



Destination  
Analysts

DO YOUR RESEARCH

# NAPA VALLEY VISITOR INDUSTRY

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## 2014 Economic Impact Report

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# Introduction

## Research Objectives

This study marks the conclusion of a year-long research project conducted by Destination Analysts on behalf of Visit Napa Valley. Throughout calendar year 2014, Destination Analysts conducted a number of research studies designed to estimate the economic impact of the visitor industry on Napa County. 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, tax revenues generated by tourism for the Napa County and the number of jobs (and payroll) supported by the industry.

## Methodology

Three distinct research studies were conducted to develop the data inputs needed to use the Economic Impact Model for Napa County. These data inputs included annual estimates of the number of visitors and the average number of days they spent in Napa (for key traveler segments), as well as estimates of per-person, per-day spending in Napa (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 Section 5. The five research projects

Destination Analysts conducted specifically to derive the data necessary for the Economic Impact Model are summarized following:

**2014 Napa Valley Lodging Guest Survey:**

Over the course of the year, 31 Napa Valley lodging properties participated in the visitor profile study 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 939 fully completed surveys were collected throughout 2014.

**2014 Napa Valley 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 survey collected data only from day-trip visitors and visiting friends or relatives staying overnight in private Napa County homes (VFRs). A total of 1,051 visitors were interviewed in this effort.

**2014 Survey of Napa Residents:**

In addition, 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 who stayed overnight in a private home. This survey was administered to 400 randomly selected homes in Napa County.

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

In brief, the data collected in the 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 here.

## **2014 Survey of Napa Meeting Planners & Hoteliers**

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

## Executive Summary

### Research Findings

- **Annual Visitor Volume:** Napa hosted a total of 3.3 million visitors in 2014, from 2.94 two years earlier. The largest component of Napa's visitor volume is day trip visitors, comprising 2.2 million visitors, or 66 percent of all visitors. The second largest segment of visitors are persons staying in Napa lodging, or 951,000 visitors. (Figure 4.1, Page 9)
- **Visitor Days in Napa:** Visitors to Napa spent 5.5 million total person-days in the county during 2014. This implies that, on an average day during the year, there were 15,019 visitors in Napa. Approximately half (49.6%) of these visitor days were comprised of persons staying in a Napa hotel or motel. In total, visitors staying in the county's commercial lodging spent 2.7 million person-days in the county during 2014. (Figure 4.2, Page 10)
- **Visitor Spending in Napa:** In 2014, the Napa visitor industry generated \$1.6 billion in direct visitor spending inside the county. Most of this spending came from local hotel guests. These visitors were responsible for \$1.2 billion in visitor spending, or 72 percent of the total. The large share of visitor spending accounted for by hotel guests is driven by their relatively high per-person, per-day spending of \$389. By comparison, the average day trip visitor to Napa spent \$150 per-person, per-day while in the county. (Figure 4.3, Page 11).
- **Visitor Spending by Type:** Visitors to Napa spend on a diverse range of items, including lodging, food and transportation. The single largest component of visitor spending is on retail, which accounted for 39.7 percent of all spending, or \$649 million, in 2014. The second largest

component was the \$375 million visitors spent in Napa hotels. This accounted for 23 percent of all 2014 visitor spending in Napa. (Figure 4.4, Page 12).

- **Meeting & Event Expenditures:** Group meetings and events generated \$194 million in spending for Napa in 2014. (Figure 4.5, Page 13).
- **Jobs Supported by Napa Visitor Industry:** Napa visitor spending in 2014 supported an estimated 11,776 jobs. The majority of these jobs are in either the hotel or restaurant industries. Visitor spending backs an estimated 4,567 restaurant industry jobs and 3,383 jobs in hotel-related industries. (Figure 4.6, Page 14).
- **Visitor Industry Payroll:** In 2014, the 11,776 jobs supported by the Napa visitor industry had an estimated total combined payroll of \$332 million. (Figure 4.7, Page 15).
- **Tax Revenues Generated:** Napa's visitor industry generated \$64.2 million in tax revenues for governmental entities in Napa County in 2014. 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 \$38 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.

