



MASTERCARD ADVISORS

MONTEREY COUNTY CAR WEEK 2015

PRE & POST EVENT SPEND ANALYSIS

JULY 26, 2016

Michael Yu
Managing Consultant

Taylor Goldaper
Associate Analyst



MasterCard Advisors

- MasterCard has invested heavily in developing data solutions that leverage transactional data to benefit our customers, and as such, MasterCard Advisors' focus on the unique value of transaction data helps derive insights and develop strategies and tactics for our clients.
- Differentiation starts with consumer insights from a massive worldwide payments network combined with expertise in data cleansing, analytics, and modeling.



Massive

- 1.9 billion cards
- Consumer and business spend
- 160 million transactions per hour

Multi-Sourced

- Real time
- 32+ million merchants
- 22,000 issuers

Cleansed, Aggregated, Augmented

- Anonymous
- 700,000 automated rules
- Continuously tested

Warehoused

- 10+ petabytes
- 3 year historic global view
- Rapid retrieval
- Above-and-beyond privacy protection and security

Transformed into Actionable Insights

- Reports, indexes, benchmarks
- Behavioral variables
- Models, scores, forecasting
- Econometrics

Data in this report does not represent MasterCard financial performance. This report is provided by MasterCard Advisors, the professional services arm of MasterCard International Incorporated. This report may not be accessed, downloaded, copied, modified, distributed, used or published in any form or media, except as authorized by MasterCard. The content of this report is intended solely as a research tool and informational purposes and not as investment advice or recommendation for any particular action. This report and its contents are provide on an "as-is" basis to authorized users, who review and use this information at their own risk.



Executive Summary

- For initial pilot, Monterey County selected six sectors for spend analysis: 1) *Food & Beverage*, 2) *Rental Cars*, 3) *Retail*, 4) *Entertainment*, 5) *Wineries* and 6) *Lodging* to better understand impact of tourism.
- Average weekly spending was approximately **\$36.54 million** across these six sectors during the 7-week observation period.
 - **Lodging** was the largest sector (\$14.05 million weekly avg.)
 - **Food & Beverage** was the second largest sector (\$13.14 million weekly avg.)
- Most notably, overall spending in the Lodging and Food & Beverage sectors ***reached a peak in the week immediately prior to Monterey Car Week***. This may have been due to other banner events that occurred in the week prior to Monterey Car Week, such as the Rolex Grand Am at Laguna Seca.
- Additionally, the week definition for this analysis was Sat to Fri, which may have resulted in Friday evening spending being captured as the week prior. Visitors may have potentially arrived Friday evening and spent significantly for their first night out.
- Spend patterns and behavior suggest that Monterey County visitors are staying approximately 1-2 days, as evidenced by their Lodging transactions and Food & Beverage transactions.
- Monterey County should consider other events happening around this time period and comparing year-over-year spending on Car Week in order to determine multi-year trends.

Monterey County engaged MasterCard Advisors to improve its understanding of tourism-related spend around Car Week

Context and Purpose

- One of the main revenue sources for Monterey County is overnight tourism, especially for big events, such as the Monterey County Car Week.
- The Monterey County Economic Development Department uses economic models to predict revenue during marquee events, however, the Department would like to better understand spend behavior on the weeks directly prior to and following major events, like Car Week.
- In addition, Monterey County would like to gather spend data from a trusted source to refine the economic modeling that is currently being done.



The Monterey County Economic Department Organization engaged MasterCard Advisors to answer the following questions:

- How much do tourists spend before, during and after an event like Car Week?
- What is spend like for specific categories?



