

**THE RECREATION ECONOMY AND THE  
ECONOMIC IMPACT OF TOURISM AND ARTS: BEAUFORT COUNTY AND  
SURROUNDING AREA**

Prepared for: Beaufort Regional Chamber of Commerce  
&  
The Arts Council of Beaufort County

Prepared by: Bureau of Business Research and Economic Development  
Georgia Southern University



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## **CHAPTER ONE**

### **OVERVIEW AND METHODOLOGY**

#### **Introduction**

In 2004, the Bureau of Business Research and Economic Development (BBRED) prepared a study for the Beaufort Regional Chamber of Commerce, “The Economic Impact of the Tourism Economy and Tourism Profile of Beaufort County and the Surrounding Area.” The chamber has requested that the study be revisited. Similar to the 2004 study, this report will focus on the overall impact of tourism on Beaufort County and the surrounding area. In addition it will also be expanded to include: an assessment of the economic impact and economic value of the arts; and, assessments of the impacts and values of four segments of the tourism/recreation market, boating, fishing, golf and the beach.

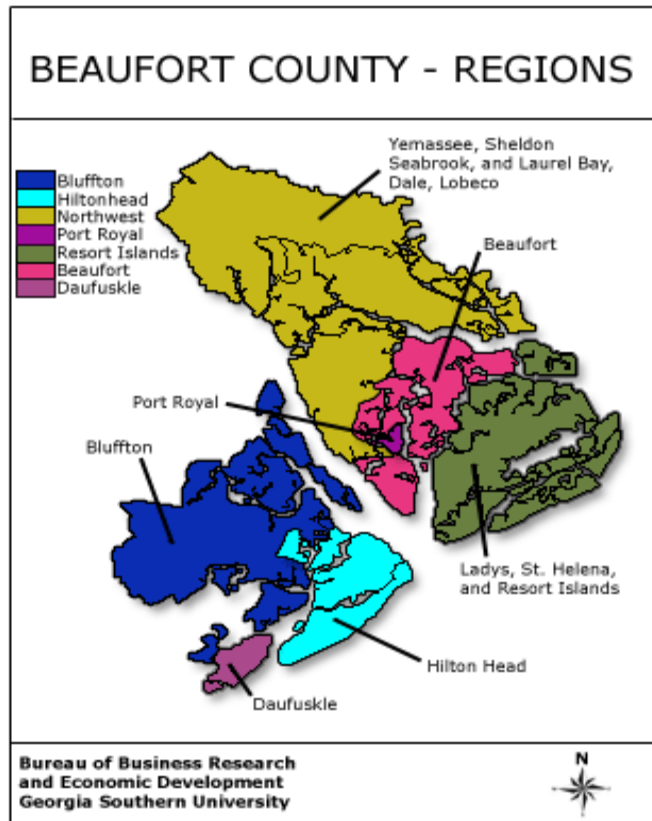
Following a discussion of the methodology employed in this study, Chapter Two provides an extensive discuss of the data that was developed for the purposes of this study. Chapter Three reports the findings on the economic impact of tourism. Chapter Four is devoted to the findings on the economic impact and the economic value of the arts. Chapter Five is devoted to the recreation economy and includes estimates of the economic impact and economic value of boating, fishing, golf and beach days. Chapter Six contains conclusions and recommendations.

#### **Methodology**

For the 2004 study, a four-county IMPLAN model was developed. The model included: Beaufort; Colleton; Hampton; and Jasper counties. This study uses the same area for the analysis of the overall impact of tourism and the arts. However, the version of IMPLAN used for the present analysis is the 2006 version, which is fully compliant with the new industrial classification system, NAICS. For that reason the tables which will be presented in the analysis with respect to aggregated industrial sectors will be different from the tables in the previous study. However, it is important to note that the NACIS system is much more detailed than the older SIC codes system with respect to professional services, entertainment, recreation and other service sectors, so the current reporting system will provide a greater refinement in the analysis than was previously possible.

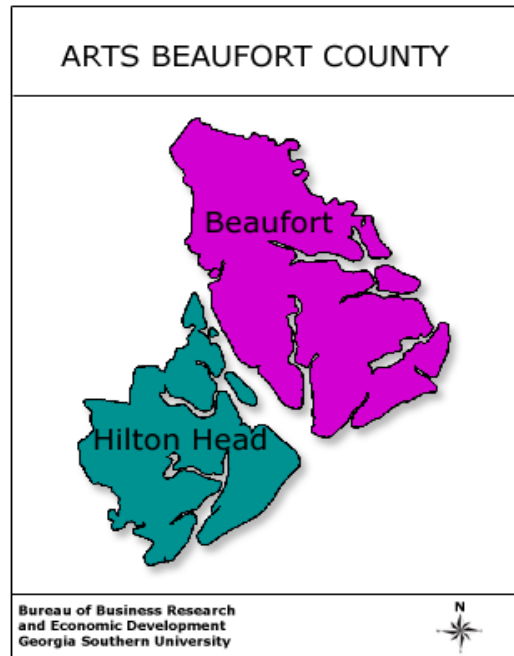
Additionally, in the 2004 study the total regional impacts were statistically allocated based on tourism-business densities to seven sub-regions. The sub-regions included: 1. Bluffton; 2. Hilton Head; 3. a Northwest region that includes Yemassee, Sheldon, Seabrook, Laurel Bay, Dale and Lobeco; 4. Port Royal; 5. a Resort Islands region with Lady and St. Helena; 6. Beaufort and, 7. Daufuskie. Figure 1.1 displays the sub-regions map. These sub-regions were replicated in this study and are applicable to the overall findings on tourism.

FIGURE 1.1



In the case of the arts economy, while it is assumed that the arts serve customers in all four counties corresponding to the region's tourism market, the economic impact of the arts has been divided into only two sub-regions: Hilton Head, and, the rest of Beaufort. Figure 1.2 shows the sub-regions for which the economic impacts of the arts are estimated.

FIGURE 1.2



### **Methodology: Tourism and Recreation Value**

Tourists, seasonal residents and area residents all use the same recreational and arts assets. However, the economic effect of their uses differs in a subtle but important way from a modeling perspective.

When a tourist or seasonal resident visits the area for vacationing and recreation, the dollars they spend were in fact earned in some other region's economy. In other words, the dollars that non-resident visitors spend come as an injection into the subject region's economy. From a modeling point of view the expenditures by tourists amount to the economic equivalent of exporting goods and services. These exports only differ from traditional exports in that the purchaser picks them up at the producers' door.

To estimate the economic impact of exports, one must first calculate the direct demand from the outside economic agents, tourists and seasonal residents. This demand, the direct expenditures made by tourists, creates net new demand in a region's economy, an injection into the subject region's economy. The new demand increases production and sets off the classic multiplier process resulting in economic growth.

However, when a local resident uses recreation or arts assets, in order to consume recreation/arts goods they must choose between recreation/arts and other things they might buy in the local economy. As an example, a resident's decision to own and operate a boat means that the resident has to choose to spend less money on, perhaps, building an outdoor deck at home or making fewer trips to local restaurant. The dollars earned locally get spent locally and since households have limited budgets, they must make choices to spend money on the things they



value the most. This means that the direct expenditures for recreations/arts activities by local residents is a measure of the value they place on the recreation activity relative to all of the other expenditures they could have made. For the purposes of this study, with respect to the arts, the goal is to identify the total value of the production in the arts. In contrast the goal of golf, fishing, boating and the beach will be to identify their impact on the economy of the region. Due to their linkages in the economy it will be impossible to isolate these activities. Therefore these estimates should not be added together and compared to the totals impact of tourism.

## CHAPTER TWO

### DATA

#### **Introduction**

Deriving the necessary data on direct expenditures is a key step in the preparation of an economic impact assessment. The following outlines sources of data for overall tourism and the various sub-segments of the tourism and arts economy. For each segment of the market there is a discussion as to how the estimates of the direct impact for each segment were derived.

#### **Data: Domestic Tourism**

Data on the number of visitors and visitor characteristics has been developed from several sources. First, the South Carolina Department of Parks, Recreation and Tourism maintains a substantial cross-section and time series database on visitors with estimates of visitor expenditures. Some of this data is developed from, and is also available through, the Travel Industry Association of America (TIA). TIA is a particularly valuable source of data on tourism expenditures by type of tourism activity.

In particular, for the tourism impact analysis, the report for calendar year 2006 entitled “Domestic Travel in South Carolina,” was downloaded from [www.scprt.com/our\\_partners/tourismstastic.aspx](http://www.scprt.com/our_partners/tourismstastic.aspx). The data contained in this report is comparable to the data employed in the 2004 BBRED study. The estimate in the 2006 report on domestic travel to South Carolina was 13.0 million total trips to South Carolina in 2006. The average party size was 2 and the average stay was 3.9 night. The total average travel expenditure per party was \$548 per trip. Further noted in the report was that approximately 25% of trips were day trips only with an average expenditure per trip per party of 2 of \$82. The remaining approximately 75% of trips were overnight trips averaging 3.9 nights with average per party per trip expenditure of \$427.

For the impact analysis of domestic tourism in Chapter Three, where a visit or activity involves a day trip the expenditure is estimated at \$82 per two person party. If the trip is an overnight trip, the average expenditure of \$427 per two person party is employed.

#### **Data: International Tourism**

The above estimates of direct expenditures and visits are for domestic travel only, i.e. U.S. residents traveling in the U.S. The present report deviates from the previous 2004 report by BBRED in that impact of international travelers is also estimated. The significant decline in the value of the dollar makes an evaluation of this component of the tourism market particularly relevant at this time. Additionally, state-wide interest in South Carolina in the international traveler resulted in increased research and data available compared to the previous 2004 study.

South Carolina has accumulated and reported statistics on international travelers in two market

segments: the Canadian Visitor; and the Overseas Visitor. The report “International Visitation to South Carolina,” was downloaded from [www.scpvt.com/files/Research/internationalVisitationtoSouthCarolina2006](http://www.scpvt.com/files/Research/internationalVisitationtoSouthCarolina2006). The report cites estimates from the U.S. Department of Commerce, Office of Travel and Tourism Industries that indicate that South Carolina receives an average 150,000 overseas visitors annually. That estimate serves as the basis for this report’s estimates of overseas visitors to Beaufort and the surrounding area.

Further, [www.scpvt.com/files/Research/internationalVisitationtoSouthCarolina2006](http://www.scpvt.com/files/Research/internationalVisitationtoSouthCarolina2006), indicates that about 767,800 Canadians also visit South Carolina each year. Compared to the domestic traveler, the average Canadian party is reported to be slightly larger at, 2.6 persons per party. Also, compared to the average domestic traveler, the travel party stays an average of 7.2 nights and spends approximately \$564. For all following impact analyses, overseas travelers were assumed to have the same length of stay, party size and spending habits as the Canadian sample. This is very conservative assumption with respect to the overseas traveler, whom one would expect to stay longer and spend more because of the investment in/distance of the overseas trip.

Additionally, with respect to the international traveler, a scenario was estimated that included the impact of the devaluation of the dollar. In the study prepared by Market Search Corporation for the South Carolina Department of Parks, Recreation and Tourism entitled, “International Tourism and Vacation Brand Image Study,” (2007), the researchers found that 22% of the sample interviewed for the study were sensitive to the exchange rate and would alter their plan for travel depending on the exchange rate. Given the drastic devaluation of the dollar in 2007, which is expected to continue throughout 2008, it was assumed that the number of international travelers might increase by as much as 22%.

### **Bring the 2006 Estimates of Travel Up To 2007 Annual Estimates**

Both the domestic and international travel numbers above are for the calendar year 2006. To bring the estimated volume of trips up to the expected 2007 level, it was noted from calculations regarding the four county’s shares of the state-wide 2% accommodation tax that the four county regions was an estimated 15% of the state-wide market.

Table 2-1 displays that, in fact, the region has had a slightly growing share of the state’s tourism market. In 2002/03, the four county region of Beaufort, Colleton, Hampton and Jasper accounted for approximately 14.8% of all state-wide accommodation taxes. By 2006/07 the four counties account for approximately 15% of the state-wide accommodations tax. The estimated 15% share of the state-wide accommodation tax was use to predict by how much the number of visitors to the region grew between 2006 and 2007.

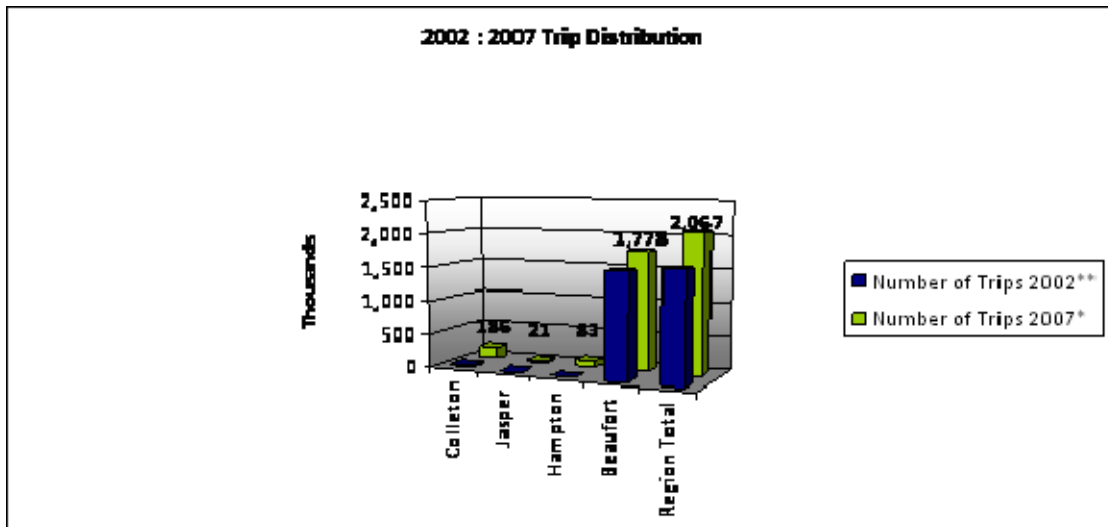
**Table 2-1**  
**CHANGES IN THE REGION'S SHARE OF THE ACCOMMODATION TAX**

	2002/03	2003/04	2004/05	2005/06	2006/07	Share of Region
<b>Beaufort</b>	4,279,122	4,400,905	4,766,788	5,308,440	5,518,471	86%
<b>Colleton</b>	386,539	401,828	401,624	452,326	550,905	9%
<b>Hampton</b>	26,179	27,755	26,327	29,440	34,000	1%
<b>Jasper</b>	247,803	256,966	257,669	257,472	281,239	4%
<b>Region Total</b>	4,939,643	5,087,454	5,452,408	6,047,678	6,384,615	
<b>Region Share</b>	<b>14.77%</b>	<b>14.62%</b>	<b>14.80%</b>	<b>14.96%</b>	<b>14.93%</b>	
<b>State Total</b>	33,445,080	34,788,127	36,836,246	40,429,703	42,771,165	

Using the estimated 13.0 million trips to South Carolina in 2006 with average spending of \$427, gross state revenue of \$5,551,000,000 was generated.<sup>1</sup> Gross state revenue from tourism has historically grown by approximately 6% per year. That means that 2007 estimated gross state revenue from tourism was approximately \$5,884,060,000. Given that greater Beaufort region is estimated to have a 15% share of the state's overall travel market regional gross sales are estimated at \$882,609,000. At \$427 per trip the region's share of gross sales equates to an estimated 2,067,000 trips to the four county area in 2007.

Figure 2.1 shows the estimated number of trips for 2007 as compared with the estimates derived by BBRED in the 2004 report. The report in 2004 was based on data from 2002 and showed a total number of trips to the four county region at 1,608,556. With an estimate for 2007 of 2,067,000 trips to the four county region, the result is a *net increase in the five-year period of 458,444 or an increase of nearly one-half million trips.*

**FIGURE 2.1**



<sup>1</sup> The \$427 estimate of the expenditure per trip is a weighted average of the 25% of the visitors as day visitors spending \$82 per trip and the 75% of the visitors as overnight visitors spending \$548 per trip.

