

**CITY OF SANTA BARBARA WATERFRONT DEPARTMENT**

**MEMORANDUM**

**Date:** January 14, 2016  
**To:** Harbor Commission  
**From:** Scott Riedman, Waterfront Director  
**Subject:** **Cruise Ship Update**

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**RECOMMENDATION:**

That Harbor Commission receive a presentation from Visit Santa Barbara regarding the benefits of cruise ship visits to the local economy.

**DISCUSSION:**

Cruise ships make port calls in Santa Barbara during the non-peak business seasons between April and May and again in late-September through November. The typical route for these cruise ships varies between four-day California getaways to ten-night cruises from Vancouver, Canada. Cruise ship visits during non-peak seasons have proven to be an important component of the local business economy. The ship visits continue to receive the strong support of the Santa Barbara Region Chamber of Commerce, Visit Santa Barbara, and Downtown Santa Barbara.

At the November 19, 2015 Harbor Commission meeting, Commissioner Cramer requested information pertaining to the economic benefits of the cruise ship visits.

Attachment: Destination Analysts, Inc. Economic Impact Study

**January 14, 2016  
Report #7**

DESTINATION ANALYSTS



# **Visit Santa Barbara Cruise Passenger Survey and Economic Impact Study**

**Fall 2013**

**Attachment**

Report of Findings prepared for Visit Santa Barbara by Destination Analysts, Inc.



## **Project Overview**

This report presents the findings of a visitor study and economic impact analysis conducted on the Santa Barbara cruise industry for *Visit Santa Barbara*.

The city's cruise industry is still limited in scope, yet contributes to the vigor of the large and vibrant local tourism economy. From September through October, eleven cruise ships with a total of 26,136 passengers visited Santa Barbara. An estimated 80 percent of these passengers disembarked and spend at least part of the day in Santa Barbara and surrounding communities.

Collecting accurate spending data from these visitors was key to the project's success—as one of the key goals of this project was to make estimates of total visitor spending generated for the destination.

To collect this data, Destination Analysts conducted a survey of cruise line passengers as they re-boarded their ships after a day in Santa Barbara. The brief 14-question questionnaire was self-administered, and respondents were given a small gift (a Santa Barbara-themed eyeglass cloth) for their participation. In total, 837 completed surveys were collected. This effort was extremely successful, and we believe this randomly collected sample very accurately represents the overall cruise line visitor to Santa Barbara.

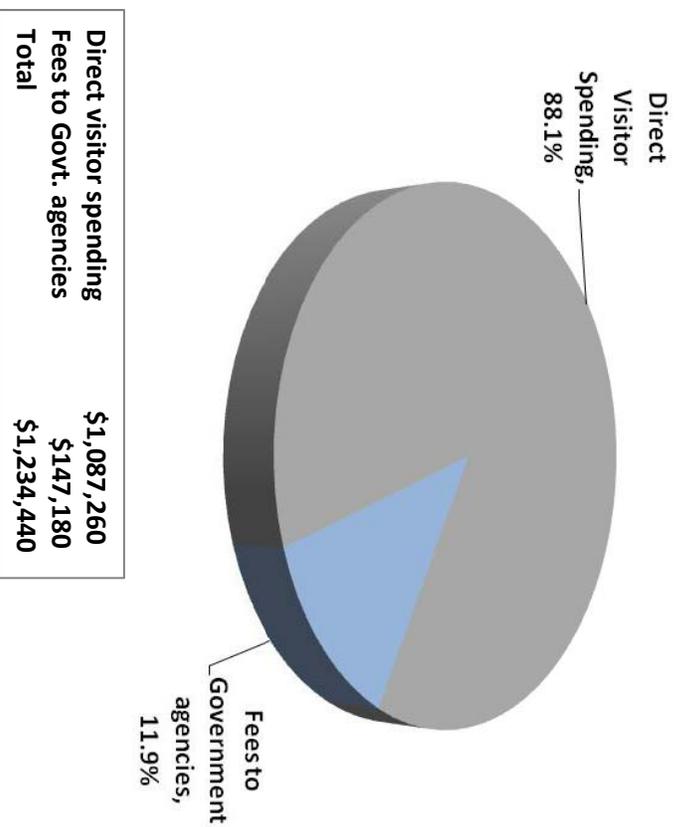
Survey topics included travel party size, purchase of excursions from the cruise line, place of origin, activities participated in, satisfaction with their stay, expectations to return and the amount spent in Santa Barbara.



## Economic Impact Estimates

The economic impact of the cruise line industry to Santa Barbara is defined here as the sum of total direct visitor spending plus all fees paid by the cruise lines to entities in the destination. Given spending reported in the survey and passenger volumes, we estimate that the cruise industry contributed \$1.234 million to the local economy during the 2013 Fall season. Visitor spending also generates tax revenues and fees for the city of Santa Barbara which are estimated at \$158,100 for the Fall cruise season.

