

# ECONOMIC IMPACT OF VISITORS IN LOUISVILLE 2019

Prepared for:  
Louisville Tourism



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# INTRODUCTION

The travel sector is an integral part of the Louisville economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Louisville's future. Gross output (total business sales) attributable to visitor spending in Louisville totaled \$3.4 billion in 2019.

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 Louisville 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 Louisville, 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 Jefferson County. 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 analysis draws on the following data sources:

- Longwoods International: survey data, including spending and visitor profile characteristics for visitors to Louisville
- 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 tax receipts
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Louisville based on aviation, survey, and credit card information

# KEY FINDINGS

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The visitor economy is an engine for economic growth

## Visitor Spending

Visitor spending increased 7.2% between 2018 and 2019 to nearly \$2.3 billion. Over the past five years, spending has cumulatively increased 21%.

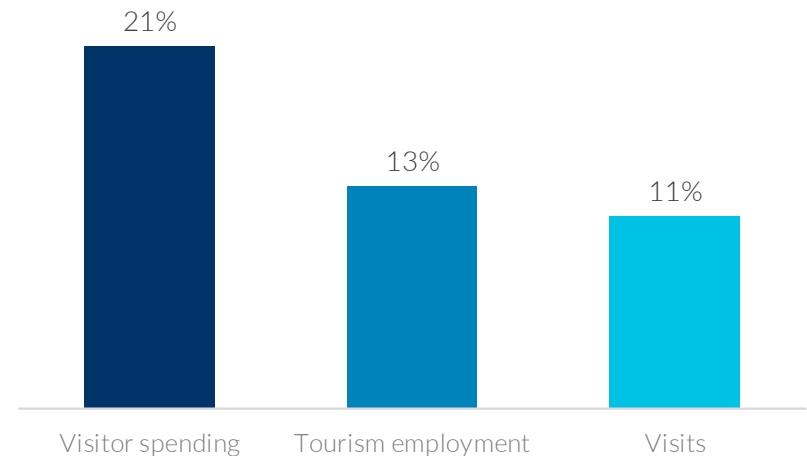
## Tourism Employment

Direct employment generated by visitors has expanded 13% since 2015, exceeding 19,000 in 2019.

## Visits

The number of visits to Louisville increased from 25.5 million visits in 2015 to 26.3 million visits in 2019, resulting in cumulative growth of 11%.

## Cumulative Growth in Key Indicators, 2015-2019



Source: Tourism Economics

# KEY FINDINGS

The visitor economy is an engine for economic growth

## Growth in visitation, spending, and employment

Tourism is an integral part of the Louisville economy and continues to be a key driver of business sales, employment, and tax revenue.

Approximately 4.6% (1 in 22) of all jobs in the county were sustained by tourism.



### Visitor Spending

Visitors to Louisville spent \$2.3 billion in 2019, which generated nearly \$3.4 billion in total business sales, including indirect and induced impacts.



### Continued Growth

Tourism-sustained jobs generated total income of over \$1.0 billion in 2019.



### Employment Generator

A total of 27,344 jobs were sustained by visitors to Louisville in 2019. This included 19,368 direct and 7,976 indirect and induced jobs.



### Fiscal Contributions

Tourism in Louisville generated nearly \$500 million in tax revenues in 2019, with \$247 million accruing to state and local governments.