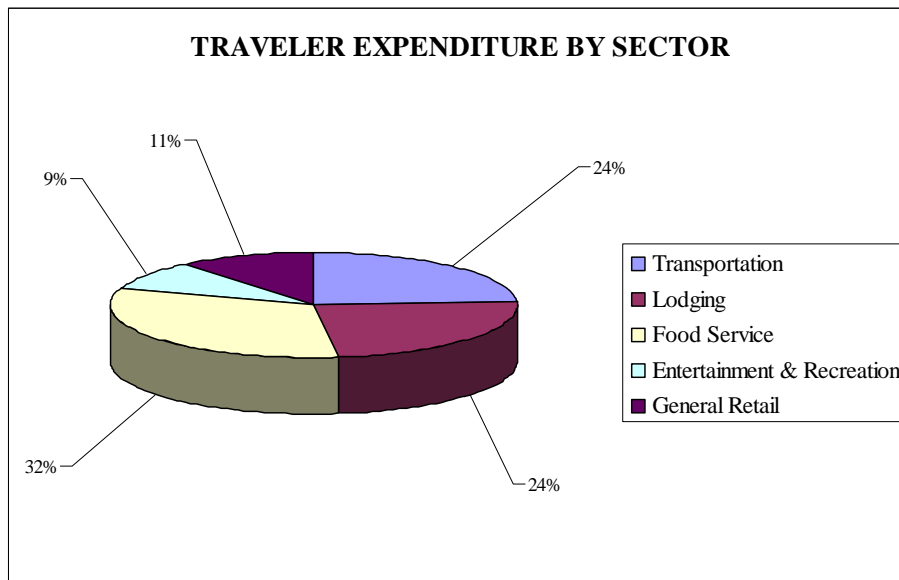
Table 2-2, shows the distribution of the \$882,609,000 in direct expenditures by type of expenditure. The percent distribution by type of expenditure was derived from the data presented in “The Economic Impact of Travel on South Carolina Counties: 2006,” prepared by the Travel Industry Association (TIA) for the South Carolina Department of Parks, Recreation and Tourism, 2007. See expenditures by industry sector, for 2006, page 11. The percentages by sector used in this report differ as a result of deleting the category, Public Transportation, which it is felt represents expenditures that accrue to the home area of visitors, not the receiving area.

**Table 2-2**  
**TRAVELER EXPENDITURE BY INDUSTRY SECTOR**

Sector	Percent by Industry Sector	2007 Gross Expenditure Type
<b>Transportation</b>	24.10%	\$212,708,769
<b>Lodging</b>	24.00%	\$211,826,160
<b>Food Service</b>	32.30%	\$285,082,707
<b>Entertainment &amp; Recreation</b>	8.90%	\$78,552,201
<b>General Retail</b>	10.70%	\$94,439,163
<b>Total Gross Regional</b>		\$882,609,000

The estimated direct expenditures by industry sector were used in the input-output analysis to predict the total economic impact of tourism in the four-county regions. This distribution of spending essentially converts to five directly impacted sectors in the IMPLAN model: Retail Trade; Real Estate & Rental; Arts-Entertainment and Recreation; Accommodations and Food Service; and, Other Services.

**FIGURE 2.2**



### **Data: International Visitors Adjusted to 2007**

The methodology for estimating the number of international visitors to the four county region for 2007, parallels the method of estimating the region's share of domestic visitors. For example, with 767,800 Canadian trips in 2006 and estimated average of \$564 per trip, the 2006 state-wide direct impact from the Canadian market was \$433,039,200. With a 6% annual growth in state-wide accommodation tax and a 15% share of the state market it is estimated that in 2007 the four county regions would have had 46,967 Canadian trips worth \$68,853,233. The devaluation of the U.S. dollar had the potential to raise that number to 56,360 Canadian trips producing and a direct impact of \$82,623,879 in the four county regions.

For trips by overseas visitors it was similarly estimated that the region captured 9,176 trips worth \$13,451,400 in 2007 and that with the devaluation of the dollar that impact potential rises to 11,011 trips producing \$16,141,680.

The direct impacts for both the base estimate of international trips and the weak dollar scenario were used to develop a total economic impact of international visitors using the input-output analysis. Table 2-3 summarizes the direct impact data for Canadian and international visitors.

**TABLE 2-3**  
**Direct Expenditure 2007 \$**

<b>Canadian Market</b>	68,853,233
No devaluation	
<b>Canadian Market</b>	82,623,879
With Devaluation	
<b>International Market</b>	13,451,140
No Devaluation	
<b>International Market</b>	16,141,680
With Devaluation	

For both the no devaluation and the weak dollar scenarios it was assumed that the distribution of expenditures by industrial sector for foreign travelers was the same as for domestic travelers.

### **Data: Sub-Region Distribution**

In order to present estimates from the IMPLAN analysis at a sub-region/sub-county level a means of allocating the economic impacts was required. To develop a basis for distributing impacts rooted in the reality of the region's economy, a weighting factor was calculated based on the distribution of tourism-based businesses in the county by zip code. Estimates for total sales by tourism related business are based on sales data from the *Reference USA* database. This follows the methodology used in the previous 2004 study. After total sales by type of business in tourism-based businesses were estimated the shares by zip codes for the sub-county were used to estimate the proportion of spending to be distributed to each sub-region. Table 2-4 shows the zip codes used and percentage of activity for each locale.

**TABLE 2-4**  
**Distribution of Expenditure By Sub-Region**  
**Tourism-Business Densities**

<b>Places in County</b>	<b>Percentage of expenditures</b>	<b>ZIP Code</b>
<b>Beaufort</b>	21.98%	29901, 29902, 29903, 29905, 29907
<b>Bluffton</b>	12.63%	29904, 29906, 29914, 29940, 29941, 29945, 29946
<b>Daufuskie</b>	1.34%	29935
<b>Hilton Head</b>	52.73%	29925, 29926, 29914, 29940, 29941, 29945, 29946
<b>Ladys, St. Helena and Resort Islands</b>	1.25%	29920
<b>Port Royal</b>	1.39%	29909, 29910
<b>Yemassee, Sheldon Seabrook and Laurel Bay, Dale, Lobeco</b>	8.70%	29915

Table 2-5 shows the percent distribution from the 2004 study compared to the present analysis.<sup>2</sup> The estimates of the relative tourism related share of economic activity shows that the Beaufort sub-region after the ‘big-box’ stores are removed from the retail base, the Beaufort share of the tourism economy has remained constant at 17%. Hilton Head, with 53% of the share has also remained constant. In fact there has been very little movement in the shares of the sub-region’s tourism economy.

**TABLE 2-5<sup>3</sup>**  
**Percentage of Tourism**  
**Economic Related Activities**

	<b>2004</b>	<b>2007</b>
<b>Beaufort</b>	16.6%	17.0%
<b>Bluffton</b>	15.3%	15.1%
<b>Daufuskie</b>	3.5%	3.3%
<b>Ladys, St. Helena</b>	2.1%	2.0%
<b>Port Royal</b>	2.2%	2.2%
<b>Yemassee, Sheldon</b>	6.6%	6.8%
<b>Hilton Head</b>	53.7%	53.6%

As a final note on the distribution of total economic impacts to the sub-regions, it should be noted that Beaufort County makes up 96.6 percent of the four county regional economy and in fact, almost all direct tourism spending is expected to occur in Beaufort with the main impact of

<sup>2</sup> The 2004 percentages differ from the percentages that appear in the “The Economic Impact of the Tourism Economy and Tourism Profile of Beaufort County and the Surrounding Area” due to a calculation error in that report.

<sup>3</sup> *Ibid.* The re-calculated values for 2004 super-cede the values in error in the 2004 report.

indirect and induced spending filtering to the other three counties. Based on the preponderance of the direct impacts, no net adjustments were made in estimates of the total economic impact measures before distributing the impacts to the sub-regions.

### **Data: The Arts**

Three components of the arts economy are examined in this study. The first, and largest component of the arts, is the production and audience expenditures of attendees at events generally called the performance arts: theater; concerts; and live dance performances. A second component of the arts is closely related to the entertainment sector and a key part of the tourism economy, visitors who spend money on cultural events and festivals. The third component of the arts is more difficult to isolate from local recreation/arts economy. This component, the retail and service component, includes: the art produced and sold in galleries; arts instruction such as for crafts and dance; and, management of artists. The following discussion presents the approach employed in this study for estimating the direct impact and/or direct economic value of each of these components.

### **Data: Performance Arts**

In 2006, the Americans for the Arts developed and published guidelines for the preparation of the assessments of the economic value and impact of the arts, "*Arts & Economic Prosperity III.*" As part of that effort, the Americans for the Arts developed a substantial cross-sectional data set on the expenditures by arts and cultural organizations and on the expenditures by audiences attending arts events, by size of population and several other characteristics. BBRED employed that database along with other socio-economic and demographic data to develop estimating equations to predict total audience expenditures on the arts and total operating expenditures of arts organizations. Initial analyses of the data by regression resulted in equations that explained only about 65% of the variation in total audience expenditure and the same for variation in total operating expenditures. These results were deemed inadequate to use the analyses to predict audience expenditures and operating expenses for the greater Beaufort area

A review of the literature on the arts suggests that there has been a shift in the consumption pattern in the arts. In studies prepared in the 1980s certain economic and demographic characteristics were identifiers explaining attendance at arts events. These characteristics were: household income above \$50,000; four or more years of college; and age between 18 and 35. These factors no longer appear to be determining factors, or factors that explain attendance at arts events. Audiences appear to have become much more heterogeneous and much more a cross-section of the population. There also appears to have been a shift in the age composition of attendees at arts events away from younger to older audiences, but this may merely reflect the general demographic trend in the U.S. population.

Since socio-economic and demographic characteristics of the population could not be used to predict audience expenditures and arts operating costs for Beaufort it was determined that the experience of communities of comparable size might serve as a good benchmark for the Beaufort experience. The greater Beaufort market area has a population of approximately 240,000 so 16 communities from Group C of the "*Arts & Economic Prosperity III*" and 6 from Group D were



selected as good benchmark communities.<sup>4</sup> The sub-sample was selected to capture communities ranging in size from 240,000 plus and minus 60,000. Two outliers from this group were eliminated, Boise, ID and St. Paul, MN. Audience expenditures for these two cities varied from the mean for the group by more than three standard deviations.

For the purposes of the impact analysis a range of direct audience spending and a range of direct arts operating spending were estimated as follows. The representative sub-sample for communities comparable in size to the Beaufort area market was selected as:

- The low end of the range was selected as the median audience/operating estimate for Group C from the “*Arts & Economic Prosperity III*” 2006 study;
- The ‘best’ or mid-range estimate was calculated as the average audience/operating spending based on the benchmark communities which included communities from both Groups C and D; and,
- The high end of the range was selected as the mean audience/operating estimate for Group C from the “*Arts & Economic Prosperity III*” 2006 study.

The resulting estimates for the *direct impact of audience spending* and the *direct impact of operating spending by arts organizations* are:<sup>5</sup>

- The low direct audience spending is estimated as \$11.0 million and the low direct operating spending by arts organizations is estimated as \$12.0 million;
- The ‘best’ estimate derived from the benchmark groups is direct audience spending of \$18.0 million and direct operating spending by arts organizations of \$19.0 million; and,
- The high direct audience spending is also estimated at \$18.0 million and the high direct operating spending is estimated at \$24.0 million.

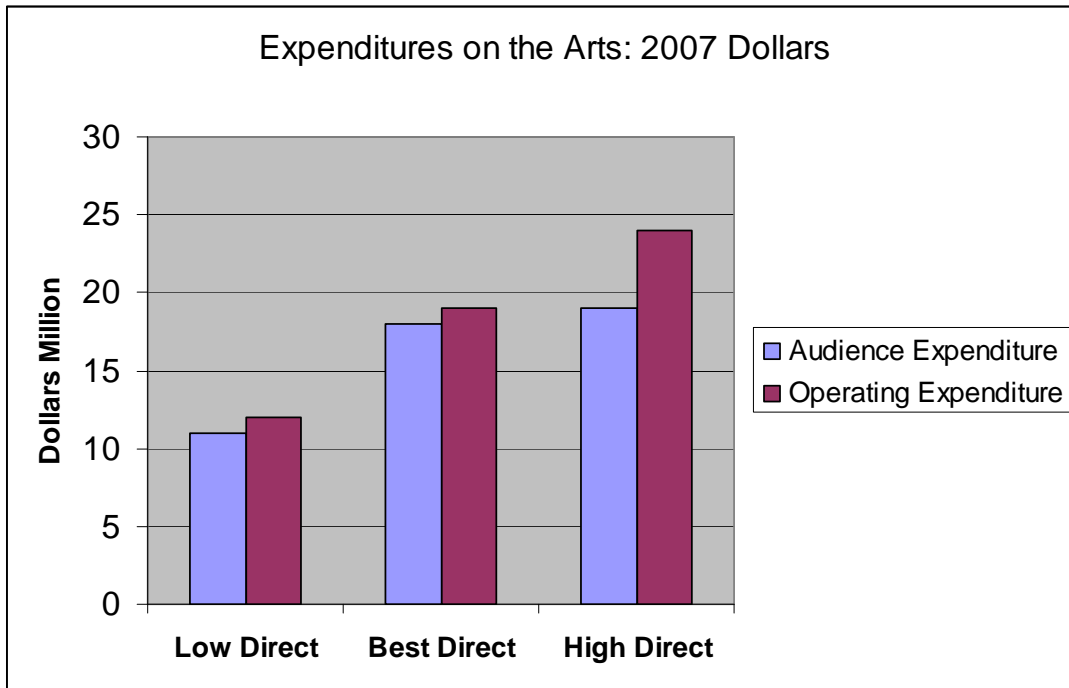
Figure 2.3 shows the low, best and high direct audience and direct operating expenditures used to estimate the economic impact of the performance arts.

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<sup>4</sup> Group C included communities in the 2006 study that ranged in population from 100,000 to 249,999. Group D included communities in the 2006 study that ranged in population from 250,000 to 499,999.

<sup>5</sup> As a point of local reference Savannah, GA was estimated to have \$21.9 million in spending by arts organizations and \$24.7 million in spending by audiences.

**FIGURE 2.3**



It should be noted that for the purposes of this impact analysis, the audience spending estimates do not contain payments made for tickets. Per the definition used in “*Arts & Economic Prosperity III*” study the data provided is on those expenditures induced by attendance at an arts event. That means that to capture the full impact of the arts one must combine the induced audience spending with the costs incurred in the production of the events. For the impact analysis discussed below, the direct impact of the arts was calculated as the combined costs of producing events and the audiences induced spending.

The 2006 study, “*Arts & Economic Prosperity III*” also provided estimates of the distribution of expenditures by type of expenditure for both audience spending and for arts operating spending. As shown in Figure 2.4 the “*Arts & Economic Prosperity III*” study showed that audiences distribute their expenditures across industry sectors as:

- 48.4% spent on Eating and Drinking;
- 17.5% on retail items such as clothing and souvenirs;
- 9.6% on transportation;
- 19.4% on lodging; and,
- 5.1% on miscellaneous services such a child care.

FIGURE 2.4

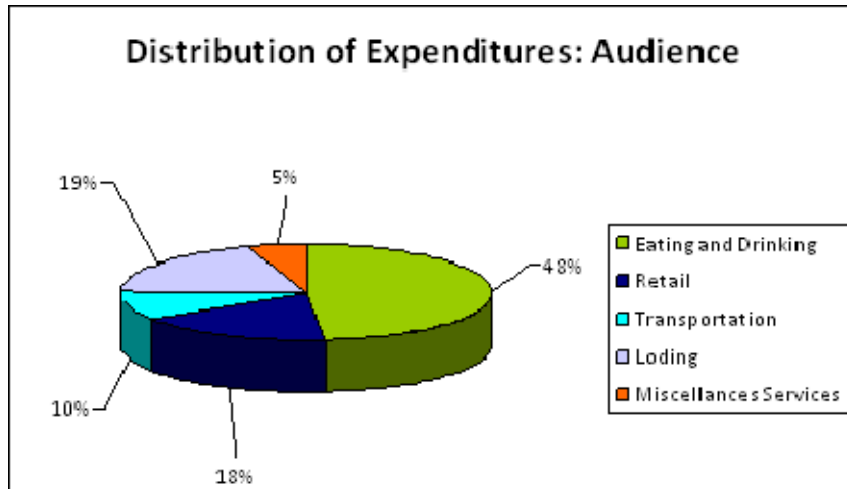


Table 2-6 displays the distribution of direct spending for the low, best and high scenarios.

TABLE 2-6  
**Estimated Spending Direct:  
 Audiences 2007 Dollars**

	<b>Low Impact</b>	<b>Best Impact</b>	<b>High Impact</b>
<b>Eating and Drinking</b>	5,324,000	8,712,000	8,712,000
<b>Retail</b>	1,925,000	3,150,000	3,150,000
<b>Transportation</b>	1,056,000	1,728,000	1,728,000
<b>Lodging</b>	2,134,000	3,492,000	3,492,000
<b>Miscellaneous Services</b>	561,000	918,000	918,000

Figure 2.5 shows the percent distribution of operating expenses by type of expense as reported in “*Arts & Economic Prosperity III*”:

- 49.0% for Staff and Employee expenses;
- 38.5% for Administrative and Overhead expenses;
- 8.1% for Facilities expenses; and,
- 4.4% for payments to local artists.

