

ECONOMIC IMPACT OF VISITORS IN ILLINOIS 2021

June 2022

Prepared for: Illinois Office of Tourism



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INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Illinois economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the state's future. How critical? In 2021, tourism-supported jobs accounted for 6.8% of all jobs in the state.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for Illinois as it builds upon its tourism economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Illinois. The model traces the flow of visitor-related expenditures through the state's economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

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

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis.

By establishing a baseline of economic impacts, the industry can track its progress over time.

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

This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

The analysis draws on the following data sources:

- DK Shifflet: survey data, including visitor profile characteristics for visitors to Illinois
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels
- Tax collections: Lodging and sales tax receipts
- U.S. Energy Information Administration: gasoline price data
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Illinois based on aviation, survey, and credit card information.

ECONOMIC IMPACTS

KEY FINDINGS

DIRECT VISITOR SPENDING IMPACT

In 2021, 97.1 million visitors spent \$32.2 billion across the Illinois economy. The Illinois visitor economy spans multiple industries. Visitors spend directly on accommodations, food and beverage, recreation, retail shopping, local transportation, and air travel.

TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$32.2 billion generated a total economic impact of \$59.5 billion in Illinois in 2021 including indirect and induced impacts. This total economic impact sustained almost 388,800 jobs and generated \$4.3 billion in state and local tax revenues in 2021.



\$59.5 BILLION

Total Economic Impact of Tourism in Illinois in 2021



\$32.2B

Direct Visitor Spending



\$59.5B

Total Economic Impact



388,800

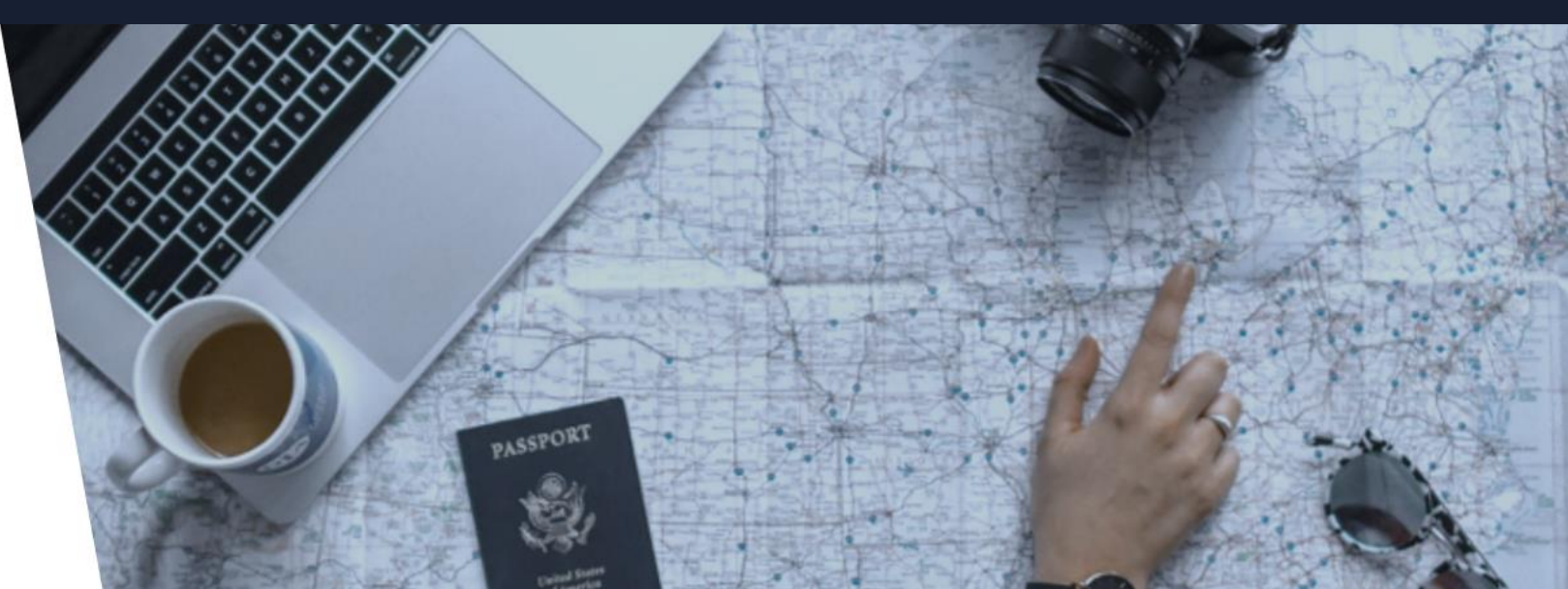
Total Jobs Generated



\$4.3B

State & Local Taxes Generated





VISITS & VISITOR SPENDING

Illinois hosts millions of visitors each year. Following severe COVID-related declines the prior year, 2021 was a year of recovery in which direct visitor spending reached \$32.2 billion and visitor volume totaled 97.1 million.