**Chart 1: Estimated Economic Impact, Fall 2013**  
(Direct visitor spending and fees paid by the industry)





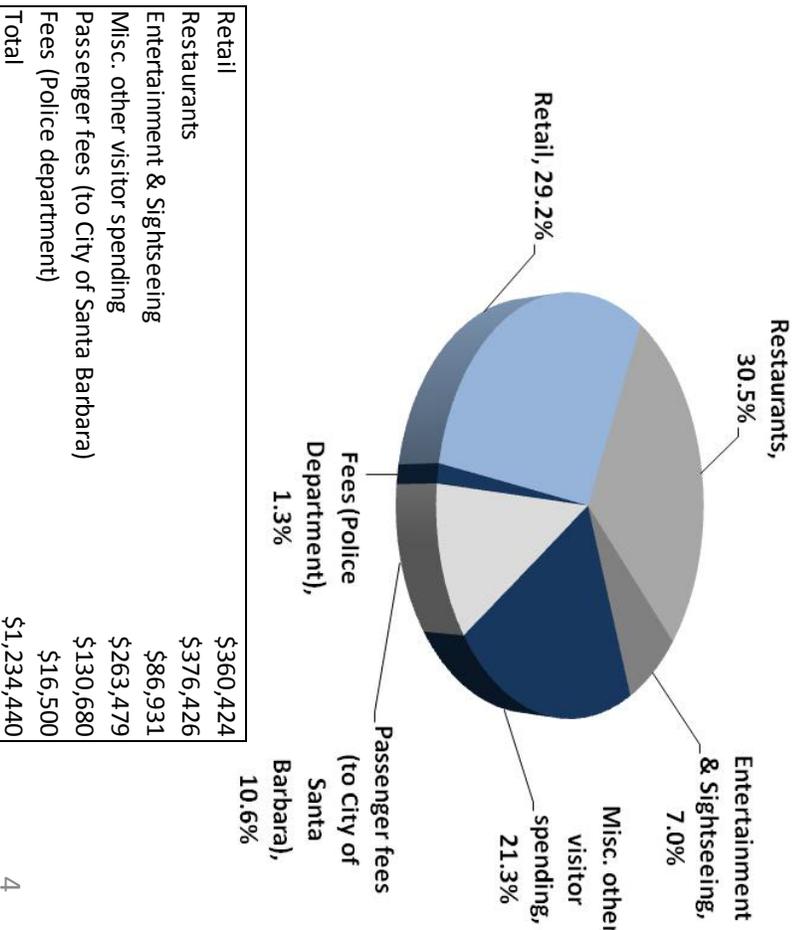
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## Impact by Spending Type

The cruise line industry impacts Santa Barbara through different types of spending, taxes and fees paid to the city. The chart at right shows the estimated impact of each category, from spending in restaurants to fees paid to the Santa Barbara police department. The largest contributors are restaurants (\$376,426), retail (\$360,424) and other miscellaneous spending (\$263,479). The city of Santa Barbara added to its coffers through passenger/police fees (\$130,680 and \$16,500, respectively), and an additional sales tax increases\* of (\$10,872).

\* Not shown on graph as they are included in the spending categories listed.

**Chart 2: Estimated Economic Impact, Fall 2013**  
(Direct visitor spending and governmental revenue by type)



**Attachment**



## Economic Impact (ANNUALIZED)

The research supporting the estimates presented here was conducted during the Fall 2103 cruise schedule. To better understand the overall impact of the cruise industry to the City of Santa Barbara, we have extrapolated these findings to cover all 51,800 cruise arrivals during 2013. On an annualized basis, we estimate that the cruise industry created \$2.4 million in economic impact for Santa Barbara, and added \$312 thousand to the city's coffers.

**Chart 3: Economic Impact (ANNUALIZED)**

<b>Total Economic impact (Annual 2013)</b>	<b>\$2,426,219</b>
Direct visitor spending	
Retail	\$708,047
Restaurants	\$739,483
Entertainment & Sightseeing	\$170,775
Misc. other visitor spending	\$517,599
<b>Total</b>	<b>\$2,135,904</b>
<b>Fiscal Impact</b>	
Passenger fees	\$258,815
Police (payments to)	\$31,500
Sales taxes generated	\$21,359
<b>Total fiscal impact (city finances)</b>	<b>\$311,674</b>
Total Estimated Excursion Spending	\$435,211
Leakage	(\$122,869)
<b>Excursion-related Economic Impact</b>	<b>\$312,341</b>



## Potential Economic Impact

Most passengers are first time visitors, and 41 percent of these first time visitors say they intend to return in the next two years. On an annual basis, if the entire 41 percent of these first time visitors actually returned as a typical overnight tourist, given actual behaviors shown by visitors, our model suggests that this would generate 11,545 incremental visitors who would generate \$6.2 million in economic impact and \$313 thousand in new taxes for Santa Barbara over the next three years. The table at right shows the simulated impact of different levels of actualized return visitation.

**Chart 4: Economic Impact Simulation (Annualized\*)**  
(Direct visitor spending and taxes generated)\*\*

POTENTIAL VALUE OF NEW SANTA BARBARA CUSTOMERS				
% of potential returning visitors realized	New incremental visitors (next 3 years)	Direct visitor spending generated	Taxes generated for City of Santa Barbara	
25.0%	2,886	\$1,578,284	\$78,283	
50.0%	5,773	\$3,156,568	\$156,566	
75.0%	8,659	\$4,734,852	\$234,849	
100.0%	11,545	\$6,313,136	\$313,132	

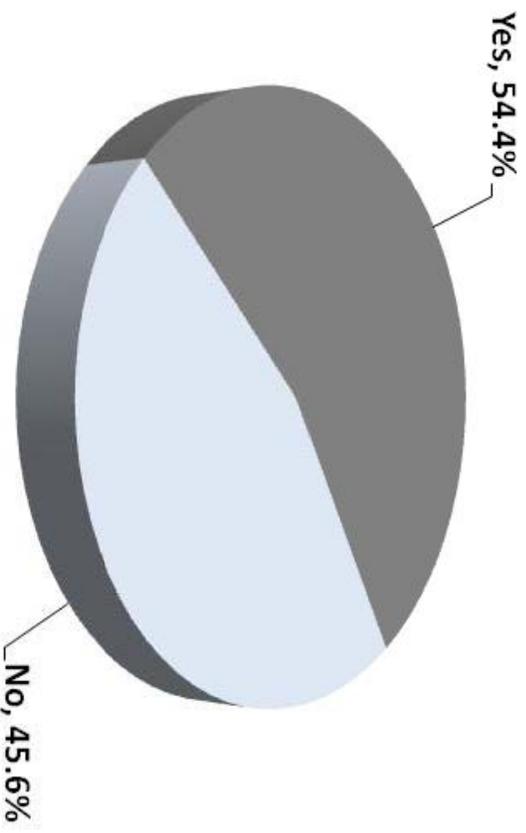
\* This simulation is based on all cruise arrivals during 2013.  
 \*\* Current dollars. These simulation estimates conservatively assume zero inflation in travel prices.