FIGURE 2.5

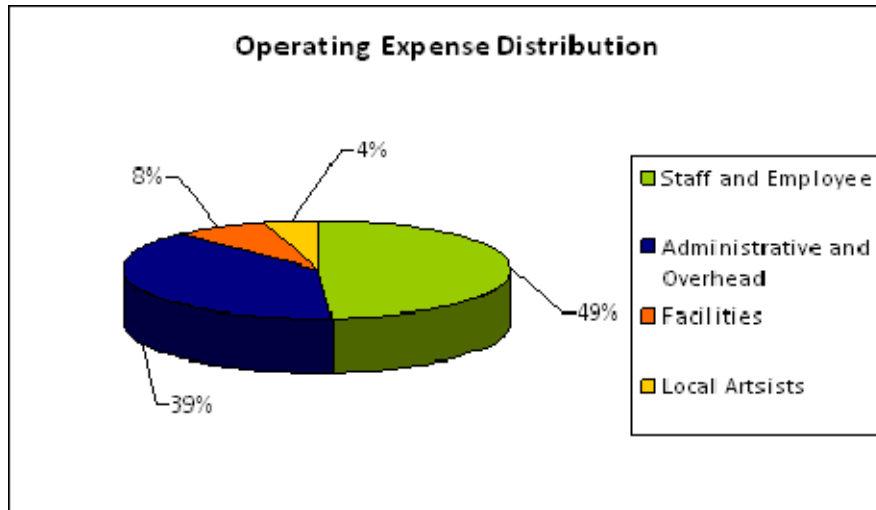


Table 2-7 displays the distribution of direct spending for the low, best and high scenarios.

TABLE 2-7  
**Estimated Spending Direct:  
 Operating in 2007 Dollars**

	<b>Low Impact</b>	<b>Best Impact</b>	<b>High Impact</b>
<b>Staff and Employee</b>	5,876,908	9,305,104	11,753,815
<b>Administrative and Overhead</b>	4,621,197	7,316,895	9,242,393
<b>Facilities</b>	969,991	1,535,819	1,939,982
<b>Local Artists</b>	531,904	842,181	1,063,807

The distributions of expenditures for audiences were used to assign the direct spending of each to the appropriate IMPLAN processing sector. In contrast for the operating expenses of organization the above distribution was aggregated into a single sector in IMPLAN, recreation and entertainment.

**Data: Cultural Events and Festivals**

Thirty-four recurring or annual events are currently planned for the 2008-2009 season. The Beaufort Regional Chamber of Commerce has indicated that number and types of events in the 2008-2009 seasons are fairly typical of the usual level of activity.

Festivals and events are wide ranging from such activities as graduations at Parris Island and the nationally known Gullah Festival to smaller events such as the Chalk on the Walk. Based on attendance estimates from a variety of cultural and festival events throughout coastal Georgia and the Lowcountry, BBRED estimated a local/visitor split of 25% local visitors to 75% traveling visitors. BBRED also estimated approximate total annual attendance at approximately 200,000 per year.

The economic value of a local visitor was estimated at the day traveler rate of \$41 per person and

the economic impact of a visitor was estimated at the traveler rate of \$274 per person. It was estimated that attendance rates for 2007 were 50,900 local visitors and 152,800 non-local visitors. The total direct impact of festivals in 2007 dollars was estimated as \$45.7 million. The direct impact of festivals was used in IMPLAN to estimate the total impact of festivals.

### ***Other Arts: Retail and Instructional Services***

This component of the arts economy is more difficult to isolate from rest of local economy and the tourism economy in general. This component includes the art produced and sold in galleries and studios. It includes the work produced by visual artists such as painting, sculpture, craft and graphic design. It also includes arts instruction such as crafts and dance.

While some of the arts produced by the retail/services component of the arts industry are purchased or consumed by visitors, their consumption cannot be disentangled from local consumption. Hence, for this sector of the arts this report provides an estimate of the value of this economic activity, not its impact. Various sources were used to develop the basic data for this analysis. The sources include the *Reference USA* data base and data from the Department of Labor.

### **Data: The Recreation Economy**

#### *Boating:*

For the purpose of this analysis boating was too attached to other activities to be able to solely focus on that segment of the tourism economy. Additionally there were not a good data sources that discussed who traveled for boating purposes. BBRED selected another method with which to analyze the boating sector of the tourism economy. This method involves looking at the value of the activity to the broader economy.

North American Industry Classification System (NAICS) was used to select the industries that were related to the boating. The NAICS sectors selected were Marinas, Recreational Goods Rental, Other Personal and Household Goods Repair and Maintenance, and Boat Dealers. The manufacturing sector was not used in this study since the majority of boat building activities occur outside the study area.

Once the relevant sectors were identified the database *Reference USA* was employed to determine how many business in each NAICS codes area were located in the four county economy. The listings in *Reference USA* are updated every six months and have been found to provide a reasonably comprehensive accounting of businesses. The information on the businesses included estimates of the numbers of employees and estimates of the gross sales. The high estimate of the number of employees for boating related business is 751 people employed in the boating related sectors. The low estimate of the number of employees for boating related businesses is 650 people are employed in the boating related sectors. Similar to using direct expenditures to estimate total economic impact in IMPLAN, IMPLAN can also use employment as a direct driver in an impact analysis.

#### *Fishing:*

The national report, “2006 National Survey of Fishing, Hunting and Wildlife” estimated that

there was approximately 433.3 million days spent fishing by freshwater anglers nationwide. These anglers spent approximately \$26 billion on trips and equipment for freshwater fishing. This results in an estimated average expenditure of \$61 per day of fishing.

Data from the same source was available for saltwater fishing. There was approximately 85.0 million days spent saltwater fishing by anglers. The saltwater anglers spent \$9.6 billion saltwater fishing trips and equipment. This results in an estimated average expenditure of approximately \$104 per day of saltwater fishing.

These estimated expenditures per fishing trip were employed along with population and South Carolina State prepared estimates of fishing by residents and visitors to develop estimates of total direct spending on fishing.

### *Golf*

The data in this report on the golfing segment of the recreation economy are based on the 2006 report *The Economic Impact of Golf in South Carolina* which can be found on the following website <http://www.scrpt.com/files/Research/SCGolfEconomy.pdf>. This report surveyed public and private golf courses in South Carolina to determine the amount of money spent by golfer's directly on golf and on the other related activities. The focus of *The Economic Impact of Golf in South Carolina* was on domestic travelers. At this time there are no comparable data for golfing habits of international visitors.

*The Economic Impact of Golf in South Carolina* defined a golfer as any traveler who played at least one round of golf during their visit to South Carolina. Based on the statewide study there were 922,945 trips to South Carolina that included golf. The average party size was 2.6, slightly larger than the travel party size for general travelers, and the average length of stay was 5 nights, which is slightly longer than the 3.9 nights that the typical domestic traveler spends in the area. Total statewide spending on trips that included at least one round of golf equaled about \$910,000,000.

The leading area for golfing tourism in South Carolina was Myrtle Beach with a 57% share of golf related tourism. The Beaufort/Hilton Head area followed with a 23% share of the golf related tourism market. The estimated total direct expenditure in the greater Beaufort region for golfing was \$209.3 million in 2005. The IMPLAN inflation adjustment factor was used to bring the estimate to 2007 dollars.

The average spending per golfing party per trip was \$985. Golfing visitors with their larger than average party size and longer than average stay have a larger impact per visitor compared with the general traveler to the greater Beaufort area.

### *Beaches*

Measuring the economic impact of the area beaches presents a significantly different challenge from the above sub-components of the tourism economy. Whereas each of the above sub-components of the tourism economy are activities, the beach is amenity and therefore an input that enhances the travelers experience for each of the activities.

There are several methods for estimating the value of a beach. One approach is the travel cost method of measuring the value of a beach. In this approach it is argued that what a traveler spends in order to visit the beach is a measure of the market value of the beach. If a traveler spends \$2,000 to visit the beach for 2 to 3 days the estimated value of a beach day is \$670 to \$1,000 per day. There are several problems with this approach, for example one will often find very wide ranges in the value that derive from the particular circumstance of individual consumer. The travel costs for an international visitor to Beaufort for a beach day is likely to be much higher than for a domestic traveler. Because of differences in individual utility functions both numbers are correct, but not comparable and should not really be added together to get a total direct impact estimate. Further, from an economic impact perspective much of the cost of making the trip does not flow through the beach community's economy. The travel cost method does not result in an appropriate measure of a direct expenditure.

A second, and perhaps more appropriate method, for measuring the value of a beach is the willingness-to-pay measure. Willingness-to-pay estimates are often derived via a survey, by asking beach visitors how much they would be willing-to-pay for their visit to the beach. The measure is like asking how much one is willing-to-pay for a general admission. For such measure to be reliable the survey instrument must be developed to strict methodological specification. Willingness-to-pay measure are considered to be reasonable reliable estimates of the value of a beach, but note, these values will vary widely between beach due to perceived difference in the quality of different beaches. This means that each measure of value is location specific and should not be used as the value for the experience at another location. Second, like the travel cost method, from the point of view of an economic impact analysis, the value derived is not a measure of dollars that flow through a region's economy.

From the research examined there are two approaches that BBRED feels will answer the question of, 'what is the value of the beach' to the Beaufort economy. The first measure would be to determine how many visitors would choose another location for their trip if there were no beach or beach access. This would provide a measure of the input value of the beach to all of the activities travelers spend money on during their trip.

A second approach would be to measure the expenditure differential between beachside and non-beachside accommodation, dining, golfing, etc. If the golfing visitor is willing to pay \$30 extra per day to stay in an ocean front villa, the beach adds \$30 per day to the golfing experience. This is a direct measure of an expenditure that flows through the local economy that is solely caused by the beach.

## CHAPTER THREE

### FINDINGS ON THE ECONOMIC IMPACT OF TOURISM

#### Introduction

The estimated direct expenditures by industry type by both domestic tourists and international tourists are used in this chapter to estimate the total economic impact of tourism in the four county IMPLAN model. The data developed previously on the direct impacts of tourism include:

- It is estimated that in 2007, approximately 2.1 million trips by domestic tourist were made to the four county Greater Beaufort region.
- The 2.1 million estimated trips in 2007 represented an estimated increase of 500,000 domestic trips compared to the estimated 1.6 million trips in 2002 as reported in the 2004 BBRED study. The underlying sources of the estimation and the method for estimating trips were the same in both the previous report and the present report.
- The estimated 2.1 million trips resulted in an estimated direct economic impact in the four county region in 2007 of \$882.6 million in 2006 dollars. This is the direct impact for domestic travel only.
- Travel by international visitors added a total of between approximately 56,000 and 63,000 trips to the four county Greater Beaufort area.
- Direct spending by international travelers to the four county Greater Beaufort region had a direct impact of between \$82.3 million and \$98.8 million in 2007.
- Combined domestic and international trips to the region amounted to between 2,123,143 trips and 2,130,371 trips, resulting in a direct economic impact of between approximately \$965.0 million and \$981.0 million in 2007 dollars.

As discussed previously, the direct spending of tourists is an injection of new spending in an economy. The spending by tourists is in effect the same thing as exporting, except the tourist travels to the region to pick up the goods and services at the factory door. The net new spending by tourists creates backward linked demand by the businesses that supply the tourist with such things as accommodations, meals, entertainment, etc. The backward linked induced demand and indirect demand add to the total economic impact. The following presents the total impact of the direct spending by tourists.

#### Findings

The total economic impacts of the direct expenditures of domestic and international travelers on the four county regional economy were measured using three key economic variables: gross regional output; employment/jobs; and labor income. Tables 3-1 through 3-3, show that the total economic impacts of *domestic tourism* on the four county economies for each of the impact measures respectively.



**TABLE 3-1**  
**Output Impact Domestic Visitors: 2007 \$**

<u>Aggregated Industry Sector</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Ag, Forestry, Fish & Hunting	0	1,011,119	939,758	1,950,877
Mining	0	916,230	445,570	1,361,800
Utilities	0	14,394,962	6,565,704	20,960,666
Construction	0	10,349,460	1,464,237	11,813,697
Manufacturing	0	10,293,188	6,368,268	16,661,456
Wholesale Trade	0	8,162,517	8,504,532	16,667,048
Transportation & Warehousing	0	11,142,933	4,877,696	16,020,629
Retail Trade	298,683,424	10,313,763	34,761,176	343,758,368
Information	0	11,909,549	5,344,183	17,253,730
Finance & Insurance	0	13,318,325	12,426,740	25,745,066
Real Estate & Rental	54,959,252	46,875,280	13,993,567	115,828,096
Professional-Scientific & Tech Svcs	0	22,329,382	6,905,140	29,234,522
Management of Companies	0	9,425,347	1,100,867	10,526,213
Administrative & Waste Mgt Svcs	0	10,199,006	1,732,691	11,931,697
Educational Svcs	0	105,308	2,716,091	2,821,400
Health & Social Svcs	0	5,126	27,143,512	27,148,638
Arts-Entertainment & Recreation	79,776,216	1,902,360	3,387,960	85,066,536
Accomodations & Food Svcs	362,790,080	8,521,775	17,251,930	388,563,776
Other Svcs	108,712,040	7,397,981	10,229,986	126,340,008
Government & Non NAICs	0	7,663,105	39,798,636	47,461,740
Institutions	0	0	0	0
<b>Total</b>	<b>904,921,012</b>	<b>206,236,715</b>	<b>205,958,242</b>	<b>1,317,115,962</b>

**TABLE 3-2**  
**Employment Impact Domestic Vistors**

<u>Aggregated Industry Sector</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Ag, Forestry, Fish & Hunting	0	19	18	36
Mining	0	2	1	4
Utilities	0	37	17	53
Construction	0	91	14	105
Manufacturing	0	47	29	76
Wholesale Trade	0	50	52	101
Transportation & Warehousing	0	176	59	234
Retail Trade	5,654	160	543	6357
Information	0	43	19	62
Finance & Insurance	0	72	63	135
Real Estate & Rental	337	332	104	773
Professional-Scientific & Tech Svcs	0	193	68	260
Management of Companies	0	78	9	87
Administrative & Waste Mgt Svcs	0	142	27	170
Educational Svcs	0	2	76	78
Health & Social Svcs	0	0	329	329
Arts-Entertainment & Recreation	1,005	66	55	1126
Accomodations & Food Svcs	4,906	126	299	5330
Other Svcs	1,866	133	219	2219
Government & Non NAICs	0	42	27	69
Institutions	0	0	0	0
<b>Total</b>	<b>13,768</b>	<b>1,811</b>	<b>2,026</b>	<b>17,604</b>

TABLE 3-3

**Labor Income Impact Domestic Visitors: 2007 \$**

<u>Aggregated Industry Sector</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Ag, Forestry, Fish & Hunting	0	315,275	398,366	713,641
Mining	0	86,495	42,083	128,577
Utilities	0	3,162,757	1,442,632	4,605,389
Construction	0	3,868,557	589,570	4,458,127
Manufacturing	0	2,410,082	1,396,341	3,806,423
Wholesale Trade	0	3,090,840	3,220,348	6,311,189
Transportation & Warehousing	0	5,218,352	1,904,113	7,122,465
Retail Trade	127,956,032	4,176,749	14,104,703	146,237,488
Information	0	2,662,728	1,089,417	3,752,145
Finance & Insurance	0	5,111,528	4,190,901	9,302,428
Real Estate & Rental	13,080,720	7,841,214	2,378,011	23,299,944
Professional-Scientific & Tech Svcs	0	10,673,100	3,284,761	13,957,862
Management of Companies	0	2,884,632	336,921	3,221,553
Administrative & Waste Mgt Svcs	0	3,945,982	725,667	4,671,650
Educational Svcs	0	37,337	1,201,553	1,238,890
Health & Social Svcs	0	1,971	14,429,051	14,431,022
Arts-Entertainment & Recreation	27,026,116	810,688	1,390,491	29,227,294
Accommodations & Food Svcs	117,990,248	3,036,990	6,004,052	127,031,288
Other Svcs	37,012,816	3,067,172	4,431,718	44,511,704
Government & Non NAICs	0	1,592,324	865,408	2,457,732
Institutions	0	0	0	0
<b>Total</b>	<b>323,065,932</b>	<b>63,994,772</b>	<b>63,426,105</b>	<b>450,486,809</b>

The output multiplier is approximately 1.46. That means that for every \$100 jobs of new tourism demand the economy expands by an additional \$46 due to the re-spending effect of businesses that sell services directly to the travelers. The jobs multiplier is 1.28, or for every additional 100 jobs in tourism the economy grows by an additional 28 jobs. The labor income multiplier is 1.39. Again, for every \$100 of growth in tourism labor income, the rest of the economy gains an additional \$39 in labor income.

Tables 3.4 through 3.6 show the total economic impacts of *international travelers* for the same impact measures.

