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Travel and tourism ROI – Looking beyond the tip of the iceberg

Defending investments in travel and tourism is especially critical in times of an economic recession. At the state level, travel and tourism ROI is generally measured as advertising purchased by tax dollars and what additional taxes are returned to the state's treasury. Communities tend to look at local tax revenues and hotel room bookings as their standard method of determining the success of a travel and tourism program. The State of Texas, for example, generally shows \$10 to \$16 in ROI for each dollar spent on tourism advertising. It may not seem like a big deal until you look at comparing a 10 to 1 return (1,000 percent) to what you would get through other investments. Investments in the money market, S&P 500 or NASDAQ all pale by comparison. Whether it is a state tourism office or a local destination marketing organization, the results are almost always well in excess of a 1 to 1 return. But this ROI is actually only the tip of the iceberg. There are other benefits from travel and tourism "below the waterline".

Travel and tourism create jobs directly and indirectly but their impacts are even more profound. Many teenagers develop their work ethic in an establishment aligned to the travel industry. Whether lifelong careers or summer jobs, this employment yields big benefits for other businesses and entire communities. Travel and tourism encourage entrepreneurial ventures. Indeed, ninety-seven percent of the businesses in travel and tourism in the U.S. are small and constitute the proverbial backbone of Main Street USA. Travel and tourism attract businesses and help diversify economies. Many businesses consider the entertainment, culture, restaurants, hotels and services that are important to the "quality of life" of their

employees when they consider moving their headquarters or building a new plant. All this makes travel and tourism the front door for economic development.

Increasingly considered but still undervalued is the benefit of travel and tourism for a destination's residents beyond economic impact. Travel and tourism provide stimuli for urban and neighborhood revitalization, generate pride and enthusiasm in local residents, encourage historic preservation, improve the image of a community, create social activities for the public, aid in protecting natural resources and help develop interpersonal skills and cross-cultural competencies. Travel and tourism-related benefits also include enhancements in local infrastructure, higher real estate values, and reductions in taxes paid by existing residents. It is important to communicate this "iceberg model" of travel and tourism to various stakeholders. When budget competition increases, it is ever more necessary to tell a story of travel and tourism ROI which draws attention to the benefits "below the water line".