

ECONOMIC IMPACT OF VISITORS IN ILLINOIS 2020

Prepared for:
Illinois Office of Tourism



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INTRODUCTION

The travel sector is an integral part of the Illinois economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Illinois' future. How critical? Even in 2020, tourism supported 6.3% of all jobs in Illinois.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for Illinois as it continues to expand upon its visitor economy, and by establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the economic significance of the tourism sector in Illinois, Tourism Economics has prepared a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as the total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Illinois. The model 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-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

Visitors included those who stayed in overnight accommodations or those who came from a distance greater than 50 miles and deviated from their normal routine.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis. This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

Gasoline price data were obtained from the U.S. Energy Information Administration.

The analysis draws on the following data sources:

- Spending and visitor profile characteristics for visitors to Illinois based on historical DK Shifflet survey data
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- Tax collections: Lodging and sales tax receipts
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Illinois based on aviation, survey, and credit card information

KEY FINDINGS

KEY FINDINGS

The pandemic affected 2020 visitor activity

Shutdowns significantly cut visitation and spending, and cities bore the brunt of the impacts.

The 2020 visitor spending results have been significantly impacted by the pandemic. Business travel disappeared and both the limitations and restrictions to mobility, as well as economic disruptions, hit travel hard.

But travel did happen in 2020 – it was just a lot different than previous years. Travel leaned towards auto trips, and the widespread decline of business travel made leisure travel of paramount importance to the tourism industry.

While declines in 2020 were significant, the number of trips and associated spending that occurred in Illinois during the year was still noteworthy.



Pandemic affects results

Visitor spending declined 49%; however, visitors to Illinois still spent \$23.3 billion in 2020, which generated \$47.0 billion in total business sales, including indirect and induced impacts.



Employment Supporter

A total of 352,300 jobs were sustained by visitors to Illinois in 2020. This included 207,900 direct and 144,400 indirect and induced jobs.



Fiscal Contributions

Tourism in Illinois generated \$5.2 billion in tax revenues in 2020, with \$2.6 billion accruing to state and local governments.

VISITOR ECONOMY TRENDS

VISITOR SPENDING TRENDS

Visitor spending

Visitor spending faced steep drop after years of steady growth.

Visitor spending in Illinois declined 49% in 2020, falling to \$23.3 billion.

The pandemic and its various travel restrictions and changes in traveler behavior cut \$22.2 billion from 2019 visitor spending levels.

Prices in key traveler sectors – gasoline and lodging – fell, exacerbating the decline in spending.

Illinois Total Visitor Spending

Amounts in billions of nominal dollars



Source: Tourism Economics

SPENDING DETAILS

Spending by category, 2020

Visitors to Illinois spent \$23.3 billion across a wide range of sectors.

Of the \$23.3 billion spent in Illinois in 2020 by visitors, air and local transportation spending combined captured \$10.1 billion—43% of the average visitor dollar.

Food & beverage and lodging spending by visitors were the next largest spending categories in 2020, accounting for 24% and 15%, respectively, of the average visitor dollar.

Recreational activities' share of the average visitor dollar dwindled in 2020, while retail's share expanded. Recreational activities captured 8 cents of each visitor dollar in 2020, down from 10 cents in 2019. Conversely, retail's visitor spending share grew from 8 cents of the average visitor dollar to 9 cents.



Note: Lodging spending is calculated as an industry, including meetings, catering, etc..

Source: Tourism Economics

SPENDING TIMELINE

Visitor spending by industry

Visitor spending fell by \$22.2 billion in 2020, and still registered \$23.3 billion.

As 2020 travel became more leisure and family-oriented overall, spending sectors with more reliance on those segments declined less. For example, food and beverage spending declined 44% – the least of any category.

Lodging spending was hit hard by the pandemic. With fewer rooms rented coupled with lower prices, lodging spending in 2020 fell by 59%.

Demand for air travel plummeted and gas prices fell, as did spending on car rentals, driving combined local and air transportation 46% lower than in 2019.

