



Destination
Analysts

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NAPA VALLEY VISITOR INDUSTRY

2016 Economic Impact Report

Research prepared for Visit Napa Valley by Destination Analysts, Inc.

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Introduction

Research Objectives

This report presents the findings of a year-long research project conducted by Destination Analysts on behalf of Visit Napa Valley. Throughout the calendar year 2016, Destination Analysts conducted several studies designed to develop a comprehensive visitor profile and 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, tax revenues generated by tourism for Napa Valley 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 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 Section 5. The five research projects Destination Analysts conducted specifically to derive the data necessary for the Economic Impact Model are summarized following:

2016 Napa Valley Lodging Guest Survey:

Over the course of the year, 22 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 535 fully completed surveys were collected from Napa hotel guests. This total includes 331 printed surveys, 91 surveys that were collected in an intercept fashion in hotel lobbies, and 113 collected at locations around the destination as a supplement to the visitor intercept survey described below.

2016 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 from hotel guests, day-trip visitors and visiting friends or relatives staying overnight in private Napa Valley homes (VFRs). A total of 1,032 visitors were interviewed in this effort.

2016 Survey of Napa Residents:

In addition, a supplemental telephone survey of Napa Valley 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 300 randomly selected homes in Napa Valley.

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.

2016 Survey of Napa Meeting Planners & Hoteliers

Additionally, surveys of meeting planners who had used Napa Valley for meetings in the past year and Napa Valley 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 Valley generated by the industry.

Executive Summary

Key Findings

- **Annual Visitor Volume:** Napa Valley had a total of 3.5 million visitors in 2016, up from 3.3 million two years earlier. The largest component of Napa's visitor volume is day trip visitors, comprising 2.3 million visitors, or 64.5 percent of all visitors. The second largest segment of visitors are persons staying in Napa lodging, at 1.02 million annual visitors. (Figure 4.1, Page 9)
- **Visitor Days in Napa:** Napa Valley's visitors spent 6.2 million total person-days in the destination in 2016. On an average day during the year, there were 16,922 visitors in Napa. Approximately half (50.1%) 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 3.1 million person-days in the county during 2016. (Figure 4.2, Page 10)
- **Visitor Spending in Napa:** The Napa visitor industry generated \$1.92 billion in direct visitor spending inside the county in 2016. Most of this spending came from local hotel guests. These visitors were responsible for \$1.34 billion in visitor spending, or 69.9 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 \$401.59. By comparison, the average day trip visitor to Napa spent \$146 per-person, per-day while in the county. (Figure 4.3, Page 11)
- **Visitor Spending by Type:** Napa's visitors spend on a wide range of products and services, including lodging, retail products, food and transportation. The single largest component of visitor spending is on retail, which accounted for 40.0% percent of all spending, or \$768 million, in 2016. The second largest component was the \$438 million visitors spent in Napa restaurants and food

services establishments. This accounted for 23 percent of all 2016 visitor spending in Napa. (Figure 4.4, Page 12)

- **Meeting & Event Expenditures:** Group meetings and events generated \$196 million in spending for Napa in 2016. (Figure 4.5, Page 13)
- **Jobs Supported by Napa Visitor Industry:** Napa visitor spending in 2016 supported an estimated 13,437 jobs. (Figure 4.6, Page 14)
- **Visitor Industry Payroll:** In 2016, the 13,437 jobs supported by the Napa visitor industry had an estimated total combined payroll of \$387 million. (Figure 4.7, Page 15)
- **Tax Revenues Generated:** Napa's visitor industry generated \$80.4 million in tax revenues for governmental entities in Napa Valley in 2016. 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 \$68.7 million in income for governmental entities in the county. (Figure 4.8, Page 16)

Quick Facts:

The profile below shows a summary of key findings:

