

North Central Wisconsin Regional Recovery Plan

Tourism & Hospitality Assessment Report



Table of Contents

Section 1 - Introduction	1
Section 2 – Status of the Tourism & Hospitality Industries	1
Direct Visitor Spending	2
Total Tourism Business Sales	3
Tourism Employment & Labor Income	4
State and Local Taxes Generated by Tourism	5
Leisure & Hospitality Industry	6
Section 3 – Issues Facing the Tourism & Hospitality Industries	9
Attracting & Retaining Employees	9
Low Wages	10
Section 4 – Impact of COVID-19 on the Tourism & Hospitality Industries	10
Impact on Direct Visitor Spending	11
Impact on Employment	11
Impact on Tourism Business Sales	14
Impact on Taxes Generated by Tourism	15
Impact on Job Recovery	15
Section 5 – Benefits of Supporting the Tourism & Hospitality Industries	16
Benefits of Improving the Attractiveness of Tourism & Hospitality Jobs	16
Section 6 – Vision for Tourism & Hospitality within North Central Wisconsin	17

Tourism & Hospitality Assessment Report

Introduction

The tourism and hospitality industries are major components of the North Central Wisconsin Region's economy, as thousands of visitors travel to the Region to take advantage of the Region's bountiful supply of lakes, scenery, forest lands, other natural resources, and robust outdoor recreation systems. To help support the Region's Tourism industry, accommodations such as motels, resorts, campgrounds, and other lodging facilities help generate an influx of visitors and business to the Region, while providing places for visitors to stay, eat, recreate, and shop. In addition to visitors to the Region, there is also a robust supply of seasonal housing throughout the region, as seasonal housing comprises over one-fifth of the regional housing stock, and accounts for nearly half of the housing stock in Adams, Forest, Oneida, and Vilas Counties.

Tourism is a driver of the both the regional and state economies, as tourism creates and supports both businesses and jobs. Tourism impacts businesses across a wide spectrum of industries, especially those in the hospitality industry such as hotels, restaurants, and bars, as tourism helps to create demand for these types of businesses. According to the Wisconsin Department of Tourism, the billions spent by travelers in 2019 within the North Central Wisconsin Region directly or indirectly supported 17,590 jobs and generated over \$440 million in labor income for employees within the Tourism industry.

Status of the Tourism & Hospitality Industries in North Central Wisconsin

Before the pandemic struck in early 2020, tourism within both the state of Wisconsin and the North Central Wisconsin Region was on the rise. In fact, the state of Wisconsin as a whole experienced a record year for tourism in 2019, with direct visitor spending totaling over \$13.6 billion and tourism supporting more than 200,000 jobs throughout the state in 2019. Direct visitor spending within the North Central Wisconsin Region totaled over \$1.3 billion in 2019, which represents an 8.6 percent increase from direct visitor spending within the Region in 2016.

Before the COVID-19 pandemic devastated the economy at large in 2020, both the Tourism and Hospitality industries were crucial components of the regional economy. In 2019, the Tourism industry accounted for over eight percent of all jobs within the Region, while the Leisure & Hospitality industry accounted for over 10 percent of all jobs within the Region. The Tourism and Hospitality industries were especially vital in Adams, Forest, Oneida, and Vilas Counties, as these counties had high proportions of employment provided by Tourism and Hospitality businesses and are counties where the Tourism and Hospitality businesses account for a significant portion of their economic activity.

Direct Visitor Spending

Direct visitor spending is the amount of money that visitors spend while visiting or passing through their destination. Direct visitor spending is spread across five sectors: Lodging, Food & Beverage, Retail, Transport, and Recreation. According to the Wisconsin Department of Tourism, about 27 percent of direct visitor spending within Wisconsin went towards the lodging sector, about 26 percent of spending went towards the food & beverage sector, about 20 percent went towards the retail sector, about 13 percent went towards the transportation sector, and about 14 percent of direct visitor spending went towards the recreation sector.¹

In 2019, direct visitor spending within the North Central Wisconsin Region totaled over 1.3 billion dollars, which represents an increase of over 8 percent since the direct visitor spending in 2016. Direct visitor spending was highest in Marathon, Vilas, Oneida, and Adams Counties, with all four of these counties having direct visitor spending totals of over \$200 million. Every county within the Region experienced an increase in direct visitor spending between 2016 and 2019, ranging from an increase of 0.4 percent in Juneau County up to a 13.5 percent increase in Vilas County. Overall, the Region experienced a slower growth in direct visitor spending than the state, as the state experienced an 11 percent increase in direct visitor spending during this time, compared to the Region's 8.4 percent increase. Vilas and Lincoln Counties were the only counties within the Region to exceed the state's growth in direct visitor spending during this time.

Direct Visitor Spending Trends			
	2016	2019	Percent Change
Adams	\$208,715,136	\$213,273,392	2.2%
Forest	\$13,787,322	\$14,353,346	4.1%
Juneau	\$71,102,265	\$71,411,346	0.4%
Langlade	\$46,493,963	\$48,829,318	5.0%
Lincoln	\$53,824,837	\$60,605,044	12.6%
Marathon	\$234,605,886	\$258,008,621	10.0%
Oneida	\$221,772,922	\$241,139,131	8.7%
Portage	\$124,701,645	\$137,467,984	10.2%
Vilas	\$212,524,965	\$241,226,306	13.5%
Wood	\$91,371,108	\$100,158,628	9.6%
Region	\$1,278,900,049	\$1,386,473,116	8.4%
Wisconsin	\$12,310,724,200	\$13,667,778,544	11.0%

Source: Wisconsin Department of Tourism

Total Tourism Business Sales

Tourism accounted for over \$2 billion in sales within the North Central Wisconsin region in 2019, accounting for about 4.5 percent of all sales within the Region. Tourism accounts for a higher proportion of total sales in the Region than in the state of Wisconsin as a whole, as tourism only accounted for about 3.3 percent of all sales within the state in 2019. Within the Region, tourism is a major source of sales in Adams and Vilas Counties, as tourism accounted for one-fifth of all sales in both Adams and Vilas Counties in 2019. Tourism is also a major source of sales in Oneida County, where tourism accounted for about 9.4 percent of all sales in 2019.

Prior to the pandemic, total tourism business sales had been significantly increasing, with total tourism business sales increasing by about 9.5 percent within the Region between 2016 and 2019, and by about 11.3 percent within Wisconsin during this time. Vilas and Lincoln Counties experienced the largest growth in total tourism business sales during this time, increasing by 13.1 and 12.3 percent, respectively. Juneau and Adams Counties experienced the smallest growth within the Region during this time, increasing by 3.7 and 4.2 percent, respectively.