**TABLE 3-4**  
**Output Impact International Travelers: 2007 \$**

<u>Aggregated Industry Sector</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Ag, Forestry, Fish & Hunting	0	94,288	87,634	181,922
Mining	0	85,440	41,550	126,990
Utilities	0	1,342,352	612,262	1,954,614
Construction	0	965,103	136,542	1,101,645
Manufacturing	0	959,856	593,851	1,553,706
Wholesale Trade	0	761,167	793,061	1,554,228
Transportation & Warehousing	0	1,039,096	454,853	1,493,948
Retail Trade	27,852,684	961,775	3,241,533	32,055,992
Information	0	1,110,584	498,353	1,608,937
Finance & Insurance	0	1,241,954	1,158,812	2,400,767
Real Estate & Rental	5,125,034	4,371,191	1,304,922	10,801,147
Professional-Scientific & Tech Svcs	0	2,082,249	643,915	2,726,164
Management of Companies	0	878,928	102,657	981,585
Administrative & Waste Mgt Svcs	0	951,073	161,576	1,112,649
Educational Svcs	0	9,820	253,280	263,100
Health & Social Svcs	0	478	2,531,174	2,531,652
Arts-Entertainment & Recreation	7,439,254	177,398	315,932	7,932,584
Accomodations & Food Svcs	33,830,724	794,669	1,608,769	36,234,164
Other Svcs	10,137,563	689,873	953,962	11,781,398
Government & Non NAICs	0	714,596	3,711,283	4,425,879
Institutions	0	0	0	0
<b>Total</b>	<b>84,385,259</b>	<b>19,231,888</b>	<b>19,205,919</b>	<b>122,823,069</b>

**TABLE 3-5**  
**Employment Impact International Travelers**

<u>Aggregated Industry Sector</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Ag, Forestry, Fish & Hunting	0	2	2	3
Mining	0	0	0	0
Utilities	0	3	2	5
Construction	0	9	1	10
Manufacturing	0	4	3	7
Wholesale Trade	0	5	5	9
Transportation & Warehousing	0	16	6	22
Retail Trade	527	15	51	593
Information	0	4	2	6
Finance & Insurance	0	7	6	13
Real Estate & Rental	31	31	10	72
Professional-Scientific & Tech Svcs	0	18	6	24
Management of Companies	0	7	1	8
Administrative & Waste Mgt Svcs	0	13	3	16
Educational Svcs	0	0	7	7
Health & Social Svcs	0	0	31	31
Arts-Entertainment & Recreation	94	6	5	105
Accomodations & Food Svcs	458	12	28	497
Other Svcs	174	12	20	207
Government & Non NAICs	0	4	3	6
Institutions	0	0	0	0
<b>Total</b>	<b>1,284</b>	<b>169</b>	<b>189</b>	<b>1,642</b>

**TABLE 3-6**  
**Labor Income Impact International Travelers: 2007 \$**

Aggregated Industry Sector	Direct	Indirect	Induced	Total
Ag, Forestry, Fish & Hunting	0	29,400	37,148	66,548
Mining	0	8,066	3,924	11,990
Utilities	0	294,932	134,528	429,460
Construction	0	360,749	54,978	415,727
Manufacturing	0	224,744	130,211	354,955
Wholesale Trade	0	288,226	300,302	588,528
Transportation & Warehousing	0	486,619	177,561	664,181
Retail Trade	11,932,095	389,489	1,315,285	13,636,868
Information	0	248,303	101,590	349,893
Finance & Insurance	0	476,658	390,808	867,466
Real Estate & Rental	1,219,797	731,205	221,753	2,172,755
Professional-Scientific & Tech Svcs	0	995,283	306,309	1,301,592
Management of Companies	0	268,996	31,418	300,415
Administrative & Waste Mgt Svcs	0	367,969	67,670	435,638
Educational Svcs	0	3,482	112,047	115,528
Health & Social Svcs	0	184	1,345,531	1,345,715
Arts-Entertainment & Recreation	2,520,226	75,598	129,665	2,725,489
Accomodations & Food Svcs	11,002,770	283,204	559,887	11,845,861
Other Svcs	3,451,502	286,018	413,264	4,150,785
Government & Non NAICs	0	148,487	80,701	229,187
Institutions	0	0	0	0
<b>Total</b>	<b>30,126,390</b>	<b>5,967,610</b>	<b>5,914,581</b>	<b>42,008,580</b>

A study for the South Carolina Department of Travel and Tourism indicated that international travelers were very sensitive to changes in the exchange rate or the relative value of the dollar. The U.S. dollar devalued significantly between 2006 and 2007. The weak value of the dollar is expected to remain through 2008. Tables 3-4 and 3-6 show the impacts without the potential effect of the weak dollar. Tables 3-7 through 3-9, show the potential *impact of international visitors* assuming that international visitors respond to the *decline in the dollar's value*.

TABLE 3-7

**Output Impact International Travelers, Weak Dollar: 2007 \$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	113,146	105,161	218,306
Mining	0	102,528	49,860	152,388
Utilities	0	1,610,821	734,713	2,345,534
Construction	0	1,158,123	163,850	1,321,973
Manufacturing	0	1,151,824	712,620	1,864,444
Wholesale Trade	0	913,399	951,671	1,865,070
Transportation & Warehousing	0	1,246,913	545,822	1,792,735
Retail Trade	33,423,150	1,154,128	3,889,833	38,467,108
Information	0	1,332,698	598,023	1,930,721
Finance & Insurance	0	1,490,343	1,390,573	2,880,916
Real Estate & Rental	6,150,041	5,245,423	1,565,903	12,961,366
Professional-Scientific & Tech Svcs	0	2,498,696	772,697	3,271,393
Management of Companies	0	1,054,712	123,189	1,177,901
Administrative & Waste Mgt Svcs	0	1,141,287	193,891	1,335,178
Educational Svcs	0	11,784	303,935	315,719
Health & Social Svcs	0	574	3,037,404	3,037,978
Arts-Entertainment & Recreation	8,927,105	212,876	379,118	9,519,099
Accommodations & Food Svcs	40,596,800	953,601	1,930,520	43,480,920
Other Svcs	12,165,076	827,847	1,144,752	14,137,676
Government & Non NAICs	0	857,515	4,453,533	5,311,048
Institutions	0	0	0	0
<b>Total</b>	<b>101,262,172</b>	<b>23,078,234</b>	<b>23,047,068</b>	<b>147,387,471</b>

TABLE 3-8

**Employment Impact International Travelers, Weak Dollar**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	2	2	4
Mining	0	0	0	0
Utilities	0	4	2	6
Construction	0	10	2	12
Manufacturing	0	5	3	9
Wholesale Trade	0	6	6	11
Transportation & Warehousing	0	20	7	26
Retail Trade	633	18	61	711
Information	0	5	2	7
Finance & Insurance	0	8	7	15
Real Estate & Rental	38	37	12	87
Professional-Scientific & Tech Svcs	0	22	8	29
Management of Companies	0	9	1	10
Administrative & Waste Mgt Svcs	0	16	3	19
Educational Svcs	0	0	9	9
Health & Social Svcs	0	0	37	37
Arts-Entertainment & Recreation	112	7	6	126
Accommodations & Food Svcs	549	14	33	597
Other Svcs	209	15	25	248
Government & Non NAICs	0	5	3	8
Institutions	0	0	0	0
<b>Total</b>	<b>1,541</b>	<b>203</b>	<b>227</b>	<b>1,970</b>

TABLE 3-9

**Labor Income Impact International Travelers, Weak Dollar: 2007 \$**

Aggregated Industry Sector	Direct	Indirect	Induced	Total
Ag, Forestry, Fish & Hunting	0	35,280	44,578	79,858
Mining	0	9,679	4,709	14,388
Utilities	0	353,918	161,433	515,351
Construction	0	432,898	65,974	498,872
Manufacturing	0	269,692	156,253	425,945
Wholesale Trade	0	345,870	360,362	706,232
Transportation & Warehousing	0	583,942	213,073	797,016
Retail Trade	14,318,482	467,385	1,578,340	16,364,207
Information	0	297,964	121,908	419,871
Finance & Insurance	0	571,988	468,969	1,040,957
Real Estate & Rental	1,463,757	877,445	266,103	2,607,305
Professional-Scientific & Tech Svcs	0	1,194,338	367,570	1,561,908
Management of Companies	0	322,795	37,702	360,497
Administrative & Waste Mgt Svcs	0	441,562	81,203	522,766
Educational Svcs	0	4,178	134,456	138,634
Health & Social Svcs	0	221	1,614,635	1,614,855
Arts-Entertainment & Recreation	3,024,272	90,717	155,598	3,270,587
Accommodations & Food Svcs	13,203,299	339,844	671,863	14,215,006
Other Svcs	4,141,802	343,222	495,917	4,980,941
Government & Non NAICs	0	178,184	96,841	275,024
Institutions	0	0	0	0
<b>Total</b>	<b>36,151,611</b>	<b>7,161,122</b>	<b>7,097,486</b>	<b>50,410,219</b>

First with respect to the depth of the impacts of tourism across the region’s economy, while the direct impacts are isolated to five sectors, the indirect and induced effect spread the impact of the tourism economy across all industrial sectors of the region’s economy. The tourism economy touches all aspects of the region’s economic life. Figure 3.1 shows the broad effect of tourism across all employment sectors.

FIGURE 3.1

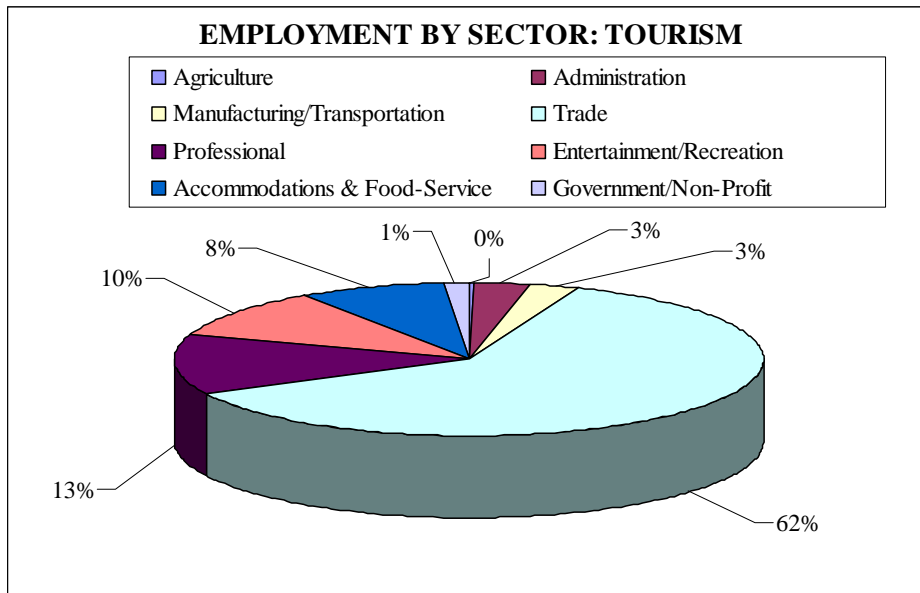


Table 3-10 shows a summary of the total impacts of tourism. Domestic travel alone results in a \$1.3 billion annual impact on gross regional product. The production of tourism services of \$1.3 billion annually, creates 17,640 jobs and results in \$405.5 million in labor income. The impact of international travel is an added \$122.8 million to \$147.4 million annually in gross regional product. The production of international tourism services of between \$12.8 and \$147.4 million annually creates between 1,640 and 1,970 additional jobs and between \$42.0 million and \$50.4 million in labor income.

**TABLE 3-10**  
**SUMMARY OF TOTAL ECONOMIC IMPACT**  
**DOMESTIC AND INTERNATIONAL TRAVELERS**

	<b>Total Gross Regional Product 2007 \$</b>	<b>Total Employment</b>	<b>Total Labor Income 2007 \$</b>
<b>Domestic</b>	1,317,115,962	17,640	450,486,809
<b>International</b>	122,823,069	1,642	42,008,580
<b>International with Weak Dollar</b>	147,387,471	1,970	50,410,219

**Findings: Sub-Regional Impacts**

One of the objectives of this report is to provide estimates of the total economic impact for the various sub-regions within the four county Greater Beaufort area. The IMPLAN model is not applicable at the sub-county region, so the above impacts were distributed based on the relative proportion of tourism businesses that are located in each of the sub-regions defined in Figure 1.1: Beaufort, Bluffton, Daufuskie, Hilton Head, Yemassee, Port Royal and Resort Island. These areas are the same as in the 2004 report and follow the same methods used to distribution as the earlier study.

As in the 2004 report, the strategy that was implemented in the allocation process was based on the tourism related businesses that are located throughout each sub-region. This method uses a weighted value that is calculated based on the direct tourism expenditure by each sub-region, by sector according to IMPLAN and divided by the total expenditure from the base data for that county to create the percentage of activity. Those weights were applied within the region and cross referenced with a detailed business database called *Reference USA*. The Table 2-5 in Chapter Two displayed the percentage change between 2004 and 2007 the amount of contributions to each sub- region by the tourism economy. As noted previously in Chapter Two, in relative terms, Beaufort has grown faster than the rest of the regions. However, additional research showed that a significant portion of the retail growth has been in ‘big-box’ retail. This non-tourism retail segment was subtracted as not part of the tourism retail base. The result of this adjustment, as shown below, with an additional 500,000 trips in 2007 compared to the 2004 study all sub-regions have gained from the growth in the *tourism* economy.

The largest portion of tourism expenditures were made in the Hilton Head Island area, representing 53.61% of all the tourism direct demand of \$477.0 million and a total impact of \$629.0 million. Following Hilton Head is Beaufort with 17.01%, almost \$200.0 million in direct demand for a total impact of \$225.0 million. The third and fourth regions are Bluffton and Yemassee with 15.06% and 6.78% respectively. The final three regions are Daufuskie 3.38% and Lady with 1.99% and Port Royal with 2.16%. However, even with between 2% and 3% of the direct demand, the total impact of tourism on these regions is still between \$26.0 and \$28.0 million per year. The domestic impact is displayed in Table 3-11.

TABLE 3-11

**Impacts by Area, Output Domestic: 2007 \$**

	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>	<b>Impact 2002*</b>	<b>Impact 2007</b>
<b>Beaufort</b>	198,856,392	45,320,518	45,259,324	289,436,234	194,919,500	224,054,090
<b>Bluffton</b>	114,246,278	26,037,385	26,002,228	166,285,891	178,744,581	198,394,839
<b>Daufuskie</b>	12,103,319	2,758,416	2,754,691	17,616,426	41,492,185	44,552,114
<b>Lady</b>	11,311,513	2,577,959	2,574,478	16,463,950	24,027,960	26,246,772
<b>Port Royal</b>	12,555,779	2,861,534	2,857,671	18,274,984	26,020,523	28,456,865
<b>Yemassee</b>	78,728,128	17,942,594	17,918,367	114,589,089	77,827,149	89,283,757
<b>Hilton Head</b>	477,119,604	108,738,308	108,591,483	694,449,395	629,063,715	706,011,516
<b>Total</b>	<b>904,921,012</b>	<b>206,236,715</b>	<b>205,958,242</b>	<b>1,317,115,969</b>	<b>1,172,095,612</b>	<b>1,316,999,953</b>

\*Impact 2002 is in 2005 Dollars

The previous study by BBRED is 2004 did not include the impacts of international travelers. The significant decline in the value of the dollar and the expected increase in international travel made some consideration of the international travelers impact an important issue to consider in this report. As discussed previously, international travelers have been contributing more visitors and dollar to the economy of the State of South Carolina throughout the last several years. These travelers tend to stay longer and spend more than domestic travelers. The following Table 3-12 shows allocation of the total economic impact of international travelers to the sub-regions.

TABLE 3-12

**Impacts by Area, Output, International Travelers: 2007 \$**

	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Beaufort</b>	18,543,661	4,226,207	4,220,501	26,990,369
<b>Bluffton</b>	10,653,639	2,428,026	2,424,747	15,506,412
<b>Daufuskie</b>	1,128,653	257,227	256,879	1,642,759
<b>Lady</b>	1,054,816	240,399	240,074	1,535,288
<b>Port Royal</b>	1,170,845	266,842	266,482	1,704,170
<b>Yemassee</b>	7,341,518	1,673,174	1,670,915	10,685,607
<b>Hilton Head</b>	44,492,128	10,140,013	10,126,321	64,758,462
<b>Total</b>	<b>84,385,259</b>	<b>19,231,888</b>	<b>19,205,919</b>	<b>122,823,066</b>

The total impact from the international tourist was the largest in the Hilton Head sub-region with approximately \$65.0 million captured in gross regional output from the international travel market. Similar to the results for the domestic travelers, Beaufort, Bluffton and Yemassee had the second largest benefits of \$27.0 million, \$16.0 million and \$11.0 million respectively.



Daufuskie, Lady, Port Royal all benefits from international travel by approximately \$2.0 million. Note that while the dollar amounts for Daufuskie, Lady and Port Royal appear small relative to the other sub-regions, these are much smaller economies and therefore the net impact are significant.

There is a second scenario that must be examined in discussing international travelers. What happens to the international traveler if the dollar continues to weaken against other currencies? If the U.S. dollar continues or remains weak the estimated total impact of international travel is larger and therefore the impact on each sub-region is larger. This Table 3-13 shows the sub-regional distribution of the weak dollar scenario. Overall the devaluation of the dollar is likely to have increased the total impact of international travelers from \$123.0 million to \$147.4 million, a change of \$24.4 million.