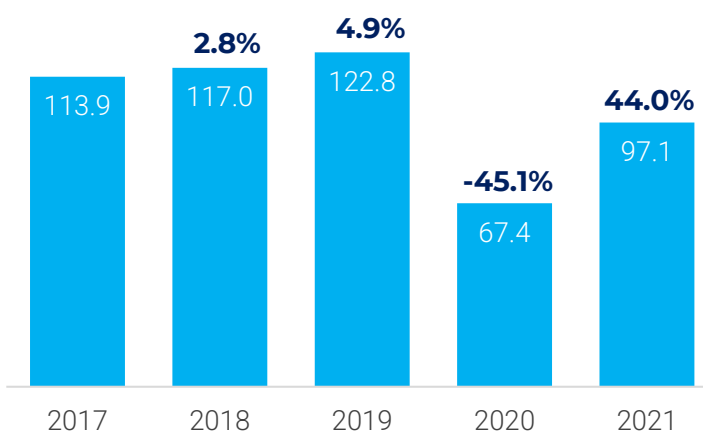
VISITOR VOLUME

Recovery in 2021

Visitor volume was impacted in 2020 by COVID-19 restrictions and closures. In 2021, travel confidence rebounded with easing restrictions and vaccines. With an increase of almost three million visitors over the prior year, total visitation recovered to about 79% of 2019 volumes.

Illinois visitor volume

Amounts in millions



Sources: DKS, Tourism Economics

VISITOR SPENDING

Visitors to Illinois spent **\$32.2 billion** across a range of sectors in 2021.

Visitor spending expanded 38.5% in 2021, recovering to 71% of 2019 levels.

Of the \$32.2 billion spent in Illinois in 2021 by visitors, transportation, including both air and transportation within the destination accounted for \$13.7 billion, 43% of the average visitor dollar.

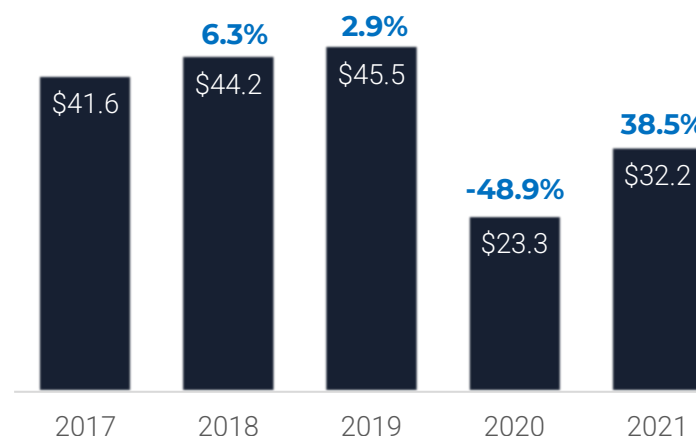
Spending on food and beverage resulted in \$7.5 billion.

Lodging, including the value of second homes, captured 16%, a total of \$5.3 billion.

Both retail spending and recreation registered 9% of each visitor dollar.

