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Economic Impact Analysis of the Tourism Industry

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Economic Impact Analysis of the Tourism Industry

Report Prepared for the Kissimmee Convention and Visitors Bureau

By

The Dick Pope Sr. Institute for Tourism Studies

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Executive Summary

The tourism industry in Osceola County has undergone some significant changes over the past ten years. The inventory of the accommodation sector increased by more than 20%; the industry became more diversified and complex by a greater number of timeshare properties in the area, the emergence of vacation homes as a prominent market segment and the emergence of convention hotels. The continuing evolution of the tourism industry has kept it a significant player in the economic landscape of the county.

The analysis considered the local tourism industry from the perspective of both direct impacts (i.e. employment, value-added and government revenues generated by the local tourism industry and its employees) and indirect impacts (i.e., the employment, value-added and government revenues generated by suppliers to the industry). The analysis confined the tourism industry to three market segments, including hotels, timeshare properties and vacation homes. It excluded the segments of visitors to the 3,667 campsites/RV sites reported by the Kissimmee Convention & Visitors Bureau and those visiting friends and relatives (VFR) due to the difficulties in collecting data related to these segments.

Tourism brought in 6.2 million visitors to the area in 2007, which is a 5% increase compared to 2006. The total economic contribution of the tourism sector is estimated at more than \$2.7 billion dollars in 2007, generating nearly 47,000 jobs throughout the economy with a total of nearly \$1.8 billion in earnings. In addition, it yielded \$239 million in taxes for the state and local governments, and \$35 million in room taxes. The county received an estimated \$15 million dollars from sales tax.

The inventory of the lodging industry in the area totals 46,283 units at the end of 2007. The hotel segment contains the largest amount of units (a total of 24,355) followed by the timeshare properties and vacation homes with 8341 and 7811 units respectively. Visitors from the three market segments displayed different spending patterns during their stay and indicating therefore different economic effects throughout the county.

The economic contribution of the hotel segment accounted for more than \$1.7 billion dollars, generating nearly 27,000 jobs and yielding nearly \$155 million in taxes. The average wage was \$24,118. The timeshare segment yielded \$383 million in economic contribution, generated more than 9000 jobs and produced \$28 million in taxes. The average wage for the timeshare for the timeshare industry was \$22,471. Finally, the vacation homes segment contributed more \$641.5 million to the county economy, yielded over 10,000 jobs, and accounted for \$57 million in taxes. The average wage for the vacation homes segment was \$22,886 (see Table 1). The average wage for the tourism industry was \$23,159.

Table 1. 2007 Economic Impact of the Tourist Industry in Osceola County

	Industry*	Hotels	Timeshare	Vacation Homes
Total Sales Generated	\$2.7 Billion	\$1.7billion	\$383 Million	\$641.5 million
Total Value Added Generated (Profit & Wages)	\$1.7 Billion	\$1.1 Billion	\$226 Million	\$409 million
Total Jobs Created (Full-Time Equivalent)	47,000	26,690.00	9,038.00	10,877
Total Government Revenues Generated	\$239 Million	\$154 Million	\$32 Million	\$57 million
Average Wage	\$23,159	\$24,118	\$22,471	\$22,886

*Note: Figures are rounded

Purpose of the Report

The main purpose of this report is to assess the tourism economic impact in Osceola County. The lodging industry is an important factor within the tourist sector and it determines the degree of competition of a destination. The study only analyzes the spending patterns and impacts of visitors staying at three segments of the lodging industry, i.e., hotels, time share resorts and vacation homes. It excludes the segments of day-visitors, visitors at campsites and RV sites, and Visiting Friends and Relatives (VFR) segments due to the difficulties in collecting data related to these segments.

The Kissimmee Convention and Visitors Bureau commissioned the Dick Pope Sr. Institute for Tourism Studies (DPSITS) of the Rosen College of Hospitality Management to conduct a tourism economic impact study and to assess the comparative performance of three market segments comprising the tourism industry. This assignment was formalized through a modification of Award No. 12018011 to the University of Central Florida dated May 16, 2007.

This study aims more specifically to fulfill the following main objectives: 1) estimate the total economic impact of the sector; 2) estimate the economic impact of leisure and convention hotels, timeshare resorts, and vacation homes; and 3) compare the three market segments.

The assignment will generate analyses that will facilitate the articulation of the real contribution of each of the main market segments within the tourism industry to the destination's economy; and will facilitate the articulation of marketing efforts and strategies in order to enhance the effectiveness of demand to the region.

