

Kerrville Convention & Visitors Bureau



Kerrville-Schreiner Park

2010 ANNUAL REPORT

The primary objective of the Kerrville Convention & Visitors Bureau (KCVB) is to create maximum hotel occupancy within the city through a marketing program aimed at attracting and securing overnight visitors who will spend money in the Kerrville area. We assist these visitors in having a successful and enjoyable stay and encourage their return.

Our marketing programs include convention and tourism sales, convention and visitor services, advertising, public relations, publicity, and dissemination of literature. We encourage everyone in the Kerrville area to welcome and accommodate our visitors.

Through our visitor industry, we can build the image of Kerrville as an excellent place to visit. Visitors stimulate the Kerrville trade area and diversify the economy. This sustains jobs and improves the quality of life for our citizens.

2010 Hotel/Motel Guest Expenditures in the City of Kerrville

Compiled and Prepared by Kerrville Convention & Visitors Bureau

ECONOMIC IMPACT

| | |
|---|----------------------|
| Conventions | \$ 11,011,792 |
| Motorcoach | \$ 78,400 |
| Special Events | \$ 2,199,780 |
| Consumer | \$ 44,380,146 |
| TOTAL | \$ 57,670,118 |
| \$57,670,118 x 3 (Standard Conservative Economic Multiplier) = \$173,010,354 | |

CONVENTION

32,930
x 2.2
72,446
x 152
\$ 11,011,792

Room nights (taxable & non-taxable)
Delegates/room (industry standard)
Total convention delegates
Average expenditures/person/day
TOTAL CONVENTION REVENUE

MOTORCOACH

6
+10
16
x4,900
\$ 78,400

Motorcoaches overnighing in Kerrville
Additional nights
Motorcoach days
Motorcoach expenditures/day
TOTAL MOTORCOACH REVENUE
373 ROOM NIGHTS

SPECIAL EVENTS

6,060
x 3.3
19,998
x 110
\$ 2,199,780

Special event room nights
Persons/room (industry standard)
Total special event overnight visitors
Average expenditures/person/day
TOTAL SPECIAL EVENT REVENUE

CONSUMER

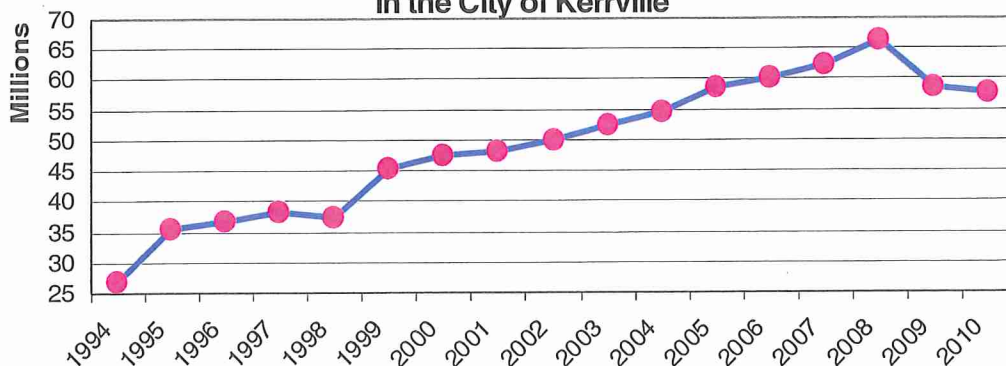
187,258
x 3
561,774
x 79
\$ 44,380,146

Consumer taxable room nights
Persons/room
Visitors
Average expenditures/person/day
TOTAL CONSUMER VISITOR REVENUE

TOTAL ROOM NIGHTS 226,621

These figures represent only the city overnight hotel/motel guests and do not reflect our day visitors or those visitors staying in our RV parks, camping sites, children's camps or county accommodations.

