

CHAPTER THREE

**Profile of, and Direct Economic Impacts from, Florida
Heritage Tourism**

INTRODUCTION

Giant and growing, the U.S. travel and tourism industry has captured the attention of state and local governments eager to bolster local economies and enhance community amenities.

The \$400 billion travel industry—one of America’s fastest-growing business segments—accounts for approximately 6 percent of the nation’s gross domestic product. Demographic, socioeconomic, and lifestyle factors are affecting the industry’s volume and its predominant component—the pleasure trip market. Heritage tourism, one of the top reasons for pleasure travel, has become increasingly important to travelers and the communities they visit and offers significant benefits to the community. Heritage tourism can offset the costs of maintaining historic sites, help stimulate preservation efforts, and perpetuate the sense of place that lends communities their unique character and identity. At the same time, heritage tourism can realize important economic gains with respect to jobs, income, and tax revenues.

This chapter analyzes heritage tourism in the nation and in Florida. First, an overview of the U.S. travel market sets out a perspective on the market’s size, features, trends, and impacts. Next, heritage tourism’s growth factors, benefits, and impacts are briefly surveyed at the national level. Finally, the Florida travel market and data compiled on the features and economic impacts of Florida heritage tourism are reviewed in detail.

SUMMARY OF FINDINGS

National Travel and Heritage Tourism

- There are numerous trends in the travel market fostering heritage tourism, including an increase in travel for pleasure, as opposed to business, and a growing tendency toward shorter duration and shorter distance trips. Baby boomers—large in number and with growing discretionary income—also have a proclivity toward heritage tourism.
- While the precise scale of national heritage tourism is unavailable, it is by all accounts a significant component of pleasure travel. Forty percent of families traveling on vacation stop at historic sites (Schiller 1996), and museums and cultural events rank among Americans’ favorite tourist attractions (McDowell 1997).
- Numerous reports show heritage tourism’s significant contribution to the economy. In Virginia, for instance, historic preservation visitors were found to stay longer, visit twice as many places, and spend on average more than two and one-half times more money in that state than other (non-heritage) visitors.

Florida Travel and Heritage Tourism

- Travel and tourism are also significant to Florida’s economic well-being. As an industry, Florida tourism is one of the state’s top three revenue producers.
- Enhanced heritage tourism in Florida would expand the overall travel market in the state. Heritage tourism would increase overnight and touring vacations and would coax more visitors to Florida—thus injecting the state with “imported” income. Moreover, Florida is rich in historic and other interesting sites, which are core motivations for heritage travel.

- Heritage travel spending in Florida in 2000 is estimated to amount to \$3.721 billion.
- The total impacts from the \$3.721 billion in annual heritage tourism spending in Florida are shown below.

EXHIBIT 3.1
Total Economic Impacts of the Annual Florida
Heritage Tourism Spending (\$3.721 Billion Spent)

	In Florida	Total (U.S.)
Jobs (person years)	107,607	140,789
Income (\$millions)	\$2,314 million	\$3,419 million
GDP/GSP (\$millions)	\$4,552 million	\$6,458 million
Total taxes (\$millions)	\$1,093 million	\$1,440 million
Federal (\$millions)	\$510 million	\$677 million
State/Local (\$millions)	\$583 million	\$763 million
In-state wealth (\$millions) (GSP minus federal taxes)	\$4,042 million	—

^aGDP/GSP = Gross Domestic Product/Gross State Product.

NATIONAL TRAVEL AND TOURISM OVERVIEW

- In 1999, Americans took 1 billion domestic person-trips of 50 miles or more (U.S. Travel Data Center 1999) away from home. On average, a third (32 percent) of U.S. households take at least one trip each month.
- In 1999 travel expenditures in the U.S. totaled \$526.6 billion (\$451.6 billion from U.S. residents). On average, travel parties spend \$438 per trip, not including transportation to their destination.
- Domestic travel in the United States in 1999 was predominantly composed of pleasure trips (66 percent) and business trips (21 percent). The three main components of pleasure travel are visiting friends and family (53 percent), outdoor recreation (16 percent), and entertainment (31 percent).
- Demographically, 1999 traveling households were apt to be married (64 percent); more than a third (36 percent) had children at home and the average age of traveling household heads was 48. More than half (57 percent) had completed college and four in ten work in professional or managerial positions (43 percent). The greatest change in the demographic profile of travelers over the past five years has been the rise in household income levels. Travelers' average annual household increased from \$50,700 in 1994 to \$61,500 in 1999.
- Almost half (46 percent) of all U.S. resident trips involved a hotel/motel or bed & breakfast stay in 1999. The average pleasure trip lasted 3.4 nights, but among only overnight trips, average duration is 4.2 nights.
- Travel expenditures create secondary impacts that magnify travel's contribution to the economy, as shown in exhibit 3.4. This exhibit indicates the direct, the indirect and induced, and finally the total economic impacts of travel in the United States in 1990.

