



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

ECONOMIC IMPACT OF VISITORS IN CONNECTICUT 2023

May 2024

Prepared for: Connecticut Tourism Office



CONTENTS

Introduction Methodology & data sources	03
Key Findings Summary economic & fiscal impacts	04
Visitor Volume and Visitor Spending Trends in visitor volume levels and visitor spending	05
Economic Impact Methodology Impact model framework	07
Economic Impact Findings Business sales, jobs, and labor income impacts	08
Fiscal Impacts Federal and state & local tax revenues	13
Economic Impacts in Context Adding context to the economic impact results	14
Appendix	15



INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Connecticut economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the state's future. In 2023, gross output (total business sales) attributable to visitor spending in Connecticut topped \$18.5 billion.

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 important for Connecticut as its visitor economy rebounds.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the state of Connecticut. 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 overnight or traveled more than 50 miles to the destination.

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

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.

By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the significance of the visitor economy in Connecticut, 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.

The analysis draws on the following data sources:

- Longwoods International: survey data, including spending and volumes for visitors to Connecticut
- 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
- KeyData vacation rental market intelligence data on short-term rentals
- Tax collections: Lodging and sales tax receipts
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Connecticut based on aviation, survey, and credit card information

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR SPENDING

Visitors to Connecticut spent \$11.0 billion in 2023, an increase of 6% over the prior year. Visitor volumes increased 2.0% as hotel room night demand moderated the overnight market.

TOTAL ECONOMIC IMPACT

Direct visitor spending of \$11.0 billion generated a total economic impact of \$18.5 billion in Connecticut in 2023 including indirect and induced impacts. This total economic impact sustained 124,400 jobs and generated \$1.2 billion in state and local tax revenues in 2023.



\$18.5 BILLION

Total Economic Impact of Tourism in Connecticut in 2023



\$11.0B

Visitor Spending



\$18.5B

Total Economic Impact



124,400

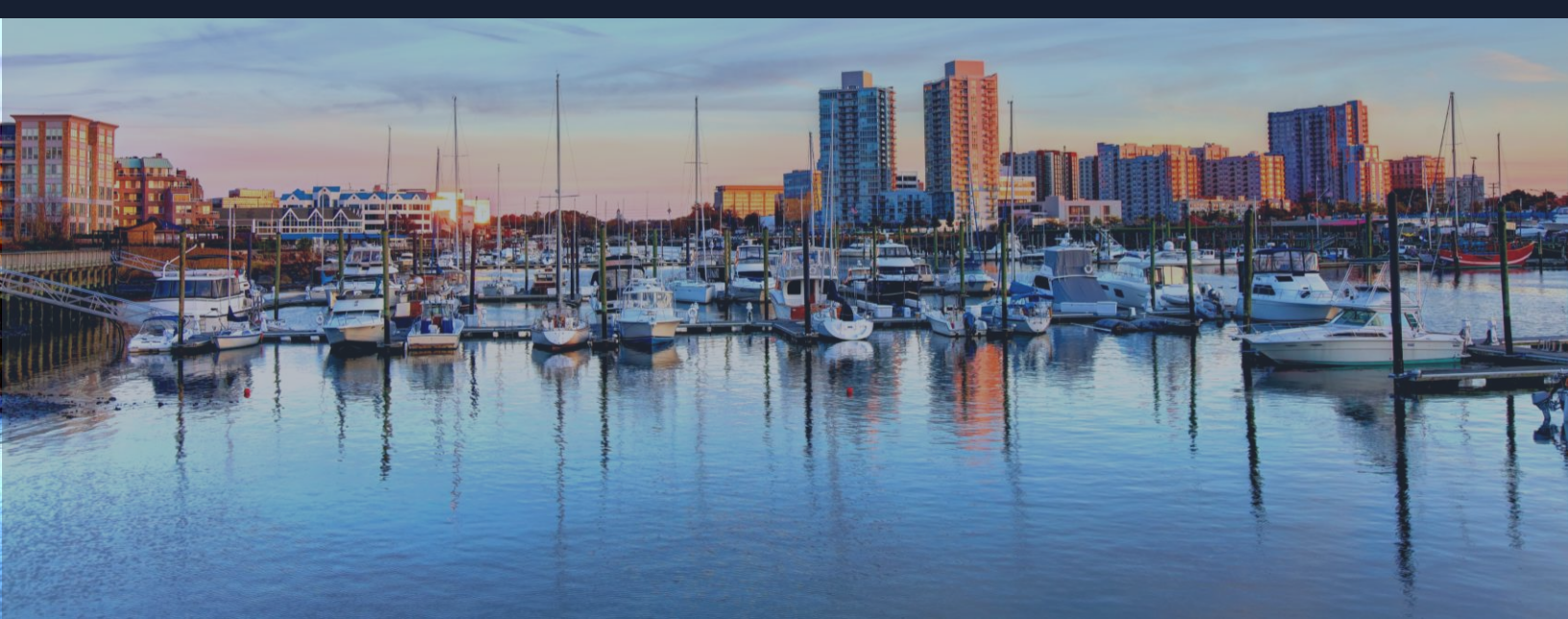
Total Jobs Generated



\$1.2B

State & Local Taxes Generated





VISITS & VISITOR SPENDING

With both visits and spending fully recovered in 2023, growth has begun to moderate back to more sustainable rates. Visitor volumes reached 67.9 million, with spending registering \$11.0 billion.