	<b>2012</b>	<b>2014</b>
Total visitors to Napa in 2014:	2.94 million	3.3 million
Visitors staying in Napa hotels or motels:	857 thousand	951 thousand
Visitors staying in private homes (inside Napa):	125 thousand	166 thousand
Day trip visitors to Napa:	1.96 million	2.2 million
Total visitor spending in Napa in 2014:	\$1.39 billion	\$1.63 billion
Spending by visitors staying in Napa hotels, motels or inns:	\$1.03 billion	\$1.17 billion
Direct spending on group meetings & events:	\$187.7 million	\$194.0 million
Spending in Napa by visitors for food and restaurants:	\$301 million	\$375 million
Jobs supported by Napa visitor industry:	10,498	11,776
Napa visitor industry payroll:	\$300 million	\$332 million
Taxes generated by the visitor industry for governmental entities in Napa County:	\$51.7 million	\$64.2 million
Tax revenues generated per Napa household:	\$1,041	\$1,304
Visitors in Napa on an average day:	13,409	15,019
Visitor spending in Napa on an average day:	\$3.82 million	\$4.48 million
Annual visitor spending per Napa resident:	\$10,027	\$11,741

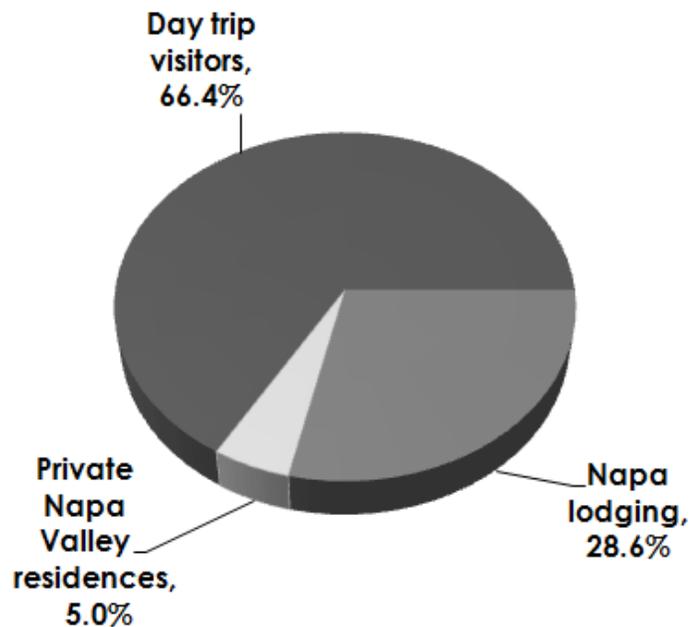
## Graphical Presentation of Research Findings

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

## Annual Visitor Volume, 2014

Figure 4.1 (below) shows the proportion of 2014 Napa visitors by their place of stay. Napa hosted a total of 3.3 million visitors in 2014, from 2.94 two years earlier. The largest component of Napa's visitor volume is day trip visitors, comprising 2.2 million visitors, or 66 percent of all visitors. The second largest segment of visitors are persons staying in Napa lodging, or 951,000 visitors.

**Figure 4.1: Annual Visitor Volume, 2014 (by Place of Stay)**



### Visitors to Napa (thousands)

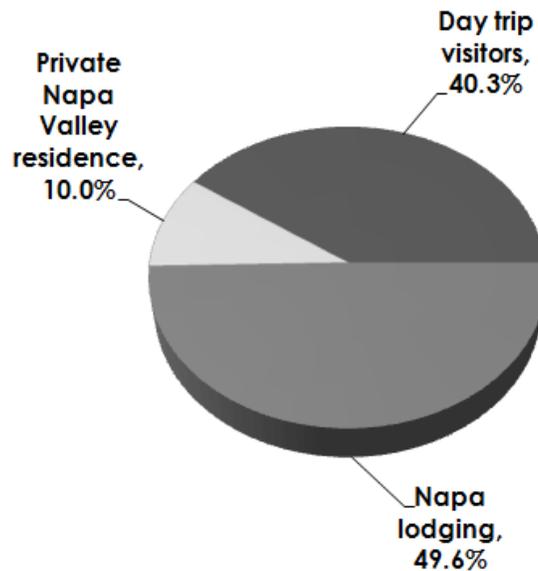
Napa lodging	951
Private Napa residences	166
Day trip visitors	2,211
<b>Total</b>	<b>3,329</b>