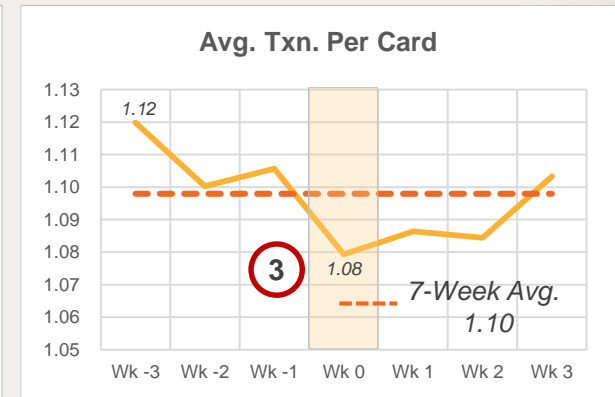
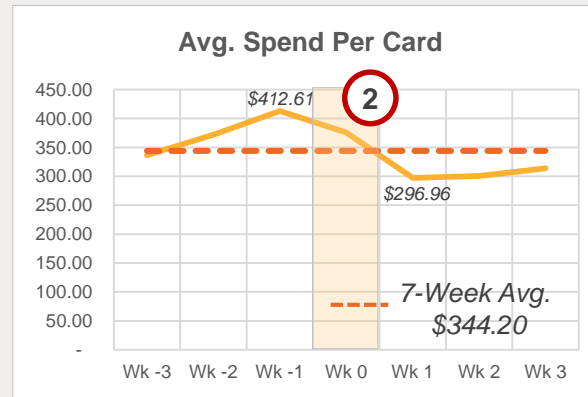
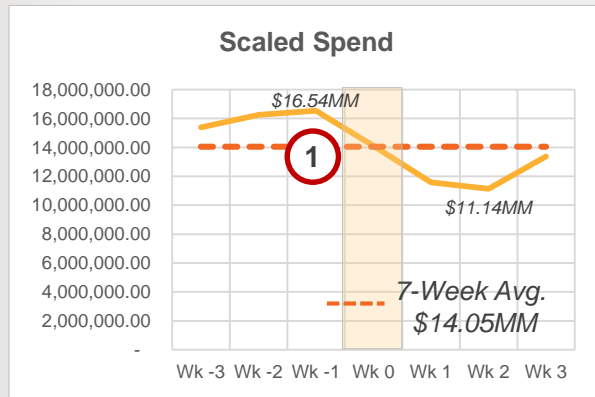
Report Specifications and Summary

Overview	Report is based on MasterCard's anonymized cardholder data, reported in aggregate.
Market	Monterey County, California
Time Period for Analysis	<ul style="list-style-type: none"> • Pre-Event Period: 3 weeks prior • Event Period: 7 day event, Aug 10, 2015 to Aug 16, 2015 • Post-Event Period: 3 weeks following
Metrics	<ul style="list-style-type: none"> • Average scaled spend (\$) • Average number of transactions per card per week (#) • Average spend per card per week (\$) <p><i>Note: "Scaled Spend" is a calculation of overall spend in the market based MasterCard transactional data and a proprietary methodology.</i></p>
Product Types	Consumer and Corporate
Card-Issuing Countries	Globally issued MasterCard cards
Industries Analyzed	<ul style="list-style-type: none"> • Lodging • Rental Cars • Food & Beverage (Restaurants) • Entertainment / Attractions • Retail • Wineries
Disclaimers	<ul style="list-style-type: none"> • All analysis is subject to applicable Data Usage and Privacy laws and Benchmarking Requirements



Lodging Sector Spend Analysis Around Monterey Car Week

Weekly Metrics	Week -3	Week -2	Week -1	Week 0	Week 1	Week 2	Week 3
Scaled Spend (\$)	15,386,797.64	16,259,821.99	16,542,668.33	14,097,599.81	11,574,423.61	11,139,965.46	13,381,484.49
Avg. Spend Per Card	336.53	371.77	412.61	375.70	296.96	300.25	313.66
Avg. Txn. Per Card	1.12	1.10	1.11	1.08	1.09	1.08	1.10



Key Insights

- 1 Overall spend in Lodging peaked at Week -2**
 - Monterey County should consider other events that may be occurring in Week -2 that may be drawing more visitors.
 - Additionally, the lodging sector may also see cardholders pre-paying for their stay, and may have resulted in higher spend the week prior to Car Week as visitors arranged their stays ahead of their visit.
 - Avg. per night cost of a hotel stay in California is ~\$150*. Assuming this per-night cost, the spend data shows that Monterey County visitors are generally staying ~2 nights per visit.
- 2 Avg. spend per card was relatively high during Car Week**
 - Cardholders were spending more in the week prior to, and the week of Car Week.
- 3 No. of transactions per card was at its lowest during Car Week**
 - With overall spending still relatively high during Car Week, but number of transactions low, this indicates that visitors were staying in one location and not changing accommodations or incurring multiple charges during Car Week.