**TABLE 3-13**  
**Impacts by Area, Output, International Travelers,**  
**Weak Dollar: 2007 \$**

	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Beaufort</b>	22,252,362	5,071,442	5,064,593	32,388,397
<b>Bluffton</b>	12,784,349	2,913,627	2,909,692	18,607,669
<b>Daufuskie</b>	1,354,382	308,671	308,255	1,971,307
<b>Lady</b>	1,265,777	288,478	288,088	1,842,343
<b>Port Royal</b>	1,405,013	320,210	319,778	2,045,001
<b>Yemassee</b>	8,809,809	2,007,806	2,005,095	12,822,710
<b>Hilton Head</b>	53,390,480	12,167,999	12,151,567	77,710,046
<b>Total</b>	101,262,172	23,078,234	23,047,068	147,387,474

### **Conclusions**

The total economic impact of domestic tourism in the four county Greater Beaufort region is estimated at \$1.3 billion in gross regional output in 2007. The production of \$1.3 billion in goods and services for domestic travelers resulted in 17,640 jobs and generated \$450.5 million in labor income.

Combined domestic and international travel resulted in the production of between \$1.4 billion and \$1.5 billion in gross regional output. The production of goods and services for all travelers in 2007 resulted in between 19,282 jobs and 19,610 jobs. The jobs produced by the tourism economy created between \$492.5 million and \$500.1 million in labor income.

Although the direct impacts of tourism are limited to only five sectors the total impact of tourism has widespread job creation effects. As shown in Figure 3.1, trade and professional service jobs account for the largest percentage of job, but every segment of the job market is impacted by the tourism economy.

Finally, with respect to the sub-regions, all of the sub-regions have grown between 2004 and 2007. Hilton Head and Beaufort have grown faster than the other sub-regions so the relative shares of the market for the other areas have decreased. However, the contribution to each sub-region's economy by tourism is significant and large with even the smallest areas, Lady and Port Royal, gaining over \$26.0 to \$28.0 million each year from domestic travelers and up to \$2.0 million per year from international travelers.

## **CHAPTER FOUR**

### **THE ARTS ECONOMY**

#### **Introduction**

The arts economy is a contributor to the region's attractiveness as a tourist destination and tourism does create a portion of the demand for multiple aspects of the arts economy: the performance arts and entertainment; cultural events such as festivals; and the retail and service sectors such as galleries, instructional services such as crafts and dance, and management of artists. However, the arts economy is broader than the tourism economy. It is part of the local recreation market. Because tourist demand and local resident demand are so inter-twined the following analysis presents a combined estimate of the economic impact and economic value of the arts. Any tourism component identified here should not be considered as an addition to the tourism impacts already calculated, but are a sub-component of the estimates in Chapter Three.

Three components of the Beaufort arts economy are analyzed in this study. The first component that is considered are the performance arts including but not limited to theater, concerts, and dance performances. As discussed previously in Chapter Two, these activities are drawing audiences from an ever wider cross-section of the population.

A second component of the Beaufort arts economy included in this study are the cultural events and festivals held throughout the year. The annual festivals are wide ranging and included such activities as graduations at Parris Island and the nationally known Gullah Festival, to smaller events such as the Water Festival, Chalk on the Walk and a Taste of Beaufort.

For the third component of the arts, the retail and services component of the arts economy, the tourism and resident segments of the market are highly intermeshed. There is no attempt here to identify a separate tourism impact. While visitors may be consumers of the works of the arts of local businesses, there is no way to break out the local economic value from the impact of visitors and their direct purchases. To describe the retail and services component of the arts economy data directly on the businesses involved in the segment are presented.

To estimate the economic impact and economic value of the arts, as with tourism, one must first estimate the direct demand for the good or service. It was possible to develop direct demand for two components of the arts economy: the performing arts and cultural arts such as festivals. As reported in Chapter Two:

- The direct impact of the performing arts is estimated at between \$23.0 million and \$42.0 million. The direct impacts include both the impact from the production of arts events and the impact of audience spending as a result of attending arts events. The 'best', or mid-point, estimate for the direct impact of the performing arts is \$36.5 million. These estimates are all in 2005 dollars. IMPLAN's inflation adjustment factor was used to bring all direct and other effects up to 2007 dollars.

- The direct impact of cultural events and festivals is estimated at \$45.7 million. This estimated is based on estimated expenditures by about 51,000 local residents and about 153,000 tourists.

The economic value of the retail and services components of the arts economy could not be measured via the input-output model approach. To examine this aspect of the arts economy data from the Department of Labor and data from *Reference USA* were used to calculate the number businesses, number of employees and estimated gross sales or income for businesses and employees in the arts economy. The findings of the analysis are listed below:

- The number of jobs in occupations filled by artist on annual basis is between 2,000 and 2,500. It should be noted that to be counted as employed in a job one has to receive pay for the work. Additionally, of note, one does not have to work at the job full-time and may be counted as employed as an artist even if one is also working in another job.
- There has been growth in the number of jobs in occupations filled by artist since 2004. Between 1998 and 2000 the number of jobs in occupations filled by artists remained at approximately 2,000 jobs annually. Since 2004 there has been a gradual expansion in the number of jobs in occupations filled by artists to a higher average level on between 2,200 and 2,500.
- In the Lowcountry in 2000 the average monthly earnings in arts related occupations are estimated at \$1,578 compared to the state average of jobs in arts occupations of \$1,332. In 2007 the estimated average monthly earnings in arts related occupations were \$2,055 compared to the average of \$1,684.
- A total of 95 arts businesses were present in the Beaufort economy as of 2007. These were identified in *Reference USA* and include:
  - Businesses selling, brokering, and other retail sales of arts and crafts;
  - Providing instruction and training such as in crafts and dance; and,
  - Providing performances to audiences and/or managing the services of artists providing performances to audiences.
- The gallery and related businesses involved in the sale of works of art or craft were 64 of the 95 businesses, created between 144 and 204 jobs, and accounted for estimated annual gross sales of \$73.0 million.
- The other 31 businesses account for between 64 and 115 jobs and estimated annual gross sales of \$20.5 million.

### **Findings: The Performance Arts**

The estimated direct expenditures by industry type by both the performance arts and for festivals were used as the estimated direct impact of the arts in the four county IMPLAN model.

However as noted previously, the direct impact of the performing arts is also composed to two components: the induced expenditures by audiences attending performing arts events and the operating cost of producing the arts. The direct economic impact of festivals was estimated by the induced spending of attendees at festivals.

The total economic impact of the direct expenditures by attendees and producers of the traditional arts are measured using the same three key economic variables reported for tourism: gross regional output; employment or jobs; and labor income. The reported measures for impact of festivals are also the same three variables. All estimates are in 2007 dollars.

As measured by gross regional output the impact of the performing arts are shown in Tables 4-1 through 4-3. Based on the three different estimates of the direct impact of the performing arts three scenarios are presented: the low; mid-range or ‘best;’ and, the high. The estimated impacts include the combined direct impacts of production of events and the spending induced by attendees at events. The estimates for total economic impact range from \$33 million in the low scenario and to approximately \$61 million using the high scenario.

**TABLE 4-1**  
**Output Impact Total Arts Expenditures, Low Scenario: 2007 \$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	3,785	8,412	12,197
Mining	0	7,802	6,422	14,224
Utilities	0	99,402	71,558	170,960
Construction	0	171,896	36,134	208,030
Manufacturing	0	111,487	107,467	218,954
Wholesale Trade	0	125,600	201,191	326,791
Transportation & Warehousing	0	226,030	98,342	324,372
Retail Trade	4,851,000	171,868	913,144	5,936,012
Information	0	303,904	140,282	444,186
Finance & Insurance	0	378,721	345,009	723,729
Real Estate & Rental	264,000	1,167,194	355,288	1,786,482
Professional-Scientific & Tech Svcs	0	606,726	176,503	783,229
Management of Companies	0	182,627	26,196	208,823
Administrative & Waste Mgt Svcs	0	338,743	45,727	384,470
Educational Svcs	0	2,358	79,227	81,585
Health & Social Svcs	0	121	693,368	693,489
Arts-Entertainment & Recreation	12,000,000	331,216	92,043	12,423,259
Accommodations & Food Svcs	4,796,000	217,778	453,905	5,467,683
Other Svcs	1,089,000	365,517	269,024	1,723,541
Government & Non NAICs	0	92,042	1,087,600	1,179,642
Institutions	0	0	0	0
<b>Total</b>	<b>23,000,000</b>	<b>4,904,818</b>	<b>5,206,841</b>	<b>33,111,660</b>

**TABLE 4-2**  
**Output Impact Total Arts Expenditures, Best Scenario: 2007 \$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	6,160	13,524	19,685
Mining	0	12,640	10,325	22,965
Utilities	0	161,078	115,047	276,125
Construction	0	277,705	58,094	335,799
Manufacturing	0	180,437	172,780	353,217
Wholesale Trade	0	203,830	323,464	527,293
Transportation & Warehousing	0	363,610	158,109	521,718
Retail Trade	7,938,000	277,552	1,468,104	9,683,656
Information	0	488,299	225,538	713,837
Finance & Insurance	0	607,759	554,686	1,162,445
Real Estate & Rental	432,000	1,877,075	571,212	2,880,287
Professional-Scientific & Tech Svcs	0	973,465	283,772	1,257,238
Management of Companies	0	295,289	42,117	337,406
Administrative & Waste Mgt Svcs	0	541,792	73,518	615,310
Educational Svcs	0	3,807	127,377	131,185
Health & Social Svcs	0	193	1,114,761	1,114,954
Arts-Entertainment & Recreation	19,000,000	525,507	147,982	19,673,490
Accommodations & Food Svcs	7,848,000	349,862	729,764	8,927,626
Other Svcs	1,782,000	582,242	432,523	2,796,766
Government & Non NAICs	0	148,934	1,748,590	1,897,524
Institutions	0	0	0	0
<b>Total</b>	<b>37,000,000</b>	<b>7,877,236</b>	<b>8,371,287</b>	<b>53,248,524</b>

**TABLE 4-3**  
**Output Impact Total Arts Expenditures, High Scenario: 2007 \$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	6,420	15,416	21,836
Mining	0	13,640	11,769	25,409
Utilities	0	173,495	131,138	304,633
Construction	0	305,835	66,218	372,053
Manufacturing	0	196,124	196,942	393,066
Wholesale Trade	0	217,171	368,703	585,874
Transportation & Warehousing	0	412,782	180,220	593,001
Retail Trade	7,938,000	306,513	1,673,427	9,917,939
Information	0	558,998	257,081	816,079
Finance & Insurance	0	701,780	632,263	1,334,043
Real Estate & Rental	432,000	2,135,411	651,111	3,218,522
Professional-Scientific & Tech Svcs	0	1,125,572	323,458	1,449,030
Management of Companies	0	323,223	48,007	371,230
Administrative & Waste Mgt Svcs	0	640,122	83,799	723,921
Educational Svcs	0	4,217	145,186	149,403
Health & Social Svcs	0	235	1,270,656	1,270,891
Arts-Entertainment & Recreation	24,000,000	655,028	168,675	24,823,702
Accommodations & Food Svcs	7,848,000	400,950	831,820	9,080,770
Other Svcs	1,782,000	706,984	493,004	2,981,989
Government & Non NAICs	0	162,132	1,993,101	2,155,233
Institutions	0	0	0	0
<b>Total</b>	<b>42,000,000</b>	<b>9,046,631</b>	<b>9,541,994</b>	<b>60,588,624</b>

Based on the 'best' or mid-range estimate, a direct demand of \$37.0 million for the performing arts creates a total economic impact of \$53.2 million based on gross regional output. That is an output multiplier of 1.44 or in other words for every \$100 spent on the arts the economy grows by an additional \$44. As shown below in Table 4-5 the economic activity associated with the

production of, attendance at, and the multiple rounds of spending created by the arts adds about 1,437 jobs.

Tables 4-4 through 4-6 show estimated total employment generated by the arts.

**Table 4-4**  
**Employment Impact Total Arts Expenditures, Low Scenario**

<u>Aggregated Industry Sector</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Ag, Forestry, Fish & Hunting	0	0	0	0
Mining	0	0	0	0
Utilities	0	0	0	0
Construction	0	2	0	2
Manufacturing	0	1	1	1
Wholesale Trade	0	1	1	2
Transportation & Warehousing	0	4	1	5
Retail Trade	97	3	14	114
Information	0	1	1	2
Finance & Insurance	0	2	2	4
Real Estate & Rental	2	8	3	13
Professional-Scientific & Tech Svcs	0	6	2	7
Management of Companies	0	2	0	2
Administrative & Waste Mgt Svcs	0	6	1	6
Educational Svcs	0	0	2	2
Health & Social Svcs	0	0	9	9
Arts-Entertainment & Recreation	552	6	2	560
Accomodations & Food Svcs	72	3	8	83
Other Svcs	75	4	6	86
Government & Non NAICs	0	1	1	1
Institutions	0	0	0	0
<b>Total</b>	<b>798</b>	<b>48</b>	<b>53</b>	<b>898</b>

**TABLE 4-5**  
**Employment Impact Total Expenditures, Best Seanario**

<u>Aggregated Industry Sector</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Ag, Forestry, Fish & Hunting	0	0	0	0
Mining	0	0	0	0
Utilities	0	0	0	1
Construction	0	2	1	3
Manufacturing	0	1	1	2
Wholesale Trade	0	1	2	3
Transportation & Warehousing	0	6	2	8
Retail Trade	159	4	23	186
Information	0	2	1	3
Finance & Insurance	0	3	3	6
Real Estate & Rental	3	13	4	21
Professional-Scientific & Tech Svcs	0	9	3	12
Management of Companies	0	3	0	3
Administrative & Waste Mgt Svcs	0	9	1	10
Educational Svcs	0	0	4	4
Health & Social Svcs	0	0	14	14
Arts-Entertainment & Recreation	875	9	2	886
Accomodation & Food Svcs	117	5	13	135
Other Svcs	123	7	10	140
Government & Non NAICs	0	1	1	2
Institutions	0	0	0	0
<b>Total</b>	<b>1,276</b>	<b>76</b>	<b>85</b>	<b>1437</b>

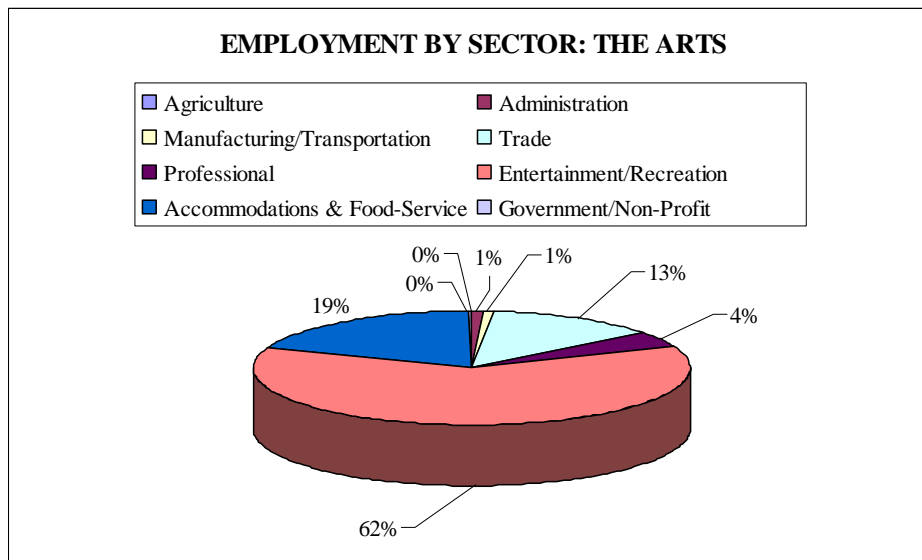
**TABLE 4-6  
Employment Impact Total Arts Expenditures, High Scenario**

Aggregated Industry Sector	Direct	Indirect	Induced	Total
Ag, Forestry, Fish & Hunting	0	0	0	0
Mining	0	0	0	0
Utilities	0	1	0	1
Construction	0	3	1	3
Manufacturing	0	1	1	2
Wholesale Trade	0	1	2	4
Transportation & Warehousing	0	7	2	9
Retail Trade	159	5	26	190
Information	0	2	1	3
Finance & Insurance	0	4	3	7
Real Estate & Rental	3	15	5	23
Professional-Scientific & Tech S	0	10	3	14
Management of Companies	0	3	0	3
Administrative & Waste Mgt Sv	0	11	1	12
Educational Svcs	0	0	4	4
Health & Social Svcs	0	0	16	16
Arts-Entertainment & Recreatic	1,105	11	3	1119
Accomodations & Food Svcs	117	6	14	138
Other Svcs	123	8	11	143
Government & Non NAICs	0	1	1	2
Institutions	0	0	0	0
<b>Total</b>	<b>1,507</b>	<b>88</b>	<b>97</b>	<b>1,691</b>

The total employment generated by the combined production of the arts and the spending by audiences at arts events ranges from 900 persons for the low scenario to 1,700 persons for the high impact scenario.

