THE COMPETITIVE POSITION OF TOURISM IN THE NORTHEAST, 1972-1977

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ABSTRACT

The shift-share approach is used to examine changes in the competitive position nationally of tourism in the Northeast, using lodging receipts as an index of tourism. The Northeast share of national lodging receipts, which declined from 1972 to 1977, was heavily influenced by a lack of substantive growth in New England and the Middle Atlantic regions. This parallels population trends, but does not necessarily reflect a dismal future for tourism in the Northeast.

INTRODUCTION

Tourism is acknowledged as being one of the most important sectors of the economy in the Northeast, whether at the state or local level. At the state level, New York estimates that travel generates over $7 billion per year in revenues, and 215,000 jobs (NYS Dept. of Commerce, 1980). Yet on a relative basis New York is one of the least tourism-dependent states in the Northeast; the retail service economies of New Hampshire, Maine and Vermont drew 3 to 4.5 times New York's proportion of total receipts from lodging in 1977 (derived from U.S. Bureau of the Census).

At the local level, tourism receipts provide an important increment to retail businesses throughout the Northeast, but in some areas tourism is a major part of the retail economy. For counties in such traditional areas as the Maine coast, the White Mountains, the Adirondacks and Catskills, Cape Cod, Cape May, and Ocean City, the proportion of lodging receipts to total retail receipts exceeds the corresponding ratio for the Northeast as a whole by at least 5:1 (Brown, 1980).

Although the majority of travel within the Northeast is intraregional, significant amounts originate outside of the Northeast (Cole). Many Americans, and increasing numbers of foreign travelers, plan vacations in terms of a region of the U.S. to visit, with multiple destinations ocring in several states. To this extent, the Northeast is in competition with other regions of the U.S. as a travel destination. The purpose of this study was to examine the rate of growth of tourism in the Northeast compared to other regions of the U.S. over a recent time period, and to examine these growth rates intraregionally.

DATA SOURCES AND METHODS

A severe constraint exists with respect to tourism analysis, in that there is no simple way to identify the proportion of such economic components as employment and receipts attributable to tourists versus local residents. Both are commonly served by amusement facilities, restaurants, and other retail establishments. The one sector which is a general exception is lodging, which generally accounts for about one-quarter of tourist expenditures. This is the best available economic index of tourism that is obtained nationally on a periodic basis, and is the one used in this assessment.

Two Bureau of the Census sources publish lodging data. County Business Patterns has provided annual employment data since 1964, but due to changes in employment definition, these data are directly comparable only since 1974. Employment data (number of paid employees) are obtained annually for the week of March 12. Since this is outside the primary season for tourism, this data is probably a poor index. The other option, which was used in this study, was to utilize data from the Census of Service Industries, obtained in 1972 and 1977. Total lodging receipts is the measure used to evaluate the change in the competitive position of the Northeast from 1972 to 1977.

Shift-share analysis, as described by Dunn and Ashby, is the primary method used in the analysis. This tool has been traditionally used to evaluate changes in employment, but it works equally well for receipts. To facilitate comparison of real change in the level of lodging receipts for the two time periods, all 1977 data were converted to 1972 constant dollars by dividing by the inflation factor 1.3912. This factor, estimated for the lodging industry nationally by obtaining the increase in total dollar receipts per employee, compared to a factor of 1.4371 for all items, derived from the Consumer Price Index. The measures used in shift-share analysis are explained as the analysis proceeds.

ANALYSIS

It should be noted that the regions used in this analysis and shown in Tables 1 and 2 are Bureau of the Census regions. The Middle Atlantic Region includes New York, New Jersey and Pennsylvania; Maryland, West Virginia, Delaware, and the District of Columbia are in the South Atlantic Region. Data are also provided in Tables 1 and 2 for the Northeast (USDA) region, which is simply termed "The Northeast" in the text.

Nationally, lodging receipts experienced a real increase of 23.0% from 1972 to 1977 (Table 1). Lodging in the Northeast grew during this time period, but at a much slower rate (8.3%). Growth in lodging was most rapid in the West, increasing by 48.5% in the Mountain region (which extends from Montana and Idaho on the North to New Mexico and Arizona on the South).

The rate of growth for all services nationally was 19.4% from 1972 to 1977; this is the national growth standard used for comparison with the lodging sector. Column 1 of Table 2 shows the growth each region would expect from 1972 to 1977 if its lodging receipts increased at the national growth rate of 19.4%. The actual growth,

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Table 1: Magnitude and Percent Change in Lodging Receipts, 1972-1977, in Constant 1972 Dollars (Thousands)

Region	1972	1977	Percent Real Change
New England	542,292	582,259	7.4
Middle Atlantic	1,638,247	1,723,689	5.2
South Atlantic	2,173,550	2,613,524	20.2
E. North Central	1,333,060	1,460,183	9.5
W. North Central	686,846	802,997	16.9
E. South Central	446,147	567,967	27.3
W. South Central	819,209	1,074,770	31.2
Mountain	1,386,899	2,059,882	48.5
Pacific	1,611,903	2,198,893	36.4
Northeast (USDA)	2,503,075	2,710,038	8.3
U. S.	10,638,153	13,084,164	23.0

