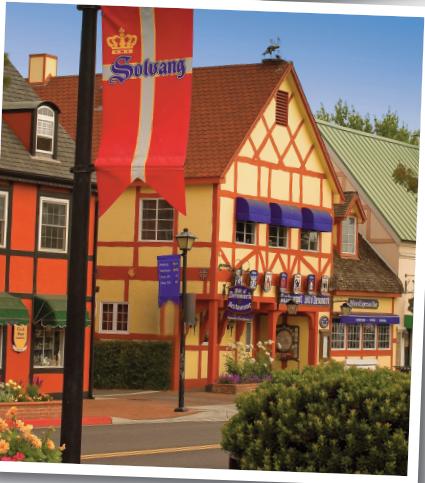


IMPACTS OF TOURISM TO SOLVANG'S ECONOMY & PROFILE OF SOLVANG VISITORS

SOLVANG VISITOR PROFILE



PERCEPTIONS ABOUT TOURISM BY SOLVANG RESIDENTS

- ✓ Solvang residents were surveyed and asked to rate the importance of tourism to Solvang's economy. A strong 91% rated it "very important" (by 46%) or "absolutely essential" (by 45%).

ABOUT THE STUDY

The study's base visitor demographics, trip behavior, and spending data were compiled from these sources, integrated to provide a comprehensive and representative profile of Solvang visitation over a single year.

- ✓ Random representative on-site surveys by a professional interviewer among 600 Solvang visitors (150 over 4 quarters) at Solvang Village locations popular among visitors provided
- ✓ 150 **phone interviews** with a random sample of Solvang households provided information on the proportion of households that hosted visitors during the year and the average number of visitors hosted.
- ✓ Monthly **occupancy and rate data** for the study period from Solvang hotels/motels.
- ✓ Retail sales tax receipts, hotel/motel operating data, and paid lodging (TOT) tax receipts.
- ✓ For this study a "visitor" is defined as anyone in Solvang for a transient purpose other than for regular employment or school who resides outside of Santa Barbara County (to distinguish "local" from "visitor" impacts).



IMPACTS OF TOURISM TO SOLVANG'S ECONOMY & PROFILE OF SOLVANG VISITORS

Given tourism's visibility and importance to Solvang, the Solvang Conference & Visitors Bureau, the city's official (not-for-profit) visitor marketing partner, commissioned a comprehensive study to measure tourism's economic contributions to the city, and to profile these visitors, as summarized below. The study, representing Fall 2011 – Summer 2012, provides a current benchmark for future assessment, useful by the Bureau, the City and others for visitor marketing, services, planning, development and other programs.

OVERVIEW

SIZE AND CONTRIBUTIONS OF SOLVANG TOURISM ACTIVITY

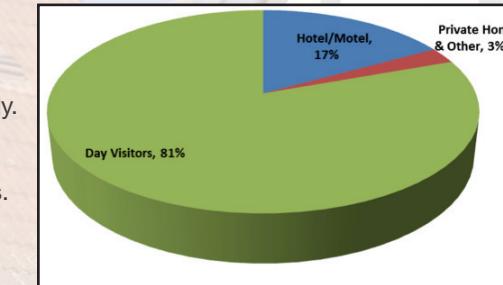
Tourism is significant to Solvang's economy. Some 1.5 million people visited Solvang in 2012, and spent \$98 million in the city. This spending generated \$3.2 million in local lodging (TOT) and retail sales taxes. Visitor activity supported nearly 950 local jobs or 30% of the workforce.

Overall Tourism Indicator	Number
Total Number of Visitors	1,501,573
Total Annual Visitor Spending	\$98,239,000
Visitor Hotel Tax Revenue (TOT) to Solvang	\$2,672,700
Visitor Sales Tax Revenue to Solvang	\$579,790
Solvang Jobs Supported by Tourism	948

VISITATION BY LODGING SEGMENT

VOLUME

- ✓ Of the 1.5 million annual visitors, most or 81% were in Solvang for the day only.
- ✓ Another 17% were guests in local hotels/motels/inns
- ✓ 3% stayed in other lodging such as private residences and vacation homes.



LENGTH OF STAY AND GROUP SIZE

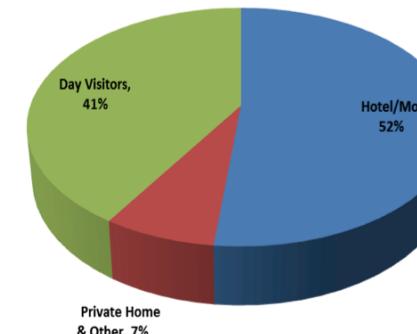
- ✓ The overnight hotel/motel guests stayed an average of 1.6 nights in Solvang and those in other lodging stayed for nearly 2.3 nights.
- ✓ Day visitors had the largest travel groups, averaging 3.9 persons, whereas all overnight guests averaged 3.0 persons per group.

