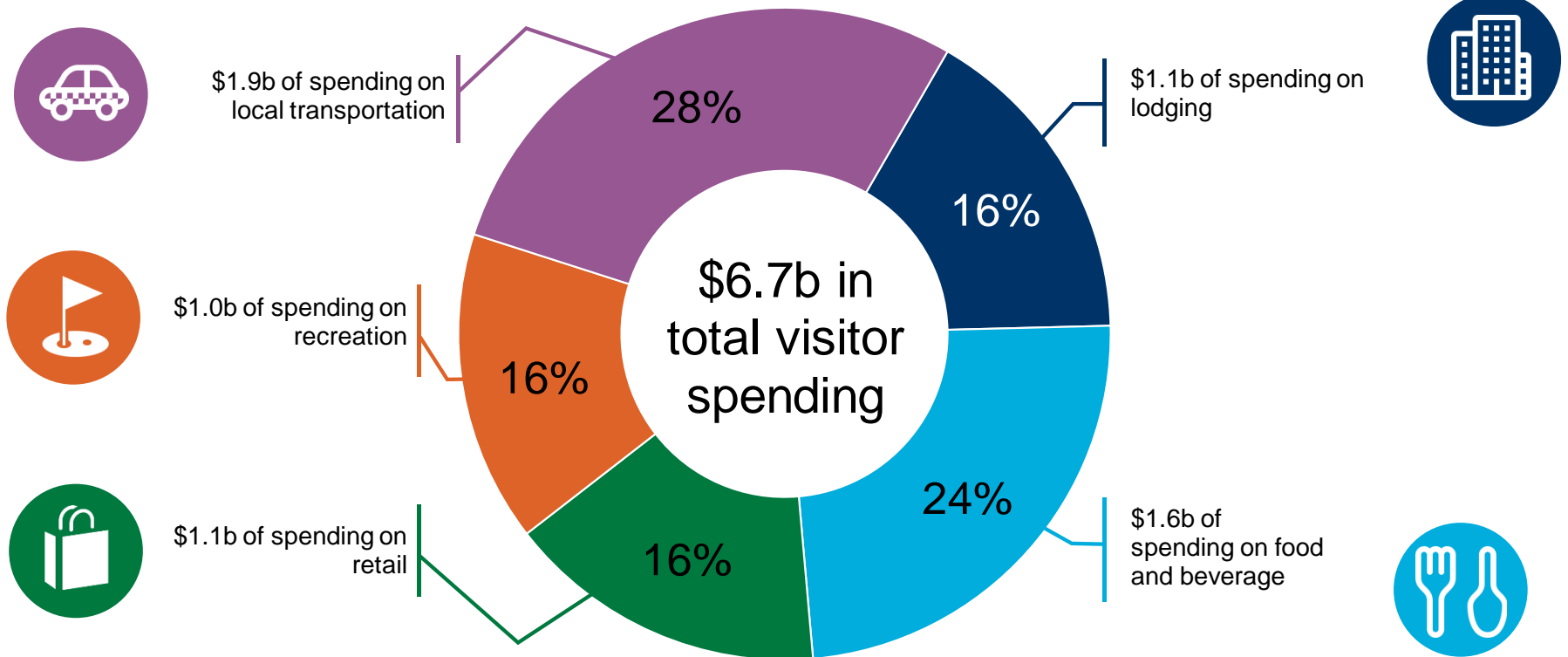
Nominal dollars, millions

	2011	2012	2013	2014	2015	2016	2016 Growth	2011-2016 CAGR
Lodging	\$848.7	\$906.9	\$941.2	\$1,006.6	\$1,061.0	\$1,090.9	2.8%	5.2%
Food and beverage	\$1,281.1	\$1,356.2	\$1,412.3	\$1,473.8	\$1,555.1	\$1,606.0	3.3%	4.6%
Retail	\$899.3	\$950.0	\$967.9	\$1,003.3	\$1,048.8	\$1,062.3	1.3%	3.4%
Recreation	\$777.3	\$939.7	\$958.3	\$975.7	\$1,002.9	\$1,035.2	3.2%	5.9%
Transportation*	\$1,542.7	\$1,654.0	\$1,685.0	\$1,830.1	\$1,882.7	\$1,896.3	0.4%	3.5%
Total	\$5,349.1	\$5,806.7	\$5,964.8	\$6,289.5	\$6,550.4	\$6,690.6	2.1%	4.6%

Source: Tourism Economics

Visitor spending in Kansas, 2016

Dollars, millions and percent of total



Source: Tourism Economics

Tourism spending is changing with prices

The share of the visitor dollar going to transportation is decreasing while lodging's share is increasing

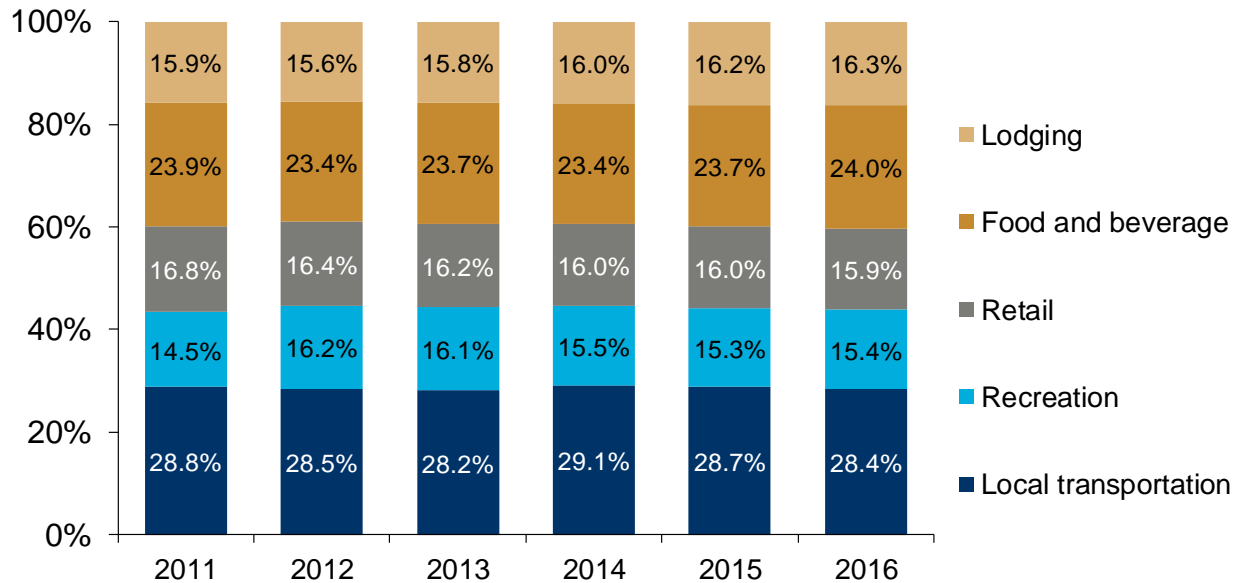
Low gasoline prices have reduced the share of spending on transportation to 28.4% of the total from 29.1% in 2014.

With increasing demand and prices, the share of the visitor dollar spent on lodging has risen to 16.3% in 2016.

Retail remains an important part of Kansas's attraction, capturing 15.9% of each visitor dollar.

Kansas visitor spending

Percent of total



Source: Tourism Economics

Tourism spending is changing with prices

Spending is spread among the five spending categories.

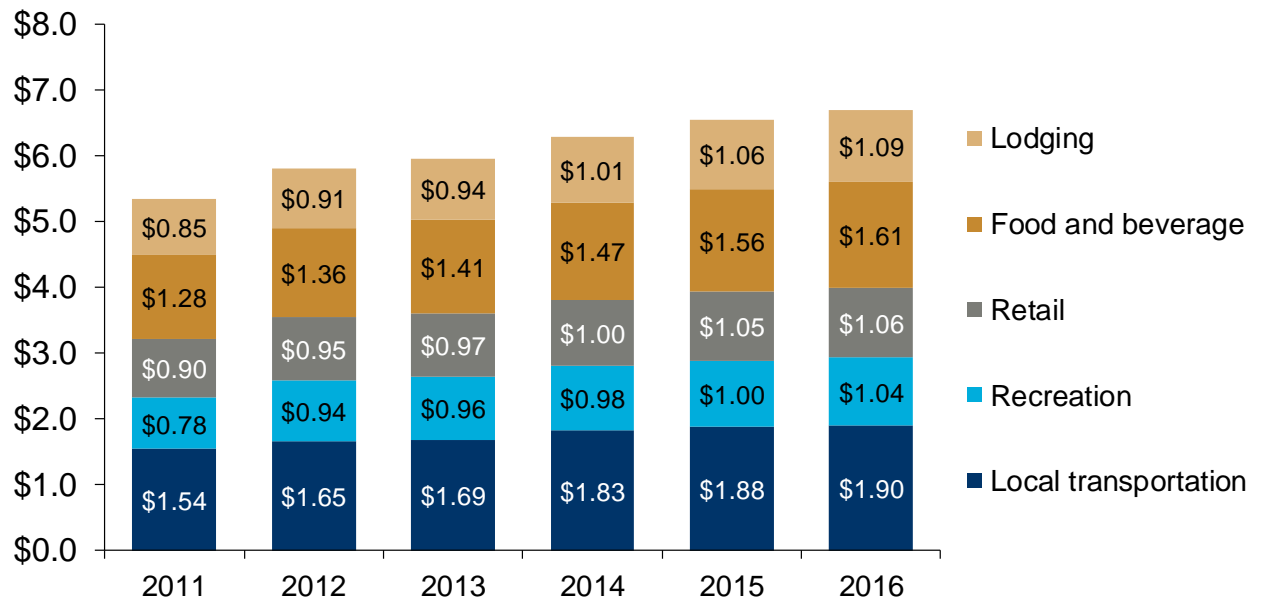
Food & beverage spending increased by more than \$50 million to surpass \$1.6 billion.