Visitor Spending in Illinois

Amounts in billions of nominal dollars and growth rates

	2016	2017	2018	2019	2020	2020 Growth	CAGR 2016-2020
Total visitor spending	\$40.4	\$41.6	\$44.2	\$45.5	\$23.3	-48.9%	-12.9%
Food & beverages	\$8.8	\$9.1	\$9.7	\$10.1	\$5.6	-44.1%	-10.7%
Lodging	\$7.5	\$7.7	\$8.2	\$8.4	\$3.5	-58.6%	-17.6%
Retail	\$3.5	\$3.6	\$3.7	\$3.9	\$2.1	-44.4%	-11.4%
Recreation	\$4.1	\$4.3	\$4.3	\$4.4	\$1.9	-56.4%	-17.2%
Local Transportation	\$8.4	\$8.7	\$9.3	\$9.6	\$6.6	-30.7%	-5.8%
Air Transportation	\$8.1	\$8.2	\$9.0	\$9.2	\$3.5	-62.4%	-19.0%

Source: DKS; Tourism Economics

SPENDING TIMELINE

Visitor spending by segment

Domestic visitor spending mitigated the losses experienced by Illinois in 2020. As international inbound travel was severely restricted in 2020, significant declines were felt across the state.

Visitor Spending by Market

Amounts in billions of nominal dollars

	2016	2017	2018	2019	2020	2020 Growth
Total visitor spending	\$40.4	\$41.6	\$44.2	\$45.5	\$23.3	-48.9%
Domestic	\$37.2	\$38.5	\$40.9	\$42.4	\$22.6	-46.7%
International	\$3.2	\$3.2	\$3.3	\$3.1	\$0.7	-78.2%

Source: DKS; STR; Tourism Economics

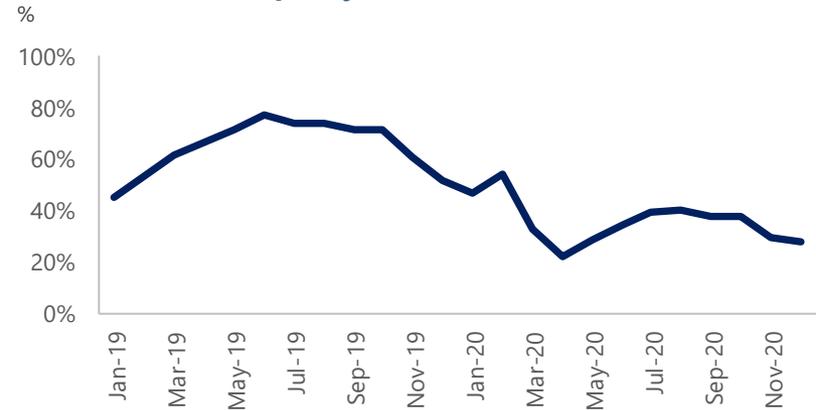
VISITOR ECONOMY

Hotel sector

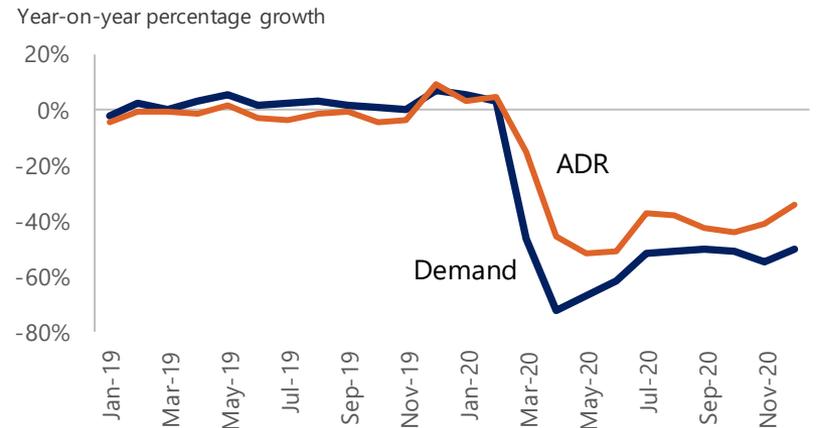
Illinois' hotel room demand collapsed 48.7% in 2020. Supply declined a mere 6.6%. With supply being unable to adjust to the evolving travel environment as quickly as demand, the occupancy rate fell drastically from 65.7% to 36.1%.

Pricing power also heavily contributed to the 66.2% drop in hotel revenue. Average daily rates were down an average of 35.1% throughout 2020.

