

# ESTIMATED TOTAL IMPACT OF TOURISM IN HILTON HEAD ISLAND ON BEAUFORT COUNTY, SOUTH CAROLINA 2020

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## Introduction

This study estimates the economic impact generated by tourism to the Town of Hilton Head Island in the year 2020. It examines the impact of such tourism on the broader economy of Beaufort County, South Carolina, and takes into account the direct spending of the visitors along with the positive secondary effects of such expenditures. The analysis entailed individually estimating the economic impacts associated with various tourist segments, as classified by the visitors' lodging type – villa rental, hotel, timeshare, second homeowners and their non-paying guests, and same-day visitors – and then summing them together for an overall total.

This analysis was conducted by Dr. Daniel Guttentag and Melinda Patience of the Office of Tourism Analysis, which is part of the Hospitality and Tourism Management Department in the School of Business at the College of Charleston.

## Methodology

The economic impact estimations undertaken for this analysis involved various steps and diverse data. Initially, visitor volume estimates for each lodging type were produced using data on lodging demand, as provided by various third-party entities (e.g., STR and DestiMetrics), combined with visitor behavioral data that is collected via a Visitor Profile Survey. The total number of visitors in each segment for 2020 can be observed in Table 1. These figures then were used to estimate the total direct visitor spending associated with each segment. Such spending estimates also relied upon visitor expenditure data collected as part of the previously mentioned Visitor Profile Survey, which asks respondents about their spending in

over a dozen categories (e.g., lodging, food, transportation, and activities). The list of expenditure categories, and the total estimated direct expenditure in each category for 2020, can be observed in Table 2.

The previously described data subsequently were used to determine average per-person expenditures. These figures were combined with the estimated visitor counts and used as inputs for a regional economic impact modelling tool, IMPLAN. IMPLAN is an input-output (IO) model that uses regionalized economic data and other information to determine economic output that accounts for direct expenditure and the secondary benefits of such expenditure (indirect and induced impacts). The model further estimates labor impacts and tax revenues.

**Table 1. Number of HHI Visitors**

Segment	Visitors
Villa Rental	781,867
Hotel	364,131
Timeshare	427,872
Second Homeowner	644,748
Non-Paying Guests	167,320
Day Trip	221,862
<b>Total Visitors</b>	<b>2,607,801</b>

The following metrics, as estimated by the economic impact model, are covered within this report:

- **Employment:** The number of jobs in the region supported by the economic activity, which involves an industry-specific mix of full-time, part-time, and seasonal employment. Seasonal jobs are adjusted to annual equivalents.

**Table 2. 2020 Estimated Total Spend by Spending Category**

Category	Totals
Transportation (around the destination)	\$45,750,557
Lodging	\$491,974,689
Food – Dining Out	\$178,366,909
Food – Groceries	\$137,719,937
Shopping	\$109,510,744
Spas	\$5,320,836
Golf	\$41,778,412
Biking	\$15,307,103
Performance/Visual Arts	\$1,374,800
Festivals	\$1,250,500
Museums/Historical Tours	\$3,652,352
Boating/Sailing/Fishing	\$24,285,613
Nature-based Activities	\$8,408,114
Dolphin Tours	\$8,655,295
Tennis	\$1,535,216
Other Expenses	\$38,262,430
<b>Total Expenditure</b>	<b>\$1,113,153,507</b>

- **Labor income:** All forms of employment income, including employee compensation (wages and benefits) and proprietor income.
- **Output:** The total value of industry production, which for the service sector represents total sales, for the retail sector represents gross margins, and for the manufacturing sector represents sales minus inventory change.
- **Direct:** The initial effects to local industries that are directly receiving the expenditures of interest.
- **Indirect:** The secondary effects resulting from business-to-business purchases in the supply chain occurring throughout the region, as triggered by or in support of the direct expenditure activity.
- **Induced:** The ripple effects in the region resulting from household spending of

income, after the removal of taxes, savings, and commuters.

- **Taxes:** These revenues take into account a variety of taxes, including sales tax, property tax, and income tax. These figures do not account for tourism taxes, such as accommodation taxes.