## First Visit to Santa Barbara

Over half of all Santa Barbara cruise line passengers are first-time visitors. Interestingly, 96.4 percent of these first time visitors stated that they were either “Very satisfied” or “Satisfied” with their stay in Santa Barbara, and 74 percent said their opinion of Santa Barbara had “Improved” or “Improved very much” as a result of their stay. As a tool for generating future trips to Santa Barbara, the cruise industry appears to be extremely valuable, as 41 percent say they are likely to return in the next 24 months.

Chart 5: First time visitation



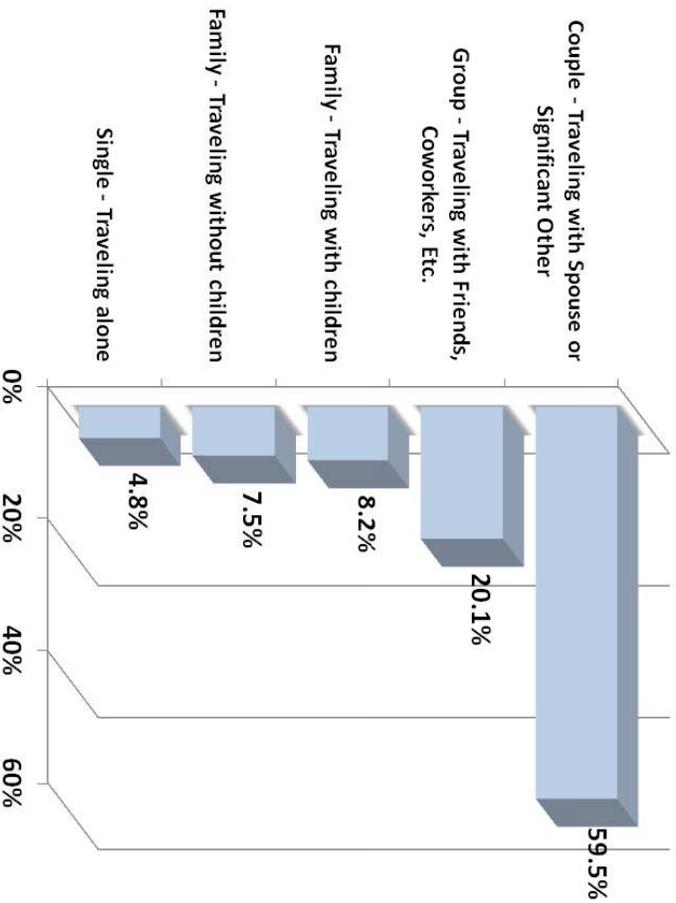
**Question:** Was this your first visit to Santa Barbara? Base: 815 completed surveys.



## Travel Party Composition

Santa Barbara cruise passengers tend to travel in pairs. Approximately 60 percent traveled to Santa Barbara with a spouse or significant other (59.5%). One in five survey respondents reported traveling with a group of friends or coworkers (20.1%). Similar percentages of cruise passengers traveled with family members that include children (8.2%) and with family members that consist of adults only (7.5%). Less than five percent of Santa Barbara cruise passengers traveled alone.

Chart 6: Travel Party Composition



**Question:** Which best describes your immediate travel party?  
Base: 832 completed surveys.



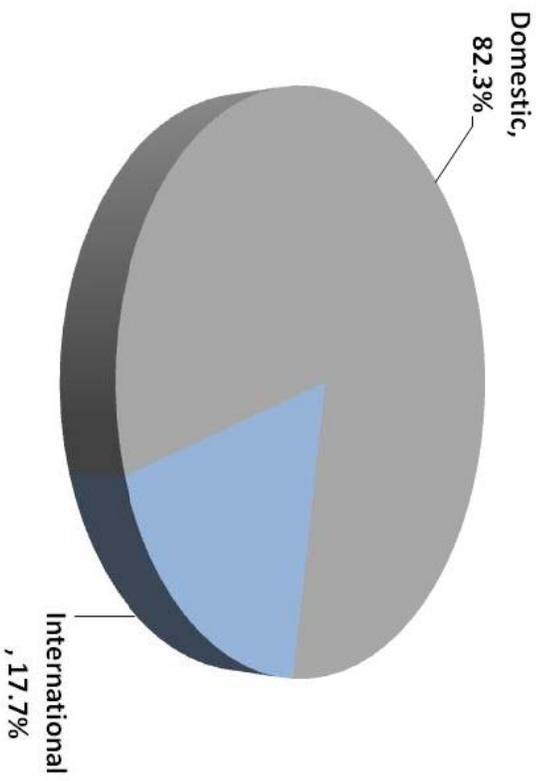
## Point of Origin

The majority of Santa Barbara cruise passengers surveyed, 82.3 percent, reside within the United States. 17.7 percent are international residents. The top feeder markets for each segment are shown below.

% Domestic Cruise Passengers	
Los Angeles-Long Beach-Santa Ana, CA MSA	30.2%
San Francisco-Oakland-Fremont, CA MSA	14.1%
Phoenix-Mesa-Glendale, AZ MSA	4.0%
San Diego-Carlsbad-San Marcos, CA MSA	3.5%
Sacramento-Arden-Arcade-Roseville, CA MSA	3.1%

% International Cruise Passengers	
Canada	60.5%
United Kingdom	15.0%
Australia	8.2%
Germany	2.7%
Ireland	2.0%