Illinois visitor spending

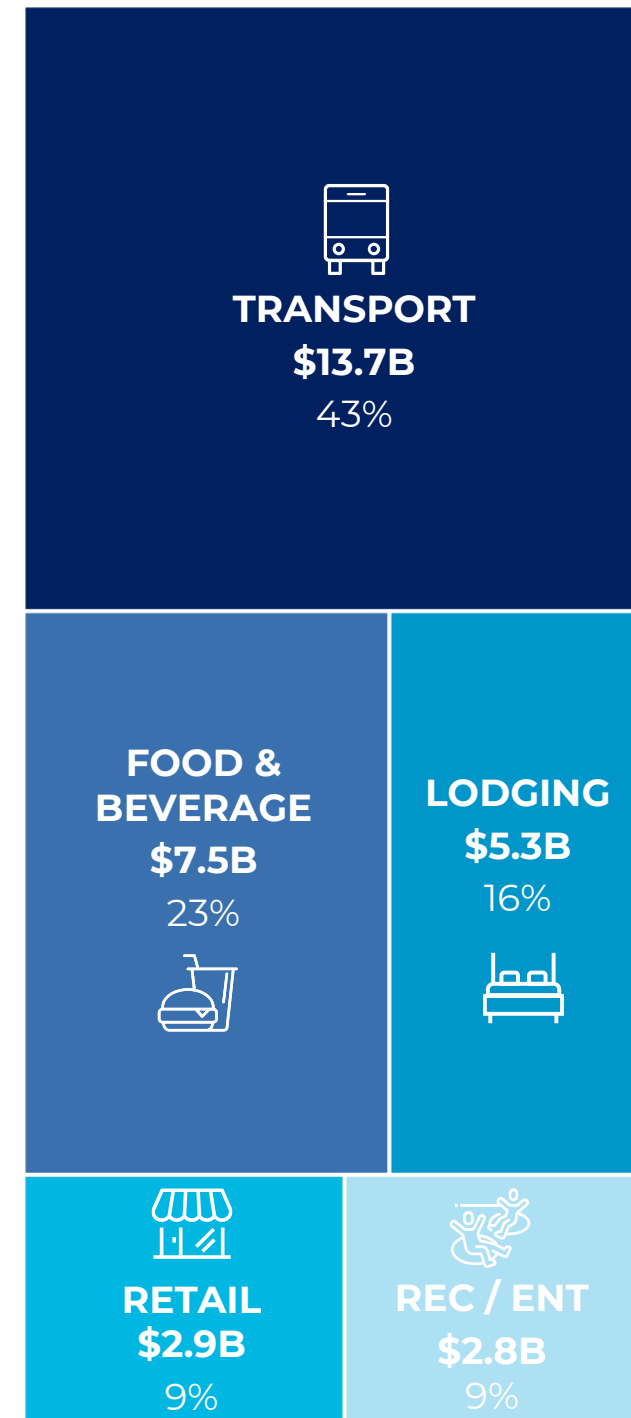
Amounts in \$ billions



Sources: Tourism Economics

\$32.2 BILLION

Total Visitor Spending in 2021



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes. Transport includes both air and local transportation.

VISITATION & SPENDING TRENDS

Visitor spending increased by 39% in 2021, a bounce back after the significant decline in 2020. Spending grew across all sectors, driven by both pent-up demand as well as increases in prices of key commodities, especially in lodging and transportation. Indeed, average room rates at hotels in the state increased 27%.

Strong growth was seen in lodging, one of the hardest hit categories during the pandemic. Lodging spending increased almost 54% after a fall of 59% in 2020. Despite the strong rebound, lodging spending remains slightly below 64% of 2019 levels.

Recreational spending grew 44% in 2021, bringing it back to 63% of pre-pandemic levels. While air transportation remains at 53% of pre-pandemic levels, transportation within the destination has reached 93% of 2019 spending.

Illinois visitor spending

Amounts in \$ millions, 2021 percent change and percent recovered relative to 2019

	2017	2018	2019	2020	2021	2021 Growth	% relative to 2019
Total visitor spending	\$41,633	\$44,243	\$45,518	\$23,273	\$32,242	38.5%	70.8%
Transportation**	\$16,871	\$18,292	\$18,792	\$10,100	\$13,732	36.0%	73.1%
F&B	\$9,124	\$9,667	\$10,062	\$5,627	\$7,466	32.7%	74.2%
Lodging*	\$7,749	\$8,211	\$8,356	\$3,463	\$5,318	53.6%	63.6%
Retail	\$3,603	\$3,727	\$3,863	\$2,147	\$2,934	36.6%	75.9%
Ent/Rec	\$4,287	\$4,346	\$4,445	\$1,937	\$2,792	44.1%	62.8%

Source: Tourism Economics

* Lodging includes second home spending

** Transportation includes both ground and air transportation

Illinois visitor volume and spending, by market

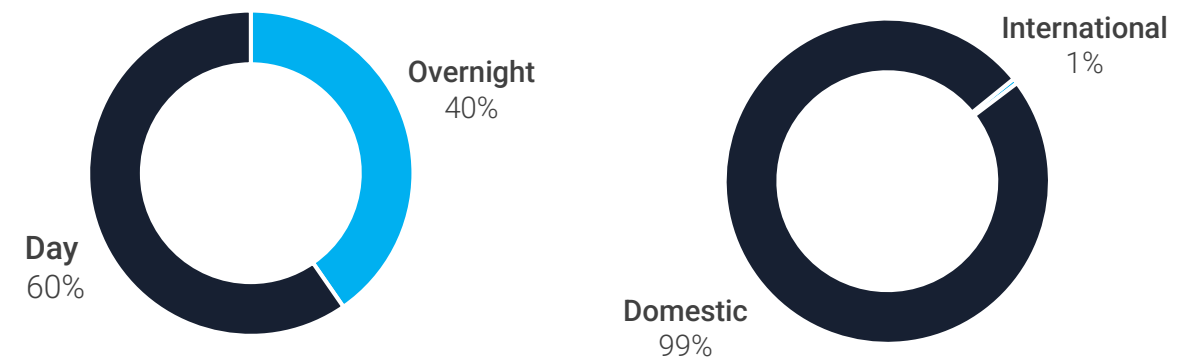
Amounts in millions of visitors and \$ millions

	2017	2018	2019	2020	2021
Total visitors	113.9	117.0	122.8	67.4	97.1
Domestic	111.5	114.6	120.4	66.9	96.5
International	2.3	2.4	2.4	0.5	0.5
Total visitor spending	\$41,633	\$44,243	\$45,518	\$23,273	\$32,242
Domestic	\$38,452	\$40,943	\$42,425	\$22,599	\$31,451
International	\$3,181	\$3,300	\$3,093	\$675	\$791