**FIGURE 4.1** – Annual visitor volume in Napa defined by place of stay (2014). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

## Visitor Days Spent in Napa, 2014

Visitors to Napa spent 5.5 million total person-days in the county during 2014. This implies that, on an average day during the year, there were 15,019 visitors in Napa. Approximately half (49.6%) of these visitor days were comprised of persons staying in a Napa hotel or motel. In total, visitors staying in the county's commercial lodging spent 2.7 million person-days in the county during 2014.

**Figure 4.2: Visitor Days Spent in Napa, 2014**



### Visitor Days Spent in Napa (thousands)

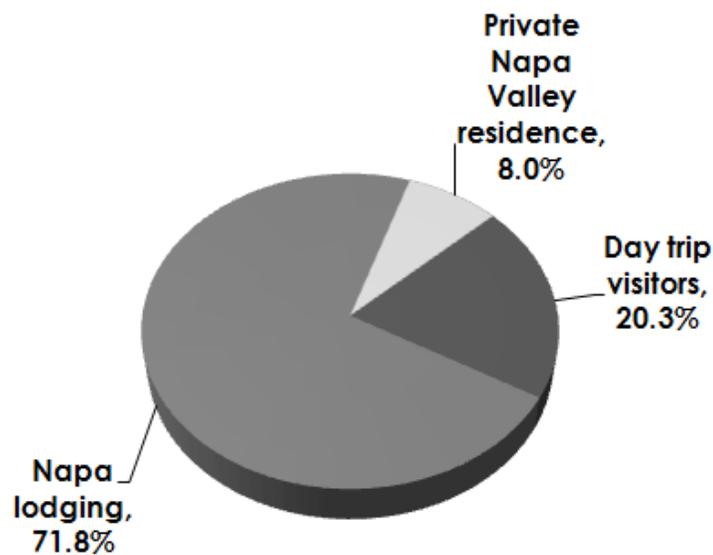
Napa lodging	2,721
Private Napa residences	549
Day trip visitors	2,211
<b>Total</b>	<b>5,482</b>

**FIGURE 4.2** - Annual visitor days (person-days) spent in Napa, defined by place of stay (2014).  
Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

## Direct Visitor Spending in Napa, 2014

In 2014, the Napa visitor industry generated \$1.6 billion in direct visitor spending inside the county. Most of this spending came from local hotel guests. These visitors were responsible for \$1.2 billion in visitor spending, or 72 percent of the total. The large share of visitor spending accounted for by hotel guests is driven by their relatively high per-person, per-day spending of \$389. By comparison, the average day trip visitor to Napa spent \$150 per-person, per-day while in the county.

**Figure 4.3: Direct Visitor Spending in Napa, 2014**



### Direct Visitor Spending in Napa (thousands)

Napa lodging	\$1,173,133
Private Napa residences	\$130,711
Day trip visitors	\$331,135
<b>Total</b>	<b>\$1,634,979</b>

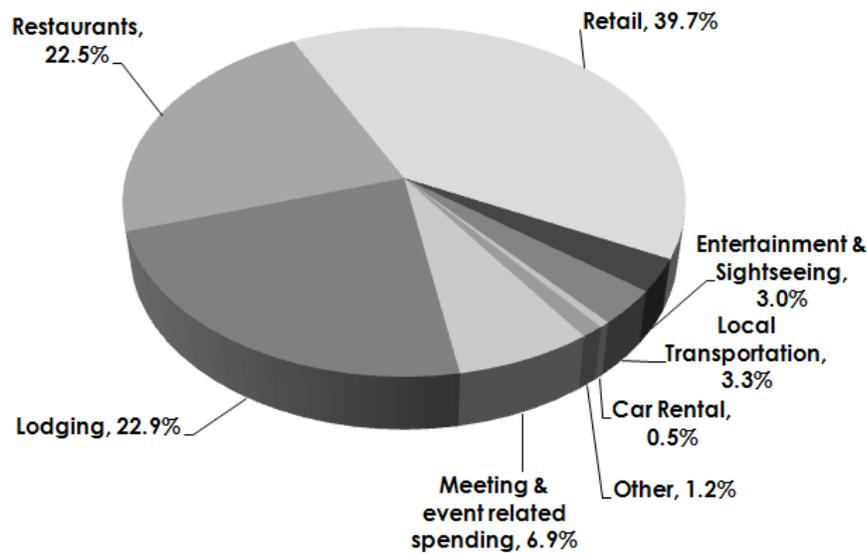
**FIGURE 4.3** - Annual direct visitor spending in Napa, defined by place of stay (2014).

Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

## Direct Visitor Spending by Type, 2014

Figure 4.4 (below) shows the breakout by type of visitor spending. Visitors to Napa spend on a diverse range of items, including lodging, food and transportation. The single largest component of visitor spending is on retail, which accounted for 39.7 percent of all spending, or \$649 million, in 2014. The second largest component was the \$375 million visitors spent in Napa hotels. This accounted for 23 percent of all 2014 visitor spending in Napa.

**Figure 4.4: Visitor Spending in Napa by Type, 2014**



### SPENDING IN NAPA, BY TYPE (IN THOUSANDS)

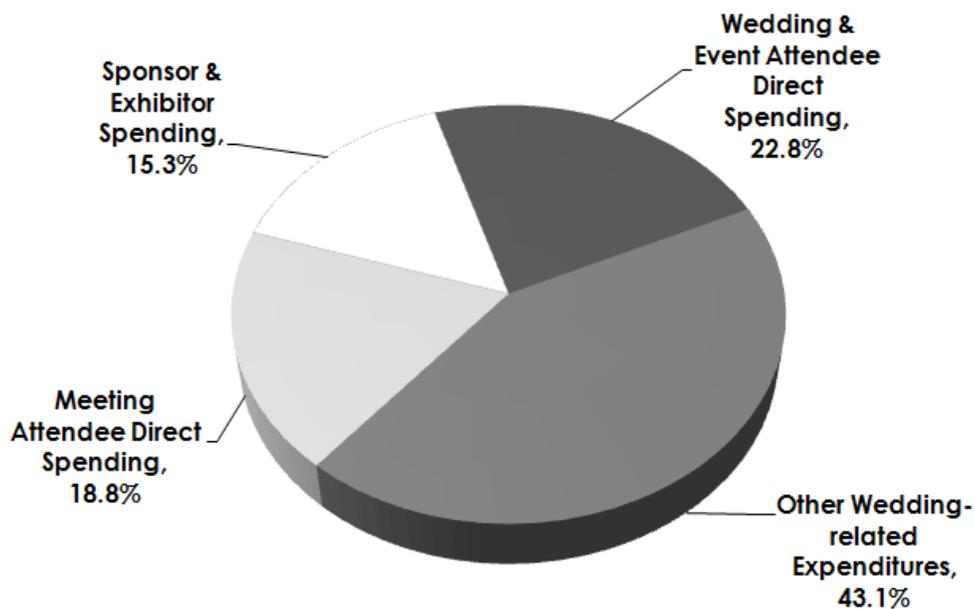
Lodging	\$375,158
Restaurants	\$367,400
Retail	\$648,813
Entertainment & Sightseeing	\$49,324
Local Transportation	\$53,476
Car Rental	\$8,496
Other	\$18,885
Meeting & event related spending	\$113,427
<b>TOTAL SPENDING</b>	<b>\$1,634,979</b>

**FIGURE 4.4** - Annual direct visitor spending in Napa by type (2014). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

## Meeting & Event Expenditures, 2014

Group meetings and events generated \$194 million in spending for Napa in 2014. 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 wedding (e.g., catering, room rental, audio visual equipment, etc.) hosted by persons from outside the county.