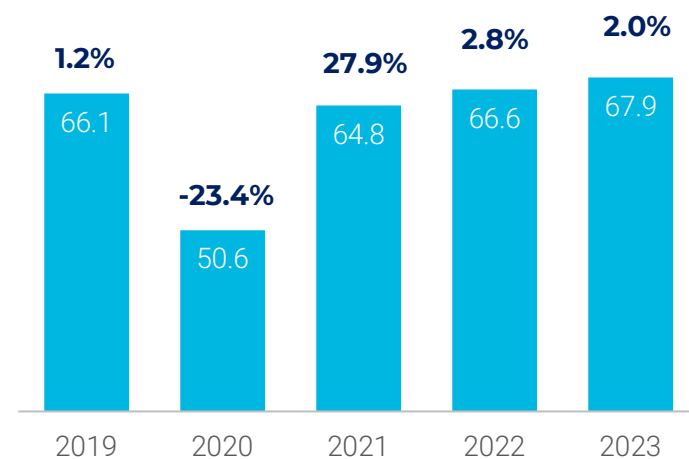
VISITOR VOLUME

Moderation in 2023

An increase of about 1.3 million visitors over the prior year, visitor volume growth registered 2.0% year-over-year.

Connecticut visitor volume

Amounts in millions



Sources: Longwoods International, Tourism Economics

VISITOR SPENDING

Visitors to Connecticut spent \$11.0 billion across a range of sectors in 2023.

Visitor spending expanded 6% in 2023, reaching 12% above 2019 levels.

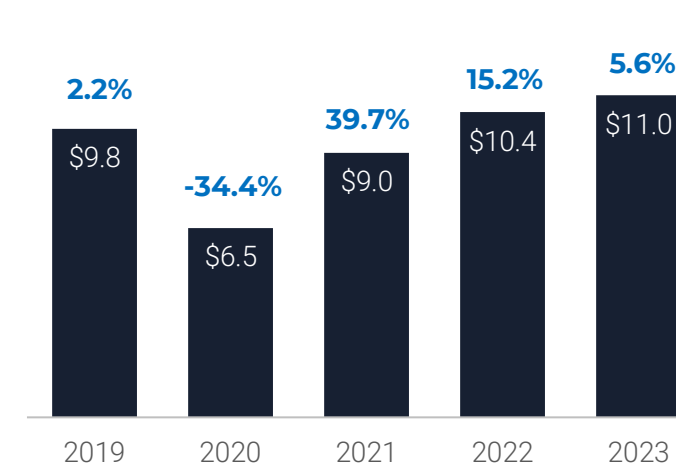
Of the \$11.0 billion spent in Connecticut in 2023 by visitors, food and beverage purchases accounted for \$3.0 billion, 27% of their total budget.

Recreation spending, including casino spending, comprised 26% of total visitor spending, with lodging spending, including short-term rentals and the value of second homes, averaging 20%.

Retail spending comprised 15%, with transportation, including both air and transportation within the destination, registering 12%.

Connecticut visitor spending

Amounts in \$ billions



Sources: Longwoods International, Tourism Economics

\$11.0 BILLION

Visitor Spending in 2023



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes short-term rentals and dollars spent on second homes. Transport includes both air and local transportation. Recreation spending includes spending at casinos (gaming).

VISITATION & SPENDING TRENDS

Visitor spending increased 6% in 2023, following two consecutive years of double-digit growth. Spending grew across all sectors, driven by both demand and increases in prices of key commodities.

Lodging spending, including short-term rentals and second homes, led spending growth in 2023, increasing 7.4% year-over-year. Despite moderating overnight demand, average daily room rates increased 6%.

Visitors prioritized experiential spending as recreation spending increased 6%, and topped 2019 levels.

Shifting preferences curtailed overall retail spending, and lower gas prices helped keep a lid on transportation spending.

Connecticut visitor spending

Amounts in \$ millions, 2023 percent change and percent recovered relative to 2019

	2019	2020	2021	2022	2023	2023 Growth	% relative to 2019
Total visitor spending	\$9,839	\$6,457	\$9,023	\$10,398	\$10,976	5.6%	111.6%
Food and beverage	\$2,539	\$1,832	\$2,440	\$2,796	\$2,954	5.7%	116.3%
Recreation*	\$2,752	\$1,573	\$2,408	\$2,695	\$2,855	6.0%	103.8%
Lodging**	\$1,852	\$1,110	\$1,631	\$2,070	\$2,224	7.4%	120.1%
Retail	\$1,503	\$1,123	\$1,479	\$1,591	\$1,644	3.4%	109.4%
Transportation***	\$1,193	\$819	\$1,065	\$1,247	\$1,298	4.1%	108.8%

Source: Longwoods International, Tourism Economics

*Recreation includes spending at casinos (gaming)

** Lodging includes second home spending

*** Transportation includes both ground and air transportation

Connecticut visitation, by segment

Amounts in millions of visitors and % shares

Purpose	Stay	Market
Leisure	63.09	Day 45.60 Domestic 67.52
Business	4.81	Overnight 22.30 International 0.38
Total	67.90	Total 67.90

Share					
Leisure	92.9%	Day	67.2%	Domestic	99.4%
Business	7.1%	Overnight	32.8%	International	0.6%

Source: Longwoods International, Tourism Economics

Connecticut spending, by segment

Amounts in \$ billions and % shares

Purpose	Stay	Market
Leisure	\$9.91	Day \$4.04 Domestic \$10.46
Business	\$1.07	Overnight \$6.94 International \$0.52
Total	\$10.98	Total \$10.98

Share					
Leisure	90.3%	Day	36.8%	Domestic	95.3%
Business	9.7%	Overnight	63.2%	International	4.7%