Source: DKS, Tourism Economics

Illinois visitation share by segment

Expressed as percentage of total visitation by market



Source: DKS, Tourism Economics

VISITOR ECONOMY TRENDS

Hotel Sector

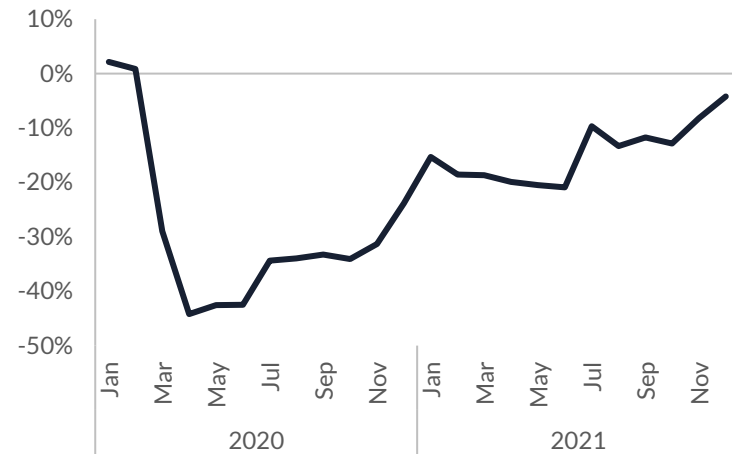
Hotel room demand grew by 48.7% in 2021 over the previous year, after declining 48.6% in 2020. The rise in room demand led to the occupancy rate increasing to 50.9% from 36.3% in 2020.

Pricing power and demand rose considerably in the second half of 2021, with ADR increasing 27.1% in 2021 after falling 34.0% in 2020.

In the final months of 2021, hotel room demand improved to within 8% of its 2019 level, while ADR nearly reached par (-1%) with its 2019 level. The recovery in room demand and the rise in room rates led to hotel room revenue closing to within 10% of its 2019 level in December 2021.

Illinois hotel occupancy rate

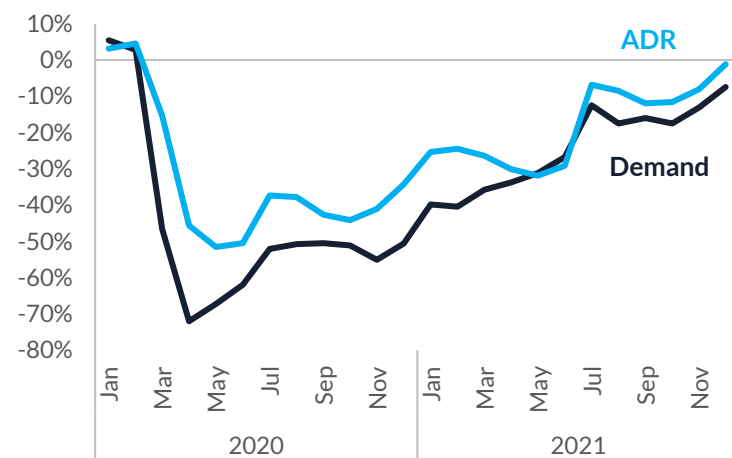
Percentage points difference from same month 2019



Source: STR

Illinois hotel revenue contributors

Percent change relative to same month 2019



Source: STR

Labor Market

Within Illinois, tourism employment had consistently outpaced overall state employment, increasing 18.0% between 2010 and 2019 compared to overall state employment growth of 9.2%.

However, two-in-five (40%) of Illinois tourism jobs were lost in 2020. The travel recovery in 2021 welcomed a return of tourism jobs, which rose to within 33% of its 2019 level.