- The most popular type of trip activity is shopping, included on a third (33 percent) of all person trips. Shopping is followed by outdoor activities (17 percent), historical places/museums (14 percent), beaches (10 percent), national/state parks (10 percent), and cultural events/festivals (10 percent). As usual summer is the most popular travel season for pleasure travel (33 percent of all person-trips) and winter is the least popular travel season (20 percent).
- There are a number of overall forces affecting travel and tourism in the United States that bear on heritage tourism. These include:
 1. A stimulus for travel growth is expected to come from the increasing numbers of pleasure trips. More and more, consumers seem to prefer long weekend getaways instead of lengthier vacations to more distant spots. Perhaps this reflects the rise in numbers of two-income households with more money but less free time (Standard and Poors 1996). Overall travel data also suggest an increasing trend toward shorter-duration trips—more daytrips and one-night visits—and shorter-distance trips. Heritage tourism compares well with these trends.
 2. Baby boomers are in or approaching their peak earning years and have discretionary income to spend. They represent great potential for the pleasure travel market. “The one thing baby-boomers have left to collect is experiences, and that’s what travel and the arts offer.” (Cook 1996)

In short, due to demographic reasons, such as the coming of age of baby boomers, and the evolving nature of travel in the United States (e.g., increasing numbers of short pleasure trips), heritage tourism is becoming a more potent force in the travel market as a whole (Gaede 1994).

EXHIBIT 3.2
Measures of Impact of Travelers on the U.S. Economy in 1990

Impact Measure	Direct Impact	Indirect & Induced Impact	Total Impact	Multiplier
Expenditures (Billions)	\$290.4	\$407.3	\$697.7	2.40
Earnings (Billions)	\$79.1	\$117.6	\$196.7	2.49
Employment (Millions)	5.2	5.3	10.5	1.92

Source: Impact of Travel on State Economies, 1990, U.S. Travel Data Center, October 1992

HERITAGE TOURISM IN THE UNITED STATES

Historic sites play a crucial role in fostering pleasure travel. As travel expert Arthur Frommer explained, “[p]eople travel in massive numbers to commune with the past. We all gain solace, pleasure and inspiration from contact with our roots... [Y]ou cannot deny that seeing the cultural achievements of the past, as enshrined in period buildings, is one of the major motivators for travel.” (Frommer 1993)

Precise data on heritage tourism’s share of the overall travel market is not available. But various surveys report that historic site visits are increasingly included on family travel itineraries. Noting a 1993 *Better Homes and Garden Survey*, economist Tim Schiller (1996) wrote:

Historic sites are growing in popularity as destinations for pleasure trips: 40 percent of families traveling on vacation stop at historic sites. Several factors account for this increased interest. First, such trips tend to be less expensive than other types of vacations or pleasure travel. Second, family

travel has increased, and often, historic sites are something of interest to all family members. Third, vacationers, especially family groups, are more concerned about adding educational opportunities to their vacation plans.

Heritage tourism's burgeoning growth has also garnered business and government support.

1. American Express Travel Related Services underwrote the 1993 publication of *Getting Started: How to Succeed in Heritage Tourism*, by the National Trust for Historic Preservation. The booklet is designed to help communities combine the preservation of historic, cultural, and natural resources with tourism and help sustain local economies and community character.
2. Black heritage tourism is increasing exponentially, and African Americans have formed tour companies that focus on black cultural heritage throughout the U.S. (American Vision 1994).
3. The United States Travel and Tourism Administration and the Minority Business Development Agency began a joint economic initiative in 1990 to broaden awareness of minority historical and cultural tourist destinations and to bolster minority-owned businesses, particularly in travel and tourism. The multifaceted program is considered an initiative "to assist interested communities in preserving and celebrating their cultural identities through tourism." (Doggett 1993)

The \$16 billion spent on the restoration of American historic sites since 1976 has produced a critical mass of saved resources in many communities (Travel Holiday 1996). As the number of preserved historic sites and neighborhoods mounts, new tourism "product" becomes available for both domestic and international visitors and the tourism-preservation cycle continues.

[T]he tourism industry needs more attractive, educational and authentic destinations to meet the needs of growing numbers of domestic and international travelers; the preservation community needs the political support and economic benefit that travelers provide to the sites and the communities they visit. That support and the resulting economic benefit are catalysts for continued protection, maintenance and promotion of these heritage areas. (*Touring Historic Places.*)

Recognition of heritage tourism's economic contribution (or potential) can be found throughout the country.

