

ESTIMATED TOTAL IMPACT OF TOURISM ON BEAUFORT COUNTY, SOUTH CAROLINA 2021

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Introduction

This study estimates the economic impact generated by tourism to Beaufort County in the year 2021. 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 estimating the economic impacts associated with various destinations within the county and then summing them together for an overall total. This report provides individual figures for Beaufort, Bluffton, and Hilton Head Island; figures for the unincorporated parts of the county are not reported separately, but are included in the county 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 destination were produced using data on lodging demand, as provided by various third-party entities (e.g., STR and DestiMetrics), combined with visitor behavior data that is collected via a Visitor Profile Survey. The estimated total number of visitors in each destination for 2021 can be observed in Table 1. For the purposes of this analysis, overnight visitors who took a day trip to another one of the three destinations were counted both times. The visitor volume estimates then were used to estimate the total direct visitor spending associated with each destination.

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 2021, 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.

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.
- **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.

Table 1. Number of Beaufort County Visitors

| Destination | Overnight | Day Trip | Total |
|------------------------|------------------|----------------|------------------|
| Beaufort | 215,715 | 196,455 | 412,170 |
| Bluffton | 172,349 | 309,137 | 481,486 |
| Hilton Head Island | 2,859,566 | 267,290 | 3,126,856 |
| Beaufort County | 3,247,630 | 772,882 | 4,051,030 |

Table 2. 2021 Estimated Total Spend by Spending Category

| | Beaufort | Bluffton | Hilton Head | Beaufort County |
|--------------------------|----------------------|----------------------|------------------------|------------------------|
| Transportation | \$8,888,181 | \$12,813,729 | \$118,036,862 | \$140,655,001 |
| Lodging | \$15,822,982 | \$18,060,040 | \$789,416,087 | \$825,537,644 |
| Food - Dining | \$15,906,861 | \$22,317,659 | \$413,711,729 | \$453,654,568 |
| Food - Grocery | \$6,563,856 | \$10,368,345 | \$173,757,632 | \$191,250,696 |
| Shopping | \$21,473,916 | \$31,699,550 | \$222,969,080 | \$278,261,367 |
| Spas | \$5,809,408 | \$9,634,647 | \$36,774,965 | \$52,656,859 |
| Golf | \$3,624,963 | \$4,556,621 | \$73,878,603 | \$82,519,436 |
| Biking | \$1,676,302 | \$2,119,502 | \$34,922,859 | \$38,929,453 |
| Performance/Visual Arts | \$2,859,451 | \$3,661,270 | \$19,412,371 | \$26,286,804 |
| Festivals | \$2,676,893 | \$3,546,999 | \$15,653,261 | \$22,193,008 |
| Museums/Historical Tours | \$3,106,424 | \$4,202,039 | \$28,447,904 | \$36,111,923 |
| Boating/Sailing/Fishing | \$4,273,919 | \$5,215,836 | \$53,116,069 | \$63,167,300 |
| Nature-based Activities | \$2,335,237 | \$3,310,566 | \$18,579,413 | \$24,473,107 |
| Dolphin Tours | \$2,360,196 | \$2,954,112 | \$24,130,236 | \$29,745,180 |
| Tennis | \$2,332,890 | \$2,884,225 | \$11,763,489 | \$17,282,327 |
| Other Expenses | \$5,677,351 | \$6,887,921 | \$49,564,068 | \$62,880,387 |
| Total Expenditure | \$105,388,831 | \$144,233,061 | \$2,084,134,629 | \$2,345,605,059 |

- **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.