Table 2: Shift-Share Analysis for Lodging Receipts, 1972-1977, in 1972 Constant Dollars (Millions)

Region	National Growth (1)	Industrial Mix (2)	Regional Share (3)	Total Change (4)	Net Relative Change (5)
New England	$ 105	$ 19	$ - 85	$ 39	$ 66
Middle Atlantic	318	58	-292	84	-234
South Atlantic	422	78	-61	439	17
E. North Central	259	48	-180	127	-132
W. North Central	133	25	- 42	116	- 17
E. South Central	86	16	19	121	35
W. South Central	159	29	67	255	96
Mountain	269	50	354	673	404
Pacific	313	58	216	587	274
Northeast (USDA)	$ 486	$ 89	$ -368	$ 207	$-279
U. S.	$2,064	$380	0	$2,441	$ 377

labeled "Total Change," is shown in Column 4 of Table 2.

The difference between growth at the national standard for all services and the lodging growth each region actually attained is called "Net Relative Change" and is shown in the last column of Table 2. Lodging receipts in the Northeast failed by $279 million to grow at the national rate for all services. This large "deficit" is largely attributable to very little growth in the Middle Atlantic states where over half of the lodging receipts in the Northeast occurred. The total "deficit" for the New England and Middle Atlantic regions, $300 million, is slightly greater than that for all of the Northeast because lodging receipts in the Southern portion of the Northeast grew at a greater rate than the national standard.

The national growth rate of lodging from 1972 to 1977, 23.0%, was greater than the 19.4% national standard for all services. This difference of 3.6%, multiplied by the 1972 level of lodging receipts, yields a positive "Industrial Mix" for each region (Column 2 of Table 2).

The Regional Share, (Column 3 of Table 2), is a measure of the gain or loss of each region's share of lodging receipts by growing at a faster or slower rate than the 23.% national rate. All regions bordering the Eastern Seabord lost a share of their 1972 lodging receipts to regions farther west. The lost share in the Northeast amounted to about $368 million, or about 55% of all regional losses. On the other hand, over 85% of all regional gains occurred in the Mountain and Western regions.

The strengths and weaknesses related to tourism growth within the Northeast can be examined geographically in Table 3. The District of Columbia, which accounted for only 4.9% of the lodging receipts in the Northeast in 1972, was the only entity which surpassed the national growth rate. Delaware, West Virginia, and Maryland, which with the District of Columbia comprise the southern portion of the region, grew at rates just below the national average. Growth in the remainder of the region lagged far behind the national rate; New York and New Jersey, which account for nearly half of the lodging receipts in the region, experienced almost no real growth from 1972 to 1977. Northern New England, except for Maine, fared little better.

SUMMARY

The results of this analysis are consistent with other analyses of population, labor, and industrial location trends which depict migrations from the Northeast to the West and Southwest. The primary markets for tourism in the Northeast, outside the region, are from the surrounding regions and from Canada. Southern and South Central states bordering the Northeast are still gaining in population; this may partially account for the continued growth in tourism of the southern part of the Northeast region. The economy of the Northeast was in a general state of recession from 1972 to 1977; in real dollars, receipts in all services declined by 2.3%. This impact was most strongly felt in the industrial states, and almost certainly contributed to the lack of growth in lodging in New York and New Jersey.

The long-term outlook for tourism in the Northeast is perhaps not so bleak as the 1972-1977 period would imply. Marketing studies conducted by the NYS Department of Commerce indicate

Table 3: Measures of Change in Lodging Receipts for the Northeastern United States, 1972 to 1977

	Percent of 1972 Regional Receipts	Percent Real Change	Percent State Share Shifts: Gains	Losses
Maine	2.9	12.6	5.1	
New Hampshire	2.8	2.7		- 3.3
Vermont	2.3	2.3		- 3.1
Massachusetts	9.4	5.5		- 3.4
Rhode Island	0.9	10.9	1.2	
Connecticut	3.2	8.2	1.5	
New York	36.5	0.5		-68.7
New Jersey	11.0	0.3		- 21.4
Pennsylvania	18.1	11.0	24.0	
Maryland	4.8	21.2	21.4	
District of Columbia	4.9	28.4	32.2	
Delaware	0.8	22.9	3.8	
West Virginia	2.3	22.3	10.9	

substantial growth in tourism in New York since the initiation of the State's "I Love New York" promotion program. Canada remains a very viable market for the Northern portion of the region, and the results of this study indicate that the southern portion is experiencing growth approximating the national level.

Within the Northeast are many areas whose economies are very strongly dependent on tourism; these are not concentrated in any one part of the region, but are spread broadly from Maine to West Virginia. These areas are delineated by Brown (1981).

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