

Nebraska's Hospitality and Tourism Industries: An Introduction

Robin B. DiPietro, Extension Hospitality Management – Lodging Specialist

Lisa A. Pennisi, Extension Tourism Marketing Specialist

Tourism — Nebraska's third largest industry and revenue source — is projected to be a source of economic growth in the next decade. Learn about the trends and potential for the state and national hospitality and tourism industries.

When thinking of Nebraska, you may imagine cornfields, prairies and Cornhusker football, but it's not likely the first place you think of for tourism. While tourism is a relatively new focus for the state, Nebraska's unique geological and natural areas and its rich cultural heritage offer many opportunities for growth. Tourism is the largest industry in the world and the largest industry in many U.S. states. Developing a positive tourism image can allow Nebraska to be a destination rather than a state to drive through.

Tourism's Financial Impact

Tourism is Nebraska's third largest industry and revenue source, bringing in over \$3.3 billion annually. The hospitality and tourism industries provide many jobs and a large portion of the U.S. gross domestic product. International tourists spend over \$90 billion in our country each year while Americans spend \$1.5 billion a day. Tourism employs over 18 million Americans either directly or indirectly. The hospitality industry, including restaurants, lodging, and event planning, is a multibillion dollar industry.

These revenue figures are even more impressive when considering that these are direct spending dollars. There also is indirect spending which creates a multiplier effect. For every tourist dollar spent in Nebraska, an additional \$1.70 is created in business and income, creating an overall economic impact of \$2.70. The hospitality and tourism industries have improved many economies, including in some of our neighboring states. In Missouri, the service industry is the largest employer; direct expenditures from tourists were estimated at \$8.1 billion for 2006. In South Dakota, tourism is the second largest industry with travelers spending nearly \$865 million

in 2006. Iowa had over 30 million visitors in 2006, with an economic impact of \$6 billion.

To further understand this growing field this NebGuide provides:

- definitions for the hospitality and tourism industries as they relate to Nebraska; and
- descriptions of the job outlook for hospitality, tourism and recreation.

