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BEA 11-11

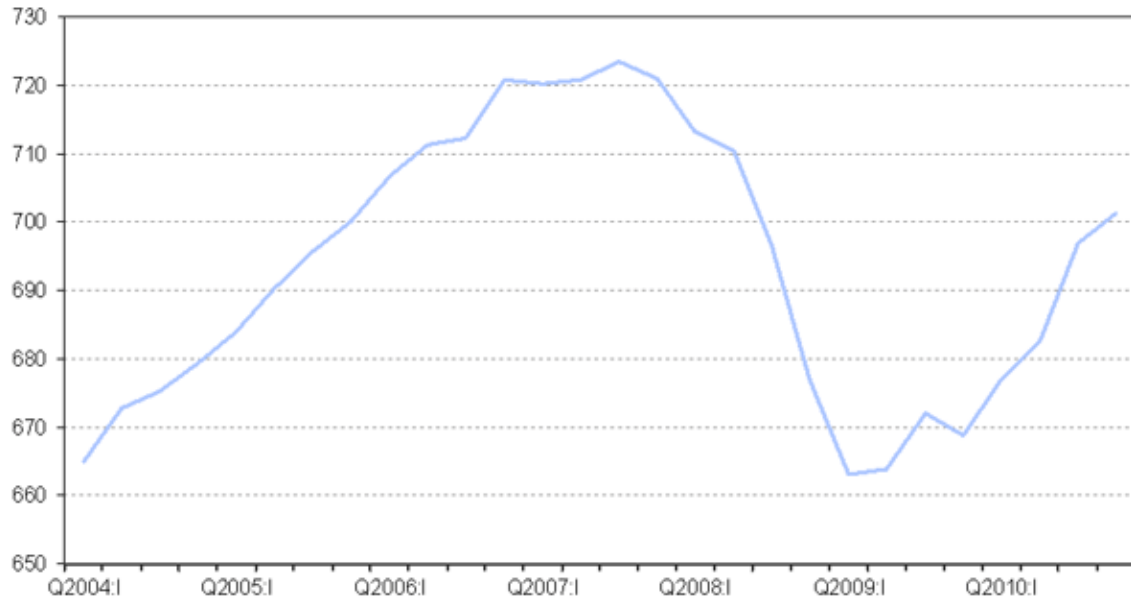
Travel and Tourism Satellite Accounts, 4th quarter and annual 2010

Real spending on travel and tourism increased at an annual rate of 2.5 percent in the fourth quarter of 2010, following an increase of 8.6 percent (revised) in the third quarter of 2010. By comparison, real gross domestic product (GDP) increased 2.8 percent (second estimate) in the fourth quarter, after increasing 2.6 percent in the third quarter. Overall growth in prices for travel and tourism goods and services accelerated, increasing 3.4 percent in the fourth quarter of 2010 following a 0.2 percent (revised) increase in the third quarter. The slowdown in real spending on tourism mainly reflected a deceleration in international air transportation, primarily due to a strong upturn in prices and a slowdown in revenue; airlines imposed higher surcharges to recover increased fuel costs.

Real travel and tourism spending turned up in 2010, increasing 3.4 percent (that is, from the 2009 annual level to the 2010 annual level), after two consecutive years of decline. Overall price growth for travel and tourism goods and services increased 3.9 percent in 2010 after a decrease of 4.3 percent in 2009.