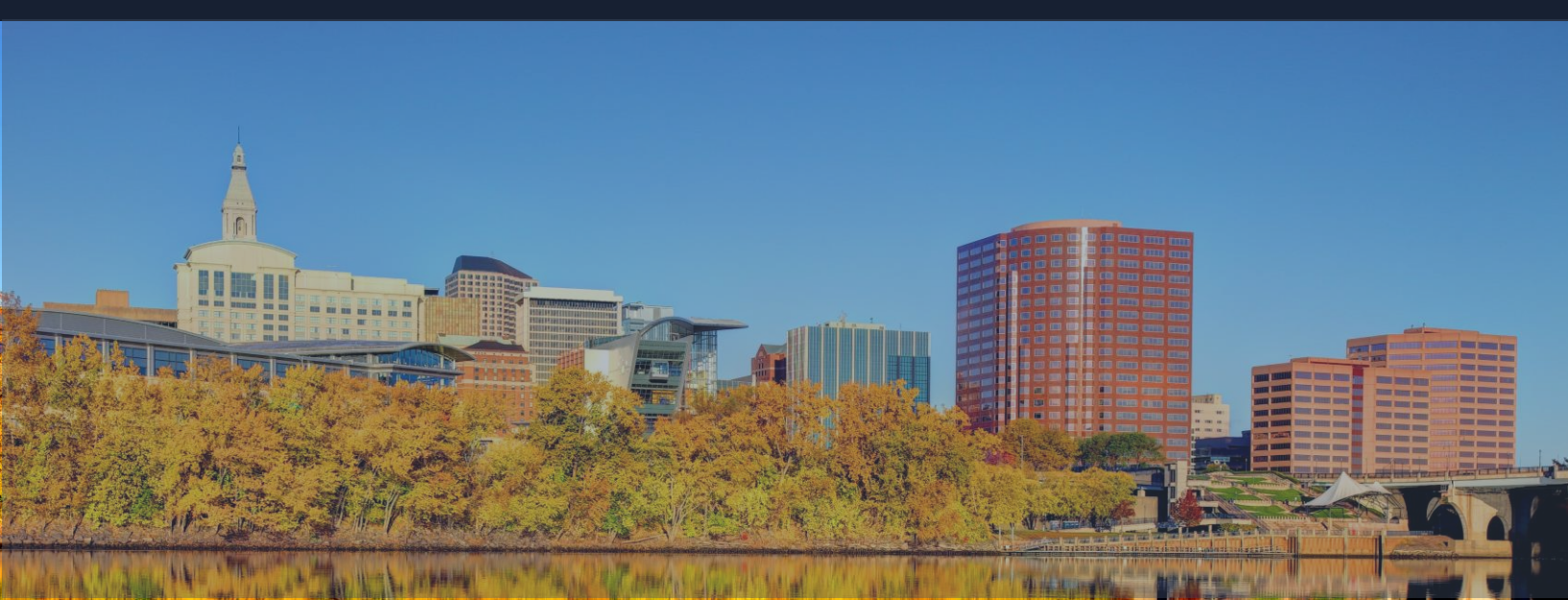
Source: Longwoods International, Tourism Economics

Connecticut spending, by market

Amounts in millions of visitors, \$ millions, and \$ per person

	2019	2020	2021	2022	2023
Total visitors	66.12	50.63	64.78	66.60	67.90
Domestic	65.63	50.52	64.67	66.34	67.52
International	0.50	0.12	0.11	0.26	0.38
Total visitor spending	\$9,839	\$6,457	\$9,023	\$10,398	\$10,976
Domestic	\$9,085	\$6,297	\$8,823	\$10,009	\$10,458
International	\$753	\$160	\$200	\$389	\$518
Per visitor spending	\$149	\$128	\$139	\$156	\$162
Domestic	\$138	\$125	\$136	\$151	\$155
International	\$1,509	\$1,385	\$1,799	\$1,473	\$1,360

Source: Longwoods International, Tourism Economics



ECONOMIC IMPACT FRAMEWORK

ECONOMIC IMPACT METHODOLOGY

The analysis of the Connecticut 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 Connecticut 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
- GDP
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

DIRECT IMPACTS

Visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers



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

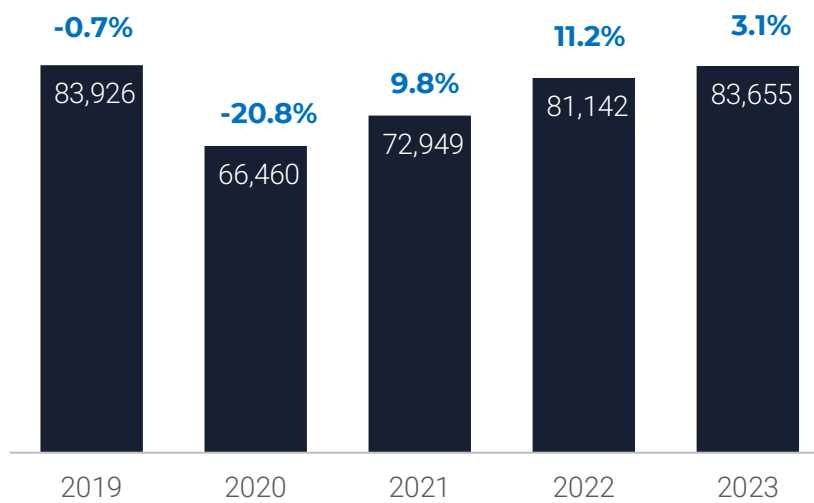
DIRECT IMPACTS

Employment supported by visitor activity increased 3.1% in 2023, rebounding to 83,655 jobs, just below 2019 levels.

Recovery in visitor-supported jobs has been slower than spending, with visitor-supported employment levels at nearly par, compared to spending which registered 12% higher than 2019 levels in 2023.

Visitor supported employment in Connecticut

Amounts in number of jobs



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$11.0 billion in 2023. This direct impact of \$11.0 billion generated \$7.5 billion in indirect and induced impacts, resulting in a total economic impact of \$18.5 billion in the Connecticut economy.