Figure 4.1 show the distribution of total arts related employment by sector. All sectors have employment that is dependent on the arts production and attendance.

**FIGURE 4.1**





Tables 4-7 through 4-8 show the total labor income generated as a result of the production of and attendance at the arts in Beaufort County. As discussed previously, the labor income generated is due to both the production of the arts, and spending by audiences attending the arts. The total labor income from the arts ranges from \$13 million in the low scenario to \$24 million in the high scenario. The labor income multiplier is approximately 1.33, or for every \$100 dollars in labor income created by the arts, the labor income throughout the entire economy grows by an additional \$33 dollars.

**TABLE 4-7**  
**Labor Income Impact Total Arts Expenditures, Low Scenario: 2007 \$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	2,512	5,009	7,521
Mining	0	898	739	1,637
Utilities	0	21,880	15,757	37,637
Construction	0	64,567	14,374	78,942
Manufacturing	0	28,425	24,389	52,814
Wholesale Trade	0	47,579	76,214	123,794
Transportation & Warehousing	0	105,011	39,189	144,200
Retail Trade	2,192,672	70,852	376,782	2,640,306
Information	0	68,072	28,444	96,516
Finance & Insurance	0	159,054	122,419	281,473
Real Estate & Rental	62,834	194,097	60,861	317,793
Professional-Scientific & Tech Svcs	0	288,003	84,518	372,521
Management of Companies	0	56,139	8,053	64,192
Administrative & Waste Mgt Svcs	0	149,618	18,906	168,524
Educational Svcs	0	819	34,297	35,117
Health & Social Svcs	0	48	383,056	383,105
Arts-Entertainment & Recreation	5,172,891	95,280	37,773	5,305,944
Accommodations & Food Svcs	1,583,583	78,378	160,456	1,822,418
Other Svcs	834,856	94,309	123,295	1,052,460
Government & Non NAICs	0	21,876	21,424	43,300
Institutions	0	0	0	0
<b>Total</b>	<b>9,846,836</b>	<b>1,547,418</b>	<b>1,635,956</b>	<b>13,030,210</b>

TABEL 4-8

**Labor Income Impact Total Expenditures, Best Scenanio: 2007 \$**

Aggregated Industry Sector	Direct	Indirect	Induced	Total
Ag, Forestry, Fish & Hunting	0	4,088	8,053	12,141
Mining	0	1,455	1,188	2,643
Utilities	0	35,455	25,334	60,789
Construction	0	104,323	23,110	127,434
Manufacturing	0	45,867	39,211	85,078
Wholesale Trade	0	77,214	122,533	199,747
Transportation & Warehousing	0	169,042	63,006	232,048
Retail Trade	3,588,009	114,420	605,770	4,308,199
Information	0	109,349	45,730	155,079
Finance & Insurance	0	255,081	196,819	451,900
Real Estate & Rental	102,819	312,170	97,849	512,839
Professional-Scientific & Tech Svcs	0	462,197	135,884	598,081
Management of Companies	0	90,771	12,947	103,717
Administrative & Waste Mgt Svcs	0	239,019	30,396	269,414
Educational Svcs	0	1,323	55,142	56,465
Health & Social Svcs	0	77	615,858	615,935
Arts-Entertainment & Recreation	8,190,410	151,329	60,730	8,402,470
Accomodations & Food Svcs	2,591,318	125,917	257,973	2,975,208
Other Svcs	1,366,128	150,910	198,228	1,715,265
Government & Non NAICs	0	35,384	34,444	69,828
Institutions	0	0	0	0
<b>Total</b>	<b>15,838,684</b>	<b>2,485,392</b>	<b>2,630,204</b>	<b>20,954,281</b>

Finally, the impact of the arts economy was estimated for two sub-regions: Hilton Head and Beaufort except Hilton Head. As shown in Chapter Two the sub-regional distribution of the economic impacts were estimated from the relative percentages of tourism related businesses within seven sub-regions. For the purposes of the arts the distribution of tourism businesses were allocated to only two sub-regions. The resulting allocation of market share was a 53% share for Hilton Head and 47% share for the rest of Beaufort County.

TABLE 4-9

**Impacts by Area, Scenario Low: 2007 \$**

	Direct	Indirect	Induced	Total
<b>Output</b>				
Beaufort County without Hilton Head	10,810,000	2,305,264	2,447,215	15,562,480
Hilton Head	12,190,000	2,599,554	2,759,626	17,549,179
<b>Employment</b>				
Beaufort County without Hilton Head	375	22	25	422
Hilton Head	423	25	28	476
<b>Labor Income</b>				
Beaufort County without Hilton Head	4,628,013	727,286	768,899	6,124,199
Hilton Head	5,218,823	820,132	867,057	6,906,011

**TABLE 4-10**  
**Impacts by Area, Best Scenario: 2007 \$**

	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Output</b>				
Beaufort County without Hilton Head	17,390,000	3,702,301	3,934,505	25,026,806
Hilton Head	19,610,000	4,174,935	4,436,782	28,221,717
<b>Employment</b>				
Beaufort County without Hilton Head	600	36	40	676
Hilton Head	676	40	45	762
<b>Labor Income</b>				
Beaufort County without Hilton Head	7,444,181	1,168,134	1,236,196	9,848,512
Hilton Head	8,394,503	1,317,258	1,394,008	11,105,768

**TABLE 4-11**  
**Impacts by Area, High Scenario: 2007 \$**

	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Output</b>				
Beaufort County without Hilton Head	19,740,000	4,251,917	4,484,737	28,476,654
Hilton Head	22,260,000	4,794,714	5,057,257	32,111,971
<b>Employment</b>				
Beaufort County without Hilton Head	708	41	45	795
Hilton Head	798	47	51	896
<b>Labor Income</b>				
Beaufort County without Hilton Head	8,457,206	1,340,764	1,409,078	11,207,048
Hilton Head	9,536,849	1,511,926	1,588,961	12,637,736

With a roughly 50/50 split in the economic impact of the arts the importance of the arts is pervasive throughout the community.

### **The Economic Impact of Cultural Events and Festivals**

Expected attendance at events was aggregated into two components: local participants treated as day visitors; and non-local visitors traveling specifically for the event which were treated as overnight visitors.

The direct impact of cultural events and festivals is estimated by using the average trip expenditure for day visitors of \$82 per party of 2 for the local residents, and the average trip expenditure for an overnight visitor of \$548 per party of 2. These direct expenditures were used in the input-output analysis to estimate the total impact of cultural events and festivals.

Tables 4-12 through 4-14 shows the combined economic effect of cultural events and festivals,

both the impact of visitors and the value placed on the activity by local residents.

**TABLE 4-12**  
**Output Impact Cultural Events and Festivals: 2007 \$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	51,469	47,544	99,012
Mining	0	45,854	22,542	68,396
Utilities	0	720,168	332,169	1,052,337
Construction	0	516,815	74,078	590,893
Manufacturing	0	517,218	322,181	839,399
Wholesale Trade	0	412,115	430,257	842,372
Transportation & Warehousing	0	562,742	246,770	809,513
Retail Trade	15,218,409	520,918	1,758,622	17,497,948
Information	0	601,002	270,371	871,373
Finance & Insurance	0	675,414	628,688	1,304,102
Real Estate & Rental	2,790,860	2,360,019	707,956	5,858,835
Professional-Scientific & Tech Svcs	0	1,128,853	349,342	1,478,195
Management of Companies	0	476,877	55,695	532,571
Administrative & Waste Mgt Svcs	0	509,590	87,660	597,249
Educational Svcs	0	5,301	137,411	142,712
Health & Social Svcs	0	271	1,373,233	1,373,504
Arts-Entertainment & Recreation	4,457,967	98,844	171,402	4,728,214
Acomodations & Food Svcs	17,741,876	427,309	872,802	19,041,988
Other Svcs	5,520,455	370,689	517,551	6,408,696
Government & Non NAICs	0	381,363	2,013,476	2,394,839
Institutions	0	0	0	0
<b>Total</b>	<b>45,729,567</b>	<b>10,382,830</b>	<b>10,419,749</b>	<b>66,532,146</b>

The combined direct expenditures of residents and tourists expenditures at cultural events and festivals throughout the year amounts to approximately \$45.7 million dollars in spending per year on cultural arts economic activity. The total economic impact on the region's output is \$66.5 million for an output multiplier of 1.46. The jobs created by this economic activity are estimated at approximately 890 and the labor income generated is approximately \$22.2 million per year.

TABLE 4-13

**Employment Impact Cultural Events and Festivals**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	1	1	2
Mining	0	0	0	0
Utilities	0	2	1	3
Construction	0	5	1	5
Manufacturing	0	2	2	4
Wholesale Trade	0	3	3	5
Transportation & Warehousing	0	9	3	12
Retail Trade	289	8	28	324
Information	0	2	1	3
Finance & Insurance	0	4	3	7
Real Estate & Rental	17	17	5	39
Professional-Scientific & Tech Svcs	0	10	3	13
Management of Companies	0	4	1	4
Administrative & Waste Mgt Svcs	0	7	1	9
Educational Svcs	0	0	4	4
Health & Social Svcs	0	0	17	17
Arts-Entertainment & Recreation	56	4	3	62
Accommodations & Food Svcs	242	6	15	264
Other Svcs	95	7	11	113
Government & Non NAICs	0	2	1	4
Institutions	0	0	0	0
<b>Total</b>	<b>699</b>	<b>91</b>	<b>103</b>	<b>893</b>

TABLE 4-14

**Labor Income Impact Cultural Events and Festivals: 2007 \$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	15,733	19,852	35,585
Mining	0	4,140	2,036	6,177
Utilities	0	154,464	71,249	225,713
Construction	0	190,120	29,351	219,472
Manufacturing	0	118,614	69,295	187,908
Wholesale Trade	0	152,472	159,184	311,656
Transportation & Warehousing	0	257,742	94,283	352,024
Retail Trade	6,336,964	204,934	693,210	7,235,108
Information	0	131,496	53,943	185,439
Finance & Insurance	0	253,790	206,808	460,598
Real Estate & Rental	642,708	385,717	117,488	1,145,912
Professional-Scientific & Tech Svcs	0	525,596	161,843	687,439
Management of Companies	0	140,138	16,367	156,505
Administrative & Waste Mgt Svcs	0	193,400	35,901	229,301
Educational Svcs	0	1,833	59,294	61,127
Health & Social Svcs	0	101	705,683	705,784
Arts-Entertainment & Recreation	1,487,072	41,387	69,236	1,597,695
Accommodations & Food Svcs	5,642,797	148,317	296,671	6,087,785
Other Svcs	1,838,769	148,869	219,921	2,207,559
Government & Non NAICs	0	76,828	42,397	119,225
Institutions	0	0	0	0
<b>Total</b>	<b>15,948,308</b>	<b>3,145,690</b>	<b>3,124,011</b>	<b>22,218,010</b>

The attendance at cultural events and festivals:

- results in \$66.5 million in gross regional output;
- supports 893 jobs in the region's economy; and,
- generates \$22.2 million in labor income.

It should be noted that the above is the impact of cultural events and festivals based on audience expenditures associated with participating in the festivals and their associated activities. There is also an impact from the production of the cultural events and festivals, but the data on the costs of producing each festival is not available.

Additionally note, that to the extent that the above includes spending by tourists, it should not be added to the overall impact of tourism. The above is both a sub-component to the tourism economy and a sub-component of the arts economy.

### **Conclusions**

The economic value of the retail and services components of the arts economy could not be measured via the input-output model approach. However, it was possible to enumerate the number of businesses, number of employees and estimated gross sales or income for businesses and employees in the retail and services components of the arts economy. The findings of the analysis are listed below:

- The number of jobs in occupations filled by artist on annual basis is between 2,000 and 2,500. It should be noted that to be counted as employed in a job one has to receive pay for the work. Additionally, of note, one does not have to work at the job full-time and may be counted as employed as an artist even if one is also working in another job.
- There has been growth in the number of jobs in occupations filled by artist since 2004. Between 1998 and 2000 the number of jobs in occupations filled by artists remained at approximately 2,000 jobs annually. Since 2004 there has been a gradual expansion in the number of jobs in occupations filled by artists to a higher average level on between 2,200 and 2,500.
- In the Lowcountry in 2000 the average monthly earnings in arts related occupations are estimated at \$1,578 compared to the state average of jobs in arts occupations of \$1,332. In 2007 the estimated average monthly earnings in arts related occupations were \$2,055 compared to the average of \$1,684.
- A total of 95 arts businesses were present in the Beaufort economy as of 2007. These were identified in *Reference USA* and include:
  - Businesses selling, brokering, and other retail sales of arts and crafts;
  - Providing instruction and training such as in crafts and dance; and,
  - Providing performances to audiences and/or managing the services of artists providing performances to audiences.
- The gallery and related businesses involved in the sale of works of art or craft were 64 of the 95 businesses, created between 144 and 204 jobs, and accounted for estimated annual gross sales of \$73.0 million.
- The other 31 businesses account for between 64 and 115 jobs and estimated annual

gross sales of \$20.5 million.

Based on the 'best' or mid-range estimate, a direct demand of \$37.0 million for the performing arts creates a total economic impact of \$53.2 million based on gross regional output. That is an output multiplier of 1.44 or in other words for every \$100 spent on the arts the economy grows by an additional \$44.

The economic activity associated with the production of, attendance at, and the multiple rounds of spending created by the arts adds about 1,437 jobs. The direct labor income associated with the production of the arts and the demand by attendees based on the 'best' or mid-range estimate is \$16.0 million with a resulting total impact on labor income of \$21.0 million for a multiplier of 1.31.

The distribution of the impacts between the two sub-regions, Hilton Head and Beaufort except for Hilton Head is approximately 50/50.

## CHAPTER FIVE

### THE RECREATION ECONOMY

#### **Introduction**

In the 2004 report by BBRED on the Greater Beaufort tourism economy, the travel market was sub-divided into shopping travelers; historic/cultural travelers; and outdoor activities travelers. In this study it was requested that a more explicit approach be taken to the segments of the tourism market that involved activities center around the region's natural amenities, climate and seashore. The segments of the market that are highly connected to these natural amenities are: golf; boating; fishing, both freshwater and saltwater and the beach.

Like the arts both local residents and tourists are consumers of these recreational amenities. Where it was possible in estimating the economic impact of each of these recreational activities a tourism component has been estimated. However, again as with the arts economy, in some cases the local resident market and the tourism market are very inter-twined and a non-input-output approach had to be taken.

Visitors and local residents alike seek opportunities to enjoy the natural and aesthetic surroundings that are found in Beaufort. With almost an infinite number of attractions and activities, the number of trips to the area has increased by an estimated 500,000 between 2002 and 2007.

It should be noted that in the following the sub-sectors of the estimated recreation impacts should not be added to the overall estimates of tourism nor should the trip number be added together. For example, the traveler who plays one round of golf in the morning and then uses a boat to go deep sea fishing in the afternoon are the same trip and are part of the estimated total impact of tourism.

#### **Golf: Findings**

*The Economic Impact of Golf in South Carolina 2006* defined a golfer as any traveler who played at least one round of golf during their visit to South Carolina. In a statewide total, there were an estimated 922,945 trips that included golf. The average party size was 2.6, slightly larger than the average travel party of 2, and the average length of stay was 5 nights which is also slightly longer than the 3.9 nights that the typical domestic traveler spends in the area. Total statewide spending on golf equaled about \$910.0 million in 2006.

The leading area for golf related tourism in South Carolina is Myrtle Beach with an estimated 57% share of the golf related tourism market. The Beaufort/Hilton Head area followed with an estimated 23% share of the golf related tourism market. Therefore, the Beaufort area was host to 212,277 trips where at least one round of golf was played for a total of 551,920 persons. It is estimated from *The Economic Impact of Golf in South Carolina* that these travelers spent about \$209.3 million 2006. Based on the number of trips the average direct spending per trip is



estimated at \$985 per party or group or an estimated \$379 per person per trip.

To apply the expenditures of travelers who included golf in their trip the direct expenditures by golfers were distributed by sector. The distribution of spending by sector was assumed to be the same as discussed previously for domestic travelers.

In total, travelers that played at least one round of golf during their visit generated an estimated \$312 million in gross regional output. This estimate includes their spending on golf and their other spending throughout their trip. Those travelers who chose to make golf a part of their vacation experience also visited the beaches, went shopping, and participated in outdoor recreation and other amusements throughout their visit. A breakdown of the total impact of golf visitors is shown in Table 5-1.