**Figure 4.5: Conference and Meetings Expenditures, 2014**



### MEETING & WEDDING EXPENDITURES IN NAPA (2014)

Meeting Attendee Direct Spending	\$36,499,265
Sponsor & Exhibitor Spending	\$29,771,566
Wedding & Event Attendee Direct Spending	\$44,154,436
Wedding related-expenditures	\$83,655,349

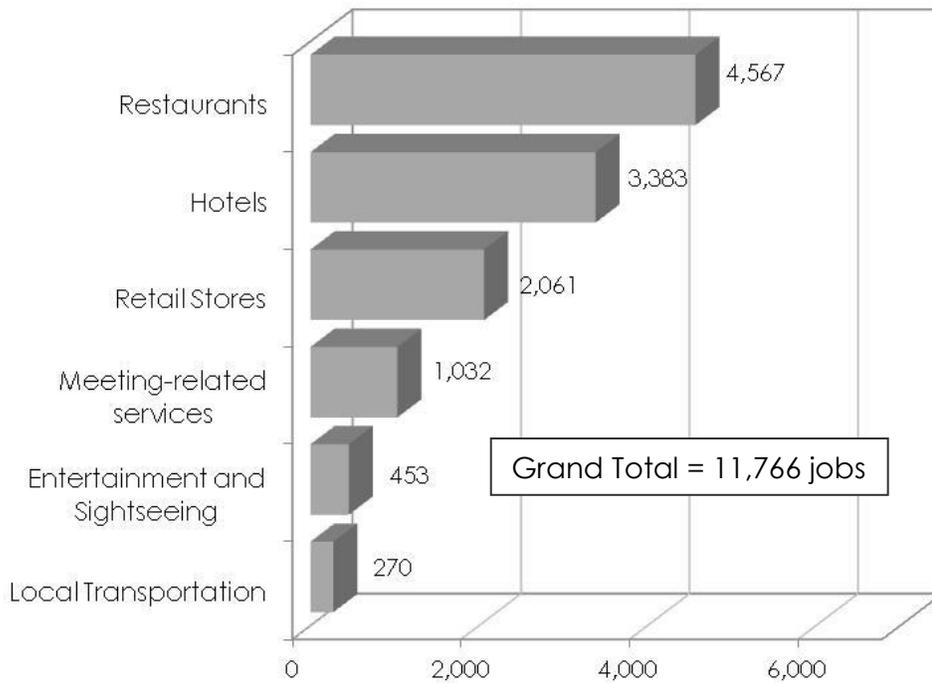
**Grand total** **\$194,080,615**

**FIGURE 4.5 – Meeting and event expenditures (2014):** 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 Visitor Industry, 2014

Napa visitor spending in 2014 supported an estimated 11,776 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 4,567 restaurant industry jobs and 3,383 jobs in hotel-related industries.

