

ECONOMIC IMPACT OF INTERNATIONAL CRUISE VISITORS TO THE US

Prepared for:
Cruise Line Industry Association



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INTRODUCTION

International visitors to the US generate significant economic activity through their spending across various sectors. This spending is categorized as an export given that it represents an inflow of foreign money for the purchase of goods and services in the US.

The cruise sector represents an important driver of international visits to the US. The US hosted approximately 2.5 million international cruise visitors from around the world in 2019 who spent \$4.5 billion in the US economy. Total impacts included:

Business sales	\$9.7 billion
GDP	\$5.2 billion
Employment	58,720 jobs
Personal income	\$3.0 billion
Taxes	\$1.3 billion

To quantify the economic significance of the cruise sector, Tourism Economics has prepared a model detailing the impacts arising from the spending of these international visitors. The results of this study show the scope of economic impacts in terms of direct visitor spending, economic output, jobs, personal income, and tax impacts.

The analysis draws on the following data sources:

- Bureau of Economic Analysis data on average international visitor spending by country with detail on airfares and total spending
- National Travel & Tourism Office, Department of Commerce data on total visits to the US by international market (I-94 program)
- National Travel & Tourism Office, Department of Commerce data on cruise visits to the US by international market, including length of stay, and average spending levels (Survey of International Air Travelers program)
- Cruise Line Industry Association data on cruise visitors to the US from Canada
- IMPLAN US economic model, developed based on Bureau of Economic Analysis data

VISITS AND SPENDING

INTERNATIONAL VISITORS TO THE US

The US hosted 79.4 million international visitors in 2019. Of these, 2.5 million (3.1%) cruised while visiting and stayed for an average of 11 days.

Region	Total inbound visits to US	Share that cruised during visit	Inbound visitors who cruised
Africa	566,677	2.8%	16,000
Asia	12,250,386	1.6%	196,000
Caribbean	1,920,918	2.7%	52,000
Central America	1,359,559	2.2%	30,000
Europe	15,706,143	5.9%	930,000
Middle East	1,215,830	2.3%	28,000
Oceania	1,640,992	8.2%	135,000
South America	5,732,841	5.1%	292,000
Mexico (air)	2,797,745	3.0%	84,000
Mexico (land)	15,530,436	0.0%	0
Canada (total)	20,720,068	3.5%	735,321
Total	79,441,595	3.1%	2,498,321

SPENDING OF INTERNATIONAL CRUISE VISITORS

The 2.5 million visitors to the US who cruised during their visit spent \$4.5 billion in the US economy in 2019.

Origin	Inbound visitors who cruised	Average spend in the US per visit*	Spending in the US by cruise visitors*	Inbound spending on US-based airfares	Total spending in the US by cruise visitors
Africa	16,000	\$ 2,842	\$ 45,472,000	\$ 6,271,751	\$ 51,743,751
Asia	196,000	\$ 1,517	\$ 297,332,000	\$ 110,975,146	\$ 408,307,146
Caribbean	52,000	\$ 885	\$ 46,020,000	\$ 6,794,397	\$ 52,814,397
Central America	30,000	\$ 2,019	\$ 60,570,000	\$ 9,146,303	\$ 69,716,303
Europe	930,000	\$ 1,378	\$ 1,281,540,000	\$ 445,555,630	\$ 1,727,095,630
Middle East	28,000	\$ 633	\$ 17,724,000	\$ 13,414,578	\$ 31,138,578
Oceania	135,000	\$ 3,002	\$ 405,270,000	\$ 65,618,193	\$ 470,888,193
South America	292,000	\$ 1,730	\$ 505,160,000	\$ 158,462,753	\$ 663,622,753
Mexico-air	84,000	\$ 1,022	\$ 85,848,000	\$ 18,292,607	\$ 104,140,607
Canada	735,321	\$ 1,022	\$ 751,498,062	\$ 160,130,211	\$ 911,628,273
Total	2,498,321	\$ 1,400	\$ 3,496,434,062	\$ 994,661,568	\$ 4,491,095,630