Lodging spending has increased by nearly \$250 million since 2011.

Recreational spending increases in 2016 have pushed recreational spending to near retail levels.

Kansas visitor spending

Billions of \$



Source: Tourism Economics

Visitation sectors – day/overnight split

Of the 36 million visitors to Kansas, 14.2 million stayed overnight.

Overnight spending surpassed \$5.0 billion in 2016.

Day traveler spending has declined in recent years as transportation costs have declined.

The average visitor to Kansas spent \$186 in Kansas in 2016.

While the majority of visitors to Kansas destinations are day visitors, the higher spending of overnight visitors provides 75% of all visitor spending.

Trips and Spend

Nominal dollars, millions

	2013	2014	2015	2016
Total	33.7	34.4	35.3	36.0
Day	20.3	20.7	21.3	21.8
Overnight	13.5	13.8	14.0	14.2
Total	\$5,964	\$6,290	\$6,550	\$6,691
Day	\$1,502	\$1,604	\$1,619	\$1,634
Overnight	\$4,462	\$4,685	\$4,932	\$5,057
Per Traveler Spending	\$177	\$183	\$185	\$186
Day	\$74	\$78	\$76	\$75
Overnight	\$332	\$341	\$352	\$357

Source: Tourism Economics

Tourism spending by market

Spending growth was led by growth in spending on overnight stays along with spending from domestic markets.

Growth in domestic visitor spending supported overall visitor spending, increasing 2.2% to more than \$6.0 billion.

With lower gas prices holding down the costs of a key component of day visitor spending, spending by overnight visitors grew 2.5% and surpassed \$5.0 billion.

Spending by visitors on leisure trips reached \$4.2 billion in 2016.

Visitor spending in Kansas

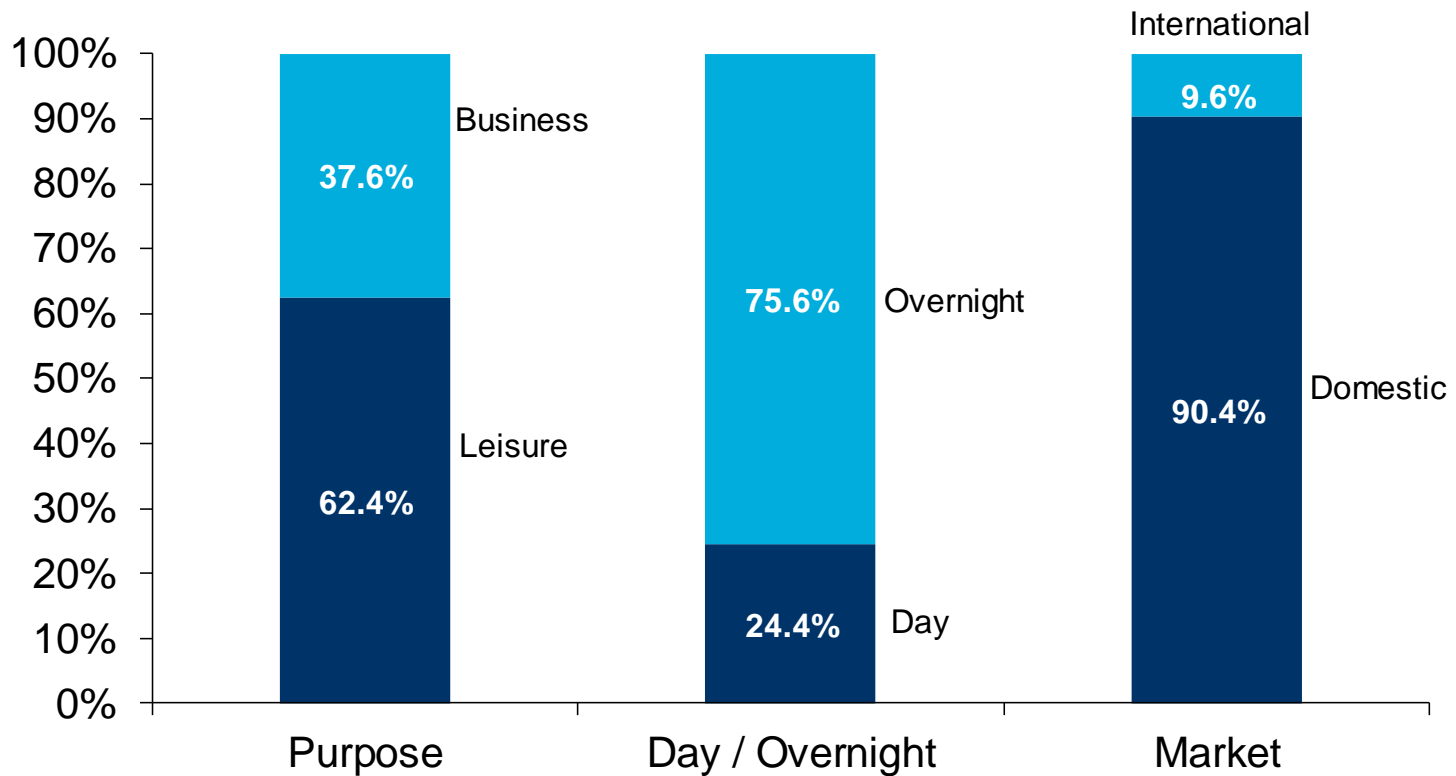
Nominal dollars, millions

Purpose		Stay		Market	
Leisure	\$4,178.2	Day	\$1,634.1	Domestic	\$6,051.0
Business	\$2,512.5	Overnight	\$5,056.5	International	\$105.6
Total	\$6,690.6	Total	\$6,690.6	Total	\$6,690.6
Growth Rates					
Leisure	2.9%	Day	0.9%	Domestic	2.3%
Business	0.9%	Overnight	2.5%	International	-1.9%
Total	2.1%	Total	2.1%	Total	2.1%

Source: Tourism Economics

Tourism spending by market

Kansas market breakouts



Source: Tourism Economics

3) The Tourism Satellite Account

Tourism industry & economy sales

The direct impact of tourism is driven by tourism industry sales only. This allows for an apples-to-apples comparison 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, 2016		
State of Kansas		
	Industry	Economy
Lodging	\$1,090.9	\$1,090.9
Food	\$1,606.0	\$1,606.0
Recreation	\$1,035.2	\$1,035.2
Shopping	\$1,062.3	\$1,062.3
Air	\$254.0	\$254.0
Other Transport	\$1,642.3	\$1,642.3
Non-Visitor PCE	\$0.0	\$59.0
Investment	\$0.0	\$580.9
Government	\$0.0	\$55.0
TOTAL	\$6,690.6	\$7,385.5

Tourism economy sales

The Tourism Satellite Account looks at a broader range of tourism-related expenditures, tallying \$7.4 billion.