This assignment was developed by Dr. Robertico Croes with the assistance from Michael Rudowski from the Kissimmee CVB.

Findings of the Report

This section documents the findings of the study. The findings are derived from intercept surveys to visitors staying in hotels and in timeshare properties in Osceola County. A total of 4,729 respondents (3981 from hotels and 747 from timeshare properties) participated in the surveys, administered by the Kissimmee CVB. This sample is a solid representation of hotel rooms and timeshare units in the county.

The survey tracked transient rentals in hotels and timeshare properties in the area, excluding therefore the timeshare sales. Data provided by the respondents included expenditures in accommodation, food, transportation, shopping, activities and gasoline.

In addition, the study used data from a monthly survey of 10-15 vacation home property managers conducted by a local firm hired by the Kissimmee CVB. This data represents a unit sample of between 1000 and 1500. The survey requests information on occupied rooms, available rooms, and total revenue. The numbers are then combined and calculated in order to determine the ADR (total revenue divided by # of occupied rooms). Throughout the year, each month is combined to determine a YTD total. The property managers surveyed represent a distribution of small, medium and large homes as well as condos.¹

The study reports the total direct economic impact of the final demand in visitors spending of the tourist sector consisting of the market segments of hotels, vacation ownership (timeshare resorts) and vacation homes as well as the indirect and induced effects of this spending in Osceola County. The assumptions used for this study are discussed in the methodology section at the end of this report.

The methodology describing the steps to estimate the direct economic impact and the indirect and induced effects is explained in the Methodology section at the end of this Report.

Background

The tourist industry in Osceola County has undergone significant changes over the past ten years. It increased in size, and it became more complex and diversified. For example, the accommodation sector, which is an integral component of a destination's tourism facilities, grew by 20% in the past ten years adding timeshare resorts, meeting and convention hotels, and vacation homes to its inventory.

The recent Report of the DPSITS on the economic impact of the tourism industry in Osceola County did not capture accurately this changing tourism landscape in the county because of the incomplete data set at the time of the study.² This prompted the need for further analysis of the economic impact of the industry. Therefore, it was necessary to collect additional data from the tourism industry in order to provide the basis for a more accurate estimate of its economic impact on the County. The study tracked the spending of visitors staying at hotels/motels, timeshare resorts and vacation homes, including their spending behavior at multiple points within the County.

The study analyzes the total economic contribution of the tourism industry in Osceola County. In addition, it examines the comparative performance of each market segment based on absolute and relative contribution to sales, income,

¹ See also, The Economic Contribution of the Vacation Home Segment in Osceola County, Report prepared by the Dick Pope Sr. Institute for Tourism Studies, January 2008.

² See Economic Impact Analysis of the Tourism Industry in Osceola County during 2006, Report prepared by the Dick Pope Sr. Institute for Tourism Studies, June 2007.



wages, jobs and taxes. The study used the IMPLAN model to derive estimates of the direct dollar impact of each segment and estimated the economic impact of visitors. The application of the model allowed the impact of the direct revenues to be converted into additional indirect and induced effects on sales, income, wages and jobs by category for the three segments.

The economic impact estimates in this report may be used to: 1) document the relevance of the tourism industry as a whole, 2) document each of the three market segments under review as key drivers in the economy of the region, 3) to stress the need to continue support for expenditures in terms of time, efforts and money to promote demand, and 4) track the effectiveness of marketing efforts.

The Economic Impact of the Tourism Industry in Osceola County.

Tourism is big business in Osceola County. It has a significant effect on the rest of the economy from the employment it provides to a significant proportion of the workforce, thus providing an important contribution to the regional gross added value. Value added for the purpose of this report is defined as wages and profits. The growth of the tourist sector has led to the development of an important accommodation industry displaying some of the following features:

- An increasing inventory particularly over the past ten year period
- A more diversified inventory with the additions of timeshare properties, convention hotels and vacation homes
- An increasing significant role in the economic landscape.

The accommodation sector drives the economic ripple effects of tourism spending throughout the regional economy. It represents 35% to 40% of the average spending behavior of the traveler staying overnight in an Osceola County property. The accommodation sector consists of several segments, including the leisure and convention hotels, condo hotels, the timeshare properties and the vacation homes. This study was confined to those establishments operating as hotels, timeshares and vacation homes.