- More than 85 regional heritage areas are in varying phases of development across the U.S. These efforts reflect broad-based collaboration to protect a regional landscape, preserve historic resources, enhance recreation, or stimulate economic development and regional strength through tourism.
- An analysis of historic preservation's impact on Maryland's tourism industry found that visiting historic sites is one of the most popular activities among travelers. But, historic properties, responsible for generating a very large share of the state's tourism income, needed to be more widely promoted.
- In Virginia, the impact of travel to historic sites was found to be crucial to the state's economy.
- Historic preservation visitors stay longer, visit twice as many places, and spend on average, over two-and-one-half times more money in Virginia than do other visitors. The economic impact of Colonial Williamsburg alone on Virginia's economy is over half a billion dollars a year. (Virginia 1996)

- A report on the economic impact of Wisconsin's heritage tourism program showed that visitors spent over \$215 million on admission fees alone to cultural/historic activities in 1995.

FLORIDA'S TRAVEL AND TOURISM MARKET OVERVIEW

- There were 71.5 million visitors to Florida during 2000. Domestic visitors made up 89 percent of total visitors followed by 8 percent from overseas countries and 3 percent from Canada.

TABLE 3.3
Estimates of Visitors to Florida
Calendar Year 2000 (In Thousands of Person-Trips)

Year	Domestic	Overseas	Canada	Total	% of Total
Air	30,847	6,026	1,248	38,121	53.3%
Non-Air	32,625	**	719	33,344	46.7%
Total	63,472	6,026	1,967	71,465	100.0%
% of Total	88.8%	8.4%	2.8%	100.0%	

Source: Florida Visitor Study, 2000.

** Not available.

- Vacationing was the primary reason for coming to Florida for domestic visitors. Visiting friends/relatives was the second most common reason for coming to Florida followed by business.

TABLE 3.4
Primary Purpose of Trip

	Total	Air	Auto
Leisure			
General Vacation	38.5%	33.0%	43.6%
Visit Friends/Relatives	25.7%	25.8%	25.9%
Getaway Weekend	6.1%	4.3%	8.1%
Special Event	6.8%	6.2%	6.7%
Other Personal	4.5%	3.1%	5.1%
Business			
Convention	3.8%	6.3%	2.1%
Seminar/Training	3.7%	5.5%	2.2%
Other Group Meetings	2.2%	4.4%	0.8%
Sales/Consulting	1.4%	2.7%	0.4%
Other	7.3%	8.5%	5.1%

Source: D.K. Shifflet and Associates as cited in Florida Visitors Study, 2000.

- The top activities domestic visitors enjoyed while in Florida were visiting the beaches, shopping and going to a theme/amusement park. Visiting historical places/museums was a primary activity for 9.1 percent of domestic visitors.

TABLE 3.5
Primary Activities

	Total	Air	Auto
Beaches	32.4%	30.8%	36.9%
Shopping	32.4%	34.8%	30.6%
Theme/Amusement Park	26.5%	30.5%	22.8%
Nightlife/Dancing	12.0%	13.2%	9.6%
Outdoor (hunt, fish, hike)	10.7%	10.2%	11.6%
Historical Places/Museums	9.1%	8.9%	9.4%
Golf/Tennis	6.3%	6.6%	6.5%
Cultural Events/Festivals	6.3%	6.4%	5.6%
National/State Park	5.1%	5.1%	5.3%
Sports Event	4.4%	4.5%	4.8%
Gambling	2.0%	1.7%	2.4%
Other	3.2%	3.1%	3.1%

Source: Travel Industry Association, TravelScope Data as cited in Florida Visitors Study. 2000.

- Average expenditures per person per day in 2000 totaled \$125.10 for domestic visitors. Air visitor expenditures per person per day totaled \$165.90, while auto visitor expenditures totaled \$94.50 per person per day.
- Taxable spending in the Tourism and Recreation category totaled \$50.7 billion in 2000.
- From available Florida state data, we *estimate* that in 2000, heritage tourism spending in Florida amounted to about \$3.721 billion.

TOTAL ECONOMIC IMPACTS FROM HERITAGE TOURISM

The following section translates the \$3.721 billion annual Florida heritage-attributed direct spending into total economic benefits by applying the Preservation Economic Impact Model (PEIM). An overview of the results is contained in exhibit 3.1. The total annual economic impacts from the \$3.721 billion in annual spending by Florida heritage travelers, encompassing both direct and multiplier effects, included, at the national level, the following: 140,789 jobs; \$3.419 billion in income; \$6.458 billion in gross domestic product; and \$1.440 billion in taxes. Florida received a large share of these gains. On an annual basis from the heritage tourism, Florida realized 107,607 jobs; \$2.314 billion in income; \$4.552 billion in gross state product; \$1.093 billion in taxes (including \$583 million in state–local taxes); and annual in-state wealth creation of about \$4.042 billion.