# VISITOR ECONOMY TRENDS

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## Visitor spending

**Visitor spending has steadily increased for five straight years.**

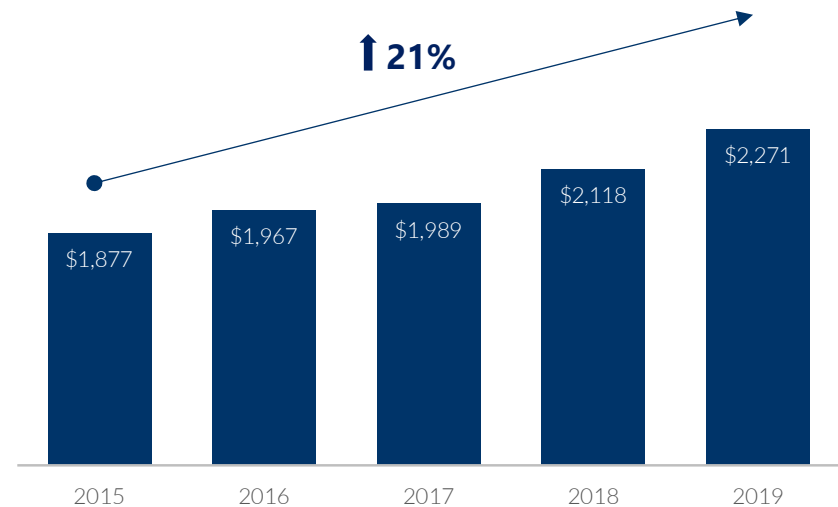
In 2019, visitor spending increased 7.2% over the prior year, far surpassing its five-year annualized growth rate of 4.9%.

Visitor spending in 2019 neared \$2.3 billion, almost \$400 million higher than in 2015.

Over the five-year period, visitor spending has cumulatively increased 21%.

### Louisville Total Visitor Spending

Amounts in millions of nominal dollars



Source: Longwoods International; Tourism Economics

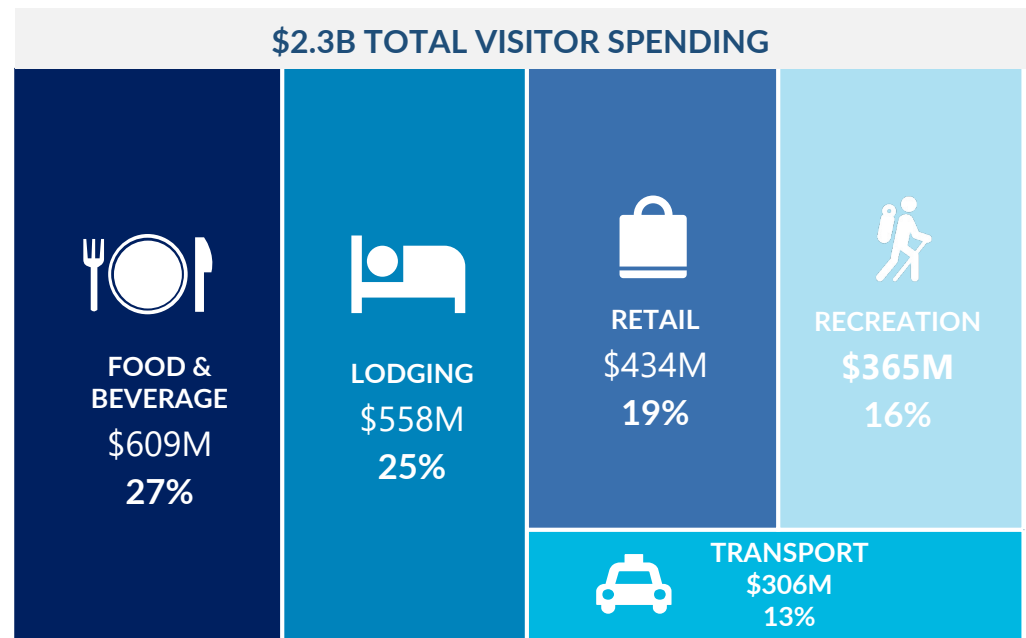


# VISITOR ECONOMY TRENDS

Visitor spending by industry

**Visitors to Louisville spent \$2.3 billion across a wide range of sectors.**

In 2019, visitors spent \$2.3 billion, including \$609 million on food and beverages, \$558 million on lodging, \$434 million on retail shopping, \$365 million on recreational activities, and \$306 on combined air and local transportation within the destination.



Note: Transportation includes both air and local transportation.

