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TOTAL TOURISM-RELATED SALES GREW 5.3 PERCENT IN SECOND QUARTER 2004

Total sales of tourism-related goods and services grew at a seasonally adjusted annual rate of 5.3 percent in the second quarter of 2004 to \$965.0 billion, according to preliminary estimates of the U.S. Bureau of Economic Analysis. In the first quarter of 2004, total tourism sales grew 10.9 percent (revised).

Direct tourism sales – goods and services sold directly to visitors – accounted for \$546.4 billion of the total. Another \$418.6 billion was derived from indirect tourism sales -- those things used to produce the goods and services visitors buy. Direct tourism-related employment grew by 8.9 thousand employees (seasonally adjusted at annual rates) in the first quarter 2004.

Other highlights of the release include:

- Direct tourism-related sales increased 5.6 percent, \$7.4 billion at an annual rate, in the second quarter of 2004.
- Over one-third of this increase was due to growth in passenger air transportation, which increased 11.4 percent to \$95.5 billion.
- Hotel and other traveler accommodations grew 7.9 percent to \$85.0 billion.
- All other transportation-related goods and services rose 6.8 percent to \$109.6 billion.

Total tourism-related sales of goods and services is the key indicator of the travel and tourism satellite accounts (TTSA) now being used. Today's figure includes, for the first time, estimates of the sales of goods and services to visitors from all industries, instead of the sales from tourism industries only. As a result, this indicator better targets the TTSA by providing more information on what travelers are purchasing.

Estimates of tourism-related employment are also presented for the first time. The biggest growth in direct tourism employment in the first quarter of 2004 occurred in the food services and drinking places industry. An increase of 7,000 jobs there accounted for 79 percent

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of the total growth in direct tourism-related employment. Over the same period, 1,800 jobs and 1,900 jobs were added, respectively, in the recreation and entertainment and air transportation industries. Direct tourism employment in all other transportation-related industries fell by 2,500 jobs. In the fourth quarter of 2003, direct tourism employment grew 1.9 percent.

With this release of the TTSA's, BEA has completed an important step in improving the accuracy of its industry data. This step introduces the first set of quarterly TTSA's that are based on a new more accurate methodology that is directly linked to the annual TTSA's (see box below).

The new linkage of the quarterly updates to BEA's annual TTSA's has made it possible to expand the scope of the data presented in this release. Future quarterly updates will benefit from the time-series consistency the revised annual TTSA's offer because of their direct linkage to the recently integrated annual industry accounts. The September 2004 issue of the Survey of Current Business will present an article describing the revised annual TTSA's, including greater detail on the improvements to the accounts.

The revised annual TTSA's for 1998-2003 are available at BEA's Web site <www.bea.gov>. Sales of goods and services to visitors are higher for all years due to changes in both source data and methodology; however, these revisions do not change the overall trends in sales. As the result of these changes, total tourism sales for 2002 were \$120 billion higher than BEA's prior estimates, of which:

- \$85 billion was accounted for by more complete coverage of tourism purchases, such as automotive repair services purchased by travelers.
- \$22 billion was accounted for by new and updated measures of tourism's share of industry sales, in particular for purchases of both gasoline and nondurable goods.
- \$13 billion was accounted for by incorporating revisions to industry sales.

BEA's estimates of tourism-related sales include figures for both "direct" and "indirect" sales. Direct tourism-related sales comprise all output consumed directly by visitors (e.g., traveler accommodations, passenger air transportation, souvenirs); indirect tourism-related sales comprise all output used as inputs in the process of producing direct tourism-related output (e.g., toiletries for hotel guests, the various ingredients used to make the meals served airline passengers, and the plastic used to produce souvenir key chains). Indirect sales were estimated using commodity-by-commodity total requirements coefficients from BEA's annual input-output accounts.

BEA's estimates of tourism-related employment measure "direct" tourism-related employment. Direct tourism-related employment comprises all jobs where the workers are engaged in the production of direct tourism-related output (e.g., hotel staff, airline pilots, and souvenir sellers).

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Next release – Travel and Tourism Activity for third quarter 2004 will be released December 20, 2004 at 8:30 a.m. EST.