	2012	2014	2016	% Change (2014-16)
Total visitors to Napa Valley:	2.94 million	3.3 million	3.5 million	6.3%
Visitors staying in Napa Valley hotels or motels:	857 thousand	951 thousand	1.02 million	7.0%
Visitors staying in private homes (inside Napa Valley):	125 thousand	166 thousand	158 thousand	-4.8%
Day trip visitors to Napa Valley:	1.96 million	2.2 million	2.3 million	3.1%
Total visitor spending in Napa Valley:	\$1.39 billion	\$1.63 billion	\$1.9 billion	17.5%
Spending by visitors staying in Napa Valley hotels, motels or inns:	\$1.03 billion	\$1.17 billion	\$1.32 billion	14.4%
Direct spending on group meetings & events:	\$187.7 million	\$194.0 million	\$196.1 million	2.9%
Spending in Napa by visitors for food and restaurants:	\$301 million	\$367 million	\$438 million	19.3%
Jobs supported by Napa visitor industry:	10,498	11,776	13,437	14.1%
Napa Valley visitor industry payroll:	\$300 million	\$332 million	\$387 million	16.4%
Taxes generated for govt. entities in Napa Valley:	\$51.7 million	\$64.2 million	\$80.4 million	25.2%
Tax revenues generated per Napa household:	1,041	1,304	1,604	23.0%
Visitors in Napa Valley on an average day:	13,409	15,019	16,922	12.8%
Visitor spending in Napa Valley on an average day:	\$3.82 million	\$4.48 million	\$5.26 million	17.5%
Annual visitor spending per Napa resident:	\$10,027	\$11,741	\$13,376	13.9%

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, 2016

Figure 4.1 (below) shows the proportion of 2016 Napa Valley visitors by their place of stay. Napa hosted a total of 3.5 million visitors in 2016, up from 3.3 million two years earlier. The largest component of Napa's visitor volume is day trip visitors, comprising 2.3 million visitors, or 64.5 percent of all visitors. The second largest segment of visitors are persons staying in Napa Valley lodging, at 1.02 million visitors.

Figure 4.1: Annual Visitor Volume, 2016 (by Place of Stay)

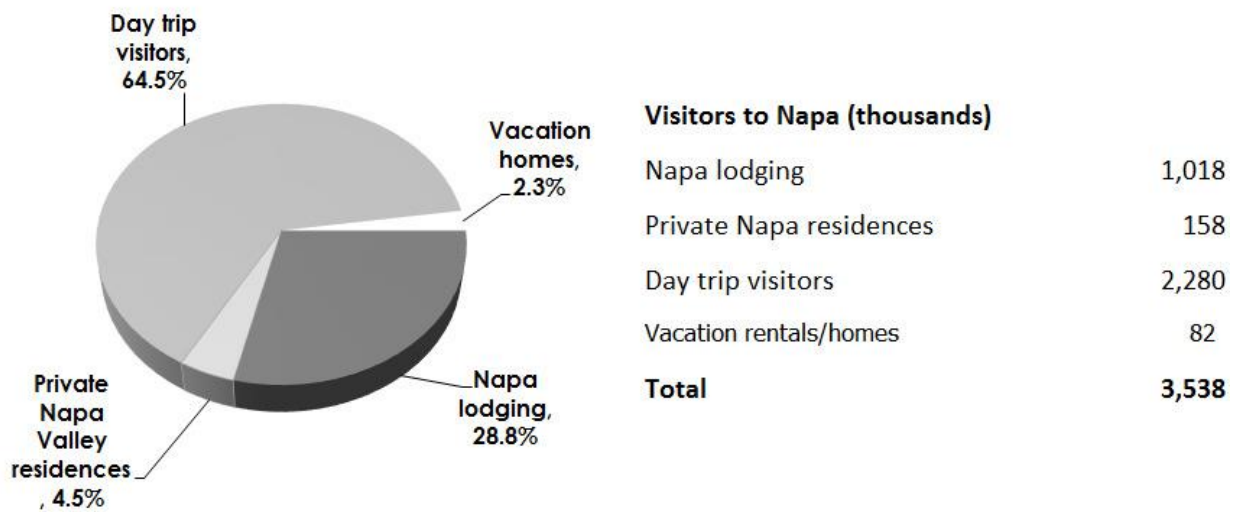


FIGURE 4.1 – Annual visitor volume in Napa Valley defined by place of stay (2016). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Visitor Days Spent in Napa Valley, 2016

Visitors to Napa spent 6.2 million total person-days in the county during 2016. This implies that, on an average day during the year, there were 16,922 visitors in Napa. Approximately half (50.1%) 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 3.1 million person-days in the county during 2016.

