



Deeper Dive: Michigan Outdoor Recreation Industry Office Data

Understanding the Federal Bureau of Economic Analysis Outdoor Recreation Satellite Account to Better Support Your Outdoor Business or Community

When people think of the outdoor recreation economy, they often think first about travel and tourism. However, the outdoor recreation economy is much more than that.

Take fishing as an example. In order to fish, one will need, if nothing else, a rod, a reel, and tackle. Each of these is manufactured in one community, shipped by a transportation company based in another community, and sold by a brick-and-mortar or online retailer based in yet another community. At each step along the way to the person standing on the river bank, jobs and economic value are created in a different community.

This simple thought experiment can be extended to every other outdoor recreation activity, from mountain biking to skiing to recreational flying. Thus, while tourism constitutes a significant portion of a region's overall outdoor recreation economy, there is much more to this economy.

For decades, economic researchers attempted to measure the true size of the outdoor recreation economy in individual states and the United States overall. Each attempt involved a different definition of outdoor recreation (e.g., Do you consider gardening a form of outdoor recreation?) and a different way of capturing data to match the definition. As a result, outdoor recreation economies could not be compared across states and there was no definitive value for the nation overall.

This issue was resolved by the Outdoor Recreation Jobs and Economic Impact Act of 2016, which required that the Bureau of Economic Analysis (BEA) create the Outdoor Recreation Satellite Account (ORSA) to serve as a single official source of information on the size and composition of the outdoor recreation economy at the state and national levels.

As part of the MEDC's efforts to enable the outdoor recreation industry and support it as a state and regional economic development opportunity, the Michigan Outdoor Recreation Industry Office and Heartland Forward used the BEA data to develop and release a first-of-its-kind tool to make the federal data more available and user friendly. Using this new tool, now available on the MEDC's Outdoor Recreation Industry website, the BEA data provides insights and trends useful for understanding and making critical regional and local investments and helping support business decisions.

The ORSA dataset provides state and national information on value added by outdoor recreation to Gross Domestic Product (GDP), outdoor recreation employment, and total compensation of those employees by industry;¹ that is, we know the value added to Michigan's economy by outdoor recreation related to tourism, but also to outdoor product manufacturing, transportation, etc.



The dataset additionally contains the value added to GDP by outdoor recreation activity; for example, we know the value added to Michigan’s GDP by all economic activity related to boating.

Value added to a region’s GDP by an industry or activity category is the dollar value of all goods produced and services provided by businesses and government entities in the region that fall within that industry or category, less the value of any intermediate goods and services that went into the creation of these products and the provision of these services; it is truly the contribution of the industry or activity category to the region’s overall GDP.

Thus, the total value added to Michigan’s economy by boating would incorporate all boat, boat parts, and boating equipment manufacturing that was completed in Michigan, less the cost of intermediate products used in the manufacturing process, as well as: the value created by Michigan transportation companies shipping boats; the value created by Michigan boat design companies designing boats; the value created by Michigan boat dealers selling boats to the public; the value created by the sale of supplies by Michigan retailers consumed in the act of boating in Michigan; and the value created by Michigan service providers related to the act of boating in Michigan.

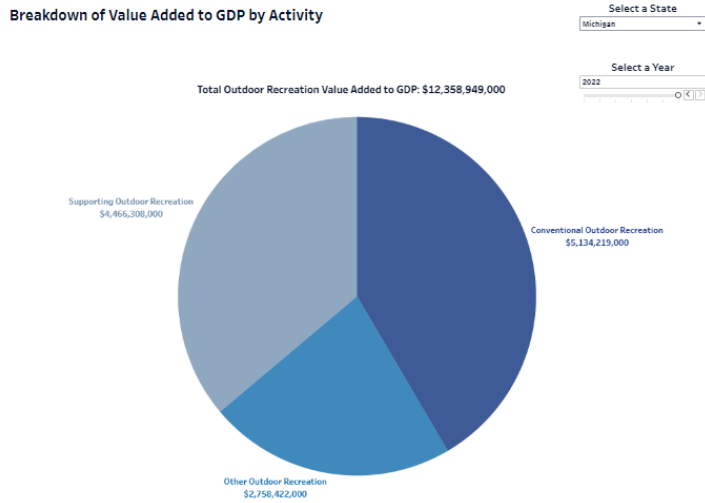
Because the ORSA data provide us with consistently calculated annual estimates of value added, employment, and compensation across states and years, we can compare Michigan to itself and its peers across time using these new BEA-based data dashboards.