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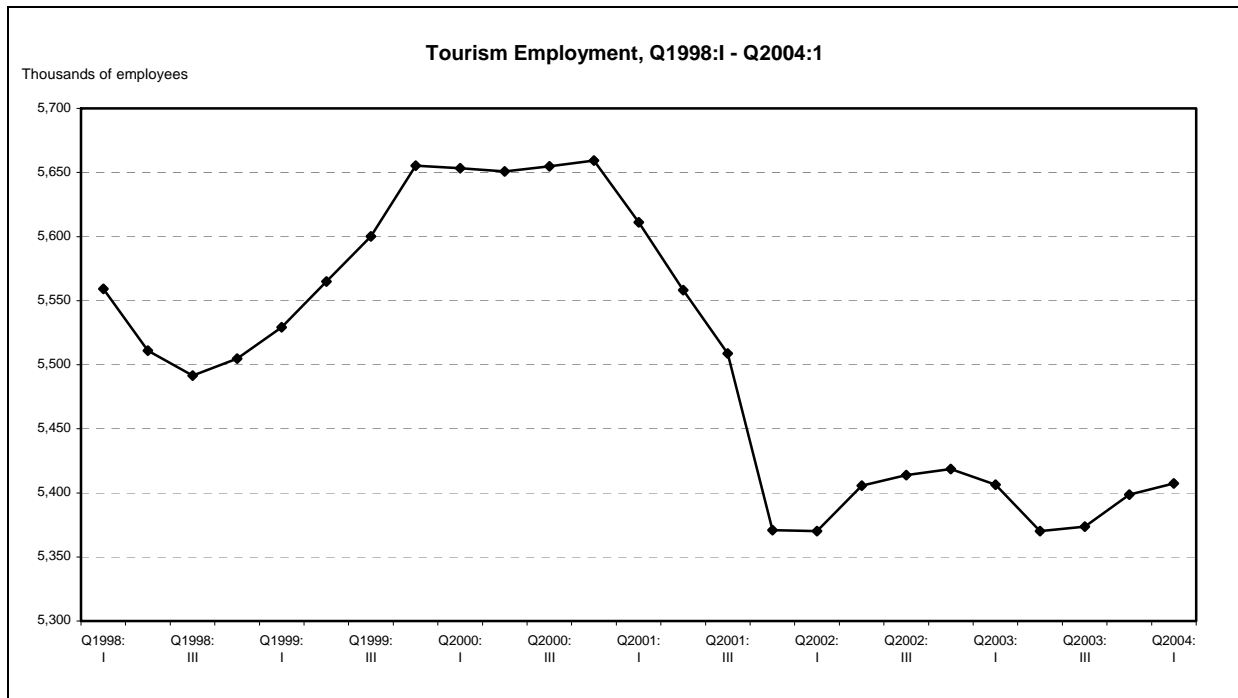
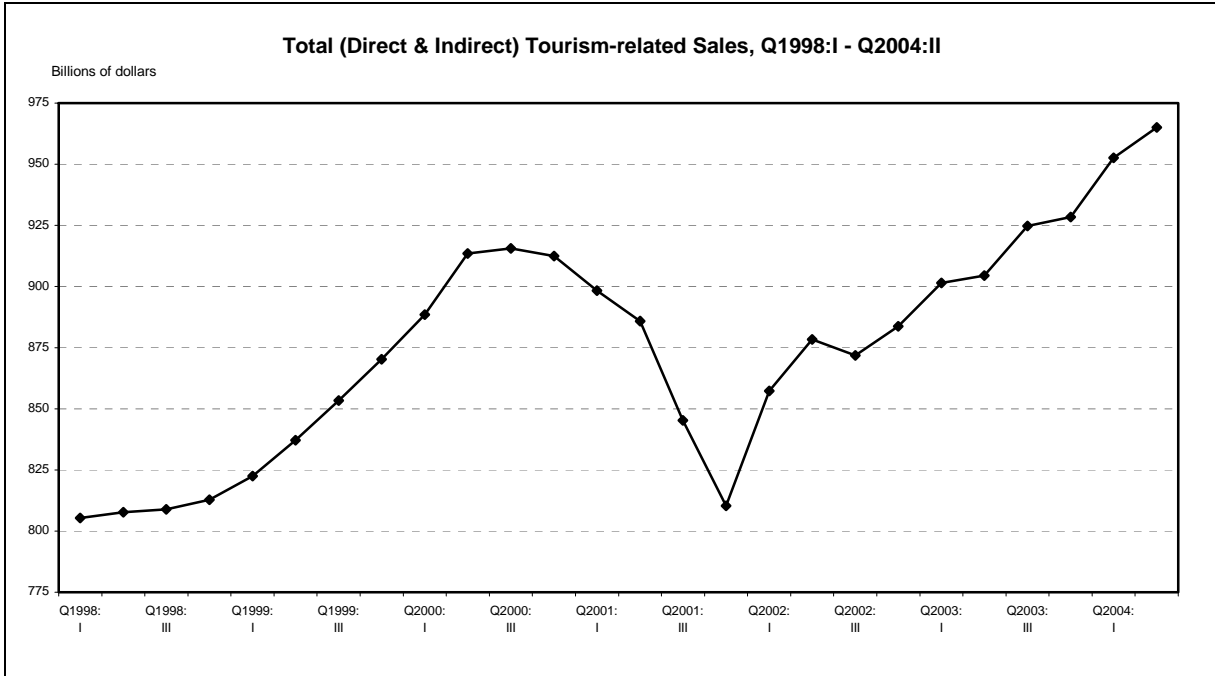