Direct Economic Impact Hotel/Motel Guest Expenditures In the City of Kerrville

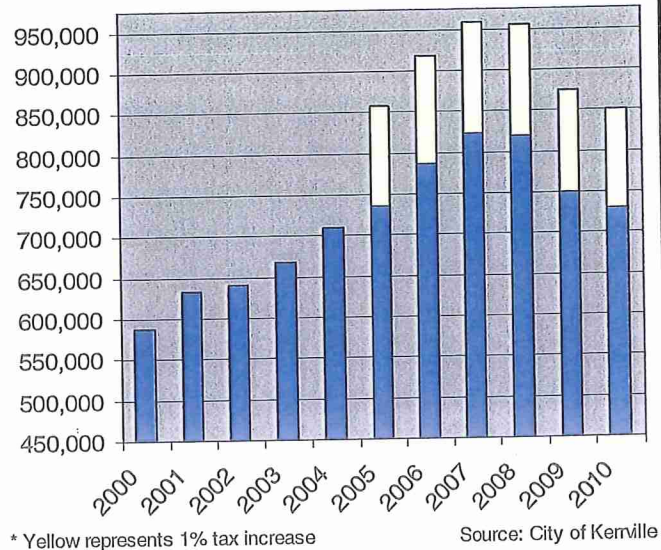


HOT – Hotel Occupancy Tax

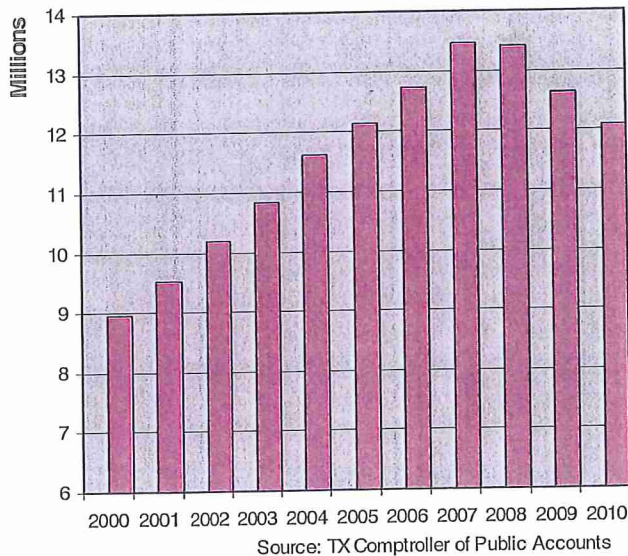
A 7% City Occupancy Tax is charged on all sleeping rooms in Kerrville. The revenue earned from the tax is based on the average daily room rate (ADR) & the occupancy levels of the sleeping rooms. In 2009 with the state of our national economy, we saw a decline in both the ADR & the occupancy levels. It will take a turn around in our economy before we see HOT revenue start to climb again.

On January 1, 2005 an increase of 1% in City HOT went into effect. This one percent of local tax is being set aside in a dedicated fund. The remaining 6% of City collected tax funds the operations & promotions of the Kerrville CVB as well as promotions for qualifying special events & arts organizations.

City of Kerrville
Hotel/Motel Occupancy Tax



City of Kerrville
Hotel/Motel Taxable Revenue

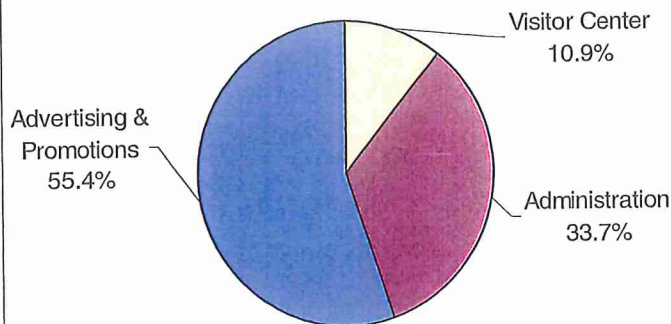


Hotel Revenue

The graph tells the story! In 2008 our hotel taxable revenue was down due to hurricanes Dolly & Ike and the imposed hotel tax exemptions for all evacuees. These exemptions hit us hard but paved the way for revenue just being down due to the over all economy. We see our visitors being more budget minded in all travel decisions not just lodging. Dining & entertainment are also seeing revenues decrease; harming those industries & causing a decline in sales tax revenue.

Budget minded travel has become a trend & we expect it to continue. As a budget friendly destination we stand to fair better than many other cities.

