



Thriving, Diverse and Sustainable Economy *Business*

Tourism and Hospitality

What are the Most Important Goals?

- *Informed populace*
- *Visionary leaders*
- *Engaged institutions*
- *Accessible services*
- *Creative economy*
- *Directed growth*
- *Valued ecosystems*
- *Integrated infrastructure*

What is this Indicator?

Tourism is a significant segment of the Cape's employment and economy. It affects our community character and our natural resources. This indicator examines the economic impact of the tourism industry on Cape Cod by measuring the number of visitors to Cape Cod, how much in taxes and direct spending visitors generate, and how many jobs are sustained by the industry.

A tourist is defined as anyone who visits a community from any distance and for any length of time. However, national organizations measuring tourism analyze those who travel at least 50 miles or spend more than one night away from home. A tourist is not a second-homeowner, as their travel and spending patterns differ.

The tourism industry includes parts of eight major Standard Industrial Classification (SIC) codes or employment groups: general merchandise stores, food stores, apparel and accessories, eating and drinking places, miscellaneous retail, hotels and other lodging places, amusement and recreation services, and arts and cultural facilities.

Why is this Indicator Important?

Tourism reflects the image, attractiveness and health of the Cape Cod community more than other segments of the economy. It is purported to be a barometer of our well-being. Visitors are drawn by the region's character, its attractions, events, restaurants, and most emphatically, its natural beauty.

The Cape's tourism and hospitality industry accounts for 23.1% of the regional employment and may account for a greater amount of economic activity. Visitors help pay to maintain the Cape's natural beauty and support its tourism assets. Four percent of the 9.7% room-occupancy taxes support the towns' annual operating budgets. Visitor spending also has a multiplier effect as dollars are infused through the local economy by the employers' and employees' spending for local goods and services.

Tourism is also important because of its negative impacts on traffic congestion, parks and beaches, seasonal wages, and wastewater generation. As an internationally-recognized vacation destination, Cape Cod must look for ways to minimize the strain on its natural and human resources.

What Can We Do?

■ **Individuals:**

- Support local and regional environmental protection efforts.
- Support arts, culture and local artists on a year-round basis.
- Ask visiting friends and relatives to use public transportation to and around Cape Cod.
- Support locally-owned businesses which create a unique community character and sustain year-round jobs.

■ **Communities:**

- Strengthen architectural guidelines that retain community character.
- Promote and encourage residential and business zoning that improves aesthetics and promotes village-style development.
- Support Main Streets and downtown areas with a mix of housing and retail service uses and transit connections.
- Enable businesses to provide affordable seasonal housing.
- Support shuttles to beaches, and educate residents and guests about the beach environment.

■ **Decision-makers:**

- Diversify the Cape's economy to offer more year-round employment that pays a living wage and places less reliance on a migrant workforce.
- Support high-speed internet access and telecommunications across the region to support a high-tech economy.
- Promote Cape Cod to visitors and encourage travel in the non-summer months to reduce impacts on roadways and increase tourism-related year-round employment.

Analysis of Data

The Cape & Islands Workforce Investment Board reported that of the 24 largest industries by employment, the first-, third-, fourth- and fifth-ranked industries were related to tourism.

Cape and Islands Region Largest Industries by Employment: 2000

SIC	Industry Name	Employment 2000	% of Total Employment 2000	Rank Code
58	Eating and Drinking Places	12,922	12.7%	#1
59	Miscellaneous Retail	5,223	5.2%	#3
54	Food Stores	5,122	5.1%	#4
70	Hotels and Other Lodging	4,735	4.7%	#5
79	Amusement and Recreation	1,914	1.9%	#12
56	Apparel and Accessory Stores	1,841	1.8%	#13
53	General Merchandise Stores	1,475	1.5%	#18

Source: Massachusetts Division of Employment and Training ES-202

Tracking of data in these SIC codes will analyze the shift toward more year-round employment in other sectors, or growth in this tourism cluster.

Percent Employment Within Tourism-Related Cluster

SIC Code	Cape and Islands	Massachusetts
Eating and Drinking Establishments (SIC 58)	40.9%	41.6%
Hotels and Other Lodging (SIC 70)	20.3%	10.0%
Miscellaneous Retail (SIC 59)	16.7%	19.7%
Amusement and Recreation (SIC 79)	8.3%	9.5%
Food Stores (SIC 54)	8.0%	9.3%
Apparel and Accessory Stores (SIC 56)	2.9%	3.9%
General Merchandise Stores (SIC 53)	2.1%	4.5%
Museums, Galleries, Gardens (SIC 84)	0.8%	1.4%

The tourism and hospitality cluster accounts for 23.1% of the region's total employment, or 23,419 jobs (ES-202 2000). This is a decline from 23.5% of the region's total employment in 1997. This decline highlights a trend that has occurred over the past few years as efforts have been made to diversify the region's economy, although tourism was also slowing as the United States economy was slowing in 2000 and slumped into recession in March of 2001.