Tourism employment in Illinois



Source: BEA, BLS, Tourism Economics

Fuel Prices

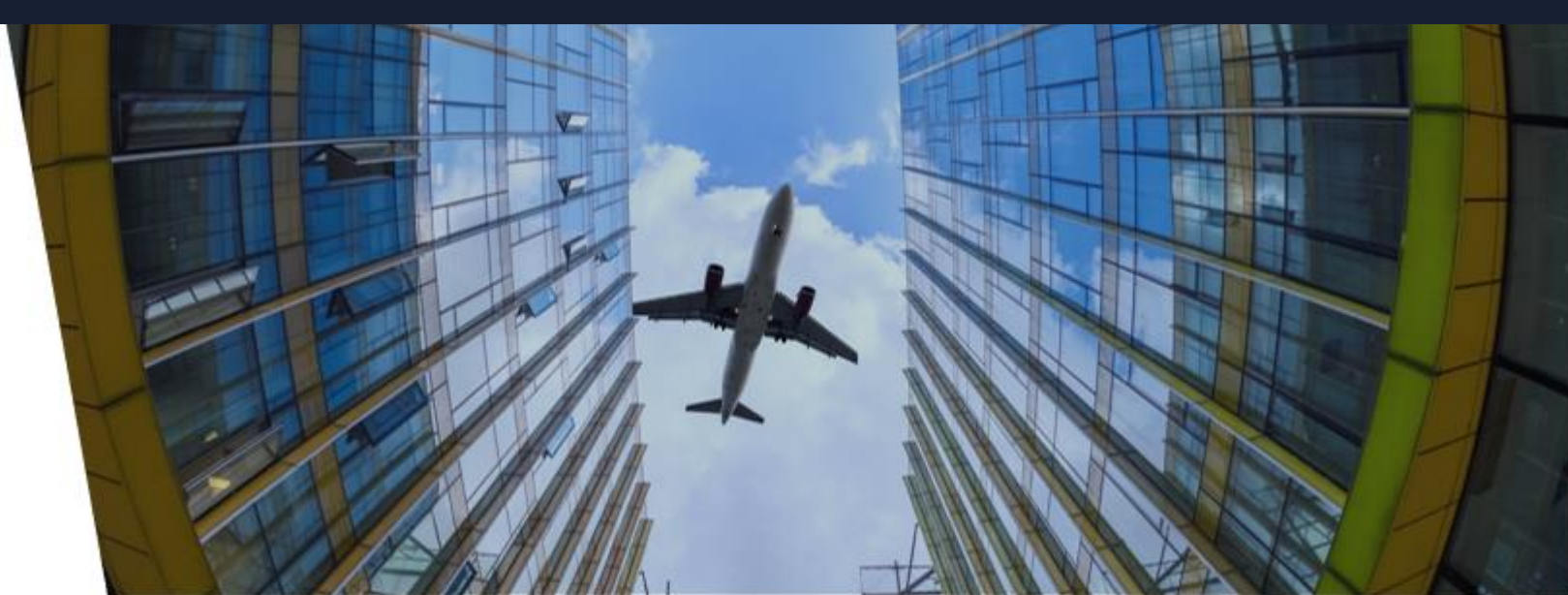
After dipping 15% in 2020, fuel prices rose significantly in 2021, rising to 16% above their average 2019 price level.

Fuel prices in Illinois

Illinois average gasoline price, dollars per gallon



Source: Energy Information Administration



ECONOMIC IMPACT METHODOLOGY

Our analysis of the Illinois visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the Illinois economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy.

An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes within each sector.
- 2. Indirect impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts or supply-chain effects.
- 3. Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

The Tourism Economics model calculates these three levels of impact - direct, indirect and induced - for a broad set of indicators, including:

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

ECONOMIC IMPACT FRAMEWORK

DIRECT IMPACTS

Tourism's contribution measured visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers
Suppliers' own supply chains



SUPPLY
CHAIN
EFFECTS



B2B GOODS &
SERVICES
PURCHASED

INDUCED IMPACTS

Consumer spending out of
employees' wages:



INCOME
EFFECT



HOUSEHOLD
CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and
induced impacts



SALES



GDP



JOBS



INCOME



TAXES

ECONOMIC IMPACT FINDINGS

DIRECT IMPACTS

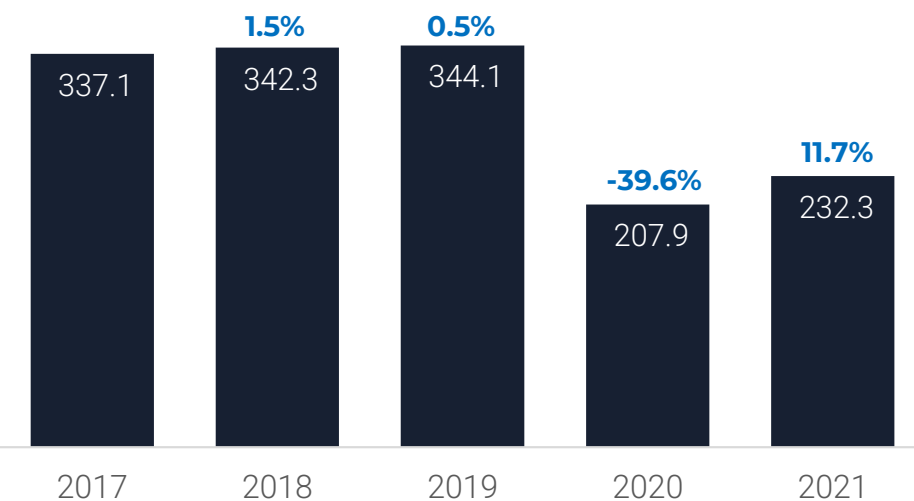
Employment supported by visitor activity rose 11.7% in 2021, rebounding to over 232,000 jobs. The number of jobs jumped by almost 25,000 in 2021. Despite the increase, the number of jobs directly supported by visitors remains over 111,000 jobs below pre-pandemic levels.

The job recovery in key industries in 2021 was strong, reaching 54% of pre-pandemic employment in lodging, 74% in the restaurant industry, 64% in transportation, and 66% in recreational businesses. The employment recovery in retail industry has been more promising than the lodging and restaurant industries.

