

THE IMPORTANCE OF TOURISM TO OUR ECONOMY



Jackson County Tourism Luncheon
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Michigan State University

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A National Tourism Week Event – May 10-18, 2003
“Think There’s Nothing to Do in Jackson?”



TOURISM: A WORLD PERSPECTIVE


- Tourism is the world's largest industry – approx. \$3 trillion
- Tourism is the world's largest employer
- Until recently the tourism industry was enjoying steady growth

Source: World Travel & Tourism Council





TOURISM: A U.S. PERSPECTIVE, DIRECT SPENDING

- ▶ In 2000 the U.S. received \$567.5 billion in direct travel spending
 - ▶ More than 7.9 million jobs were generated by direct traveler spending in the U.S., accounting for 6% of total non-agricultural employment in 2000
 - ▶ On average, every \$71,478 spent in the U.S. directly supported one job in 2000
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Source: Travel Industry Association of America



TOURISM: A U.S. PERSPECTIVE, TOTAL IMPACT

- ◆ Total travel spending within the U.S. was \$1.3 trillion in 2000
- ◆ Nearly 18.3 million jobs were supported by travel spending in 2000

Source: Travel Industry Association of America






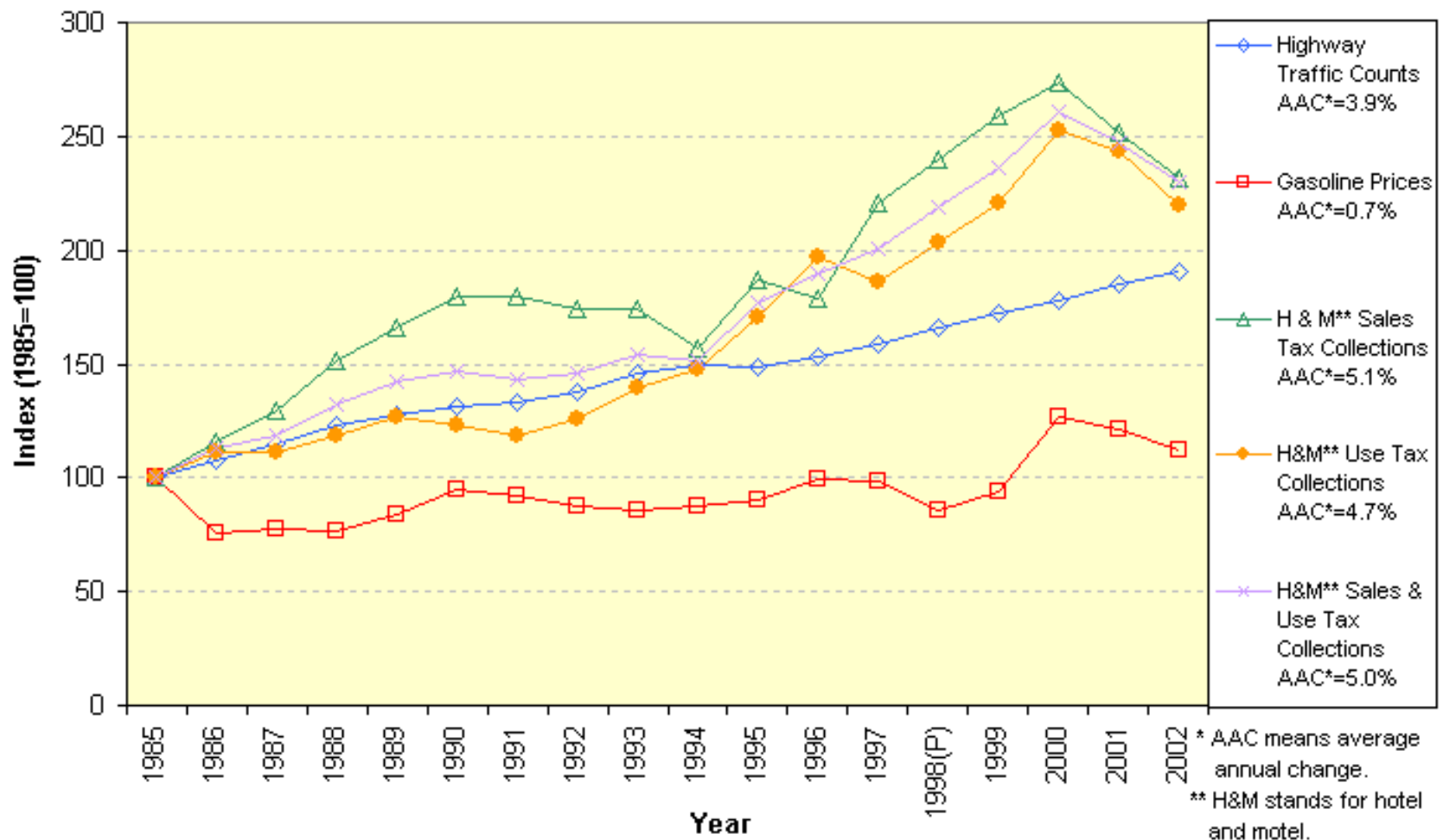
TOURISM: A MICHIGAN PERSPECTIVE

- ✿ Michigan received \$12.5 billion in direct traveler spending in 2001
- ✿ Nearly 175,000 employees work in Michigan's tourism industry

Source: Travel Industry Association of America



Statewide Trends in Selected Industry Indicators, 1985-2002





TOURISM: A JACKSON COUNTY PERSPECTIVE

- Jackson County ranks 17th (out of 83 Michigan counties) in capturing pleasure travel
- Jackson County receives approx. \$200,000,000 in direct travel spending annually
- Approx. 3,000 FTE tourism jobs exist in Jackson County


Source: Michigan Travel Market Survey, MSU TTRRC

“AN IMPRESSIVE PERFORMANCE!”