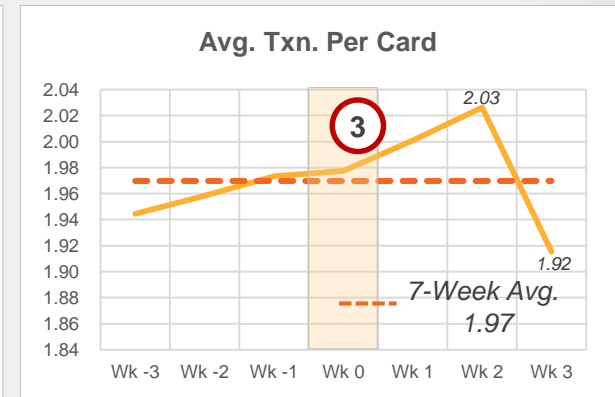
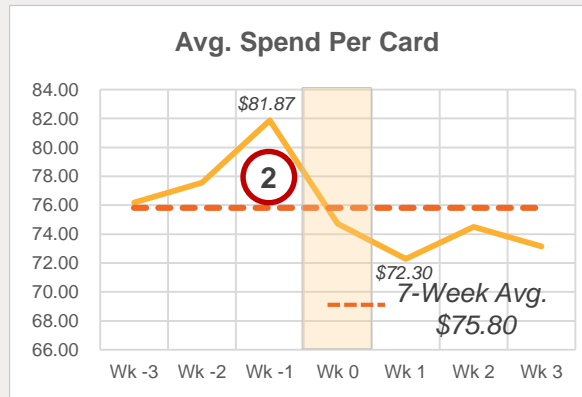
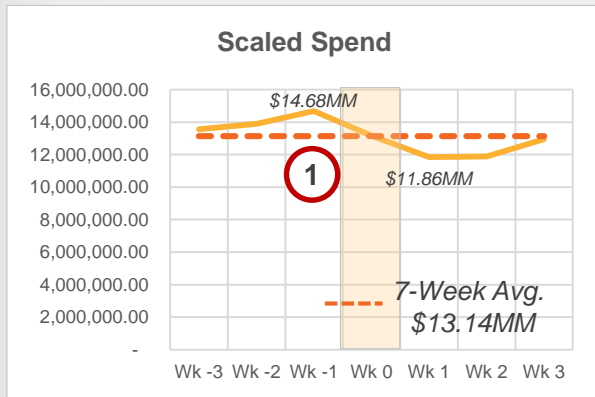
Source: MasterCard aggregate transactional data, Hotels.com Hotel Price Index (HPI) 2014



Food & Beverage Sector

Spend Analysis Around Monterey Car Week

Weekly Metrics	Week -3	Week -2	Week -1	Week 0	Week 1	Week 2	Week 3
Scaled Spend (\$)	13,554,636.99	13,892,313.15	14,677,173.01	13,171,636.44	11,855,757.41	11,892,980.23	12,944,284.49
Avg. Spend Per Card	76.17	77.54	81.87	74.71	72.30	74.50	73.15
Avg. Txn. Per Card	1.94	1.96	1.97	1.98	2.00	2.03	1.92



Key Insights

- 1 Overall spending peaked one week prior to Car Week**
 - Food & Beverage spending may have peaked in the prior week due to other events that occurred, such as the Rolex sponsored events at Laguna Seca Raceway.
- 2 Avg. spend per card peaked one week prior to Car Week**
 - Avg. spend per card was \$75.80.
 - Average spending during car week was lower than the overall average, and may be due to the fact that visitors are attending catered events and not spending outside of those events (hypothesis).
- 3 No. of transactions trended upward throughout Car Week**
 - Average number of transactions rose throughout Car Week, peaking two weeks afterward at the maximum over the observed 7 week period.
 - However, while there was an observable increase, it was minor.

