



NAPA VALLEY VISITOR INDUSTRY

2012 Economic Impact Report

Table of Contents

SECTION 1	
Introduction	2
SECTION 2	
Executive Summary	4
SECTION 3	
Quick Facts	6
SECTION 4	
Graphical Presentation of Survey Questions	7
Annual Visitor Volume—2012	8
Visitor Days in Napa—2012	9
Direct Visitor Spending in Napa—2012	10
Direct Visitor Spending by Type—2012	11
Conference and Meeting Expenditures—2012	12
Jobs Supported by Napa Visitor Industry—2012	13
Napa Visitor Industry Payroll	14
Tax Revenues Generated for Napa County	15
SECTION 5	
Appendix I: Resources	16

Introduction

Research Objectives

This report marks the conclusion of a year-long economic research project conducted by Destination Analysts on behalf of Visit Napa Valley. Throughout calendar year 2012, Destination Analysts conducted a number of research studies designed to estimate the economic impact of the visitor industry on Napa Valley. This research was developed to gather information needed for use in Destination Analysts' Travel Industry Economic Impact Model, which produces estimates of direct visitor spending in Napa Valley (i.e., the Gross Economic Impact of the visitor industry to Napa Valley), tax revenues generated by tourism for Napa Valley and the number of jobs (and payroll) supported by the tourism industry.

Methodology

Three distinct research studies were conducted to develop the data inputs needed to use the Economic Impact Model for Napa Valley. These data inputs included annual estimates of the number of visitors and the average number of days they spent in Napa Valley (for key traveler segments), as well as estimates of per-person, per-day spending in Napa Valley (in detail by type of spending). This information, along with other data such as hotel occupancy rates, industry payroll data and county tax receipts, were all used as inputs to our Economic Impact Model in order to derive the results presented in this report. The model is a standard price-quantity model used in economic measurement, with visitor spending estimated in detail from survey research and visitor volume estimated from the combined use of survey data and estimates of the existing stock of hotel rooms and occupied housing units in the county.

A complete list of resources used to obtain all data inputs necessary to the

Economic Impact Model is contained in Appendix I. The three research projects Destination Analysts conducted specifically to derive the other data necessary for the Economic Impact Model are summarized following:

2012 Lodging Guest Survey:

Over the course of the year, 56 Napa Valley lodging properties supported this research project by distributing a brief self-administered survey to all departing guests for two weeks each quarter. These surveys were completed by guests and returned via pre-paid mail to Destination Analysts. A total of 1,129 fully completed surveys were collected throughout 2012.

2012 Napa Visitor Intercept Survey:

Over the course of the year, Destination Analysts staff used an identical questionnaire to interview a random sample of visitors at locations around Napa Valley. This intercept survey was used to collect data from day-trip visitors and visiting friends or relatives staying overnight in private Napa County homes (VFRs). A total of 865 day-trip and VFR visitors were interviewed in this effort.

2012 Survey of Napa County Residents:

A supplemental telephone survey of Napa County homes was conducted at the end of the year to quantify the number of visiting friends and relatives visitors who stayed overnight in a private residence. This survey was administered to 300 randomly selected homes in Napa County.

The data collected in these three surveys (Lodging Guest Survey, Visitor Intercept Survey and Survey of Napa County Residents) was weighted to form an overall visitor profile used as source data in this report.

In brief, the data collected in the three surveys was used to estimate the actual volume of lodging guests and visiting friends and relatives (VFRs) who come to Napa Valley during the year. The third segment of visitors—day-trip visitors—was estimated using the relative incidence of lodging guests to day-trip visitors seen in the data collected in the Visitor Intercept Survey. Using the visitor volume estimates that emerged from this process, the survey data was weighted to develop the overall visitor profile and the spending estimates used herein.

2012 Survey of Napa Valley Meeting Planners and Survey of Napa Valley Hoteliers

Additionally, surveys of Napa Valley hoteliers and meeting planners who had used Napa Valley for meetings in the past year were also conducted. These surveys gathered additional data needed to support the model's estimates of the number of jobs and the amount of overall direct spending in Napa Valley generated by the visitor industry.