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

Summary Economic impacts (2023)

Amounts in \$ billions



Source: Tourism Economics

Business sales impacts by industry (2023)

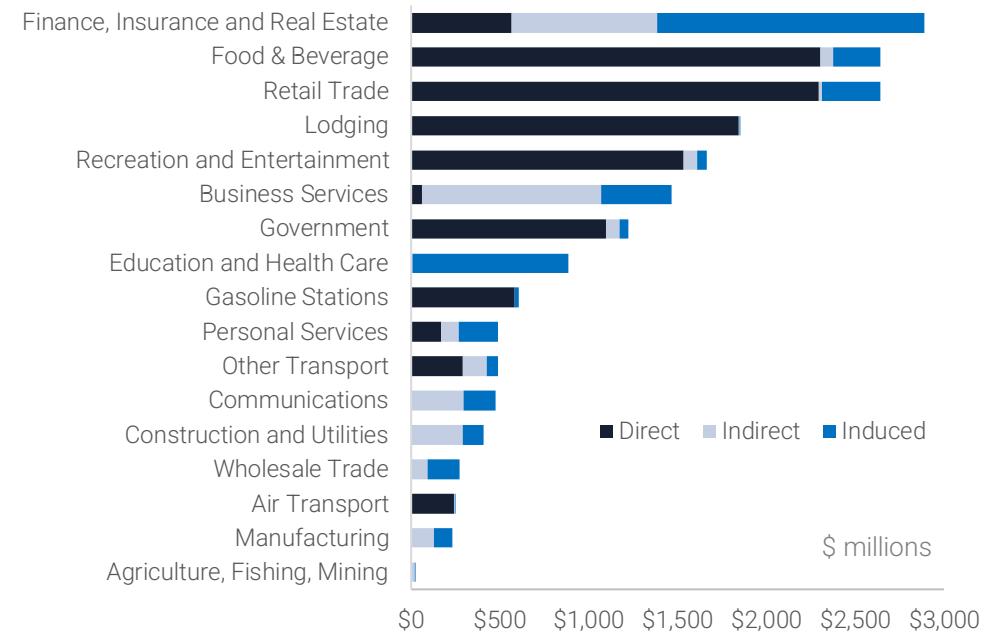
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$10,976	\$3,147	\$4,379	\$18,501
Finance, Insurance and Real Estate	\$563	\$821	\$1,502	\$2,887
Food & Beverage	\$2,304	\$73	\$265	\$2,642
Retail Trade	\$2,294	\$18	\$330	\$2,642
Lodging	\$1,846	\$2	\$2	\$1,850
Recreation and Entertainment	\$1,532	\$77	\$53	\$1,662
Business Services	\$61	\$1,008	\$397	\$1,466
Government	\$1,095	\$77	\$49	\$1,221
Education and Health Care		\$8	\$878	\$886
Gasoline Stations	\$581	\$1	\$22	\$605
Personal Services	\$167	\$103	\$221	\$491
Other Transport	\$291	\$132	\$65	\$488
Communications		\$295	\$178	\$473
Construction and Utilities		\$292	\$116	\$409
Wholesale Trade		\$93	\$180	\$273
Air Transport	\$241	\$3	\$7	\$250
Manufacturing		\$126	\$105	\$231
Agriculture, Fishing, Mining		\$18	\$9	\$27

Source: Tourism Economics

Business sales impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics

VALUE ADDED IMPACTS

The value of all visitor-associated goods and services produced in Connecticut was \$10.5 billion in 2023.

Summary Value-added Impacts (2023)

Amounts in \$ billions



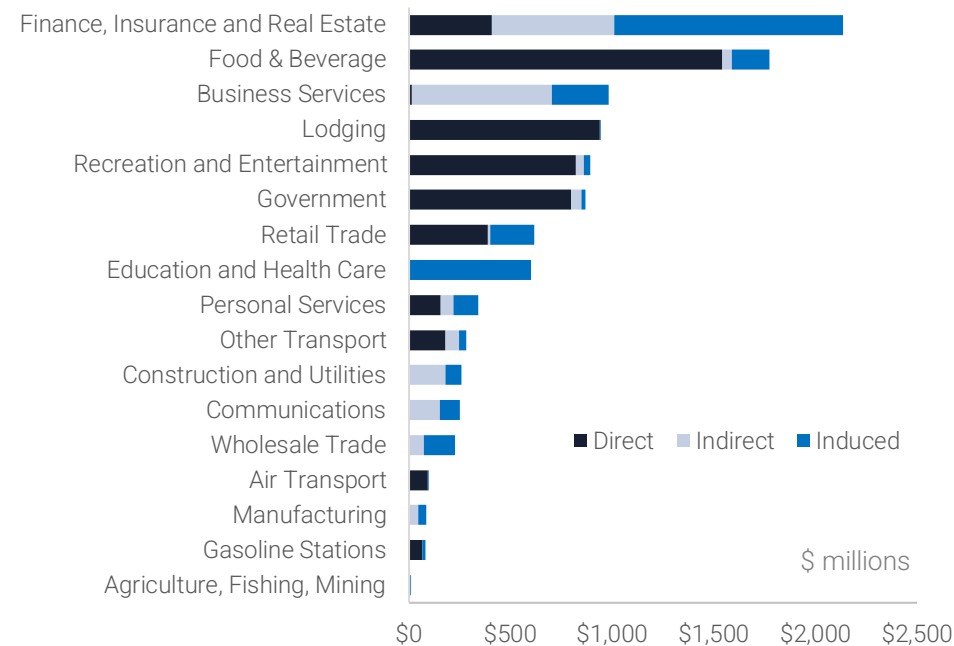
Source: Tourism Economics

In Connecticut, the finance, insurance, and real estate industry had the largest economic contribution when accounting for indirect and induced impacts.