Illinois Hotel Occupancy Rate



Illinois Hotel Revenue Contributors



Source: STR

VISITOR ECONOMY

Labor market

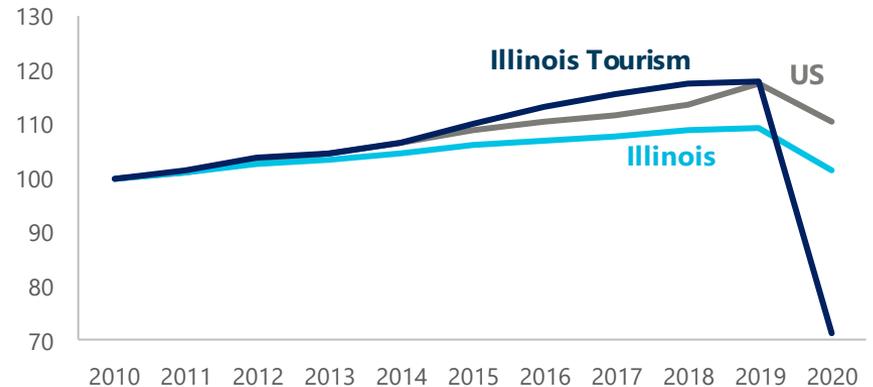
Tourism employment was the most hard-hit sector in the state and nation in 2020.

Within Illinois, tourism employment had consistently outpaced overall state employment, increasing 18.0% between 2010 and 2019 compared to overall state employment growth of 9.2%. However, in 2020, nearly 40% of tourism jobs were lost in Illinois, while total employment in the state only declined 7.1%.

The tourism industry lost 136,000 jobs in 2020 alone, setting it back below its 2010 level.

Tourism Employment in Illinois

Index (2010=100)



Source: BEA; BLS; Tourism Economics

VISITOR ECONOMY

Falling fuel prices

Fuel prices moved downwards in 2020, falling a further 15.5% on average compared to 2019. With the lack of air travel occurring in 2020, relatively low fuel prices helped encourage auto trips that might have otherwise not occurred. However, low fuel prices limited growth in local transportation spending.

Fuel Prices in Illinois

Illinois average gasoline price, dollars per gallon



Source: Energy Information Administration

ECONOMIC IMPACTS



ECONOMIC IMPACTS

How visitor spending generates employment and income

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

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

- 1. Direct Impacts:** Visitors 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.
- 2. Indirect Impacts:** Each directly affected sector also purchases goods and services as inputs (e.g., food wholesalers, utilities) into production. These impacts are called indirect impacts.
- 3. Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated, either directly or indirectly by visitors, spend those wages in the local economy.

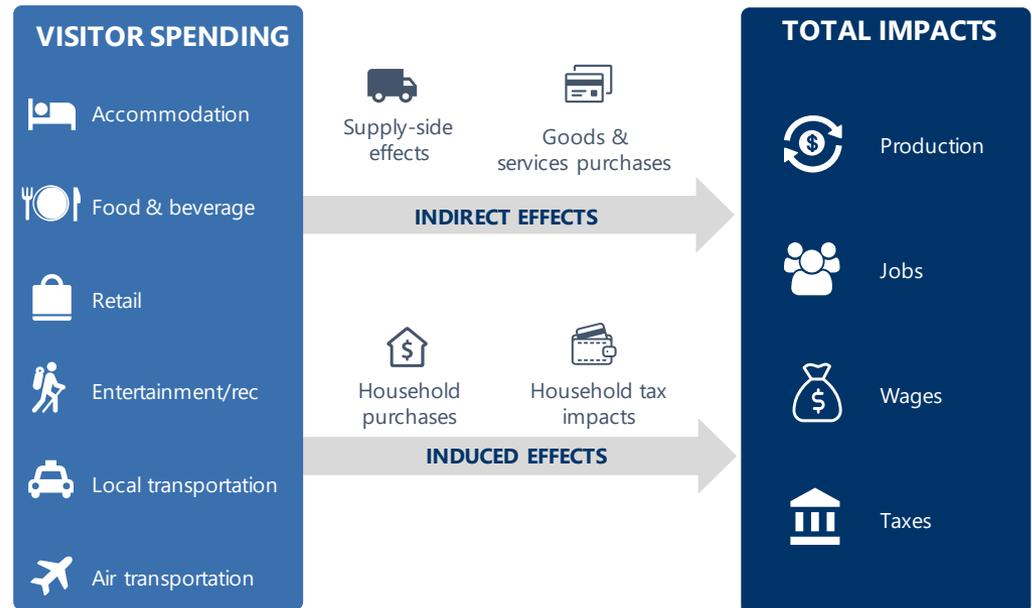
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes