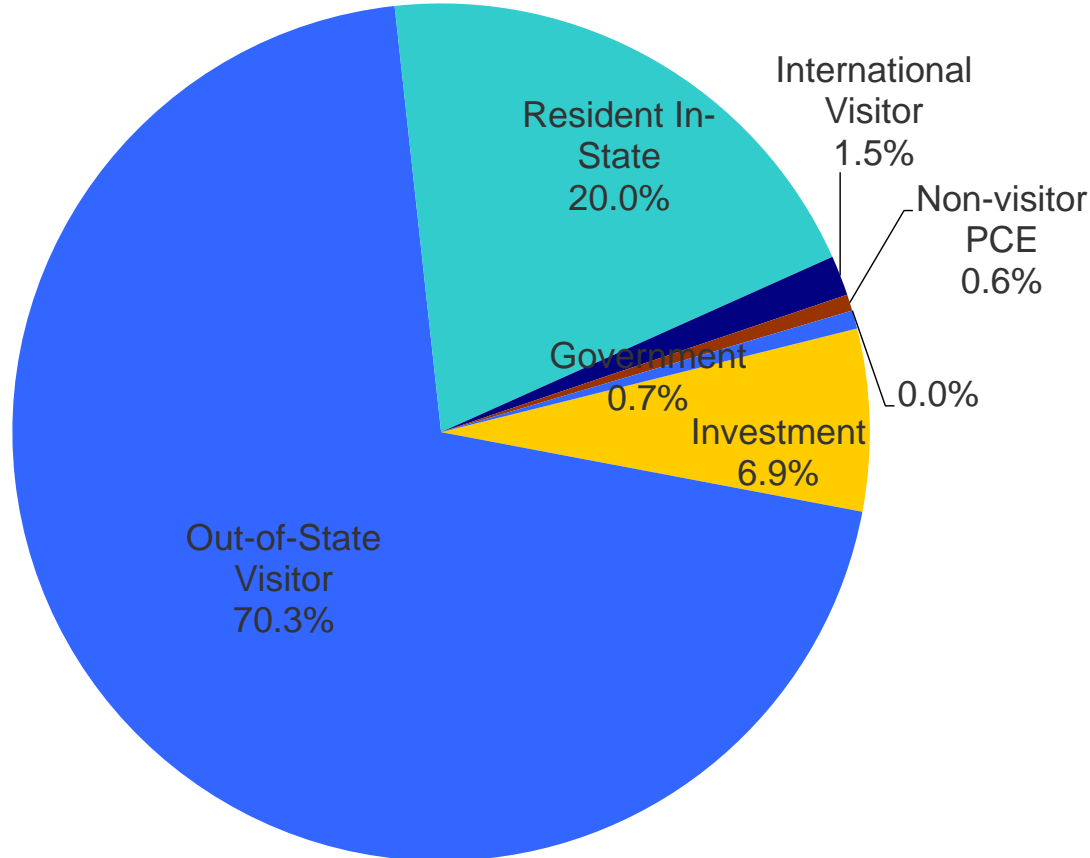
Tourism Satellite Account Spending by Category (US\$ Million)							
	Domestic Visitor	Resident In- State	International Visitor	Non-Visitor PCE	Gov't Support	CAPEX	Total
2016	\$5,125.9	\$1,459.1	\$105.6	\$59.0	\$55.0	\$580.9	\$7,385.5
2015	\$5,014.2	\$1,428.5	\$107.7	\$44.1	\$49.1	\$489.6	\$7,133.2
% chg	2.2%	2.1%	-1.9%	33.8%	11.9%	18.7%	3.5%

Tourism economy sales

Domestic visitor markets comprise the majority (90%) of tourism sales in Kansas.

Capital investment in tourism-related construction and machinery & equipment represents 6.9% of tourism economy sales.

Tourism Demand by Source



4) The Economic Impact of Tourism

How tourism generates impact

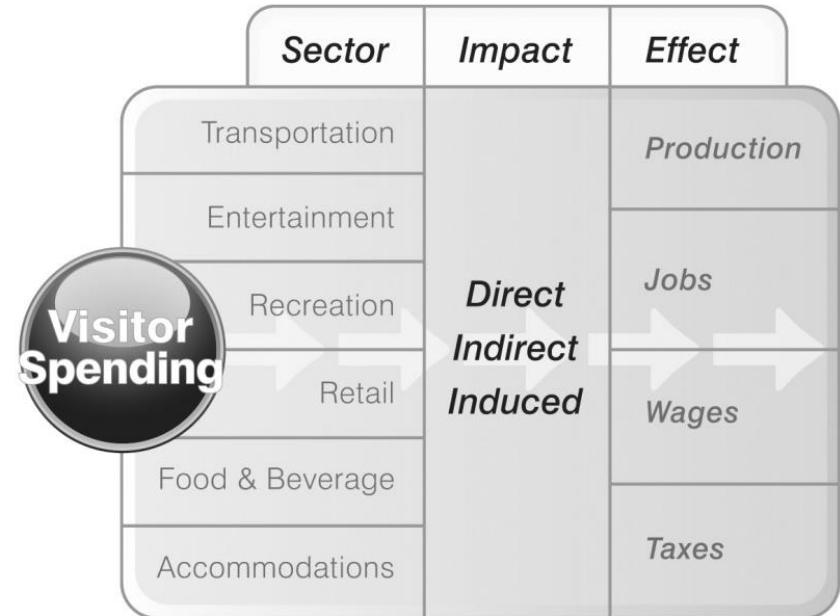
Our analysis of tourism's impact on Kansas starts with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Kansas, we input tourism spending into a model of the Kansas economy created in IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

- Travelers create **direct** economic value within a discreet 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 wages are generated either directly or indirectly by tourism, spend those wages in the local economy.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

Tourism spending flows through the economy and generates economic benefit through multiple channels

How tourism spending flows through the economy and generates economic benefits



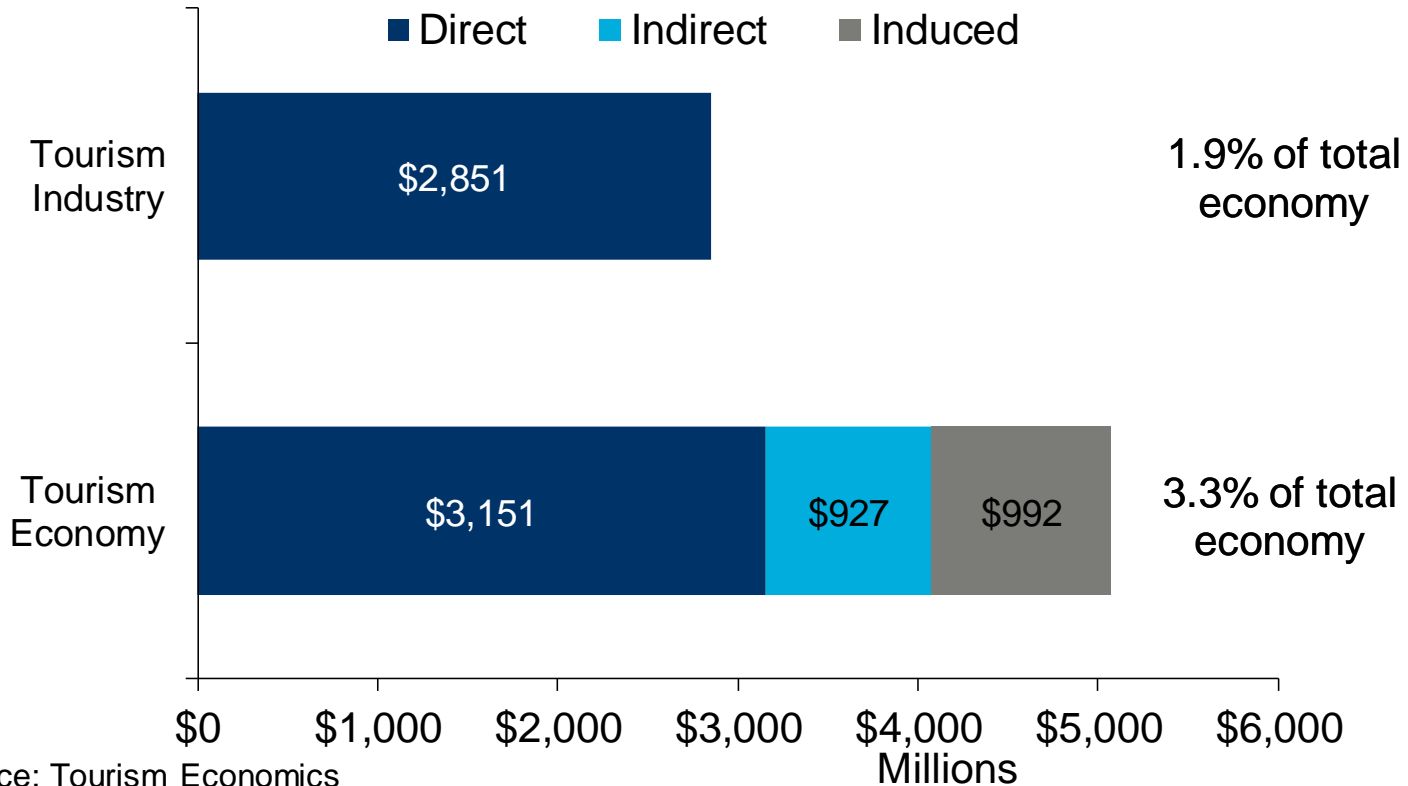
Tourism impact summary - GDP

The tourism industry directly generated \$2.9 billion of Kansas GDP in 2016.

The tourism economy, including direct, indirect, and induced impacts of all tourism sales, generated GDP of \$5.1 billion. This is 3.3% of the state economy.