Executive Summary

Research Findings

- **Annual Visitor Volume:** Napa Valley hosted a total of 2.94 million visitors in 2012. The largest component of Napa Valley's visitor volume is day-trip visitors, comprising nearly 2 million visitors, or 67 percent of all visitors. The second largest segment of visitors is persons staying in Napa Valley lodging, or 857,000 visitors. (Figure 4.1, Page 9).
- **Visitor Days in Napa:** Visitors to Napa Valley spent 4.9 million total person-days in the county during 2012. This implies that on an average day during the year, there were 13,409 visitors in Napa Valley. Approximately half (53%) of these visitor days were comprised of persons staying in an Napa hotel, motel or inn. In total, visitors staying in Napa Valley commercial lodging spent 2.6 million person-days in the county during 2012. (Figure 4.2, Page 10).
- **Visitor Spending in Napa:** In 2012, the Napa Valley visitor industry generated \$1.4 billion in direct visitor spending inside the county. Most of this spending came from local lodging guests. These visitors were responsible for \$1.03 billion in visitor spending, or 73.6 percent of the total. The disproportionately large share of visitor spending accounted for by lodging guests is driven by their relatively high per-person, per-day spending of \$355.28. By comparison, the average person staying with friends and relatives in Napa Valley spent just \$197.50 per-person, per-day while in the area. (Figure 4.3, Page 11).
- **Visitor Spending by Type:** Visitors to Napa Valley spend on a diverse range of items, including lodging, food, wine and transportation. The

biggest single component of visitor spending is on retail, which accounted for 35.4 percent of all spending, or \$494 million, in 2012. The second largest component was the \$327 million visitors spent on Napa Valley lodging. This accounted for 24 percent of all 2012 visitor spending in Napa Valley. (Figure 4.4, Page 12).

- **Meeting & Event Expenditures:** Group meetings and events generated \$187.7 million in visitor spending for Napa Valley in 2012. (Figure 4.5, Page 13).
- **Jobs Supported by Napa Valley Visitor Industry:** Napa Valley visitor spending in 2012 supported an estimated 10,498 jobs. The majority of these jobs are in either the hotel or restaurant industries. Visitor spending backs an estimated 3,800 restaurant industry jobs and 3,006 jobs in the lodging industry. (Figure 4.6, Page 14).
- **Visitor Industry Payroll:** In 2012, the 10,498 jobs supported by the Napa Valley visitor industry had an estimated total combined payroll of \$300 million. (Figure 4.7, Page 15).
- **Tax Revenues Generated:** Napa Valley's visitor industry generated \$51.7 million in tax revenues for governmental entities in Napa County in 2012. Taxes directly generated by the visitor industry include revenues from the transient occupancy tax (hotel tax), sales taxes and property and transfer taxes paid on lodging facilities. The hotel industry generates the majority of these revenues, with the combination of transient occupancy tax and property taxes on hotels creating over \$33 million in income for governmental entities in the county. (Figure 4.8, Page 16).

Quick Facts:

The profile below shows a summary of key economic statistics emerging from this research.

Total visitors to Napa Valley in 2012:	2.94 million
Visitors staying in Napa Valley hotels or motels:	857 thousand
Visitors staying in private homes (inside Napa Valley):	125 thousand
Day trip visitors to Napa Valley:	1.96 million
Total visitor spending in Napa Valley in 2012:	\$1.39 billion
Spending by visitors staying in Napa Valley hotels, motels or inns:	\$1.03 billion
Direct spending on group meetings & events:	\$187.7 million
Spending in Napa Valley by visitors for food and restaurants:	\$301 million
Jobs supported by Napa Valley visitor industry:	10,498
Napa Valley visitor industry payroll:	\$300 million
Taxes generated by the visitor industry for governmental entities in Napa County:	\$51.7 million
Tax revenues generated per Napa County household:	\$1,041
Visitors in Napa Valley on an average day:	13,409
Visitor spending in Napa Valley on an average day:	\$3.82 million
Annual visitor spending per Napa County resident:	\$10,027