Figure 4.2: Visitor Days Spent in Napa, 2016

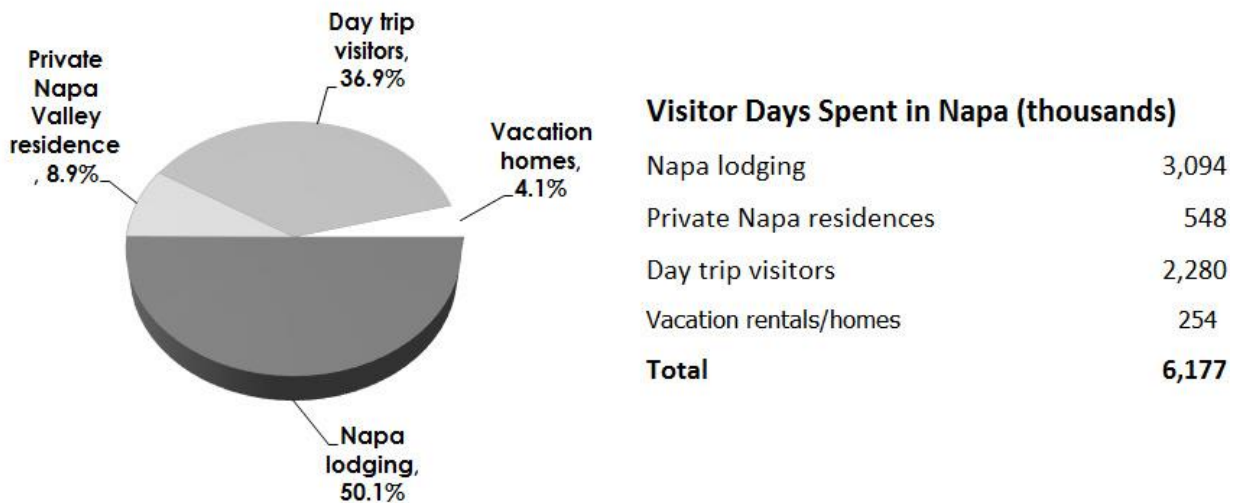


FIGURE 4.2 - Annual visitor days (person-days) spent in Napa Valley, defined by place of stay (2016). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Direct Visitor Spending in Napa, 2016

In 2016, the Napa visitor industry generated \$1.92 billion in direct visitor spending inside the county. Most of this spending came from local hotel guests. These visitors were responsible for \$1.34 billion in visitor spending, or 69.9 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 \$427. By comparison, the average day trip visitor to Napa spent \$146 per-person, per-day while in the county.

Figure 4.3: Direct Visitor Spending in Napa, 2016

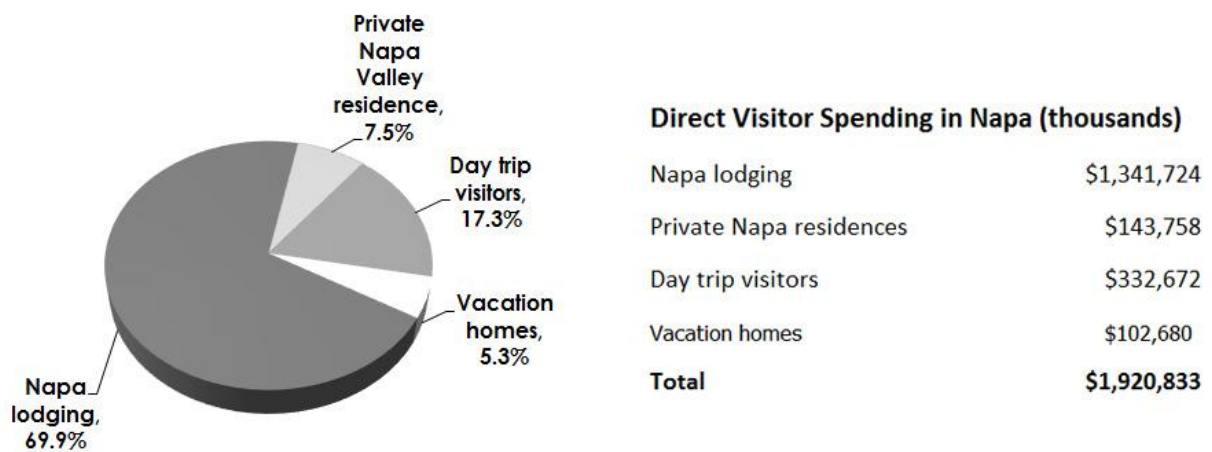


FIGURE 4.3 - Annual direct visitor spending in Napa Valley, defined by place of stay (2016).
Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Direct Visitor Spending by Type, 2016

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 40.0% percent of all spending, or \$768 million, in 2016. The second largest component was the \$438 million visitors spent in Napa restaurants and food services establishments. This accounted for 23 percent of all 2016 visitor spending in Napa.