**TABLE 5-1**  
**Output Impact Golf: 2007 \$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Ag, Forestry, Fish &amp; Hunting</b>	0	239,775	222,852	462,627
<b>Mining</b>	0	217,273	105,661	322,934
<b>Utilities</b>	0	3,413,591	1,556,977	4,970,568
<b>Construction</b>	0	2,454,249	347,226	2,801,475
<b>Manufacturing</b>	0	2,440,905	1,510,157	3,951,062
<b>Wholesale Trade</b>	0	1,935,642	2,016,747	3,952,389
<b>Transportation &amp; Warehousing</b>	0	2,642,412	1,156,686	3,799,098
<b>Retail Trade</b>	70,829,144	2,445,787	8,243,191	81,518,128
<b>Information</b>	0	2,824,205	1,267,308	4,091,513
<b>Finance &amp; Insurance</b>	0	3,158,279	2,946,851	6,105,130
<b>Real Estate &amp; Rental</b>	13,032,924	11,115,903	3,318,405	27,467,232
<b>Professional-Scientific &amp; Tech Svcs</b>	0	5,295,142	1,637,470	6,932,612
<b>Management of Companies</b>	0	2,235,107	261,057	2,496,164
<b>Administrative &amp; Waste Mgt Svcs</b>	0	2,418,571	410,887	2,829,457
<b>Educational Svcs</b>	0	24,973	644,088	669,061
<b>Health &amp; Social Svcs</b>	0	1,215	6,436,755	6,437,970
<b>Arts-Entertainment &amp; Recreation</b>	18,917,960	451,121	803,414	20,172,496
<b>Accomodations &amp; Food Svcs</b>	86,031,248	2,020,835	4,091,086	92,143,176
<b>Other Svcs</b>	25,779,750	1,754,342	2,425,917	29,960,010
<b>Government &amp; Non NAICs</b>	0	1,817,213	9,437,763	11,254,976
<b>Institutions</b>	0	0	0	0
<b>Total</b>	<b>214,591,026</b>	<b>48,906,537</b>	<b>48,840,497</b>	<b>312,338,077</b>

As noted above the travel party size and the length of trip are higher for the visitors who also plays golf compared to the average visitor to the region. In some sense the greatest contribution to the economy offered by the golfing sector is there is 'more bang for the buck' with every golf visitor.

**TABLE 5-2**  
**Employment Impact Golf**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	4	4	9
Mining	0	1	0	1
Utilities	0	9	4	13
Construction	0	22	3	25
Manufacturing	0	11	7	18
Wholesale Trade	0	12	12	24
Transportation & Warehousing	0	42	14	56
Retail Trade	1,341	38	129	1508
Information	0	10	4	15
Finance & Insurance	0	17	15	32
Real Estate & Rental	80	79	25	183
Professional-Scientific & Tech Svcs	0	46	16	62
Management of Companies	0	18	2	21
Administrative & Waste Mgt Svcs	0	34	7	40
Educational Svcs	0	1	18	19
Health & Social Svcs	0	0	78	78
Arts-Entertainment & Recreation	238	16	13	267
Accomodations & Food Svcs	1163	30	71	1264
Other Svcs	443	32	52	526
Government & Non NAICs	0	10	6	16
Instutitions	0	0	0	0
<b>Total</b>	<b>3,265</b>	<b>430</b>	<b>480</b>	<b>4,175</b>

**TABLE 5-3**  
**Labor Income Impact Golf: 2007 \$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	74,764	94,468	169,231
Mining	0	20,511	9,979	30,491
Utilities	0	750,009	342,103	1,092,112
Construction	0	917,381	139,809	1,057,191
Manufacturing	0	571,522	331,125	902,647
Wholesale Trade	0	732,955	763,667	1,496,622
Transportation & Warehousing	0	1,237,469	451,537	1,689,006
Retail Trade	30,343,220	990,467	3,344,759	34,678,444
Information	0	631,434	258,342	889,776
Finance & Insurance	0	1,212,137	993,821	2,205,958
Real Estate & Rental	3,101,935	1,859,449	563,916	5,525,300
Professional-Scientific & Tech Svcs	0	2,530,996	778,941	3,309,938
Management of Companies	0	684,056	79,897	763,952
Administrative & Waste Mgt Svcs	0	935,742	172,083	1,107,825
Educational Svcs	0	8,854	284,934	293,788
Health & Social Svcs	0	468	3,421,674	3,422,142
Arts-Entertainment & Recreation	6,408,915	192,245	329,738	6,930,898
Accomodations & Food Svcs	27,979,952	720,185	1,423,788	30,123,928
Other Svcs	8,777,144	727,343	1,050,928	10,555,414
Government & Non NAICs	0	377,600	205,221	582,821
Instutitions	0	0	0	0
<b>Total</b>	<b>76,611,166</b>	<b>15,175,585</b>	<b>15,040,731</b>	<b>106,827,482</b>

Tables 5-2 and 5-3 show the jobs created and the labor income resulting from the production of goods and services in support of the demand by golf visitors. Those travelers who included golf in their trip added about 4,200 jobs to the Beaufort area. The jobs resulted labor income estimated at approximately \$107.0 million. The employment impacts are distributed by sector in the same proportion as report for general tourism in Chapter Three.

As previously noted, the above results should not be added to the already estimated economic impact of tourism. The majority of the effect of golfing visitors is already included in the previous results. However, there is one important policy conclusion which does come from this analysis. The development of golfing opportunities has an important spillover effect on the region's tourism pull factor. More opportunities for golf add to the area's attractiveness as a destination for the golf vacationer and given that their visits are more valuable than the general traveler adding golfing attractions adds to the region's drawing power.

### **Fishing: Finding**

Using the method described in Chapter 2, the "2006 National Survey of Fishing, Hunting and Wildlife," estimated that in South Carolina approximately 612,000 persons days fishing in freshwater and 325,000 persons days were spent fishing in saltwater. Based on the Greater Beaufort region's share of state tourism, it was assumed that 15% or 91,800 of freshwater fishing occurred in the Greater Beaufort region.

However, the 15% only accounts for the number of non-resident visitors. The study area makes up 5.3% of the South Carolina population according to "Woods and Pool Economics 2007." Therefore, it estimated that 32,000 persons days of fishing were done by local residents. The total number of days of freshwater fishing that occurred in Beaufort was approximately 123,800. The estimate for freshwater fishing represents the number of times that a person went fishing. Therefore, any time a visitor or residence went fishing they are included in this number. In addition an entire day was counted even when only part of the day was spent fishing. For example, if a visitor played golf in the morning and then went fish in the afternoon they spent the day fishing.

The estimated direct expenditures for freshwater fishing by both tourist and local residents were about \$10.9 million for all freshwater fishing. In impact on employment was estimated at 158 total jobs and labor income was 3.8 million. Table 5-4 through 5-6 display the estimated gross regional output associated with producing freshwater fishing in the study area. For each day of fishing about \$11 million in gross regional output is generated.

**TABLE 5-4**  
**Persons-Day Output Impact: Freshwater Fishing 2007\$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	8,085	8,038	16,124
Mining	0	6,809	3,702	10,510
Utilities	0	107,017	55,669	162,685
Construction	0	75,565	12,516	88,081
Manufacturing	0	75,828	54,245	130,073
Wholesale Trade	0	64,343	72,174	136,517
Transportation & Warehousing	0	92,806	41,551	134,357
Retail Trade	2,822,507	91,125	293,314	3,206,946
Information	0	98,463	45,399	143,861
Finance & Insurance	0	115,795	105,359	221,154
Real Estate & Rental	570,820	376,490	118,706	1,066,017
Professional-Scientific & Tech Svcs	0	185,603	58,421	244,024
Management of Companies	0	81,224	9,181	90,405
Administrative & Waste Mgt Svcs	0	78,468	14,726	93,194
Educational Svcs	0	849	23,016	23,865
Health & Social Svcs	0	58	227,960	228,017
Arts-Entertainment & Recreation	1,212,299	18,413	28,970	1,259,682
Accomodations & Food Svcs	1,831,131	66,678	146,372	2,044,180
Other Svcs	1,141,640	57,297	86,973	1,285,910
Government & Non NAICs	0	55,311	350,752	406,063
Institutions	0	0	0	0
<b>Total</b>	<b>7,578,397</b>	<b>1,656,227</b>	<b>1,757,042</b>	<b>10,991,666</b>

**TABLE 5-5**  
**Persons-Day Employment: Freshwater Fishing**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	0	0	0
Mining	0	0	0	0
Utilities	0	0	0	0
Construction	0	1	0	1
Manufacturing	0	0	0	1
Wholesale Trade	0	0	0	1
Transportation & Warehousing	0	2	1	2
Retail Trade	58	2	5	64
Information	0	0	0	1
Finance & Insurance	0	1	1	1
Real Estate & Rental	4	3	1	7
Professional-Scientific & Tech Svcs	0	2	1	2
Management of Companies	0	1	0	1
Administrative & Waste Mgt Svcs	0	1	0	1
Educational Svcs	0	0	1	1
Health & Social Svcs	0	0	3	3
Arts-Entertainment & Recreation	16	1	1	17
Accomodations & Food Svcs	28	1	3	31
Other Svcs	20	1	2	23
Government & Non NAICs	0	0	0	1
Institutions	0	0	0	0
<b>Total</b>	<b>125</b>	<b>15</b>	<b>18</b>	<b>158</b>

TABLE 5-6

**Labor Income Persons-Day: Freshwater Fishing 2007\$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	2,553	3,408	5,961
Mining	0	643	350	992
Utilities	0	23,511	12,231	35,742
Construction	0	28,339	5,039	33,378
Manufacturing	0	17,950	11,897	29,847
Wholesale Trade	0	24,364	27,329	51,694
Transportation & Warehousing	0	43,388	16,187	59,575
Retail Trade	1,215,297	36,903	119,015	1,371,215
Information	0	22,169	9,261	31,431
Finance & Insurance	0	44,653	35,506	80,159
Real Estate & Rental	135,860	63,108	20,169	219,137
Professional-Scientific & Tech Svcs	0	88,864	27,786	116,650
Management of Companies	0	24,859	2,810	27,668
Administrative & Waste Mgt Svcs	0	31,700	6,164	37,864
Educational Svcs	0	300	10,182	10,482
Health & Social Svcs	0	22	121,157	121,179
Arts-Entertainment & Recreation	410,696	7,769	11,888	430,353
Accomodations & Food Svcs	606,202	23,755	50,937	680,894
Other Svcs	388,690	22,266	37,760	448,716
Government & Non NAICs	0	11,541	7,279	18,820
Institutions	0	0	0	0
<b>Total</b>	<b>2,756,744</b>	<b>518,657</b>	<b>536,356</b>	<b>3,811,758</b>

This number represents a general estimate of the total impact of fishing days per year. This estimate includes visitors and residents. Unfortunately, no data is available for how many days each travel party spent in the study area.

The other major area for fishing is saltwater. Due to the geography of South Carolina, saltwater fishing was allocated differently than freshwater. There are three population centers on the South Carolina coast. The Greater Beaufort region is one of those, therefore it was assumed that one-third of saltwater fishing took place in the Greater Beaufort region of the coast. The result was an estimated 107,300 persons per day of saltwater fishing. The estimated direct expenditures for both tourists and local residents for saltwater fishing was about \$16.2 million. The complete breakdown for saltwater fishing output is available in Table 5-7.

TABLE 5-7

**Persons-Day Output Impact: Saltwater Fishing**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	12,314	12,123	24,437
Mining	0	9,957	5,583	15,540
Utilities	0	162,342	83,966	246,308
Construction	0	120,932	18,874	139,806
Manufacturing	0	103,777	81,809	185,586
Wholesale Trade	0	83,176	108,848	192,024
Transportation & Warehousing	0	133,981	62,661	196,642
Retail Trade	4,327,144	109,180	442,346	4,878,670
Information	0	144,881	68,467	213,349
Finance & Insurance	0	170,437	158,891	329,328
Real Estate & Rental	462,653	562,248	179,058	1,203,959
Professional-Scientific & Tech Svcs	0	292,599	88,104	380,702
Management of Companies	0	119,933	13,846	133,779
Administrative & Waste Mgt Svcs	0	110,551	22,208	132,759
Educational Svcs	0	1,324	34,699	36,023
Health & Social Svcs	0	115	343,784	343,899
Arts-Entertainment & Recreation	2,905,767	32,389	43,683	2,981,838
Accomodations & Food Svcs	2,533,129	89,795	220,725	2,843,648
Other Svcs	925,306	84,111	131,149	1,140,566
Government & Non NAICs	0	77,380	528,878	606,259
Institutions	0	0	0	0
<b>Total</b>	<b>11,153,999</b>	<b>2,421,423</b>	<b>2,649,700</b>	<b>16,225,123</b>

In addition to the impact on gross regional output, saltwater fishing also had some noticeable impacts on total employment and labor income. The person day of saltwater fishing impact on employment was estimated at 241 total jobs. The impact on total labor income is about \$5.7 million a day. This data is presented in table 5-8 and 5-9 respectively.

**TABLE 5-8  
Persons-Day Employment: Saltwater Fishing**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	0	0	1
Mining	0	0	0	0
Utilities	0	0	0	1
Construction	0	1	0	1
Manufacturing	0	1	0	1
Wholesale Trade	0	1	1	1
Transportation & Warehousing	0	2	1	3
Retail Trade	100	2	7	108
Information	0	1	0	1
Finance & Insurance	0	1	1	2
Real Estate & Rental	3	4	1	8
Professional-Scientific & Tech Svcs	0	3	1	4
Management of Companies	0	1	0	1
Administrative & Waste Mgt Svcs	0	2	0	2
Educational Svcs	0	0	1	1
Health & Social Svcs	0	0	4	4
Arts-Entertainment & Recreation	37	1	1	39
Accomodations & Food Svcs	36	1	4	42
Other Svcs	16	1	3	21
Government & Non NAICs	0	0	0	1
Institutions	0	0	0	0
<b>Total</b>	<b>192</b>	<b>22</b>	<b>27</b>	<b>241</b>

**TABLE 5-9  
Persons-Day Labor Income: Saltwater Fishing 2007\$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	3,865	5,140	9,005
Mining	0	940	527	1,467
Utilities	0	35,665	18,449	54,114
Construction	0	45,129	7,599	52,728
Manufacturing	0	24,864	17,942	42,806
Wholesale Trade	0	31,496	41,217	72,712
Transportation & Warehousing	0	63,811	24,411	88,223
Retail Trade	1,950,922	44,214	179,486	2,174,623
Information	0	32,759	13,967	46,726
Finance & Insurance	0	65,830	53,547	119,377
Real Estate & Rental	110,115	94,091	30,423	234,629
Professional-Scientific & Tech Svcs	0	139,659	41,904	181,563
Management of Companies	0	36,705	4,238	40,943
Administrative & Waste Mgt Svcs	0	45,526	9,295	54,822
Educational Svcs	0	468	15,350	15,818
Health & Social Svcs	0	43	182,716	182,759
Arts-Entertainment & Recreation	984,399	13,538	17,926	1,015,862
Accomodations & Food Svcs	828,407	31,960	76,812	937,179
Other Svcs	315,036	31,545	56,939	403,520
Government & Non NAICs	0	16,150	10,977	27,128
Institutions	0	0	0	0
<b>Total</b>	<b>4,188,879</b>	<b>758,262</b>	<b>808,866</b>	<b>5,756,006</b>

**Recreation Boating: Findings**

As stated previously in Chapter 2 for the purpose of this analysis boating was too inter-twined

with other activities to be able to extract the tourism. For this reason, in order to examine the economic value of boating, as with the retail and service sectors of the art economy, the number of businesses directly involved in the boating economy were examined.

The *Reference USA* database was employed to determine the number of businesses, the number of employees and the gross sales associated with the boating economy in the region. *Reference USA* provides high and low estimates for jobs and sales. For the high range of the estimates in *Reference USA* the businesses in the boating industry in the region employed 751 people. For the low range of the estimates from *Reference USA* the businesses in the boating industry employ 650 people.

To estimate the total economic impact of boating, the direct number of jobs was entered in an to the appropriate IMPLAN sectors instead of direct expenditures on boating. Under the best circumstances boating generated a \$111.1 million in total output and created a total of 1,057 and created \$36.0 million in labor income.

The number of jobs created does not tell the whole story in this case. The impact of concentrate in three sectors Entertainment/Recreation, Trade, and Professional. These sectors demonstrate the different between the boating portion of recreation economy. The majority of impacts are concentrated with some spread throughout the other portions of the economy. As displayed in figure 5.1.