Sustainability is about change. And “sustainable development” is the phrase that describes the kind of change we seek to support. Sustainable development in cities, companies, communities, government agencies, organizations of all kinds.

—Alan AtKisson

Wage Data/Temporary Foreign Workers

In 2000, the annual average wage in the hospitality cluster was \$18,607, which is 5.7% lower than the average hospitality wage statewide (\$19,734) and 37.3% lower than the average annual wage for all industries in the Cape and Islands (\$29,869). Real wages in the hospitality industry increased by 6.8% from 1997 to 2000 and increased by 10.7% statewide.

The calculation of average annual wages in tourism-oriented jobs is affected by the seasonal nature of the business. Many of the seasonal and low-wage jobs are filled by students and temporary foreign workers, who migrate to the Cape during the tourism season, specifically for temporary employment. Many seasonal jobs are also held by second-job workers, homemakers and retirees, who supplement family income by working only during the resort season. With a growing older demographic on Cape Cod, and the lack of affordable housing squeezing younger working families out of the region, the industry has become more dependant upon foreign temporary workers.

It is estimated that Cape Cod’s hospitality industry accounts for approximately 15% of all H2B visa temporary workers admitted to the United States each year, and that foreign college student workers (on J1 visas) account for about 5.2% of the Cape’s seasonal workforce (Barrow and Borges 2000).

Domestic Visitor Profile

Annual Person Trips:	4,700,000 (including the Islands)
Market Share:	19% of all 1999-2000 domestic travel to Massachusetts

Clearly, Cape Cod remains a major tourist attraction, due in large part to its attractive and accessible beaches. The primary mode of travel, however, remains the automobile. This can have a dramatic impact on traffic. Because the preservation of Cape Cod’s natural beauty is tantamount to a successful tourism industry, alternative forms of transportation must be encouraged in order to reduce traffic congestion. The region must also manage the impacts of travelers using the Cape to access Martha’s Vineyard or Nantucket.

Room Occupancy Tax Receipts for Barnstable County

Calendar Year	Local and State Share
1999	\$19,877,562
2000	\$21,106,871
2001	\$20,528,071
2002	\$21,522,918

After all, the men and women of every generation must share the same earth—the only earth we have—and so we also share a responsibility to ensure that what one generation call the future will be able to mature safely into what another generation will call the present.

—Al Gore

The current rooms tax rate is 9.7%, of which 4% is retained by the town in which the tax was collected. The substantial drop in revenues in 2001 can be explained in part by the terrorist attack of September 11, 2001.

What Connections Does this Indicator Have?

■ *Economic*

Visitor spending supports local businesses, artisans and cultural institutions. Tourists stay briefly and then leave to be replaced by other visitors, using the same infrastructure. They do not add to the permanent population base but they can put a strain on existing infrastructure, which may be inadequate to serve them. Tourists require a seasonal migrant workforce to serve them. If a mix of domestic and international visitors is encouraged, a sustainable, year-round tourism industry could be expanded, helping fill the 19,000 bedrooms available on Cape Cod in other seasons. By encouraging visits all year round, jobs become less seasonal and thereby more attractive for year-round residents. The demand on existing infrastructure and services, however, would increase, and may need to be expanded to accommodate future growth in tourism.

■ *Environmental*

Cape Cod's large tourism industry is sustained by the natural resources and community character that bring people to Cape Cod - such as our beaches, oceans and lakes, and human-scale architecture. If we diminish these natural and historic resources, we may sacrifice the very things that make Cape Cod a desirable place for visitors and residents. Measures are needed to accommodate visitors more efficiently; encourage use of public transportation; promote travel in months when the summer homeowner is not in residence; protect fragile coastal environments from pollution and erosion; and preserve open vistas and use water more efficiently, so that we can reduce the burden on our natural resources and infrastructure.

■ *Social*

The very things that bring visitors to Cape Cod also make it a desirable place to live - mild weather, historic character, beaches, recreational activities, and natural environment. However, many residents feel they compete with visitors for the enjoyment of the Cape's attractions, giving way to negative sentiment about the tourist industry. During the summer season, there tends to be full employment, requiring migrant workers. This can create competition between residents and migrant workers for both jobs and scarce housing. In the off-season, unemployment spikes, as do problems with domestic violence, drug and alcohol abuse, and greater use of social services. The lack of multi-family housing squeezes the younger working families out of the housing market and, consequently, the workforce, thereby creating a need to import temporary workers.