Chart 7: Point of Origin



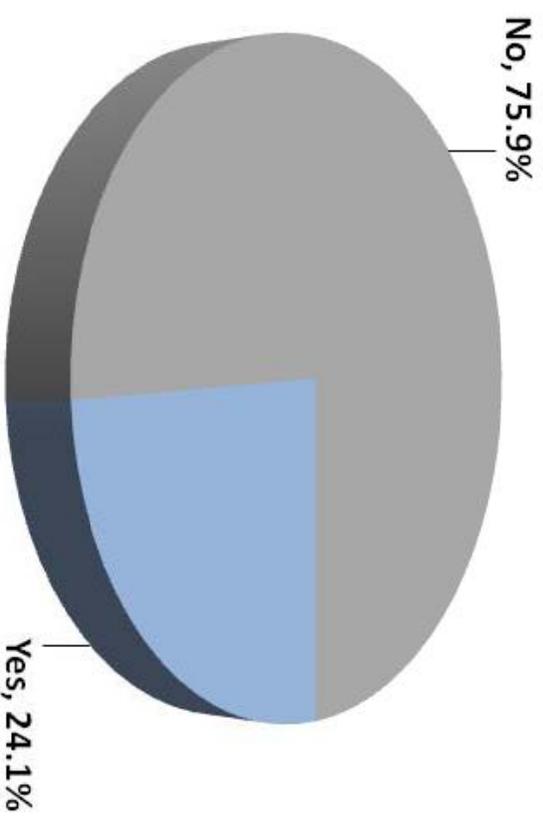
Question: Where do you currently live? Base: 830 completed surveys.



## Booked Excursion through Cruise Ship

Cruise ship passengers were asked if they booked a Santa Barbara excursion through the cruise ship. One in four survey respondents reported that they indeed booked a day excursion in Santa Barbara through the cruise ship.

Chart 8: Excursion Purchased through Cruise Ship



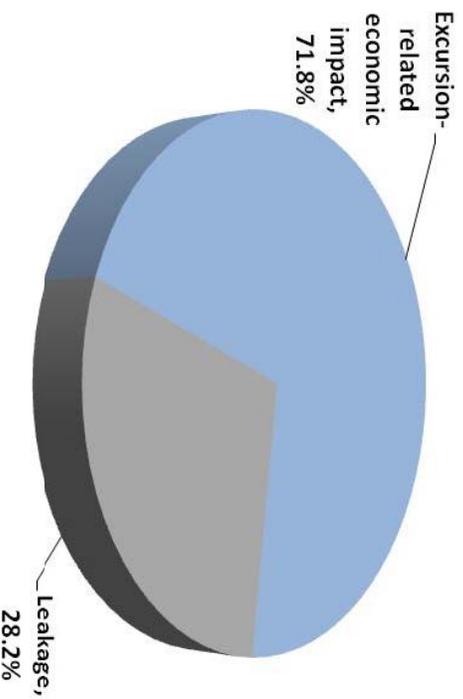
**Question:** Did you book an excursion for today through the cruise ship? Base: 825 completed surveys.



## Shore Excursions

Approximately one quarter of cruise passengers took some form of shore excursion. As these excursions were sold through the cruise line, some of this spending remained in Santa Barbara and some was retained by the cruise lines (called leakage). A supplemental survey was conducted of excursion vendors to estimate the size of this leakage, or spending that can't be included as economic impact. The results show that approximately 28 percent of excursion spending was retained by the cruise lines. Approximately \$2220 thousand was retained by the vendors.

**Chart 9: Spending on Shore Excursions**  
(Direct visitor spending on shore excursion and leakage)



Total Estimated Excursion Spending	\$219,745
Leakage	\$62,039
Excursion-related Economic Impact	\$157,706

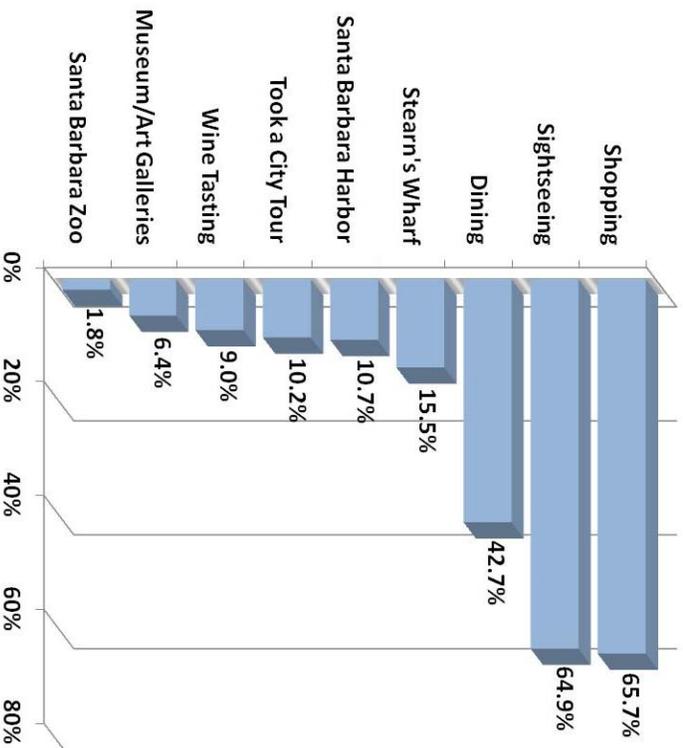


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## Santa Barbara Activities

Survey respondents were asked in which Santa Barbara activities they participated, either before or after their Santa Barbara excursion or if they did not end up going on an excursion. Shopping (65.7%) and sightseeing (64.9%) are the most popular Santa Barbara activities, each reported by approximately two-thirds of Santa Barbara cruise passengers. 42.7 percent dined in restaurants and 15.5 percent visited Stearn's Wharf.

