

ESTIMATED TOTAL IMPACT OF TOURISM ON

Beaufort County

SOUTH CAROLINA 2022



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CONDUCTED BY:

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Introduction

This study estimates the economic impact generated by tourism to Beaufort County in the year 2022. 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 Key Data), combined with visitor behavior data that is collected via a Visitor Profile Survey. The estimated total number of visitors in each destination for 2022 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 2022, 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 (I-O) 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 (i.e., 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	197,652	180,838	378,490
Bluffton	154,478	277,083	431,561
Hilton Head Island	2,825,263	264,083	3,089,346
Beaufort County	3,207,231	722,004	3,929,235

Table 2. 2022 Estimated Total Expenditure by Spending Category

	Beaufort	Bluffton	Hilton Head	Beaufort County
Transportation	\$9,248,878	\$12,656,658	\$150,636,976	\$173,661,631
Lodging	\$21,415,130	\$24,613,718	\$891,847,254	\$941,108,978
Food - Dining	\$21,698,493	\$30,615,172	\$464,961,846	\$519,774,982
Food - Grocery	\$8,715,457	\$12,810,826	\$216,635,427	\$239,095,378
Shopping	\$23,346,931	\$34,136,810	\$298,626,091	\$358,635,658
Spas	\$3,776,023	\$5,734,012	\$36,068,371	\$45,957,809
Golf	\$3,238,989	\$4,903,170	\$63,498,893	\$71,968,593
Biking	\$1,038,635	\$1,429,847	\$29,473,412	\$32,066,404
Performance/Visual Arts	\$3,573,239	\$5,720,159	\$27,283,069	\$36,895,278
Festivals	\$2,832,556	\$4,160,605	\$23,249,282	\$30,546,293
Museums/Historical Tours	\$4,299,846	\$7,342,227	\$27,797,593	\$39,760,551
Boating/Sailing/Fishing	\$4,541,509	\$6,715,010	\$50,851,756	\$62,589,400
Nature-based Activities	\$1,542,809	\$1,891,285	\$20,379,190	\$24,030,047
Dolphin Tours	\$1,662,211	\$2,107,214	\$28,813,926	\$32,807,377
Tennis	\$726,597	\$835,123	\$15,367,000	\$17,038,408
Other Expenses	\$6,465,665	\$7,667,465	\$115,673,977	\$130,750,894
Total Expenditure	\$118,122,967	\$163,339,299	\$2,461,164,060	\$2,756,687,681

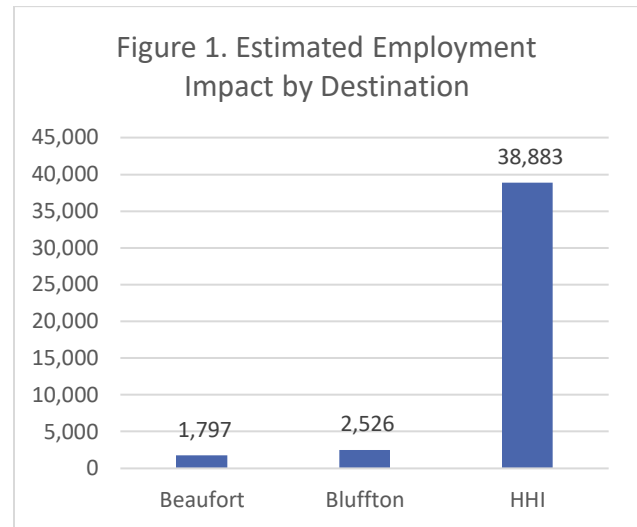
- **Direct:** The initial effects to local industries that are directly receiving the expenditures of interest.
- **Indirect:** The secondary effects resulting from business-to-business purchases in the supply chain occurring throughout the region, as triggered by or in support of the direct expenditure 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

Following two years of travel behavior being largely shaped by the pandemic, in 2022 travel returned to much more traditional patterns. In particular, urban and international travel, together with business and group travel, rebounded considerably, after previously lagging behind in the travel recovery. As a result, the spike in visitation experienced by many non-urban destinations in 2021, precipitated by the increased appeal of outdoor recreation, did not continue. This shift in travel behavior inevitably impacted tourism visitation to Beaufort County. Nonetheless, the estimated number of visitors in 2022 remained just shy of the record-breaking number set in 2021. Moreover, despite the slight decline in visitor volume, an increase in expenditures led to a record-breaking overall economic impact.