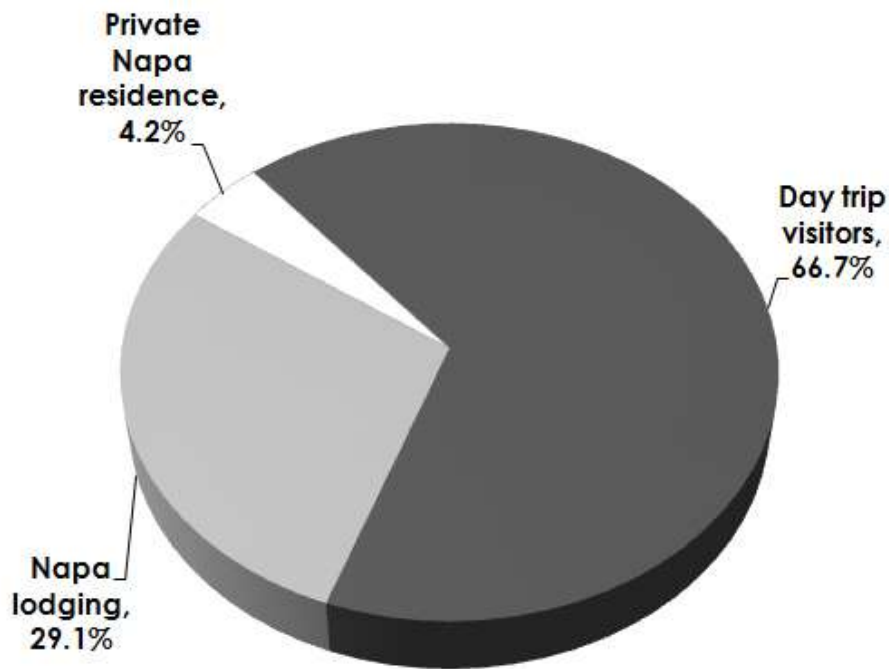
Graphical Presentation of Research Findings

In this section, we present the research's basic findings. A brief written analysis is included for each chart.

Annual Visitor Volume—2012

Figure 4.1 (below) shows the proportion of 2012 Napa Valley visitors by their place of stay. Napa Valley hosted a total of 2.94 million visitors in 2012. The largest component of Napa Valley's visitor volume is day-trip visitors, comprising nearly 2 million visitors, or 67 percent of all visitors. The second largest segment of visitors are persons staying in Napa Valley lodging, or 857,000 visitors.

Figure 4.1: Annual Visitor Volume, 2012 (by Place of Stay)



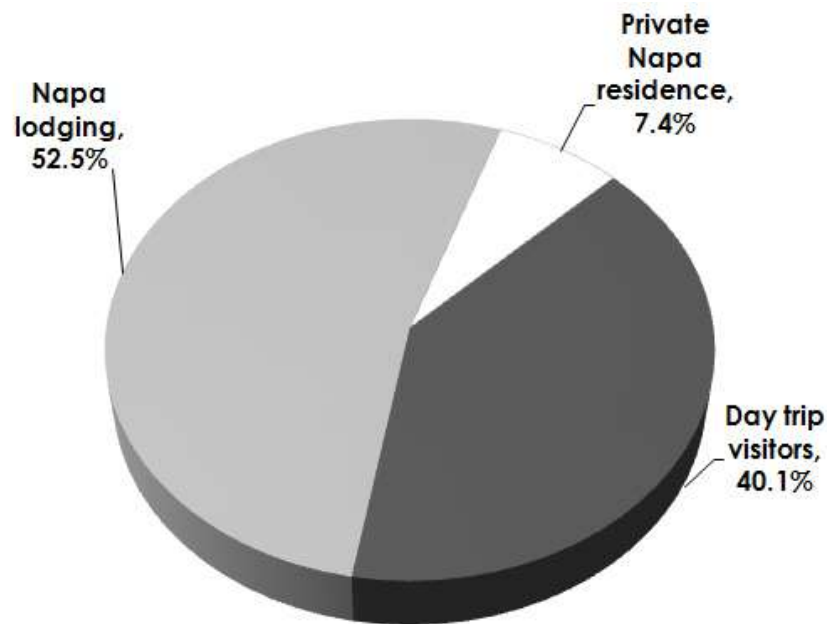
Visitors to Napa (thousands)	
Napa lodging	857
Private Napa residence	125
Day trip visitors	1,962
Total	2,944

FIGURE 4.1 – Annual visitor volume in Napa defined by place of stay (2012). Source: Destination Analysts Economic Impact Model developed for the Visit Napa Valley.

Visitor Days Spent in Napa Valley—2012

Visitors to Napa Valley spent 4.9 million total person-days in the county during 2012. This implies that on an average day during the year, there were 13,409 visitors in Napa Valley. Approximately half (53%) of these visitor days were comprised of persons staying in an Napa Valley hotel, motel or inn. In total, visitors staying in Napa Valley's commercial lodging spent 2.6 million person-days in the county during 2012.