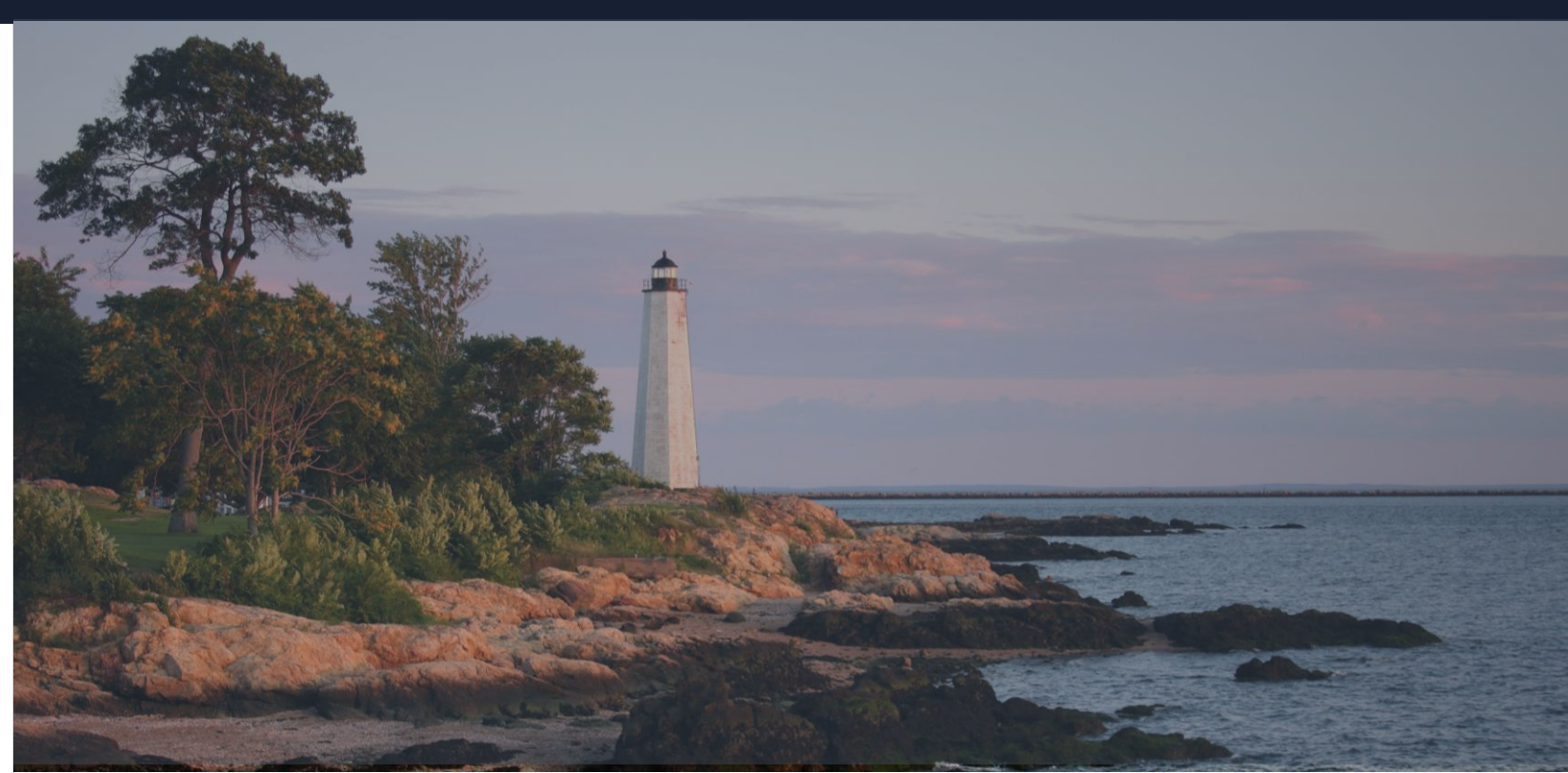
The locally produced portion of visitor-associated sales in the lodging industry added \$942 million to state GDP in 2023.

Value-added Impacts by Industry (2023)

Amounts in \$ millions



Source: Tourism Economics



Summary Value-added Impacts by Industry (2023)

Amounts in \$ millions

	Direct GDP	Indirect GDP	Induced GDP	Total GDP
Total, all industries	\$5,413	\$2,037	\$3,012	\$10,461
Finance, Insurance and Real Estate	\$411	\$599	\$1,126	\$2,136
Food & Beverage	\$1,543	\$47	\$183	\$1,774
Business Services	\$14	\$690	\$280	\$984
Lodging	\$940	\$1	\$1	\$942
Recreation and Entertainment	\$822	\$39	\$32	\$893
Government	\$800	\$49	\$21	\$870
Retail Trade	\$390	\$10	\$218	\$619
Education and Health Care		\$4	\$599	\$603
Personal Services	\$156	\$65	\$122	\$343
Other Transport	\$179	\$69	\$33	\$281
Construction and Utilities		\$179	\$79	\$258
Communications		\$151	\$100	\$251
Wholesale Trade		\$75	\$152	\$227
Air Transport	\$92	\$1	\$3	\$96
Manufacturing		\$47	\$41	\$88
Gasoline Stations	\$66	\$1	\$16	\$83
Agriculture, Fishing, Mining		\$9	\$4	\$13

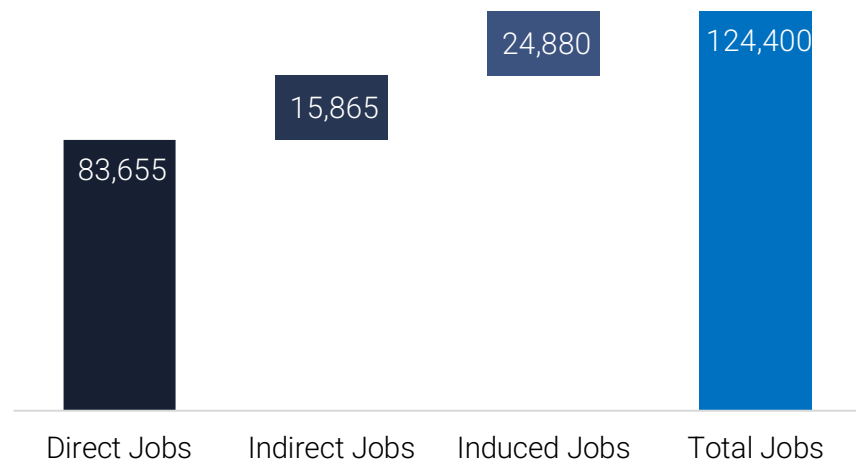
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained a total of 124,400 jobs in 2023, including 83,655 direct jobs and 40,745 jobs supported through indirect and induced impacts. This equates to 1-in-19 jobs in Connecticut.

