

## Talking Points – Value of Investing in Destination Marketing

- Sonoma County Tourism began marketing the destination in 2005, since making that investment, the tourism economy has grown significantly. (Source: Dean Runyan & Associates: Travel impacts, 2000 – 2018)
  - Spending is up 76% to \$2.1 billion
  - Local tax revenue is up 181% to \$102.1 million
- The tourism industry is one of the largest employers in Sonoma County, with hospitality employment comprising one in ten jobs. Employment is up 46.7% to 22,330 jobs from 2005.
- Government revenue (\$102.1 million in 2018) is used to help support regional parks, economic development, arts and culture, education, roads, public safety, education, affordable housing and workforce development among other community programs.
- As the area's Destination Stewardship Organization, Sonoma County Tourism will work to create a robust initiative that develops programs and activities that balance the economic opportunities that come through sales & marketing with the environmental sustainability and responsible tourism needs that help retain the beauty and viability of the area for future generations.
- Sonoma County Tourism, along with its countywide lodging property properties, is the sole generator of the Transient Occupancy Tax (TOT). The more successful our collective marketing efforts, the more tax revenue is generated, contributing significantly to the economic success of our local governments and community programs.
- Tourism marketing is an essential driver to the economic success of Sonoma County. People have choices when planning their trips and vacations. In a competitive landscape, Sonoma County needs to retain market share amongst a very cluttered landscape. Sonoma County must compete not only with similar wine regions, but destinations across the globe. Secondly, competitors include a wide range of consumer products – any item that spends an equal amount of discretionary income. Consumer electronics, sporting goods, all forms of entertainment – these all compete for a share of the consumer wallet and all are competitors for travel.
- To continue to see a year over year increase in tax revenue, Sonoma County needs to keep our marketing efforts on par with our competitors. Investing in our destination provides unlimited returns.
- Some Sonoma County residents have cited issues of overcrowding, traffic snarls, infrastructure eroding, overuse of emergency service and damage to natural resources as

the impacts of tourism. Many of these issues occur during busy summer weekends. Sonoma County Tourism has had a limited marketing budget requiring it to buy media and focus its outreach on the drive market. These are weekend travelers. Providing Sonoma County Tourism with the budget needed to market in cities that have direct flights into SFO will generate visits from travelers who will stay in the destination longer, spend more money and generally benefit the area. When funding is cut, SCT is not able to market to long haul travelers and must be resigned to local marketing... thus perpetuating the issues the destination now faces.

- Tourism promotion goes hand in hand with Sonoma County's recovery efforts not only by increasing TOT, but by supporting our hospitality businesses - 85% of which are locally owned, 77% considered small with less than 25 employees. Most of these local businesses have little or no marketing budget and depend on Sonoma County Tourism to help keep them in business.
- Reducing funding for destination marketing will result in lost revenue that reaches beyond the tourism industry and impacts the overall economic health of the area.

Case Studies: (Source: US Travel Association and Tourism Economics)

➤ **San Diego**

- In 2013, The City of San Diego cut destination marketing investment by 83% to \$4 million.
- Due to this cut, total losses to the San Diego regional economy amounted to \$560 million in lost visitor spending and \$24 million in reduced tax revenues in 2013.
- As a result of the economic loss, the City of San Diego voted to restore tourism marketing funds, but it took San Diego years to rebound.

➤ **Colorado**

- In 1993, The State of Colorado cut its marketing budget, almost entirely from \$12 million. The reasoning was with the major ski resorts, large hotels and cities such as Denver doing the marketing, the state didn't need to.
- Within one year, Colorado slipped from first place to 17th place in the summer resort category.
- By 1997, Colorado's overall share of the U.S. leisure travel market plummeted by 30 percent.
- Colorado suffered \$1.4 billion in lost traveler spending within one year of cut and \$2.4 billion lost traveler spending per year within four years of the cut.
- Colorado Tourism Office re-opened in 2000. While the state saw vast improvements in returns, Colorado has yet to recover its market share.

## Sonoma County Tourism Statistics

Tourism and hospitality are an integral part of the economy for the United States, California, and Sonoma County.

### **Destination spending by travelers:**

United States: \$1.1 trillion  
California: \$140.6 billion  
Sonoma County: \$2.175 billion

### **Government revenue in the form of taxes from tourism:**

(Used for parks, economic development, arts and culture, education, roads, public safety, education, affordable housing, workforce development, and more.)

United States: \$170 billion  
California: \$11.8 billion  
Sonoma County: \$194.8 million  
TOT collected in 2017: \$43.7 million\*

### **Tourism/Hospitality directly supports jobs:**

United States: 8.9 million  
California: 1.2 million  
Sonoma County: 22,330 (1 in 10 jobs)

\*The Sonoma County Economic Development Board produces an excellent report on Transient Occupancy Tax, including where each government entity invests that money: **Sonoma County TOT Reports**.

### **Visitor Statistics:**

- Millions of visitors come to Sonoma County annually. Over the next few years, millennial tourists, who prioritize experiential travel, will grow in importance.
- Roughly 90 percent of Sonoma County's current visitors are domestic travelers.
- The 10 percent of international visitors to Sonoma County mainly hail from Canada, Western Europe, Mexico, Australia, New Zealand, Japan, and Korea.

### **Tourism Business Statistics (2018):**

- 77 percent of Sonoma County tourism businesses are small (fewer than 25 employees)
- 85 percent of tourism businesses are locally owned, only two percent of these are franchises
- 43 percent have been in business for more than 20 years, 35 percent have been in business for 10 or fewer years