TOTAL BUSINESS SALES IMPACTS

Business sales impacts by industry

Visitors and tourism businesses spent \$23.3 billion in Illinois in 2020. This supported a total of \$47.0 billion in business sales when indirect and induced impacts are considered.

Summary Economic Impacts (\$ billions)



Business Sales Impacts by Industry

Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
Total, all industries	\$23,273	\$10,608	\$13,082	\$46,963
By industry				
Finance, insurance, and real estate	\$1,146	\$2,680	\$4,145	\$7,971
Food & beverage	\$5,627	\$478	\$844	\$6,948
Other transport	\$2,968	\$1,090	\$340	\$4,398
Business services		\$2,529	\$1,316	\$3,845
Air transport	\$3,477	\$44	\$124	\$3,644
Lodging	\$3,463	\$3	\$10	\$3,475
Retail trade	\$2,147	\$118	\$859	\$3,124
Gasoline stations	\$2,510	\$17	\$44	\$2,570
Education and healthcare		\$25	\$2,234	\$2,259
Recreation and entertainment	\$1,776	\$154	\$238	\$2,168
Communications		\$837	\$675	\$1,512
Manufacturing		\$876	\$432	\$1,309
Personal services	\$161	\$289	\$753	\$1,202
Construction and utilities		\$755	\$380	\$1,135
Wholesale trade		\$536	\$592	\$1,128
Government		\$119	\$67	\$186
Agriculture, fishing, mining		\$58	\$30	\$89

Source: Tourism Economics

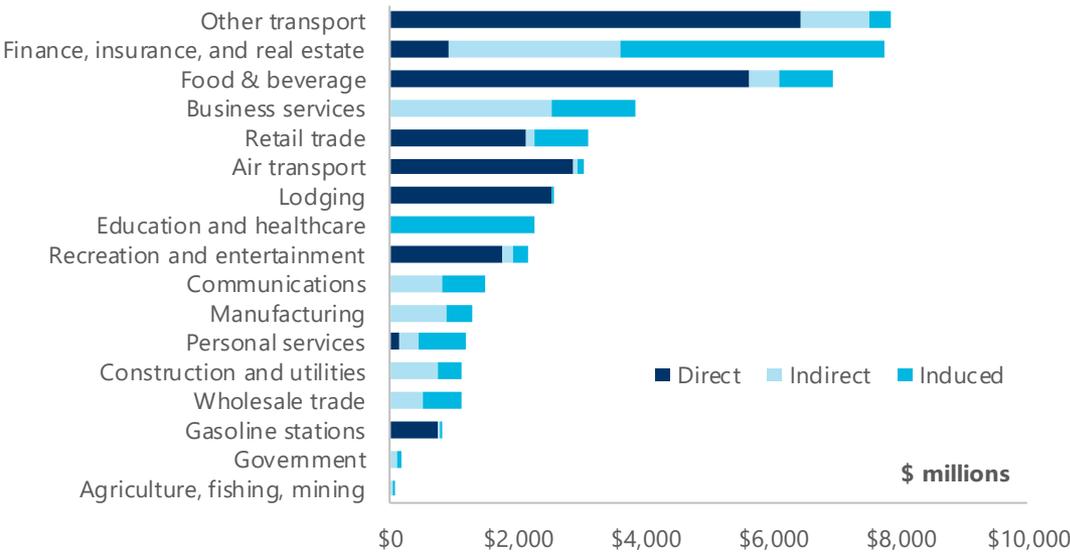
TOTAL BUSINESS SALES IMPACTS

Business sales impacts by industry

The indirect and induced effects add a total of \$23.7 billion in sales to businesses located in Illinois. This includes \$6.8 billion in sales supported by visitor activity but not by visitors to finance, insurance, and real estate businesses.