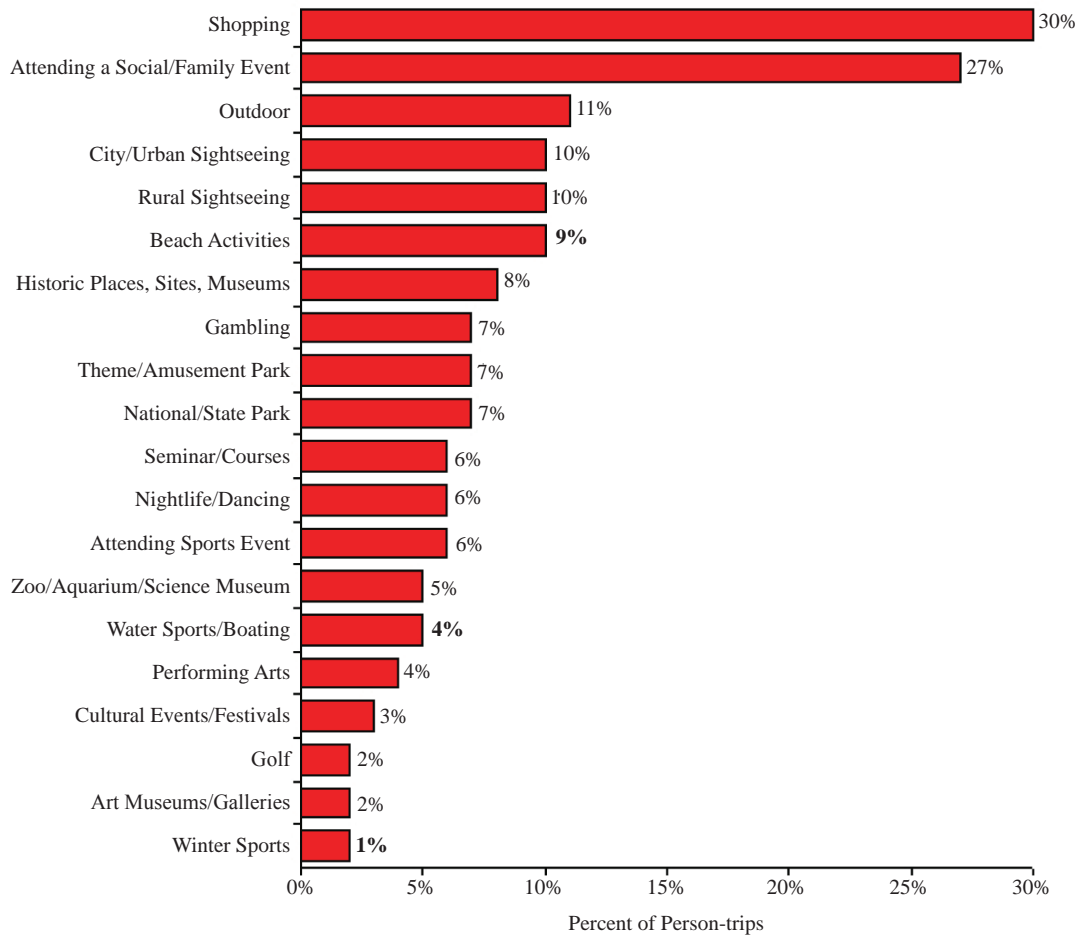
Hospitality and Tourism Defined

The hospitality and tourism industries are intertwined facets of the leisure service industry. The hospitality industry is a sector of the tourism industry that deals with guest service including restaurants, hotels, meetings, catering, resorts, clubs, and casinos. Tourism deals with travel away from home and encompasses all service industry and travel-related industries involved from transportation to entertainment, including attractions, food and lodging, marketing, planning, and development. *Figure 1* lists the top domestic activities for U.S. travelers, combining hospitality and tourism.

Neither hospitality nor tourism have clear cut definitions used by everyone. In general, hospitality businesses are those that:

- welcome guests and provide exceptional guest service;
- provide services to guests away from home; or
- provide lodging, meals, entertainment, and activities to people while they are away from home.

Tourism occurs when people travel away from home and involves many players and has many forms. The players include the governments and communities that host tourists, the hospitality businesses that provide services, and transportation businesses as well as the natural environment, attractions, and amenities that draw tourists to destinations. These attractions give tourism its many forms; for example,



Note: Multiple responses allowed.

Figure 1. Top domestic travel activities participated in by U.S. residents (2004).

there is sport tourism, ecotourism, agritourism, mass tourism, theme park tourism, sun and sand tourism, nature-based tourism, adventure tourism, cultural tourism, historical tourism, and the list goes on and on. Tourism, whether for business or pleasure, seeks to provide visitors with memorable, enriching experiences such as a roller coaster ride, immersion into a different culture, camel ride, whale watching, birding, milking cows, or a ride in a combine.

Tourism is the third largest industry in the U.S. and the No. 1 industry in the world. Nationwide, tourism directly employs 7.6 million people, more people than any other industry except healthcare. Tourism indirectly employs an additional 9 million people. In Nebraska tourism creates over 42,000 jobs including management and hourly workers. International travelers to the U.S. spend \$94 billion per year while American travelers spend over \$82 billion traveling abroad, giving the U.S. a \$12 billion surplus. Americans traveling domestically spend approximately \$560 billion each year, thus tourism generates over \$600 billion each year in the U.S.

The U.S. restaurant industry provides over \$537 billion in sales annually and supports 12.8 million jobs. This trend is expected to increase by over 2 million jobs in the next 10 years. In Nebraska alone, sales in the restaurant industry are projected to reach more than \$2.1 billion during 2007. Over 88,200 people are employed in the state's foodservice indus-

try, and the National Restaurant Association projects that to increase to over 98,600 jobs by 2017.