Table 1. Percent Change in Direct Tourism-related Sales of Tourism Commodities, Q2001:II - Q2004:II

Tourism commodity group	Seasonally adjusted at annual rates															
	2001	2002	2003	Q2001: II	Q2001: III	Q2001: IV	Q2002: I	Q2002: II	Q2002: III	Q2002: IV	Q2003: I	Q2003: II	Q2003: III	Q2003: IV	Q2004: I	Q2004: II
Traveler accommodations	-7.3	0.7	0.6	-12.0	-25.0	-20.4	36.9	15.0	-5.1	-5.0	4.4	-0.9	9.6	-10.4	7.3	7.9
Passenger air transportation	-13.3	-6.0	7.8	-5.2	-43.9	-48.4	67.8	18.1	-17.5	16.3	16.0	3.2	14.8	-0.3	14.6	11.4
All other transportation-related commodities	-0.4	1.1	3.1	2.4	-15.5	-17.2	19.1	13.7	-3.4	4.9	12.7	-10.1	7.7	-1.4	7.8	6.8
Food services and drinking places	-2.5	6.0	7.0	-8.4	4.0	3.8	15.4	5.0	3.3	4.6	5.6	10.5	9.5	13.1	12.1	3.1
Recreation and entertainment	2.1	7.1	5.6	-2.4	-5.5	2.2	20.3	7.4	7.5	6.3	3.1	8.1	3.9	3.5	16.7	-0.1
Shopping	-7.3	1.7	4.3	-7.5	-5.4	-0.7	8.7	3.3	0.1	5.7	5.7	1.7	8.5	3.0	7.3	3.5
<i>All tourism commodities</i>	-5.2	1.4	4.6	-5.5	-17.9	-16.3	26.3	10.6	-3.2	5.2	8.2	1.2	9.1	1.1	10.7	5.6

Source: Bureau of Economic Analysis

Table 2. Direct Tourism-related Sales of Tourism Commodities, Q2001:1 - Q2004:II

[Millions of dollars]

Tourism commodity group	Seasonally adjusted at annual rates																
	2001	2002	2003	Q2001: I	Q2001: II	Q2001: III	Q2001: IV	Q2002: I	Q2002: II	Q2002: III	Q2002: IV	Q2003: I	Q2003: II	Q2003: III	Q2003: IV	Q2004: I	Q2004: II
Traveler accommodations	81,709.3	82,245.8	82,749.2	87,833.6	85,060.0	79,163.2	74,780.4	80,895.2	83,768.6	82,688.7	81,630.5	82,510.6	82,316.8	84,222.9	81,946.5	83,407.1	85,005.1
Passenger air transportation	87,094.7	81,872.4	88,227.6	97,731.3	96,439.7	83,472.4	70,735.5	80,507.3	83,924.8	79,987.5	83,070.0	86,205.2	86,893.6	89,944.9	89,866.5	92,974.8	95,514.4
All other transportation-related commodities	101,480.8	102,601.8	105,817.3	104,339.6	104,958.6	100,630.5	95,994.6	100,286.2	103,558.2	102,662.2	103,900.8	107,042.2	104,235.7	106,177.3	105,813.9	107,828.3	109,620.1
Food services and drinking places	80,874.0	85,746.2	91,719.7	81,623.6	79,843.0	80,636.6	81,392.6	84,366.0	85,411.3	86,112.1	87,095.4	88,285.1	90,513.1	92,589.5	95,491.1	98,255.9	99,019.3
Recreation and entertainment	60,626.0	64,901.7	68,518.3	61,249.9	60,874.7	60,026.5	60,352.7	63,204.0	64,347.7	65,520.3	66,534.9	67,048.7	68,367.8	69,026.5	69,630.0	72,365.2	72,351.1
Shopping	76,697.4	78,033.5	81,354.6	78,407.3	76,884.6	75,819.7	75,678.0	77,275.6	77,906.8	77,933.3	79,018.1	80,119.8	80,457.3	82,119.7	82,721.8	84,195.0	84,928.6
<i>All tourism commodities</i>	488,482.1	495,401.4	518,386.7	511,185.2	504,060.5	479,749.0	458,933.8	486,534.3	498,917.4	494,904.1	501,249.7	511,211.8	512,784.3	524,080.8	525,469.8	539,026.2	546,438.5

