

FREDERICKSBURG CONVENTION AND VISITOR BUREAU

we're blossoming

ANNUAL REPORT 2015



"...the Hill Country's unofficial capital of food and wine."
— Wine Spectator Magazine

YOU CALL THEM RESTAURANTS — WE CALL THEM

culinary art studios

Hill Country cuisine | over 30 wineries and tasting rooms | museums & historic sites | peaches & wildflowers
German heritage | golf | sophisticated shopping | festivals & events | eclectic art galleries | cycling | live Texas music



Message from the President

Reflections on 2015

Looking back on 2015, it was a good year of continued growth for many hospitality partners in Fredericksburg and Gillespie County. New guesthouses continued to open at an amazing pace. It was also a year in which we began to experience capacity issues and in which labor shortages continued to constrain the growth of individual businesses.

According to information on the State of Texas Comptroller's website, lodging receipts for Fredericksburg and Gillespie County reached an all-time high of \$46.8 million—up about 9% from the previous year. Local lodging occupancy tax collected in the city and county passed the \$3 million mark for the first time in 2015. Those increases were in part based on some 83 new guesthouse/B&B units and an additional 78 hotel rooms.

In the past five years, Fredericksburg and Gillespie County have added 154 hotel rooms and approximately 300 guesthouse/B&B units. Note that the guesthouse inventory grew almost double the rate of traditional hotel rooms.

2015 was the year that some of the larger wineries' customer volume began to exceed their capacity to provide a quality experience on Saturdays, leading to policies to manage attendance in their tasting rooms on weekends. Enchanted Rock State Natural Area's attendance reached 292,000—straining available staff and the aging utilities infrastructure at the park.

And our Achilles' heel—labor shortages continue in most businesses in the community, not just the visitor industry.

Overall, it was an amazing year for Fredericksburg and Gillespie County. Certainly not one without some challenges and some controversies, but a year of growth for the hospitality industry and the local economy as a whole. Thank you to our hospitality partners, our local businesses, our city and county elected officials and employees, and our citizens for making that happen! We appreciate your dedication and Texan hospitality when hosting visitors. Our vision is to make Fredericksburg "the premier travel experience in Texas."

Ernie Loeffler

President/CEO

Fredericksburg Convention and Visitor Bureau

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"Small Town We Love: Fredericksburg, Texas" Article
— Southern Living, June 2014