Chart 10: Santa Barbara Activities



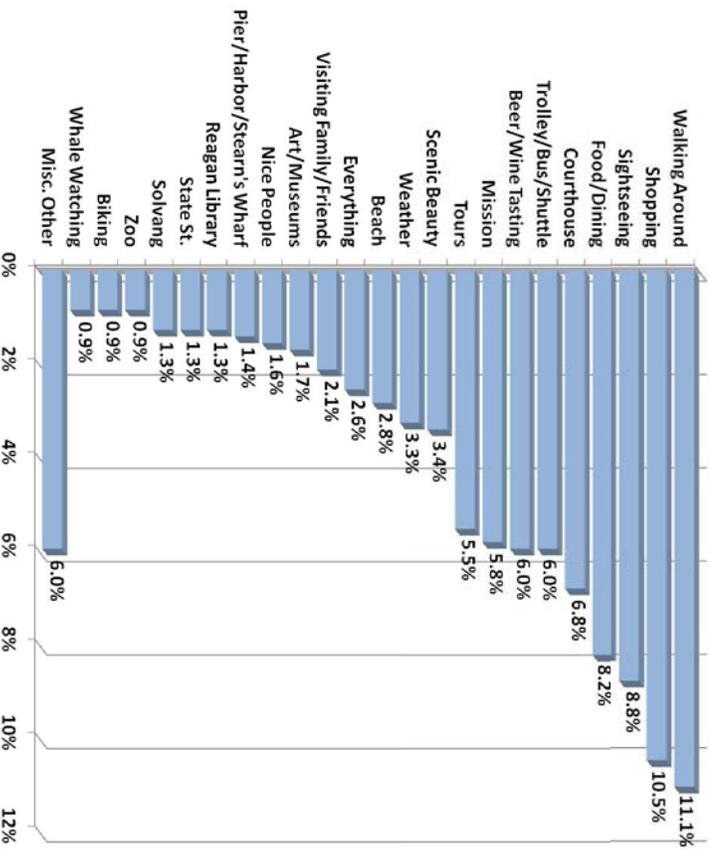
**Question:** If you did not go on an excursion or had time before/after your excursion, what did you do during your visit? (Select all that apply) Base: 703 completed surveys.



## Most Enjoyable Activity

In an open-ended question, cruise passengers were asked to share their most enjoyable activity in Santa Barbara. One in ten survey respondents consider walking around (11.1%) and shopping (10.5%) to be the most enjoyable activities in Santa Barbara. Cruise passengers also enjoy sightseeing (8.8%) and exploring Santa Barbara's food and dining scene (8.2%).

Chart 11: Most Enjoyable Activities



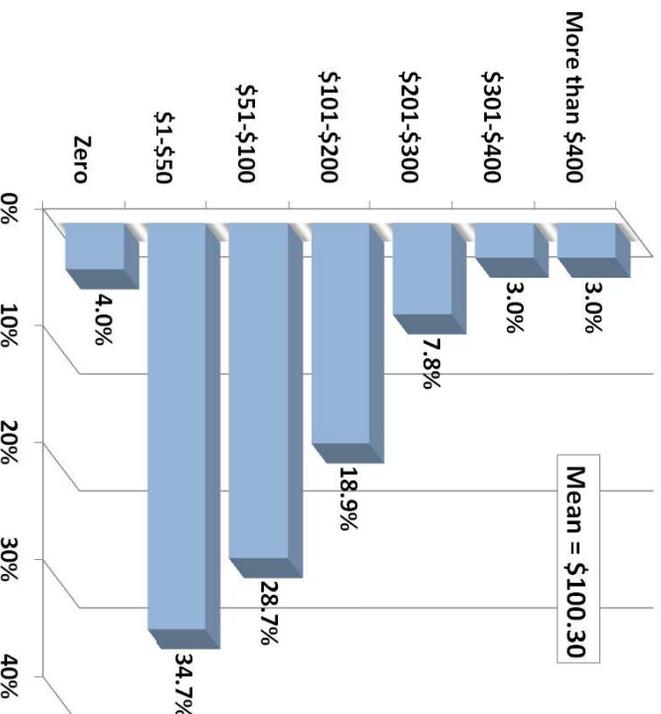
**Question:** What was your most enjoyable activity? Base: 704 completed surveys.



## Spending in Santa Barbara

Santa Barbara cruise passengers report spending an average of \$100.30 on excursions, meals and shopping during their Santa Barbara visit. The largest portion of respondents, at 34.7 percent, reported spending between \$1 and \$50 while in Santa Barbara.

Chart 12: Spending in Santa Barbara



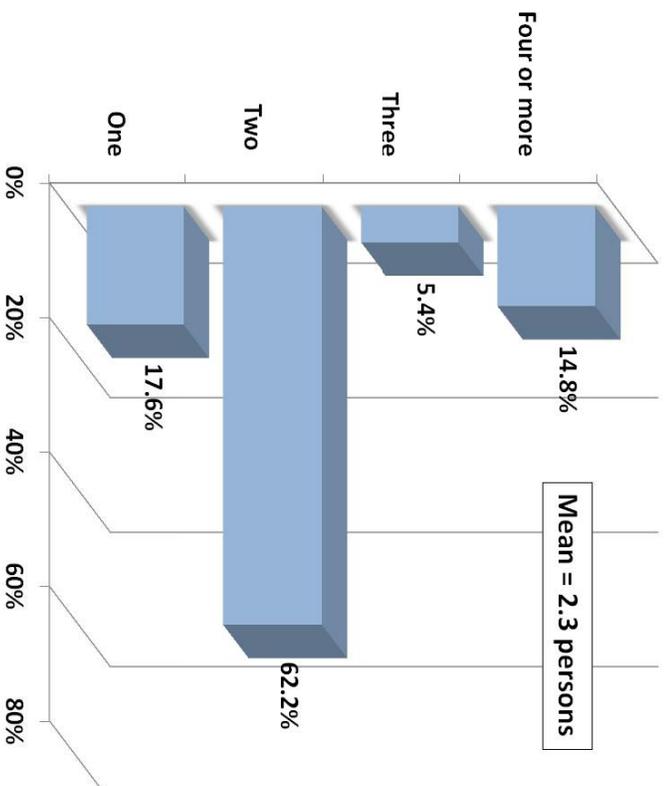
**Question:** Please estimate your total expenditure during your visit here on excursions, meals and shopping if applicable. Base: 806 completed surveys.