Billions of chained
(2005) dollars

Chart 1. Real Tourism Spending

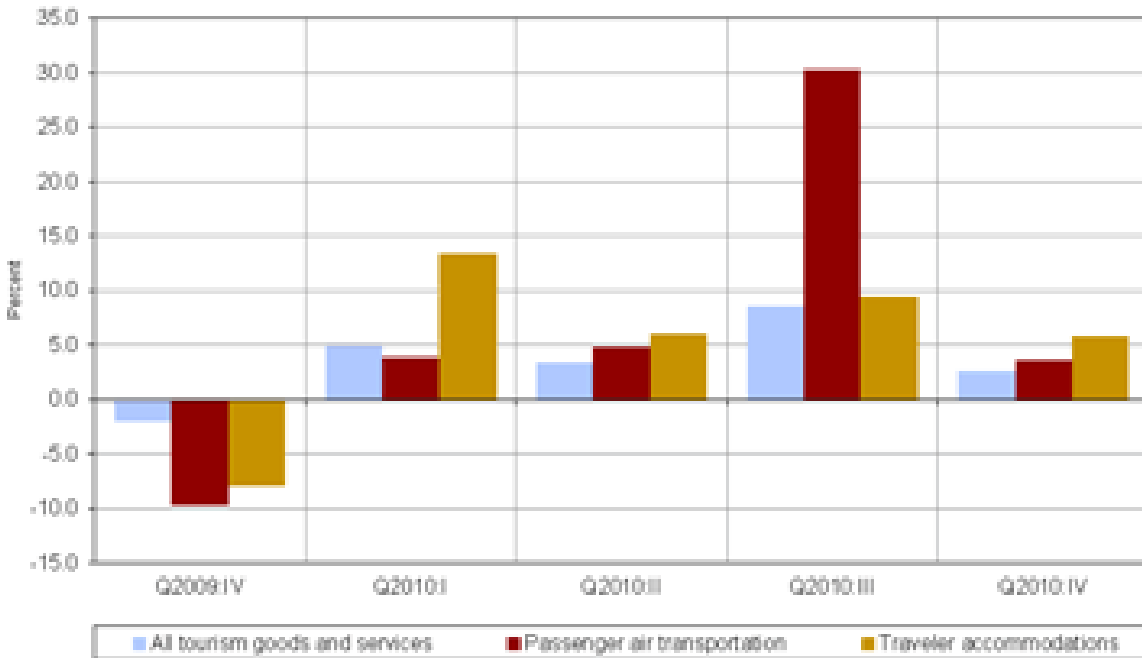


U.S. Bureau of Economic Analysis

Direct tourism-related employment was unchanged in the fourth quarter of 2010, after increasing 0.6 percent (revised) in the third quarter. By comparison, overall U.S. employment increased 0.7 percent in the fourth quarter of 2010 after decreasing 0.2 percent in the third quarter. For the year 2010, direct tourism-related employment decreased 1.0 percent after decreasing 5.0 percent in 2009.

Real Tourism Spending. Real spending on passenger air transportation decelerated, increasing 3.6 percent in the fourth quarter of 2010 after increasing 30.2 percent in the third quarter. This slowdown reflected an upturn in prices. Prices declined in the third quarter, primarily on international flights. Real spending on traveler accommodations increased 5.8 percent in the fourth quarter after increasing 9.4 percent in the third quarter. Though occupancy was strong, room rates declined in the fourth quarter.

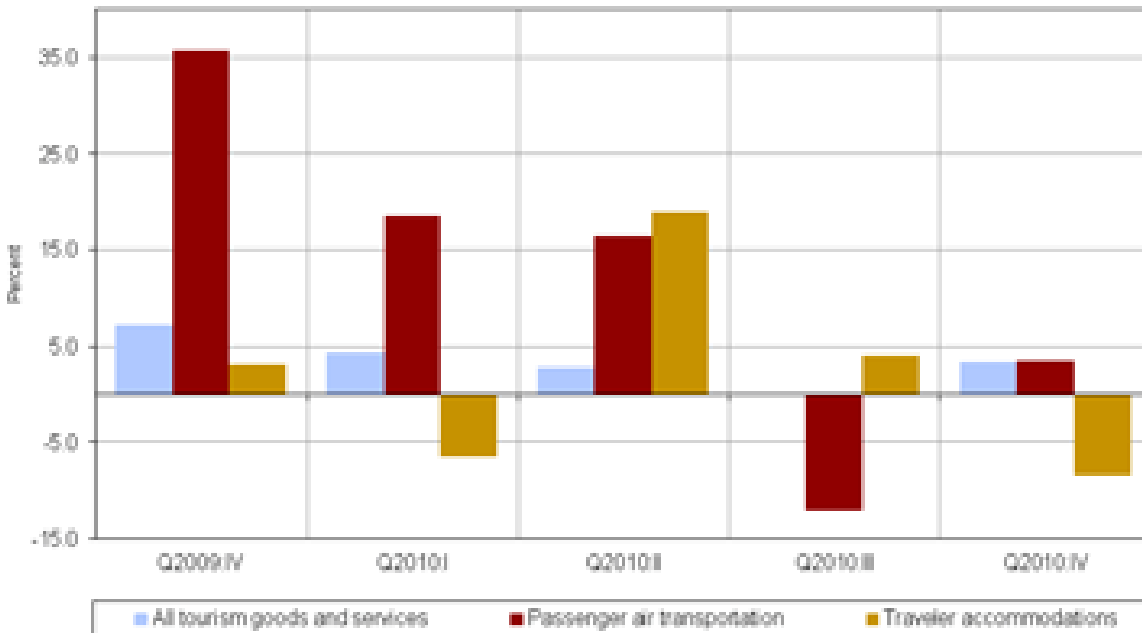
Chart 2. Quarterly Growth in Real Tourism Spending