Source: Longwoods International; Tourism Economics

# VISITOR ECONOMY TRENDS

## Visitor spending by industry

Visitor spending increased by just over \$150 million between 2018 and 2019, with spending on lodging and food & beverage alone contributing more than half of the total increase.

While all industries experienced robust growth and increased faster than their five-year averages, lodging spending led growth, increasing 8.7%.

Visitor spending grew 7.2% year-over-year in 2019, outpacing the five-year annualized growth rate of 4.9%.

### Visitor Spending in Louisville

Amounts in millions of nominal dollars and growth rates

	2015	2016	2017	2018	2019	2019 Growth	CAGR 2015-2019
<b>Total visitor spending</b>	<b>\$1,877.3</b>	<b>\$1,966.5</b>	<b>\$1,989.0</b>	<b>\$2,118.2</b>	<b>\$2,270.7</b>	<b>7.2%</b>	<b>4.9%</b>
Food & beverages	\$506.2	\$535.3	\$543.0	\$572.1	\$608.6	6.4%	4.7%
Lodging*	\$445.5	\$474.5	\$476.7	\$513.2	\$557.7	8.7%	5.8%
Retail	\$371.1	\$388.0	\$390.3	\$405.8	\$433.6	6.8%	4.0%
Recreation	\$302.1	\$307.0	\$317.8	\$336.5	\$365.0	8.4%	4.8%
Transportation**	\$252.3	\$261.6	\$261.3	\$290.5	\$305.8	5.3%	4.9%

\* Lodging includes 2nd home spending

\*\* Transportation includes both ground and air transportation

Source: Longwoods International; Tourism Economics

# VISITOR ECONOMY TRENDS

## Visitor spending and volume by segment

Overnight spending increased 7.4% in 2019, supported by strong overnight visitation and average daily hotel rate growth. While day visitors account for nearly two-thirds of all visitation to Louisville, overnight visitors spend vastly more.

### Visitor Volume and Spending

Amounts in millions of visitors and millions of nominal dollars

	2015	2016	2017	2018	2019
<b>Total visitors</b>	<b>23.7</b>	<b>24.4</b>	<b>24.6</b>	<b>25.4</b>	<b>26.3</b>
Day	15.1	15.6	15.9	16.2	16.8
Overnight	8.6	8.8	8.8	9.2	9.5
<b>Total visitor spending</b>	<b>\$1,877</b>	<b>\$1,967</b>	<b>\$1,989</b>	<b>\$2,118</b>	<b>\$2,271</b>
Day	\$563	\$575	\$580	\$611	\$651
Overnight	\$1,314	\$1,391	\$1,409	\$1,508	\$1,620

Source: Longwoods International; Tourism Economics

# ECONOMIC IMPACTS



## ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on Louisville 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 Louisville, we input visitor spending into a model of the Jefferson County economy created in IMPLAN. This move 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.