Tourism GDP Impact

2016, US\$ Millions



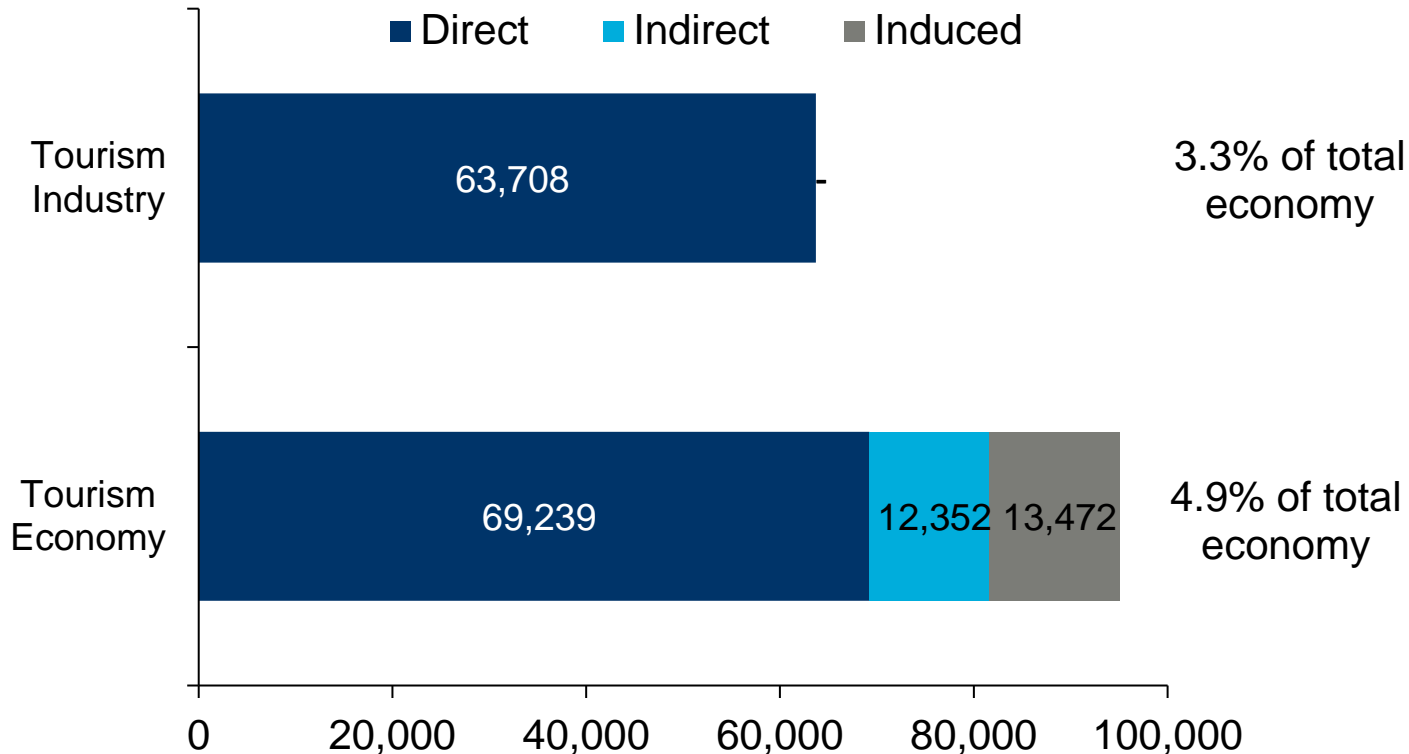
Source: Tourism Economics

Tourism impact summary - jobs

Tourism spending directly supported 63,708 jobs in Kansas in 2016.

The tourism economy, including direct, indirect, and induced impacts, supported 95,062 jobs. This is 4.9% of all jobs in the state.

Tourism Employment Impact 2016



Source: Tourism Economics
| Tourism Economics

Tourism industry impacts

The narrow definition of the tourism industry counts only tourism consumption, which excludes capital investment and general government support of tourism. This definition is consistent with economic accounts.

On this basis, tourism industry GDP was \$2.9 billion in 2016, accounting for 1.9% of total Kansas GDP.

Tourism GDP is the value added from sectors directly interacting with travelers.

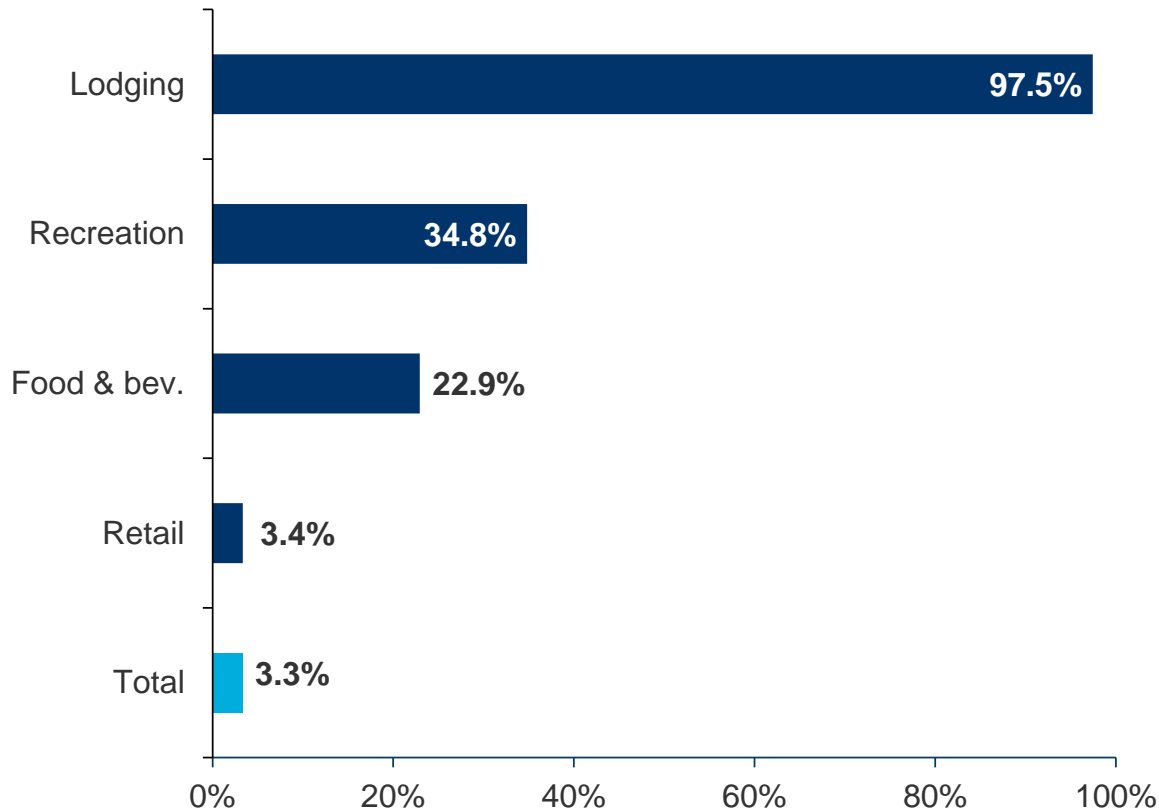
Tourism Industry Impacts		
	GDP	Jobs
	(Millions)	(Units)
Agriculture, Fishing, Mining	-	-
Construction and Utilities	-	-
Manufacturing	-	-
Wholesale Trade	-	-
Air Transport	45	742
Other Transport	94	3,144
Retail Trade	246	6,328
Gasoline Stations	96	1,879
Communications	-	-
Finance, Insurance and Real Estate	139	1,154
Business Services	4	52
Education and Health Care	-	-
Recreation and Entertainment	354	11,107
Lodging	962	12,298
Food & Beverage	729	24,270
Personal Services	72	1,698
Government	110	1,037
TOTAL	2,851	63,708

Source: Tourism Economics

Tourism employment intensity

Tourism employment is a significant part of several industries – 97.5% of lodging, 34.8% of recreation, and 22.9% of food & beverage employment is supported by tourism spending.