Summary Employment Impacts (2023)

Amounts in number of jobs



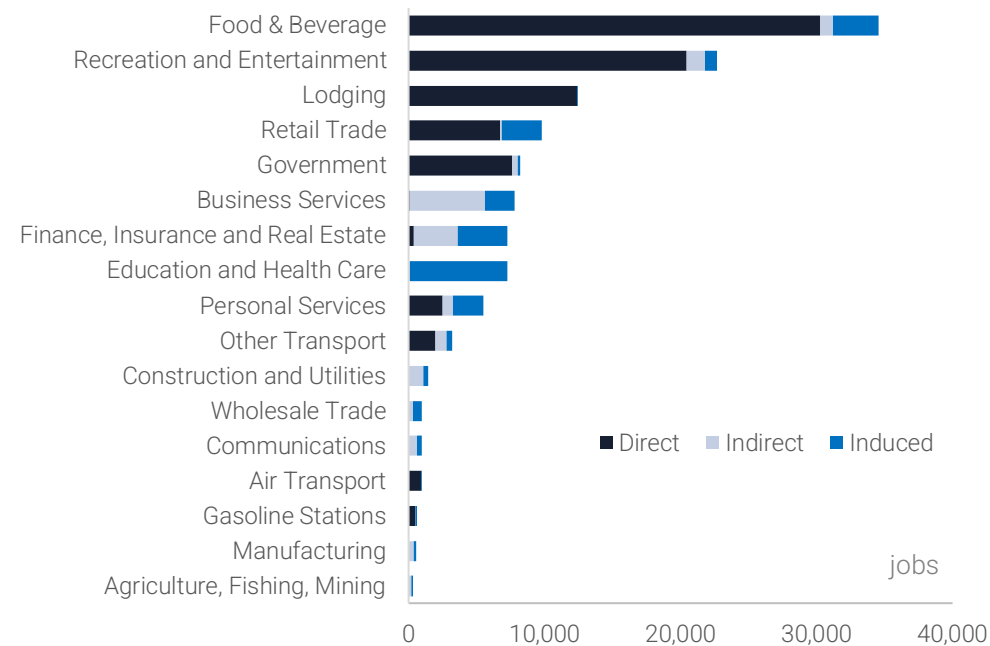
Source: Tourism Economics

Visitor spending supported the largest number of jobs in the food & beverage industry (34,568).

Spending by businesses directly impacted by visitor spending supported 5,494 jobs in the business services industry – in areas like accounting, advertising and building services.

Employment Impacts by Industry (2023)

Amounts in number of jobs



Source: Tourism Economics



Summary Employment Impacts by Industry (2023)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	83,655	15,865	24,880	124,400
Food & Beverage	30,295	933	3,340	34,568
Recreation and Entertainment	20,447	1,361	888	22,696
Lodging	12,395	12	13	12,421
Retail Trade	6,700	133	2,985	9,818
Government	7,582	437	194	8,214
Business Services	85	5,494	2,213	7,793
Finance, Insurance and Real Estate	359	3,244	3,656	7,259
Education and Health Care		73	7,179	7,252
Personal Services	2,459	817	2,234	5,510
Other Transport	1,939	832	435	3,207
Construction and Utilities		1,099	300	1,399
Wholesale Trade		312	642	954
Communications		588	353	942
Air Transport	903	10	27	941
Gasoline Stations	489	7	120	617
Manufacturing		339	187	526
Agriculture, Fishing, Mining		173	113	286

Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$3.7 billion in direct labor income and a total of \$6.6 billion when including indirect and induced impacts.

Summary Labor Income Impacts (2023)