## Results

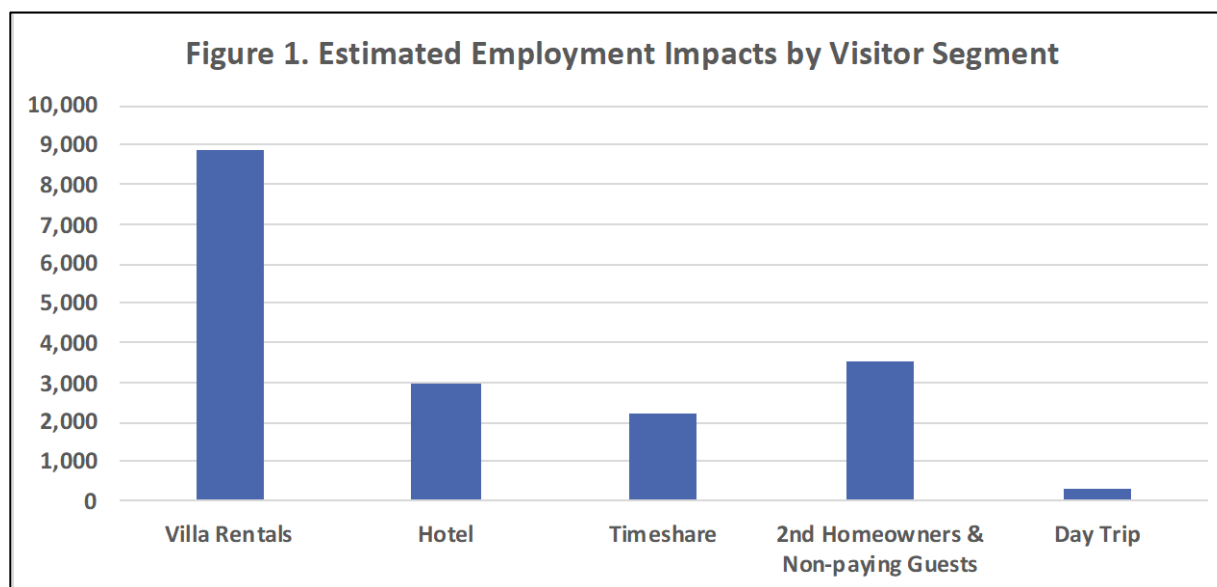
The year 2020 was a very unique time for the global hospitality and tourism sector, as it was defined by the COVID-19 pandemic that significantly curtailed tourism activity, particularly during the spring. In addition, the pandemic led to broader changes in consumer behavior, as people adjusted their behaviors in order to take precautions against the virus. Hilton Head was not immune from these impacts, which were substantial in the spring. Nevertheless, Hilton Head rebounded quickly

and fared well overall for the year, despite the uniquely challenging circumstances.

A total of **2.61 million visitors** came to Hilton Head Island in 2020, down just 2.9% compared to 2019. The overall economic impact of this tourism for Beaufort County was **\$1.37 billion**, down 15.6% compared to 2019 (after adjusting the impact reported in 2019 from 2015 dollars to 2019 dollars). Hilton Head Island tourism also supported an estimated **17,902 jobs**, which represents 15.4% of all jobs in Beaufort County, as per employment data provided by the Bureau of Economic Analysis. Impact estimates for each of the visitor segments are presented in the Appendix (Tables A1 - A6), and the employment impacts are presented in Figure 1. A total output multiplier for tourist spending was calculated using the model estimates. This multiplier represents the ratio of total economic output to direct output. The

estimated output multiplier for Hilton Head Island tourism on Beaufort County was **1.49** this signifies that every dollar spent by tourists on Hilton Head Island increased output in the overall Beaufort County economy by a total of \$1.49.

The tourist expenditures generated an estimated **\$14.02 million** in tax revenues for local Beaufort County governments. The Town of Hilton Head Island earned an additional **\$18.41 million** in accommodations tax, hospitality tax, and beach preservation fees, as reported by the Town of Hilton Head Island Revenue Services. Together, this **\$32.43 million** in tax revenue represents a Return on Tax Investment (ROTI) of 15.90, based on the \$2.04 million that was spent on destination marketing in 2020. In other words, each dollar spent by the Visitor & Convention Bureau yielded an estimated return of **\$15.90** in local tax revenue.



## Appendix

**Table A1. Villa Rental – Estimated Economic Impact on Beaufort County**

	Employment	Labor Income	Output
<b>Direct</b>	7,164	\$210,124,512	\$482,246,732
<b>Indirect</b>	857	\$36,088,234	\$111,534,050
<b>Induced</b>	847	\$33,567,436	\$112,296,819
<b>Total</b>	<b>8,868</b>	<b>\$279,780,182</b>	<b>\$706,077,601</b>

**Table A2. Hotel – Estimated Economic Impact on Beaufort County**

	Employment	Labor Income	Output
<b>Direct</b>	2,374	\$59,525,335	\$176,003,611
<b>Indirect</b>	346	\$14,946,196	\$48,243,837
<b>Induced</b>	256	\$10,140,318	\$33,923,538
<b>Total</b>	<b>2,976</b>	<b>\$84,611,850</b>	<b>\$258,170,987</b>

**Table A3. Timeshare – Estimated Economic Impact on Beaufort County**

	Employment	Labor Income	Output
<b>Direct</b>	1,824	\$44,863,312	\$107,425,764
<b>Indirect</b>	220	\$9,271,674	\$30,528,384
<b>Induced</b>	186	\$7,379,269	\$24,686,590
<b>Total</b>	<b>2,229</b>	<b>\$61,514,255</b>	<b>\$162,640,738</b>