U.S. Bureau of Economic Analysis

Tourism Prices. Prices for passenger air transportation turned up, increasing 3.6 percent in the fourth quarter after decreasing 12.0 percent in the third quarter. International passengers paid nearly ten percent more in the fourth quarter as carriers began increasing fuel surcharges to offset rising fuel costs. Prices for traveler accommodations turned down, decreasing 8.2 percent in the fourth quarter after increasing 4.0 percent in the third quarter. Group rates negotiated during the recession, remained a hurdle to raising rates.

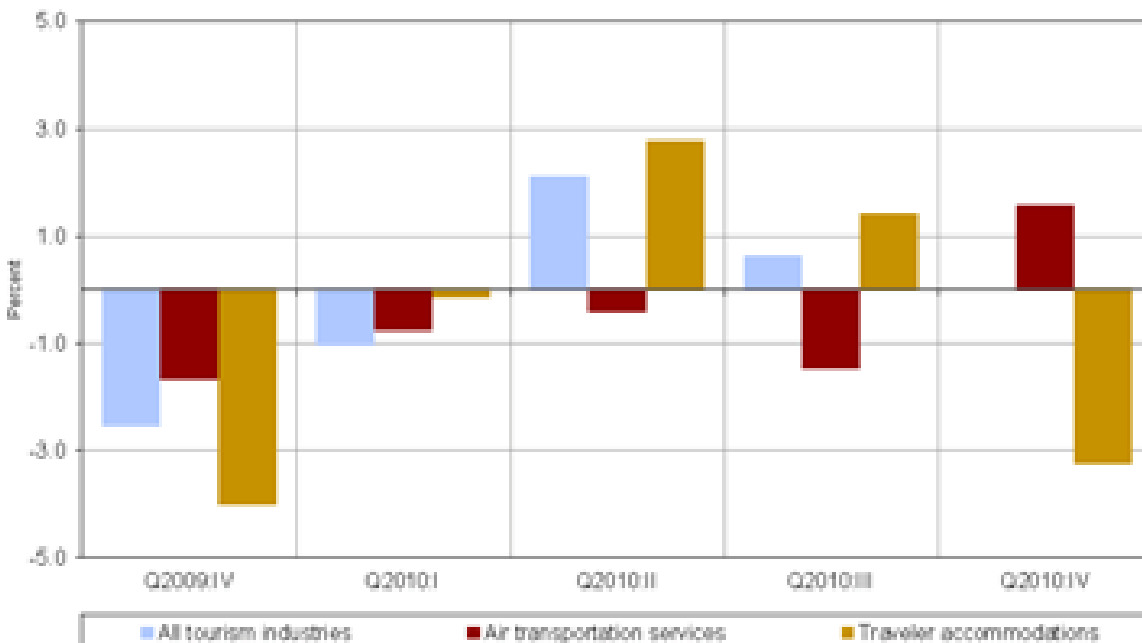
Chart 3. Quarterly Growth in Tourism Prices



U.S. Bureau of Economic Analysis

Tourism Employment. Employment in air transportation services increased 1.6 percent in the fourth quarter. This increase was offset by decreases in traveler accommodations of 3.3 percent and recreation and entertainment of 5.2 percent.

