

## **Pennsylvania 2016 Results:**

Pennsylvania hosted an estimated 193 million US travelers and 1 million travelers from overseas markets in 2016. These travelers:

- Injected an estimated \$39 billion into PA's economy.
- Generated an estimated \$4.3 billion in state and local tax revenues.
- Directly supported an estimated 300,000 PA jobs, and nearly 482,500 jobs in total when secondary impacts are included.

*Please note: The above traveler spending and economic impact figures are estimates prepared by the PA Tourism Office based on 2016 hotel performance data and comparisons with the state's economic impact of travel reports from prior years. The preparation and release of the 2015 economic impact report is once again significantly delayed – our best estimate is the end of February 2017. As always, the issue involves a delay in the county-level sales and use tax data for travel-related industries from the PA Department of Revenue. This data is a key input for the model used to generate the county-level traveler spending and economic impact measures. The vendor, Tourism Economics, can't proceed with the report until they receive this data. We were recently informed that it will likely be the end of January before we receive the data.*

Pennsylvania's travel and tourism industry ended 2016 with its best year ever in terms of the number of hotel rooms sold (or "room demand"), room revenues, room supply, and the average daily room rate -- all key performance indicators for the travel and tourism industry. The Pocono Mountains region was one of the key regions contributing to the state's growth in 2016 with its double-digit rate of growth in room demand. The region's strong and targeted marketing campaign was a clear demonstration of the power of marketing as it outperformed all other regions of the state.

The greater Philadelphia region also posted strong performance numbers due both to its marketing and its two extremely high-profile events: the visit from Pope Francis and the Democratic National Convention. Also, the Dutch Country Roads and Lehigh Valley regions contributed significantly to the state's record performance.

Nevertheless, despite having a record year Pennsylvania's growth continued to lag the U.S. average with many states outperforming the commonwealth. This is especially evident in Pennsylvania's below average rate of growth in hotel room revenues and room demand and weaker average daily room rate. While increasing, the commonwealth's growth in total room revenues was a full percentage point below the U.S. average, which translates an estimated \$3.3 million "loss" of state and local room tax revenues that would have been collected if Pennsylvania's increase had mirrored the U.S. average.

The state Tourism Office continues to face significant challenges in both domestic and international markets as a result of the sustained reduction in its marketing budget – especially in light of the renewed competition for travelers by many of the state's key competitors. While the marketing activities and performance of the Office's local and regional partners is strong and impressive, the lack of a strong and overarching state marketing presence in key markets will continue to depress the industry's performance.