Figure 4.2: Visitor Days Spent in Napa Valley, 2012



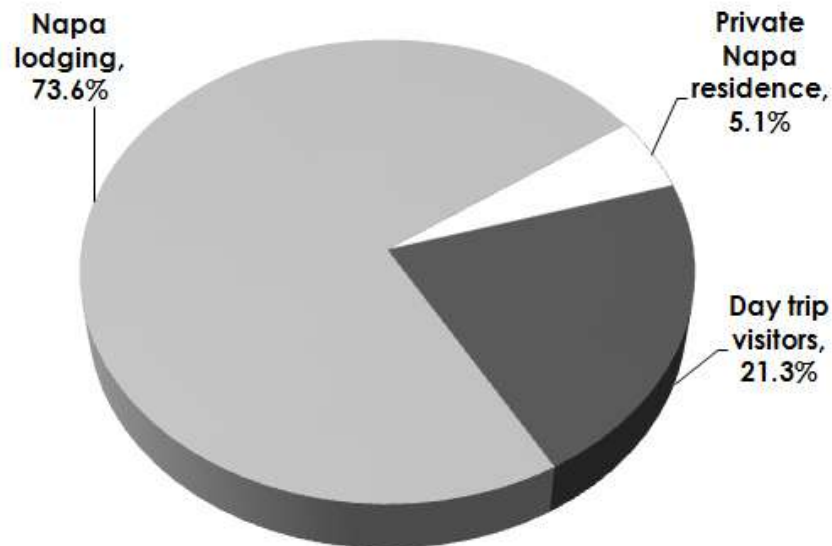
Visitor Days Spent in Napa (thousands)	
Napa lodging	2,571
Private Napa residence	361
Day trip visitors	1,962
Total	4,894

FIGURE 4.2 - Annual visitor days (person-days) spent in Napa, defined by place of stay (2012).
Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Direct Visitor Spending in Napa Valley—2012

In 2012, the Napa Valley visitor industry generated \$1.4 billion in direct visitor spending inside the county. Most of this spending came from local lodging guests. These visitors were responsible for \$1.03 billion in visitor spending, or 73.6 percent of the total. The disproportionately large share of visitor spending accounted for by lodging guests is driven by their relatively high per-person, per-day spending of \$355.28. By comparison, the average person staying with friends and relatives in Napa Valley spent just \$197.50 per-person, per-day while in the county.

Figure 4.3: Direct Visitor Spending in Napa Valley, 2012



Direct Visitor Spending in Napa (thousands)

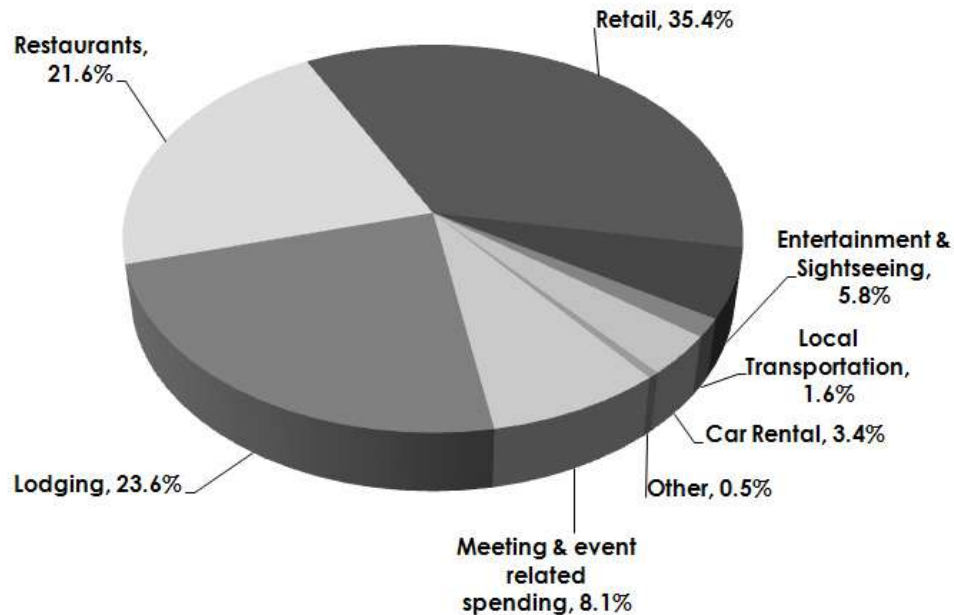
Napa lodging	\$1,026,264
Private Napa residence	\$70,857
Day trip visitors	\$297,063
Total	\$1,394,185