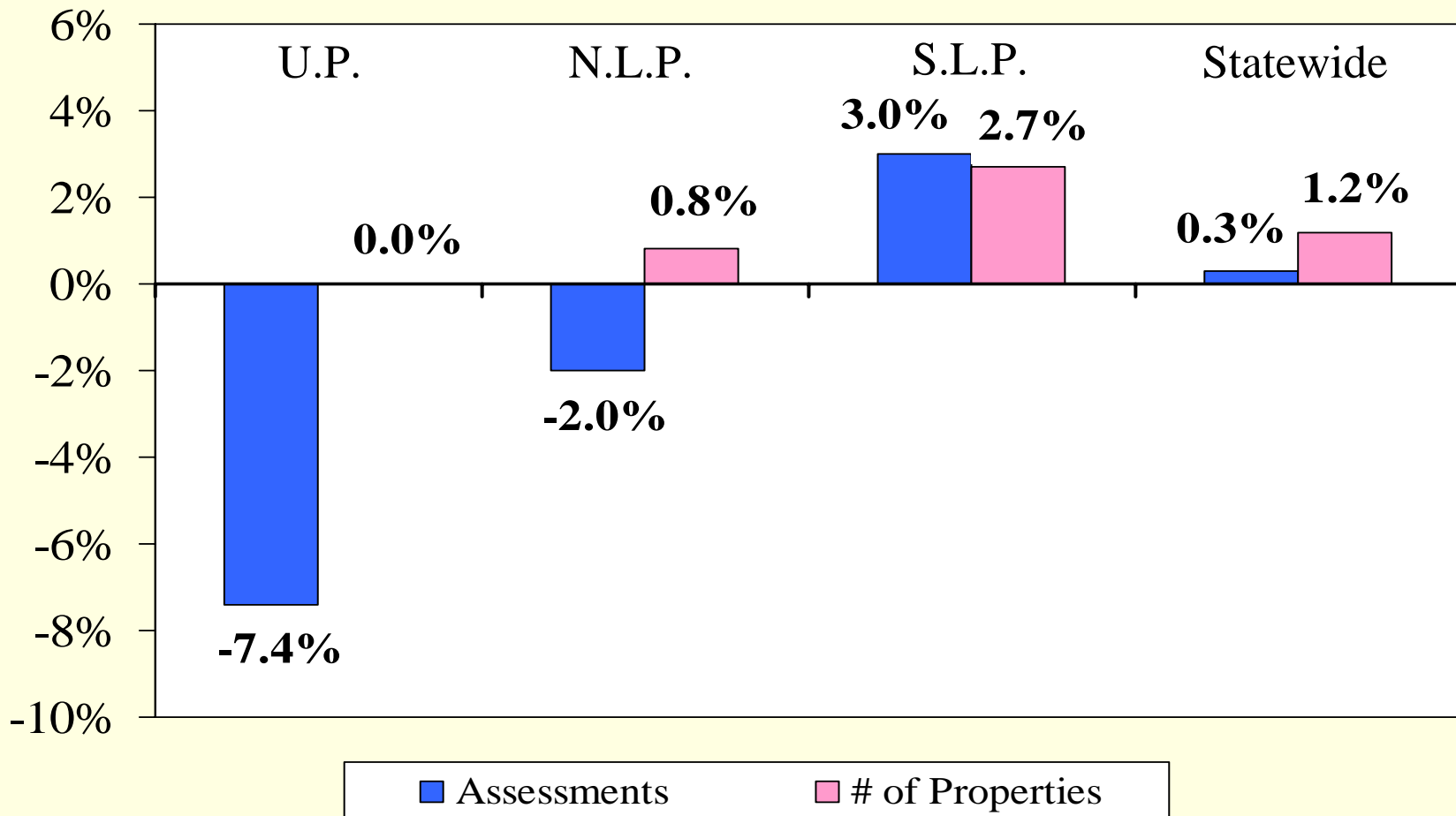
SOME JACKSON COUNTY TOURISM RESOURCES

- Five state parks and 14 county parks, including Ella Sharp Park and Cascade Falls
 - Several action attractions, including Michigan International Speedway and Jackson Harness Raceway
 - Arts and culture, including the Jackson Symphony Orchestra and many historical sites and museums, such as the Michigan Space Center and the Planetarium
 - A wide variety of commercial lodging properties and eateries
 - Many festivals and special events, including the Rose Festival, Hot Air Jubilee, Civil War Muster, and Jackson County Fair
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HOW ACCURATE WERE TTRRC'S PROJECTIONS FOR MICHIGAN'S TOURISM IN 2002?

	Projected by TTRRC	Actual data
Travel volume	3-4%	3.1%
Travel spending	5-6%	-10%
Travel prices	3-4%	0%