Trends in Total Tourism Business Sales			
	2016	2019	Percent Change
Adams	\$264,240,498	\$275,344,679	4.2%
Forest	\$20,640,268	\$22,004,773	6.6%
Juneau	\$99,554,161	\$103,192,742	3.7%
Langlade	\$68,347,729	\$73,237,695	7.2%
Lincoln	\$85,421,742	\$95,899,848	12.3%
Marathon	\$409,485,193	\$453,429,752	10.7%
Oneida	\$294,255,595	\$322,145,353	9.5%
Portage	\$219,168,242	\$243,018,813	10.9%
Vilas	\$273,885,422	\$309,826,808	13.1%
Wood	\$178,189,552	\$197,051,444	10.6%
Region	\$1,913,188,403	\$2,095,151,906	9.5%
Wisconsin	\$19,967,728,938	\$22,223,395,967	11.3%

Source: Wisconsin Department of Tourism

Tourism Employment & Labor Income

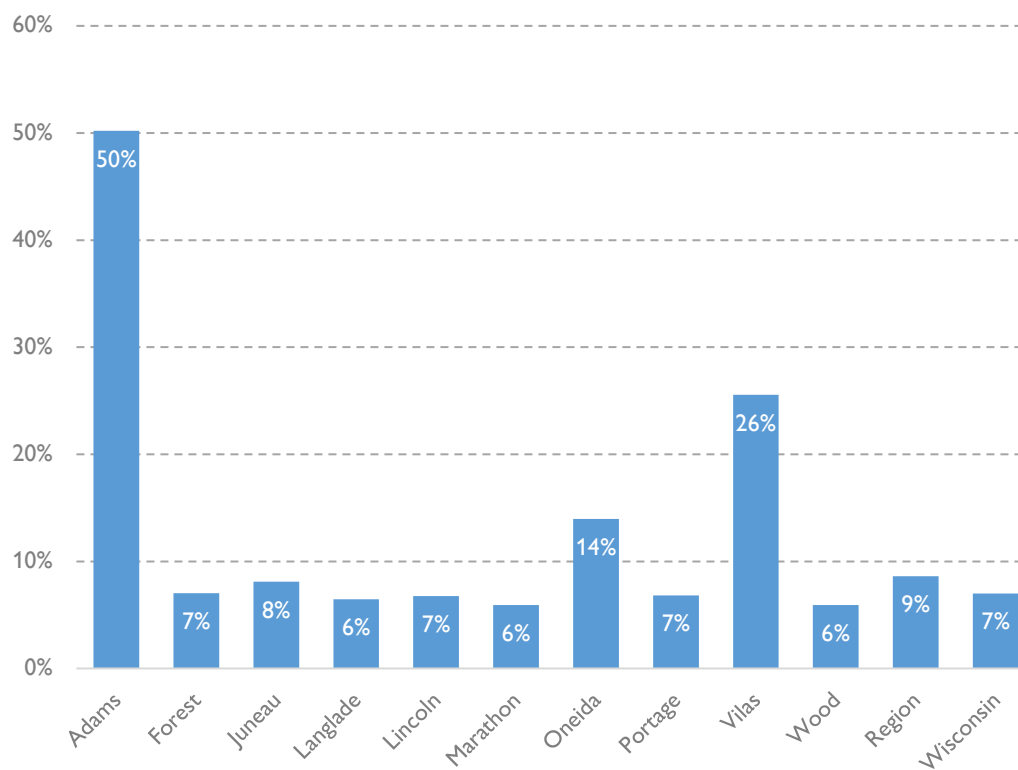
Tourism is a major source of employment within North Central Wisconsin. In 2019, the tourism industry directly or indirectly supported 17,590 jobs within the North Central Wisconsin Region, accounting for about 8.6 percent of all jobs within the Region, compared to about 7 percent of all jobs within the state. Employment supported by tourism is especially prominent in Adams, Vilas, and Oneida Counties, as jobs supported by tourism account for over 10 percent of all jobs within these three counties, even accounting for over half of all the jobs within Adams County.

Prior to the pandemic, regional employment within the tourism industry had been experiencing growth, as tourism employment within the Region grew by about 2.4 percent between 2016 and 2019, slightly slower than the state's growth of 4.5 percent during this time. Seven of the ten counties within the Region experienced growth in tourism employment during this time, with only Adams, Juneau, and Langlade Counties experiencing a decline in tourism employment between 2016 and 2019.

In 2019, the tourism industry generated over \$440 million in labor income within the North Central Wisconsin Region, accounting for nearly five percent of all income earned within the Region. This is a higher percentage than in Wisconsin, where tourism employment only accounted for about 4.1 percent of total earnings within the state. The percentage of total earnings that stem from tourism was highest in Adams and Vilas Counties, where tourism accounted for 30.4 and 17.1 percent of all earnings respectively.

Labor income generated from tourism jobs also experienced a significant increase between 2016 and 2019, increasing by ten percent within the North Central Wisconsin Region and by nearly twelve percent in Wisconsin during this time. Each county within the Region experienced an increase in labor income generated from tourism jobs, with Vilas County experiencing the largest growth in labor income with a fourteen percent growth.

Percent of Jobs Supported by the Tourism Industry



State and Local Taxes Generated by Tourism

Tourism is a major source of both state and local tax revenues, as evidenced by tourism generating over \$1.6 billion in state and local tax revenues throughout the state in 2019. Tourism generates tax revenues in a variety of ways, through the sales tax on the products and services purchased by tourists, through gasoline purchases via the state’s gas tax, through income that is earned through tourism jobs and businesses and the dedication of these incomes on taxes such as the sales tax, property taxes, excise taxes and other state and local taxes. According to the Wisconsin Department of Tourism, that without tourism, each Wisconsin household would pay an additional \$687 per year to replace traveler taxes to maintain existing services.

Within the North Central Wisconsin Region, tourism generated over \$150 million in tax revenue, an increase of about five percent from in 2016. Eight of the Region’s ten counties experienced increases in taxes generated through tourism during this time, with only Adams and Juneau Counties experiencing decreases during this time. Vilas and Lincoln Counties experienced the fastest growth in tax revenues generated by tourism, increasing by 9.8 and 8.2 percent respectively during this time.