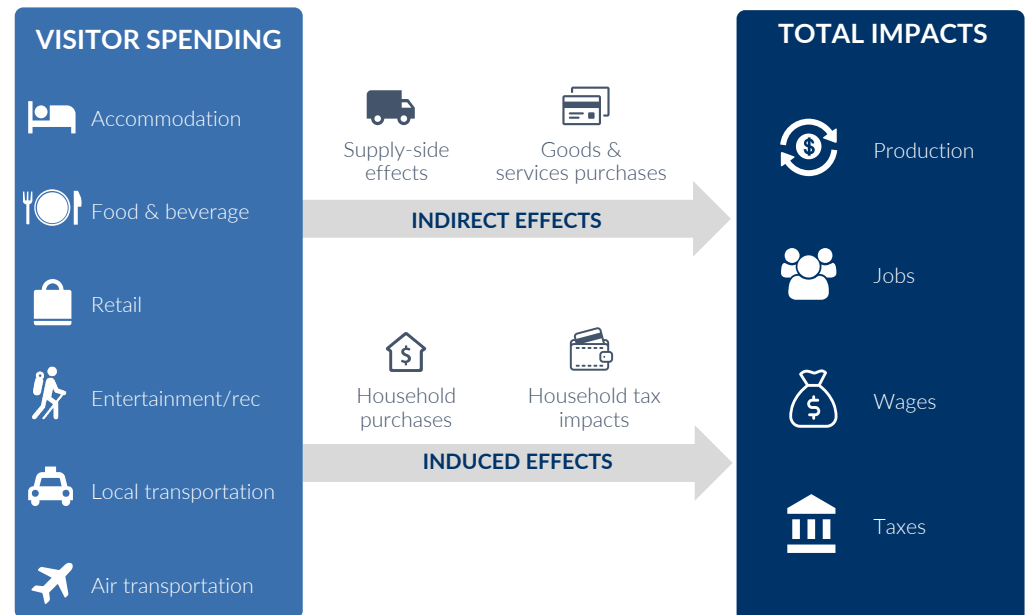
# ECONOMIC IMPACTS

How visitor spending generates employment and income

## Economic impact flowchart

IMPLAN is particularly effective because it 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

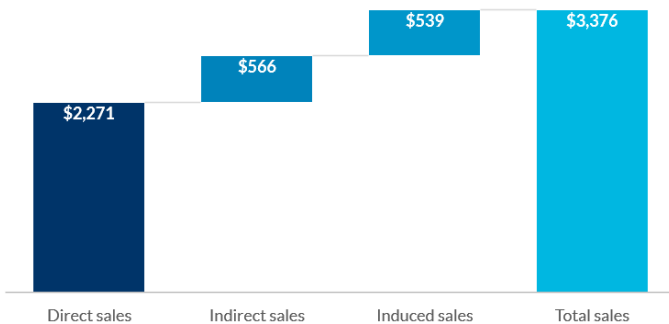


# ECONOMIC IMPACTS

## Business sales impacts by industry

Visitors and tourism businesses spent \$2.3 billion in Louisville in 2019. This supported a total of nearly \$3.4 billion in business sales when indirect and induced impacts are considered.

Summary Economic Impacts (\$ Millions)



## Business Sales Impacts by Industry

Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
<b>Total, all industries</b>	<b>\$2,270.7</b>	<b>\$566.4</b>	<b>\$539.2</b>	<b>\$3,376.2</b>
<b>By industry</b>				
Food & beverage	\$608.6	\$12.5	\$38.5	\$659.6
Lodging	\$547.7	\$0.5	\$0.2	\$548.4
Retail trade	\$433.6	\$8.4	\$40.0	\$482.0
Recreation and entertainment	\$365.0	\$17.4	\$8.7	\$391.0
Finance, Insurance, and Real Estate	\$21.2	\$156.9	\$167.1	\$345.3
Business services		\$156.9	\$50.1	\$207.0
Other transport	\$145.7	\$47.0	\$11.8	\$204.5
Education and healthcare		\$1.1	\$99.8	\$100.9
Air transport	\$81.7	\$1.0	\$1.2	\$83.9
Communications		\$42.5	\$30.4	\$72.9
Gasoline stations	\$67.3	\$0.5	\$1.8	\$69.6
Construction and utilities		\$45.6	\$18.6	\$64.2
Wholesale trade		\$22.9	\$23.1	\$46.0
Personal services		\$15.3	\$25.4	\$40.8
Government		\$20.5	\$11.5	\$32.0
Manufacturing		\$16.5	\$10.5	\$26.9
Agriculture, fishing, mining		\$1.0	\$0.3	\$1.3