A total of **3.93 million visitors** came to Beaufort County in 2022, down 3.0% compared to 2021. The overall economic impact of this tourism on Beaufort County was **\$3.54 billion**, up 12.7% compared to 2021. 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 **43,206 jobs**, which represent 37.1% 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.

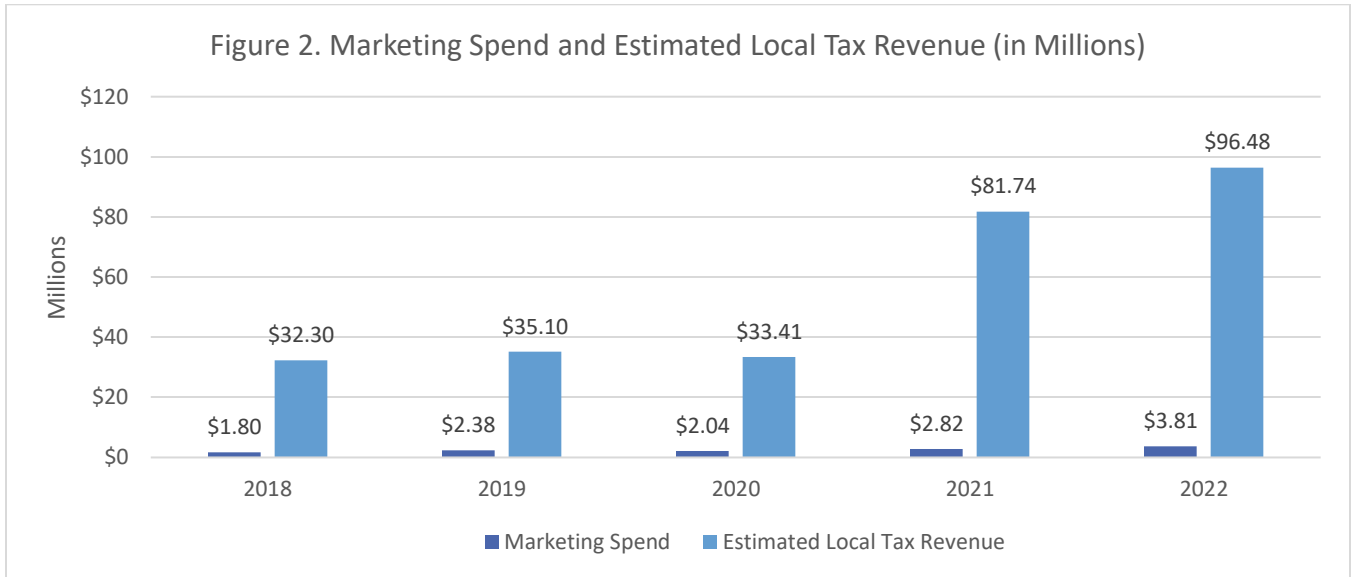


A total output multiplier for tourist spending was calculated using the model estimates. This multiplier represents the ratio of total economic impact to direct spending. The estimated output multiplier for tourism on Beaufort County was **1.28**. This signifies that every dollar spent by tourists in Beaufort County increased output in the overall Beaufort County economy by a total of \$1.28.

The tourist expenditures generated an estimated **\$41.92 million** in tax revenues for local Beaufort County governments. As reported by their local governments, Hilton Head Island earned an additional **\$44.55 million** in accommodations tax, hospitality tax, and beach preservation fees; Bluffton earned an additional **\$6.51 million** in accommodations tax and hospitality tax; and Beaufort earned an additional **\$3.51 million** in accommodations tax and hospitality tax. Together, this **\$96.48 million** in tax revenue represents an increase of \$14.75 million (18.0%) over 2021. This tax revenue also corresponds with a Return on Tax Investment (ROTI) of 25.33, based on the \$3.81 million that was spent on destination marketing in 2022. In other words, each dollar spent by

the Visitor & Convention Bureau yielded an estimated return of **\$25.33** in local tax revenue. The comparative relationship over the past five years between destination marketing

expenditure and the estimated local tax revenues generated from tourism can be seen in Figure 2.