Trends in Taxes Generated Through Tourism			
	2016	2019	Percent Change
Adams	\$24,232,512	\$23,581,094	-2.7%
Forest	\$1,788,473	\$1,816,550	1.6%
Juneau	\$7,492,819	\$7,404,673	-1.2%
Langlade	\$4,538,064	\$4,547,235	0.2%
Lincoln	\$5,627,579	\$6,089,340	8.2%
Marathon	\$29,442,861	\$31,505,860	7.0%
Oneida	\$21,790,358	\$22,943,571	5.3%
Portage	\$16,096,201	\$17,055,448	6.0%
Vilas	\$21,741,665	\$23,874,496	9.8%
Wood	\$11,653,665	\$12,404,910	6.4%
Region	\$144,404,197	\$151,223,177	4.7%
Wisconsin	\$1,503,770,056	\$1,610,007,283	7.1%

Source: Wisconsin Department of Tourism

Leisure & Hospitality Industry

The Leisure & Hospitality industry is mainly comprised of fields that are heavily influenced and supported by tourism and by fields that attract tourism, including lodging, food services, events, parks, recreational amenities, and transportation, as well as other tourism-related products and services. The Leisure & Hospitality industry can be broken down into two economic sub-sectors – the Arts, Entertainment & Recreation and the Accommodation & Food Services sub-sectors.

The Arts, Entertainment, and Recreation sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests. The industries of this sector are often referred to as “creative industries.” According to the United Nations 2008 Creativity Report, creative industries can be defined as cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs. These arts-centric businesses play an important role in building and sustaining economic vibrancy. They employ a creative workforce, spend money locally, generate government revenue, and are a cornerstone of tourism and economic development.

The Accommodation and Food Services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.

Top Ten Leisure & Hospitality Occupations by Employment

- Full-Service Restaurants
- Limited-Service Restaurants
- Hotels (except Casino Hotels) and Motels
- Drinking Places
- Golf Courses and Country Clubs
- Fitness and Recreational Sports Centers
- Snack and Nonalcoholic Beverage Bars
- Food Service Contractors
- Recreational and Vacation Camps (except Campgrounds)
- Bowling Centers

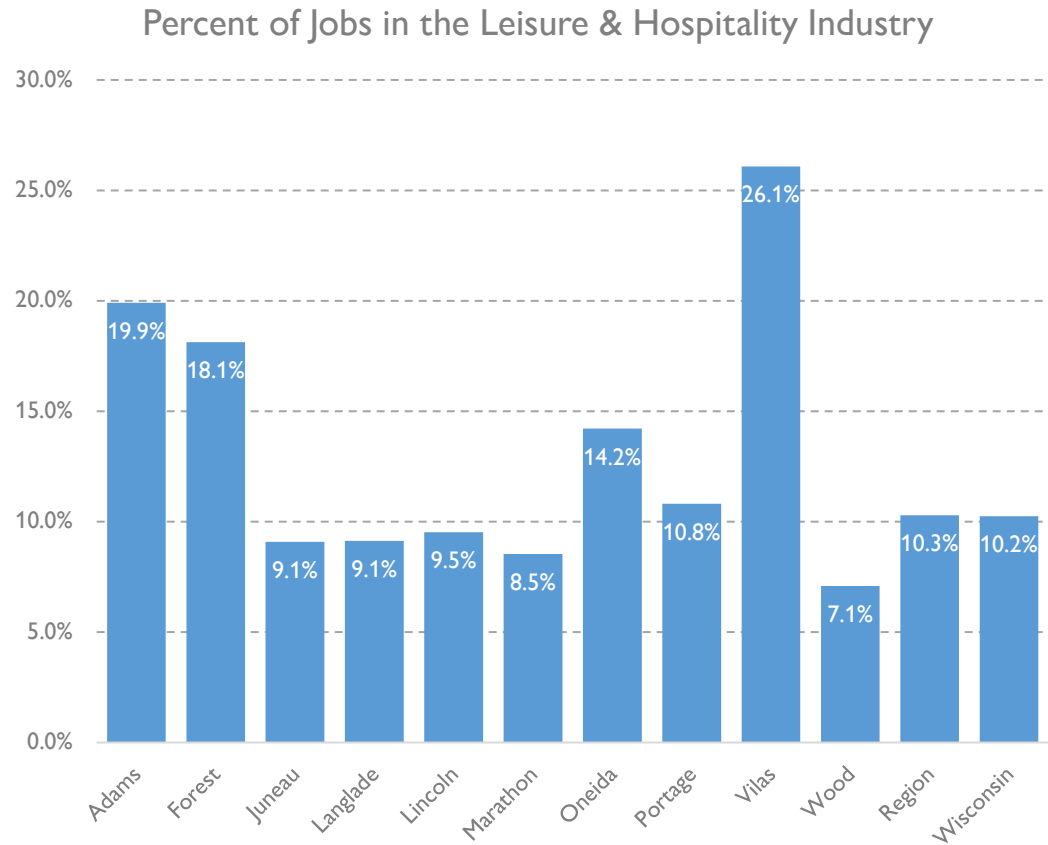
Top Ten Leisure & Hospitality Occupations by GRP

- Full-Service Restaurants
- Hotels (except Casino Hotels) and Motels
- Limited-Service Restaurants
- Drinking Places (Alcoholic Beverages)
- Golf Courses and Country Clubs
- Recreational and Vacation Camps (except Campgrounds)
- Food Service Contractors
- Independent Artists, Writers, and Performers
- Fitness and Recreational Sports Centers
- All Other Traveler Accommodation

Leisure & Hospitality Industry Employment

Between 2010 and 2019, North Central Wisconsin experienced a 7.4 percent growth in employment within the Leisure & Hospitality industry, significantly slower than the state's growth in employment of 13.2 percent during this time. Four counties (Adams, Forest, Juneau, and Langlade) have experienced losses in employment in the Leisure & Hospitality industry over the past decade, led by Adams County's decrease of 24.5 percent during this time. The Leisure & Hospitality industry is one of the largest industries within the Region, employing 20,978 persons in 2019, accounting for over 10 percent of total employment within the Region.

The Leisure & Hospitality industry is an especially important source of jobs for many of the counties within the Region, as it supplies over 14 percent of all jobs in Oneida County, nearly 20 percent of all jobs in Adams and Forest Counties, and accounts for over 26 percent of all jobs within Vilas County.

