



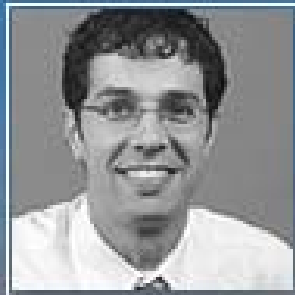
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Demystifying TSA Development

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Our mission



"We created Tourism Economics as a fusion of global economic expertise and real world tourism understanding. This gives us the ability to provide answers to our clients that are both credible and meaningful."

- Adam Sacks, Managing Director



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Our team



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What we've been doing

Destination Strategy

Discover America Partnership

Abu Dhabi Tourism Authority

Grand Bahama Island Promotion

Israel Ministry of Tourism

Economic Impact

The Ginn Company

New York Association of CVBs

Grand Prix of Houston

State of South Carolina

Market Potential Studies

Bahamas

US Outbound

Israel

Discover America Partnership



Over 100 tourism offices and companies
have trusted our staff to help them make
better marketing, investment, and policy decisions.

Key principles to a successful TSA

- RMF integrity (provides credibility and comparability)
- Inter-agency coordination (“hero, supporting cast, director”)
- Incremental implementation (via partial development and/or estimation techniques). Don’t be paralyzed.
- Evaluate cost-benefit on additional data development
- Capacity building (must be updatable)



“Not rocket science”

- But not simple either ...tourism demand (and supply) falls into some unlikely and difficult to measure places
- However, TSA building is essentially an accounting exercise
- The TSA tables guide us through an accounting framework that inventories tourism demand and then links it with supplying industries



Typical data categories

Ministry of Tourism

- ◆ Visitor counts by category
- ◆ Expenditures by category
- ◆ Industry data

Department of Statistics

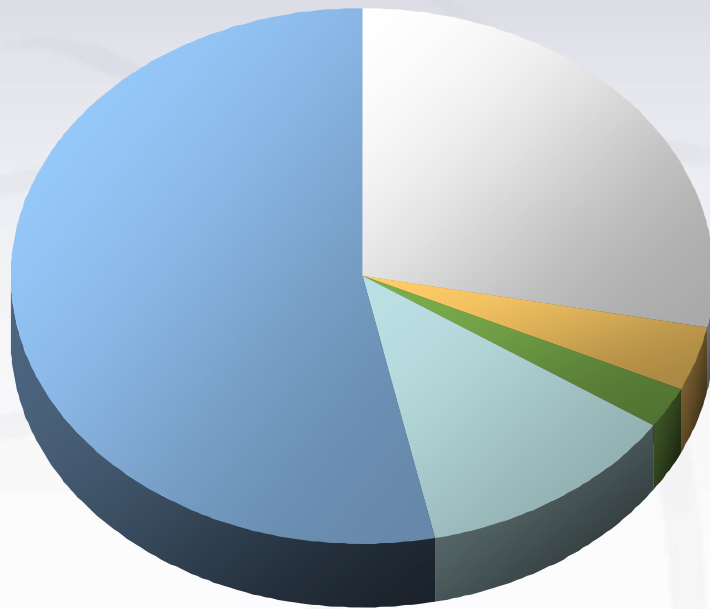
- ◆ National accounts (sales, value added, intermediate consumption, FD expenditures)
- ◆ Household expenditures survey results
- ◆ Wages and employment (by industry)
- ◆ Business expenditure survey results
- ◆ I-O accounts or necessary ratios
- ◆ Capital investment

Central Bank / Ministry of Finance

- ◆ Tax data
- ◆ Balance of payments
- ◆ Government Expenditures



Starting with demand



- Personal Consumption (Resident)
- Business Travel (Resident)
- Government Expenditures
- Capital Investment
- Visitor Exports (Non-resident)

Visitor Spending + Resident Spending + Gov't Spending (individual) + Gov't Spending (collective) + Capital Investment

Internal Consumption

Final Demand



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Solutions to a few challenges

- Retail spending (convergence of opinion)
 - Must only count margin
 - Must include local manufacturing
- Cruise spending
 - Visitor
 - Provisions and dockage fees
- Second homes and other tourism real estate (another area of convergence)
 - Imputed rent calculation covers maintenance, utilities expenditures
- Capital investment (construction and equipment)
 - Data on approved projects and transportation infrastructure is often available.
 - Second home construction is more difficult



Solutions to a few challenges

- Unbundling packages
- Domestic travel (HH expend. items – BOP outbound)
- Local expenditures of outbound travelers (local travel agents, travel goods, local-based transportation)
- Thought:: Don't hold TSA to higher standard than rest of national income accounts.