Over the past ten years Osceola County witnessed a steady increase of inventory of its lodging industry. One in every five lodging properties was built in the past ten years, reaching a total of 46,283 units at the end of 2007.³ Much of the region's growth in inventory is attributable to the growth of the timeshare sector. More recently, the county experienced another shift in the type of accommodation through the increased manifestation of vacation homes, becoming a significant accommodation segment. A recent study identified a total of 7811 homes in the area.⁴

The distribution of the accommodation sector in the County is reflected in Table 2.

Table 2. Distribution of market segments within the lodging industry in Osceola County

	Properties	Units
Hotel	117	24,765
Timeshare	30	8,341
Vacation Homes		7811

Sources: Kissimmee CVB, Osceola County Tax Collector, and The Economic Contribution of the Vacation Homes Segment in Osceola County Report Prepared for the Kissimmee CVB by The Dick Pope Sr. Institute for Tourism, January 2008.

The three market segments displayed mixed results in terms of their performance during 2006 and 2007. Revenue per Available Room (RevPar) is considered the prime indicator of lodging performance when comparing accommodation properties within the same market. As a result, during 2006 and 2007, the vacation homes segment reported a stronger performance when compared to the other two segments over the time span considered. This also indicated true when comparing occupancy figures. Table 3 reports the comparative performance of the three market segments.

³ See footnote 3.

⁴ This amount could be as high as 8500 properties in the area. See footnote footnote 1.

Table 3 Lodging Performance in Osceola County

	Year	Hotel	Timeshare	Vacation Homes
Occupancy	2006	58.90%	66.80%	48.70%
	2007	58.90%	67.00%	56.70%
	+/-	0.00%	0.40%	16.50%
Average Daily Rate	2006	\$73.69	\$82.67	\$138.08
	2007	\$77.22	\$81.35	\$131.81
	+/-	4.80%	-1.60%	-4.50%
RevPar	2006	\$43.43	\$22.35	\$60.50
	2007	\$45.47	\$21.74	\$69.50
	+/-	4.70%	-2.70%	14.90%

Source: Kissimmee Lodging Flash Report

Economic Contribution of the Tourist Sector

The study estimated the demand vector for hotels, timeshare properties and vacation homes by tracking the number of tourists staying hotels, timeshare resorts and vacation homes and their spending behavior at multiple points. In 2007 a total of 6.2 million tourists visited the area, which represents a 5% increase over 2006. They contributed significantly to the overall economy with a total of more than \$2.7 billion dollars and nearly 47,000 jobs. The results of the total direct spending per market segment are reported in Table 4.

Table 4. Direct Visitor Spending in Osceola County

	Hotels	Timeshare	Vacation Homes
Total Room Spending	\$455,676,703	\$27,394,234	\$213,074,227
Total F&B spending	\$403,260,394	\$125,266,057	\$97,616,805
Total Car Rental Spending	\$17,007,683	\$4,657,788	\$12,774,762
Total Shopping/Gas Spending	\$244,766,110	\$76,478,002	\$46,077,246
Total Activities Spending	\$62,168,766	\$22,694,719	\$73,344,757
TOTAL IMPACT	<u>\$1,182,879,656</u>	<u>\$256,490,800</u>	<u>\$442,887,797</u>

The total direct economic impact of the final demand in visitors' spending of the tourist sector in the county is estimated at nearly \$1.8 billion dollars. Additionally, when you add in the indirect and induced effects of this spending, the total economic contribution is estimated at more than \$2.7 billion dollars resulting in a multiplier of 1.45. This multiplier translates a significant portion of sales into household income. This is captured by the induced effects which were significantly higher than the indirect effects (i.e., the impact is greater in the realm of salaries and benefits than in sales for other businesses -See Table 5).

Visitor spending in the tourist sector generated nearly \$1.2 billion dollars directly in income. This amount increased to a total of nearly \$1.8 billion dollars in economic contribution, for a multiplier effect of 1.46. Again, the induced effects

were significantly higher than the indirect effects. The spending generated nearly 47,000 jobs throughout the economy (multiplier of 1.36) with a total labor income exceeding \$1.0 billion dollars. Each direct job generated approximately \$23,159 in earnings on average, which is below the county wage average. ⁵

Table 5. Visitors Impact Analysis in Osceola County – Total Sales

Segment	Direct	Indirect	Induced	Total	Multiplier
Hotel	\$1,183	\$205	\$312	\$1700	1.44
Timeshare	\$256.5	\$55.4	\$71.1	\$383	1.49
Vacation Homes	\$442.9	\$85.8	\$112.9	\$641.5	1.45
Total	\$1,882.3	\$346.2	\$496.0	\$2,724.5	1.45

*Note: Millions of Dollars

Comparing Hotels, Timeshare Properties and Vacation Homes

The study found similarities and differences when decomposing the results of the tourism sector into the three market segments, namely hotels, timeshare and vacation homes. All three segments display the same pattern in terms of the magnitude of the multipliers – all multipliers are above one and the induced effects are consistently higher than the indirect effects. The labor intensive nature of the tourism industry is indicative of the high induced effects (see Tables 4 and 5).