KCVB Actual Expenditures
of Hotel Occupancy Tax
October 2009 - September 2010



Source: Kerrville Convention & Visitors Bureau

The Theory of Advertising

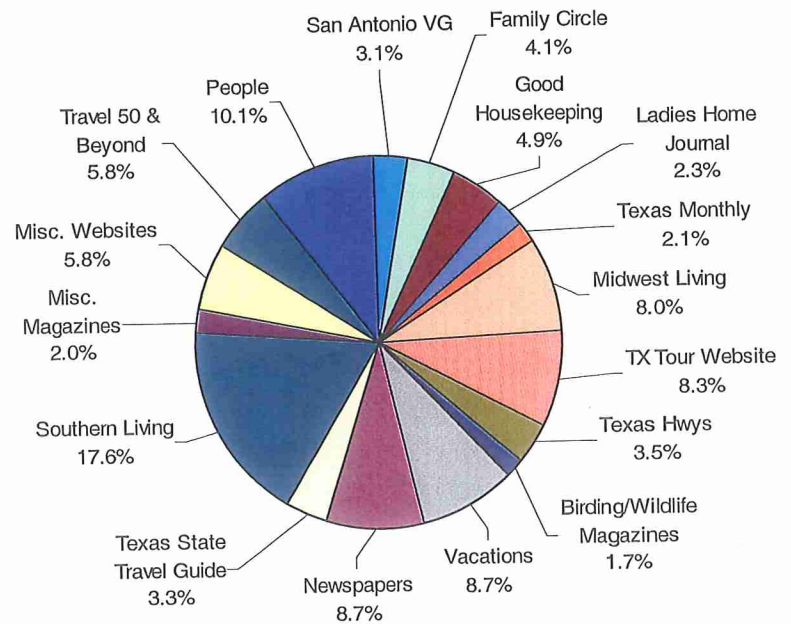
For the Kerrville CVB print media advertising is the most frequent used of all our marketing strategies. We can develop an image of Kerrville, communicate information & generate a visitor all at the same time.

Advertising is critical in our continuing efforts to keep people visiting Kerrville. Planting the idea that Kerrville is a nice get-a-way also plants the thought that in these tough times "we need to get-a-way", will help keep our visitors booking hotel rooms.

Our best buys this last year included Southern Living, Vacations, People & Midwest Living. You will note that women's publications are our best return on investment because women make 70% of all travel decisions.

Our advertising focus is Texas. In national publications we can not always buy just Texas: sometimes it must be several states, the south or a southwest regional buy depending on the package offered. A package offered by the publisher is much more economical than a straight buy off the rate card. Some of our magazine buys are packaged with other publications that we may not even be interested in, however; it is less expensive to take the deal than purchasing magazines individually.

2010 Major Paid Advertising Results

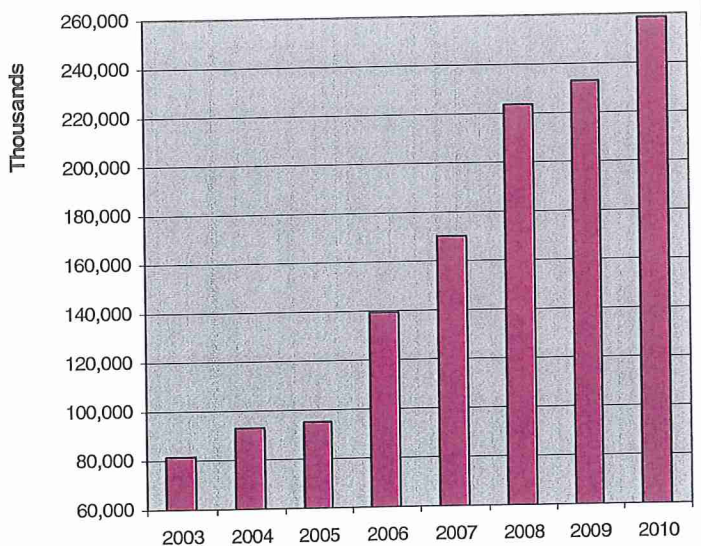


Source: Kerrville Convention & Visitors Bureau

Website Visits

Our website traffic continues to increase. More & more people are going online to plan their entire trip. Because of this trend we have geared our site to be a completely informational site about Kerrville with answers to most visitor related questions available at the click of a mouse. Managing our site in house allows for updates & changes daily if needed.

Website Traffic



Source: KCVB Web Server

Our website visits increased 10% from 232,873 in 2009 to 258,793 in 2010. Visits occur when a remote site makes a request for a page on your server for the first time. As long as the same site keeps making requests within a given timeout period, they will all be considered part of the same visit. Thus reducing duplicate counting that you find when you track hits.