FIGURE 4.3 - Annual direct visitor spending in Napa Valley, defined by place of stay (2012).
Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Direct Visitor Spending by Type—2012

Figure 4.4 (below) shows visitor spending broken out by type. Visitors to Napa Valley spend on a diverse range of items, including lodging, food, wine and transportation. The biggest single component of visitor spending is on retail, which accounted for 35.4 percent of all spending, or \$494 million, in 2012. The second largest component was the \$327 million visitors spent on Napa Valley lodging. This accounted for 24 percent of all 2012 visitor spending in Napa Valley.

Figure 4.4: Visitor Spending in Napa Valley by Type, 2012



SPENDING IN NAPA, BY TYPE (IN THOUSANDS)

Lodging	\$328,755
Restaurants	\$301,445
Retail	\$493,945
Entertainment & Sightseeing	\$81,087
Local Transportation	\$21,652
Car Rental	\$47,078
Other	\$7,300
Meeting & event related spending	\$112,921

TOTAL SPENDING

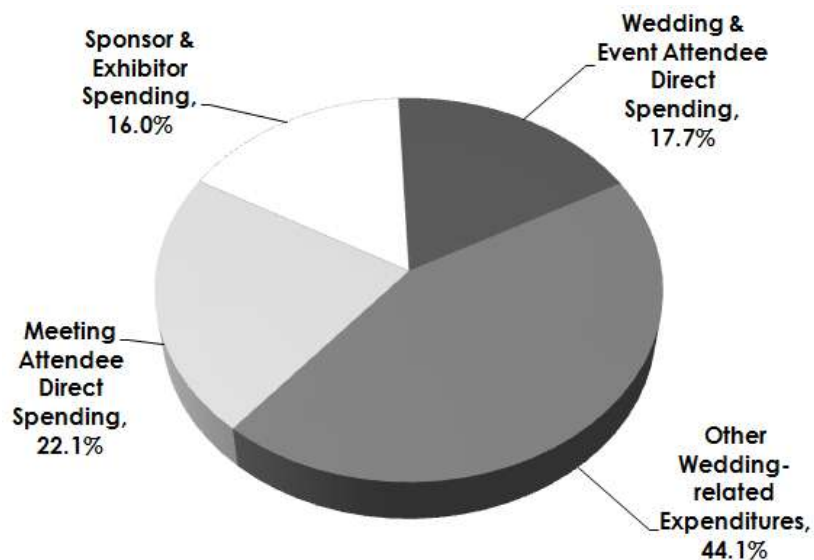
\$1,394,185

FIGURE 4.4 - Annual direct visitor spending in Napa Valley by type (2012). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Meeting & Event Expenditures—2012

Group meetings and events generated \$187.7 million in spending for Napa Valley in 2012. As illustrated in Figure 4.5 (below), spending related to group meetings and weddings are included in these estimates. The components measured for this project include (1) direct visitor spending by group meeting attendees and by wedding or special event attendees, and (2) spending related to group meetings and weddings (e.g., catering, room rental, audio visual equipment, etc.) hosted by persons from outside the county.

Figure 4.5: Conference and Meetings Expenditures, 2012



MEETING & EVENT EXPENDITURES IN NAPA (2012)

Meeting Attendee Direct Spending	\$41,529,337
Sponsor & Exhibitor Spending	\$30,094,391
Wedding & Event Attendee Direct Spending	\$33,248,520
Other Wedding-related Expenditures	\$82,827,078
Total	\$187,699,326

FIGURE 4.5 – Meeting and event expenditures (2012): The four components estimated in this model are direct spending by meeting attendees and spending by a meeting's sponsor or host for other goods and services necessary to hold a meeting, direct spending by persons attending a wedding or special event and related spending for weddings hosted by persons from outside Napa County. Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Jobs Supported by Napa Valley Visitor Industry—2012

Napa Valley visitor spending in 2012 supported an estimated 10,498 jobs. Figure 4.6 (below) shows the estimated number of jobs supported by visitor spending in each of several industries. The majority of these jobs are in either the hotel or restaurant industries. Visitor spending backs an estimated 3,800 restaurant industry jobs and 3,006 jobs in the lodging industry.