Finer-grained detail of state impacts by economic sector are also available. For example, of the 107,607 total state-level jobs derived from heritage tourism, most are to be found in service establishments (30,068 jobs) and retail trade (51,794 jobs). Of the total \$2.314 billion generated in annual income, retail (\$749 million), services (\$653 million), and finance insurance and real estate (\$317 million) benefit the most.

TABLE 3.6
National Economic and Tax Impacts of
Annual Florida Heritage Tourism Activity (\$3.721 Billion)

	Employment (jobs)	Income (\$000)	Gross Domestic Product (\$000)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*			
Private			
1. Agriculture	2,649	36,283.4	140,566.2
2. Agri. Serv., Forestry, & Fish	1,551	25,069.5	25,916.9
3. Mining	1,011	19,932.6	90,207.4
4. Construction	2,363	158,875.4	215,133.5
5. Manufacturing	15,340	487,043.5	814,689.4
6. Transport. & Public Utilities	6,063	231,953.0	527,580.7
7. Wholesale	5,224	215,011.7	370,432.7
8. Retail Trade	44,797	731,935.5	1,324,538.3
9. Finance, Ins., & Real Estate	14,295	507,464.3	1,437,732.3
10. Services	46,258	965,065.5	1,471,131.9
Private Subtotal	139,552	3,378,634.4	6,417,929.1
Public			
11. Government	1,237	40,457.4	39,606.2
Total Effects (Private and Public)	140,789	3,419,091.8	6,457,535.3
II. DISTRIBUTION OF EFFECTS/MULTIPLIER			
1. Direct Effects	60,904	1,027,433.5	1,876,645.5
2. Indirect and Induced Effects	79,885	2,391,658.3	4,580,889.8
3. Total Effects	140,789	3,419,091.8	6,457,535.3
4. Multipliers (3/1)	2.312	3.328	3.441
III. COMPOSITION OF GROSS STATE PRODUCT			
1. Wages—Net of Taxes			3,324,248.4
2. Taxes			
a. Local/State			763,012.7
b. Federal			
General			409,756.7
Insurance Trusts			267,274.4
Federal Subtotal			677,031.1
c. Total taxes (2a+2b)			1,440,043.8
3. Profits, dividends, rents, and other			1,693,243.1
4. Total Gross State Product (1+2+3)			6,457,535.3
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE			
Employment (Jobs)			37.8
Income			918,864
Local/State Taxes			205,056
Gross State Product			1,735,430

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effect (State)—the proportion of direct spending on goods and services produced.

Indirect Effects—the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects—the value of goods and services needed by households that provide the direct and indirect labor.

TABLE 3.7
In-State Economic and Tax Impacts of
Annual Florida Heritage Tourism Activity (\$3.721 Billion)

	Employment (jobs)	Income (\$000)	Gross Domestic Product (\$000)
I. TOTAL EFFECTS (Direct and Indirect/Induced)*			
Private			
1. Agriculture	179	5,450.1	18,473.2
2. Agri. Serv., Forestry, & Fish	566	7,094.6	7,630.6
3. Mining	19	5,412.5	11,590.4
4. Construction	558	57,741.3	84,735.3
5. Manufacturing	7,365	245,507.7	397,385.6
6. Transport. & Public Utilities	3,445	128,339.7	275,018.6
7. Wholesale	3,221	129,514.8	246,001.5
8. Retail Trade	51,794	748,511.1	1,420,550.4
9. Finance, Ins., & Real Estate	9,903	316,777.1	1,076,753.0
10. Services	30,068	652,639.9	997,355.4
Private Subtotal	107,118	2,296,988.8	4,535,494.2
Public			
11. Government	490	16,864.3	16,655.8
Total Effects (Private and Public)	107,607	2,313,853.0	4,552,150.0
II. DISTRIBUTION OF EFFECTS/MULTIPLIER			
1. Direct Effects	60,246	1,019,579.8	1,861,790.7
2. Indirect and Induced Effects	47,362	1,294,273.2	2,690,359.3
3. Total Effects	107,607	2,313,853.0	4,552,150.0
4. Multipliers (3/1)	1.786	2.269	2.445
III. COMPOSITION OF GROSS STATE PRODUCT			
1. Wages—Net of Taxes			2,446,122.4
2. Taxes			
a. Local/State			582,801.4
b. Federal			
General			309,618.5
Insurance Trusts			200,340.1
Federal Subtotal			509,958.6
c. Total taxes (2a+2b)			1,092,760.1
3. Profits, dividends, rents, and other			1,013,267.5
4. Total Gross State Product (1+2+3)			4,552,150.0
EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE			
Employment (Jobs)			28.9
Income			621,836
Local/State Taxes			156,625
Gross State Product			1,223,367

Note: Detail may not sum to totals due to rounding.

*Terms:

Direct Effect (State)—the proportion of direct spending on goods and services produced.

Indirect Effects—the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects—the value of goods and services needed by households that provide the direct and indirect labor.