

STUDY TITLE: Examination of the Relationship between Tourism and OCS Oil and Gas Activities in the Gulf of Mexico

REPORT TITLE: Assessing the Impacts of the *Deepwater Horizon* Oil Spill on Tourism in the Gulf of Mexico Region

CONTRACT NUMBER: M11PD00256

SPONSORING OCS REGION: Gulf of Mexico

APPLICABLE PLANNING AREA: Gulfwide

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BACKGROUND: The *Deepwater Horizon* (DWH) oil spill (which began on April 20, 2010) in the Gulf of Mexico directly affected various coastal resources in the Gulf of Mexico region that support tourism activities, such as beaches, fishing areas, wetlands, and wildlife. The DWH oil spill also impacted various people and businesses that depend on tourism, such as hotels, restaurants, retailers, and tour operators. These impacts on tourism were spread across a variety of geographic areas, and the extent of the impacts on people and businesses did not always correspond to the extent of the physical oil damage. Rather, the impacts of the spill on tourism activities in any particular area were determined by various factors, such as the structure of the area's economy, clean-up activities, compensation programs, and public perceptions.

OBJECTIVE: The purpose of the analyses presented in this report is to develop data and methods to assess the impacts of the DWH oil spill on tourism in the Gulf of Mexico region.

DESCRIPTION: The report summarizes the data, methods, and findings associated with a number of key work products developed under the project to assess the impacts of the DWH oil spill on tourism in the Gulf of Mexico region including: (1) an analysis of data collected by the Gulf Coast Claims Facility (GCCF); (2) summary of relevant articles about tourism impacts published in the Gulf-area press; (3) estimating county-level measures of tourism in the Gulf region using data created under the project; and (4) field interviews conducted with local tourism officials, trade associations, and business in the Gulf region.

SIGNIFICANT CONCLUSIONS: This report shows how the impacts resulting from the DWH oil spill have varied across geographies and industries in the Gulf region; shaping and reshaping the local tourism economies and, in some areas, the natural resources that these economies depend upon. Overarching findings of the four analyses conducted under this study include:

- The DWH oil spill had significant negative impacts on travel and tourism business establishments and levels of employment.
- The spill had economic impacts over a wide geographic range.
- The impacts of the DWH incident spanned well beyond the counties directly impacted by oil.
- The spill had significant impacts on hotels and restaurants in the Gulf.
- Perception is an important economic driver when it comes to tourism and disasters.
- At the time of the report, Gulf tourism appears to be strongly rebounding from the impact of the spill.
- Diversity in the tourism economy is beneficial.
- The analyses provide conflicting information about the extent to which BP funding helped boost the local tourism economies following the oil spill.
- Experiencing prior disasters and good planning for disasters are important to recovering from a disaster.

STUDY RESULTS: The results of the four analyses conducted under this report are described as follows:

- ***GCCF Claims Analysis.*** The claims analysis shows that across the study area, the BOEM tourism and recreation industries with the highest dollar amount of paid GCCF claims include: hotels, resorts, restaurants, bars, charter fishing, marinas, boat dealers and sellers, with some variation occurring between states and individual versus business claimants. The Hotel/Motel/Bed and Breakfast and the Restaurant/Bakery/Food Stand business types are in the top five for both types of claimants (individuals and businesses). Geographically, the counties with the highest concentration of paid claims generally spanned from eastern Louisiana eastward to the northwest panhandle of Florida, before skipping down to the Florida counties along the West and Southwest coast of the state.
- ***Quarterly Census of Employment and Wage (QCEW) Analysis.*** The Analysis of QCEW travel and tourism related employment data provided the percentage change in associated employment between quarters before and after the DWH oil spill. The analysis showed the variation of spill impacts on local travel and tourism economies, with some counties having a decrease in employment following the oil spill, while other counties rebounded to levels of employment higher than those prior to the DWH incident.
- ***Review of Newspaper Articles and Tourism Bureau Websites.*** The review of tourism bureau websites and newspaper articles related to DWH in the study counties revealed several main points, including:
 - The tourism and recreation industries within the study area are vital components of the local economy.
 - While local websites steered visitors toward information about area attractions and natural resources rather than addressed the DWH oil spill, newspaper articles closely followed the potential impacts and rates of recovery associated with the incident.

- Newspaper articles delved into specific impacts of the oil spill; whether they were the direct impacts of oil on a county's natural resources, beaches, or local seafood, or the indirect impacts to tourism and recreation caused by misperceptions about the actual impacts of the spill.
- Newspaper articles covered the recovery process of study counties by highlighting the slow rate at which different aspects of tourism, recreation, and the environment were rebounding or by presenting post-oil spill successes in terms of increasing revenues and visitors.
- **Field Interviews.** The field interviews revealed the nuanced perspectives of local tourism bureaus, trade associations, and industry officials before, during, and after the DWH oil spill. Field interviews highlighted that though the oil spill more severely impacted some counties and industries, the impacts of the spill were far reaching. Interviewees conveyed that the impacts of the oil spill were not specific to the areas that directly dealt with oil on their shores and that public perception associated with the actual impacts of the oil spill was one of the greatest challenges for tourism and industry officials alike. Along with variation in the level of impacts to local businesses and tourism and recreation economies, interviewees also highlighted differences in how recovery from the incident was approached, funded, and achieved for their particular business, industry, or local tourism economy.

STUDY PRODUCT: Eastern Research Group, Inc. 2014. Assessing the impacts of the *Deepwater Horizon* oil spill on tourism in the Gulf of Mexico region. U.S. Dept. of the Interior, Bureau of Ocean Energy Management, Gulf of Mexico OCS Region, New Orleans, Louisiana. OCS Study BOEM 2014-661. 192 p.