**Figure 4.6: Jobs Supported by Napa Visitor Industry, 2014**

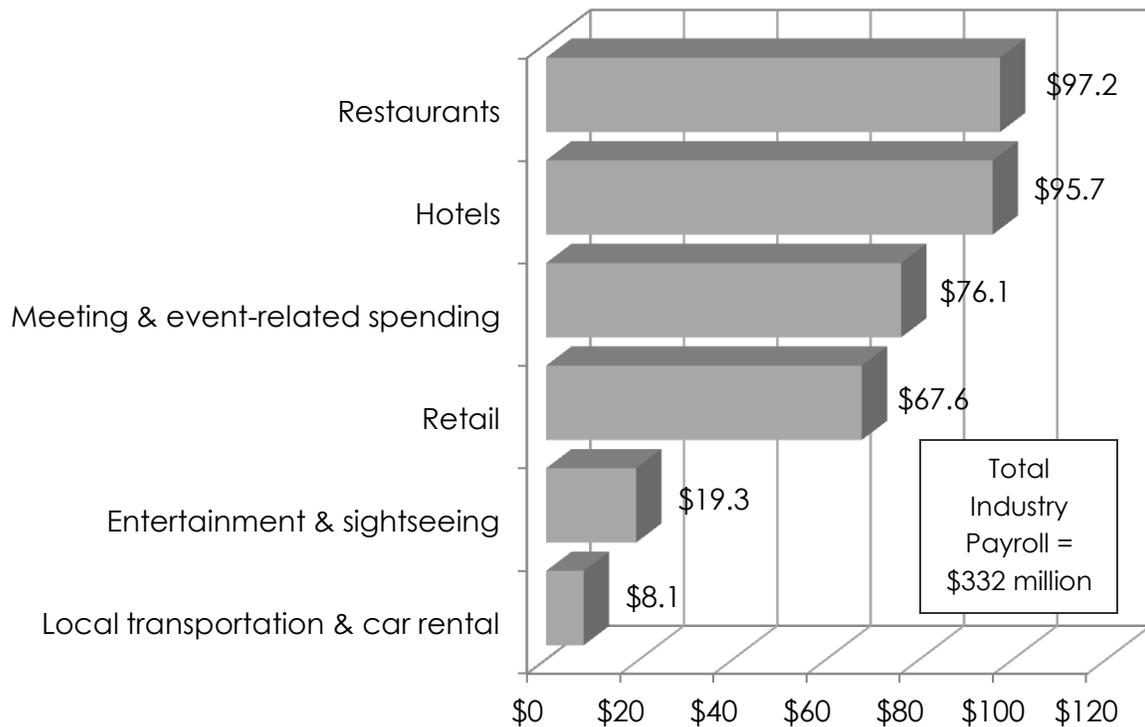


**FIGURE 4.6 –** Jobs supported by the Napa Visitor Industry (2014). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

## Napa Visitor Industry Payroll, 2014

In 2014, the 11,776 jobs supported by the Napa visitor industry had an estimated total combined payroll of \$332 million.

**Figure 4.7: Napa Visitor Industry Payroll (in millions), 2014**



**FIGURE 4.7** – Napa Visitor Industry Payroll (2014). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

## Tax Revenues Generated for Napa County Jurisdictions, 2014

Napa's visitor industry generated \$64.2 million in tax revenues for governmental entities in Napa County in 2014. 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 \$38 million in income for governmental entities in the county.

**Figure 4.8: Tax Revenues Generated in Napa, 2014**

<b>LOCAL JURISDICTIONS TAX REVENUES PAID DIRECTLY BY VISITOR INDUSTRIES: 2014</b>		Total Annual Direct Revenue in 2014 \$1,000s
<b>MAJOR REVENUE SOURCES</b>		
<b>HOTEL TAX</b>		
Visitor Spending on Lodging	\$375,158	
Tax Rate (Local)	12.0%	
Factor for Non-Taxable Room Sales	85.7%	
Hotel Tax Collected by Napa cities		38,561.3
<b>HOTEL SALE TRANSFER TAX</b>		
Transfer Taxes Paid to the County on sale of hotels		18.5
<b>HOTEL PROPERTY TAX</b>		
Property Taxes Paid to the County by Hotels		16,627.0
<b>SALES TAX</b>		
Visitor Spending (including 7.75% tax)		
Retail	\$648,813	
Restaurants (adjusted, less tips)	\$275,550	
Entertainment & Sightseeing	\$49,324	
Tax Rate	1.00%	
Sales Tax Returned to the govt entities		9,640.5
<b>DIRECT CITY REVENUES FROM VISITOR INDUSTRY</b>		<b>64,196.7</b>

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

**FIGURE 4.8** – Tax Revenues Generated for governmental entities in Napa County (2014). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley. Property taxes included are for hotels, motels and inns in Napa.

## Appendix I: Source Data

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

1. 2014 Napa Valley Lodging Guest Survey, Final Project Report. Research conducted by Destination Analysts, Inc. for Visit Napa Valley
2. 2014 Napa Valley Visitor Intercept Survey, Report of Findings. Research conducted by Destination Analysts, Inc., for Visit Napa Valley
3. 2014 Survey of Napa Meeting Planners, Final Project Report. Research conducted by Destination Analysts, Inc. for Visit Napa Valley
4. Napa countywide hotel occupancy, Smith Travel Research
5. Napa County Assessor
6. U.S. Census Bureau, Economic Census
7. U.S. Census Bureau, County Business Patterns
8. U.S. Bureau of Labor Statistics, Employment Cost Index
9. U.S. Census Bureau, population estimates
10. Travel Industry Association of America, Travel Price Index