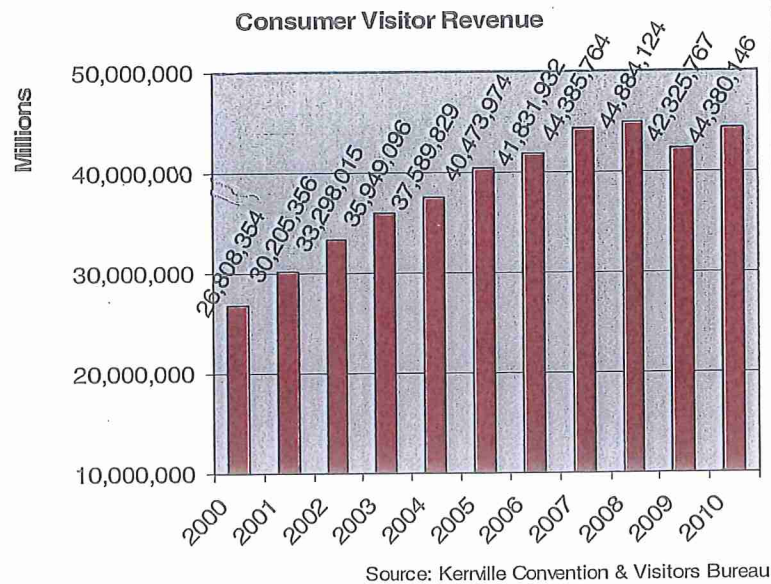
Because website "hits" represent a much broader number of requests made to the server for a website & are not a true picture of who is actually going to & staying on your site, we choose to track website "visits" instead of "hits."

Consumer Visitor Spending

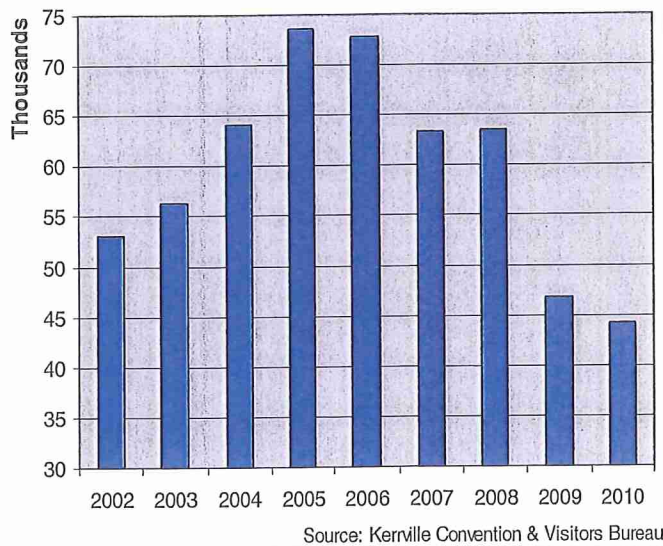
This graph represents the direct economic impact of the visitor who did not come to Kerrville as part of a group or convention.

We would hope this visitor was vacationing & having fun in Kerrville, however; this number also includes those who may be only passing through on their way to another destination.

Our graph shows that while spending was down in 2009 as was the norm nationally; we saw an increase this past year in 2010.



Visitor Inquiries Answered by Mail



Visitors Inquiries

The visitor inquiries mailed reflects the increase in the use of the internet as presented previously, as well as the trend of a down economy.

In a down economy we cut the expendables from our budget, including vacations & trips. If consumers are not planning a trip then the requests for visitor information will also go down.

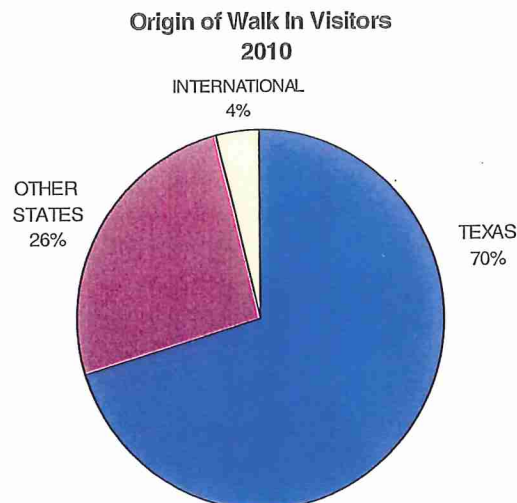
Sources of the inquiries are from newspaper & magazine advertising, our website, state guides too numerous to mention and from other sources such as school teachers and libraries.