Source: Tourism Economics

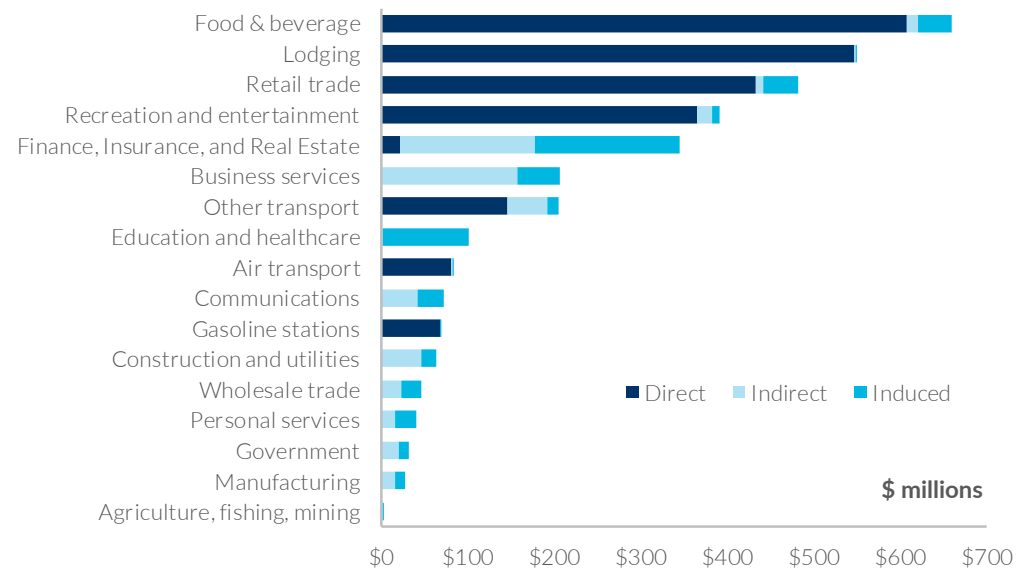
# ECONOMIC IMPACTS

## Business sales impacts by industry

While the majority of sales are in industries directly serving visitors, \$157 million in business sales is happening in finance, insurance, and real estate as a result of selling to tourism businesses.

Significant benefits also accrue in sectors like business services and communications from selling to tourism businesses and employees.

Business Sales Impacts by Industry



Source: Tourism Economics

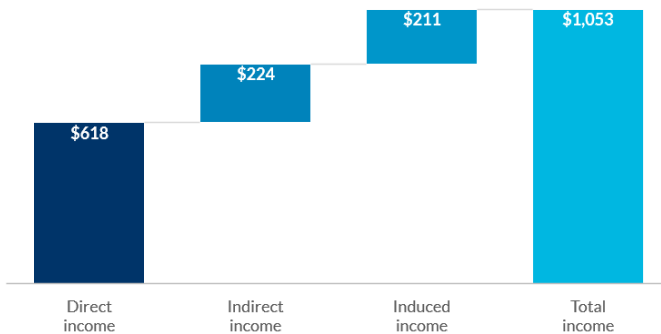


# ECONOMIC IMPACTS

Personal income impacts by industry

Tourism generated \$618 million in direct income and \$1.1 billion when indirect and induced impacts are considered.

Summary Personal Income Impacts (\$ millions)



## Personal Income Impacts by Industry

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
<b>Total, all industries</b>	<b>\$618.2</b>	<b>\$223.9</b>	<b>\$210.6</b>	<b>\$1,052.8</b>
<b>By industry</b>				
Food & beverage	\$206.0	\$8.1	\$18.8	\$232.9
Lodging	\$213.5	\$0.2	\$0.1	\$213.7
Business services		\$92.4	\$30.3	\$122.7
Recreation and entertainment	\$90.1	\$6.0	\$2.7	\$98.8
Retail trade	\$65.2	\$4.2	\$18.1	\$87.5
Education and healthcare		\$0.7	\$65.2	\$65.8
Finance, Insurance, and Real Estate		\$32.0	\$26.0	\$58.0
Other transport	\$28.3	\$23.2	\$5.5	\$56.9
Personal services		\$8.5	\$16.6	\$25.1
Government		\$14.6	\$6.4	\$21.0
Wholesale trade		\$8.5	\$8.6	\$17.0
Communications		\$10.6	\$5.3	\$15.9
Construction and utilities		\$10.0	\$4.2	\$14.2
Air transport	\$12.6	\$0.2	\$0.3	\$13.1
Manufacturing		\$4.1	\$1.5	\$5.6
Gasoline stations	\$2.6	\$0.3	\$1.1	\$4.0
Agriculture, fishing, mining		\$0.4	\$0.1	\$0.5