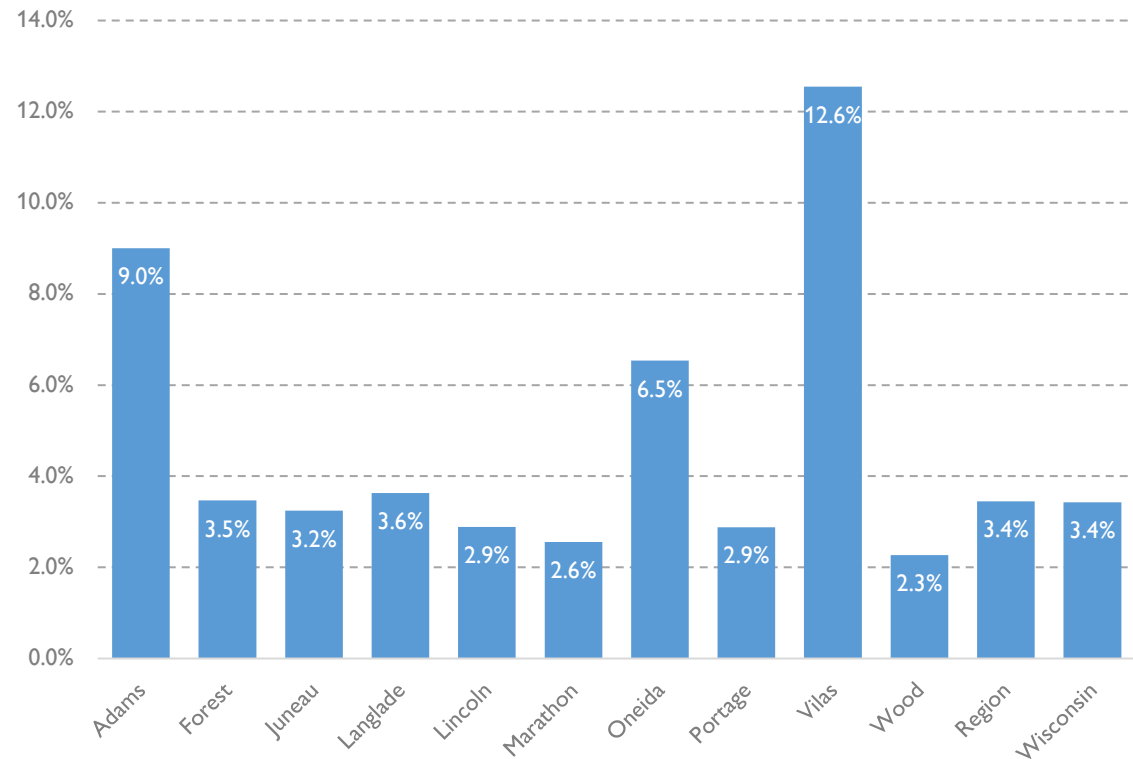


Leisure & Hospitality Industry GRP

Gross Regional Product (GRP) measures the market value of all final goods and services produced in a specific area over a given period of time. In 2010, the Leisure & Hospitality industry produced over \$500 million in GRP, accounting for 3.2 percent of the regional GRP. By 2019, GRP produced by the Leisure & Hospitality industry within the Region had increased by about 39 percent up to over \$700 million and accounted for 3.4 percent of total GRP within the Region.

The Leisure & Hospitality Industry is a major source of GRP for several counties within the Region. The Leisure & Hospitality industry accounts for over 12 percent of all GRP produced in Vilas County, for 9 percent of all GRP produced in Adams County, and about 6.5 percent of all GRP produced in Oneida County.

Percent of GRP Produced by the Leisure & Hospitality Industry



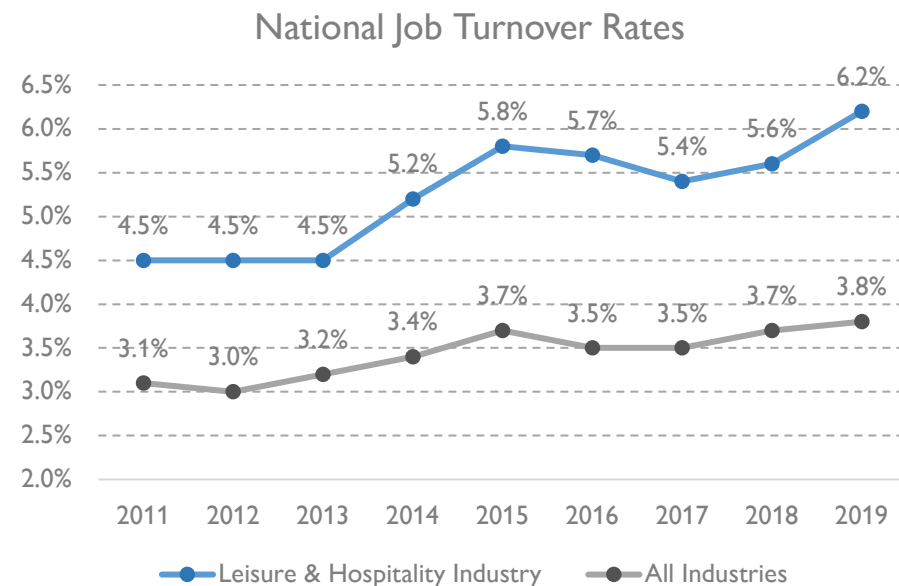
Issues Facing the Tourism and Hospitality Industries

While the Tourism and Hospitality industries have been on the rise over the past several years, the industries still face several issues that threaten the growth and overall well-being of the industries. Perhaps the greatest issue facing the Tourism and Hospitality industries is attracting and retaining employees. Factors such as low wages for workers in the Tourism and Hospitality industries that impact the attractiveness of jobs within these industries are also issues that must be addressed in order for the Tourism and Hospitality industries to continue to thrive in the future. Difficulties in attracting and retaining employees hinder the ability of businesses within these industries to offer their full capacity of services to customers, ultimately hurting their bottom line and limiting their ability to grow as a business. Another issue that the Tourism and Hospitality industries face are the decreases in spending and activity in the tourism and hospitality industries during times of economic uncertainty, an issue that has occurred following recent economic downturns such as the Great Recession in 2008 and the COVID-19 pandemic.

Attracting & Retaining Employees

Attracting and retaining high-quality labor is essential to the Tourism and Hospitality industries long-term growth and well-being within North Central Wisconsin. This issue has been exacerbated by the COVID-19 pandemic, where employment within both the Tourism & Hospitality industries plummeted. As demand for services and products within the Tourism and Hospitality industries increases as we continue to move on from the pandemic, the need to quickly attract and retain workers in these industries is heightened. Issues with attracting and retaining workers are forcing businesses within the tourism and hospitality industries to adjust to having a reduced workforce, which can lead to businesses being forced to limit their service and occupancy capacities that they can provide for customers, ultimately hurting their bottom line and impeding their potential for growth. This also leads to many businesses having to cross-train their workers to cover more hours and responsibilities, which increases the risk of overworking the employees, which leads to increases in overtime pay and an increased risk of workers leaving due to burn-out.