Figure 4.4: Visitor Spending in Napa by Type, 2016

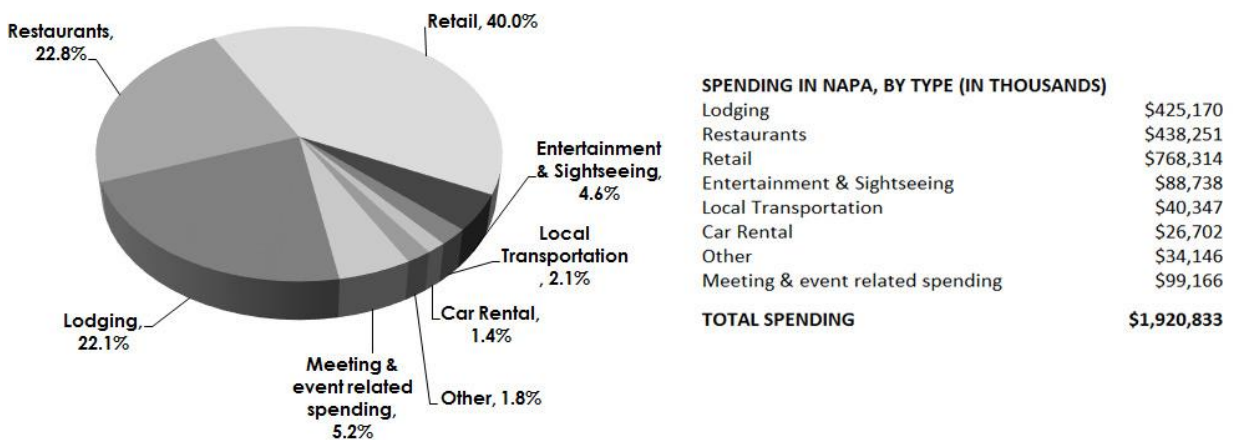


FIGURE 4.4 - Annual direct visitor spending in Napa Valley by type (2016). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Meeting & Event Expenditures, 2016

Group meetings and events generated \$196 million in spending for Napa in 2016. 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, 2016

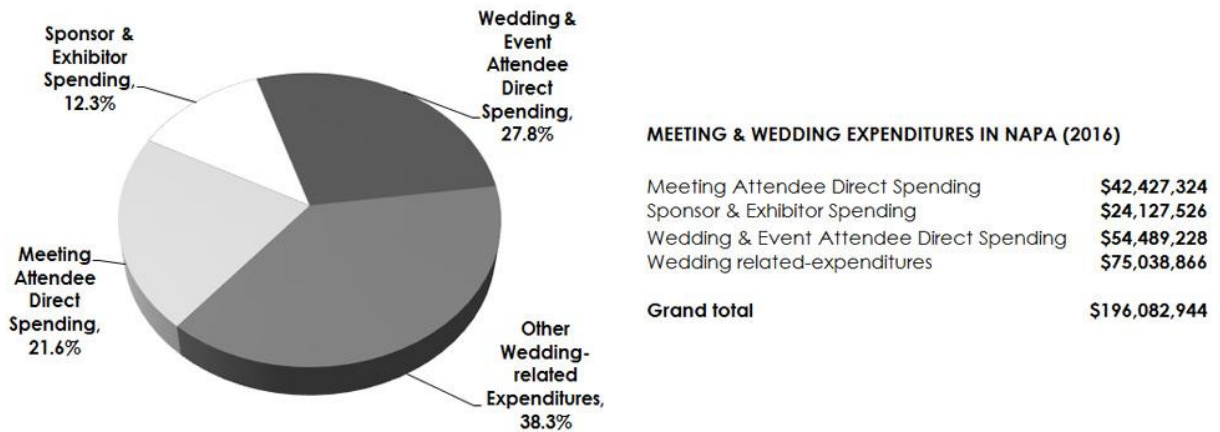


FIGURE 4.5 – Meeting and event expenditures (2016): The four components estimated in this model are direct spending by meeting attendees and spending by a meeting's sponsor or host for other goods and services necessary to hold a meeting, direct spending by persons attending a wedding or special event and related spending for weddings hosted by persons from outside Napa Valley. Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Jobs Supported by Napa Visitor Industry, 2016

Napa visitor spending in 2016 supported an estimated 13,437 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 5,331 restaurant industry-related jobs and 3,751 jobs in hotel-related industries.