The data web page was created for exactly that purpose, as the interactive graphs and charts listed below display the industry and activity breakdowns of the outdoor recreation economy for Michigan and other states in a selected year – data extends from 2017 to 2022.

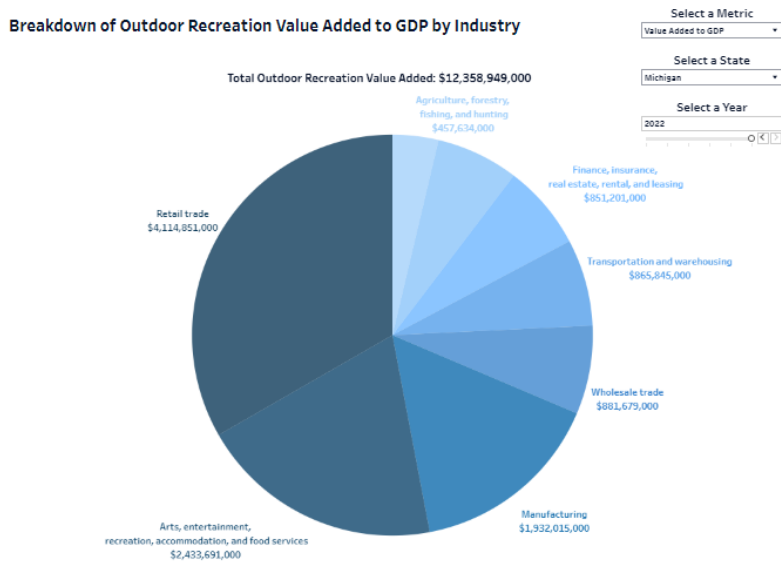
Additionally, the interactive line charts allow the user to plot economic metrics across time by industry or activity and directly compare Michigan to other states. Many key terms are defined in the text below each visualization, and official BEA definitions for more technical terms, including the official definitions of value added, employment and total compensation, are provided at the end of this document.

Interactive Datasets Available

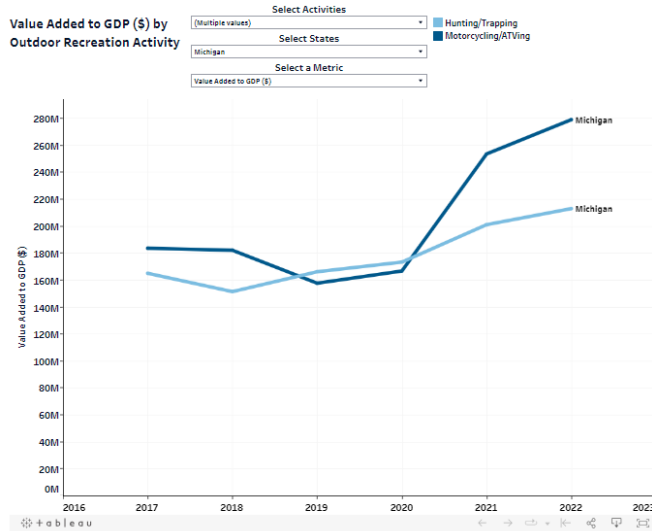
1. Composition of the Outdoor Recreation Economy by Activity Type



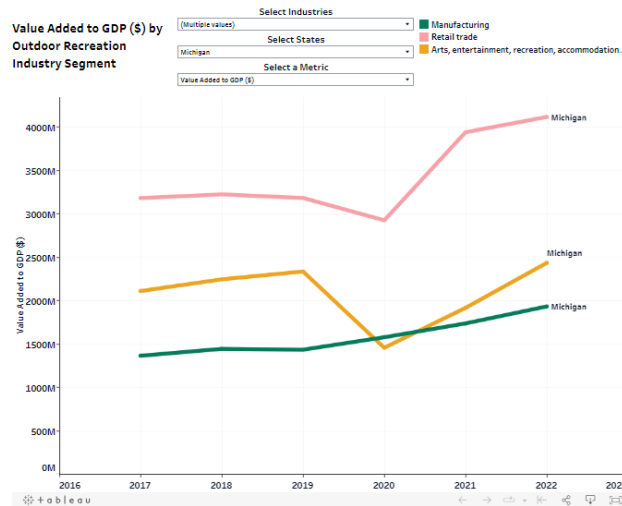
2. Composition of the Outdoor Recreation Economy by Industry Segment



