CITY COUNCIL STAFF REPORT

DATE: SEPTEMBER 19, 2012   NEW BUSINESS

SUBJECT: PRESENTATION OF BUXTON TOURISM DEMOGRAPHIC STUDY

FROM: David H. Ready, City Manager

BY: Community & Economic Development

SUMMARY

Buxton Company of Fort Worth, Texas has been the City's primary retail demographic provider since 2004. Their proprietary demographic and psychographic models provide the City with cutting-edge analytics for retail attraction. Since then, the City has embarked on nearly unprecedented retail development.

Buxton has recently entered an agreement with a large credit card processing company, so they are able to analyze activity with this particular credit card. The City partnered with Buxton to help identify who our tourists actually were, and where those large concentrations of tourists were coming from to increase our tourism efforts and align local businesses with the consumer preferences of visitors. Palm Springs needed to identify who visits the city, where they are coming from and how they are spending their money.

Buxton pioneered an exclusive new service: Buxton Tourism Insights. They captured tourist demographic information in Palm Springs over a 12-month period.

The transactions totaled almost $200 million, giving them a significant sample for better understanding of these tourists' preferences. Their analysis revealed:

What type of tourist visits Palm Springs: According to the data, 58% of Palm Springs' tourism dollars come from 10 customer market segments. This gives us a detailed profile of people who are most likely to visit Palm Springs, including their lifestyles, purchasing habits, media preferences and travel behavior. With this information, we can search anywhere in the United States for people who share similar characteristics.

Where these tourists come from: Buxton found that, of the 210 Direct Marketing Areas (DMA) in the United States, 152 DMAs were represented in the Palm Springs transactions over the 12-month period. However, 80% of the sales dollars came from five key tourism markets. They used a market prioritization index to rank the DMAs based on the greatest number of people with a propensity to visit Palm Springs.

How they spent their money: Buxton broke down their information into nine different categories, from apparel to specialty retail to full-service restaurants. From this analysis, we are able to determine which DMAs are most important to Palm Springs within each category of retail spending.
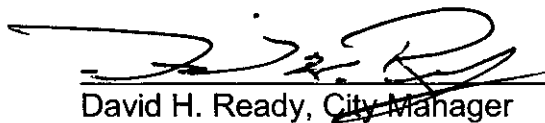
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While Staff and the City's Tourism Bureau are still fine-tuning the data results, the marketing potential of this data is significant. Using a highly targeted approach, Tourism could connect with potential tourists in a wide range of mediums, from billboards to direct marketing to online campaigns. They can focus on the most profitable markets and send individualized messages directly to people who are most likely to visit.

Buxton is still working through a number of issues in making the data results more useful to the City and its potential partners. By knowing who the tourists are and where they are likely to spend their money, the City can develop co-operative marketing campaigns with area hotels, restaurants and retailers. For instance, these profiles reveal the hotels where each market segment prefers to stay, providing new opportunities for co-branded tourism campaigns.

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