Hotel visitors spent more than visitors renting vacation homes or staying in timeshare resorts. This spending behavior is consistent in all categories, except in the category of attractions where those renting vacation homes spent more than visitors staying in hotels. Visitors staying in timeshare resorts outspent those staying in vacation homes only in the category of shopping. Visitors renting vacation homes outspent visitors staying at both hotels and timeshare resorts in the category of activities.

In addition, the multipliers of the three market segments display differences in magnitude. Though each comprises a large market there are still big differences between the three segments. For example, the multiplier of the timeshare segment is slightly higher in sales than the other two segments. This implies greater ripple effects throughout the other economic sectors, such as retail, food and beverages, entertainment and recreation, professional and administrative services, finance and insurance, health and social services, and government. On the other hand, the multiplier effect of hotels is higher in job generation when compared to the other segments.⁶

⁵ See Osceola County Economic Profile 2007.

⁶ Employment impacts are measured in full-year equivalent jobs which also include part-time jobs.

Table 6. Value Added and Jobs in Osceola County (in millions of dollars)

Segment	Direct Impact*	Indirect Impact*	Induced Impact*	Total Impact*	Income Multiplier	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs	Job Multiplier
Hotel	\$771.8	\$131.0	\$204.6	\$1107.4	1.44	19,273	2,685	4,832	26,790	1.39
Timeshare	\$143.4	\$35.7	\$46.9	\$226	1.57	6,597	878	1,563	9,038	1.37
Vacation Homes	\$280.2	\$54.4	\$78.1	\$412.7	1.47	8,479	968	1,430	10,877	1.29

The timeshare segment indicates a stronger performance in terms of income than the other two. The timeshare multiplier is 1.57 compared to the hotel and vacation homes multiplier of 1.44 and 1.471 respectively. In order to get a better understanding of the nature and source of these ripple effects throughout the economy, the study performed some economic ratios by using ratios of personal income, property income and value added to sales. Subsequently the three segments are compared according to these metrics (see Table 7).

Table 7. Comparison of multiplier effects on salaries, profits and sales in Osceola County.

	Hotel*	Timeshare*	Vacation Home*
Salaries and Wages	\$39.00	\$43.00	\$39.00
Property Income (Rents & Profits)	\$26.00	\$13.00	\$24.00
Sales	\$28.00	\$37.00	\$30.00
Average Salary	\$24,118	\$22,471	\$22,866

*Note: Based on \$100 Spending

The results indicate that hotels paid \$.39 out of each sales dollar in wages and salaries, and \$.26 out of each sales dollar in property income (rents and profits). When taken together, this indicates that \$.65 of each hotel sales dollar goes to income. By adding the value added component we account for all the income plus another \$.07 cents out of each sales dollar in indirect business taxes. The remaining \$.28 out of each hotel sales dollar is attributed to purchase hotel inputs from other sectors.

The breakdown from each sales dollar in timeshare indicated \$.43 is paid out in wages and salaries, and \$.13 in rents and profits for every dollar of sales, and \$.37 goes to buy inputs from other sectors. The vacation homes paid out from every dollar of sales indicated \$.39 to wages and \$.24 to rents and profits, and \$.30 for the purchases from other economic sectors.

Table 8. Comparison of Direct Economic Impact of market segments in Osceola County.

	Hotels		Timeshare		Vacation Homes	
	Impact	Multiplier	Impact	Multiplier	Impact	Multiplier
Sales	\$1,183	1.44	\$256.5	1.50	\$442	1.55
Value Added	\$772	1.44	\$143	1.57	\$475	1.51
Taxes	\$119.2	1.30	\$19	1.46	\$44	1.35
Jobs	19,272	1.39	6,597	1.37	8,479	1.29

*Note: Millions of Dollars

Table 8 reports multipliers of sales, value added, taxes and jobs. Each market segment displays different multipliers and thus the magnitude of the contribution of each market segment varies. Therefore, none of the market segments has a clear superior performance, which suggests that the marketing mix displayed in the tourism sector is the key to understanding Osceola's strong performance.