3. Value Added by Outdoor Recreation Activity



4. Outdoor Recreation Economy by Industry Segment



Michigan Outdoor Recreation Economy by Activity Type and Industry

The **Composition of the Outdoor Recreation Economy by Activity Type** pie chart displays the value added to GDP by outdoor recreation economic activity, with the default set to look at Michigan for the most recent available data (2022), broken down by category of recreation activity. These are broad categories defined as follows:



- **Conventional Outdoor Recreation:** This category captures activities commonly thought of as outdoor recreation. These include, but are not limited to, bicycling, boating, fishing, hunting, shooting, motorcycling, ATVing, climbing, hiking, tent camping, equestrian activities, recreational flying, RVing, snow activities, running, walking, wildlife viewing, and traditional water sports.
- **Other Outdoor Recreation:** This category captures activities not always thought of as outdoor recreation, but that generally take place outdoors. These include, but are not limited to, amusement park activities; outdoor festivals, sporting events, and concerts; field sports; golf and tennis; guided outdoor tours; productive activities such as gardening; agritourism; beachgoing; and disc golf.
- **Supporting Outdoor Recreation:** This category captures businesses and government entities operating in support of outdoor recreation activities. Such operations include outdoor recreation-related construction; operations supporting local and nonlocal trips such as lodging, food and beverage provision, shopping and souvenirs, and transportation; federal government spending; and state and local government spending. This category exists to capture economic activities that are difficult to assign to a single outdoor recreation activity. For example, it is difficult to assign outdoor recreation-related lodging, such as stays in a state park cabin, to a single outdoor recreation activity when the park offers a multitude of activities. Thus, all outdoor recreation-related lodging falls within the Supporting Outdoor Recreation category regardless of whether a specific outdoor recreation activity led to the lodging spending.

Note that we can also obtain the value added by the specific components underlying each of these three categories, and that these data are included in the activity line chart in the next section. Further, the activity dropdown in the activity line chart below provides the hierarchy of the activities, reflecting the exact activities underlying the three categories presented in this pie chart. If you're interested in comparisons, you can modify the selected state and year.

The **Composition of the Outdoor Recreation Economy by Industry Segment** pie chart displays outdoor recreation value added to GDP, employment, and total compensation to those employees, with the default set to look at Michigan for the most recent available data (2022), broken down by industry. Thus, the share of total value added by outdoor recreation that corresponds to outdoor recreation product manufacturing in Michigan in 2022 is represented by manufacturing's share of the pie when Value Added to GDP is the selected metric, Michigan is the selected state, and 2022 is the selected year. If you're interested in comparisons, you can modify the selected state and year.

Note that if a label is not automatically displayed for a piece of the pie, the user can hover (or tap if using a mobile device) to view the information for that piece.

Also note that we have combined many industries with relatively small roles in the outdoor recreation economy in the category "Other Industries," including mining; utilities; information; construction; professional and business services; educational services, health care, and social assistance; and any additional services not captured by any other segment of the outdoor industry. Data on these smaller



industries are presented in the industry line chart in the next section. Also presented in the line chart are more detailed industry categories, such as durable goods manufacturing, which comprise some of the broader categories displayed in this pie chart.

The **Value Added by Outdoor Recreation Activity** line chart allows you to view the selected metric of outdoor recreation economic activity across time for the selected activities and states. Compare states to themselves over time for a given metric-activity combination, compare activities within the same state, and compare states to other states for the same activity. Metrics include value added in dollars and value added as a share of state GDP. Michigan economic development organizations, planners and outdoor recreation business owners can use this data to better understand the economic size of the activities they support in their home communities and regions, as well as their own market share, and thus make more informed business and community plans that respect market trends and opportunities.

