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Tourism and Local Economic Development

Faced with closure of its major employer and changes in the local agriculture economy, the community leaders of New Glarus, Wisconsin, refocused on their Swiss roots to rebuild the lagging economy. The Village has a rich ancestry, with residents coming from many countries: Switzerland (35.4%), Germany (33.7%), Norway (20.4%), England (8.6%), Ireland (8.5%), and France (2.7%). This ancestry provided opportunities for New Glarus to find a unique niche in marketing locally made products.

Village businesses retooled and focused on tourism as their new niche. They undertook entrepreneurial approaches in an effort to position the community as a lasting economic engine for the region. The efforts to attract tourists succeeded, and New Glarus continues to prosper. It has become a major economic stimulus for southern Wisconsin as well. In many ways, New Glarus has been recession proof as tourists seek relatively low-cost entertainment in their region.

While many small communities organize and host an annual event to bring former residents and/or customers to their city, New Glarus has made festivals a major part of its development strategy. This *Rural Research Report* explains the formal actions and policies of the New Glarus Village Board and New Glarus Chamber of Commerce as well as the informal strategies used by businesses to distinguish New Glarus as a tourist destination.

The approaches discussed offer two perspectives for other communities. First, small communities that can find a niche can succeed in building an effective development strategy for tourism. Second, tourism as a development strategy requires a commitment from the entire community to succeed.

Historical Setting

New Glarus is a village of 2,071 residents (as of 2008) nestled among the rolling hills of southwestern Wisconsin in the heart of Green County; it is known as "America's Little Switzerland." With a median household income of \$55,395 compared with the state average of \$52,094, it is located approximately 20 miles from Madison, the Wisconsin state capitol, and approximately 120 miles from Chicago.

New Glarus was established as a Swiss Colony in 1845 by a group of immigrants who left their homes in Canton Glarus, Switzerland, because of severe economic conditions. The descendants, joined through the years by new immigrants from Switzerland, have nurtured the cultural traditions handed down by their families. Residents turned this once farming community into a tourist community, retaining its Swiss charm in everything from the Alpine-style architecture and colorful flower-filled window boxes to gourmet food.

Feast upon Swiss and European delicacies such as Weinerschnitzel and Swiss Onion Soup; Geschnetzlets and Roeschti Potatoes; Raclette and Cordon Bleu; or enjoy a Fondue of Beef Bourguignon, cheese, or chocolate. Pair them all with a glass of wine from the local winery or a

frothy glass of beer from an award-winning brewery, and tourists have a memorable dining experience. These are the messages sent to visitors. The marketing approach, however, focuses on providing an experience that makes these visitors want to return.

The Current Community Focus

The retail shops are not only charming, but they also offer an afternoon of shopping entertainment. An assortment of Swiss and European craftsmanship with many hand-made and imported items, fine art, beautiful jewelry, home decor, and even collectibles are available. Locally made fudge, ice cream, and cheeses are all part of the Swiss and European tradition as are the Swiss pastries, hearth-baked breads, and specialty sausages. Tourists can hear the soft sounds of carefree and happy Swiss music and polkas that add to the shopping experiences.

Two museums also build on the Swiss heritage. First, the *Swiss Historical Village Museum*, www.swisshistoricalvillage.org, has been a popular stop for visitors to New Glarus since it first opened in 1942. Now comprised of 14 buildings, the Historical Village offers a glimpse of pioneer life in the Swiss colony of New Glarus and America's heartland.

Continuous tours are given by local guides well-versed regarding New Glarus and its settlement. Tourists are taken on a journey that recalls the epic migration of the colonists who left their Alpine homes, and they see the evolution of agriculture and dairying, which helps them understand the community's transformation into a tourist destination.

Separate buildings focus on various facets of small-town life, among them an authentic early 1850s log home, an 1890s cheese factory, a one-room school, a fire house, a print shop, and a replica of the first church in the community. Genealogical resources are accessible through the Historical Village at the museum and include archives of the New Glarus Historical Society and information pertaining to Green County's Swiss colony.

Second, the *Chalet of Golden Fleece Museum* was built in 1937 as a private residence by Edwin Barlow, resident and founder of the Wilhelm Tell drama. A world traveler, Barlow built an extensive collection of painted furniture, antique silver and pewter, original artwork, paintings and etchings, samplers, prints, Swiss scissors cutting,¹ quilts, fabrics, antique glass and china, stamps, Swiss woodcarvings, Swiss dolls, and more. He then donated the Chalet, including three floors of exhibits and artifacts, to the Village of New Glarus to be maintained as a public museum.