Source: MasterCard aggregate transactional data.

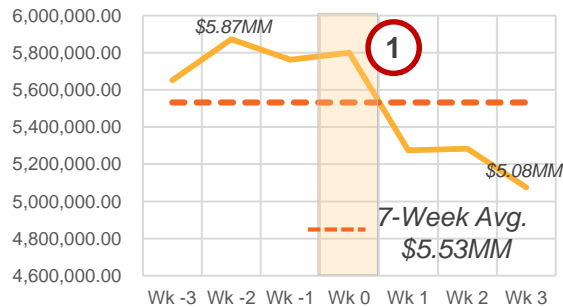


Retail Sector

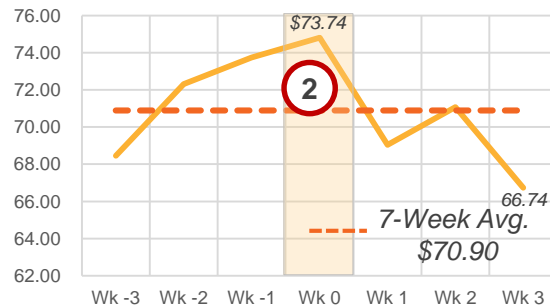
Spend Analysis Around Monterey Car Week

Weekly Metrics	Week -3	Week -2	Week -1	Week 0	Week 1	Week 2	Week 3
Scaled Spend (\$)	5,652,474.86	5,871,768.24	5,761,800.60	5,799,801.76	5,275,508.33	5,283,988.56	5,075,322.08
Avg. Spend Per Card	68.46	72.30	73.74	74.80	69.05	71.08	66.74
Avg. Txn. Per Card	1.21	1.22	1.21	1.18	1.23	1.17	1.23

