

Northern San Joaquin

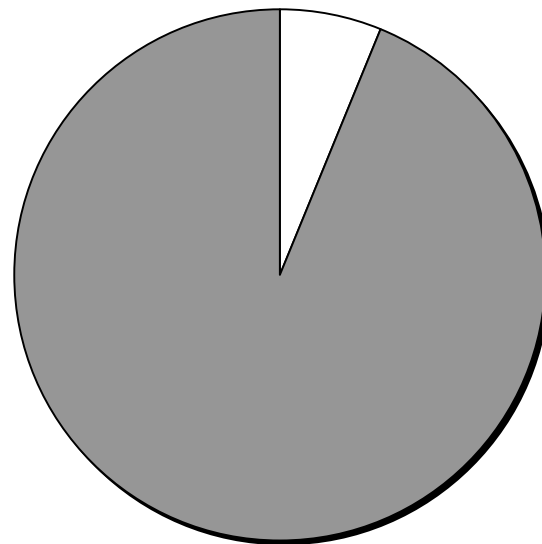
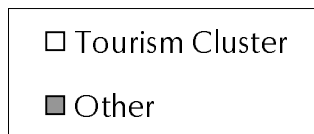
Tourism Industries: Economics and Impact

4,100 businesses
21,800 jobs
\$300 mil in wages

The industries comprising the tourism industry cluster in the northern San Joaquin region directly account for about 21,800 jobs. These tourism jobs come from a combination of lodging, recreation and amusement services, transportation, retail trade, and other hospitality-driven sectors such as restaurants.

Employment in tourism industries in the northern San Joaquin region

Total 1999 Estimated
Employment
363,000



Lodging

Because supply has grown faster than demand, profits have been low. According to Smith Travel Research, in 1994 the lodging industry posted record profits for the first time since 1982 of \$5.5 billion and profits grew at a rate of 129 percent. At the end of 1999, by comparison, the lodging industry is expected to post profits of \$22.5 billion, which is a 7.8 percent profit growth from 1997.

The vision of the future for lodging also leans on technology. For business travelers, the hotel room may turn into a resource center. While providing a bed, the emphasis will be on connectivity. Voice and data ports will link the executive via satellite, and an LCD screen with a voice-keyboard will replace the television. The personal communication setup identifiers will be available by the time the traveler reaches the room via user identifiers.

Tourism industries trends

Restaurants

New technologies may help the industry to become more efficient. Brinker International is introducing a system that will monitor every

aspect of the foodservice experience—form food holding times to credit card swipes. Other technology includes self-help kiosks in full-service restaurants and Internet order systems. The releases of several information appliances at this year's Comdex herald just such advances.

The relatively low recent unemployment rates are a concern for foodservice owners. This competes with the fact that only 18 percent of foodservice employees are careerists -- those that choose foodservice as a profession. The industry must become more professional to attract *employees* (rather than transient *workers*) with child-care and health-care options.

Entertainment

Zoos and museums are aware of increased competition from other entertainment mediums. They are especially concerned with the question of how an aging U.S. population will affect their industry. They seek to establish better linkages with similar organizations and to establish conservation education programs.

Other Tourism Trends

To promote growth in the tourism industry, the World Travel and Tourism Council recommends:

- Deregulation of the airline industry in order to promote lower airfares.
- The telecommunications sector should be encouraged to develop less expensive, competitive channels of distribution;
- Implementation of the General Agreement on Services in order to make it easier for companies to gain access to overseas markets.
- Reduction of hidden taxes on non-resident travelers.

Other trends in the tourism include the following:

- Recent years have seen increases in eco-tourism.
- Short-term holidays make headaches for planners.
- ADA and minimum wage requirements are concerns of the theme park industry as it enters the International Year of the Carousel.
- Business and personal travel tends to closely parallel economic cycles.

Tourism industries comprise one of the fastest growing segments of the northern San Joaquin economy, with about 5,800 new jobs projected between 1999 and 2006. The largest increase in any single sector will occur in recreation and amusement services, which will add approximately 2,700 jobs during this period. The two other dominant tourism industries, hotels/lodging and eating places, will together add another 1,800 jobs to the regional economy by 2006.

Local tourism industry cluster

What are industry clusters?

Industry clusters represent industry groups that share similar technologies, labor skills, distribution channels, and related markets. There is substantial evidence that collaboration among businesses with such shared interests, supported by research and educational institutions as well as governmental agencies, can provide a useful understanding of local economies. Cluster analysis can identify industry groupings that competitively export goods and services from the region; encourage further development of the robust parts of each cluster; and supplement those parts that are currently weak.