Amounts in \$ billions

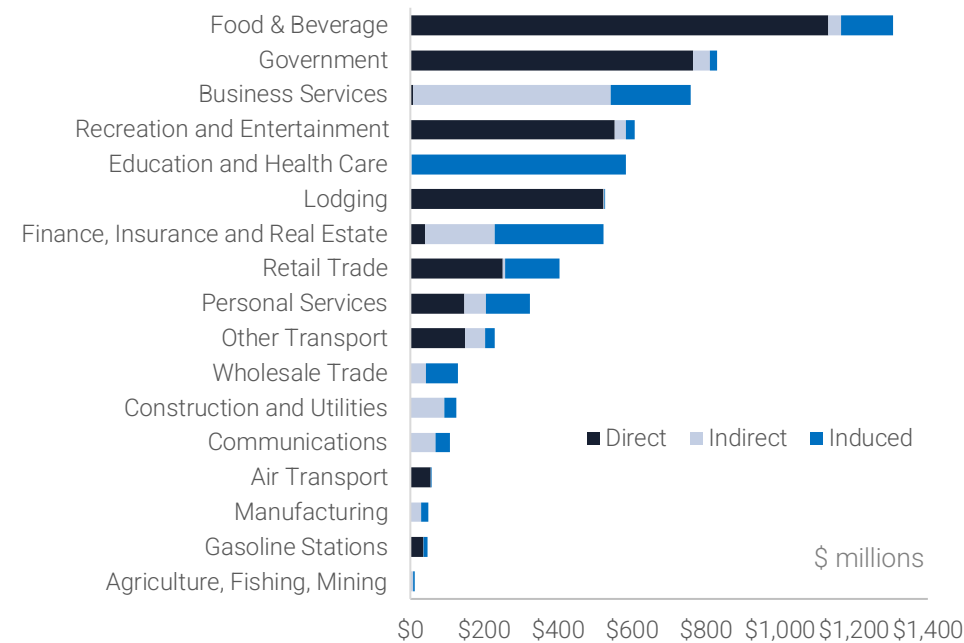


Source: Tourism Economics

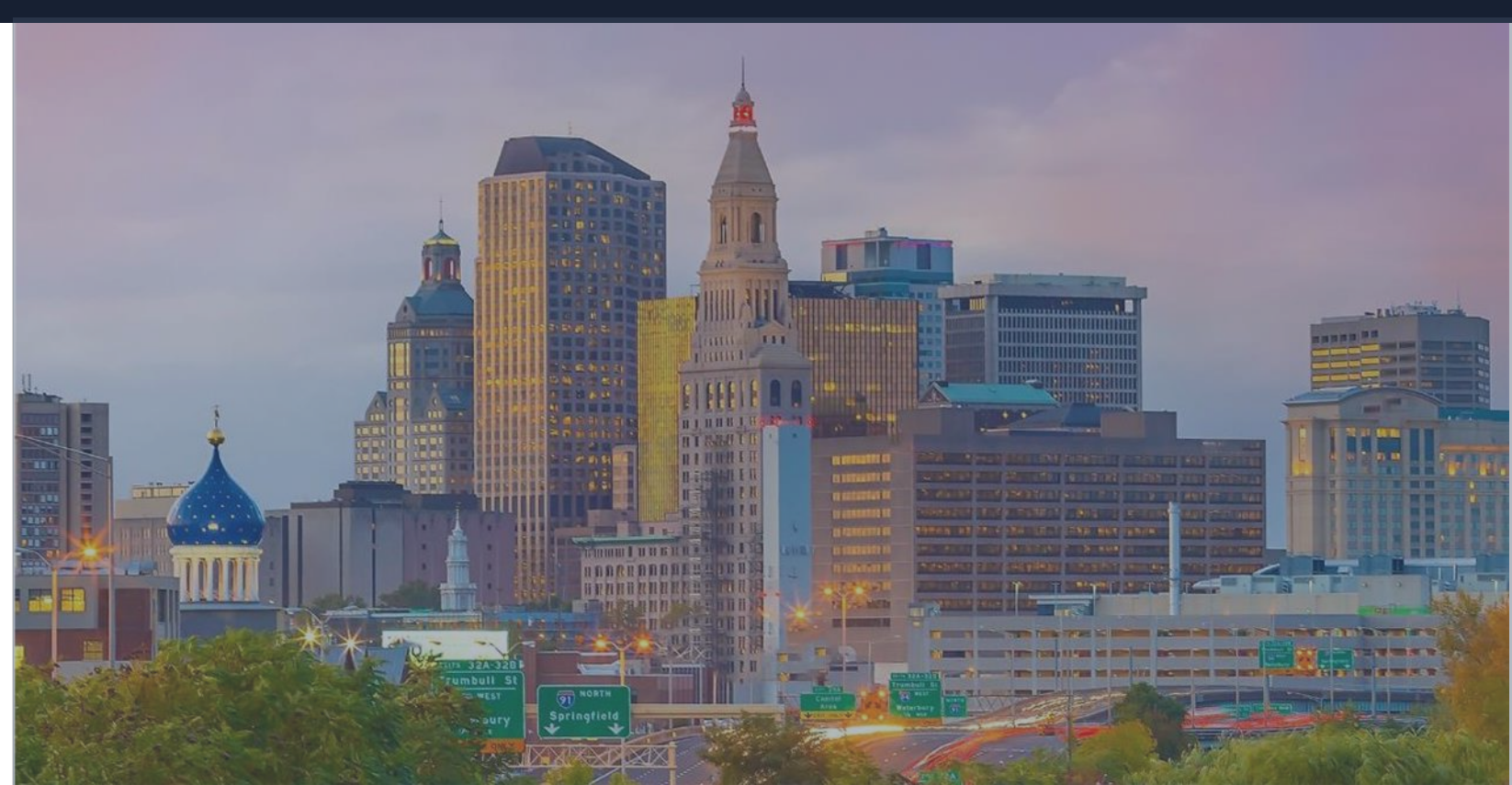
There are 10 industries in which visitor activity supported more than \$225 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & healthcare.

Labor Income Impacts by Industry (2023)

Amounts in \$ millions



Source: Tourism Economics



Summary Labor Income Impacts (2023)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$3,653	\$1,202	\$1,753	\$6,608
Food & Beverage	\$1,130	\$35	\$140	\$1,305
Government	\$764	\$47	\$19	\$831
Business Services	\$8	\$534	\$217	\$759
Recreation and Entertainment	\$552	\$32	\$22	\$606
Education and Health Care		\$4	\$580	\$584
Lodging	\$523	\$0	\$1	\$524
Finance, Insurance and Real Estate	\$40	\$189	\$294	\$522
Retail Trade	\$249	\$7	\$147	\$403
Personal Services	\$147	\$58	\$117	\$322
Other Transport	\$149	\$53	\$25	\$227
Wholesale Trade		\$42	\$86	\$128
Construction and Utilities		\$92	\$32	\$124
Communications		\$69	\$38	\$107
Air Transport	\$55	\$1	\$2	\$58
Manufacturing		\$30	\$19	\$49
Gasoline Stations	\$36	\$1	\$9	\$45
Agriculture, Fishing, Mining		\$8	\$4	\$12

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$2.8 billion in government revenues. State and local taxes alone tallied \$1.2 billion in 2023.

Each household in Connecticut would need to be taxed an additional \$846 to replace the visitor-generated taxes received by Connecticut state and local governments in 2023.