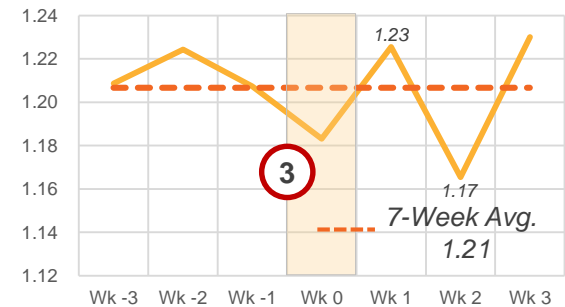
Scaled Spend



Avg. Spend Per Card



Avg. Txn. Per Card



Key Insights

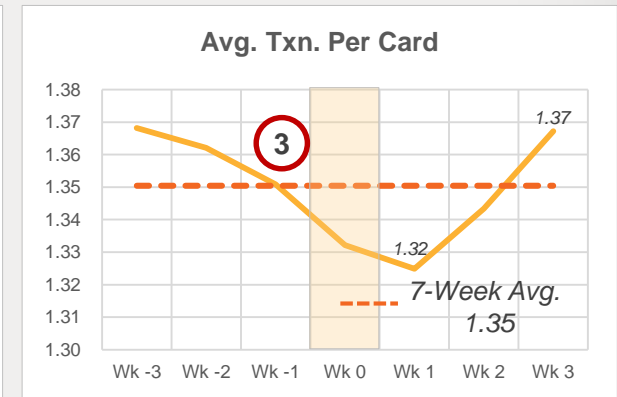
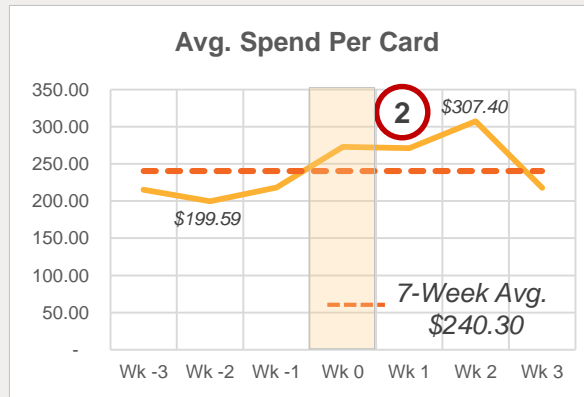
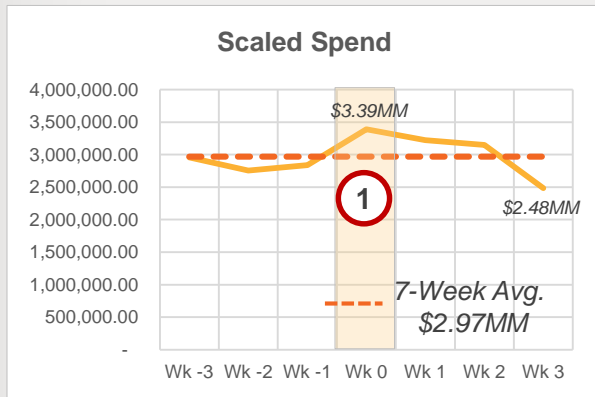
- 1 Spending peaked one week prior to Car Week**
 - Overall spending was high and above the 7-week average prior to Car Week. Spending during car week was higher than the 7-week average as well.
- 2 Avg. spend per card was the highest during Car Week**
 - While cardholders made fewer transactions, they spent more overall – peaking nearly at \$75 on average for that week.
- 3 No. of transactions per card was lower than the 7-week average**
 - With overall spend being so high, this indicates that cardholders are making fewer transactions during Car Week, but spending more per transaction – as evidenced by (3).

Source: MasterCard aggregate transactional data.

Entertainment Sector (attractions, clubs, concerts, event tkts)

Spend Analysis Around Monterey Car Week

Weekly Metrics	Week -3	Week -2	Week -1	Week 0	Week 1	Week 2	Week 3
Scaled Spend (\$)	2,958,155.23	2,753,640.14	2,840,720.32	3,387,434.77	3,224,207.41	3,149,444.40	2,482,496.90
Avg. Spend Per Card	215.07	199.59	218.13	272.81	270.98	307.40	217.80
Avg. Txn. Per Card	1.37	1.36	1.35	1.33	1.32	1.34	1.37



Key Insights

- 1 Overall spending peaked during Car Week**
 - Spending in the Entertainment sector was at its peak during Car Week.
 - This indicates a healthy amount of spending for entertainment and attractions within the Monterey County area.
- 2 Avg. spending per card was relatively high during Car Week**
 - Cardholders spending in the Entertainment sector was high during Car Week and came out higher than the overall average in the observed 7-week period.
- 3 Fewer transactions were made per card during Car Week**
 - Cardholders made fewer number of transactions during Car Week, and it continued to slump into the week following.

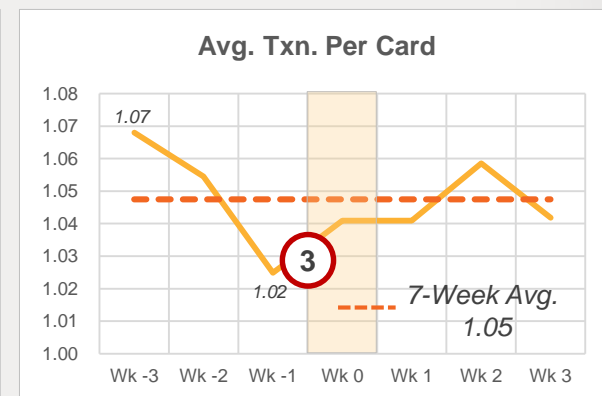
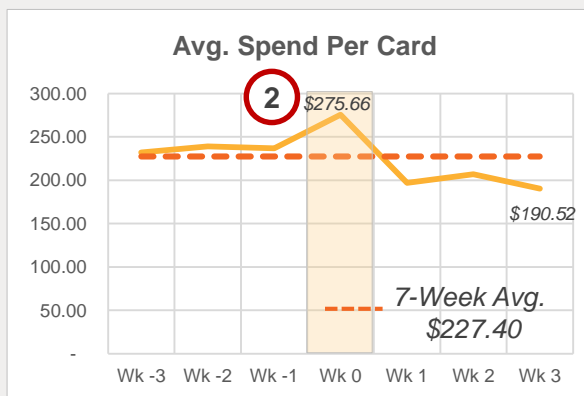
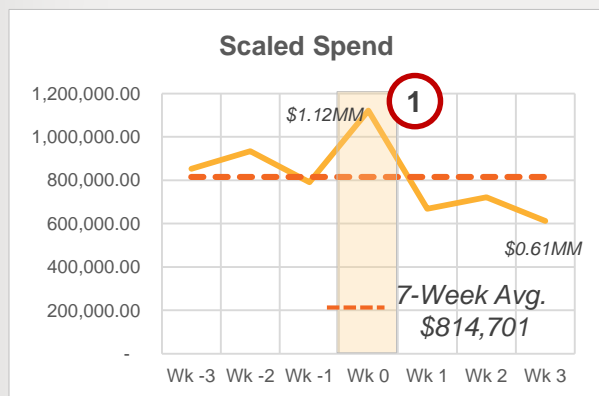
Source: MasterCard aggregate transactional data.