Industry	SIC	Firms (1996)	Employment (1996)	Employment (Est. 1999)	Projected Growth 1999 to 2006	Yearly Growth Rate
Tourism Core Industries		4,115	19,753	21,764	5,833	
Local and suburban transportation	411	36	376	335	-78	-3.7%
Taxicabs	412	7	52	54	4	1.0%
Intercity and rural bus transportation	413	4	42	44	3	1.0%
Bus charter service	414	6	77	74	-6	-1.2%
Air transportation, scheduled	4512	3	163	193	95	5.9%
Air transportation, nonscheduled	452	2	8	10	5	5.9%
Airports, flying fields, & services	458	15	71	83	35	5.2%
Passenger transportation arrangement	472	88	327	350	60	2.3%
General merchandise stores	53	142	2,100	2,411	918	4.7%
Food stores	54	850	842	900	150	2.2%
Gasoline service stations	554	320	717	756	100	1.8%
Eating and drinking places	58	1,962	4,781	5,183	1,075	2.7%
Gift, novelty, and souvenir shops	5947	99	196	208	30	2.0%
Hotels and motels	701	196	4,871	5,138	681	1.8%
Camps and recreational vehicle parks	703	33	154	158	11	0.9%
Passenger car rental	7514	7	17	22	19	9.0%
Amusement & recreation services	79	345	4,958	5,844	2,732	5.6%

Current job locations and concentration

Within the region, the highest number of tourism jobs is in San Joaquin and Stanislaus

counties. However, tourism's importance and contribution to the local economy is greater in the foothill counties. For example, in Alpine County tourism accounted for over 90 percent of the 900 private-sector jobs in the county.

The concentration of tourism employment in Alpine, Amador, Calaveras, Mariposa and Tuolumne counties is above the statewide average, as indicated in bold in the following table. All these areas had above average employment concentrations relative to the state.

JOBS IN THE TOURISM CLUSTER

County	Percentage of Total
Alpine	4.2%
Amador	4.9%
Calaveras	3.4%
Mariposa	10.7%
Merced	9.4%
San Joaquin	33.7%
Stanislaus	26.9%
Tuolumne	6.6%

Future job growth

Occupation Demand 1999 to 2006

Waiters & waitresses	420
Sports instructors & coaches	380
Salespersons, retail	370
Cashiers	360
Maids & housekeeping	230
Combined food prep/svc workers	220
Amusement/recreation attendants	220
Cooks, restaurant	190
Landscaping laboe; ground keepers	170
Food preparation workers	170
General managers	120
Maintenance repairers, general	120
Bartenders	110
Janitors & cleaners	110
First line supervisor, sales & related	110
Stock clerks, sales floor	100

Clusters and workforce development

The cluster approach is important to workforce development agencies because it shows where employment growth is likely to occur, and shows the variety of related businesses that share common attributes. Training providers can coordinate their training programs for groups of occupations and skills within a cluster. Cost-effective programs can be tailored directly to the needs of the businesses in that cluster.

- The same seasonal employees tend to return to the same employer season after season, with some replacements needed for those employees that do not return. Although advertising, booths at job fairs, and help wanted signs are used to recruit, new employees are more often found via word-of-mouth from other employees.
- In a seasonal work environment the work force expects seasonal work, and is itself nomadic and temporarily available. Many of the workers move around the country following the available jobs, or simply accept public assistance during the off season.
- Valley employers tend to have more regular relationships for recruitment and training with community colleges, EDD and other agencies, while foothill employers are much less likely to. This may be primarily a function of size and proximity. Employment and training agencies should make an extra effort to make more frequent contact with foothill employers.
- In general, the most recent graduates from high schools, colleges and welfare rolls would have benefited from a class in work ethics and in work readiness. "Attitude" is more common these days, and it impacts the quality of the workforce.
- Training agencies tend not to be aware of the need to teach customer service skills. The key skill in a hospitality (tourism, amusement, etc.) industry is customer service ability, which boils down to listening. The employee must be able to understand the customer's needs and effectively respond. Interpersonal skills are crucial, as well as anticipating the customer's needs. A good customer service ethic emphasizes personality, which includes self-motivation and communications skills; the ability to read people and respond to their needs; and courtesy and enthusiasm:

"We are in the entertainment industry. The customer seeks an escape and expects prompt courteous service to help them do so."

"When considering an applicant, I watch how they say 'yes' to the customer."

"Personality is a skill."