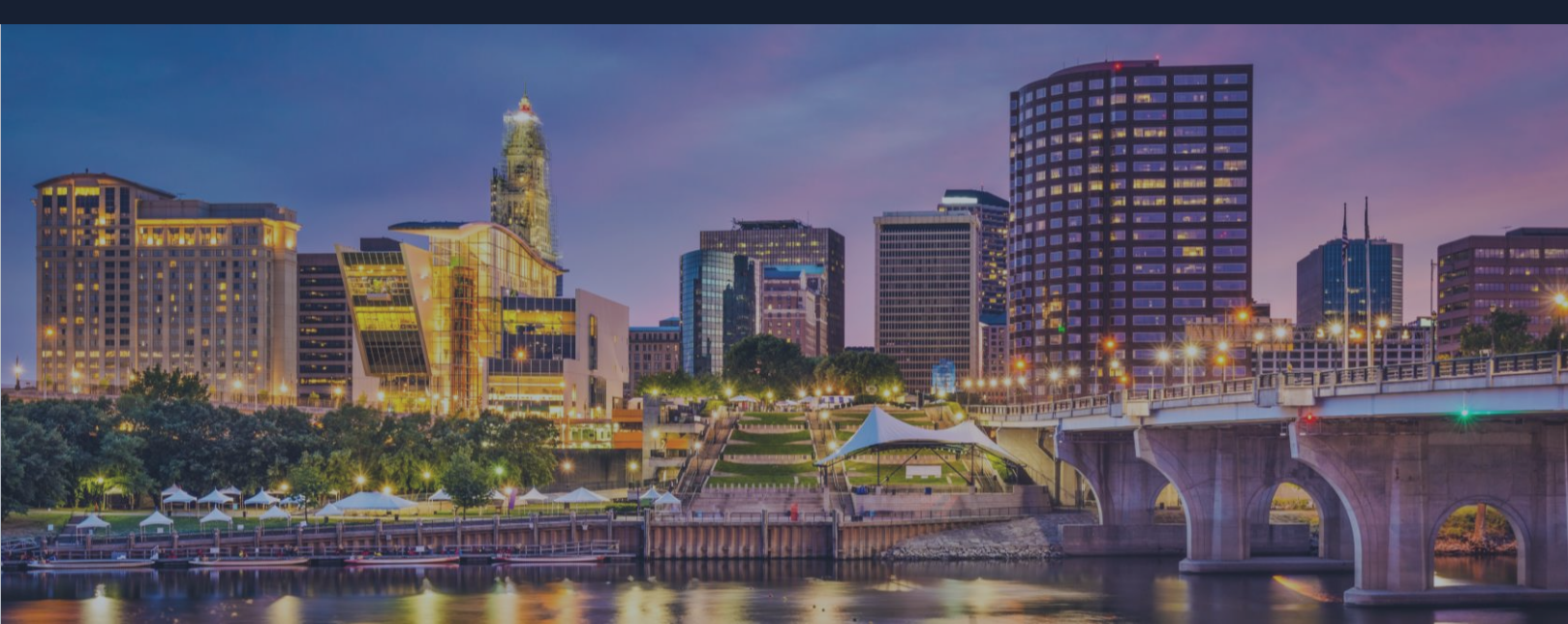
Fiscal (tax) impacts

Amounts in \$ millions

	Direct	Indirect/ Induced	Total
TOTAL	\$1,738.9	\$1,030.8	\$2,769.7
Federal	\$923.8	\$652.6	\$1,576.4
Personal Income	\$456.3	\$306.2	\$762.5
Corporate	\$50.1	\$51.9	\$102.0
Indirect business	\$58.5	\$34.2	\$92.7
Social insurance	\$359.0	\$260.2	\$619.2
State and Local	\$815.1	\$378.2	\$1,193.3
Sales	\$213.1	\$73.9	\$287.0
Bed Tax	\$162.3		\$162.3
Personal Income	\$121.6	\$82.3	\$203.9
Corporate	\$12.9	\$14.2	\$27.1
Social insurance	\$3.1	\$2.4	\$5.4
Excise and Fees	\$34.0	\$24.3	\$58.3
Property	\$268.1	\$181.2	\$449.3

Source: Tourism Economics



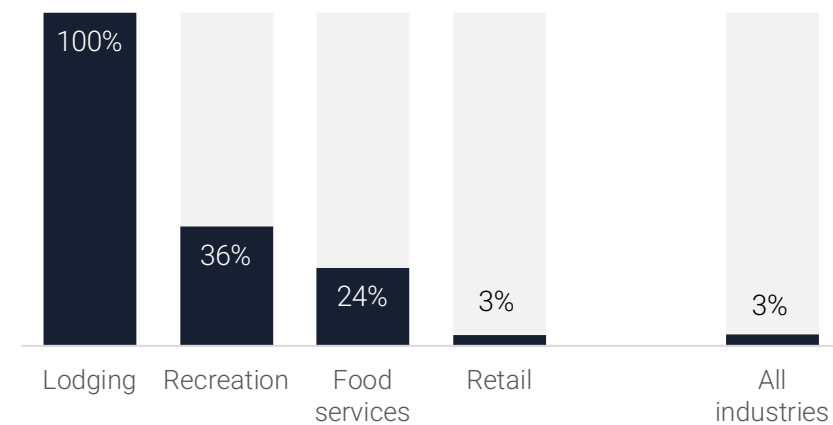


ECONOMIC IMPACTS IN CONTEXT

Visitors sustain all employment in the lodging sector, 36% recreation jobs, and nearly a quarter of all food and beverage employment. Overall, direct tourism jobs accounted for 3% of all jobs in Connecticut in 2023.

Tourism employment intensity

Amounts in percentage of total industry employment



Source: BEA, BLS, Tourism Economics

ECONOMIC IMPACTS IN CONTEXT



\$11.0B VISITOR SPENDING

The \$11.0 billion in visitor spending means that more than \$30.1 million was spent EVERY DAY by visitors in Connecticut.



\$6.6B LABOR INCOME

The \$6.6 billion in total income generated by tourism is the equivalent of \$4,685 for every household in Connecticut.



124,400 JOBS

The number of jobs sustained by tourism (124,400) supports 5.1% of all jobs in Connecticut.



\$1.2B STATE & LOCAL TAXES

The \$1.2 billion in state and local taxes generated by tourism would cover the average salary of more than 19,085 public school teachers in Connecticut.

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	Employment is measured by the Bureau of Economic Analysis (BEA) and Bureau of Labor Statistics (BLS) definitions, and captures full-time and part-time jobs, which includes salary and wage employees and proprietors.
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 600 full-time staff, including 350+ professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

admin@tourismeconomics.com