**Figure 5.1**

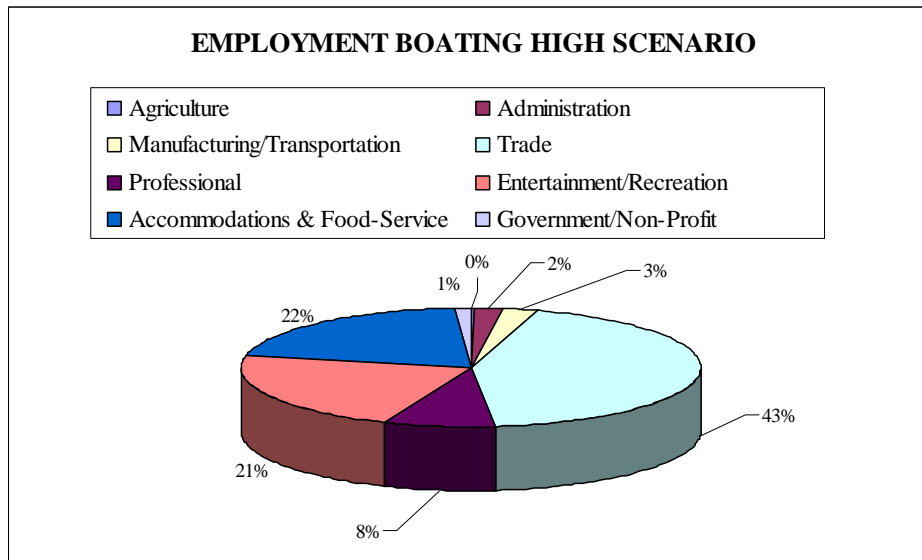


Table 5-10 through 5-12 display a high employment impact scenario for gross regional output, employment and labor income.



**TABLE 5-10**  
**Output Boating High Scenario 2007\$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	61,152	75,758	136,910
Mining	0	52,317	34,893	87,210
Utilities	0	858,086	524,825	1,382,911
Construction	0	571,453	117,929	689,381
Manufacturing	0	674,198	511,235	1,185,433
Wholesale Trade	0	777,182	680,215	1,457,396
Transportation & Warehousing	0	994,097	391,541	1,385,638
Retail Trade	35,900,900	680,840	2,764,187	39,345,928
Information	0	1,007,084	427,865	1,434,949
Finance & Insurance	0	1,122,664	992,890	2,115,553
Real Estate & Rental	0	3,526,090	1,119,295	4,645,385
Professional-Scientific & Tech Svcs	0	1,839,364	550,545	2,389,908
Management of Companies	0	878,941	86,524	965,465
Administrative & Waste Mgt Svcs	0	685,857	138,767	824,623
Educational Svcs	0	8,663	216,715	225,378
Health & Social Svcs	0	732	2,148,269	2,149,001
Arts-Entertainment & Recreation	17,353,786	169,615	272,907	17,796,306
Accomodations & Food Svcs	0	632,702	1,379,107	2,011,810
Other Svcs	26,004,532	448,236	819,392	27,272,162
Government & Non NAICs	0	306,684	3,304,007	3,610,691
Institutions	0	0	0	0
<b>Total</b>	<b>79,259,218</b>	<b>15,295,957</b>	<b>16,556,864</b>	<b>111,112,039</b>

**TABLE 5-11**  
**Employment Boating High Scenario**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	1	1	3
Mining	0	0	0	0
Utilities	0	2	1	4
Construction	0	5	1	6
Manufacturing	0	4	2	6
Wholesale Trade	0	5	4	9
Transportation & Warehousing	0	16	5	21
Retail Trade	368	11	44	423
Information	0	4	2	5
Finance & Insurance	0	6	5	11
Real Estate & Rental	0	26	9	34
Professional-Scientific & Tech Svcs	0	16	6	22
Management of Companies	0	8	1	8
Administrative & Waste Mgt Svcs	0	12	2	14
Educational Svcs	0	0	6	6
Health & Social Svcs	0	0	27	27
Arts-Entertainment & Recreation	222	6	5	233
Accomodations & Food Svcs	0	10	24	34
Other Svcs	161	7	18	186
Government & Non NAICs	0	2	2	4
Institutions	0	0	0	0
<b>Total</b>	<b>751</b>	<b>140</b>	<b>166</b>	<b>1,057</b>

TABLE 5-12

**Boating High Scenario Labor Income 2007\$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	18,149	32,121	50,270
Mining	0	5,094	3,295	8,389
Utilities	0	188,458	115,314	303,772
Construction	0	214,890	47,485	262,375
Manufacturing	0	165,483	112,115	277,598
Wholesale Trade	0	294,290	257,572	551,861
Transportation & Warehousing	0	467,923	152,534	620,457
Retail Trade	16,473,373	275,718	1,121,598	17,870,690
Information	0	229,944	87,285	317,229
Finance & Insurance	0	429,844	334,618	764,462
Real Estate & Rental	0	590,177	190,170	780,346
Professional-Scientific & Tech Svcs	0	879,141	261,855	1,140,996
Management of Companies	0	269,000	26,481	295,481
Administrative & Waste Mgt Svcs	0	322,129	58,084	380,213
Educational Svcs	0	3,053	95,866	98,918
Health & Social Svcs	0	277	1,141,772	1,142,049
Arts-Entertainment & Recreation	5,879,013	70,986	111,992	6,061,991
Accomodations & Food Svcs	0	225,305	479,926	705,231
Other Svcs	3,764,984	158,905	355,741	4,279,631
Government & Non NAICs	0	65,305	68,596	133,902
Institutions	0	0	0	0
<b>Total</b>	<b>26,117,370</b>	<b>4,874,071</b>	<b>5,054,420</b>	<b>36,045,862</b>

Under the low scenario boating still had a dramatic impact on the region's economy. The low scenario estimated that boating added \$95.8 in Output, 928 total job and \$31.8 million in Labor Income. The low employment scenario is presented in Tables 5-13 through 5-15.

Table 5-13

**Output Boating Low Scenario 2007\$**

<b>Aggregated Industry Sector</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Ag, Forestry, Fish & Hunting	0	53,102	67,021	120,123
Mining	0	45,744	30,869	76,613
Utilities	0	755,957	464,306	1,220,263
Construction	0	509,406	104,327	613,733
Manufacturing	0	551,645	452,275	1,003,920
Wholesale Trade	0	614,932	601,768	1,216,700
Transportation & Warehousing	0	846,634	346,384	1,193,017
Retail Trade	32,583,968	573,929	2,445,395	35,603,292
Information	0	868,025	378,521	1,246,546
Finance & Insurance	0	978,786	878,379	1,857,165
Real Estate & Rental	0	3,085,690	990,232	4,075,922
Professional-Scientific & Tech Svcs	0	1,622,617	487,050	2,109,667
Management of Companies	0	783,239	76,545	859,785
Administrative & Waste Mgt Svcs	0	582,370	122,762	705,132
Educational Svcs	0	7,686	191,714	199,399
Health & Social Svcs	0	662	1,900,509	1,901,171
Arts-Entertainment & Recreation	16,181,233	153,181	241,428	16,575,842
Accomodations & Food Svcs	0	529,099	1,220,043	1,749,142
Other Svcs	19,220,742	386,564	724,882	20,332,188
Government & Non NAICs	0	268,786	2,922,896	3,191,682
Institutions	0	0	0	0
<b>Total</b>	<b>67,985,943</b>	<b>13,218,053</b>	<b>14,647,305</b>	<b>95,851,302</b>

**Table 5-14**  
**Employment Boating Low Scenario**

<u>Aggregated Industry Sector</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Ag, Forestry, Fish & Hunting	0	1	1	2
Mining	0	0	0	0
Utilities	0	2	1	3
Construction	0	5	1	6
Manufacturing	0	3	2	5
Wholesale Trade	0	4	4	8
Transportation & Warehousing	0	14	4	19
Retail Trade	334	9	39	383
Information	0	3	1	5
Finance & Insurance	0	5	5	10
Real Estate & Rental	0	22	8	30
Professional-Scientific & Tech Svcs	0	14	5	19
Management of Companies	0	7	1	7
Administrative & Waste Mgt Svcs	0	10	2	12
Educational Svcs	0	0	6	6
Health & Social Svcs	0	0	24	24
Arts-Entertainment & Recreation	207	6	4	217
Accomodations & Food Svcs	0	8	22	30
Other Svcs	119	6	16	140
Government & Non NAICs	0	2	2	4
Institutions	0	0	0	0
<b>Total</b>	<b>660</b>	<b>121</b>	<b>147</b>	<b>928</b>

**Table 5-15**  
**Boating Labor Income Low Scenario 2007\$**

<u>Aggregated Industry Sector</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
Ag, Forestry, Fish & Hunting	0	15,916	28,417	44,333
Mining	0	4,433	2,915	7,349
Utilities	0	166,029	102,017	268,046
Construction	0	191,497	42,008	233,506
Manufacturing	0	136,545	99,185	235,730
Wholesale Trade	0	232,852	227,867	460,719
Transportation & Warehousing	0	400,774	134,942	535,716
Retail Trade	14,951,376	232,423	992,244	16,176,042
Information	0	198,598	77,219	275,817
Finance & Insurance	0	375,330	296,027	671,357
Real Estate & Rental	0	516,321	168,242	684,563
Professional-Scientific & Tech Svcs	0	775,267	231,656	1,006,923
Management of Companies	0	239,711	23,427	263,138
Administrative & Waste Mgt Svcs	0	272,789	51,385	324,174
Educational Svcs	0	2,708	84,806	87,514
Health & Social Svcs	0	250	1,010,092	1,010,342
Arts-Entertainment & Recreation	5,481,783	63,962	99,074	5,644,819
Accomodations & Food Svcs	0	188,353	424,572	612,924
Other Svcs	2,782,815	135,399	314,709	3,232,923
Government & Non NAICs	0	57,200	60,685	117,885
Institutions	0	0	0	0
<b>Total</b>	<b>23,215,973</b>	<b>4,206,357</b>	<b>4,471,487</b>	<b>31,893,817</b>

**Conclusion: The Recreation Economy**

Four segments of the region's recreation economy were to be examined: Golf; Fishing; Boating;

and Beaches. Three of these have been completed: Golf; Fishing; and Boating.

### ***Golf***

The greater Beaufort region with a 23% share of the state's golf related tourism market is second only to Myrtle Beach at a 57% share. In 2006 dollars the direct impact of golfing in the greater Beaufort region was \$209.3 for a per trip expenditures of \$985 for the average party of 2.5 with an average length of stay of 5 nights.

Converted to 2007 dollars the direct impact of a trip that included golfing in the greater Beaufort area was \$214.6 million. The result of the direct impact was a total economic impact of \$312.0 million, 4,175 jobs and labor income of \$106.8 million generated.

### ***Fishing***

Total freshwater fishing days in the greater Beaufort region were estimated at 123,800 person days. Of the 123,800 freshwater fishing person days 91,800 were by non-resident visitors and 32,000 were by local residents.

The estimated economic impact of the 123,800 freshwater person days of fishing was \$7.6 million in direct expenditures. The total impact was estimated at \$11.0 million in gross regional output, accounting for 160 jobs and \$3.8 million in labor income.

There was an estimated 107,300 person days of saltwater fishing in the greater Beaufort region. This is a one-third share of the state's saltwater fishing person days. The estimated direct impact of saltwater fishing is \$11.2 million in person fishing days. The result is a total impact of \$16.2 million in gross regional output accounting for 240 jobs and \$5.8 million in labor income.

### ***Boating***

Business involved in boating employ between 650 and 750 people. Boating involves \$79.3 million in the direct production of services to the boating community. The total impact of boating is an estimated \$111.1 million in gross regional output based on the high employment estimated of 750 persons. The \$111.1 million in production generates an estimated total of 1,100 jobs and creates \$36.0 million in labor income.

## CHAPTER SIX

### CONCLUSIONS AND RECOMMENDATIONS

#### Overall

This report has examined the tourism economy for its overall contribution to the greater Beaufort region. The total economic impact of domestic tourism in the four county Greater Beaufort region is estimated at \$1.3 billion in gross regional output in 2007. The production of \$1.3 billion in goods and services for domestic travelers resulted in 17,640 jobs and generated \$450.5 million in labor income. The number of trips grew by approximately 500,000 between 2002 and 2007.

Combined domestic and international travel resulted in the production of between \$1.4 billion and \$1.5 billion in gross regional output. The production of goods and services for all travelers in 2007 resulted in between 19,282 jobs and 19,610 jobs. The jobs produced by the tourism economy created between \$492.5 million and \$500.1 million in labor income.

Although the direct impacts of tourism are limited to only five sectors the total impact of tourism has widespread job creation effects. As shown in Figure 3.1, trade and professional service jobs account for the largest percentage of job, but every segment of the job market is impacted by the tourism economy.

This report has examined major sub-sectors of the tourism market including: the arts; golfing; boating; fishing; and the beach. All of these activities create value for both the resident and the visitor, but from the perspective of policy the findings indicate that each is a powerful attractor essential to drawing travelers to the greater Beaufort area as a destination. To illustrate the meaning here, consider that in estimating the value of a beach in several studies in Florida, on average 60% of overnight visitors said they would not have come to location if there were no beaches. In short, the presence of an amenity such as a beach, fishing, access to boating or access to golf creates the demand for the destination. In short, only 'if you have it' or 'if you build it' will they come. These amenities are the infrastructure that brings visitors to the location and the value of the trip is based on the combined presence of the choices that visitors may make in 'building their trip experience.' It is the inter-connectedness of each of these that combine to make a travel value. In effect, each amenity creates a spillover effect that enhances the value of each of the other amenities. One segment is not a more important segment than the others.

#### The Arts

The economic value of the retail and services components of the arts economy could not be measured via the input-output model approach. However, it was possible to enumerate the number businesses, number of employees and estimated gross sales or income for businesses and employees in the retail and services components of the arts economy. The findings of the analysis are listed below:

- The number of jobs in occupations filled by artist on annual basis is between 2,000

and 2,500. It should be noted that to be counted as employed in a job one has to receive pay for the work. Additionally, of note, one does not have to work at the job full-time and may be counted as employed as an artist even if one is also working in another job.

- There has been growth in the number of jobs in occupations filled by artist since 2004. Between 1998 and 2000 the number of jobs in occupations filled by artists remained at approximately 2,000 jobs annually. Since 2004 there has been a gradual expansion in the number of jobs in occupations filled by artists to a higher average level on between 2,200 and 2,500.
- In the Lowcountry in 2000 the average monthly earnings in arts related occupations are estimated at \$1,578 compared to the state average of jobs in arts occupations of \$1,332. In 2007 the estimated average monthly earnings in arts related occupations were \$2,055 compared to the average of \$1,684.
- A total of 95 arts businesses were present in the Beaufort economy as of 2007. These were identified in *Reference USA* and include:
  - Businesses selling, brokering, and other retail sales of arts and crafts;
  - Providing instruction and training such as in crafts and dance; and,
  - Providing performances to audiences and/or managing the services of artists providing performances to audiences.
- The gallery and related businesses involved in the sale of works of art or craft were 64 of the 95 businesses, created between 144 and 204 jobs, and accounted for estimated annual gross sales of \$73.0 million.
- The other 31 businesses account for between 64 and 115 jobs and estimated annual gross sales of \$20.5 million.

Based on the ‘best’ or mid-range estimate, a direct demand of \$37.0 million for the performing arts creates a total economic impact of \$53.2 million based on gross regional output. That is an output multiplier of 1.44 or in other words for every \$100 spent on the arts the economy grows by an additional \$44.

The economic activity associated with the production of, attendance at, and the multiple rounds of spending created by the arts adds about 1,437 jobs. The direct labor income associated with the production of the arts and the demand by attendees based on the ‘best’ or mid-range estimate is \$16.0 million with a resulting total impact on labor income of \$21.0 million for a multiplier of 1.31.

The distribution of the impacts between the two sub-regions, Hilton Head and Beaufort except for Hilton Head is approximately 50/50.

### **The Recreation Economy**

Four segments of the region’s recreation economy were to be examined: Golf; Fishing; Boating; and Beaches. Three of these have been completed: Golf; Fishing; and Boating.

### ***Golf***

The greater Beaufort region with a 23% share of the state's golf related tourism market is second only to Myrtle Beach at a 57% share. In 2006 dollars the direct impact of golfing in the greater Beaufort region was \$209.3 for a per trip expenditures of \$985 for the average party of 2.5 with an average length of stay of 5 nights.

Converted to 2007 dollars the direct impact of a trip that included golfing in the greater Beaufort area was \$214.6 million. The result of the direct impact was a total economic impact of \$312.0 million, 4,175 jobs and labor income of \$106.8 million generated.

### ***Fishing***

Total freshwater fishing days in the greater Beaufort region were estimated at 123,800 person days. Of the 123,800 freshwater fishing person days 91,800 were by non-resident visitors and 32,000 were by local residents.

The estimated economic impact of the 123,800 freshwater person days of fishing was \$7.6 million in direct expenditures. The total impact was estimated at \$11.0 million in gross regional output, accounting for 160 jobs and \$3.8 million in labor income.

There was an estimated 107,300 person days of saltwater fishing in the greater Beaufort region. This is a one-third share of the state's saltwater fishing person days. The estimated direct impact of saltwater fishing is \$11.2 million in person fishing days. The result is a total impact of \$16.2 million in gross regional output accounting for 240 jobs and \$5.8 million in labor income.

### ***Boating***

Business involved in boating employ between 650 and 750 people. Boating involves \$79.3 million in the direct production of services to the boating community. The total impact of boating is an estimated \$111.1 million in gross regional output based on the high employment estimated of 750 persons. The \$111.1 million in production generates an estimated total of 1,100 jobs and creates \$36.0 million in labor income.