Visitor Lodging Segment	Annual Visitor Volume	Ratio	Avg. Stay (days)	Travel Group Size
All Overnight	292,311	19%	1.70	2.98
Hotel/Motel Lodging	253,972	17%	1.61	2.93
Private Home & Other Lodging	38,339	3%	2.28	3.36
Day Visitors	1,209,263	81%	1.00	3.90
Total	1,501,573	100%	1.14	3.68

IMPACTS OF TOURISM TO SOLVANG'S ECONOMY & PROFILE OF SOLVANG VISITORS

VISITOR SPENDING

- Of total visitor spending of \$98 million in Solvang, \$51 million, (52% of the total) came from Solvang Hotel/ motel guests. This is triple their (17%) share of volume, underscoring the impact of Hotel guests on the economy.
- Another \$40 million or 41% was spent by Day visitors
- While \$7 million or 7% or was spent by guests in Other lodging



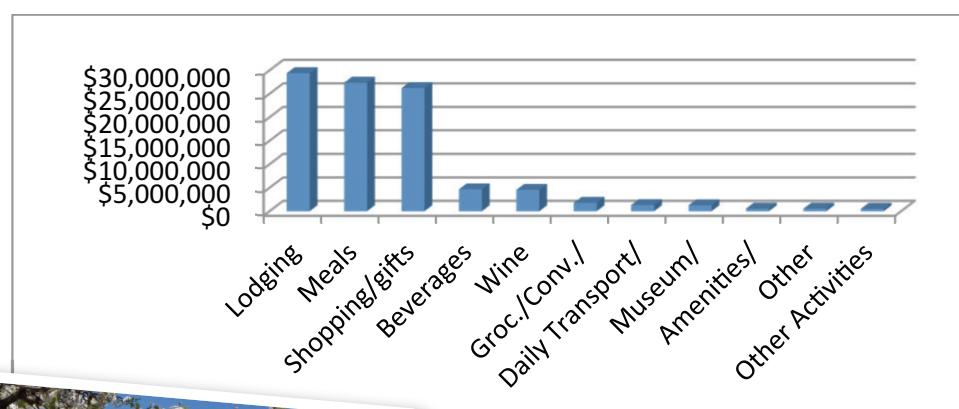
Visitor Lodging Segment	Visitor Spending		
	Daily Per Person	Annual Amount	Ratio
All Overnight	\$116.53	\$57,883,000	59%
Hotel/Motel	\$124.20	\$50,815,000	52%
Private Home & Other	\$80.69	\$7,068,000	7%
Day Visitors	\$33.37	\$40,356,000	41%
Total	\$57.58	\$98,239,000	

DAILY PER-CAPITA

- Per-capita daily spending averaged \$58 overall by Solvang visitors.
- By segment also shows that hotel guests spent the most, at \$124 per day versus \$81 by Other lodging guests and \$33 by Day visitors.

BY SPENDING CATEGORY

- On an annualized basis, the top three categories of visitor spending – and by a substantial margin – are Lodging at \$29 million, Meals out at \$27 million and Retail at \$26 million.



FISCAL IMPACTS

- Of the \$98 million of total visitor spending, \$82 million was *taxable*, generating \$3.25 million in lodging and retail and taxes to the City of Solvang (and \$2.3 million to the state/county).
 - Of these direct visitor generated taxes, \$2.67 million was lodging tax and \$580,000 was retail sales tax.
 - These tourism generated taxes help the City provide services that would otherwise cost an equivalent of \$1,450 annually from each of Solvang's 2,239 households.



Fiscal Impact	Amount
Total Tax Revenue to Solvang from Tourism	\$3,252,490
Visitor Hotel Tax Revenue (TOT) to Solvang	\$2,672,700
Visitor Sales Tax Revenue to Solvang	\$579,790
Visitor Sales Tax Revenue to State/County	\$3,913,586
Total Fiscal Impact	\$7,166,076

LOCAL EMPLOYMENT SUPPORTED BY TOURISM ACTIVITY

- Net visitor spending supports an estimated 948 Solvang jobs, representing close to 30% of the 3,200 citywide workforce.
- The top employment categories are:
 - 344 or 36% of jobs in paid lodging accommodations
 - 350 or 37% of jobs in food and beverage services (combined meals and beverages)
 - 139 or 15% of jobs in retail outlets related to visitor shopping expenditures



LODGING PERFORMANCE

- For the study year Solvang contained 741 rooms in 15 transient hotels, motels and inns (at least 80% of guests stays less than 30 days).
- The market achieved an overall occupancy rate of 67% and overall average rate of \$148.
- By quarter, summer was strongest at 82% occupancy and average room rate of \$169. Winter was weakest with 54% occupancy and \$128 room rate, with Fall and Spring comparable with mid-60% occupancies and mid \$140s room rates.

Market Summary	Annual Avail. Rooms	Occupied Rooms	Occupancy Rate	Avg. Room Rate	Revenue per Avail. Room (RevPAR)
Total Market (annual)	271,206	182,234	67.2%	\$ 148	\$101
Fall (Sept – Nov)	67,431	44,191	65.5%	\$ 145	\$95
Winter (Dec- Feb)	67,431	36,061	53.5%	\$ 128	\$69
Spring (Mar-May)	68,172	46,002	67.5%	\$ 149	\$100
Summer (Jun – Aug)	68,172	55,981	82.1%	\$ 169	\$138