Source: Bureau of Economic Analysis

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Table 3. Total (Direct & Indirect) Tourism-related Sales of Tourism Commodities, Q2001:I - Q2004:II

[Millions of dollars]

Tourism commodity group	Seasonally adjusted at annual rates																
	2001	2002	2003	Q2001: I	Q2001: II	Q2001: III	Q2001: IV	Q2002: I	Q2002: II	Q2002: III	Q2002: IV	Q2003: I	Q2003: II	Q2003: III	Q2003: IV	Q2004: I	Q2004: II
Traveler accommodations	124,668.4	125,486.9	126,255.1	134,012.6	129,780.8	120,783.7	114,096.6	123,426.3	127,810.5	126,162.8	124,548.2	125,891.1	125,595.3	128,503.5	125,030.3	127,258.9	129,697.0
Passenger air transportation	147,607.5	138,756.8	149,527.5	165,634.3	163,445.3	141,468.5	119,882.0	136,443.3	142,235.2	135,562.2	140,786.5	146,100.0	147,266.7	152,438.0	152,305.2	157,573.0	161,877.1
All other transportation-related commodities	170,855.5	172,507.0	178,468.2	175,780.3	176,983.7	169,513.6	161,144.2	168,420.0	174,108.6	172,571.7	174,927.6	180,606.0	175,610.1	179,112.6	178,544.3	182,275.7	185,259.1
Food services and drinking places	154,240.3	163,532.5	174,925.0	155,669.9	152,274.1	153,787.7	155,229.4	160,900.2	162,893.8	164,230.3	166,105.6	168,374.7	172,623.8	176,583.9	182,117.7	187,390.5	188,846.6
Recreation and entertainment	102,318.6	109,538.6	115,575.0	103,388.7	102,722.5	101,293.3	101,870.0	106,680.6	108,618.1	110,530.3	112,325.4	113,113.3	115,319.3	116,424.7	117,442.6	121,994.9	122,016.1
Shopping	160,268.2	163,060.1	170,000.1	163,841.2	160,659.3	158,434.2	158,138.1	161,487.9	162,801.9	162,847.6	165,102.9	167,351.3	168,082.1	171,610.7	172,956.2	176,158.5	177,348.4
<i>All tourism commodities</i>	<i>859,958.5</i>	<i>872,881.9</i>	<i>914,750.8</i>	<i>898,327.0</i>	<i>885,865.7</i>	<i>845,280.9</i>	<i>810,360.2</i>	<i>857,358.4</i>	<i>878,467.9</i>	<i>871,904.9</i>	<i>883,796.2</i>	<i>901,436.3</i>	<i>904,497.4</i>	<i>924,673.3</i>	<i>928,396.3</i>	<i>952,651.6</i>	<i>965,044.1</i>
<i>Percent change at annual rate</i>		1.5	4.8		-5.4	-17.1	-15.5	25.3	10.2	-3.0	5.6	8.2	1.4	9.2	1.6	10.9	5.3