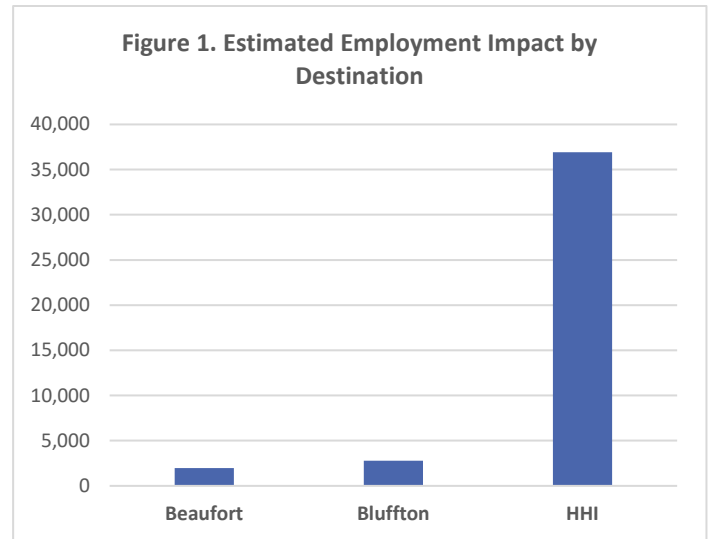
Results

Compared to 2020, which was wholly defined by the COVID-19 pandemic, the year 2021 marked a significant shift back towards normalcy for the hospitality and tourism sector, and for society more broadly. This shift closely paralleled the rollout of widespread public vaccination early in the year. Nevertheless, the ongoing pandemic continued to influence travel behavior, with the rebound in tourism led by leisure travelers, who were largely attracted to non-urban destinations with opportunities for outdoor recreation. Such trends were favorable for Beaufort County.

A total of **4.05 million visitors** came to Beaufort County in 2021. The overall economic impact of this tourism for Beaufort County was **\$3.14 billion**. This economic impact represents not just the direct expenditure by visitors, but also the secondary ripple effects of such economic activity that occur as tourism businesses spend operating funds and as tourism dollars are re-spent within the region. Beaufort County tourism also supported an estimated **41,893 jobs**, which represent 38.7% of all jobs in Beaufort County, as per employment data provided by the Bureau of Economic Analysis. Similar to the economic impact figure, this employment figure does not refer solely to jobs within the tourism sector, but rather to a combination of full-time, part-time, and seasonal jobs that are both directly and indirectly supported by the broader tourism economy and its secondary effects on non-tourism industries and enterprises. Impact estimates for each of the destinations are presented in the Appendix (Tables A1 - A4), 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 impact to direct spending. The estimated output multiplier for tourism on Beaufort County was **1.34**. This signifies that every dollar spent by tourists in Beaufort County increased output in the overall Beaufort County economy by a total of \$1.34.



The tourist expenditures generated an estimated **\$32.95 million** in tax revenues for local Beaufort County governments. As reported by their local governments, Hilton Head Island earned an additional **\$39.64 million** in accommodations tax, hospitality tax, and beach preservation fees; Bluffton earned an additional **\$5.76 million** in accommodations tax and hospitality tax; and Beaufort earned an additional **\$3.39 million** in accommodations tax and hospitality tax. Together, this **\$81.74 million** in tax revenue represents a Return on Tax Investment (ROTI) of 28.94, based on the \$2.82 million that was spent on destination marketing in 2021. In other words, each dollar spent by the Visitor & Convention Bureau yielded an estimated return of **\$28.94** in local tax revenue.

Appendix

Table A1. Beaufort – Estimated Economic Impact on Beaufort County

| | Employment | Labor Income | Output |
|--|-------------------|---------------------|----------------------|
| Direct | 1,623 | \$33,346,510 | \$85,794,474 |
| Indirect | 205 | \$8,463,284 | \$31,080,888 |
| Induced | 151 | \$6,048,303 | \$20,631,068 |
| Total | 1,979 | \$47,858,097 | \$137,506,430 |
| Estimated Local Tax Revenue | | | \$1,387,104 |
| Local Tourism Tax Revenue (ATax and HTax) | | | \$3,386,759 |
| Total Estimated Local Tax Revenue | | | \$4,773,863 |

Table A2. Bluffton – Estimated Economic Impact on Beaufort County

| | Employment | Labor Income | Output |
|--|-------------------|---------------------|----------------------|
| Direct | 2,294 | \$46,517,779 | \$116,347,582 |
| Indirect | 278 | \$11,469,812 | \$42,319,634 |
| Induced | 209 | \$8,397,133 | \$28,642,604 |
| Total | 2,782 | \$66,384,724 | \$187,309,820 |
| Estimated Local Tax Revenue | | | \$1,866,301 |
| Local Tourism Tax Revenue (ATax and HTax) | | | \$5,756,378 |
| Total Estimated Local Tax Revenue | | | \$7,622,679 |

Table A3. Hilton Head Island – Estimated Economic Impact on Beaufort County

| | Employment | Labor Income | Output |
|--|-------------------|------------------------|------------------------|
| Direct | 30,051 | \$739,173,544 | \$1,819,888,461 |
| Indirect | 3,657 | \$155,129,098 | \$539,748,220 |
| Induced | 3,211 | \$128,800,386 | \$439,372,930 |
| Total | 36,919 | \$1,023,103,028 | \$2,799,009,611 |
| Estimated Local Tax Revenue | | | \$29,534,406 |
| Local Tourism Tax Revenue (ATax, HTax, and Beach Preservation Fees) | | | \$39,644,871 |
| Total Estimated Local Tax Revenue | | | \$69,179,277 |