Nevertheless, the hotel segment outperforms the other two segments in terms of the magnitude of sales, total income, jobs, and indirect business tax (see Table 8). For example, the hotel segment is almost five times larger than the timeshare segment in terms of sales, value added, and indirect business tax generation, while creating more than twice the amount of new jobs compared to the timeshare segment. For example, the timeshare properties generated very little direct taxes (\$19 million) compared with the other two segments (see Table 9). Time share owners generally do not pay room tax when vacationing at their property.

Currently, the more traditional tourist segment (hotels/motels) continues to play a significant role in the tourism economy of the region based on its sheer size. Additionally the hotel segment generates the largest amount of rents and profits (\$.26) per dollar of sales compared to the other two, followed by the vacation home segment (\$.24), while the timeshare segment displays the lowest profit level of \$.13.

Impact on Public Revenues

Visitor spending (direct and indirect) in 2007 generated a total of \$239 million in taxes for the state and local governments, and an additional \$172.3 million in federal taxes. The direct spending of visitors staying at hotels, time share resorts or renting a vacation home in terms of taxes amounted to \$182.2 million dollars.

The study estimated an amount exceeding \$105 million dollars in sales tax generated by direct and indirect visitor spending. An estimated \$15 million dollars of the sales tax collections allocated to the county were generated by tourism spending. This equals to 41.8% of the total sales tax collected in the county. This estimation represents a significant portion of the total \$36.4 million received by the county by sales tax. In addition, tourism generated a significant amount in property tax. The prominence of property tax in the total tax collected is a clear indication of the induced effects from tourism activity. Finally, an estimated \$1.4 million was generated by the fuel tax accruing to the county based on the county's portion of 7.75 cents per gallon of gasoline sold.⁷

Table 9. Visitors Impact Analysis in Osceola County – Taxes

Segment	Direct	Indirect	Induced	Total	Multiplier
Hotel	\$119.2	\$12.2	\$22.8	\$154.2	1.30
Timeshare	\$19	\$3.6	\$5.2	\$27.8	1.46
Vacation Homes	\$44	\$4.8	\$8.3	\$57.0	1.30

*Note: Millions of Dollars

⁷ The fuel tax was estimated by taken the total amount of gasoline spending of tourists divided by the average gas price in 2007 in Central Florida (\$2.75) to calculate the total amount of gallons. The estimated amount of gallons was then multiplied by the county's portion of 7.75 cents per gallon.

The total room tax collected in 2007 was \$35 million, which was a 5.1% increase compared to 2006. This brings the ratio room tax to sales tax to nearly 3. The amount of tax generated due to visitor spending equals to saving to each resident of an amount of \$981 per year.⁸ In the absence of the tourism industry, each resident in Osceola County would have to pay nearly \$1000 in additional taxes to maintain the current level of government services and infrastructure.

Table 10. Portion of Taxes generated by Tourism

	Direct Osceola County Tourism (\$millions)	Total Osceola County (\$millions)	% Generated by Tourism
Sales Tax Accruing to the County	\$15	\$36.4	42.00%
Fuel Tax	\$1.4	\$14	10%
Ad Valorem Taxes	\$80.1	\$155.2	51.20%
Room Tax	\$35	-	100%

⁸ The Osceola County Economic Profile, 2007 estimated the 2006 county population at 243,967.

Conclusions

The study sought to assess the size and economic contribution of the tourism sector in Osceola County. The study confined the tourism industry to three market segments, i.e., leisure and convention hotels, timeshare resorts and vacation homes. Over the past decade the tourism industry has expanded significantly increasing its complexity and diversity. It continues to be a significant player in the economic landscape of the county.

The results of the study confirm the economic significance of the tourism sector. A total of 6.2 million tourists visited the area in 2007, which represents a 5% increase over 2006. These tourists made a contribution in 2007 exceeding \$2.7 billion dollars, generating nearly 47,000 jobs and yielding \$239 million in taxes. The county received an estimated \$15 million from sales tax and collected over \$35 million in room tax.

The tourism industry is accompanied by the need of large amounts of labor. This is validated through the higher induced effects associated by visitor spending compared to the indirect effects. More than \$40 dollars of each \$100 in visitor spending went into salaries and wages in 2007. The average wage of the industry is \$23,159 which is lower than the average wage in Osceola County of \$27,700.

The study further decomposed the industry into three market segments for comparison reasons and to increase the current level of understanding of the dynamics of these segments. The hotel segment yielded the largest amount of spending by stay-over visitors, followed by vacation homes and timeshare properties. That spending also generated the highest amount in total economic contribution to the county in terms of value added, jobs and taxes. In addition, visitors displayed different spending patterns during their stay, generating different economic effects in the area.