The U.S. lodging industry had its strongest year ever in 2006 with over \$122.7 billion in revenues, according to a 2007 report from the American Hotel and Lodging Association. In Nebraska the lodging industry is expected to have over \$3.3 billion in sales for 2007, a state record.

Outdoor Recreation

According to the Outdoor Industry Association, outdoor recreation, including hunting, fishing, wildlife watching, hiking, camping, bicycling, and snow sports, generated \$289 billion in retail sales in the U.S. in 2005, contributing \$730 billion to the economy. Outdoor recreation supports 5 percent of the jobs in the U.S. — more than Wal-Mart.

According to the 2005 Outdoor Recreation Participation Study, 161.6 million Americans or 72 percent of the population aged 16 and older participate in outdoor recreation. Between October 2004 and 2005, \$730 billion or eight percent of consumer spending was devoted to outdoor recreation. This converts to \$88 billion in federal and state tax receipts. According to the U.S. Nationwide Survey on Recreation and the Environment (NSRE) the most popular activities in 2004 included nature and wildlife viewing and photography, picnicking, visiting nature

Table I. Nebraska long-term occupational projections for selected jobs: 2004-2014. (Source: Nebraska Workforce Development Web site: www.dol.state.ne.us/ltproj.htm)

Occupation Title	Estimated 2004 Employment	Projected 2014 Employment	Percent Change	Total Annual Openings
Meeting and Convention Planners	268	331	23.5	12
Food Service Managers	2444	2730	16.6	68
Recreation Workers	1875	2091	11.5	65
First Line Supervisors/Managers of Food Preparation and Serving Workers	5195	6024	16.0	207
First Line Supervisors/Managers of Housekeeping and Janitorial Workers	1505	1697	12.8	60
Travel Agents	601	534	-11.1	14
Lodging Managers	366	467	27.6	16

Note: Nebraska does not list all travel industry/tourism jobs at this time.

Table II. U.S. long-term occupational projections (selected hospitality and tourism jobs): 2006-2016. (Source: The Occupational Outlook, Bureau of Labor Statistics. <http://www.bls.gov/oco/cg/cgs036.htm>)

Occupation Title	2006 Employment	Projected Percent Change 2006-2016
Meeting and Convention Planners	51,000	20.0
Food Service Managers	149,000	4.1
First Line Supervisors/Managers of Food Preparation and Serving Workers	592,000	10.8
Recreation Workers	320,000	13.0
Travel Agents	101,000	1.0
Gaming	174,000	23.0
Museums, Historical Sites, and Other Institutions	27,000	18.0
Lodging Managers	71,000	12.0

centers, historic sites and beaches and swimming. In Nebraska over \$514 million was spent on wildlife-related recreation in 2006, according to the 2006 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation.

Importance of Hospitality and Tourism to Nebraska

As this data shows, Nebraska's hospitality and tourism industries are integral to the economy. The restaurant, lodging, outdoor activity and tourism industries provide a large percentage of tax revenues, as well as employment (see *Table I*). Despite their integral role, these industries often are overlooked when determining the important economic factors providing sustainability to Nebraska.

Hospitality, Tourism, and Recreation Job Outlook

The hospitality industry is comprised of many jobs related to the "service" of guests while they are away from home. The tourism industry includes many interrelated businesses, from lodging and restaurants to airlines, cruise lines, car rental companies, and tour operators. Many of these fields are expected to see an increase in employment. For example,

Table III. Travel-generated employment. (Source: The Travel Industry of America)

Sector of Employment (Thousands)	2005	2006	Percent Change
Public Transportation	928.4	904.6	-2.6
Auto Transportation	265.4	268	1.0
Lodging	1228.8	1238.9	0.8
Food Services	2566.9	2594.4	1.1
Entertainment/Recreation	1110.1	1130.5	1.8
Retail	340.6	337.3	-1.0
Travel Planning	173.7	176.2	1.5
Domestic	6613.9	6649.9	0.5
International	894.9	893.5	-0.2
Total	7508.8	7543.4	0.5

employment for recreation workers is projected to increase by 13 percent between 2006 and 2016, which is approximately as fast as or faster than the average for all occupations. There were 320,000 jobs for recreation workers in 2006. *Tables II* and *III* show projected and 2006 changes in U.S. demand for hospitality and tourism jobs. In addition to the number of jobs and increase in demand for those jobs, *Table IV* shows the travel-generated payroll in the U.S. and how important these industries are to the national economy.