SEE FOR YOURSELF OUR

strokes of genius

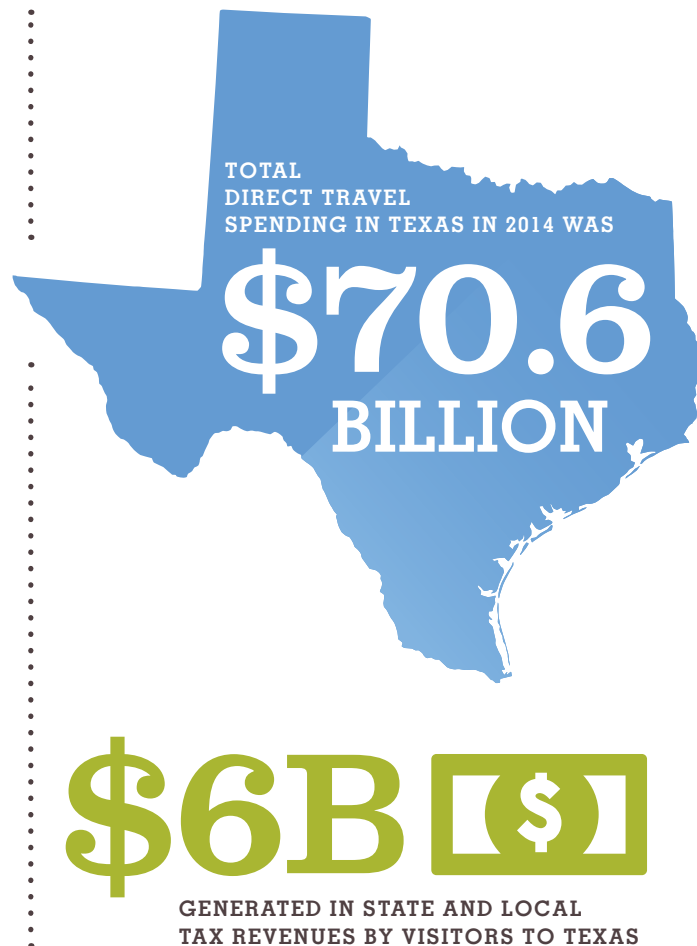
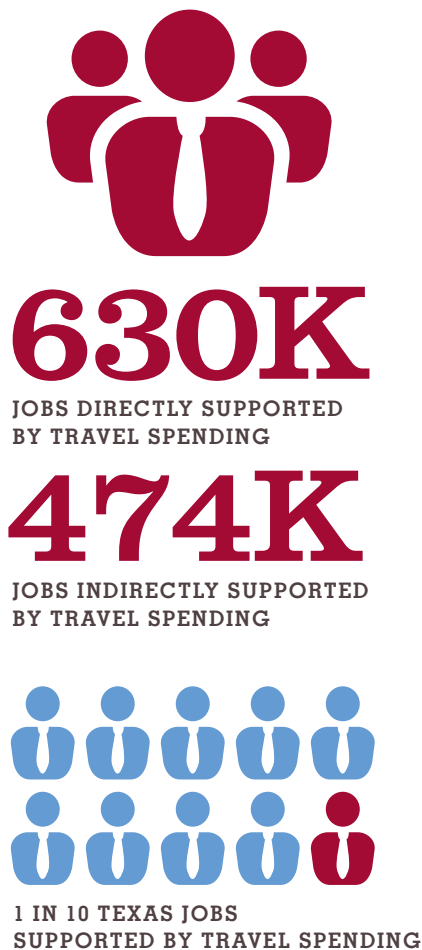
eclectic art galleries | over 30 wineries & tasting rooms | museums & historic sites | peaches & wildflowers
German heritage | golf | sophisticated shopping | festivals & events | cycling | Hill Country cuisine | live Texas music



How Does the FCVB Operate?

The Fredericksburg Convention and Visitor Bureau (FCVB) is funded by a portion of the hotel/motel tax and is dedicated to marketing Fredericksburg and Gillespie County as a premier travel destination on the regional, national and international stages, thereby creating a positive impact on the local economy and the quality of life. A 13-member board of directors, representing a cross-section of the hospitality industry, oversees the operation. The FCVB staff includes 11 full-time and 4 part-time employees. The FCVB operates the Visitor Information Center, which is open to assist visitors 361 days of the year.

Statewide Travel Economy Flourishes



"Fredericksburg is such a historic, enchanting town
with roots that take you back to yesteryear."
— USA Today

THE PERFECT PLACE TO SIT BACK AND RELAX OR

step back in time

frontier heritage | festivals & events | over 30 wineries and tasting rooms | museums & historic sites | cycling
peaches & wildflowers | golf | sophisticated shopping | eclectic art galleries | Hill Country cuisine | live Texas music



Visitation: Strength in Numbers

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The key to our success in connecting with potential visitors is the number of ways in which we remain engaged. The staff at the Fredericksburg Convention and Visitor Bureau continually reaches out via print, social media, PR, telephone and in person at our Visitor Information Center. Numbers don't lie. These tell a great story:



784,759 unique visitors to
VisitFredericksburgTX.com



52,695 fans on Facebook



12,777 watched theater movie at the VIC



14,355 views of electronic brochure



\$1.2M of media coverage generated




36,300 information packets distributed



61,765 visitors assisted at VIC



13,799 phone calls answered

A man and a woman are walking away from the camera down a brightly lit shopping mall corridor. The woman is on the left, wearing a black dress with a vibrant, colorful floral pattern and red high-heeled shoes. She is carrying a black handbag and a light blue shopping bag. The man is on the right, wearing a dark navy blue suit jacket over a light blue shirt and blue jeans. He is carrying a bright green shopping bag. They are walking on a polished floor that reflects the overhead lights. To the left of the couple, there are large potted plants with green foliage and pink flowers. In the background, the mall's architecture features white columns and arches, with other shoppers visible in the distance. A wooden sign with a red pushpin is attached to the top left of the frame.

46% of visitors come here for the shopping.