According to the US Bureau of Labor Statistics, the national labor turnover rate in the Hospitality industry has been consistently higher than the turnover rate across all industries. In 2019, the hospitality industry's labor turnover rate was 6.2 percent, compared to a 3.8 percent turnover rate for all industries. The higher labor turnover rates experienced by the Hospitality industry help to highlight the struggles that the Hospitality industry faces in retaining workers.

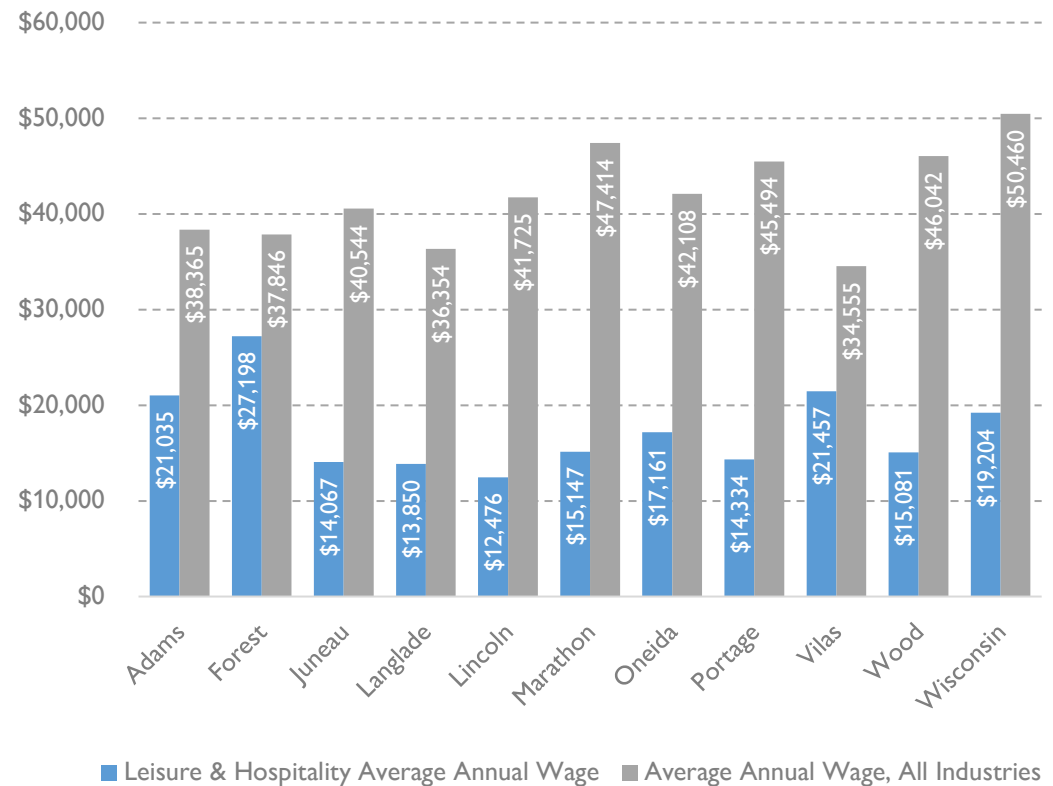


Low Wages

One of the contributing factors for the difficulties faced by Tourism & Hospitality industries in attracting and retaining workers are the low wages associated with jobs in these industries. In 2019, the average Wisconsin worker in the Leisure & Hospitality industry earned \$19,204 annually, which represents only about 38 percent of the state's average annual wage of \$50,460 across all job sectors.

Workers in the Leisure & Hospitality industry have the lowest average annual earnings of any industry throughout both the North Central Wisconsin Region and the state of Wisconsin as a whole. Such low wages make the Tourism and Hospitality industries unattractive as long-term job options and creates difficulties attracting entry-level workers into the field and for retaining workers long-term, as many workers view jobs in these industries as transitional or short-term jobs, rather than as viable long-term career options.

Average Annual Wages



Impact of COVID-19 on the Tourism and Hospitality Industries

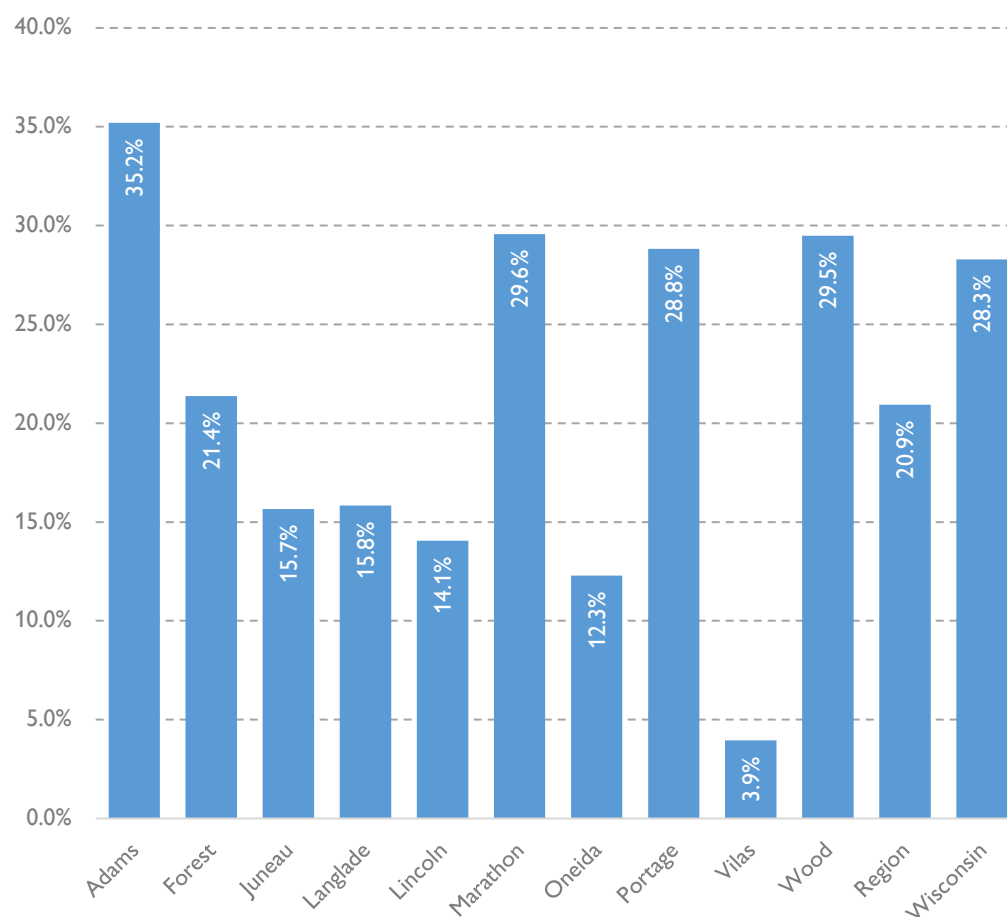
The COVID-19 pandemic has had a devastating impact on the Tourism and Hospitality industries. These industries were among the hardest hit by the pandemic and are among the industries experiencing the slowest recoveries in the wake of the pandemic. With the widespread shutdowns leading to drastic decreases in the amount of people traveling and going out to eat and drink, demand for businesses within the Tourism and Hospitality industries plummeted. The drastic decreases in activity within the Tourism and Hospitality industries led to drastic drops in direct visitor spending, business sales, and employment in both industries. Within the Tourism industry, direct visitor spending was down about 21 percent in 2020 compared to 2019 within North Central Wisconsin. Additionally, the number of jobs within the Region that are directly or indirectly generated by the Tourism industry experienced an 18 percent decrease in 2020, with several counties within the Region experiencing even more dramatic decreases in Tourism employment as a result of the pandemic. For the Leisure & Hospitality industry, employment in 2020 was down by over 13 percent compared to 2019.