* net of inbound airfares on US-based carriers

ECONOMIC IMPACTS



ECONOMIC IMPACTS

How visitor spending generates employment and income

The modeling of economic impacts begins with the spending of cruise visitors and extends to include the ripple effects of this spending as money flows to both suppliers and employers, who then spend money in the US economy. To determine the total economic impact of international visitors to the US who cruise, direct spending is analyzed within a model of the US economy created in IMPLAN. The model calculates three distinct levels of impact: direct, indirect, and induced.

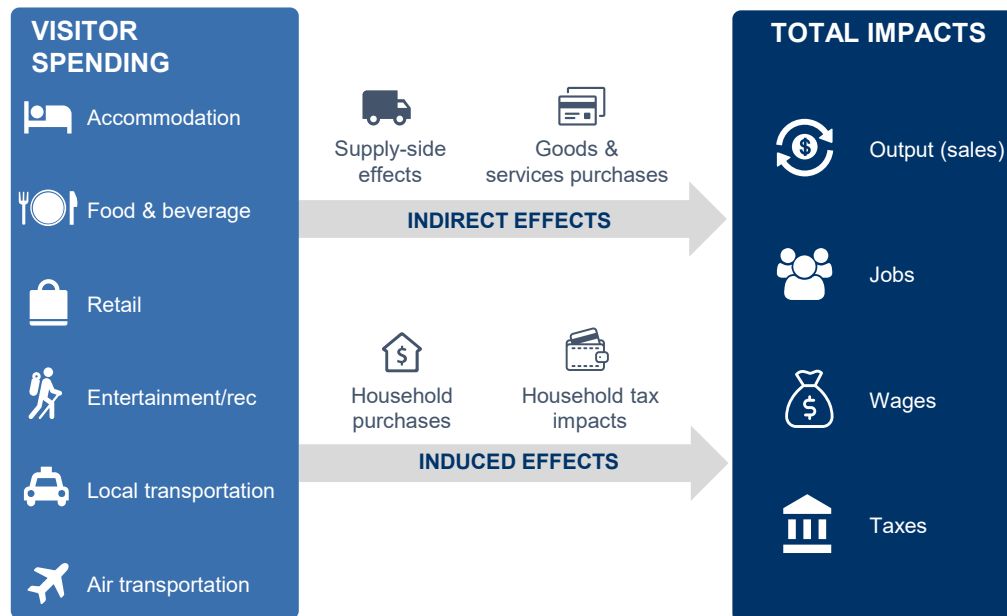
The impacts on business sales, jobs, wages, and taxes are calculated for each level of impact.

- 1. Direct Impacts:** Visitors spend money across a range of sectors (e.g., recreation, transportation, lodging). A proportion of jobs, wages, taxes, and GDP within each sector is attributable to that spending.
- 2. Indirect Impacts:** Directly impacted business purchase goods and services as inputs (e.g., food products, energy, financial services) into production. These supply chain impacts are called indirect impacts.
- 3. Induced Impacts:** Induced impacts are generated when employees whose wages are generated directly or indirectly by visitors, spend those wages in the local economy.

ECONOMIC IMPACTS

Translating visitor spending into impact measurements

Simplified Economic Model

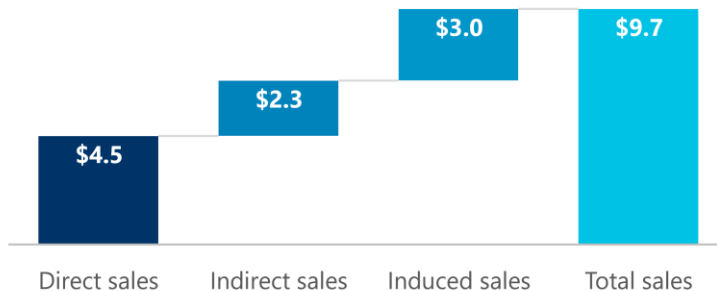


TOTAL BUSINESS SALES IMPACTS

Business sales by industry

Direct visitor spending by international cruise visitors tallied \$4.5 billion in 2019. Including indirect and induced impacts, tourism activity supported \$9.7 billion in business sales.