Chart 4. Quarterly Growth in Tourism Employment



U.S. Bureau of Economic Analysis

Total Tourism-Related Spending. The U.S. production generated by tourism spending not only includes the goods and services that are purchased directly, but also the inputs used to produce these goods and services indirect tourism-related spending. In the fourth quarter of 2010, total current-dollar tourism-related spending was \$1.4 trillion and consisted of \$802.8 billion (59 percent) of direct tourism spending goods and services sold directly to visitors and \$558.2 billion (41 percent) of indirect tourism-related spending goods and services used to produce what visitors buy.

Total Tourism-Related Employment. In the fourth quarter of 2010, total tourism-related employment was 7.7 million and consisted of 5.5 million (71 percent) direct tourism jobs jobs where workers produce goods and services sold directly to visitors and 2.2 million (29 percent) indirect tourism-related jobs jobs where workers produce goods and services used to produce what visitors buy.

Definitions

Tourism spending. Tourism spending comprises all goods and services purchased by tourists (defined as people who travel for any reason). In the following tables, tourism spending is referred to as direct tourism output.

Indirect tourism-related spending. Indirect tourism-related spending comprises all output used as inputs in the process of producing direct tourism output (e.g., toiletries for hotel guests and the plastic used to produce souvenir key chains).

Total tourism-related spending. Total tourism-related spending is the sum of direct tourism spending and indirect tourism-related spending.

Direct tourism employment. Direct tourism employment comprises all jobs where the workers are engaged in the production of direct tourism output (such as hotel staff, airline pilots, and souvenir sellers).

Indirect tourism-related employment. Indirect tourism-related employment comprises all jobs where the workers are engaged in the production of indirect tourism-related output (e.g., employees of companies that produce toiletries for hotel guests and the plastic used to produce souvenir key chains).

Total tourism-related employment. Total tourism-related employment is the sum of direct tourism employment and indirect tourism-related employment.

These statistics are from BEA's Travel and Tourism Satellite Accounts (TTSAs), which are supported by funding from the Office of Travel and Tourism Industries, International Trade Administration, U.S. Department of Commerce. The current-price statistics of direct tourism output were derived from BEA's annual TTSAs (revised in

November 2010) and from current-price quarterly statistics of personal consumption expenditures from the National Income and Product Accounts (NIPAs). The real statistics of direct tourism output were developed using price indexes from the Bureau of Labor Statistics (BLS) and real quarterly statistics of personal consumption expenditures from the NIPAs. The statistics of direct tourism employment were derived from the annual TTSA's (revised in November 2010) from BEA, the Quarterly Census of Employment and Wages (QCEW), and Current Employment Statistics (CES) from BLS.

Quarterly statistics are seasonally adjusted and expressed at annual rates, unless otherwise specified. Percent changes are calculated from unrounded data and annualized. Real values are in chained (2005) dollars. Price indexes are chain-type measures. Growth in overall U.S. employment is calculated using BLS total nonfarm employment from Current Employment Statistics, www.bls.gov/ces/home.htm#data.

The quarterly statistics released on December 20, 2010 reflect the comprehensive revision of the annual travel and tourism statistics released in November 2010 and replace prior quarterly statistics of travel and tourism.

Major changes introduced with this comprehensive revision include the following:

- The results of the 2010 comprehensive revision of the annual industry accounts.

- The results of the 2002 benchmark input-output (I-O) accounts.

- The results of the 2009 comprehensive revision of the national income and product accounts.

- New employment multipliers from BEA's Regional Input-Output Modeling System II (RIMS II) program.

- New data on travel expenditures by consumers, government, and business from the BLS Consumer Expenditure Survey and a private travel research firm.

See the following articles for further information:

Matthew M. Donahoe, Edward T. Morgan, Kevin J. Muck, and Ricky L. Stewart, Annual Industry Accounts: Revised Statistics for 1998-2008 and Comprehensive Revision, *Survey of Current Business* 90 (June 2010): 1429.

Steven L. Zemanek and Stanislaw J. Rzeznik, U.S. Travel and Tourism Satellite Accounts for 2004-2009, *Survey of Current Business* 90 (November 2010): 31-44.