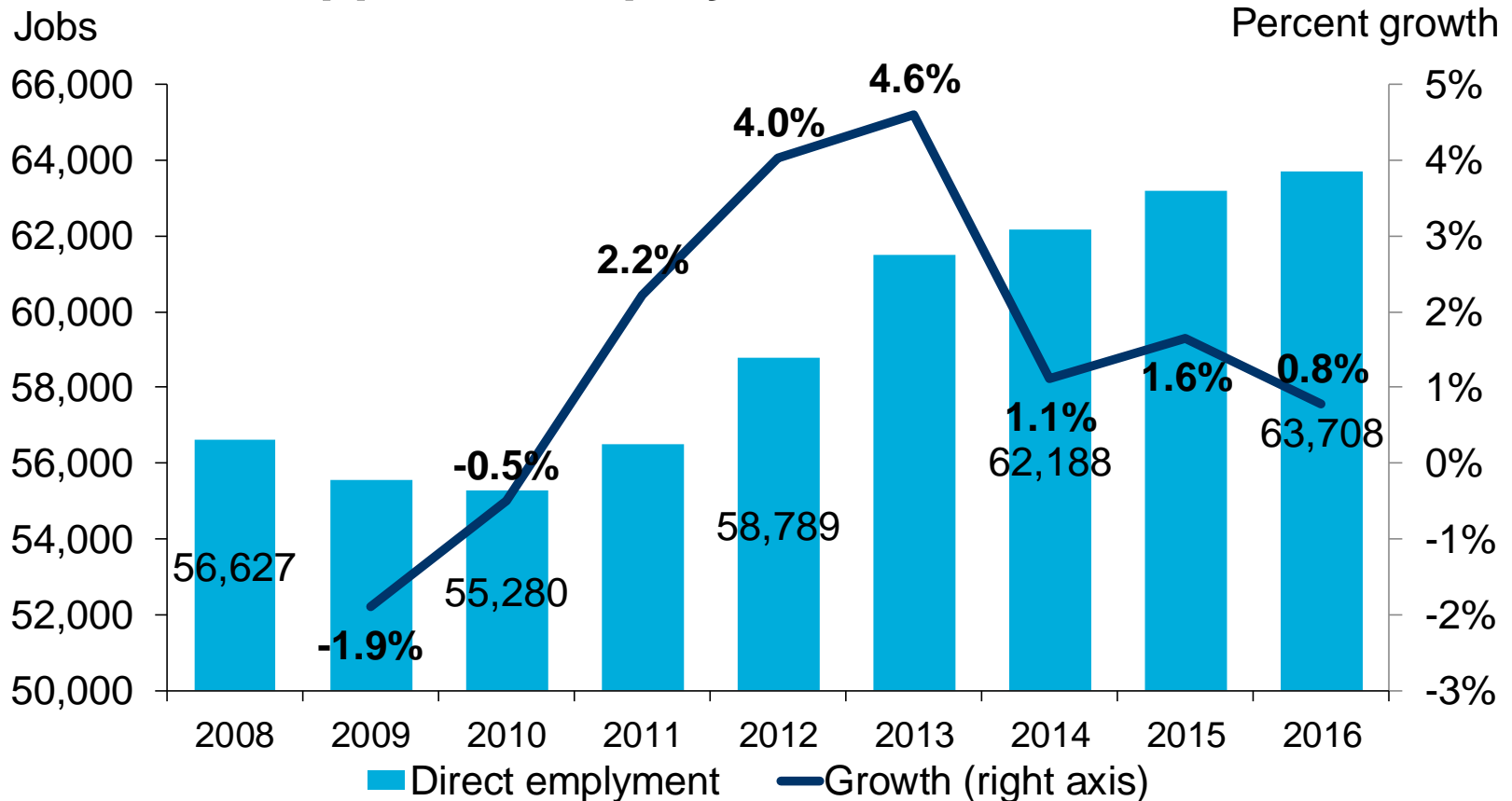
Tourism Employment Intensity by Industry



Tourism employment growth

Tourism employment grew 0.8% in 2016, marking six straight years of employment growth.

Tourism supported employment in Kansas

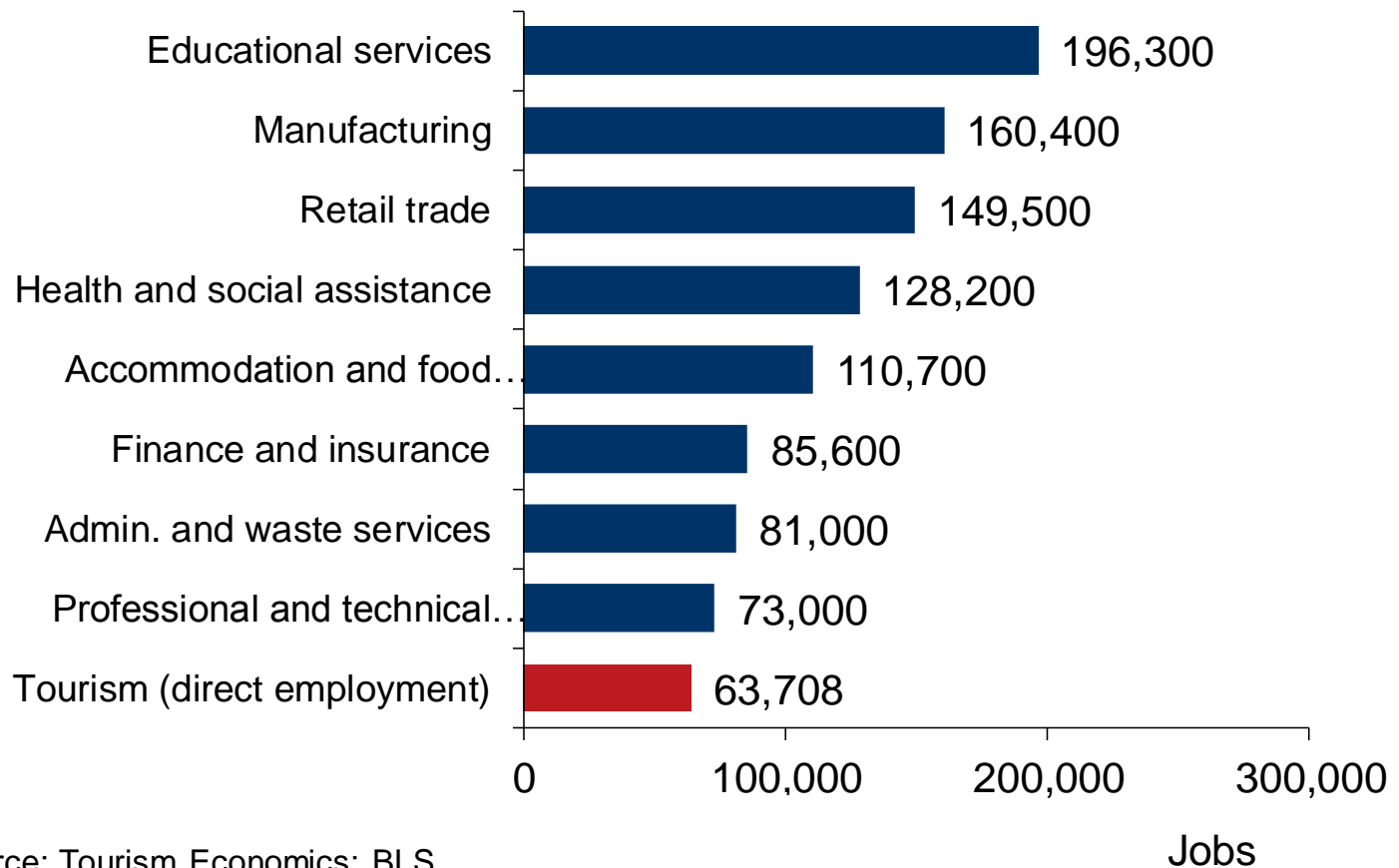


Source: Tourism Economics

The tourism sector is a major contributor to the Kansas economy

Tourism is the 9th largest employer in Kansas

Employment in Kansas



Source: Tourism Economics; BLS

Tourism's impact on business sales (1 of 2)

Spending in support of the tourism industry reached \$7.4 billion in Kansas which supported a total of \$10.8 billion in business sales when indirect and induced impacts are considered