Training and policy issues

- Employee turnover in tourism industries is high, up to 40 or 50 percent annually in the customer service occupations. Turnover is much lower in management and administration.
- Tourism related industries tend to exhaust the existing labor supply in the foothills during the peak season, and will sometimes hire unqualified people to adequately staff their operations. Temporary shortages can be made up by actively recruiting high school and college students, and by busing staff to the work place.
- Smaller tourism employers need their entire staffs, including cooks, housekeeping and maintenance, to have customer service skills because they tend to interact with customers more often. In larger establishments those skills have less importance for such staff.
- Likewise, more cross training is needed by smaller employers. For instance, because the wait staff in a small operation often prepares foods, that staff needs more food preparation and presentation skills than the service staff in a larger establishment.

- Tourism companies mostly terminate employees if they fail to show up to work on time, if they disrupt, or if they fail drug tests. Lack of on-time attendance is the most frequent reason for firing an employee. Substance abuse is an especially significant employee problem in the foothills.
- Tourism firms find their employees through advertising and referrals from other employees.
- Math skills among restaurant wait staff are less necessary now that point-of-sale computer systems are common, even in the most rural areas.
- Schools and universities are generally not aware that entertainment and sports are businesses, and should include more training related to those industries. Employment services and training agencies should acknowledge seasonal employment as a fact of life in the region and should tailor more of their services to this need. They should ramp up their outreach efforts in the foothills for seasonal employees. The welfare pool could be designed to be the peak labor supply during periods of labor shortages. Many employers can be recruited as training sites for such purposes.
- More technical training and general school curricula should be targeted toward the growth clusters, including agribusiness, mechanization and engineering, and hospitality, tourism and entertainment. Overall, the tourism cluster has lower average annual wages than the other clusters. Only air transportation and local transportation jobs earned average wages greater than \$20,000 per year. For other tourism industries, the low average earnings reflect a combination of lower hourly earnings, part-time work schedules, and seasonal employment.

Wages and availability

The lodging, retail, and restaurant jobs that dominate the tourism industry cluster generally pay lower than average wages on an hourly

basis, and they tend to rely on part-time staffing. In addition, many of the businesses that comprise the recreational and amusement services operate on a seasonal basis. The following table identifies average wages in selected job categories.

AVERAGE ANNUAL WAGES IN TOURISM INDUSTRY CLUSTER, 1996

Industry	SIC	Avg Wage (\$)
Tourism Industries		\$12,400
Local and suburban transportation	411	\$24,900
Taxicabs	412	\$13,600
Intercity and rural bus transportation	413	\$14,500
Bus charter service	414	\$18,600
Air transportation, scheduled	4512	\$34,400
Air transportation, nonscheduled	452	\$26,000
Airports, flying fields, & services	458	\$24,000
Passenger transportation arrangement	472	\$15,300
General merchandise stores	53	\$13,600
Food stores	54	\$19,200
Gasoline service stations	554	\$13,400
Eating and drinking places	58	\$8,500
Gift, novelty, and souvenir shops	5947	\$9,900
Hotels and motels	701	\$12,300
Camps and recreational vehicle parks	703	\$11,800
Passenger car rental	7514	\$15,500
Amusement & recreation services	79	\$10,600

Local employers

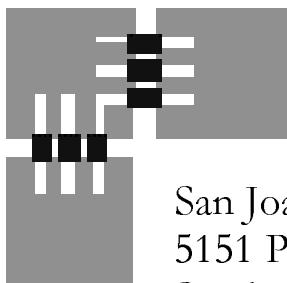
The 4,100
businesses
that
comprise

the tourism cluster represent a diverse range of service, sales, and lodging providers. Some of the major employers in the core industries are included in the following table.

SELECTED MAJOR TOURISM CLUSTER EMPLOYERS

Establishment	Product or Service	City
Core Industries		
Hotel, concessions	Yosemite Concession Services	Yosemite
Delicatessen	Degnan S. Deli 328	Yosemite
Grocery store	Dole Food Company, Inc.	Stockton
Hotel	Doubletree Hotel	Modesto
Retail Bakery	Earth Grains Baking Co.	Stockton
Health club	In Shape Management Company	Stockton
Department store	J C Penny	Modesto
Bingo Hall	Jackson Indian Bingo	Jackson
Department store	Montgomery Ward 1556	Modesto
Eating place	Sweetriver Saloon	Merced

This fact sheet provides detailed information on where employment growth will occur in the eight-county region and highlights the skill requirements of the tourism industries. These data can be used by the Northern San Joaquin Regional Collaborative the basis for aggregation of market demand by skill and category. This will permit the development of efficient training and education programs that cut across county boundaries and serve all tourism firms in the region. Establishing a system for continued reassessment of the needs of these businesses would lead to the creation of a regional labor market that can effectively match the supply and demand for labor without public sector intervention.



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