PERCENT CHANGE IN LODGING ASSESSMENTS & PROPERTIES, 2002 VS. 2001



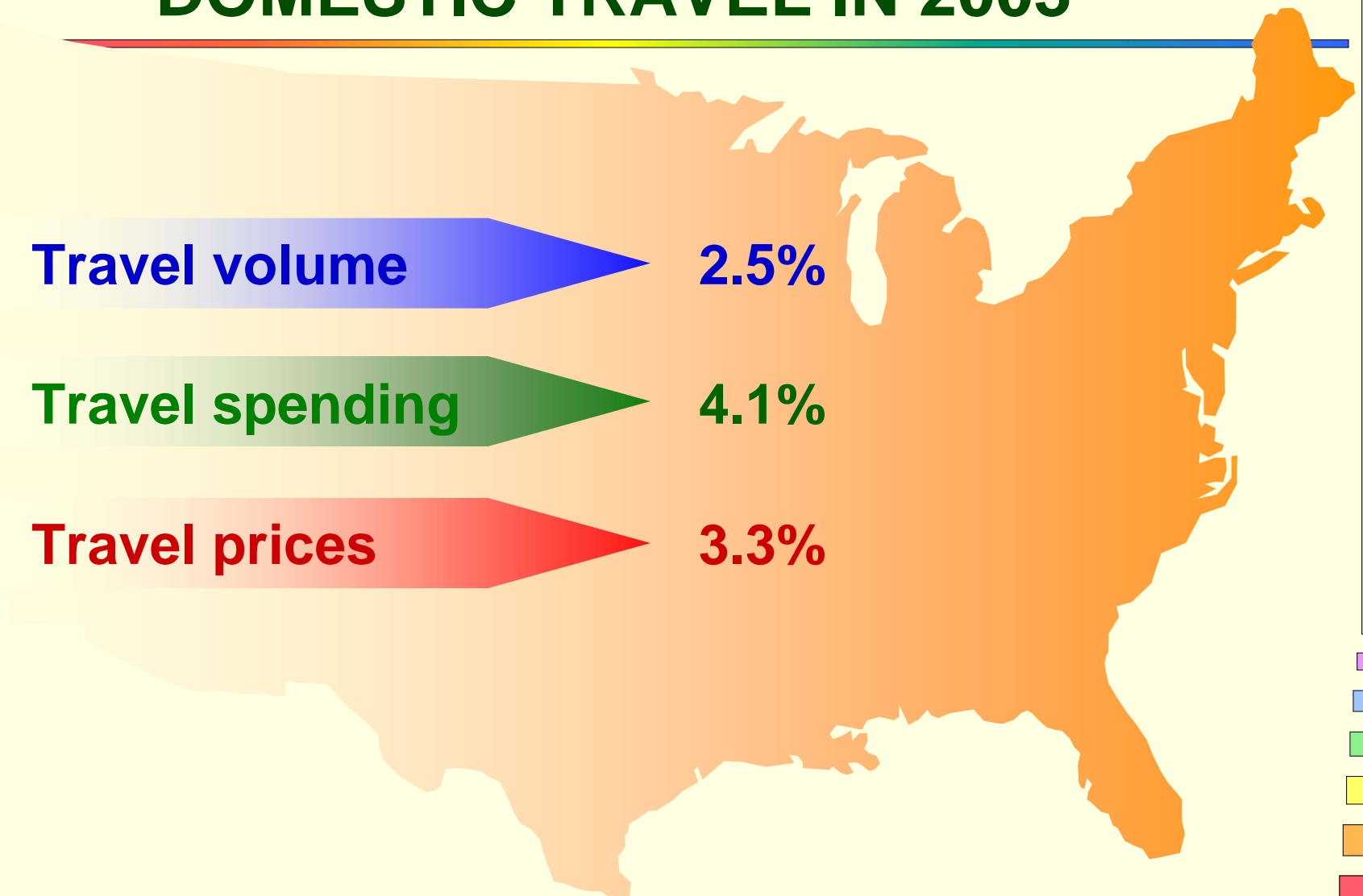
Source: 2003 TTRRC Survey of Assessment Districts, Travel Michigan

TRAVEL INDUSTRY ASSOC. OF AMERICA'S FORECAST FOR U.S. DOMESTIC TRAVEL IN 2003

Travel volume 2.5%

Travel spending 4.1%

Travel prices 3.3%



TTRRC / MSU PROJECTIONS FOR MICHIGAN TOURISM IN 2003

PROVIDED GAS PRICES DO NOT GO ABOVE \$2.50.