Impact on Direct Visitor Spending

The economic fallout from the impacts that the COVID-19 pandemic has had on the Tourism industry has been severe. In 2019, the state of Wisconsin enjoyed a record year for Tourism spending, with Tourism generating over \$13.6 billion in direct visitor spending. However, due to the pandemic leading to drastic decreases in travel and in-person activities, direct visitor spending plummeted by over 28 percent throughout Wisconsin, down to only \$9.8 billion in direct visitor spending in 2020. All 72 counties within the state experienced losses in direct visitor spending in 2020 compared to 2019, with some counties being hit harder than others.

Within the North Central Wisconsin Region, direct visitor spending was down about 21 percent in 2020 compared to 2019. Overall, the Region lost nearly \$300 million in direct visitor spending in 2020 compared to 2019. Adams County experienced the most drastic decrease in direct visitor spending with a 35 percent decrease in 2020, while Vilas County, with a decrease of about four percent, was the only county within the Region to have a decrease below 10 percent.

Decline in Direct Visitor Spending due to COVID-19



Impact on Employment

The substantial decreases in tourism activity and demand for hospitality services and products during the COVID-19 pandemic caused many workers within the two industries to lose their jobs. Many workers were furloughed or laid off as tourism activity and the demand for hospitality services and products fell, leading to many businesses suffering significant losses in revenue. Due to these substantial losses in revenue, businesses struggled to afford to pay their workers as well as keep up with their expenditures. As a result, employment within the Tourism industry fell by over 18 percent within the Region in 2020, as the Region lost over 3,000 Tourism supported jobs as a result of the impacts of the pandemic.

Employment within the Leisure & Hospitality industry experienced a similar drop in employment, as the regional average monthly employment within the Leisure & Hospitality industry was over 13 percent lower in 2020 than in 2019.

As the economy has begun to reopen and recover from the impacts of the COVID-19 pandemic, the recovery within the Tourism and Hospitality industries has struggled to gain back jobs at the same rate as other industries. The lack of job recovery within the Tourism and Hospitality industries has held back recovery efforts, as many businesses in these industries are now understaffed and are struggling to keep up with increased demand for their products and services as a result. Due to varying factors, many of the tourism and hospitality workers who lost their jobs during the pandemic have not returned to their former jobs in the Tourism and Hospitality industries. Factors such as the high contact rates associated with tourism and hospitality jobs place workers at higher risk of contracting the coronavirus, which has led some former employees to seek work in other fields or to remain unemployed. The low wages associated with many of the jobs in these industries have also made it difficult to recover workers lost during the pandemic, as many workers were able to make as much money, or in some cases even more money, off of the enhanced unemployment benefits offered to unemployed individuals during the pandemic than they were at their former jobs.

Impact on Tourism Employment

As stated above, employment within the Tourism industry drastically decreased as a result of the impacts that the COVID-19 pandemic had on tourism activity. Across the Region, tourism employment fell by over 18 percent, as the Region lost over 3,000 tourism jobs in 2020. As a whole, the Region had a slightly less significant loss of jobs in 2020 than the state, which experienced a 22 percent decrease in tourism employment. Each county within the North Central Wisconsin Region experienced significant job losses within the Tourism industry in 2020, led by Adams County, which experienced a 34 percent decrease in tourism employment. Vilas County, which experienced a 7.4 percent decrease in tourism employment, was the only county within the Region to experience a decrease in tourism employment of less than 10 percent in 2020.

COVID-19 Impact on Tourism Employment			
	2019	2020	Percent Decrease in Employment
Adams	2,205	1,458	33.9%
Forest	226	187	17.2%
Juneau	763	677	11.3%
Langlade	479	414	13.5%
Lincoln	738	631	14.5%
Marathon	4,242	3,371	20.5%
Oneida	2,255	1,947	13.7%
Portage	2,310	1,753	24.1%
Vilas	2,079	1,926	7.4%
Wood	2,292	2,046	10.7%
Region	17,590	14,411	18.1%
Wisconsin	202,217	157,332	22.2%

Source: Wisconsin Department of Tourism

Impact on Leisure & Hospitality Employment

Similar to the Tourism industry, employment within the Leisure & Hospitality industry significantly declined as a result of the COVID-19 pandemic. Within the North Central Wisconsin Region, average monthly employment within the Leisure & Hospitality industry dropped by over 13 percent in 2020, while the state experienced a 20 percent decline. Overall, nine of the counties within the Region experienced substantial losses in employment within the Leisure & Hospitality industry, led by Forest County with a 29 percent drop in employment. Vilas County actually experienced a seven percent increase in average monthly employment within the Leisure & Hospitality industry in 2020.

The impact of the pandemic on employment was more drastic in the earlier stages of the pandemic. Most of the counties, including Vilas County, within the Region experienced a significant loss of jobs between the first quarter of 2020 and the second quarter of 2020. As time passed and the economy began gradually reopening, some counties were able to recover some of the jobs initially lost, including Vilas County which eventually recovered to the point where they actually had more jobs at the end of 2020 than they did at the end of 2019. Vilas County experienced an initial drop of 9 percent in employment at the onset of the pandemic. This indicates that while Vilas County did lose a significant number of jobs due to the pandemic, the County has experienced a stronger recovery in employment within the Leisure & Hospitality industry.