Figure 4.6: Jobs Supported by Napa Valley Visitor Industry, 2012

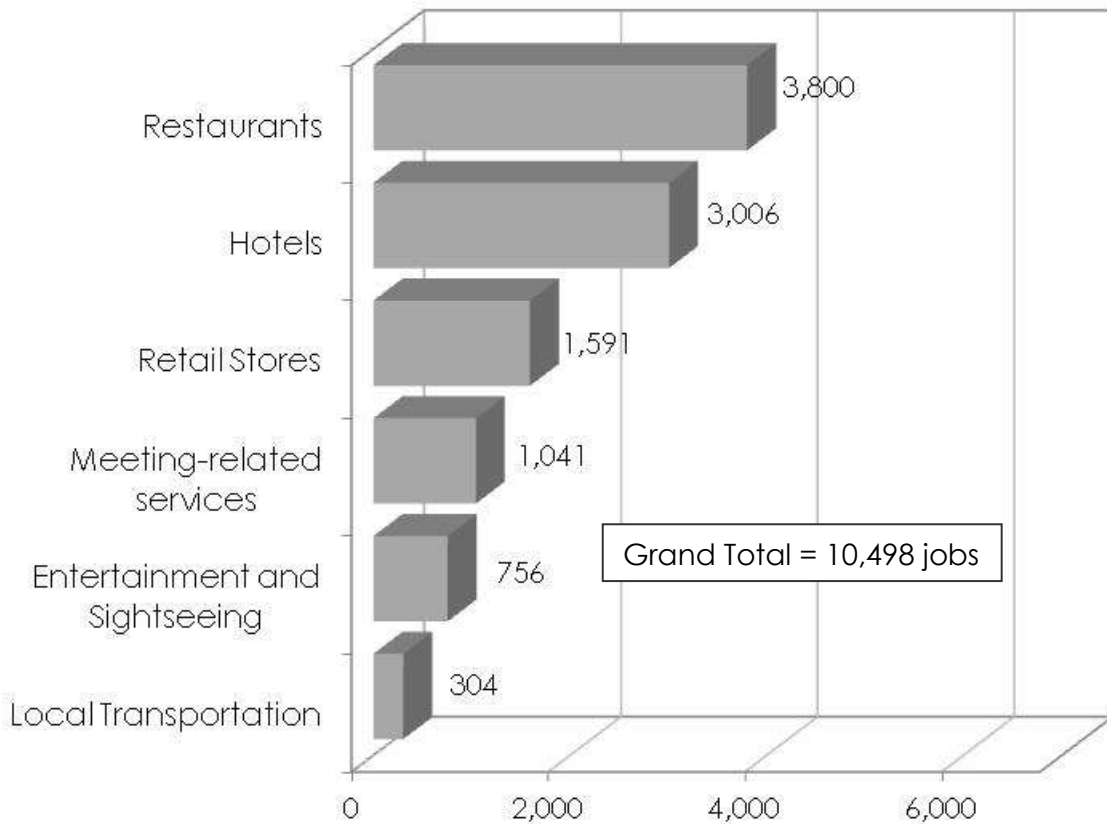


FIGURE 4.6 – Jobs supported by the Napa Valley Visitor Industry (2012). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Napa Valley Visitor Industry Payroll—2012

In 2012, the 10,498 jobs supported by the Napa Valley visitor industry had an estimated total combined payroll of \$300 million.