Each market segment displays different multipliers and thus the magnitude of the contribution of each market segment varies. Therefore, none of the market segments has a clear superior performance, which suggests that the marketing mix displayed in the tourism sector is the key to understanding Osceola's strong performance.

Methodology

The procedure included the following three steps:

1. The estimation of the economic impact of each segment of the accommodation sector
2. The comparison of the estimated impact among the segments and the total economic impact of the aggregation of the three segments which was further disaggregated into direct, indirect and induced effects.
3. The design of the method used was based on an Input-Output/Social Accounting Matrix (I-O/SAM) to analyze the economic and financial impacts.

The proposed methodology is based on the extended version of Input-Output (I-O) framework, which is called Social Accounting Matrix (SAM) framework. While the I-O captures inter-industry activities, disregarding household consumption (technically, a part of “institutions”) and labor markets (technically called “factors of production”, which roughly means labor markets and capital markets), the SAM framework incorporates both institutions and factors inside the modeling framework. This step enabled the study to make the desired estimates about the direct, indirect and induced effects of the main segments comprising the lodging sector.

The initial increase in demand due to tourism spending is re-spent in the economy a multitude of times up until it dissipates. This re-spending is the multiplier effect and more specifically it is a ratio measure of the total effects throughout the economy based on an exogenous shock in the economy. The direct effects refer to the changes in the total output in each industries to which increase in final demands were made.

The indirect effects are the changes in business transactions (inter-industry purchases) as they respond to the new demand of the directly affected hospitality-affiliated industry. The induced effects typically reflect changes in spending from households as income increases or decreases due to the changes in production.

The study estimated inputs from the intercept surveys by the KCVB, which used the IMPLAN input-output modeling software.⁹ The surveys were administered by the Kissimmee CVB.¹⁰ In addition, the study used the results included in the DPSITS Report assessing the economic contribution of the vacation homes. SAM with NAICS 2 digit sectors were incorporated in the study, except for Accommodation and Food services (disaggregated in order to show impacts).

The study estimated the direct impact of tourism in Osceola County for 2007 using a combination of data sources such as the Kissimmee Tourist’s Survey and the Hotels’ Financial Reports (Occupancy Percentage (HO%) and Average Daily Rate (ADR)). It also used important variables such as HO% (Total Rooms Occupied divided by Total Rooms Available for Rent), ADR (Total Rooms Revenue divided by Total Rooms Occupied), Average Group Size, and Length of Stay (LOS), which are key measurements for the estimation of total rooms’ revenues and the total number of visitors to Osceola County.

The total number of visitors was estimated by multiplying total rooms sold by the average group size, and then dividing this figure by the LOS. This procedure was repeated for each of the existing lodging segments in Osceola

⁹ For a complete discussion of the methodology used see *Economic Impact Analysis of the Tourism Industry in Osceola County during 2006*. Report prepared by the Dick Pope Sr. Institute for Tourism Studies, Rosen College of Hospitality Management, Orlando, June 30,2007.

¹⁰ For a discussion of the survey, see *Economic Impact Analysis of the Tourism Industry in Osceola County during 2006*. Report prepared by the Dick Pope Sr. Institute for Tourism Studies, Rosen College of Hospitality Management, Orlando, June 30,2007.

(Upper Mid-scale, Lower Mid-scale, Luxury, Economy, Timeshare Paying, Timeshare Owners, and Vacation Homes). Total room spending per visitor per day was calculated by dividing ADR by the average group size.

The second part of the analysis sought to estimate the total per person spending per day. The data from the Tourist's Survey provided information regarding the expenditure distribution for a variety of services such as: food and beverage, car rental, gasoline, activities, and shopping. Based on previous studies in Osceola County, this study assumed that hotel spending represents 35% of the total trip expenditures, except for the vacation homes segment. The latter used the same spending distribution identified in the study of vacation homes.

This assumption allows for a backward estimation for total spending, calculated by dividing per person per day hotel spending by 35%. As a result, the tourist total spending for additional services was calculated by subtracting average room spending per person from total spending. In an attempt to determine the specific impact for the various economic sectors that benefit from tourism, the tourist total spending for additional services was disaggregated by using the average spending share for food and beverage, car rental, gasoline, activities, and shopping. Finally, figures for the direct impact of tourism in Osceola were calculated using per day spending, average length of stay, and number of tourists.