Rental Car Sector

Spend Analysis Around Monterey Car Week

Weekly Metrics	Week -3	Week -2	Week -1	Week 0	Week 1	Week 2	Week 3
Scaled Spend (\$)	853,319.63	934,534.03	791,544.49	1,121,779.77	668,599.17	721,026.34	612,144.49
Avg. Spend Per Card	232.14	239.17	236.81	275.66	197.01	207.10	190.52
Avg. Txn. Per Card	1.07	1.05	1.02	1.04	1.04	1.06	1.04



Key Insights

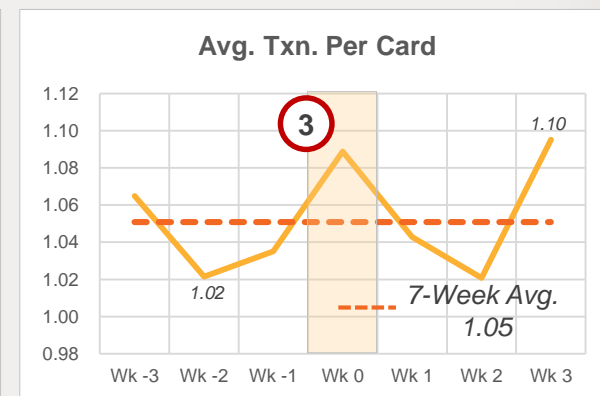
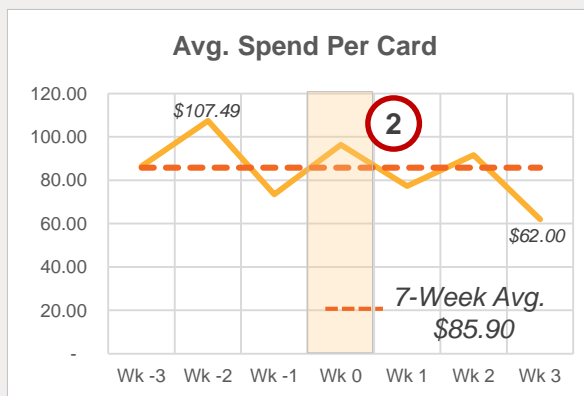
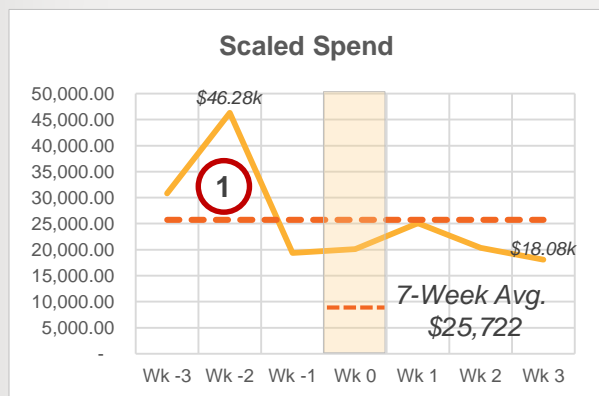
- 1 Overall spending in Rental Cars peaked on Car Week**
 - Not surprisingly, overall spending in Rental Cars peaked on Car Week, and may be due to the fact that visitors from the region were arriving for Car Week events.
- 2 Avg. spend per card peaked during Car Week**
 - While the number of transactions may have slumped, the amount of spend per card peaked, which is in line with the overall spending trend.
- 3 Avg. transactions per card was below the 7-week average**
 - Number of transactions per card dipped below the 7-week average during Car Week.