Significant benefits also accrue in sectors like business services, education & health care, and communications from selling to tourism businesses and employees.

Business Sales Impacts by Industry



Source: Tourism Economics

TOTAL INCOME IMPACTS

Personal income impacts by industry

Tourism generated \$9.2 billion in direct income and \$17.6 billion when indirect and induced impacts are considered.

Summary Personal Income Impacts (\$ billions)



Personal Income Impacts by Industry

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
Total, all industries	\$9,227	\$3,786	\$4,602	\$17,614
By industry				
Food & beverage	\$2,410	\$233	\$319	\$2,962
Business services		\$1,389	\$737	\$2,125
Lodging	\$1,808	\$1	\$5	\$1,814
Other transport	\$1,129	\$496	\$150	\$1,774
Air transport	\$1,616	\$14	\$33	\$1,663
Finance, insurance, and real estate	\$278	\$647	\$718	\$1,643
Education and healthcare		\$13	\$1,276	\$1,290
Recreation and entertainment	\$1,060	\$75	\$91	\$1,226
Retail trade	\$458	\$40	\$319	\$818
Personal services	\$214	\$186	\$409	\$809
Wholesale trade		\$158	\$184	\$342
Communications		\$165	\$137	\$302
Gasoline stations	\$253	\$5	\$14	\$272
Construction and utilities		\$150	\$82	\$232
Manufacturing		\$103	\$67	\$170
Government		\$101	\$54	\$156
Agriculture, fishing, mining		\$9	\$7	\$16

Source: Tourism Economics

TOTAL INCOME IMPACTS

Personal income impacts by industry

There are eight industries in which visitor activity supports more than \$1 billion in personal income. These range from the obvious—food & beverages and lodging, to the less obvious—business services and education & health care.

Personal Income Impacts by Industry



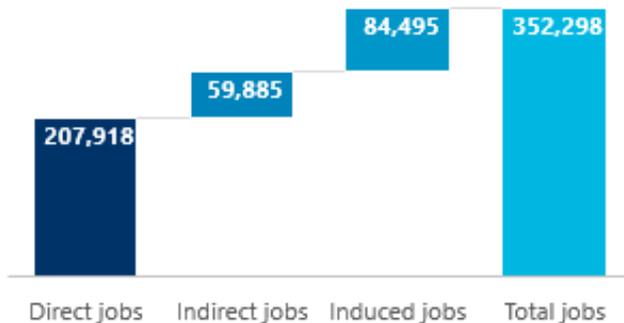
Source: Tourism Economics

TOTAL EMPLOYMENT IMPACTS

Employment impacts by industry

Tourism supported a total of 352,298 jobs, 6.3% of total employment, in Illinois when indirect and induced impacts are considered.

Summary Employment Impacts (number of jobs)



Employment Impacts by Industry

Amounts in number of jobs	Direct jobs	Indirect jobs	Induced jobs	Total jobs
Total, all industries	207,918	59,885	84,495	352,298
By industry				
Food & beverage	90,676	7,419	11,706	109,801
Other transport	29,411	9,600	4,247	43,258
Business services		17,942	9,610	27,553
Lodging	27,119	24	87	27,231
Finance, insurance, and real estate	3,767	10,638	9,938	24,343
Recreation and entertainment	18,986	2,122	2,553	23,661
Education and healthcare		283	21,292	21,575
Personal services	7,391	3,369	9,583	20,343
Retail trade	9,838	1,144	9,150	20,132
Air transport	14,627	144	346	15,118
Gasoline stations	6,102	167	430	6,698
Wholesale trade		1,580	1,753	3,334
Communications		1,509	1,344	2,853
Manufacturing		1,307	906	2,214
Construction and utilities		1,243	768	2,011
Government		1,107	567	1,674
Agriculture, fishing, mining		286	214	500

Source: Tourism Economics

TOTAL EMPLOYMENT IMPACTS

Employment impacts by industry

Visitor spending supports the largest number of jobs in the food & beverage industry—nearly 110,000. The majority of those jobs are directly supported by visitor activity.

Tourism-supported employment in recreational businesses provided almost 24,000 jobs to Illinois job holders with lodging employment registering over 27,000 jobs in the state in 2020.