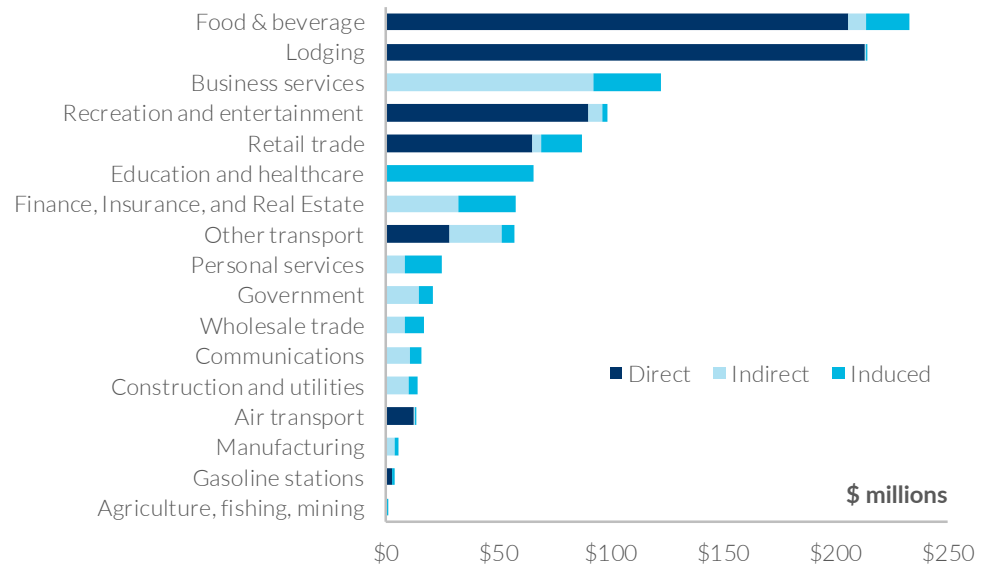
Source: Tourism Economics

# ECONOMIC IMPACTS

## Personal income impacts by industry

There are eight industries in which visitor activity supports more than \$50 million 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



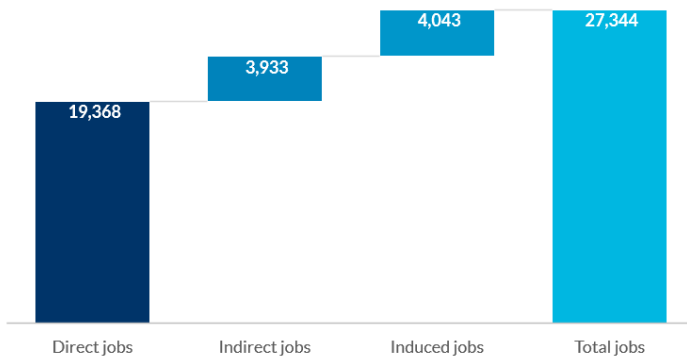
Source: Tourism Economics

# ECONOMIC IMPACTS

## Employment impacts by industry

Tourism supported a total of 27,344 jobs, 4.6% of total employment, in Louisville 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
<b>Total, all industries</b>	<b>19,368</b>	<b>3,933</b>	<b>4,043</b>	<b>27,344</b>
<b>By industry</b>				
Food & beverage	7,734	245	617	8,596
Lodging	4,609	4	2	4,615
Recreation and entertainment	3,580	384	136	4,101
Retail trade	2,517	122	515	3,154
Business services		1,407	484	1,891
Finance, Insurance, and Real Estate		627	432	1,059
Education and healthcare		31	1,026	1,057
Other transport	610	349	88	1,047
Personal services		173	416	589
Air transport	242	4	4	249
Communications		144	68	212
Government		143	59	201
Wholesale trade		96	93	189
Construction and utilities		126	52	178
Gasoline stations	75	8	28	111
Manufacturing		61	20	82
Agriculture, fishing, mining		11	3	14