Figure 4.7: Napa Valley Visitor Industry Payroll (in millions), 2012

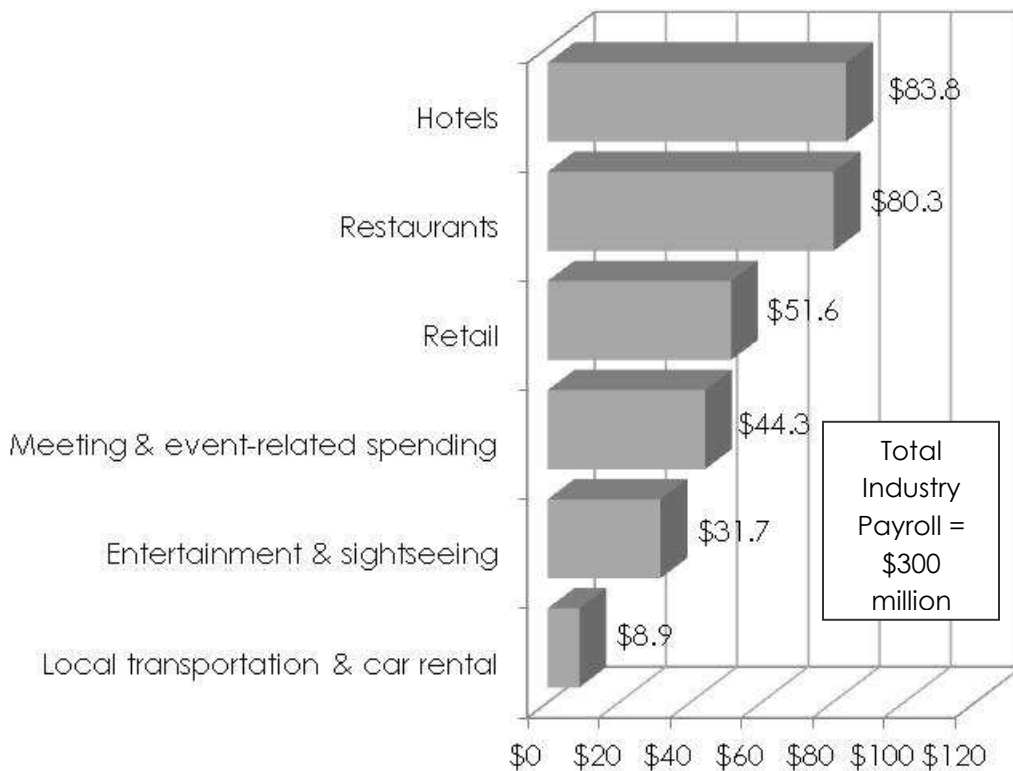


FIGURE 4.7 – Napa Valley Visitor Industry Payroll (2012). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Tax Revenues Generated for Napa County Jurisdictions— 2012

Napa Valley's visitor industry generated \$51.7 million in tax revenues for governmental entities in Napa County in 2012. Taxes directly generated by the visitor industry include revenues from the transient occupancy tax (hotel tax), sales taxes and property and transfer taxes paid on lodging facilities. As Figure 4.8 (below) shows, the hotel industry generates the majority of these revenues, with the combination of transient occupancy tax and property taxes on hotels creating over \$33 million in income for governmental entities in the county.

Figure 4.8: Tax Revenues Generated in Napa, 2012

GOVERNMENTAL TAX REVENUES PAID DIRECTLY BY VISITOR INDUSTRIES: 2012		Total Annual Direct Revenue in 2012 \$1,000s
MAJOR REVENUE SOURCES		
HOTEL TAX		
Hotel Tax Collected by Napa Jurisdictions		\$33,404
HOTEL SALE TRANSFER TAX		
Transfer Taxes Paid on Sale of Lodgin Facilities		\$20.3
HOTEL PROPERTY TAX		
Property Taxes Paid by Hotels		\$10,347
SALES TAX		
Visitor Spending (including tax)		
Retail	\$493,945	
Restaurants (adjusted, less tips)	\$226,084	
Entertainment & Sightseeing	\$81,087	
Tax Rate	1.00%	
Sales Tax Returned to the Napa Jurisdictions		\$7,932
DIRECT GOVT. REVENUES FROM VISITOR INDUSTRY		\$51,703

Source: Destination Analysts, Inc., model developed for the Visit Napa Valley

FIGURE 4.8 – Tax Revenues Generated for governmental entities in Napa County (2012). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley. Property taxes included are for hotels, motels and inns in Napa Valley.

Appendix I: Source Data

The following resources were used in the preparation of these estimates.

1. 2012 Napa Hotel Guest Survey, Final Project Report. Research conducted by Destination Analysts, Inc. for Visit Napa Valley
2. 2012 Survey of Napa Visitors, Report of Findings. Research conducted by Destination Analysts, Inc., for Visit Napa Valley
3. 2012 Survey of Napa Meeting Planners. Research conducted by Destination Analysts, Inc. for Visit Napa Valley
4. 2012 Survey of Napa Hoteliers. Research conducted by Destination Analysts, Inc. for Visit Napa Valley
5. Napa countywide hotel occupancy, Smith Travel Research
6. Napa County Assessor
7. U.S. Census Bureau, Economic Census
8. U.S. Census Bureau, County Business Patterns
9. U.S. Bureau of Labor Statistics, Employment Cost Index
10. U.S. Census Bureau, population estimates
11. Travel Industry Association of America, Travel Price Index