Summary economic impacts (\$ billions)



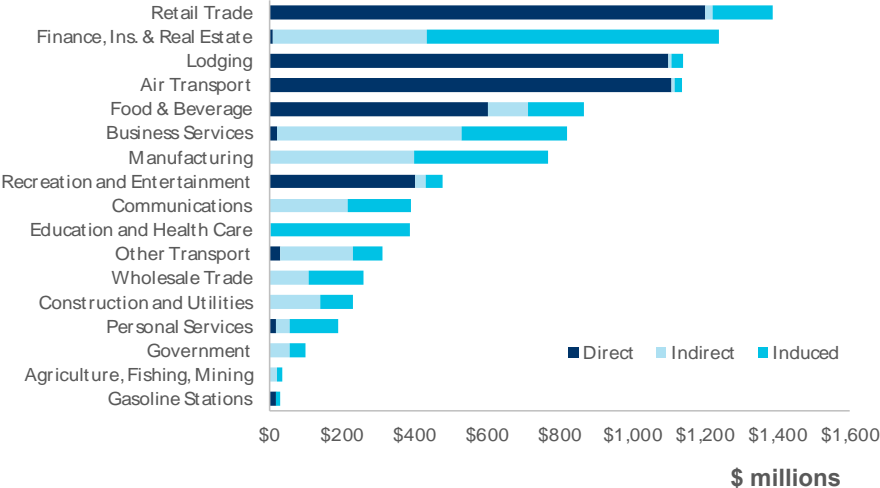
Business sales impacts by industry

Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
Total, all industries	\$4,491	\$2,286	\$2,966	\$9,744
By industry				
Retail Trade	\$1,200	\$19	\$166	\$1,386
Finance, Ins. & Real Estate	\$7	\$425	\$806	\$1,238
Lodging	\$1,098	\$9	\$32	\$1,138
Air Transport	\$1,107	\$9	\$21	\$1,137
Food & Beverage	\$600	\$110	\$154	\$864
Business Services	\$18	\$510	\$291	\$818
Manufacturing		\$399	\$368	\$767
Recreation and Entertainment	\$401	\$29	\$45	\$475
Communications		\$214	\$176	\$389
Education and Health Care		\$2	\$383	\$385
Other Transport	\$28	\$202	\$81	\$311
Wholesale Trade		\$107	\$149	\$257
Construction and Utilities		\$139	\$91	\$229
Personal Services	\$17	\$38	\$134	\$188
Government		\$54	\$45	\$99
Agriculture, Fishing, Mining		\$19	\$14	\$33
Gasoline Stations	\$16	\$1	\$11	\$28

Source: IMPLAN, Tourism Economics

TOTAL BUSINESS SALES IMPACTS

Business sales by industry



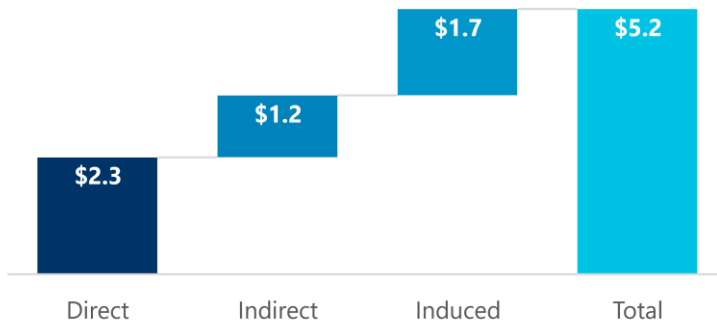
Source: IMPLAN, Tourism Economics

TOTAL VALUE ADDED IMPACTS

Gross Domestic Product (GDP)

International cruise visitors generated \$5.2 billion in GDP in 2019. This excludes import leakages to arrive at domestic economic value.