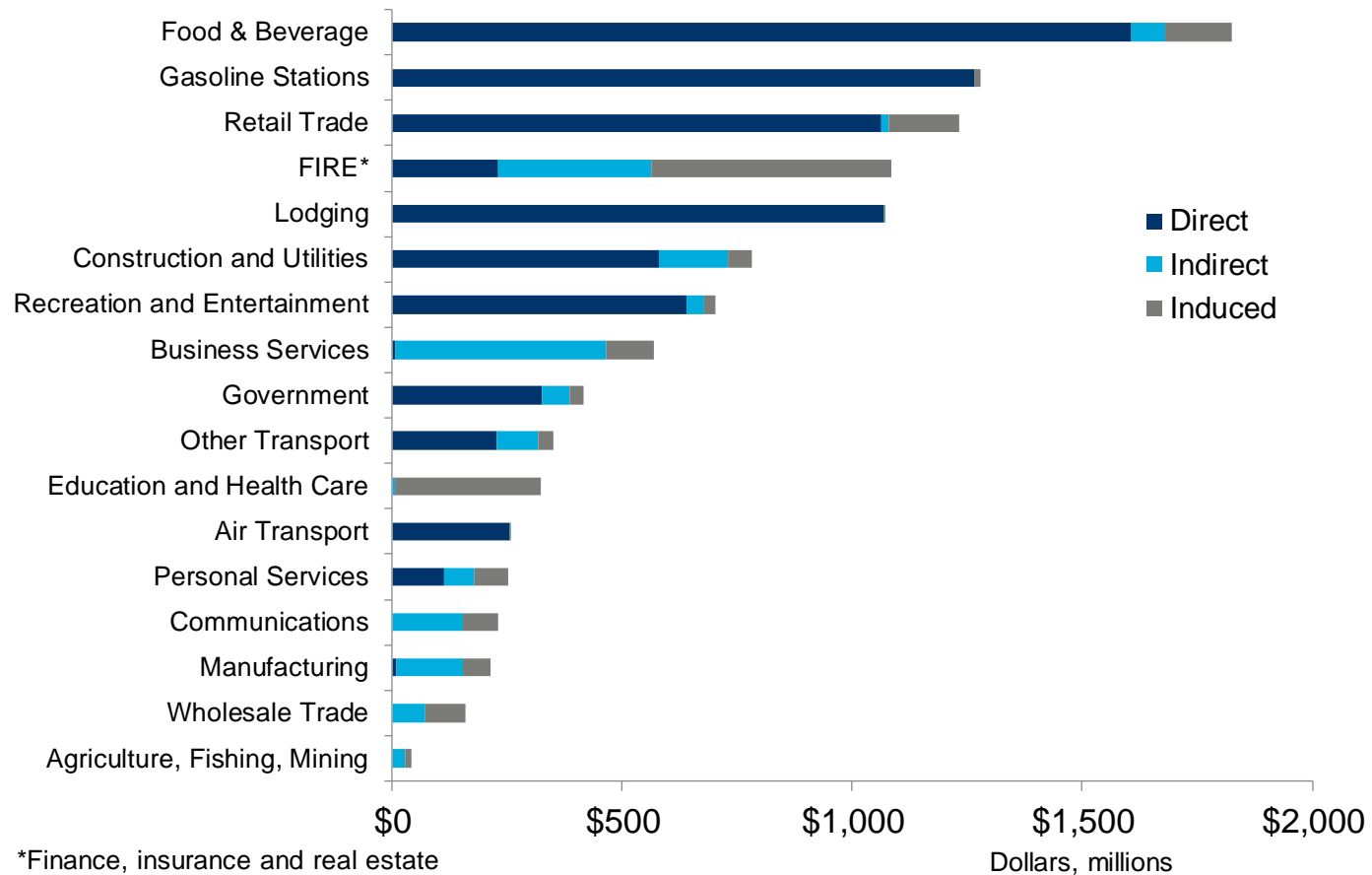
Tourism industry generated business sales, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	29.1	13.5	42.5
Construction and Utilities	580.9	148.6	53.3	782.8
Manufacturing	9.1	143.3	62.0	214.5
Wholesale Trade	-	72.7	86.6	159.4
Air Transport	254.0	1.5	1.9	257.4
Other Transport	226.6	90.1	34.2	350.9
Retail Trade	1,062.3	17.6	152.6	1,232.5
Gasoline Stations	1,264.6	1.5	12.4	1,278.4
Communications	-	153.4	75.4	228.8
Finance, Insurance and Real Estate	228.8	334.3	520.9	1,084.1
Business Services	7.3	458.9	101.4	567.5
Education and Health Care	-	4.6	319.5	324.1
Recreation and Entertainment	639.7	39.1	24.9	703.8
Lodging	1,068.1	1.2	1.4	1,070.7
Food & Beverage	1,606.0	73.6	144.3	1,823.8
Personal Services	113.1	65.1	73.2	251.5
Government	325.0	61.8	28.1	414.9
TOTAL	7,385.5	1,696.4	1,705.7	10,787.5

Source: Tourism Economics

Tourism's impact on business sales (2 of 2)

While the majority of sales are in industries directly serving visitors, significant benefits accrue in sectors like finance, insurance and real estate from selling to tourism businesses

Tourism industry generated business sales, 2016



Tourism's impact on GDP (Value Added) (1 of 2)

Travel generated \$5.1 billion in state GDP in 2016, or 3.3% of the Kansas economy. This excludes all import leakages to arrive at the economic value generated by travel.

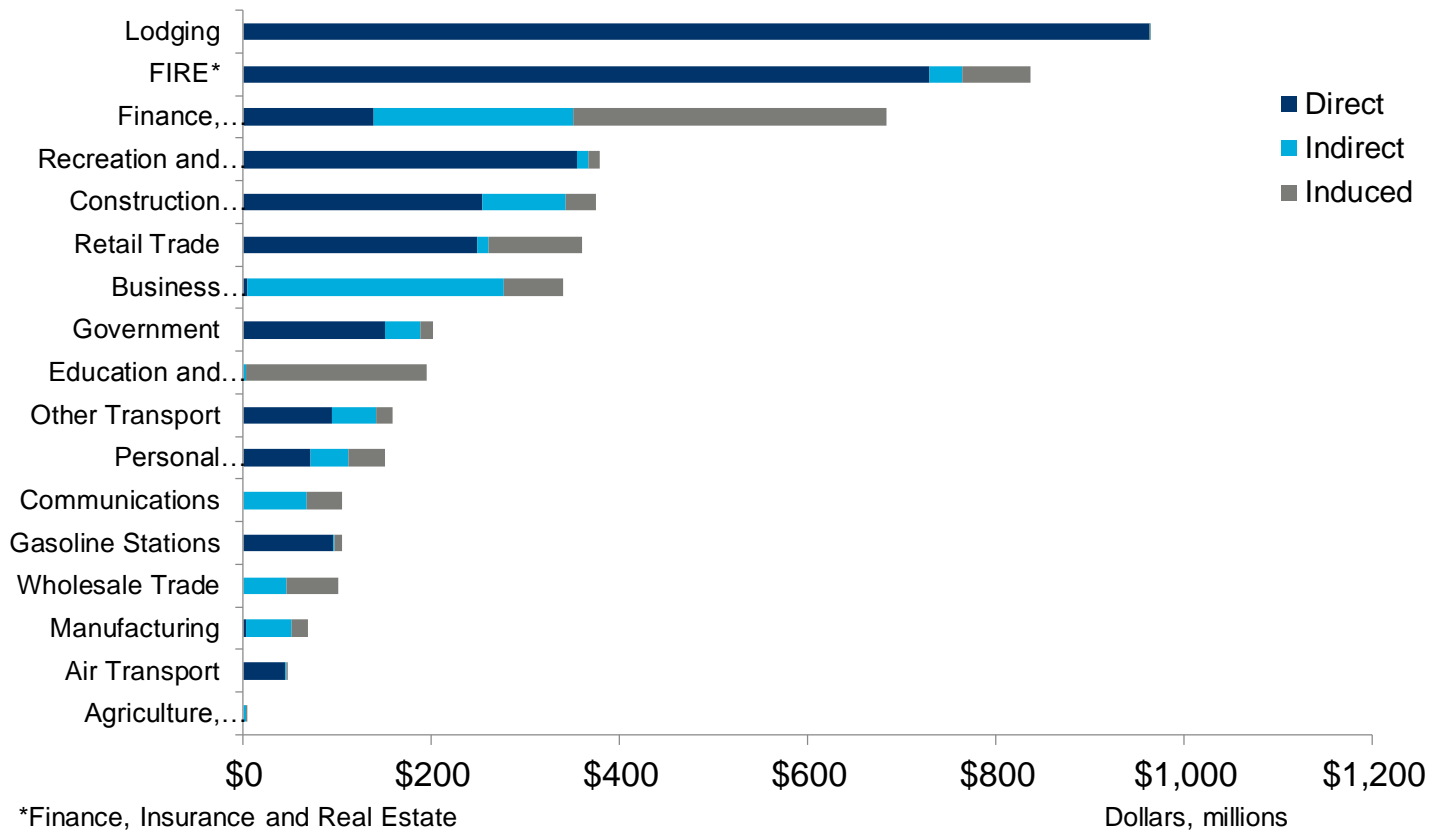
Tourism Economy GDP Impact				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	\$0.0	\$3.2	\$1.5	\$4.7
Construction and Utilities	\$253.5	\$88.7	\$31.9	\$374.1
Manufacturing	\$3.2	\$47.6	\$17.6	\$68.4
Wholesale Trade	\$0.0	\$46.2	\$55.1	\$101.3
Air Transport	\$45.1	\$0.3	\$0.3	\$45.7
Other Transport	\$93.7	\$47.7	\$17.3	\$158.7
Retail Trade	\$248.8	\$11.6	\$98.9	\$359.4
Gasoline Stations	\$96.1	\$0.9	\$7.3	\$104.3
Communications	\$0.0	\$67.7	\$36.8	\$104.4
Finance, Insurance and Real Estate	\$138.5	\$212.3	\$332.8	\$683.7
Business Services	\$4.5	\$271.8	\$63.2	\$339.5
Education and Health Care	\$0.0	\$2.7	\$192.3	\$195.0
Recreation and Entertainment	\$354.2	\$12.0	\$12.1	\$378.3
Lodging	\$962.3	\$0.7	\$0.7	\$963.7
Food & Beverage	\$729.2	\$35.0	\$72.5	\$836.8
Personal Services	\$71.6	\$40.3	\$38.1	\$150.1
Government	\$149.9	\$38.4	\$13.9	\$202.1
TOTAL	\$3,150.7	\$927.0	\$992.5	\$5,070.1

Source: Tourism Economics

Tourism's impact on GDP (Value Added) (2 of 2)

The lodging industry has the largest economic contribution from traveler spending, followed closely by food and beverage.