## Persons Covered by Spending

The reported total spending of \$100.30 covers an average of 2.3 travelers. Thus, it is estimated that the average Santa Barbara cruise passenger spends \$43.61 during their Santa Barbara visit.

Chart 13: Persons Covered by Spending



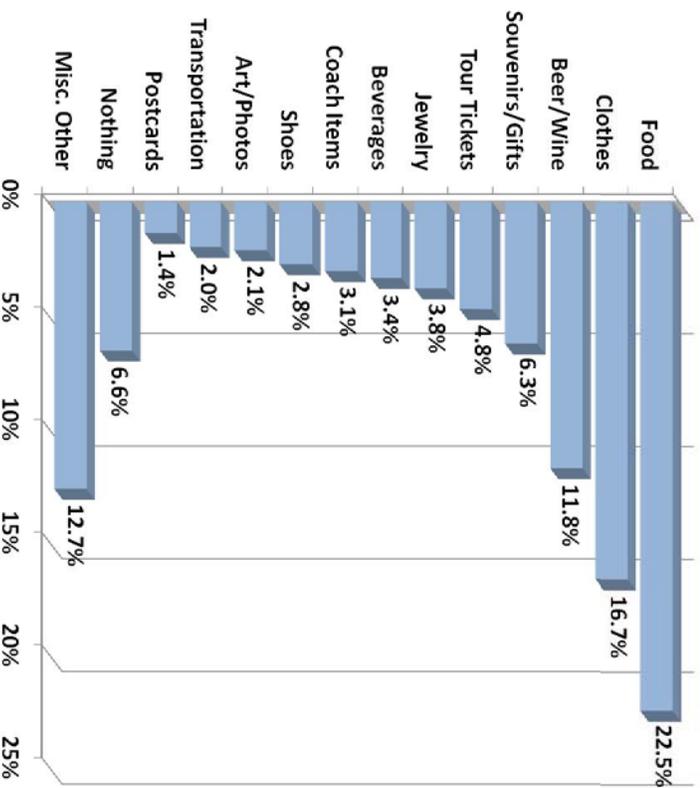
**Question:** How many persons expenditures were fully covered by your spending? Base: 728 completed surveys.



## Most Noteworthy Purchase

In another open-ended question, survey respondents were asked to write-in the most noteworthy purchase that they made in Santa Barbara. The results are closely reflective of the most enjoyable activities in Santa Barbara (Page 9), such as dining (8.2%), and shopping (10.5%), in which food (22.5%) and clothing (16.7%) were reported to be the most noteworthy items purchased in Santa Barbara.

Chart 14: Noteworthy Purchases in Santa Barbara



Attachment

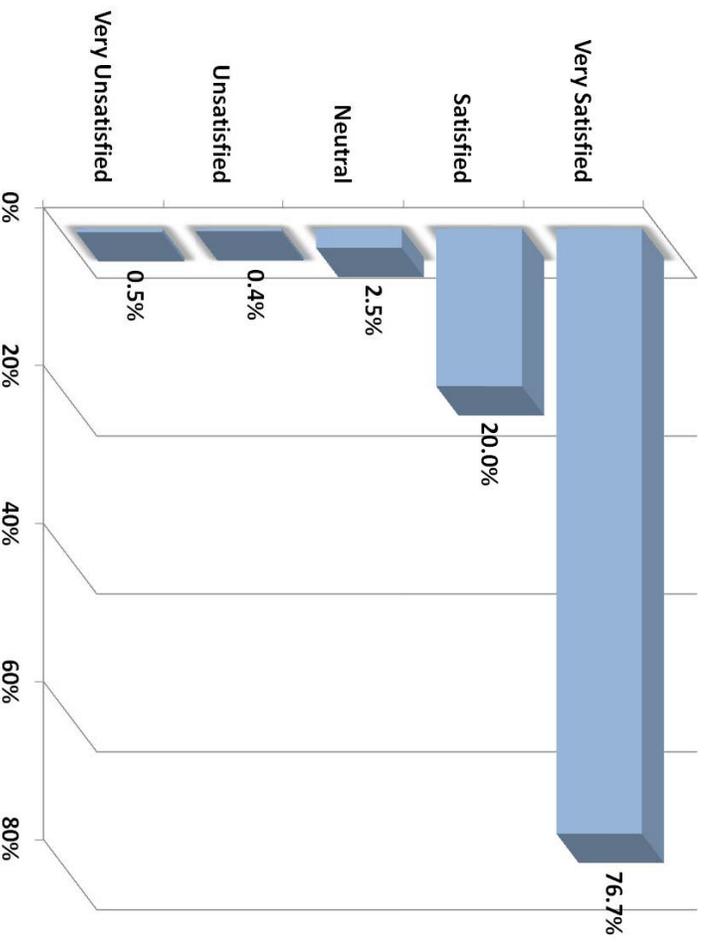
**Question:** What was the most noteworthy purchase you made in Santa Barbara? Base: 652 completed surveys.



## Satisfaction with Santa Barbara

Nearly all Santa Barbara cruise passengers report being “Satisfied” (20.0%) or “Very Satisfied” (76.7%) with their Santa Barbara visit, including over three-fourths who are “Very Satisfied.” 2.5 percent feel neutrally about their Santa Barbara visitor experience. Less than one percent of cruise passengers express any dissatisfaction (0.9%).