Source: Bureau of Economic Analysis

Table 4. Percent Change in Tourism Employment, Q2001:II - Q2004:I

Tourism Industry Group	Seasonally adjusted at annual rates														
	2001	2002	2003	Q2001: II	Q2001: III	Q2001: IV	Q2002: I	Q2002: II	Q2002: III	Q2002: IV	Q2003: I	Q2003: II	Q2003: III	Q2003: IV	Q2004: I
Traveler accommodations	-2.6	-3.8	0.3	-4.9	-4.3	-16.9	-0.8	3.9	-0.1	0.1	2.0	-4.4	1.3	3.1	0.2
Air transportation	-0.7	-8.6	-5.2	-2.8	-3.9	-22.8	-14.9	4.0	0.0	-1.9	-7.3	-12.2	-7.1	-0.7	1.5
All other transportation-related industries	-0.6	-5.1	-3.0	-0.4	-3.4	-15.1	-4.3	-1.3	-1.8	-1.9	-4.5	-4.4	-3.0	0.8	-1.6
Food services and drinking places	-3.9	2.8	1.8	-3.6	-1.9	0.2	7.4	5.0	3.1	2.4	-0.2	1.2	2.8	2.5	1.7
Recreation and entertainment	1.0	0.3	1.6	-2.1	-2.3	-1.5	2.7	0.7	0.8	2.1	2.6	-0.1	2.0	2.6	1.2
Shopping	-6.1	-2.8	-1.4	-7.7	-6.7	-5.3	-0.5	-0.4	-1.3	-2.0	-2.5	-1.0	-0.3	0.4	-0.2
All other industries	-2.4	-1.0	-0.5	-4.1	-3.9	-3.2	1.2	0.4	-0.1	0.0	-1.0	-0.9	-0.9	0.5	0.7
<i>All tourism industries</i>	<i>-2.5</i>	<i>-2.0</i>	<i>-0.3</i>	<i>-3.7</i>	<i>-3.5</i>	<i>-9.6</i>	<i>-0.1</i>	<i>2.7</i>	<i>0.6</i>	<i>0.3</i>	<i>-0.9</i>	<i>-2.7</i>	<i>0.3</i>	<i>1.9</i>	<i>0.7</i>

Source: Bureau of Economic Analysis

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Table 5. Tourism Employment, Q2001:I - Q2004:I

[Thousands of employees]

Tourism Industry Group	Seasonally adjusted at annual rates															
	2001	2002	2003	Q2001: I	Q2001: II	Q2001: III	Q2001: IV	Q2002: I	Q2002: II	Q2002: III	Q2002: IV	Q2003: I	Q2003: II	Q2003: III	Q2003: IV	Q2004: I
Traveler accommodations	1359.2	1307.6	1311.0	1395.4	1377.9	1362.7	1300.9	1298.3	1310.9	1310.4	1310.9	1317.3	1302.7	1307.0	1317.1	1317.7
Air transportation	595.4	544.3	515.7	611.1	606.8	600.8	563.1	540.9	546.2	546.3	543.7	533.5	516.4	507.0	506.0	507.9
All other transportation-related industries	699.7	664.0	644.3	710.3	709.6	703.4	675.3	667.9	665.8	662.8	659.5	651.9	644.6	639.7	641.0	638.5
Food services and drinking places	1544.6	1588.5	1617.5	1558.6	1544.5	1537.2	1538.0	1565.7	1584.8	1597.1	1606.6	1605.9	1610.6	1621.8	1631.8	1638.8
Recreation and entertainment	590.4	592.2	601.5	595.1	591.9	588.4	586.2	590.1	591.1	592.2	595.3	599.1	599.0	601.9	605.8	607.6
Shopping	558.4	542.6	535.1	573.6	562.3	552.6	545.2	544.5	544.0	542.3	539.5	536.2	534.9	534.4	534.9	534.7
All other industries	164.6	162.9	162.1	167.0	165.3	163.6	162.3	162.8	162.9	162.9	162.9	162.5	162.1	161.8	162.0	162.3
<i>All tourism industries</i>	<i>5512.3</i>	<i>5402.1</i>	<i>5387.2</i>	<i>5611.1</i>	<i>5558.3</i>	<i>5508.8</i>	<i>5371.0</i>	<i>5370.1</i>	<i>5405.7</i>	<i>5413.9</i>	<i>5418.5</i>	<i>5406.4</i>	<i>5370.2</i>	<i>5373.6</i>	<i>5398.6</i>	<i>5407.5</i>

Source: Bureau of Economic Analysis