Travel volume

Traffic counts

2%

Travel spending

Use and sales lodging tax

-2%*

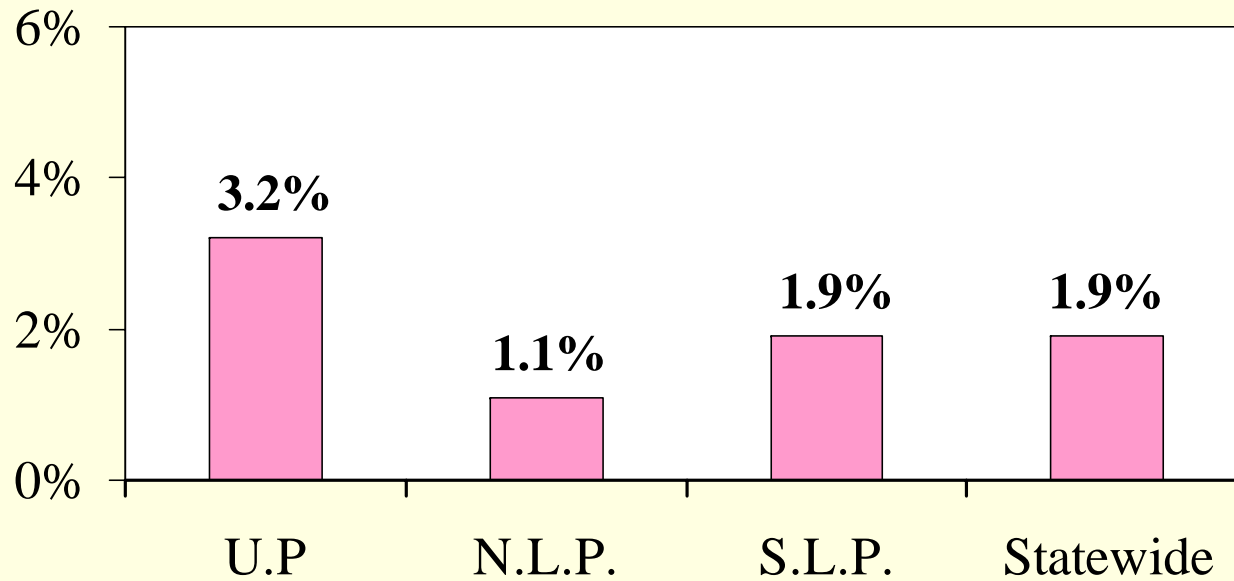
Travel prices

Lodging and restaurant price changes / 2

2-3%*

*) This combination points to occupancy rate decline of 4-5%.


PERCENT CHANGE ANTICIPATED FOR 2003 LODGING ASSESSMENTS



Source: 2003 TTRRC Survey of Assessment Districts




NEGATIVE INDICATORS 2003 (I)

- ◆ The U.S. economy is “probably” climbing out of a recession BUT recovery is expected to be sluggish and slow to materialize.
 - ◆ Unemployment is high and expected to rise until economic recovery is well under way.
 - ◆ Stocks are down significantly since 2000– negative wealth effect.
 - ◆ Low interest rates hurting retiree incomes tied to money market, certificates of deposits, etc.
 - ◆ Fear and inconvenience of air travel.
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NEGATIVE INDICATORS 2003 (II)

- ◆ “The entire [worldwide] travel and tourism industry is being held hostage by the threat of war” with Iraq and North Korea.
 - ◆ State deficit – reductions in services and/or closings of premises.
 - ◆ Pricing power is limited by lower prices offered on Internet and substitutions on the trip.
 - ◆ Consumer confidence near a historical low.
 - ◆ Continuing promotion budget slippage.
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THE WILD CARDS

- ❏ War with in Iraq and North Korea – When will uncertainty diminish?
 - ❏ Terrorism – will it strike again this year, especially if we go to war?
 - ❏ Disruption in fuel supply.
 - ❏ Gasoline prices above \$2.50?
 - ❏ Weather – rarely “normal” in Michigan.
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POSITIVE INDICATORS 2003 (I)

- ✚ Moderately positive economic forecasts.
 - ✚ Moderate inflation.
 - ✚ Strong auto travel probable: new car sales, less air travel, reduced travel budgets.
 - ✚ Underlying demand is growing.
 - ✚ Industry performance was “OK” in 2001 in what proved to be a challenging year.
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POSITIVE INDICATORS 2003 (II)

- ✚ Weaker dollar, especially versus Canadian currency.
 - ✚ Continuation of consumers' tendency to limit air and long-distance travel.
 - ✚ Record sales of RVs.
 - ✚ Negative psychology may be unwarranted and/or overblown.
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JACKSON COUNTY TOURISM

**“AWESOME
POTENTIAL!”**





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