Linking demand with supply

- Are supply-use tables necessary?
- Table 6, which is the crux of the GDP calculation, distributes tourism demand (output) across industries and commodities.
- Then the value added is calculated for each industry.
- National accounts data (value added / sales) can be used to calculate direct tourism GDP.
- This process provides a critical cross-check process between supply and demand for both sales and value added. (TSA can be a catalyst for SNA and/or visitor survey improvements.)
- Can use value added shares from Table 6 for employment calculations by industry.

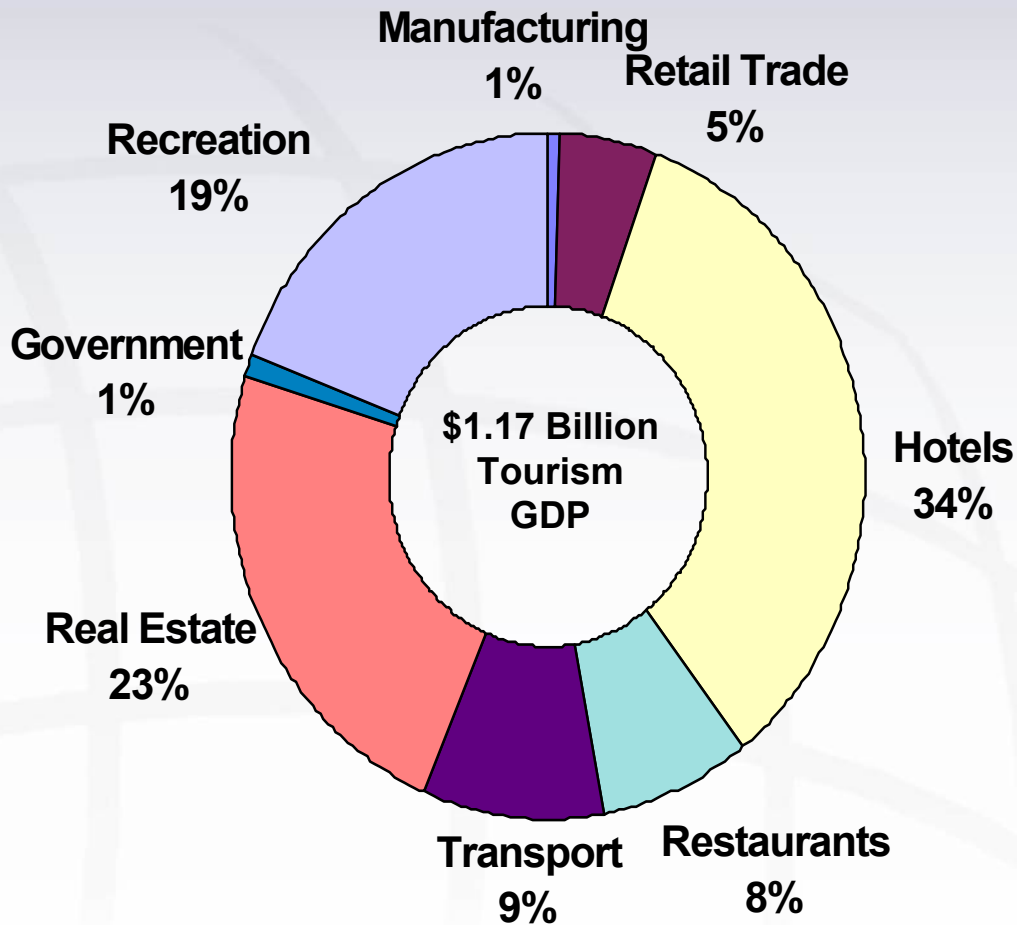


Reporting results

- Though needed as a foundation, the 10 Tables are not suitable for wide circulation.
- The results must be made relevant and understandable for the policy-maker and layman.
- Contextualize results through
 - Comparisons
 - Tracking
 - Summary charts and tables
 - Composition of tourism demand
 - Industry allocation of tourism GDP
 - GDP per employee by tourism sector