More than 144,000 Illinois-based jobs were either supported indirectly or induced by visitor activity in 2020.

Employment Impacts by Industry



Source: Tourism Economics

TOTAL TAX IMPACTS

Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated \$5.2 billion in governmental revenues.

State and local taxes alone tallied \$2.6 billion in 2020.

Fiscal (Tax) Impacts

Amounts in millions of current dollars

Total tax revenues	\$5,213
Federal	\$2,646
Personal income	\$988
Corporate	\$171
Indirect business	\$180
Social security	\$1,306
State and Local	\$2,567
Personal Income	\$294
Sales	\$1,035
Lodging	\$105
Corporate	\$64
Social security	\$2
Excise and fees	\$108
Property	\$958

Source: Tourism Economics

TOTAL TAX IMPACTS

Fiscal (tax)

The visitor economy supported over \$1.1 billion in local tax revenues in Illinois.

Each local household would need to be taxed an additional \$529 to replace the traveler taxes received by state and local governments in 2020.

In Illinois, tourism supported taxes would fund either:

- the Governor’s Economic Recovery Plan (\$450 million)
- the entire annual funding for the Department of Children and Family Services (\$1.1 billion)

Fiscal (Tax) Impacts

Amounts in millions of nominal dollars	State	Local
Total tourism taxes	\$1,431	\$1,136
Personal income	\$294	
Sales	\$967	\$68
Lodging		\$105
Corporate	\$64	
Social security	\$2	
Excise and fees	\$103	\$5
Property		\$958

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

DIRECT INDUSTRY EMPLOYMENT

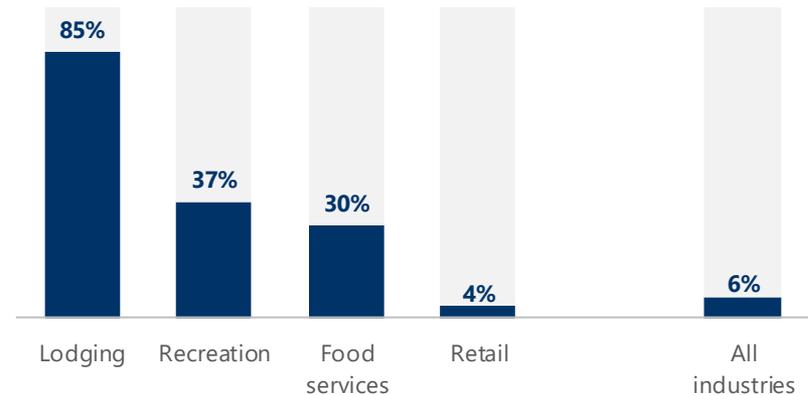
Tourism employment

Tourism employment is a significant part of several industries—the majority of lodging employment, over one-third of recreational employment, and over 30% of food services employment is supported by tourism spending.

Tourism shares fell in 2020 with the decline in visitor spending. The share of recreational jobs supported by visitor activity dropped six percentage points to 37% in 2020 as resident spending – local demand – rose in importance to these businesses.

Tourism Employment Intensity

Amounts in percentage of total industry employment



Source: BEA; BLS; Tourism Economics

DIRECT INDUSTRY EMPLOYMENT

Tourism employment

Visitor spending directly supported 207,918 jobs.

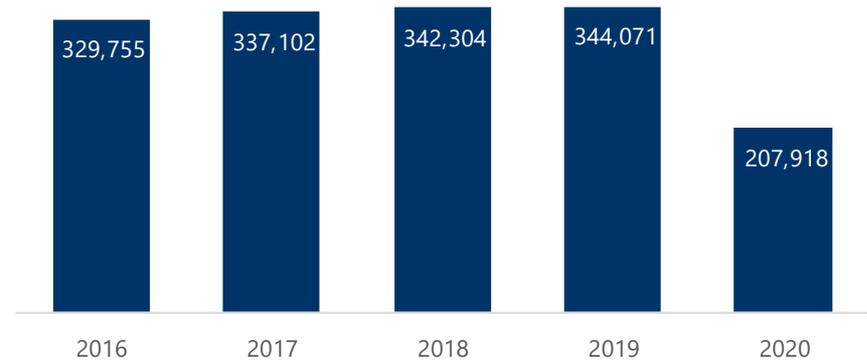
Employment fell by 136,153 jobs as businesses cut jobs due to the drop in visitor spending.