Chart 15: Satisfaction with Santa Barbara



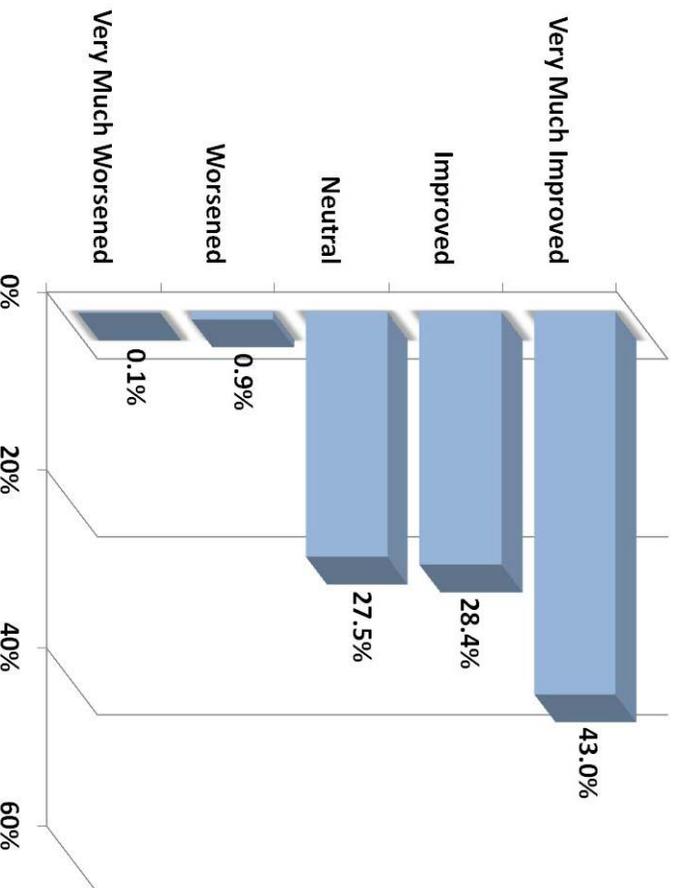
**Question:** How satisfied were you with your visit to Santa Barbara? (Select one) Base: 810 completed surveys.



## Opinion of Santa Barbara after Visit

Cruise passengers were asked to describe how their current visitor experience has affected their overall opinion of Santa Barbara. Over 70 percent of respondents report that their opinion of Santa Barbara has “Improved” (28.4%) or “Very much improved” (43.0%) as a result of their current visit to Santa Barbara. 27.5 percent consider their Santa Barbara experience to have neither improved nor worsened their opinion of Santa Barbara.

Chart 16: Opinions of Santa Barbara after Visit



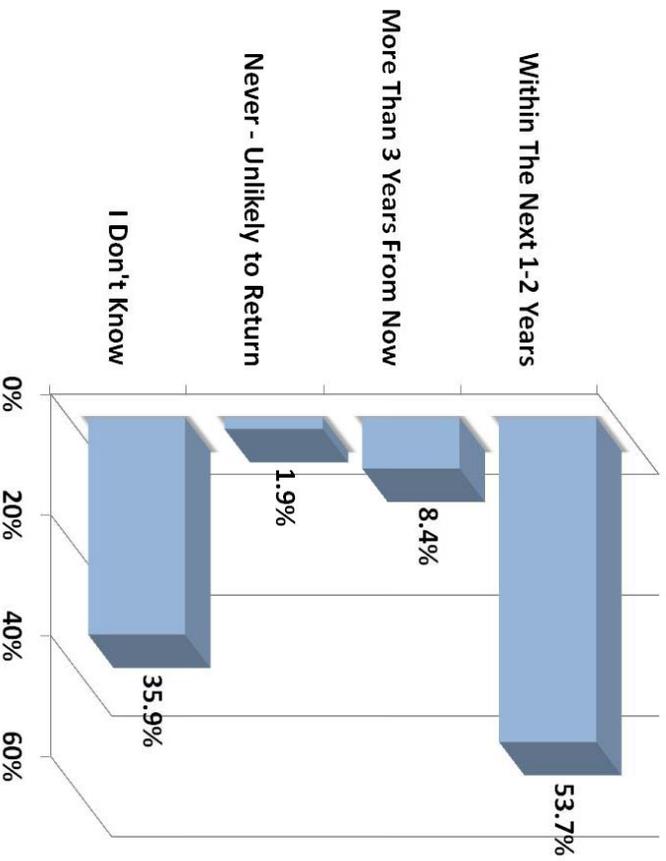
**Question:** Which best describes how this visit has affected your opinion of Santa Barbara? (Select one) Base: 788 completed surveys.



## Next Visit to Santa Barbara

More than half of Santa Barbara cruise passengers are likely to return to Santa Barbara within the next 1-2 years (53.7%). 8.4 percent will return more than 3 years from now. Over one-third, 35.9 percent, are unsure of when they will visit Santa Barbara again.

Chart 17: Next Visit to Santa Barbara



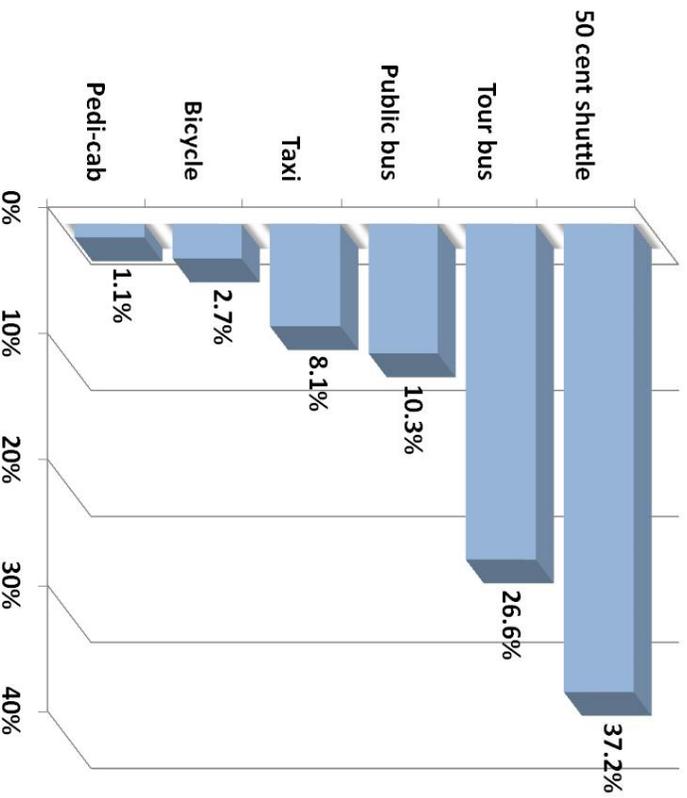
**Question:** When are you most likely to make your next visit to Santa Barbara? (Select all that apply) Base: 793 completed surveys.