Origin of Our Visitors

2010 saw a 16% increase in walk in traffic at the Visitor Center with 12,859 visitors signing our guest register.

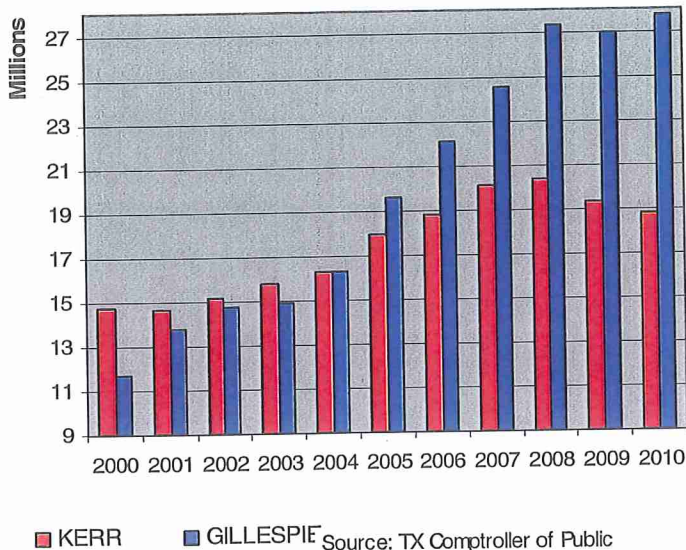
This increase in walk in traffic and the increase in the Consumer Visitor Spending gives us hope that consumers are perhaps ready to start venturing out again or at least a few more are considering it.

We had visitors from 49 US states, the District of Columbia and 34 countries, giving us an opportunity to properly introduce them to Kerrville.



Source: Kerrville Convention & Visitors Bureau

Kerr & Gillespie County Gross Lodging Receipts



Lodging Receipts

In 2009 both Kerr & Gillespie counties saw a decrease in gross lodging receipts. In 2010 Gillespie County began to rebound where as Kerr County declined by 2.5% an improvement however over the 5% decline in 2009.

In prior years both counties saw gains in lodging receipts. Kerr County's was a steady gain where as Gillespie County saw a more dramatic gain.

Over the past 10 years, Gillespie County has gained a net of 631 traditional sleeping rooms, a 548% room gain over Kerr County. In Kerr County, over the same period the net gain was 115 rooms.

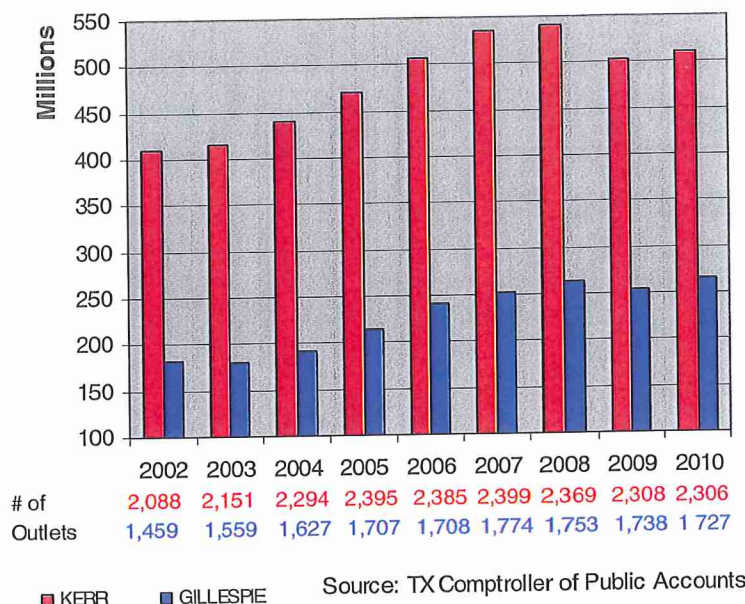
Other factors to consider when comparing room revenue include the percentage of group rate rooms compared to consumer rack rate business, off season discounts & high season rates, as well as occupancy. The average daily room rates are also a big factor in this equation.