100% OF THEM SPEND MORE

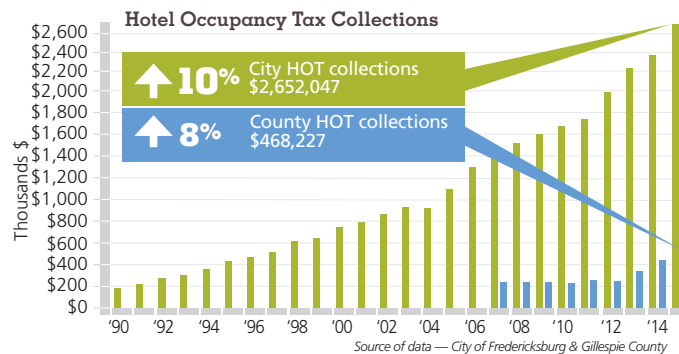
precious time together

sophisticated shopping | over 30 wineries & tasting rooms | German heritage | museums & historic sites | festivals
scenic hiking trails | peaches & wildflowers | eclectic art galleries | golf | cycling | Hill Country cuisine | live Texas music

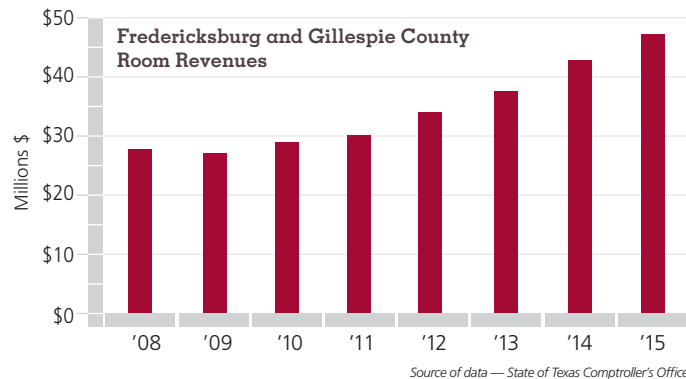
Lodging: Major Part of Local Economy

Our efforts to market Fredericksburg and Gillespie County as a multi-day destination are certainly paying off. Lodging revenues continue to increase, and hotel occupancy tax collections for 2015 were at an all time high for both the city and county. There is no doubt future lodging growth is in store for 2016 and beyond.

WE HAVE OFFICIALLY
CROSSED THE
\$3M
MARK FOR
TOTAL LODGING
TAX COLLECTIONS



LODGING REVENUE
GENERATED NEARLY
\$46M
IN 2015, UP ABOUT 9%



1,178

HOTEL & MOTEL
ROOMS

917

B&B
GUESTHOUSE
UNITS

775

RV SPACES

25%
INCREASE IN
COUNTY POPULATION
ON SELL-OUT NIGHTS

2,870 units x 2 guests each = 5,740+
POTENTIAL CAPACITY FOR OVERNIGHT GUESTS IN COUNTY

Named one of "10 Best Wine Travel Destinations
in the World for 2014" — Wine Enthusiast Magazine

we'll toast to that

over 30 wineries & tasting rooms | museums & historic sites | peaches & wildflowers | German heritage | golf
sophisticated shopping | festivals & events | eclectic art galleries | cycling | Hill Country cuisine | live Texas music



Happy 35th Birthday Oktoberfest

After 35 years, Fredericksburg's most successful festival is outgrowing the Biergarten, so to speak! Its popularity is nothing new, but after some substantial research completed during Oktoberfest 2015, we now have proof of its power. The numbers are staggering, and the effect on our local economy is hard to ignore. Take 20,680 non-local attendees, multiplied by 1.8 (the average number of days stayed) and you get 37,224—the total number of attendee days—for a three-day festival. Not bad. Not bad at all.



TOTAL ECONOMIC IMPACT **\$6.2M**

"...one of the Lone Star State's Most Charming Towns..."
— Wine Spectator Magazine

JUST ONE OF MANY REASONS TO

put us on your schedule

central Texas location with easy access | unique event venues | abundant lodging | Hill Country beauty
Texas Wine Country | historic charm | great golf | unmatched downtime activities | free planning assistance



Looking Forward To The Future

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As Fredericksburg and Gillespie County continue to grow and mature as a visitor destination, there will be challenges ahead—and opportunities. In many cases they are intertwined. Our vision? Fredericksburg as the premier travel experience in Texas!