**Table A4. Second Homeowner & Non-Paying Guests – Estimated Economic Impact on Beaufort County**

	<b>Employment</b>	<b>Labor Income</b>	<b>Output</b>
<b>Direct</b>	2,933	\$55,850,382	\$142,686,242
<b>Indirect</b>	349	\$14,742,099	\$52,788,886
<b>Induced</b>	243	\$9,624,168	\$32,196,353
<b>Total</b>	<b>3,525</b>	<b>\$80,216,649</b>	<b>\$227,671,480</b>

**Table A5. Day Trip – Estimated Economic Impact on Beaufort County**

	<b>Employment</b>	<b>Labor Income</b>	<b>Output</b>
<b>Direct</b>	252	\$5,025,715	\$12,293,245
<b>Indirect</b>	30	\$1,275,137	\$4,528,091
<b>Induced</b>	22	\$861,840	\$2,883,078
<b>Total</b>	<b>303</b>	<b>\$7,162,691</b>	<b>\$19,704,414</b>

**Table A6. Total, All Segments – Estimated Economic Impact on Beaufort County**

	<b>Employment</b>	<b>Labor Income</b>	<b>Output</b>
<b>Direct</b>	14,546	\$375,389,256	\$920,655,594
<b>Indirect</b>	1,803	\$76,323,340	\$247,623,247
<b>Induced</b>	1,553	\$61,573,031	\$205,986,378
<b>Total</b>	<b>17,902</b>	<b>\$513,285,627</b>	<b>\$1,374,265,219</b>
<b>Estimated Local Tax Revenue</b>			\$14,016,444
<b>Local Tourism Tax Revenue (ATax, HTax, and Beach Preservation Fees)</b>			\$18,413,823
<b>Total Estimated Local Tax Revenue</b>			<b>\$32,430,267</b>

**Table A7. Top 50 Industries Impacted by HHI Tourism**

	<b>Industry</b>	<b>Output</b>
1	Non-hotel accommodations	\$395,050,549
2	Full-service restaurants	\$185,215,296
3	Hotels and motels, including casino hotels	\$90,503,757
4	Other real estate	\$70,476,671
5	Miscellaneous store retailers	\$62,411,270
6	Fitness and recreational sports centers	\$58,764,884
7	Food and beverage stores	\$50,192,953
8	Transit and ground passenger transportation	\$45,361,241
9	Owner-occupied dwellings	\$34,393,471
10	Management of companies and enterprises	\$24,023,178
11	Water transportation	\$24,008,322
12	All other food and drinking places	\$16,767,127
13	Scenic and sightseeing transportation and support activities for transportation	\$14,582,892
14	Monetary authorities and depository credit intermediation	\$13,902,053
15	Museums, historical sites, zoos, and parks	\$12,019,122
16	Offices of physicians	\$11,027,753
17	Other local government enterprises	\$9,797,393
18	Services to buildings	\$9,209,001
19	Legal services	\$9,150,412
20	Insurance agencies, brokerages, and related activities	\$8,785,907
21	Limited-service restaurants	\$8,154,106
22	Employment services	\$7,273,302
23	Maintenance and repair construction of nonresidential structures	\$6,826,558
24	Personal care services	\$6,350,783
25	Other financial investment activities	\$6,192,500
26	Securities and commodity contracts intermediation and brokerage	\$5,741,925
27	Management consulting services	\$5,601,562
28	Advertising, public relations, and related services	\$5,592,136
29	Accounting, tax preparation, bookkeeping, and payroll services	\$5,255,503
30	Tenant-occupied housing	\$5,147,114
31	Postal service	\$5,067,902
32	Nondepository credit intermediation and related activities	\$5,046,368
33	General merchandise stores	\$5,037,003
34	Landscape and horticultural services	\$4,626,119
35	Automotive repair and maintenance, except car washes	\$4,393,163
36	Radio and television broadcasting	\$4,300,203
37	Nonstore retailers	\$4,148,062
38	Hospitals	\$3,824,624
39	Electric power transmission and distribution	\$3,560,259
40	Waste management and remediation services	\$3,157,010



Industry		Output
41	Nursing and community care facilities	\$3,101,988
42	Clothing and clothing accessories stores	\$2,991,058
43	Car washes	\$2,886,581
44	Building material and garden equipment and supplies stores	\$2,800,980
45	Offices of dentists	\$2,781,749
46	Wireless telecommunications carriers (except satellite)	\$2,733,918
47	Computer systems design services	\$2,631,308
48	Other nondurable goods merchant wholesalers	\$2,576,299
49	Fossil fuel	\$2,563,787
50	Other amusement and recreation industries	\$2,548,552