Recovery in visitor-supported jobs has been slower than spending, with visitor-supported employment levels at 68% of pre-pandemic levels compared to 71% of spending.

Visitor supported employment in Illinois

Amounts in thousands of jobs



Sources: Tourism Economics





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$32.2 billion in 2021. This direct impact of \$32.2 billion generated \$27.2 billion in indirect and induced impacts, resulting in a total economic impact of \$59.5 billion in the Illinois economy, 26% below 2019.

The indirect and induced effects add a total of \$27.2 billion in sales for businesses located in Illinois.

Outside of direct impacts, significant benefits accrue in sectors like finance, insurance, and real estate, and business services.

Summary economic impacts (2021)

Amounts in \$ billions



Source: Tourism Economics

Business sales impacts by industry (2021)

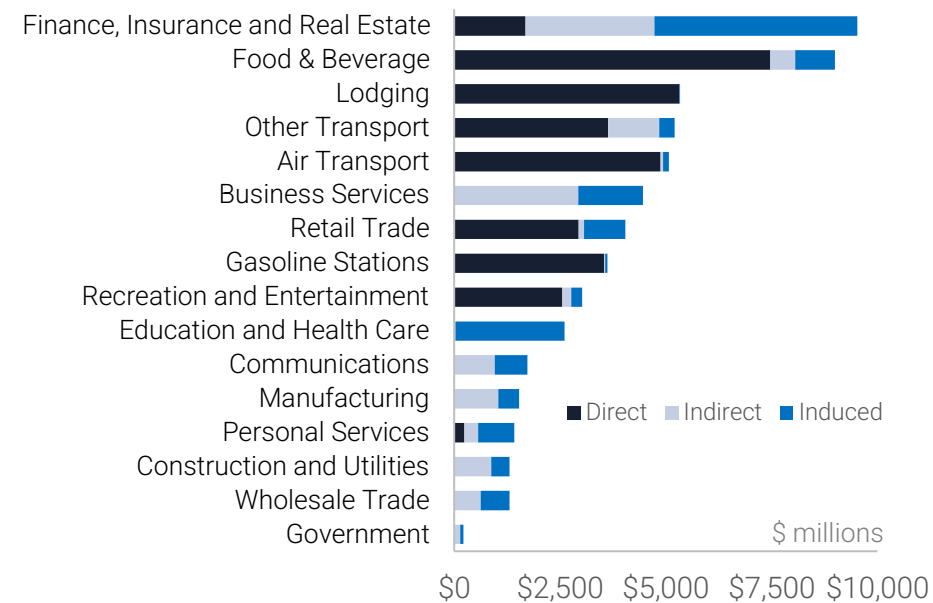
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$32,242	\$12,233	\$14,995	\$59,469
Finance, Insurance and Real Estate	\$1,683	\$3,046	\$4,791	\$9,520
Food & Beverage	\$7,466	\$588	\$940	\$8,993
Lodging	\$5,318	\$3	\$10	\$5,331
Other Transport	\$3,632	\$1,207	\$367	\$5,206
Air Transport	\$4,874	\$57	\$136	\$5,067
Business Services		\$2,929	\$1,528	\$4,457
Retail Trade	\$2,934	\$130	\$978	\$4,042
Gasoline Stations	\$3,543	\$20	\$51	\$3,615
Recreation and Entertainment	\$2,555	\$206	\$260	\$3,020
Education and Health Care		\$29	\$2,577	\$2,606
Communications		\$953	\$775	\$1,729
Manufacturing		\$1,037	\$493	\$1,530
Personal Services	\$237	\$324	\$860	\$1,421
Construction and Utilities		\$872	\$435	\$1,308
Wholesale Trade		\$624	\$681	\$1,304
Government		\$137	\$77	\$215
Agriculture, Fishing, Mining		\$70	\$35	\$105

Source: Tourism Economics

Visitor economy business sales impacts by industry (2021)

Amounts in \$ millions



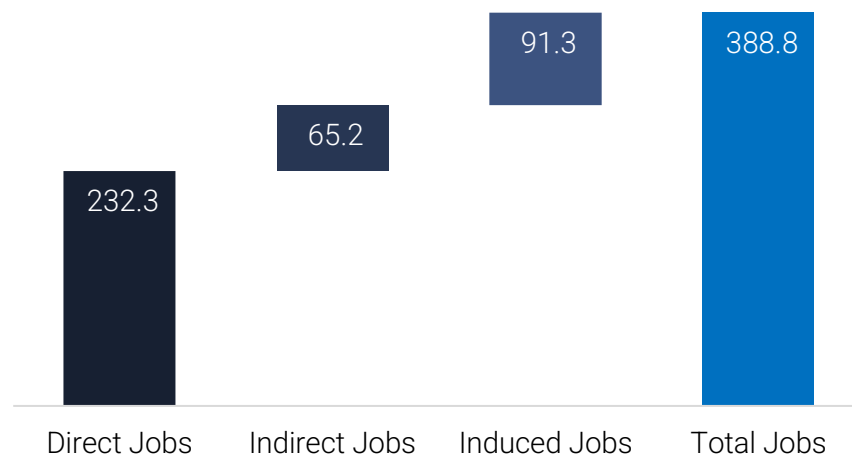
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained 232,326 direct jobs in 2021, with an additional 156,438 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 388,764 in 2021, one of every 15 jobs in the state.