Visitor generated value added by industry, 2016



Source: Tourism Economics

Tourism's impact on local employment (1 of 2)

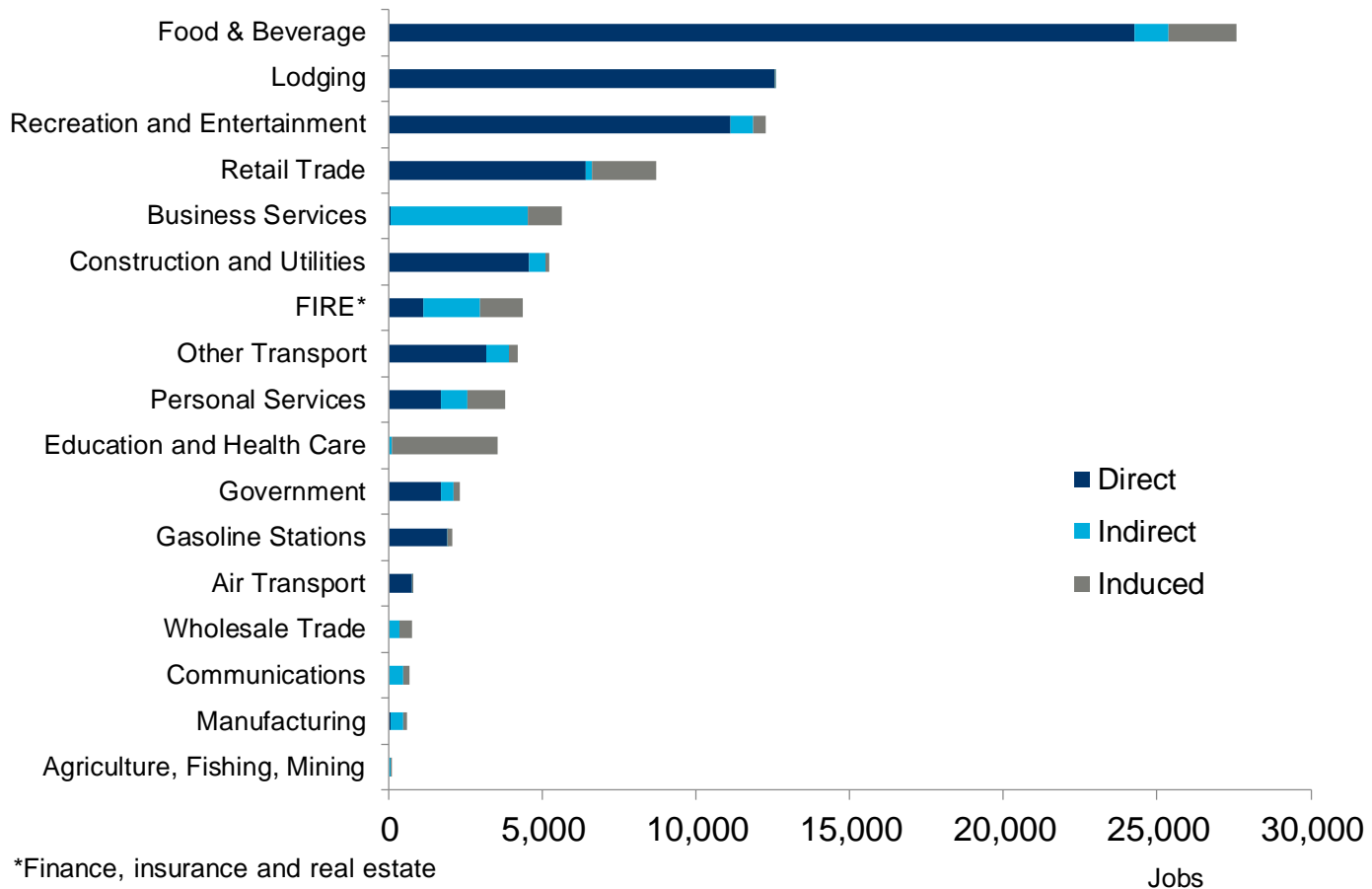
Tourism directly generated 69,239 jobs and 95,062 jobs when indirect and induced impacts are considered

Tourism industry generated employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	61	27	88
Construction and Utilities	4,538	564	121	5,222
Manufacturing	47	426	125	598
Wholesale Trade	-	342	407	749
Air Transport	742	4	6	752
Other Transport	3,144	771	289	4,205
Retail Trade	6,382	236	2,092	8,710
Gasoline Stations	1,879	17	143	2,039
Communications	-	465	181	645
Finance, Insurance and Real Estate	1,154	1,819	1,456	4,430
Business Services	52	4,461	1,098	5,610
Education and Health Care	-	74	3,470	3,544
Recreation and Entertainment	11,107	727	407	12,241
Lodging	12,544	12	14	12,570
Food & Beverage	24,270	1,109	2,184	27,562
Personal Services	1,698	830	1,254	3,782
Government	1,684	433	197	2,314
TOTAL	69,239	12,352	13,472	95,062

Source: Tourism Economics

Tourism's impact on local employment (2 of 2)

Tourism industry generated employment, 2016



*Finance, insurance and real estate

Source: Tourism Economics

Tourism's impact on local income (1 of 2)

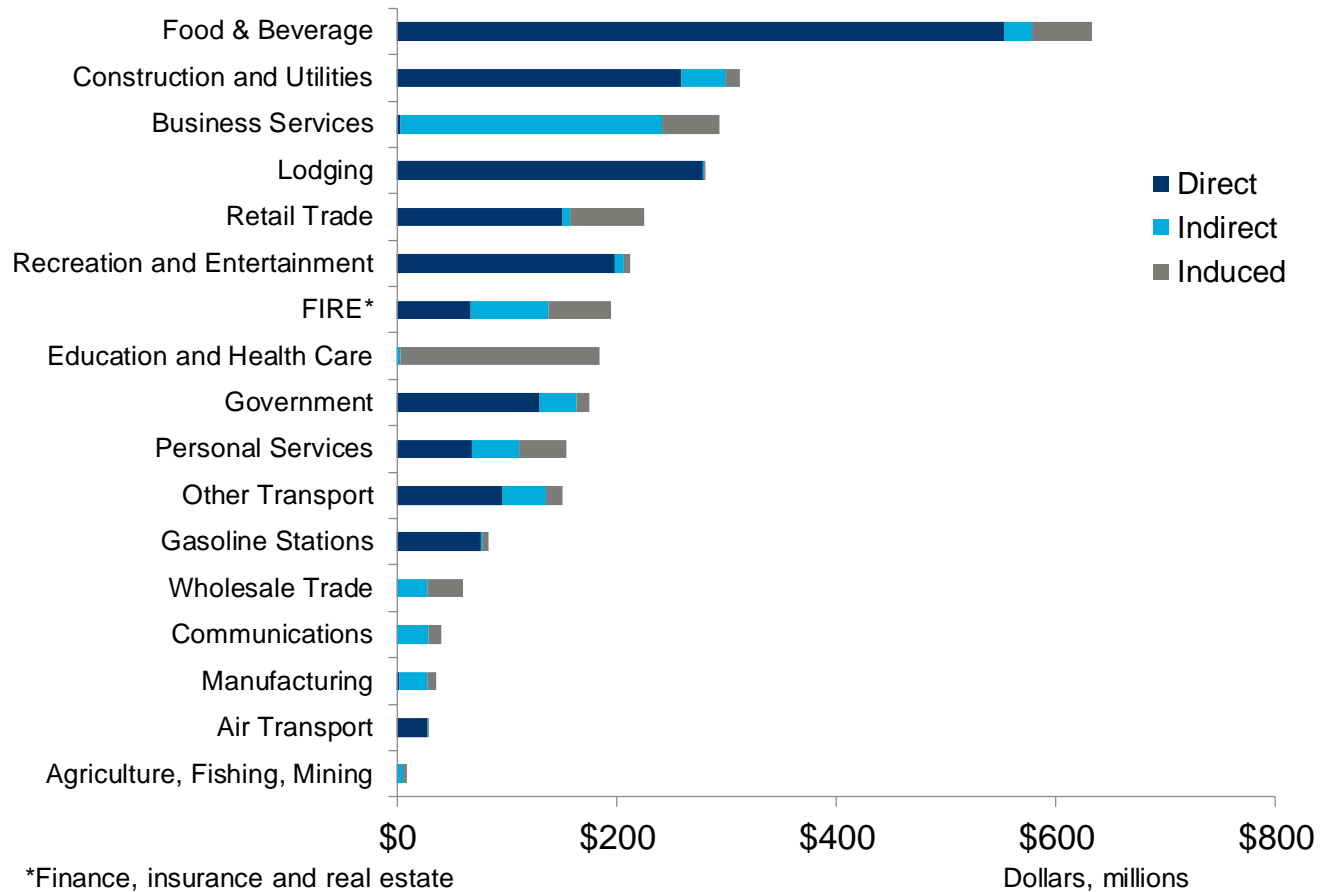
Tourism generated \$1.9 billion in direct income and \$3.1 billion when indirect and induced impacts are considered