COVID-19 Impact on Leisure & Hospitality Employment			
	2019	2020	Percent Change in Employment
Adams	874	658	-24.7%
Forest	583	414	-29.0%
Juneau	855	776	-9.2%
Langlade	676	600	-11.2%
Lincoln	1,038	897	-13.6%
Marathon	6,130	5,160	-15.8%
Oneida	2,294	1,926	-16.0%
Portage	3,658	2,899	-20.7%
Vilas	2,123	2,268	6.8%
Wood	2,743	2,582	-5.9%
Region	20,974	18,180	-13.3%
Wisconsin	295,562	236,721	-19.9%

Source: Wisconsin Department of Workforce Development

Impact on Tourism Business Sales

Due to the widespread decline in travel and in-person activity caused by the COVID-19 pandemic, tourism business sales took a major hit in 2020. After the state of Wisconsin experienced a record year for tourism business sales in 2019, with over \$22 billion in sales, tourism business sales within the state plummeted by over 22 percent in 2020, falling to \$17 billion in sales. Within the North Central Wisconsin Region, tourism business sales were slightly over \$2 billion 2019, and experienced an 18 percent decrease in 2020, falling to a little over \$1.7 billion in sales. Each county within the Region experienced significant decreases in tourism business sales in 2020, led by Adams County's 30.1 percent decrease.

COVID-19 Impact on Tourism Business Sales			
	2019	2020	Decrease in Business Sales
Adams	\$275,344,679	\$192,347,293	30.1%
Forest	\$22,004,773	\$17,924,330	18.5%
Juneau	\$103,192,742	\$87,882,020	14.8%
Langlade	\$73,237,695	\$62,331,958	14.9%
Lincoln	\$95,899,848	\$82,812,688	13.6%
Marathon	\$453,429,752	\$352,134,816	22.3%
Oneida	\$322,145,353	\$282,114,664	12.4%
Portage	\$243,018,813	\$189,854,878	21.9%
Vilas	\$309,826,808	\$291,556,746	5.9%
Wood	\$197,051,444	\$154,726,724	21.5%
Region	\$2,095,151,906	\$1,713,686,117	18.2%
Wisconsin	\$22,223,395,967	\$17,264,188,122	22.3%

Source: Wisconsin Department of Tourism

Impact on Taxes Generated by Tourism

As a result of all of the losses incurred in the Tourism industry such as in direct visitor spending, employment and wages, and business sales, state and local tax revenues generated by tourism took a major hit in 2020. In 2019, the Tourism industry generated over \$1.6 billion in state and local tax revenues. However, state and local tax revenues generated by tourism plummeted in 2020, decreasing by over 28 percent throughout the state. Within the North Central Wisconsin Region, tourism generated over \$150 million in state and local tax revenue in 2019. In 2020, state and local tax revenues generated by tourism within the region experienced a 20 percent decrease, falling to only \$120 million in tax revenue.

COVID-19 Impact on Tourism Tax Revenue			
	2019	2020	Decrease in Tourism Tax Revenue
Adams	\$23,581,094	\$15,762,233	33.2%
Forest	\$1,816,550	\$1,478,136	18.6%
Juneau	\$7,404,673	\$6,353,726	14.2%
Langlade	\$4,547,235	\$3,754,837	17.4%
Lincoln	\$6,089,340	\$5,063,203	16.9%
Marathon	\$31,505,860	\$24,064,583	23.6%
Oneida	\$22,943,571	\$19,423,267	15.3%
Portage	\$17,055,448	\$12,682,435	25.6%
Vilas	\$23,874,496	\$22,050,834	7.6%
Wood	\$12,404,910	\$9,956,808	19.7%
Region	\$151,223,177	\$120,590,063	20.3%
Wisconsin	\$1,610,007,283	\$1,157,163,582	28.1%

Source: Wisconsin Department of Tourism

Impact on Job Recovery

As the economy begins to reopen, the Tourism and Hospitality industries have struggled to fill the jobs that were initially lost as a result of the pandemic. Factors such as the low wages and benefits offered by the jobs in these industries, as well as the high-contact rates associated with these jobs, have turned many workers away from jobs within the Tourism and Hospitality industries in favor of jobs in fields that they deem as more desirable. This has led to a slower job recovery within the Tourism and Hospitality industries than the overall economy within the Region has experienced in the wake of the pandemic.

Total employment across all industries dramatically decreased at the onset of the pandemic. In fact, the North Central Wisconsin Region experienced an initial 12 percent drop in total employment. By the end of the year 2020, employment within the Region had recovered to a point where year-end employment in 2020 within the Region was only 2.4 percent below year-end employment in 2019. However, regional employment within the Tourism and Hospitality industries has recovered at a significantly slower pace in the wake of the pandemic. Regional employment within the Tourism industry was about 18 percent lower at year-end of 2020 than it was at year-end of 2019, while employment within the Leisure & Hospitality industry was about 13 percent lower at year-end of 2020 than it was at year-end of 2019. This indicates that the Tourism and Hospitality industries have had a much more difficult time recovering the jobs lost at the onset of the pandemic than the overall economy has.

Benefits of Supporting the Tourism and Hospitality Industries

Improving the conditions surrounding the Tourism & Hospitality industries within the North Central Wisconsin Region will have significant benefits throughout the Region and is crucial to the Region's long-term economic recovery and resiliency efforts. Considering the importance of the Tourism and Hospitality industries within the Region, it is essential to improve the employment situation within these industries to ensure that these industries can operate at their full capacities moving forward. Improving the attractiveness of jobs within Tourism and Hospitality industries to the workforce will help to address staffing issues and reduce high levels of job turnover within the industries. Increasing the attractiveness of these jobs will also help to recover most of the jobs lost during the pandemic. Recovering the jobs lost during the pandemic will have positive impacts on the Region's tourism- and hospitality-based businesses and allow them to better serve their customers and prevent losses in revenue associated with being understaffed.

Benefits of Improving the Attractiveness of Tourism & Hospitality Jobs

As noted earlier, the Tourism and Hospitality industries have major issues regarding the attractiveness of the jobs available in their fields. Factors such as low wages and benefits associated with these jobs make it difficult for businesses within these fields to attract and retain employees, as evidenced by the high job turnover rates within these industries. The high-contact levels that are associated with jobs in the Tourism and Hospitality industries have also made these jobs unattractive during the pandemic, as these jobs place workers at an increased risk of contracting the coronavirus due to higher levels of in-person contact. As a result, businesses within the Tourism and Hospitality industries are often limited by their ability to attract and retain a suitable workforce, which impacts their ability to operate at full capacity, hurting their bottom line and growth potential. Improving the attractiveness of Tourism and Hospitality jobs to prospective workers will help improve job retention and recruitment rates within these industries, which will help to prevent staffing issues for employers and allow them to operate at full capacity.