Figure 4.6: Jobs Supported by Napa Visitor Industry, 2016

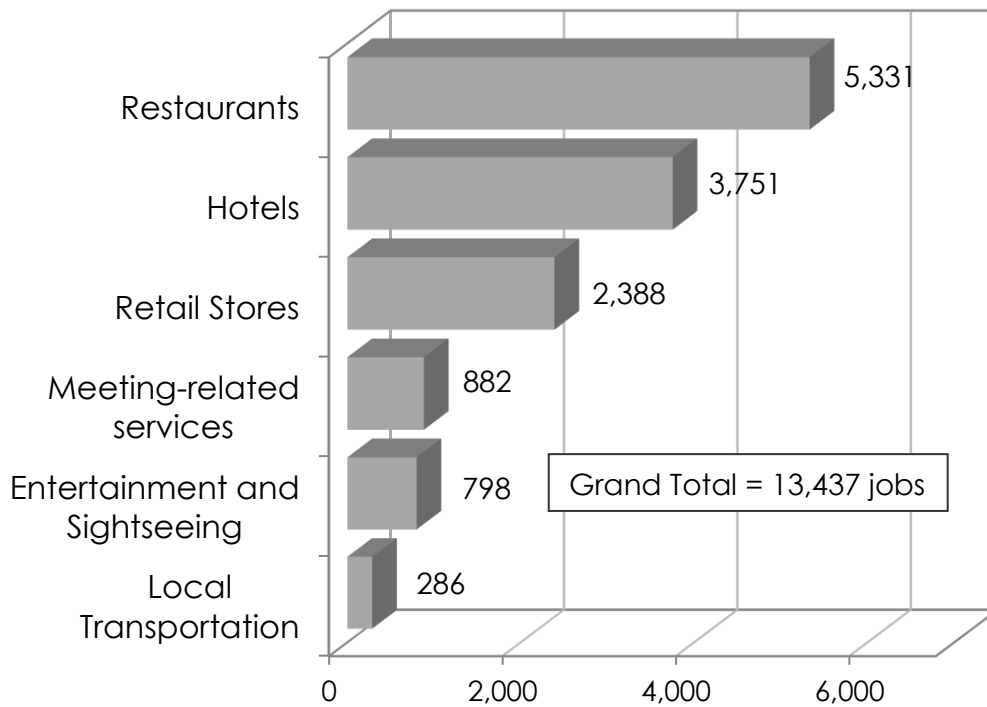


FIGURE 4.6 – Jobs supported by the Napa Valley Visitor Industry (2016). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Napa Visitor Industry Payroll, 2016

In 2016, the 13,437 jobs supported by the Napa visitor industry had an estimated total combined payroll of \$387 million.