Summary GDP impacts (\$ billions)



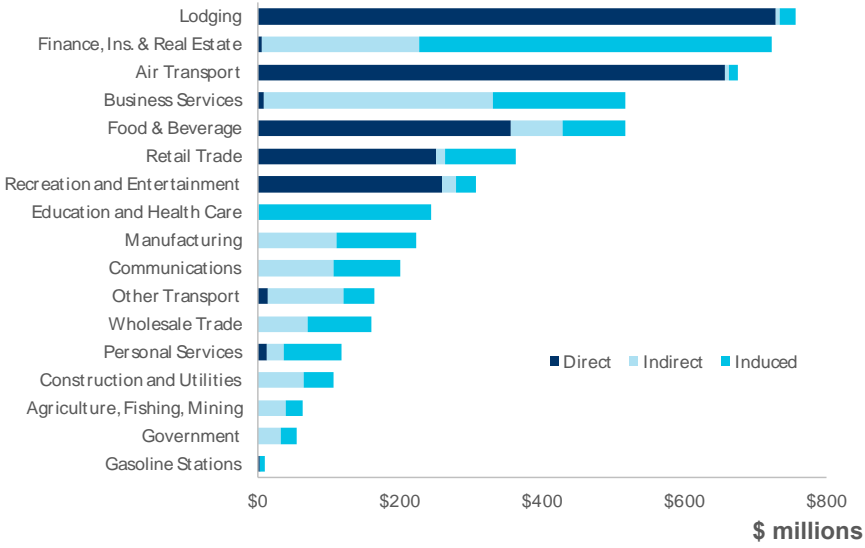
GDP impacts by industry

Amounts in millions of current dollars	Direct value	Indirect value	Induced value	Total value
Total, all industries	\$2,289	\$1,212	\$1,688	\$5,188
By industry				
Lodging	\$728	\$6	\$22	\$756
Finance, Ins. & Real Estate	\$5	\$221	\$497	\$723
Air Transport	\$657	\$5	\$13	\$675
Business Services	\$8	\$322	\$186	\$516
Food & Beverage	\$355	\$73	\$88	\$516
Retail Trade	\$250	\$12	\$100	\$363
Recreation and Entertainment	\$259	\$19	\$28	\$306
Education and Health Care		\$1	\$242	\$243
Manufacturing		\$111	\$111	\$222
Communications		\$106	\$94	\$199
Other Transport	\$13	\$107	\$44	\$164
Wholesale Trade		\$69	\$89	\$159
Personal Services	\$11	\$25	\$80	\$117
Construction and Utilities		\$63	\$42	\$105
Agriculture, Fishing, Mining		\$38	\$24	\$62
Government		\$32	\$22	\$55
Gasoline Stations	\$2	\$1	\$6	\$9

Source: IMPLAN, Tourism Economics

TOTAL VALUE ADDED IMPACTS

GDP impacts by industry



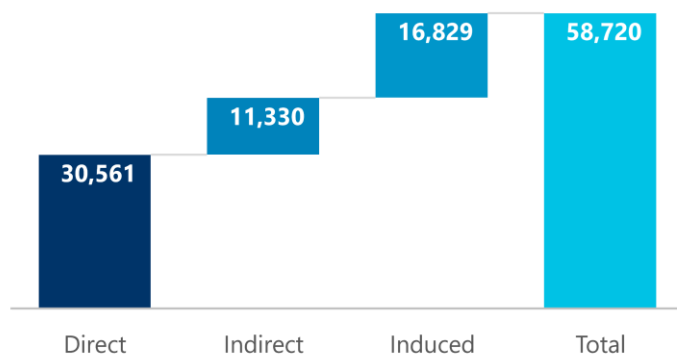
Source: IMPLAN, Tourism Economics

TOTAL EMPLOYMENT IMPACTS

Employment

International cruise visitors supported a total of 58,720 jobs when indirect and induced impacts are considered.