Source: Tourism Economics

# ECONOMIC IMPACTS

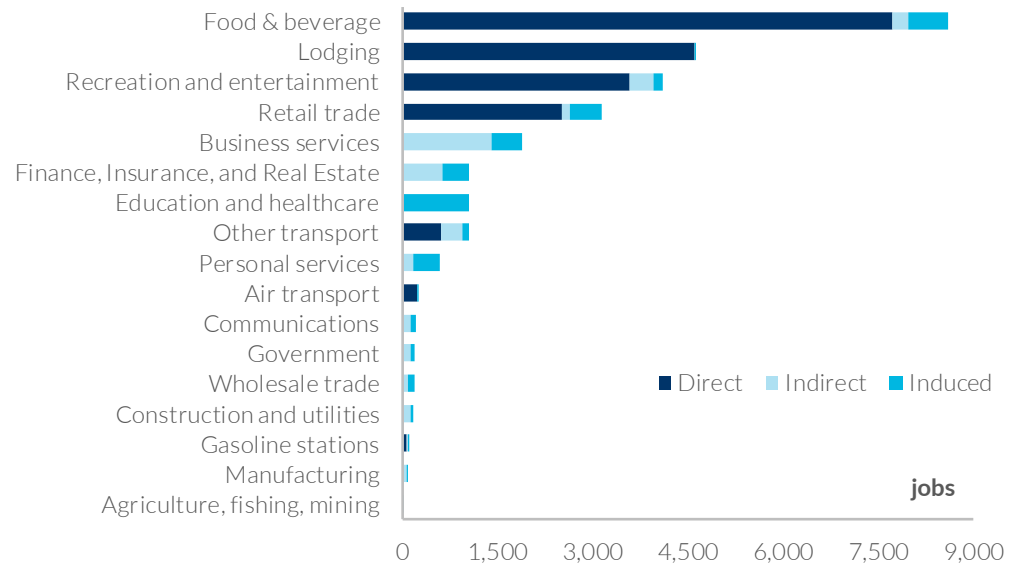
## Employment impacts by industry

As a labor-intensive collection of services, tourism-related sectors represent significant employment to Louisville.

The over 27,000 jobs supported by Louisville tourism span every sector of the economy, either directly or indirectly.

The most significant indirect impacts come in business services and finance, insurance, and real estate.

### Employment Impacts by Industry



Source: Tourism Economics

# ECONOMIC IMPACTS

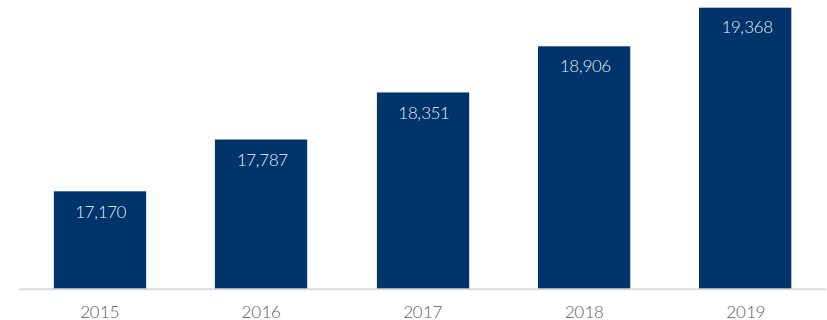
## Tourism employment

In 2019, direct visitor spending supported 19,368 jobs in Louisville. Increasing 2.4% from the previous year, tourism employment has increased 13% since 2015.

