

## THE ECONOMIC IMPACTS OF TOURISM IN LANCASTER COUNTY



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In 2003, Econsult Corporation was retained as a subcontractor to conduct a study on the economic impacts of tourism in Lancaster County as part of a strategic planning effort for the region's tourism industry. To many, Lancaster County is synonymous with tourism. The area's attractiveness combined with its convenient location, makes Lancaster County the State of Pennsylvania's second favorite tourist destination. Regions tend to specialize in the production of the goods and services they produce best, and tourism is clearly one of the activities in which the Lancaster County region has a strong *competitive advantage*. Key tourism industries include hotels, transportation, restaurants, retail, entertainment, and travel services. A significant indirect role is also played by firms in real estate, business services, wholesale trade, food production, banks, and telecommunications.

While tourism has been prominent in the area for decades, there has been little attempt to analyze its overall importance to the County's economy. In part this is because tourism as an "industry" is hard to measure accurately. Economic data does not identify a single tourism sector, but rather several components (hotels, restaurants, retail and others) where only part of their customer base is tourists. Therefore, simple measurement issues have undoubtedly contributed to this dearth of analysis.

Econsult performed a comprehensive analysis and review of the economic importance of tourism in Lancaster County as well as an assessment of how the sector has fared between 1998 and 2001 relative to its competitors. Econsult also examined key labor market issues associated with tourism employment and upward labor mobility. Recent evidence supports the thesis that the county's competitive advantage in the industry, while still significant, is showing signs of slippage in recent years. These findings therefore suggest that 1.) current efforts to reinvigorate the tourism industry (via improvements in products, travel access and marketing) and 2.) seminal efforts to cross-train workers to move across industries are both very timely and have a significant upside for the county's economy.