Reporting results: TGDP Distribution

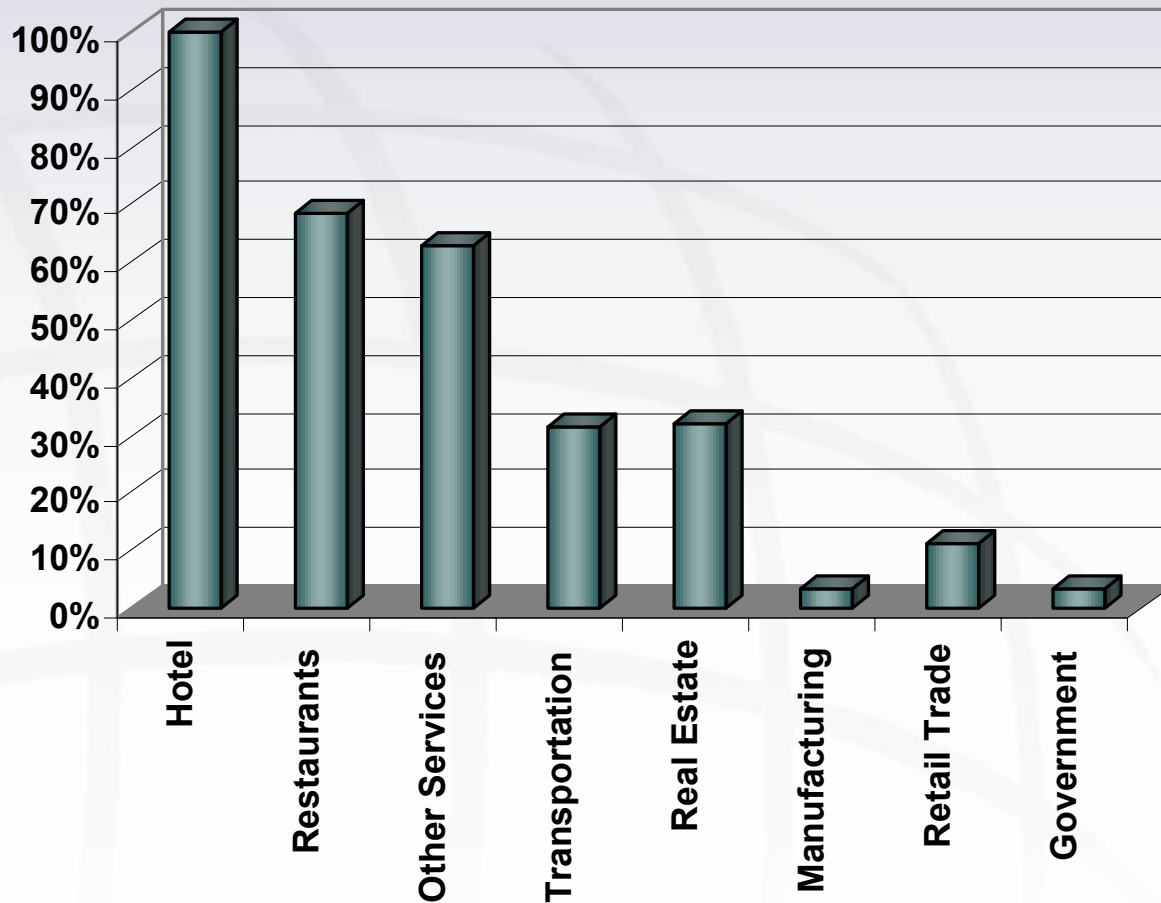


Source: Bahamas TSA 2003



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Reporting results: Tourism shares