The Chalet is an authentic copy of a Swiss Bernese mountain chalet. The design is characterized by the white plaster foundation and brown-stained wood walls. The intricately detailed woodwork in the interior pays tribute to the Swiss woodworking craftsmanship. In summer, the flower boxes have geraniums—a Swiss favorite. The rocks and logs on the roof demonstrate how they were used in Switzerland to protect slate shingles from strong mountain winds. Both museums are operated using paid staff and volunteers. Students work as guides during the summer, giving daily tours at the Swiss Historical Village Museum.

For nearly 30 years, the business community built on this theme by constructing Swiss chalet designed buildings using cedar wood for siding, shutters and window boxes, and steep pitched roofs. The construction of a fast food restaurant in the Village, built to franchise design standards, was the first real test of the previously self-imposed design standards. In response, to ensure a consistent look in the Village business community, the Village adopted a Swiss architecture ordinance that applies to the commercial downtown and highway zoning districts. The ordinance requires new buildings or significant remodeling projects to comply. The ordinance details requirements for roof slope, acceptable wall materials, and other minor design features such as balconies, flower boxes, and shutters. The ordinance also contains a list of examples of Swiss design, and the Village Hall provides sample design pictures.

To further improve the aesthetics in the New Glarus' downtown, the Village partnered with the businesses on a downtown streetscape project in 2003. The Village and business community worked together on a design to improve not only the aesthetic value of the downtown area but also pedestrian flow and safety. The project included the removal of curbs and the installation of colored concrete crosswalks for increased pedestrian safety, resurfacing of the street, installation of brick pavers between the sidewalk and parking lane, parking bollards and bike racks, street trees and whiskey barrel type garbage containers for aesthetics, and the replacement of the aging underground infrastructure. Approximately 90% of the businesses in the downtown area were constructed using Swiss architectural elements on the exterior. Robert's European Imports, Chalet Landhaus Inn, and the New Glarus Hotel Restaurant carry the Swiss theme inside and out. Combined, the three businesses have 43 employees.

Festivals as a Development Strategy

New Glarus holds on average 20 festivals a year that celebrate its Swiss heritage such as Polkafest, the Heidi Festival, Volksfest, and the Wilhelm Tell Festival. These events include polka bands, lively yodeling, and resounding alphorns.

In early June, the Roger Bright Memorial Polkafest draws polka lovers from around the country to downtown New Glarus. The Polkafest provides a rich variety of food, beverages, and hospitality in the Swiss tradition.

The Heidi Festival, which takes place the last full weekend of June, provides four performances of the “Heidi” play, a story of a Swiss girl and her gruff grandfather with traditional Swiss music, including yodeling and 12-foot long alphorns. The Taste of New Glarus, which is held that same weekend as a complement to the Heidi Festival, includes local restaurants and food shops selling specialties, with other merchants offering sidewalk sale bargains.

New Glarus celebrates Swiss Independence Day and Volksfest in early August with traditional musical entertainment, including Swiss choral folklore music, yodeling, alphorn playing, flag throwing, and accordion music. The program continues throughout the day.

Swiss history and traditions are also featured on Labor Day weekend during the annual Wilhelm Tell Festival. This event includes Schiller’s Wilhelm Tell drama, which is the story of Swiss independence performed in both English

and German in an outdoor setting with a large cast that includes goats, cows, and horses. The “Alpine Festival” program has performers in ethnic costumes doing traditional Swiss singing, yodeling, alphorn blowing, and more. Other events during the Wilhelm Tell Festival include a children’s lantern procession, a yodel contest, an ethnic fashion show, and a juried art fair.

Oktoberfest is the last weekend in September and provides visitors with music in a wide variety of styles. Locally made foods and beverages, including beers from the New Glarus Brewing Company, are sold. An antique tractor pull is also a major attraction for the region.

In October, Harvest Fest at the Swiss Historical Village offers demonstrations of old-time crafts such as broom making, sausage making, spinning, and blacksmithing. A highlight of the day is the making of cheese using an antique copper vat and cheese press in the cheese factory building.

Three of these festivals have been held for 70 years or more and the rest for at least 20 years. The festivals are organized and staffed solely by volunteers, with the exception of one paid employee in the Chamber of Commerce. These volunteers return year after year to help. They give an entire weekend or several weekends a year to support the festivals. Their children participate in the festivals as well. Why do they volunteer? Maybe it is their pride in their community or the desire to see New Glarus succeed.

Key Ingredients to Success

Needless to say, without the volunteers, the festivals would not happen. So what does New Glarus do to keep them coming back? It is important to thank them and let them know the importance of their time. Reward them while they work or after they are finished working. Be there to show them what to do and communicate with them. Hold a party afterward to thank the volunteers or thank them in the local paper. Festivals are fun, and the volunteers should have a good time while working. Local schools are a great way to reach volunteers. If the children are involved, parents will follow along with grandparents and so on.