Challenges

&

Opportunities

Labor Shortage: Finding enough employees continues to be a major problem in Fredericksburg and Gillespie County, limiting expansion of the economy and creating service issues.

Transportation & Parking: Mobility and parking in the downtown area continues to become more difficult on Saturdays.

Weekend Volume Capacity: Lack of additional capacity is becoming an issue for some partners—particularly on Saturdays. Certain wineries and restaurants are creating restrictions to limit the number of patrons on Saturdays. Enchanted Rock State Natural Area is also considering new admission policies.

Changing Visitor Patterns: Today's visitor is looking for "an experience." Those attractions, retailers, museums, wineries, restaurants and events that provide the best experiences will win the hearts and dollars of our visitors.

Maintaining Authenticity: The challenge ahead will be to evolve and grow while maintaining the authenticity this area is known for. There may be some new businesses that will not be "a fit" and will need to be discouraged for the long-term viability of our destination.


Developing a Highly Skilled and Educated Workforce for the Hospitality Industry: One way to address labor challenges is to create a pathway for local high school students and others in the region to move from high school to associate degrees (or certificates) and then on to a four-year degree if desired in the areas of hospitality, viticulture, enology and culinary. The Texas Center for Wine and Culinary Arts hopes to provide facilities to encourage these educational opportunities.

Relief Route: Providing a route other than Main Street for trucks and other vehicles just passing through Fredericksburg would increase vehicle and pedestrian safety and lower the noise level. A recent traffic report indicated Main Street could reach capacity in 5–6 years.

Conference Center/Hotel: A conference center/hotel project, with a 12,000 sq. ft. ballroom, 5,500 sq. ft. of meeting space and a minimum of 150 rooms, will offer the opportunity to increase mid-week conferences and meetings, which will also increase mid-week business for others.

International Visitation: International visitors are an opportunity to grow business for hospitality partners mid-week. Germany, Great Britain, Mexico and Canada are our top markets for international visitors, and FCVB marketing staff are visiting all four of these markets in the current fiscal year. Up and coming visitor origination countries for Texas include Australia, Brazil, India and China.

Frontline Education: Later this year, the FCVB will launch a frontline education program to improve the experience of our visitors through higher levels of service. The program will include an introductory in-person classroom experience as well as online sessions.



44% of visitors have been here more than four times.

MAYBE YOU SHOULD

take a closer look

scenic hiking trails | over 30 wineries & tasting rooms | German heritage | museums & historic sites | golf
peaches & wildflowers | shopping | festivals | eclectic art galleries | cycling | Hill Country cuisine | live Texas music



Our “Accolades” Advertising Campaign Receives Accolades

When it comes to marketing Fredericksburg and Gillespie County, the good news is there are an abundance of experiences to “sell.” The bad news? There are an abundance of experiences to “sell.”

One of the biggest challenges in marketing our destination is conveying the variety of activities that will entice visitors and promote multiple-day visitation without making **every** ad visually show **every** thing.

Sophistication Level

After years of “photo collage” type ads, we elevated the sophistication level of our advertising to match our destination. Our new ads, featured on the spreads of this report, now utilize beautiful, full-bleed photos depicting one type of activity, allowing the reader to fully immerse in that experience, while elegantly and simply cross-selling other itinerary ideas.

Consumer Trends

Today’s travelers are all about “the experience.” They are continually exposed to spectacular travel photography which is raising their expectation level. They are very visually driven and need to see emotion, beauty, excitement and energy for an advertisement to catch them. They want a fairytale. The goal is to get them to think “I want to be THERE!” or “I want to do THAT!” The way to do this is through single-image ads featuring stunning photos. When you marry that with powerful statistics and accolades from respectable publications and media, you’ve got a message that’s pretty hard to ignore.

FCVB Campaign Wins Gold!

Our Accolades Campaign, produced by Creative Noggin—the bureau’s Advertising Agency of Record since 2008—received a Gold Award and a Special Judges Award at the San Antonio Advertising Federation Awards Show and a Silver Award at the District level, which includes Texas, Oklahoma, Arkansas and Louisiana.





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