The **Outdoor Recreation Economy by Industry Segment** line chart gives you the ability to view the selected metric of outdoor recreation economic activity across time for the selected industries and states. Compare Michigan to other states for a variety of value added, employment, and compensation metrics. A particular intriguing metric is the average compensation relative to the average of all jobs in the state. This metric indicates whether an outdoor recreation job in a given industry segment pays more or less than the average of all jobs in the given state, with values over 100 percent indicating the outdoor recreation jobs in that industry tend to pay more than the state average.

Key Terms

Definitions below are the official definitions provided by the Bureau of Economic Analysis or utilize information provided by the Bureau.

Key Metric Definitions

Value Added (in context of ORSA): The value of outdoor recreation goods and services produced less the value of expenses incurred for their production. The activity of self-employed individuals is included in value added. The introduction at the top of this page gives a more in-depth and relatable interpretation of value added.

Employment (in context of ORSA): All full-time, part-time, and temporary wage-and-salary jobs in which the workers are engaged in the production of outdoor recreation goods and services. Self-employed individuals are excluded from employment totals.

Compensation (in context of ORSA): Pay to employees (including wages and salaries and benefits such as employer contributions to pension and health funds) in return for their outdoor recreation-related work during a given year. Pay to the self-employed is excluded from compensation.

Average Annual Compensation: Compensation of employees divided by total full-time and part-time wage and salary employment.





Broad Activity Category Definitions (By Order of Appearance in Activity Line Chart Dropdown Menu)

Other Snow Activities (includes Snowmobiling): Consists of dog mushing, sleighing, snowmobiling, snow shoeing, snow tubing.

Other Conventional Outdoor Recreation Activities: Consists of Other Conventional Air and Land Activities and Other Conventional Water Activities, which are separately defined.

Other Conventional Air and Land Activities: Consists of air sports, driving for pleasure, geocaching/orienteering/rock hounding, ice skating, inline skating, land/sand sailing, races, running/walking/jogging, skateboarding, and wildlife watching/birding.

Other Conventional Water Activities: Consists of boardsailing/windsurfing, SCUBA diving, snorkeling, stand-up paddling, surfing, tubing, wakeboarding, water skiing, and whitewater rafting.

Multi-use Apparel and Accessories (Conventional): Consists of backpacks, bug spray, coolers, general outdoor clothing, GPS equipment, hydration equipment, lighting, sports racks, sunscreen, watches, and other miscellaneous gear and equipment utilized in conventional outdoor recreation.

Multi-use Apparel and Accessories (Other): Consists of backpacks, bug spray, coolers, general outdoor clothing, GPS equipment, hydration equipment, lighting, sports racks, sunscreen, watches, and other miscellaneous gear and equipment utilized in outdoor recreation *not considered conventional*.

Other Outdoor Recreation Activities: Consists of agritourism, augmented reality games, beachgoing, disc golf, hot springs soaking, kite flying, model airplane/rocket/UAV, paintball, photography, stargazing/astronomy, swimming, therapeutic programs, water polo, yard sports.

Local Trips: Trip expenses less than 50 miles away from home, including food and beverages, lodging, shopping and souvenirs, and transportation.

Travel and Tourism: Trip expenses for travel at least 50 miles away from home, including food and beverages, lodging, shopping and souvenirs, and transportation.

Broad Industry Definitions

Other Services, Except Government: Services not captured by any other industry, such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

About the Authors

Brad Garmon: Brad Garmon was named director of the Michigan Outdoor Recreation Industry Office in September 2019 and is charged with supporting and growing Michigan's outdoor recreation economy. The Office is a joint project of the Michigan Economic Development Corporation and the Michigan Department of Natural Resources that works alongside outdoor recreation businesses and organizations





to create innovative products, attract, retain and develop outdoor industry jobs and improve outdoor accessibility for all.

Jonas Crews: Jonas Crews is an economist leading entrepreneurship- and outdoor economy-focused research projects for Heartland Forward, a “think and do tank” serving as a resource for 20 states in the middle of the country, including Michigan. Prior to joining Heartland Forward, Jonas was a senior research associate for the Federal Reserve Bank of St. Louis. He holds a Bachelor of Science in economics with a focus on quantitative analysis from Auburn University.

ⁱ More information on the BEA-ORSA data can be found at: <https://www.bea.gov/data/special-topics/outdoor-recreation>.