Successful festivals require relationships with other organizations in the community. The local police department

and village employees play major roles in the events. Plan ahead and communicate with them beforehand. Make sure each party knows what is expected and that the proper permits are obtained in advance. Check local ordinances months in advance to save on any late fees or extra charges.

Festivals such as the Wilhelm Tell Festival, Polkafest, or the Heidi Festival can bring in 2,000 more tourists than a normal day in New Glarus. Retail sales on these days increase by 25 to 30%. A larger festival like Oktoberfest brings in a total of 5,000 to 8,000 additional tourists over the course of the weekend, increasing sales by 40% or more depending on the item.

Marketing Approaches

The New Glarus Chamber of Commerce mainly uses a 24-page colored visitor's guide as a marketing tool and distributes 70,000 copies financed by businesses and other groups in the community. During the past 28 years, the New Glarus Chamber of Commerce has been able to produce a visitor's guide as a way to fund the Chamber. The visitor's guide is sent around the United States and even to Switzerland. A copy can also be downloaded from the website (www.swisstown.com), which is a recent addition. Having visitors download and print copies would save on the \$7,000 spent mailing the guide.

In addition to the visitor's guide, the Chamber prints a 10-page coupon book (Savings Book) that is mailed to bus tours, car groups, and bike organizations and is distributed to tourists during their stay. These coupons offer discounts while encouraging visitors to shop downtown. Along with the coupon book, the New Glarus Brewing Company distributes a coupon offering a free New Glarus beer while

patronizing downtown establishments. This is an example of businesses collaborating to promote each other.

The Village of New Glarus collects a room tax quarterly from local hotels, motels, and bed and breakfasts. Other than a small administration fee, the revenues are used by the New Glarus Chamber to market and promote New Glarus and to encourage overnight stays. A marketing and promotions committee includes local business owners, the Chamber Director, and one person from the local county tourism organization. The committee decides how to best invest the marketing budget and puts it to a vote. In the past, private marketing firms handled the marketing activities. While we learned much from this approach, it also cost a major portion of the marketing budget. Today, the Chamber has a better sense of the target audience and how to reach them. From informal surveys conducted by business owners, it turns out that the best results from advertising come from the Chamber website, the visitor's guides, and collaborating with Green County Tourism.

Results and Outcomes

In 2009, many businesses in New Glarus reported record profits despite the national recession. Part of the prosperity is attributed to the New Glarus Brewing Company opening for tours of its new multimillion dollar brewery; the increased marketing dollars spent encouraging people to visit New Glarus; or the fact that people are traveling closer to home and looking for less expensive getaways. Whatever the reason, New Glarus has benefitted from the increase in visitors.

Festival attendance was up significantly for most festivals. Oktoberfest attendance and profits were 10% higher than in the previous year. People still seem to be eating, drinking, staying overnight, and having a good time. Unfortunately, though, they weren't buying as much merchandise to take home. Consequently, the specialty gift shops did not have a record year in 2009. Thankfully, Internet and catalog sales helped them through what could have been a difficult year.

Festivals have a huge economic impact on local businesses. On a festival weekend, thousands of visitors flock to New Glarus. A majority of the festivals are held downtown in front of the businesses. Streets are closed, a tent is erected, and the festival continues all weekend. Local businesses have the potential of attracting large numbers

of customers. The festival brings visitors to town, and it is up to the businesses to attract them.

So, how do the businesses attract customers? Some contribute to the festival by adding an attraction: yodeling, alphorns, and food demos. Some set out a sales rack to attract bargain hunters, and the local taverns hire bands to complement the festival. In years past, trying to be all things for all people did not always work. For example, we provided rides and games for kids during Oktoberfest, but this only ended up costing money without much in the way of results. We soon realized that people did not necessarily bring their kids to Oktoberfest, which makes some sense when one thinks about it. One does not think of Oktoberfest and children running around.

Thus, the 2009 Oktoberfest did not have all the rides and games. Instead, horse-drawn wagon rides were added to make sure there was something of interest for the entire family. Thus, the music, food, chainsaw wood carver, and horse-drawn wagon rides provided opportunities for fun for the entire family.

Many New Glarus festivals offer something for the whole family, but it is important to remember the target audience. Maintaining this focus helps organizers understand how and where to market the event.

Visitors from Illinois, Minnesota, Wisconsin, and Iowa continue to be our biggest draw for tourists to New Glarus. To the right is a table showing the economic impact of the one day “Bounty of Green County” event. This event brought local food vendors from throughout the county together at the New Glarus Brewing Company for a one-day festival of food, drinks, and music to showcase all that Green County has to offer.