Lodging employment alone fell 48% with the number of jobs in the recreational industry dropping by 44%.

Despite these drops, the approximately 208,000 jobs supported by visitor activity still represent 3.7% of all jobs in Illinois. Even in a year with tourism nearly shut down, one out of every 27 Illinois jobs is directly supported by visitor spending.

Direct Tourism Employment in Illinois

Amounts in number of jobs



Source: BEA; BLS; Tourism Economics

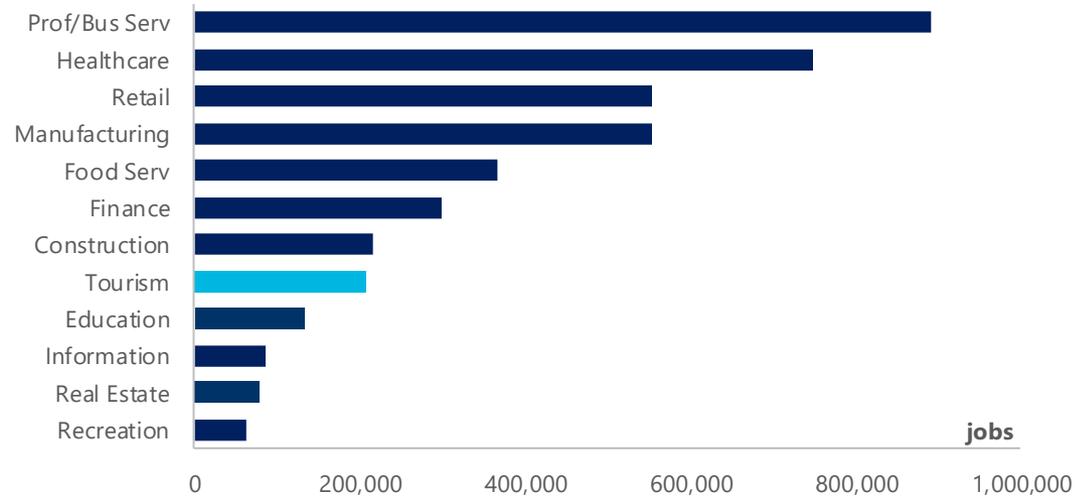
DIRECT INDUSTRY EMPLOYMENT

Tourism employment

In 2020, tourism was the 8th largest employer in Illinois, down from the number six spot in 2019.

Tourism suffered the largest employment decline of any industry. To complete Illinois' recovery from the pandemic job losses, tourism will need to recover.

Illinois Jobs by Industry



Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context



\$23.3
BILLION

VISITOR SPENDING

The \$23.3 billion in visitor spending means that \$63.6 million was spent EVERY DAY by visitors in Illinois.



\$17.6
BILLION

PERSONAL INCOME

The \$17.6 billion in total income generated by tourism is the equivalent of over \$3,600 for every household in Illinois.



352,298
JOBS

EMPLOYMENT

The number of total jobs sustained by tourism supports 6.3% of all jobs in Illinois.



\$2.6
BILLION

STATE AND LOCAL TAXES

The \$2.6 billion in state and local taxes generated by tourism would cover the average salaries of over 42,000 public school teachers in Illinois.

APPENDIX

GLOSSARY – SPENDING

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels and similar establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
Recreation	Includes visitors spending within the arts, entertainment and recreation sub-sector.
Shopping	Includes visitor spending in all retail sub-sectors within the local economy.
Local transport	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, and buses.

GLOSSARY – IMPACTS

Term	Description
Direct Impact	Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discreet group of tourism-related sectors (e.g. recreation, transportation, lodging).
Indirect Impact	Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain).
Induced Impact	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
Employment	Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year.
Personal Income	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
Value Added (GDP)	The economic enhancement a company gives its products or services before offering them to customers.
Local Taxes	City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses and other revenues streams of local governmental authorities – from transportation to sanitation to general government.
State Taxes	State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees and other assessments of state governments.

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destinations work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts, and analytical tools on 200 countries, 100 industrial sectors, and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social, and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington, DC, we employ over 250 full-time staff, including 150 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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