Summary employment impacts (number of jobs)



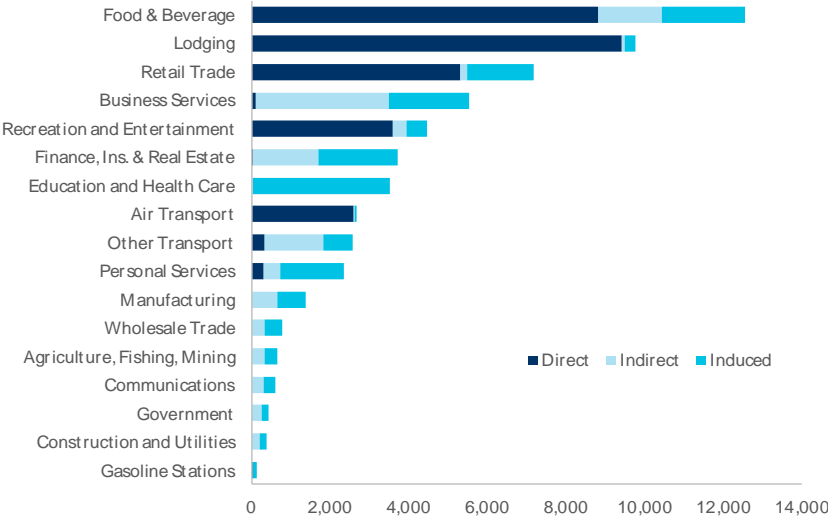
Employment Impacts

Amounts in total employment	Direct jobs	Indirect jobs	Induced jobs	Total jobs
Total, all industries	30,561	11,330	16,829	58,720
By industry				
Food & Beverage	8,835	1,603	2,118	12,556
Lodging	9,413	75	284	9,772
Retail Trade	5,318	181	1,674	7,173
Business Services	106	3,381	2,045	5,532
Recreation and Entertainment	3,597	340	530	4,467
Finance, Ins. & Real Estate	26	1,686	1,999	3,712
Education and Health Care		25	3,489	3,515
Air Transport	2,602	21	50	2,673
Other Transport	331	1,495	760	2,586
Personal Services	302	426	1,619	2,348
Manufacturing		657	720	1,377
Wholesale Trade		325	449	774
Agriculture, Fishing, Mining		323	336	658
Communications		313	299	612
Government		253	186	439
Construction and Utilities		214	176	390
Gasoline Stations	30	11	95	136

Source: IMPLAN, Tourism Economics

TOTAL EMPLOYMENT IMPACTS

Employment Impacts by Industry



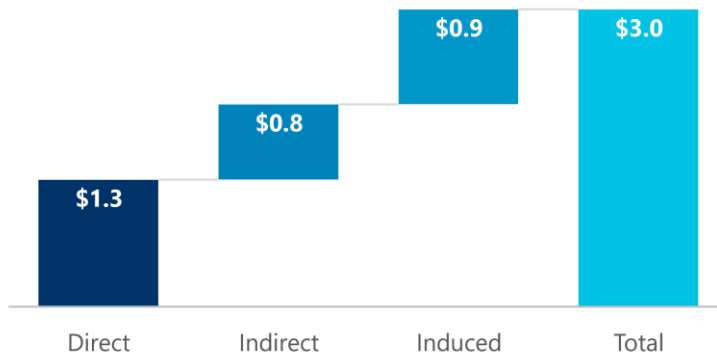
Source: IMPLAN, Tourism Economics

TOTAL INCOME IMPACTS

Personal income

Tourism generated \$1.3 billion in direct income and \$3.0 billion when indirect and induced impacts are considered.