Summary employment impacts (2021)

Amounts in thousands of jobs



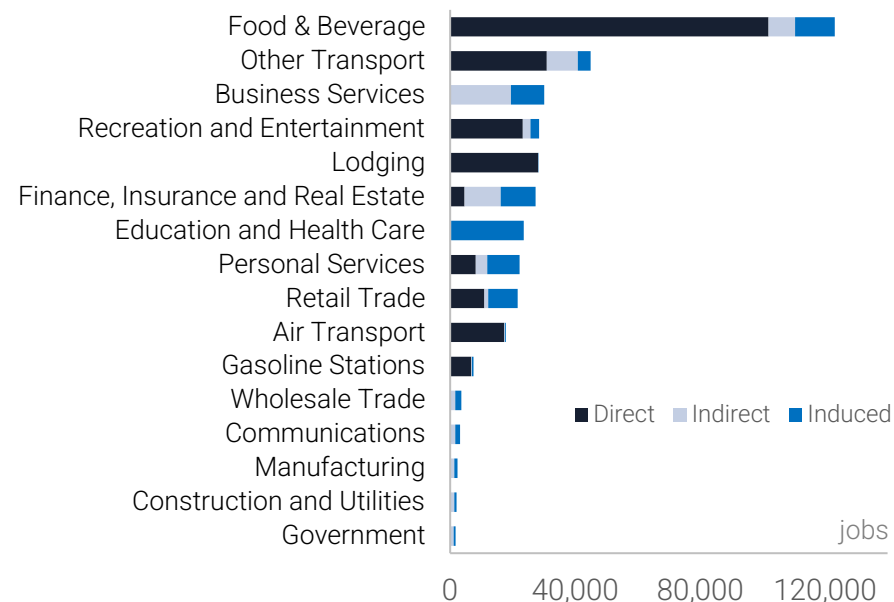
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry (123,100).

Spending by businesses directly impacted by visitor spending supports 19,534 jobs in the business services industry – in areas like accounting, advertising and building services.

Tourism job impacts by industry (2021)

Amounts in number of jobs



Source: Tourism Economics



Employment impacts by industry (2021)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	232,326	65,155	91,283	388,764
Food & Beverage	101,888	8,511	12,701	123,100
Other Transport	30,997	9,932	4,054	44,983
Business Services		19,534	10,635	30,169
Recreation and Entertainment	23,247	2,512	2,751	28,510
Lodging	28,223	25	77	28,324
Finance, Insurance and Real Estate	4,604	11,591	11,127	27,323
Education and Health Care		315	23,244	23,559
Personal Services	8,229	3,629	10,388	22,246
Retail Trade	10,968	1,205	9,446	21,620
Air Transport	17,372	139	312	17,823
Gasoline Stations	6,798	178	489	7,464
Wholesale Trade		1,699	1,896	3,595
Communications		1,683	1,556	3,239
Manufacturing		1,399	965	2,364
Construction and Utilities		1,310	805	2,115
Government		1,182	603	1,786
Agriculture, Fishing, Mining		312	234	546

Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$10.9 billion in direct labor income and a total of \$20.7 billion when including indirect and induced impacts. Total tourism-generated income in Illinois in 2021 rebounded to about 77% off its 2019 level.

Summary labor income impacts (2021)