Figure 4.7: Napa Visitor Industry Payroll (in millions), 2016

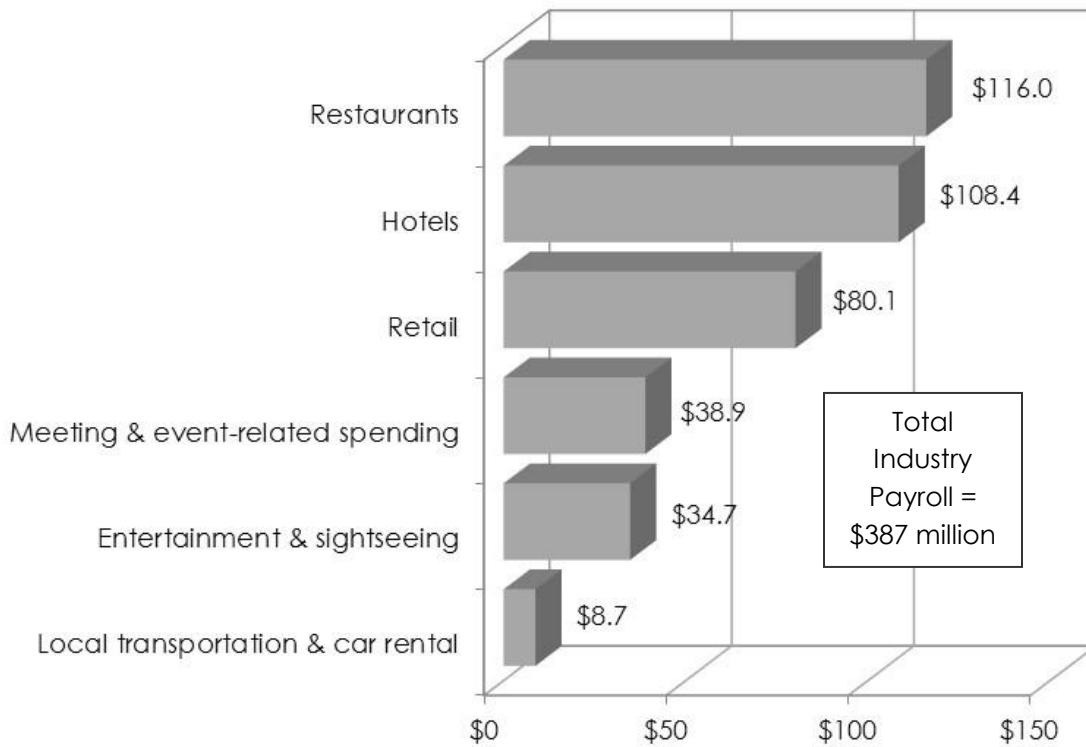


FIGURE 4.7 – Napa Visitor County Industry Payroll (2016). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley.

Tax Revenues Generated for Napa Valley Jurisdictions, 2016

Napa's visitor industry generated \$80.4 million in tax revenues for governmental entities in Napa Valley in 2016. 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 \$68.7 million in income for governmental entities in the county.

Figure 4.8: Tax Revenues Generated for Napa, 2016 (in Thousand Dollars)

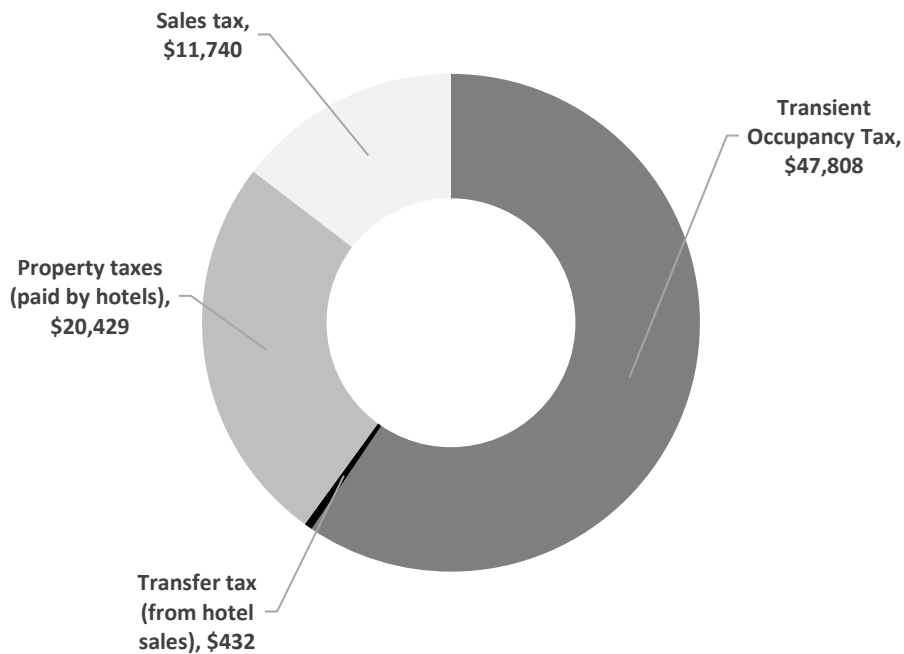


FIGURE 4.8 – Tax Revenues Generated for governmental entities in Napa Valley (2016). Source: Destination Analysts Economic Impact Model developed for Visit Napa Valley. Property taxes included are for hotels, motels and inns in Napa.

Appendix I: Source Data

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

1. 2016 Napa Valley Lodging Guest Survey, Final Project Report. Research conducted by Destination Analysts, Inc. for Visit Napa Valley
2. 2016 Napa Valley Visitor Intercept Survey, Report of Findings. Research conducted by Destination Analysts, Inc., for Visit Napa Valley
3. 2016 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