Table 1. Results from Bounty of the Green

- 105 tickets to evening dinner – We decided to limit our dinner size to 104 people (13 tables of 8) and sold out with 105 reservations
- 950 people attended the daytime event (87% were NOT from Green County, so approximately 825 people are being counted as day visitors)
- Economic impact – approximately \$64,500
- 32 room nights for a total of 64 overnight visitors at \$140/night – \$8,960
- 90 paid dinners at \$50/dinner – \$4,500
- 950 admissions at \$5/person – \$4,750
- 825 daytime visitors at \$56/person – \$46,200

Other Development Strategies

Even the best laid plans face uncertainties with bad weather or competition from surrounding area events. New Glarus faces the issue of decreasing numbers of bus groups. How can New Glarus compete effectively without a casino? That is an issue that New Glarus is trying to address. However, the number of tourists continues to increase and that is an excellent sign.

The Village also engages in more traditional economic development functions through the Community Development Authority. The Village has successfully used Tax Incremental Financing (TIF) Districts. It is close to completing one district and is providing infrastructure extensions, development incentives, and demolition of blighted properties for two existing districts.

The initial TIF District #1, created in December of 1979, was used to create the original industrial park and helped fund construction of a Village Hall, a new Village Swimming Pool, parks equipment, and a public works garage. During the life of the TIF District, property values increased more than \$7.7 million from development within the district’s boundaries from the original base value of \$1.3 million.

TIF District #2 was created in 1999 to expand the industrial park and to spur development along the state highway corridor that passes through the Village. Funds were used to purchase a farm and demolish the buildings, construct

a road, and install water and sewer infrastructure. The TIF Plan has been amended twice to add land and projects. The final amendment included extension of water and sewer lines for the expansion of the New Glarus Brewing Company.

As of the September 2009 Value Certification from the State of Wisconsin Department of Revenue, TIF District #2 had increased in value to \$17.5 million, an increase of \$9.8 million from its original base value of \$7.7 million. The Village anticipates sufficient revenue from this TIF District to pay the remaining debt and close the district up to five years early, returning the full amount of tax increment to the other taxing jurisdictions.

TIF District #3 was created in 2006 to help expand the New Glarus Brewing Company. It extends from TIF District #2 to the new brewery site. TIF District #3 was used to finish the extension of the water and sewer lines and as a development incentive for the construction of a wastewater pre-treatment facility. The wastewater pre-treatment facility benefits both the Village and brewery by reducing the sewer loadings that must be treated at the Village’s wastewater treatment plant, thereby reducing the surcharges levied on the brewery for these loadings. As of the September 2009 Value Certification from the State of Wisconsin Department of Revenue, TIF District #3 had increased in value by \$7 million from its original base value of \$19,300.

Conclusions and Suggestions

New Glarus has grown its tourism-based economy by finding a niche, being unique, and offering what no one else has. Prior to the closing of New Glarus’s major employer, the residents of New Glarus did not fully embrace their

Swiss heritage. Only after the plant closing and the need for new industry did the promotion of Swiss architecture take hold in the community.

The use of festivals to draw visitors continues to grow. Each year, festivals expand and look for new ideas to help compete with the ever-growing tourism market. Festivals will continue to have a major impact on New Glarus by increasing sales at retail shops, room reservations at the hotels, and meals at the restaurants but also by providing revenues to keep the Chamber of Commerce's doors open. The Village and Green County Tourism have a good partnership that has increased the value of advertising dollars

and has helped the community reach out to the growing Chicago market.

The Village has had success in growing its tax base and creating jobs with the use of TIF Districts and is currently looking to use this tool to redevelop the underutilized "Backtown" area. The "Backtown" project is an opportunity to create a complementary development to the downtown area and to redevelop the old agricultural/railroad corridor.

Endnote

- ¹ Swiss scissors cutting, also known as scherenschnitte (pronounced sher-en-schnit-uh) has been around for many years, but it began appearing in the U.S. via Swiss immigrants during the 1800s. The techniques of scherenschnitte involve the use of a small, tiny scissor to cut a design from a piece of paper. It must be done with a scissor because "scheren" means scissor and "schnitte" means to cut. Elda Schiesser has been using her talents to create various designs of scherenschnitte. As an avid promoter of the Swiss culture, she wanted to bring this traditional Swiss folk art to her hometown of New Glarus, Wisconsin. Her self-taught techniques were gleaned from a book that was purchased during a 1985 trip to Switzerland. Since retiring, Linda, Elda's daughter, has tackled her mother's folk art. Her teaching background has allowed Linda to educate others whenever possible.

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