Appendix

Table A1. Beaufort – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	1,449	\$37,804,722	\$95,172,827
Indirect	206.36	\$10,017,615	\$31,531,942
Induced	141.52	\$6,518,394	\$22,191,287
Total	1,797	\$54,340,732	\$148,896,055
Estimated Local Tax Revenue			\$1,760,470
Local Tourism Tax Revenue (ATax and HTax)			\$3,511,791
Total Estimated Local Tax Revenue			\$5,272,261

Table A2. Bluffton – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	2,039	\$52,972,790	\$131,524,491
Indirect	288.53	\$13,926,436	\$44,220,970
Induced	198.1	\$9,123,774	\$31,061,477
Total	2,526	\$76,023,001	\$206,806,938
Estimated Local Tax Revenue			\$2,296,590
Local Tourism Tax Revenue (ATax and HTax)			\$6,507,390
Total Estimated Local Tax Revenue			\$8,803,980

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

	Employment	Labor Income	Output
Direct	31,565	\$982,241,351	\$2,065,296,812
Indirect	3,867	\$188,604,001	\$576,847,176
Induced	3,451	\$158,999,771	\$541,249,066
Total	38,883	\$1,329,845,122	\$3,183,393,054
Estimated Local Tax Revenue			\$37,858,704
Local Tourism Tax Revenue (ATax, HTax, and Beach Preservation Fees)			\$44,547,543
Total Estimated Local Tax Revenue			\$82,406,247

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

	Employment	Labor Income	Output
Direct	35,053	1,073,018,863	2,291,994,130
Indirect	4,362	\$212,548,052	\$652,600,087
Induced	3,791	\$174,641,939	\$594,501,830
Total	43,206	\$1,460,208,855	\$3,539,096,047
Estimated Local Tax Revenue			\$41,915,764
Local Tourism Tax Revenue (ATax, HTax, and Beach Preservation Fees)			\$54,566,724
Total Estimated Local Tax Revenue			\$96,482,487

Table A5. Top 50 Industries Impacted by Beaufort County Tourism

	Industry	Output
1	Non-hotel accommodations	\$687,381,483
2	Full-service restaurants	\$546,982,480
3	Hotels and motels, including casino hotels	\$250,537,162
4	Miscellaneous store retailers	\$198,701,629
5	Transit and ground passenger transportation	\$173,411,404
6	Other real estate	\$163,318,465
7	Fitness and recreational sports centers	\$122,762,844
8	Owner-occupied dwellings	\$118,537,553
9	Food and beverage stores	\$96,313,550
10	Management of companies and enterprises	\$71,630,850
11	Museums, historical sites, zoos, and parks	\$63,525,051
12	Water transportation	\$62,338,828
13	Personal care services	\$47,100,854
14	Scenic and sightseeing transportation and support activities for transportation	\$40,969,142
15	Performing arts companies	\$39,190,858
16	All other food and drinking places	\$35,777,060
17	Other amusement and recreation industries	\$33,435,964
18	Insurance agencies, brokerages, and related activities	\$29,703,852
19	Other local government enterprises	\$29,643,450
20	Services to buildings	\$27,967,206
21	Legal services	\$26,572,823
22	Employment services	\$26,467,217
23	Monetary authorities and depository credit intermediation	\$25,509,295
24	Limited-service restaurants	\$25,280,923
25	Offices of physicians	\$23,882,176
26	Securities and commodity contracts intermediation and brokerage	\$22,284,362
27	Nondepository credit intermediation and related activities	\$19,609,236
28	Other financial investment activities	\$18,381,423
29	Management consulting services	\$18,185,019
30	Maintenance and repair construction of nonresidential structures	\$16,347,377
31	Accounting, tax preparation, bookkeeping, and payroll services	\$16,151,974
32	Advertising, public relations, and related services	\$16,033,113
33	General merchandise stores	\$14,975,620
34	Tenant-occupied housing	\$14,521,661
35	Automotive repair and maintenance, except car washes	\$14,228,102
36	Landscape and horticultural services	\$13,631,759
37	Nonstore retailers	\$13,404,871
38	Postal service	\$13,008,669
39	Hospitals	\$11,312,184
40	Gasoline stores	\$10,563,408

Industry		Output
41	Radio and television broadcasting	\$10,076,872
42	Car washes	\$10,024,950
43	Electric power transmission and distribution	\$9,530,797
44	Waste management and remediation services	\$9,046,016
45	Building material and garden equipment and supplies stores	\$9,015,232
46	Funds, trusts, and other financial vehicles	\$8,664,361
47	Marketing research and all other miscellaneous professional, scientific, and technical services	\$7,550,674
48	Warehousing and storage	\$7,387,359
49	Clothing and clothing accessories stores	\$7,220,177
50	Offices of dentists	\$6,393,265