The 19,368 jobs directly supported by visitors represents 3.3% of all jobs within Louisville.

### Direct Tourism Employment in Louisville

Amounts in number of jobs



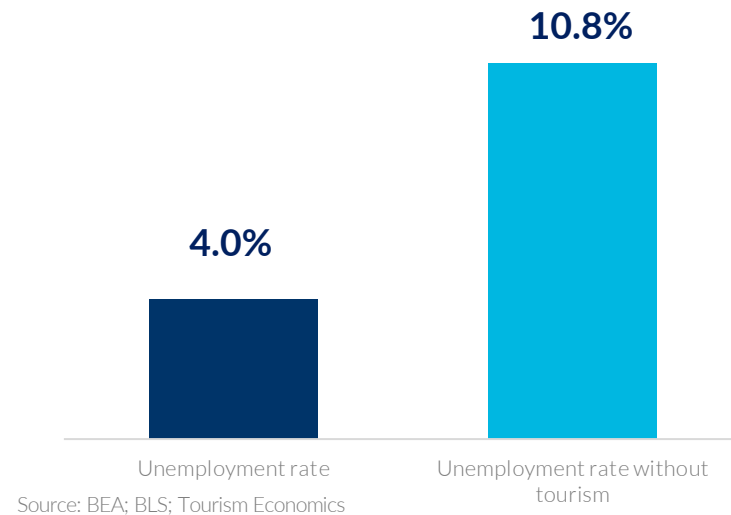
Source: BEA; BLS; Tourism Economics

# ECONOMIC IMPACTS

## Tourism employment

In 2019, the unemployment rate was 4.0%. Without jobs supported by visitors, the unemployment rate would more than double to 10.8%.

### Unemployment With and Without the Visitor Economy



# ECONOMIC IMPACTS

## Fiscal (tax)

**Visitor spending, visitor supported jobs, and business sales generated nearly \$500 million in governmental revenues.**

State and local taxes alone tallied \$247 million in 2019.

Each local household would need to be taxed an additional \$800 to replace the visitor taxes received by state and local governments in 2019.

In Louisville, tourism supported taxes would fund:

- the entire Parks and Recreation budget (\$24.3 million),
- the entire Public Works budget (\$38.4 million)

### Fiscal (Tax) Impacts

Amounts in millions of current dollars	Direct	Indirect/ Induced	Total
<b>Total</b>	<b>\$339</b>	<b>\$157</b>	<b>\$496</b>
<b>Federal</b>	<b>\$143</b>	<b>\$106</b>	<b>\$249</b>
Personal income	\$32	\$23	\$55
Corporate	\$20	\$20	\$40
Indirect business	\$21	\$9	\$30
Social insurance	\$71	\$53	\$124
<b>State and Local</b>	<b>\$196</b>	<b>\$51</b>	<b>\$247</b>
Sales	\$126	\$30	\$156
Bed tax	\$21	\$0	\$21
Personal income	\$12	\$7	\$19
Corporate	\$3	\$2	\$5
Social insurance	\$1	\$0	\$1
Excise and fees	\$6	\$2	\$8
Property	\$28	\$9	\$36

Source: Tourism Economics

# ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context



\$2.3  
BILLION

## VISITOR SPENDING

The \$2.3 billion in visitor spending means that \$6 million was spent EVERY DAY by visitors in Louisville.



\$1.1  
BILLION

## PERSONAL INCOME

The \$1.1 billion in total income generated by tourism is the equivalent of nearly \$3,400 for every household in Louisville.



27,344  
JOBS

## EMPLOYMENT

The number of total jobs sustained by tourism supports 4.6% of all jobs in Louisville.



\$247  
MILLION

## STATE AND LOCAL TAXES

The \$247 million in state and local taxes generated by tourism would cover the average salaries of over 4,500 public school teachers in Louisville.



# 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.

For more information:

[info@tourismeconomics.com](mailto:info@tourismeconomics.com)