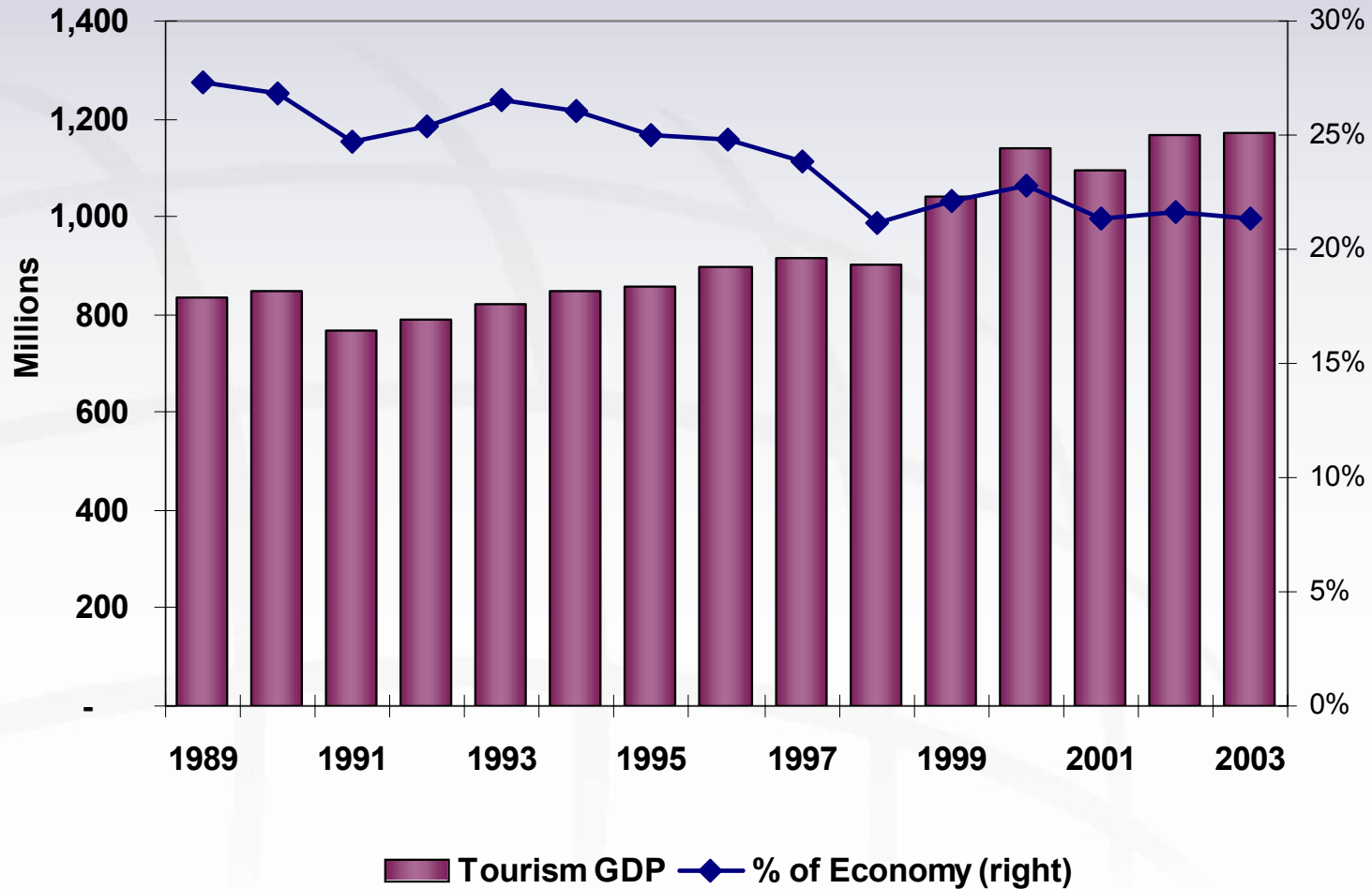


Source: Bahamas TSA 2003



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Reporting results: Track importance