Summary personal income impacts (\$ billions)



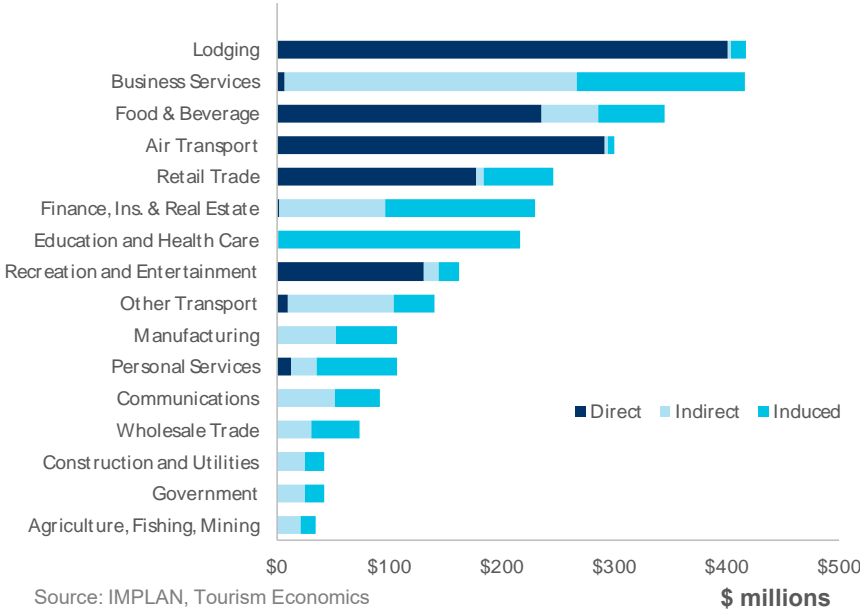
Personal income impacts

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
Total, all industries	\$1,264	\$751	\$947	\$2,962
By industry				
	Direct	Indirect	Induced	Total
Lodging	\$401	\$3	\$13	\$417
Business Services	\$6	\$260	\$149	\$416
Food & Beverage	\$235	\$50	\$59	\$345
Air Transport	\$292	\$2	\$6	\$300
Retail Trade	\$177	\$7	\$61	\$245
Finance, Ins. & Real Estate	\$2	\$94	\$133	\$229
Education and Health Care		\$1	\$215	\$216
Recreation and Entertainment	\$130	\$13	\$18	\$162
Other Transport	\$9	\$95	\$36	\$140
Manufacturing		\$52	\$54	\$106
Personal Services	\$12	\$23	\$71	\$106
Communications		\$51	\$40	\$91
Wholesale Trade		\$30	\$43	\$73
Construction and Utilities		\$24	\$17	\$42
Government		\$24	\$17	\$42
Agriculture, Fishing, Mining		\$21	\$13	\$34

Source: IMPLAN, Tourism Economics

TOTAL INCOME IMPACTS

Personal income impacts by industry



TOTAL TAX IMPACTS

Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated \$1.3 billion in governmental revenues in 2019.

State and local taxes alone tallied \$656 million in 2020.

Tax impacts

Amounts in millions of current dollars

	Direct income	Indirect/Induced income	Total income
Total	\$683	\$643	\$1,326
Federal			
Personal income	\$110	\$150	\$260
Corporate	\$20	\$30	\$51
Indirect business	\$27	\$16	\$43
Social insurance	\$138	\$179	\$316
State and Local	\$388	\$268	\$656
Sales	\$170	\$104	\$274
Bed tax	\$0		\$0
Personal income	\$29	\$39	\$68
Corporate	\$7	\$10	\$16
Social insurance	\$2		\$5
Excise and fees	\$31	\$21	\$52
Property	\$149	\$91	\$241

Source: Tourism Economics, IMPLAN

APPENDIX

GLOSSARY - IMPACTS

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.
Personal 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 destinations 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, Buenos Aires, Dubai, Frankfurt, and Ontario.

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For more information:

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