Tourism industry generated income, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	5.7	3.4	9.1
Construction and Utilities	258.3	41.5	12.3	312.2
Manufacturing	2.4	25.2	7.8	35.4
Wholesale Trade	-	27.4	32.7	60.1
Air Transport	27.2	0.2	0.2	27.6
Other Transport	96.0	40.1	15.0	151.2
Retail Trade	150.6	7.5	67.3	225.4
Gasoline Stations	76.3	0.7	5.8	82.8
Communications	-	28.1	12.4	40.6
Finance, Insurance and Real Estate	66.7	71.1	57.2	195.1
Business Services	2.9	238.0	53.0	294.0
Education and Health Care	-	2.5	182.2	184.7
Recreation and Entertainment	198.7	7.3	6.7	212.7
Lodging	279.2	0.3	0.4	279.8
Food & Beverage	553.1	25.9	54.8	633.8
Personal Services	68.4	42.6	43.6	154.6
Government	129.4	33.8	11.8	175.0
TOTAL	1,909.3	598.0	566.8	3,074.0

Source: Tourism Economics

Tourism's impact on local income (2 of 2)

Tourism industry generated wages, 2016



Source: Tourism Economics

Tourism's impact on taxes

\$547 in savings for each Kansas household

Taxes of \$1.0 billion were directly and indirectly generated by tourism in 2016.

State and local taxes alone tallied \$609 million in 2015.

Each household in Kansas would need to be taxed an additional \$547 per year to replace the traveler taxes received by state and local governments.

Traveler-Generated Tax Revenues		
(US\$ Million, 2016)		
	Direct	Total
Federal	263.3	436.7
Personal Income	12.2	18.1
Corporate	35.2	75.1
Indirect business	48.4	69.8
Social Security	167.5	273.7
State and Local	425.1	609.1
Sales	175.9	257.1
Bed Taxes	45.4	45.4
Personal Income	37.7	60.8
Corporate	2.6	5.5
Social Security	2.0	3.3
Excise and Fees	26.8	40.3
Property	134.6	196.8
TOTAL	688.4	1,045.8

Tourism's impact on taxes

Travelers generate significant revenues to state and local governments.

Of the \$609 million in state and local tax traveler receipts, the state received \$282 million.

Local governments received \$327 million in tax receipts from travel-generated activity.

Traveler-Generated Tax Revenues		
(US\$ Million, 2016)		
	State	Local
Sales	194.7	62.4
Bed Taxes	-	45.4
Personal Income	60.7	0.1
Corporate	5.5	-
Social Security	3.3	-
Excise and Fees	17.8	22.4
Property	-	196.8
TOTAL	282.1	327.1

Growth in spending and employment

Total employment reaches 95,062 with direct income surpassing \$3.0 billion and state and local tax revenue reaching \$609 million.

Tourism industry impacts in Kansas

Dollars are nominal, millions

	2011	2012	2013	2014	2015	2016	2016 growth	2011-2016 CAGR
Direct income	\$1,505	\$1,627	\$1,679	\$1,744	\$1,814	\$1,909	5.2%	4.9%
Total income	\$2,510	\$2,649	\$2,715	\$2,822	\$2,933	\$3,074	4.8%	4.1%
Direct employment	56,508	58,789	61,497	62,188	63,211	63,708	0.8%	2.4%
Total employment	84,409	87,593	91,265	92,698	94,126	95,062	1.0%	2.4%
State and local taxes			\$556	\$569	\$589	\$609	3.4%	

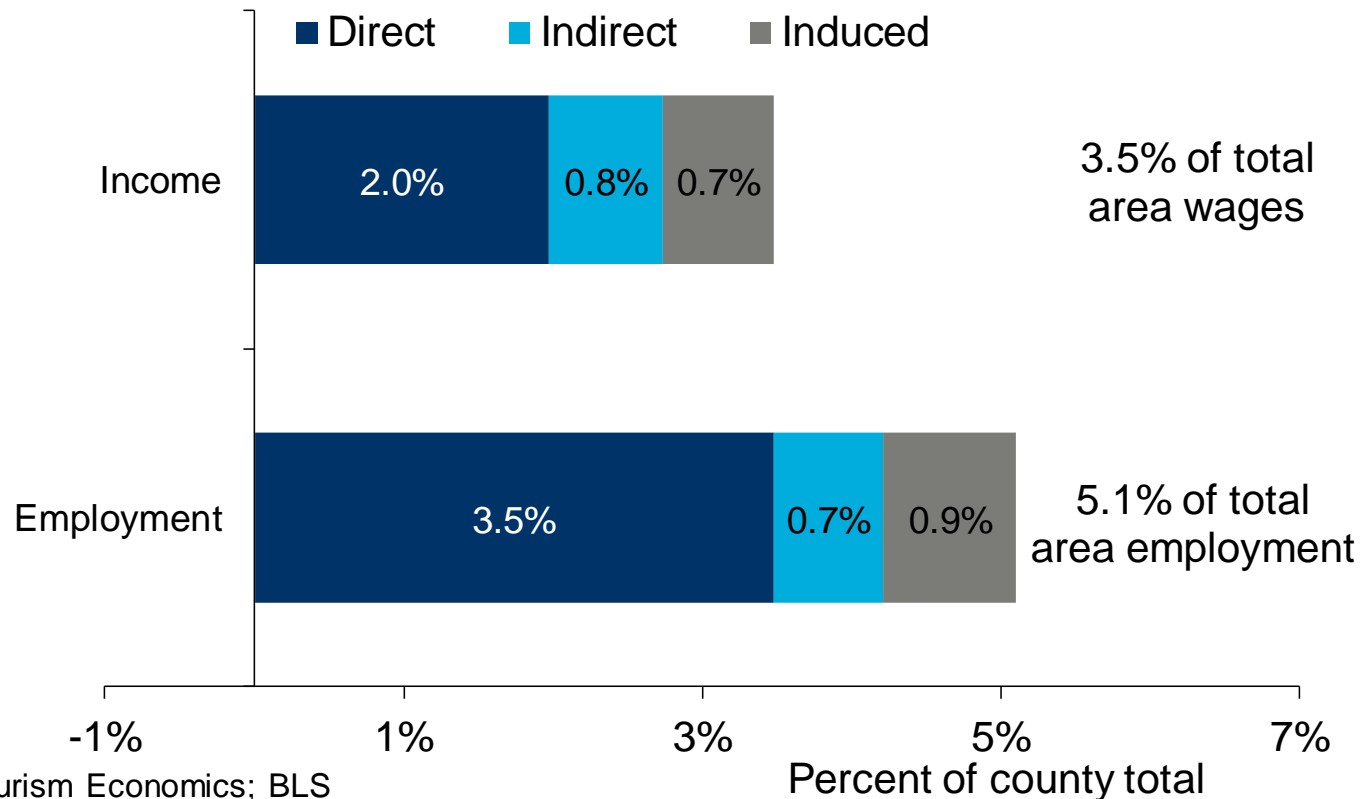
Source: Tourism Economics

4) Economic Impact in Context

The tourism sector is a major contributor to Kansas' economy

The tourism sector sustains 3.5% of all income and 5.1% of all jobs in Kansas

Share of total Kansas employment and income supported by tourism



Source: Tourism Economics; BLS

Figures in context

Tourism Spending

The \$6.7 billion in tourism spending is what Americans spent on legal marijuana in 2016.

Tourism Supported Sales

The \$10.8 billion in total impact in 2016 would rank 265 on the Fortune 500 list – similar in size to PayPal, and larger than MasterCard and Priceline Group.

Figures in context

Employment

The 69,205 jobs directly supported by visitor spending would be enough for every resident of the City of Shawnee.

Visitation

2016's 36.0 million visitors would be like everyone from Arkansas, Colorado, Iowa, and Missouri visiting Kansas TWICE during the year – with enough room left over for most of South Dakota.

Figures in context

Taxes

The \$609 million in state and local taxes collected from visitor activity would fully fund the Department for Children & Families in Kansas in FY 2018.

Taxes

To make up for the \$609 million in state and local taxes generated by visitor activity, each household in Kansas would need to contribute \$550 to maintain the current level of government.

\$550 per household is enough for one month of food for the average American household.

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

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 enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 120 professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in London, Oxford, Dubai, Philadelphia, and Belfast.

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