Source: Bahamas TSA 2003

Reporting results: Tax impacts

Tourism Generated Taxes		
Category	Tourism Tax \$	% of Total
Import Duties	\$223,274,957	48%
Departure Tax	\$70,279,661	15%
Import Stamp Tax	\$52,538,701	11%
Immigration Fees	\$23,121,440	5%
Hotel Occupancy	\$22,266,964	5%
Realty Transactions	\$16,463,208	4%
Business License	\$15,240,845	3%
Casino	\$13,522,586	3%
Property Tax	\$10,132,333	2%
All Other	\$20,888,968	4%
Total	\$467,729,665	100%

Source: Bahamas TSA 2003

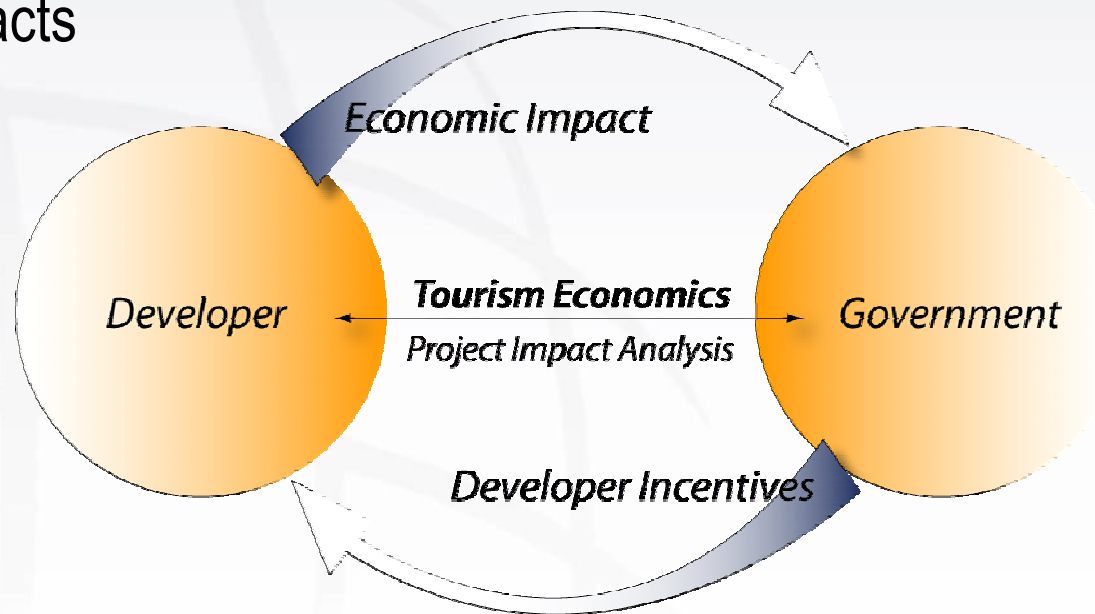
Launching results

- Clear talking points
- Communications strategy for each audience
 - Policy makers
 - Media
 - Industry
 - Community



Extending results

- The TSA can be used as a foundation for various types of add-on analysis (must be clear to distinguish from “TSA” or “Tourism Industry” or “Tourism GDP”).
- Possible extensions
 - Indirect and induced impacts
 - ROI or growth scenarios
 - Tax impacts
 - Master planning
 - Project assessment



Practical steps to TSA development

1. **Identify team (Hero, Supporting Cast, Director)**
2. **Kick-off data inventory meeting**
3. **Collect data cooperatively**
4. **Identify and treat data gaps**
5. **Build TSA tables**
6. **Cross-check results**
7. **(Extend Analysis)**
8. **Produce reports**
9. **Launch results and influence tourism policy and strategy**



A proposal

- Three options for engaging with Tourism Economics
 1. Outsourcing (Dubai, Israel, Abu Dhabi, Virginia)
 2. Co-development and capacity transfer (Bahamas model)
 3. Technical support
- Possible collective offering being discussed with CTO
- Roughly a one-year process for option 2