One of the greatest concerns in the hospitality and tourism industries over the past decade has been the lack of trained managers and employees. In Nebraska many jobs are available in these industries. In reviewing U.S. job projections for 2004-2014, there will be above average growth in demand for many conventional hospitality and tourism jobs (see *Table I*).

According to a 2008 Randall Travel Marketing report on trends and forecasts, the potential for positive growth is in the leisure and business meeting segment from 2007 to 2008. Nebraska needs to capture this potential growth in the meetings segment to continue increasing demand for hotel rooms and dining options, and to increase knowledge of tourism-based activities and spending on these activities.

Table IV. Travel-generated payroll (billions of dollars). (Source: The Travel Industry of America)

<i>Sector of Employment</i>	<i>2005</i>	<i>2006</i>	<i>Percent Change</i>
Domestic Travel			
Public Transportation	\$41.2	\$41.8	1.3
Auto Transportation	6.3	6.4	2.1
Lodging	27.0	29.5	9.2
Food Services	36.2	37.8	4.3
Entertainment/Recreation	26.0	27.0	4.0
Retail	7.4	7.4	0.5
Travel Planning	6.3	6.5	3.0
Total	150.4	156.3	4.0
International Travel	21.0	21.7	3.3
Total	\$171.4	\$178.1	3.9

Hospitality and Tourism Series

The hospitality and tourism industries are important to Nebraska. The industries are multifaceted and there is much that goes into creating a successful hospitality or tourism business. A small business owner wears many hats and develops many business skills. For example, a successful agritourism business will need to successfully market and promote the business, including writing press releases and brochures. It will need to educate visitors and create a memorable experience that leads to word-of-mouth advertising and return business.

This NebGuide is the first in a series devoted to exploring tourism and hospitality topics important to Nebraska and the development of a successful service-oriented business. Future NebGuides will include “greening” of the hospitality and tourism industries, creating master plans, marketing plans, promotional and educational materials and programs. Turn to these NebGuides when it’s time to develop materials for your hospitality and tourism business.

Reference

Brotherton, B. (1999). Towards a definitive view of the nature of hospitality and hospitality management. *International Journal of Contemporary Hospitality Management*, 11(4), 165-173.

Resources

For further information, see these on-line resources:

Ag Marketing Resource Center, a multi-state resource hosted by Iowa State University
<http://www.agmrc.org/agmrc/commodity/agritourism/agritourism.htm>

USDA National Agricultural Library Rural Information Center Web site and search for “Tourism.”
<http://ric.nal.usda.gov>

National Restaurant Association
<http://www.restaurant.org/>

American Hotel and Lodging Association
<http://ahla.com>

The Travel Industry of America (TIA)
<http://www.tia.org/index.html>

The World Tourism Organization
<http://www.unwto.org/index.php>

The International Ecotourism Society (TIES)
<http://www.econtourism.org/>

This publication has been peer reviewed.

UNL Extension publications are available online at <http://extension.unl.edu/publications>.

**Index: Communities and Leadership
 Economic Development**

Issued July 2008

Extension is a Division of the Institute of Agriculture and Natural Resources at the University of Nebraska–Lincoln cooperating with the Counties and the United States Department of Agriculture.

University of Nebraska–Lincoln Extension educational programs abide with the nondiscrimination policies of the University of Nebraska–Lincoln and the United States Department of Agriculture.

© 2008, The Board of Regents of the University of Nebraska on behalf of the University of Nebraska–Lincoln Extension. All rights reserved.