Source: MasterCard aggregate transactional data.

Winery Sector (tasting rooms, wine purchases from wineries)

Spend Analysis Around Monterey Car Week

Weekly Metrics	Week -3	Week -2	Week -1	Week 0	Week 1	Week 2	Week 3
Scaled Spend (\$)	30,816.62	46,281.94	19,381.06	20,076.71	25,057.82	20,355.65	18,083.24
Avg. Spend Per Card	85.45	107.49	73.44	96.37	77.32	91.60	62.00
Avg. Txn. Per Card	1.06	1.02	1.04	1.09	1.04	1.02	1.10



Key Insights

1 Peak spending in Wineries occurred in Week -2

- Cardholders did not seem to spend on Wineries during or around Car Week.
- With spending peaking in Week -2, Monterey County should confirm whether there were any other associated promotions for Wineries during that time.

2 Spend per card fluctuated, with the average at ~\$85

- Cardholder spend fluctuated during the observed 7-week period.
- The peak spending per card occurred in Week -2, in alignment with overall spend (1).

3 No. of transactions per card was high during Car Week

- On average, cardholders made a high number of transactions in Wineries during Car Week, but this was a small increase.

Note: Overall spending in Wineries was very low, compared to the other sectors. This may be due to the fuzzy definition of "Winery".

Source: MasterCard aggregate transactional data.

The scope of this pilot provided high-level insights into C of M tourism, but additional analysis could augment initial findings

Potential Considerations

Observation	Implications / Considerations
<ul style="list-style-type: none"> Our analysis indicates lodging spend is higher during the week before Car Week; this could be due to hotels requiring payment prior to check-in, or that deposits are charged in advance. 	<ul style="list-style-type: none"> Additional analysis could explain how far tourists are booking into the future; and how much timing plays a factor into card charges
<ul style="list-style-type: none"> Food & Beverage spending is higher the week prior to Car Week; this could be due to increased number of food tents/pavilions that do not require card transactions. 	<ul style="list-style-type: none"> Additional research to corroborate how restaurants and/or caterers are setting up food tents/pavilions could explain the magnitude of F&B spend
<ul style="list-style-type: none"> Retail avg. spend per card peaks during Car Week, but total spend is slightly higher two weeks prior. The CW visitor could be seen as more “valuable” because of the larger amount of spend capacity. 	<ul style="list-style-type: none"> Expanding retail spend through the whole summer could verify whether spend is consistent and what other marquee events attract this “valuable” visitor.
<ul style="list-style-type: none"> Entertainment peaks during Car Week, and avg. spend per card escalates even higher two weeks post-CW indicating an appetite for this sector that approaches Labor Day Weekend. 	<ul style="list-style-type: none"> Detailed customer segments and behavior could verify what type of events are attractive to the “valuable” Monterey visitor.
<ul style="list-style-type: none"> Rental car sector peaks during Car Week, and seems to validate the higher number of out-of-town visitors during CW. Winery sector shows peak spend two weeks prior. 	<ul style="list-style-type: none"> Analysis on air travel visitors and zip code analysis could provide insights into where visitors are coming from, allowing Monterey to better target their marketing campaigns.



Learn more at:

www.mastercardadvisors.com/solutions



Contact

Michael Yu

Managing Consultant

Michael.Yu@mastercard.com

Taylor Goldaper

Associate Analyst

Taylor.Goldaper@mastercard.com