## Methods of Transportation Used in Santa Barbara

Santa Barbara cruise passengers utilize a variety of transportation methods while in Santa Barbara. The 50-cent shuttle is the most common mode of transportation to get around Santa Barbara, used by 37.2 percent of cruise passengers. Approximately one in four used a tour bus (26.6%), while one in ten rode the public bus (10.3%) to explore Santa Barbara.

Chart 18: Methods of Transportation Used



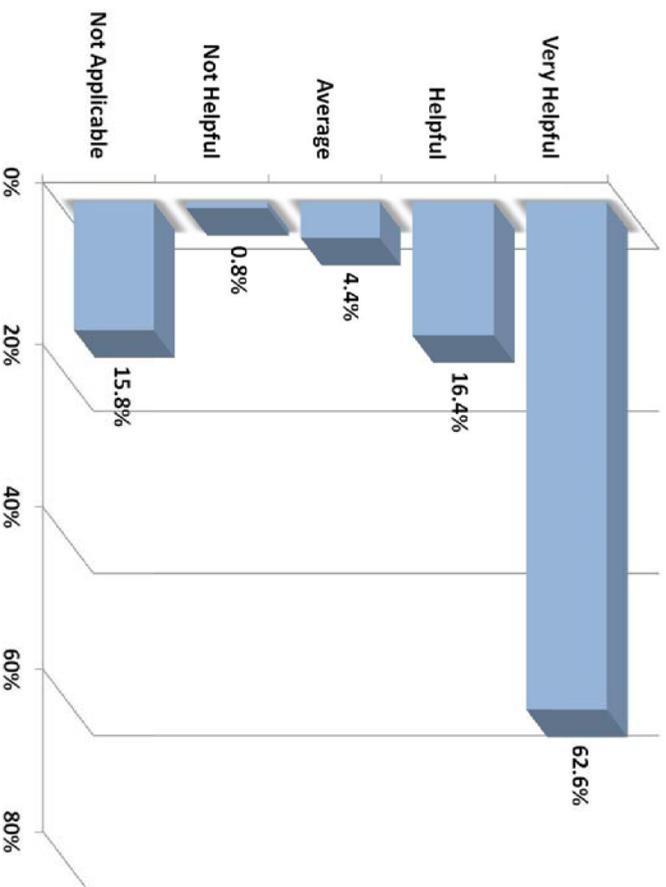
**Question:** Which modes of transportation did you use in Santa Barbara? (Select all that apply) Base: 837 completed surveys.



## Helpfulness of Hospitality Desk

Approximately 80 percent of Santa Barbara cruise passengers found the hospitality desk on shore to be “Helpful” (16.4%) or “Very helpful” (62.6%) in providing information to help with their Santa Barbara visit. 4.4 percent considered the hospitality desk’s helpfulness to be “Average.” 15.8 percent reported that this question was not applicable to them, as they did not approach the hospitality desk to seek information.

Chart 19: Helpfulness of Hospitality Desk



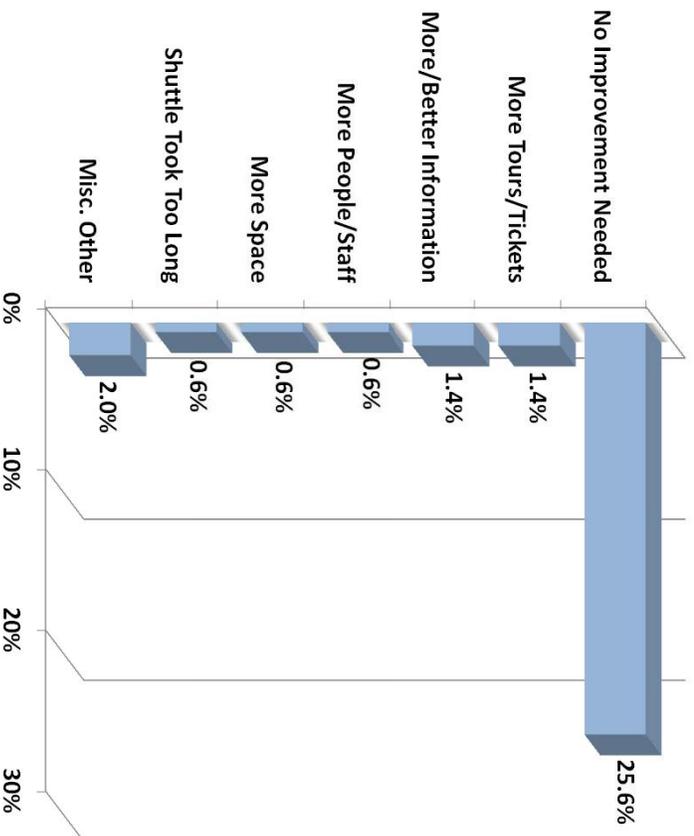
**Question:** How helpful was the hospitality desk on shore in providing information to help with your visit? (Select all that apply)  
Base: 791 completed surveys.



## Suggested Improvements for Hospitality Desk

In an open-ended question, Santa Barbara cruise passengers who used the hospitality desk on shore were asked how the desk could be improved. One in four reported that there are no improvements needed for the hospitality desk (25.6%). Of the suggestions provided, more tours and tickets (1.4%) and more significant information (1.4%) topped the list.

**Chart 20: Improvements to Hospitality Desk**



**Question:** How could the desk be improved? Base: 837 completed surveys.