Amounts in \$ billions

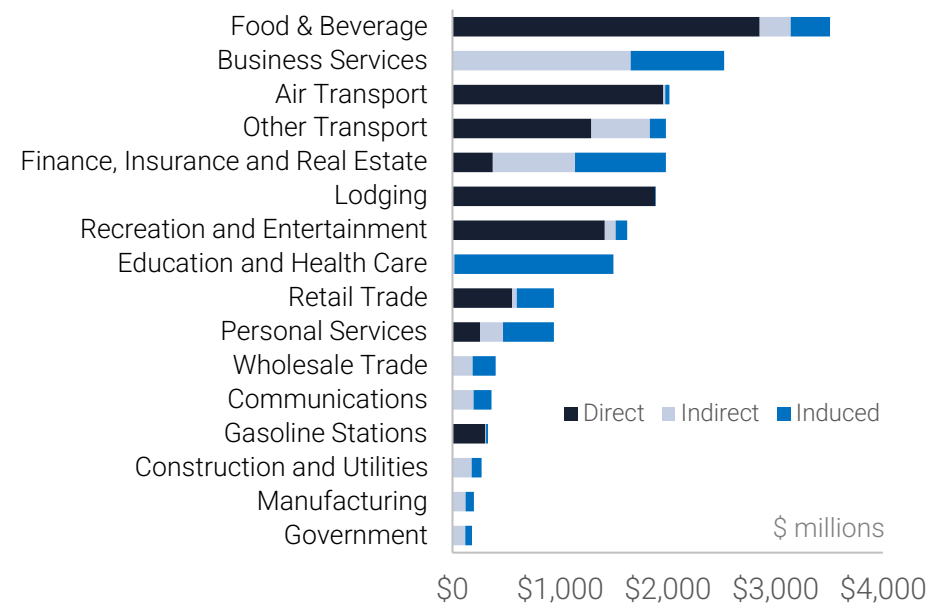


Source: Tourism Economics

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

Tourism labor income Impacts by industry (2021)

Amounts in \$ millions



Source: Tourism Economics



Labor income impacts by industry (2021)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$10,892	\$4,463	\$5,315	\$20,669
Food & Beverage	\$2,855	\$288	\$366	\$3,509
Business Services		\$1,654	\$871	\$2,525
Air Transport	\$1,959	\$18	\$40	\$2,016
Other Transport	\$1,289	\$544	\$150	\$1,983
Finance, Insurance and Real Estate	\$374	\$764	\$844	\$1,982
Lodging	\$1,884	\$1	\$4	\$1,890
Recreation and Entertainment	\$1,415	\$100	\$107	\$1,622
Education and Health Care		\$16	\$1,480	\$1,497
Retail Trade	\$553	\$45	\$345	\$943
Personal Services	\$255	\$214	\$472	\$942
Wholesale Trade		\$187	\$214	\$401
Communications		\$197	\$164	\$361
Gasoline Stations	\$307	\$6	\$17	\$330
Construction and Utilities		\$177	\$93	\$270
Manufacturing		\$121	\$77	\$198
Government		\$119	\$62	\$182
Agriculture, Fishing, Mining		\$11	\$8	\$19

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$8.0 billion in government revenues.

State and local taxes alone tallied \$4.3 billion in 2021.

Each household in Illinois would need to be taxed an additional \$882 to replace the visitor-generated taxes received by state and local governments in 2021.

Fiscal (tax) impacts

Amounts in \$ millions

	Tax Revenue
Total Tax Revenues	\$8,033
Federal Taxes	\$3,725
Personal Income	\$1,384
Corporate	\$259
Indirect Business	\$253
Social Insurance	\$1,829
State Taxes	\$1,994
Sales	\$1,347
Personal Income	\$403
Corporate	\$94
Social Insurance	\$2
Excise and Fees	\$149
Local Taxes	\$2,314
Sales	\$410
Bed Tax	\$177
Property	\$1,694
Excise and Fees	\$33

Source: Tourism Economics



ECONOMIC IMPACTS

JOB & LABOR INCOME IMPACTS

Direct visitor spending of \$32.2 billion generated tourism's total economic impact of \$59.5 billion, including almost 388,800 total jobs (including full-time and part-time jobs) with associated labor income of \$20.7 billion in 2021.

 **\$59.5B**
Total Economic Impact

 **\$32.2B**
Direct Visitor Spending

 **\$20.7B**
Total Labor Income Impact

 **388,800**
Total Jobs Impact



FISCAL IMPACTS

TAX REVENUES

The economic impacts attributable to visitors generate significant fiscal (tax) impacts as they ripple through the regional economy. Visitor activity generated \$4.3 billion in state and local tax revenues in 2021.

 **\$4.3B**
Total State & Local Tax Revenues

 **\$1.8B**
Sales Tax Revenues

 **\$177M**
Bed Tax Revenues

 **\$1.7B**
Property Tax Revenues

ECONOMIC IMPACTS IN CONTEXT



\$32.2B
visitor
spending

The \$32.2 billion in visitor spending means that nearly \$88.3 million was spent EVERY DAY by visitors in Illinois.



\$20.7B
labor
income

The \$20.7 billion in total income generated by tourism is the equivalent of \$4,232 for every household in Illinois.



388,800
total
jobs

The number of jobs sustained by tourism (388,800) supports 6.8% of all jobs in Illinois.



\$4.3B
state & local
taxes

Each household in Illinois would need to be taxed an additional \$882 to replace the visitor taxes received by the state and local governments in 2021.

APPENDIX

Glossary – Spending Definitions

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels, rentals and similar establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
Recreation	Includes visitor spending within the arts, entertainment and recreation sub-sector.
Shopping	Includes visitor spending in all retail sub-sectors within the local economy.
Local transport	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending.
Service stations	Visitor spending on gasoline.
Second homes	Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.

Glossary – Economic Impact Definitions

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

ABOUT TOURISM ECONOMICS

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

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

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, London, Frankfurt, Ontario, and Sydney.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 400 full-time staff, including 300 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

admin@tourismeconomics.com