Improving the attractiveness of these jobs is also crucial for helping these industries recover from the impact of the COVID-19 pandemic. Employment within the Tourism & Hospitality industries drastically decreased due to the pandemic and has struggled to recover to pre-pandemic levels. In fact, Vilas County is the only county within the Region to date that has fully recovered the jobs lost in the Leisure & Hospitality industry during the pandemic. As a result of the slow job recovery within the Tourism and Hospitality industries, many businesses are facing staffing shortages and are not able to operate at their full capacities or have been forced to remain close due to not having enough workers, which is harming their ability to effectively recover from the financial impacts of the pandemic. Improving the attractiveness of jobs within these industries will help to draw workers into these jobs, leading to improved job recovery rates within the Tourism and Hospitality industries. This in turn will help address the issues associated with staffing shortages and will help lead to increased operational capacities and revenue for businesses.

Vision for Tourism & Hospitality Within North Central Wisconsin

Tourism and hospitality are key components of the North Central Wisconsin Regional economy. In 2019, the Tourism industry accounted for over eight percent of jobs within the Region and the Leisure and Hospitality industry accounted for over ten percent of jobs within the Region. The COVID-19 pandemic had a substantial impact on these industries as widespread shutdowns led to drastic decreases in people dining out, attending events, and participating in entertainment venues. Although these shutdowns likely saved numerous lives, protected the healthcare system, and enabled the Region to build a population level public response, contact tracing, testing, and vaccine infrastructure, they had a profound impact on the local economy. This was especially true in the areas of tourism and hospitality.

The Region's economy is comprised of a diverse mix of industries and the contribution of the Tourism and Hospitality sector is indisputable. This is especially true in our far northern and southern counties where outdoor recreation, travel, and tourist destinations abound. To sufficiently recover from the pandemic, we need to continue to shore up these industries and implement sustained support that will help to ensure that these segments of the economy continue to be resilient. These industries are already vulnerable due to poor wages and benefits, and operations that have significant seasonal swings. The COVID-19 pandemic added to these barriers with shutdowns, reduced capacities, and additional cleaning and health requirements.

The interconnection of all segments of our Regional economy is strongest when each individual sector is strong. No part of the economy been left unaffected by the COVID-19 pandemic. However, impact to the Tourism and Hospitality sectors have been especially severe. Bolstering the Tourism and Hospitality industries in their recovery creates a resilient Regional economy that will continue to thrive in the future.

This section will establish:

- **Goals** and what we hope to achieve for the Tourism and Hospitality industries within North Central Wisconsin moving forward
- **Priorities** for the Tourism and Hospitality industries within the Region
- **Strategies** and **Recommendations** for the Tourism and Hospitality industries within North Central Wisconsin

Goals

The following goals have been identified to be most important to the vision of the Tourism and Hospitality future of the Region. When setting goals top considerations include the geographic breakdown of the Region, including the outdoor recreation, travel, and tourism focus of the northern and southern counties, the shutdowns and reduced capacity restrictions that severely impacted many businesses in this category, and the interconnected nature of all sectors of the Regional economy.

- Foster recovery within the Tourism and Hospitality sectors throughout the Region.
- Implement policies and practices that create sustainability in both the Tourism and Hospitality industries.
- Identify best practices with relation to the Tourism and Hospitality industries to create continued growth and interconnectedness with the greater Regional economy.

Priorities

Tourism and Hospitality priorities for the Region were formulated to better meet the goals identified above. The main priorities in the Region include the creation and continued prioritization of competitive and vibrant Tourism and Hospitality businesses throughout the North Central Wisconsin Region. When considering priorities, the outdoor recreational landscape of the Region was considered in addition to the policy barriers that have impacted these industries.

- Ensure that those within the Tourism and Hospitality industries have the opportunity to express their needs.
- Identify ways to streamline guidance for the Tourism and Hospitality industries.
- Create investment in the Travel and Hospitality industries.

Strategies and Recommendations

The goals and priorities established above identify the vision for the future the Tourism and Hospitality industries in the Region. Strategies and recommendations have been identified to meet these goals and priorities and can be broadly organized into three main categories of emphasis:

- Stakeholder Engagement
- Policy
- Investment

Stakeholder Engagement Strategies and Recommendations

The first category addresses the need to incorporate Tourism and Hospitality stakeholders into the policy and planning process. When guidelines are created and implemented it is important to solicit feedback from those operating or operating businesses or those that are directly impact by Tourism and Hospitality businesses. The first set of strategies and recommendations are targeted at seeking stakeholder input.

- When crafting recommendations related to business closures, capacity restrictions, hours restrictions, and the like, incorporate feedback from business owners to the greatest extent possible.
- Use surveys, town halls (virtual or in person), and one-on-one outreach to ask businesses owners about their immediate pain points.
- When seeking information find what is most beneficial in the near-, middle-, and long-term.

Policy Strategies and Recommendations

The second category relates to policy. Pandemic related policies generally resulted in shutdowns, capacity restrictions, and enhanced cleaning and sanitization practices. For tourism and hospitality businesses this translated to lost revenue and increased costs. There are policy enhancements that would help to offset these impacts. The following strategies and recommendations would better inform policy both when businesses are undergoing restriction and when businesses are recovering from the effects of restrictions:

- Allow flexibility with zoning and land use policies related to parking, carry-out services, outdoor dining, and alcohol to-go sales.
- Repurpose public outdoor space.
- Provide clear, concise communications.
- Rethink rules that restrict flexible/temporary uses.

Investment Strategies and Recommendations

The third category targets investment in the Tourism and Hospitality industries. There was significant lost revenue and increased operating expenses within these industries during the pandemic. Many businesses within these industries were disproportionately impacted due to the nature of their operations involving groups of people who come together to participate in an activity. The following recommendations would provide investment in these businesses which would help with short- and medium- term recovery and long-term sustainability:

- Provide information and advocacy of direct cash assistance such as low-interest loans, grants, microgrants, and microloans.
- Work to increase wage rates for those working in the areas of tourism and hospitality.
- Support federal and state programs including Paycheck Protection Program, Economic Injury Disaster Loans, and WEDC programs.
- Assist businesses in converting to virtual portals for online sales.
- Provide residents ways to discover open businesses and to learn about changes in operating hours.
- Streamline the dissemination of information about funding opportunities and technical assistance from economic development professionals.
- Continue to elevate the importance of the integration of tourism and economic development.

Notes

1: Wisconsin Department of Tourism – The Power of Tourism: <http://industry.travelwisconsin.com/research/the-power-of-tourism>

North Central Wisconsin Regional Recovery Plan

Tourism & Hospitality Assessment Report