Table A4. Beaufort County, All Destinations – Estimated Economic Impact on Beaufort County

| | Employment | Labor Income | Output |
|--|-------------------|------------------------|------------------------|
| Direct | 34,141 | \$822,674,321 | \$2,031,812,796 |
| Indirect | 4,164 | \$176,028,125 | \$616,670,820 |
| Induced | 3,588 | \$143,910,529 | \$490,914,012 |
| Total | 41,893 | \$1,142,612,976 | \$3,139,397,628 |
| Estimated Local Tax Revenue | | | \$32,947,857 |
| Local Tourism Tax Revenue (ATax, HTax, and Beach Preservation Fees) | | | \$48,788,008 |
| Total Estimated Local Tax Revenue | | | \$81,735,865 |

Table A5. Top 50 Industries Impacted by Beaufort County Tourism

| | Industry | Output |
|----|---|------------------|
| 1 | Non-hotel accommodations | \$633,231,996.61 |
| 2 | Full-service restaurants | \$477,817,762.01 |
| 3 | Hotels and motels, including casino hotels | \$192,345,844.10 |
| 4 | Other real estate | \$178,818,200.18 |
| 5 | Miscellaneous store retailers | \$159,463,011.90 |
| 6 | Transit and ground passenger transportation | \$141,252,384.13 |
| 7 | Fitness and recreational sports centers | \$140,849,732.47 |
| 8 | Owner-occupied dwellings | \$79,752,108.35 |
| 9 | Food and beverage stores | \$74,897,553.29 |
| 10 | Water transportation | \$63,741,690.62 |
| 11 | Museums, historical sites, zoos, and parks | \$60,838,444.96 |
| 12 | Personal care services | \$55,344,386.05 |
| 13 | Management of companies and enterprises | \$52,864,406.81 |
| 14 | Scenic and sightseeing transportation and support activities for transportation | \$46,088,450.09 |
| 15 | Monetary authorities and depository credit intermediation | \$33,426,318.72 |
| 16 | All other food and drinking places | \$31,183,698.02 |
| 17 | Other amusement and recreation industries | \$27,159,439.40 |
| 18 | Performing arts companies | \$26,616,464.99 |
| 19 | Insurance agencies, brokerages, and related activities | \$25,286,614.79 |
| 20 | Electric power transmission and distribution | \$24,125,624.05 |
| 21 | Offices of physicians | \$23,982,136.54 |
| 22 | Other local government enterprises | \$21,602,240.02 |
| 23 | Services to buildings | \$20,799,511.99 |
| 24 | Limited-service restaurants | \$20,149,582.44 |
| 25 | Legal services | \$20,110,506.53 |
| 26 | Maintenance and repair construction of nonresidential structures | \$18,724,710.84 |
| 27 | Hospitals | \$16,433,060.75 |
| 28 | Employment services | \$16,378,621.40 |
| 29 | Other financial investment activities | \$14,771,254.05 |
| 30 | Management consulting services | \$13,900,283.47 |
| 31 | Securities and commodity contracts intermediation and brokerage | \$13,681,579.92 |
| 32 | Advertising, public relations, and related services | \$12,573,941.27 |
| 33 | General merchandise stores | \$11,591,627.98 |
| 34 | Non-depository credit intermediation and related activities | \$11,377,012.36 |
| 35 | Postal service | \$11,045,460.77 |
| 36 | Accounting, tax preparation, bookkeeping, and payroll services | \$10,828,664.14 |
| 37 | Tenant-occupied housing | \$10,803,564.35 |
| 38 | Automotive repair and maintenance, except car washes | \$10,768,964.85 |
| 39 | Waste management and remediation services | \$10,725,527.45 |
| 40 | Landscape and horticultural services | \$10,552,668.77 |

| Industry | | Output |
|----------|--|-----------------|
| 41 | Electric power generation - Fossil fuel | \$10,241,238.42 |
| 42 | Non-store retailers | \$9,724,026.22 |
| 43 | Radio and television broadcasting | \$9,130,078.67 |
| 44 | Nursing and community care facilities | \$7,349,159.00 |
| 45 | Car washes | \$7,328,709.55 |
| 46 | Clothing and clothing accessories stores | \$6,783,022.68 |
| 47 | Building material and garden equipment and supplies stores | \$6,731,647.26 |
| 48 | Gasoline stores | \$6,491,914.47 |
| 49 | Motor vehicle and parts dealers | \$6,471,704.91 |
| 50 | Other durable goods merchant wholesalers | \$6,453,725.39 |