Sales of Taxable Goods

2010 brought a turnaround in the sales of taxable goods. After years of experiencing a steady rise in the sales of taxable goods both Kerr and Gillespie counties fell backwards in calendar year 2009. They both also lost in the number of outlets collecting sales taxes. In 2010, however, we saw a shift. Both counties rebounded from the decline and had an increase in the sales of taxable goods; the number of outlets remained almost flat with a small decrease.

A budget minded visitor spends less money and costs us sales tax dollars. As the economy starts its turn around, sales tax dollars is one of the first places we see an improvement. Our city budget is comprised of about 22% general sales tax revenue so any fall in the tax collected harms the general city services.

Kerr & Gillespie Counties Taxable Sales-All Industries



2009 POINT OF ORIGIN STUDY

City of Kerrville Hotel/Motel Visitors

82.4% TEXAS

| | |
|----------------------------|-------|
| 1. Houston Area | 18.8% |
| 2. San Antonio Area | 13.1% |
| 3. Austin Area | 13.0% |
| 4. Dallas Area | 7.5% |
| 5. Fort Worth Area | 7.3% |
| 6. El Paso/Midland/Abilene | 6.1% |
| 7. San Angelo | 5.8% |
| 8. Corpus Christi/McAllen | 5.2% |
| 9. Bryan/Beaumont | 5.0% |
| 10. Palestine/Texarkana | 3.4% |
| 11. Lubbock/Amarillo | 3.3% |
| 12. Misc. Texas | 11.5% |

3.5% SOUTHWEST – Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming

2.8% FAR WEST – Alaska, California, Hawaii, Oregon, Washington

2.7% SOUTH – Arkansas, Louisiana, Oklahoma

2.6% SOUTHEAST – Alabama, Florida, Georgia, Mississippi, Tennessee

2.5% MIDWEST – Illinois, Iowa, Kansas, Nebraska, Minnesota, Missouri, North Dakota, South Dakota, Wisconsin

1.6% NORTHEAST – Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Rhode Island, Pennsylvania, Vermont

0.9% CENTRAL – Indiana, Kentucky, Michigan, Ohio

0.8% MID ATLANTIC – Delaware, District of Columbia, Maryland, North Carolina, South Carolina, Virginia, West Virginia

0.4% INTERNATIONAL- includes Canada, China, England, Germany, Israel, Mexico, Puerto Rico, Spain, South Africa, and United Kingdom

Total number of registration cards 55,066 surveyed.

Participating Properties: Artisans Guesthouse, Best Western Sunday House, Big Texas Inn, Holiday Inn Express, Inn of the Hills Resort & Conference Center, La Quinta Inn, Kerrville Schreiner Park, and Y.O. Ranch Hotel & Conference Center.

ANNUAL OVERNIGHT VISITORS

KERR COUNTY, TEXAS YEAR 2007

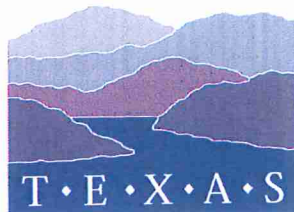
Compiled and Prepared by the Kerrville Convention & Visitors Bureau

| | |
|--|-------------------------|
| Hotel/Motel, Cabins and B&B's | 778,083 |
| Children's Camps – Summer | 24,416 |
| Children's Camps – Off Season Adults | 37,148 |
| Schreiner College Summer Camps | 1,743 |
| RV Parks & Campgrounds | <u>201,061</u> |
| SUB TOTAL | 1,042,451** |
| Visitors who did not stay in paid accommodations | <u>364,857</u> |
| TOTAL NUMBER OF ANNUAL OVERNIGHT VISITORS | 1,407,308 |
| Day Visitors in 2007 | 500,376* |
| TOTAL VISITORS | <u>1,907,684</u> |

*TX Dept. of Economic Development Tourism Division 2003-2004 Research
Outside MSA-South Region
35% of all visitors do not stay in paid lodging
48% of all trips are day trips
2.7 persons per party

***Does not reflect 100% of the lodging entities in Kerr County 3/2008*

KERRVILLE



Kerrville Convention & Visitors Bureau
2108 Sidney Baker, Kerrville, TX 78028
(830) 792-3535; Fax (830) 792-3230 www.kerrvilletexascvb.com
07/2011