

Preliminary Thoughts and Conclusions Relating to the Utilization of “Town Events” in

Carefree’s Marketing Program for 2017 – 2018 and Beyond: January 3, 2017

Note: Town Events comprise major events (e.g., the Christmas Festival) and individual Fairs and Festivals

1. **Carefree is in a transition period from the historic cornerstones of the generation of its “Introductory Visitation Experiences” and its income sources.** Many of the elements which have been the mainstays of the Town’s approaches in these areas have undergone subtle but substantial changes over the years. In Carefree’s early years:
 - a. **There was a limited number of residents,** and those people who were residents were a collection of people who valued privacy, open space and the pristine desert
 - b. **People came to Carefree as visitors, liked the Town and became residents.** The pristine desert of north Maricopa County through which visitors traveled to get to Carefree, an oasis at the northern edge of the County, was largely void of residences
 - c. **Carefree derived a substantial portion of the Town’s “Introductory Visitation Experiences” and sales tax income primarily from two sources:**
 - i. **“Day trip” visitors and tourists** who made the trip to Carefree to see the pristine desert and visit the souvenir shops and restaurants, and

- ii. **A robust Carefree Resort**, serving as an *introductory visitation experience* for many of the people who later became residents, generating substantial sales taxes while doing so. The **Boulders Resort**, partially in Carefree but with all of its revenue producing points located in Scottsdale, also served as a secondary introductory experience to the Carefree area, with some of its guests later becoming Carefree residents

The combination of the visitation experiences and income generated from these sources, among others such as construction sales taxes and state shared revenues, generated a sufficiently large influx of visitors and annual sales tax income to permit Carefree to provide considerable services to its residents, invest in significant infrastructure projects and build its reserves

2. **During the current transition period, Carefree’s Introductory Visitation Experience generation and resultant income sources, have likewise been undergoing subtle but significant changes.** Some of the visitation generation and the resultant income sources have remained relatively stable, but those evidencing change included:
- a. **Visitation by “day trip” visitors and tourists to Carefree has declined substantially,** leading to decreases in the number of Introductory Visitation Experiences and their purchases of souvenir type products, thereby diminishing sales taxes. This phenomenon also impacts commercial occupancy rates and thus sales taxes on commercial leases
 - b. Due to changed ownership and management, compounded by the economic climate, **the Carefree Resort experienced a substantial downturn in its number of visitors and its business, with reduced sales tax revenues generated by diminished accommodation and restaurant sales.** Additionally, the Boulders Resort is recently rebounding from a period of diminished vigor as well. Both now appear to be poised for a period of increased vitality
 - c. Over the last ten years **Carefree has increasingly relied upon Town Events to fill the Introductory Visitation Experience gap** created by the erosion of “day trip” visitors and tourists, and that created by the two resorts. Additionally, it was hoped that Town Events would help to **stimulate sales tax revenues** from restaurants and the remaining specialty retailers

Carefree Fairs and Festivals: 2008 - 2015

2007 2008 2009 2010 2011 2012 2013 2014 2015

Significant Occurrences:

Economic Recession	X	----->							
Christmas Festivals	X	X	X	X	X	X	X	X	X
Closing of Carefree Station						X			

Fairs and Festivals:

# Fairs and Festivals					10	8	8	9	10 (8 in 2016)
Gross Revenues to Carefree*									
(\$ thousands)	--	21	36	47	82	87	118	126	126

*Does not include Internal Carefree costs and payments not directly attributed to a specific Fair or Festival

<u>Carefree Sales Tax Revenues:</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Retail: (\$ thousands)	608	773	915	941	934	956	964	1,056	1,126
Rest. and Bars: (\$ thousands)	233	225	217	225	226	240	230	105	133

Implications for Carefree's Marketing Approach

Carefree's marketing approach starting with the 2017 Calendar should focus upon:

- 1) **Town Events**, such as the major events like a) the Enchanted Pumpkin Garden and the Christmas Festival, as well as b) individual Fairs and Festivals, and
- 2) **Programs and activities in direct support of the Town's efforts to stimulate economic development.** (Efforts in this area will be addressed separately)

Town Events, including both the major events and the individual Fairs and Festivals:

Every Town Event should achieve one or more of four primary objectives:

- 1) **Serve to generate pride and a sense of ownership and participation in Carefree from among current residents.** All Town Events should first and foremost enhance the quality of life for our current residents and enjoy broad participation from this group
- 2) **Help to "brand" Carefree** by changing the current perceptions of the Town to be more progressive, cosmopolitan, art oriented, and health and wellness oriented among a younger, active, upscale demographic. Only Town Events which demonstrate and convey "quality" and adhere to the highest standards of implementation in all aspects will be considered

Every Town Event must have a theme which supports a major component of Carefree's branding requirements, and, if appropriate, offer products and/or activities which communicate this branding to the selected target demographic audience.

- 3) **Generate significant visitation of Carefree among the selected target audiences.** All Town Events should fulfill the role of fulfilling the "Introductory Visitation Experience" by delivering a positive experience of Carefree among the target demographic audience which was historically fulfilled by the "day trips" as well as the Carefree Resort and the Boulders Resort
- 4) **Help people visiting one or more of the various Town Events to realize that:**
 - A. Carefree is not that far away from the cultural and work related centers of greater Phoenix,
 - B. Carefree is a beautiful town in which to live if they are just moving into the area,
 - C. Carefree is a very livable town – it has wonderful deserts, a very attractive downtown, award winning schools, cultural opportunities, restaurants, all of the desirable infrastructure already in place, etc., etc.,
 - D. Living in Carefree would permit me and my family to be a part of a bustling greater Phoenix metro center but be removed from the day-to-day traffic and congestion and
 - E. With no town specific property tax, Carefree is a very affordable place to live.

In addition, every Town Event should:

- **Strive to be implemented in a manner which creates more subtle spikes in attendance over a longer period of time**, which complements Carefree's supporting infrastructure and businesses, rather than shorter duration/higher attendance spike executions
- **Be implemented in a manner which will be cost effective to Carefree**. Budgets will be established in advance and reconciled after implementation for every Town Event. Carefree is seeking to achieve its communication and visitation objectives in the most cost effective manner available **to the Town** for the benefit of its residents. It is likely that this will entail some participation costs to people attending events, and that the historical relationships with "promoters" of previous individual Fairs and festivals will experience some change
- **Contain sufficient activities and elements which would reasonably occupy 2- 4 hours of attendees time** so that they would consider it to be a satisfying experience. Other than Town Event attendees frequenting a local bar or restaurant, every Town Event must be a complete experience in and of itself and not rely upon external attractions until such time as external attractions are in place

Town Events should also:

- 1) **Be managed and supervised by the Town, with clear lines of authority and responsibility established**
- 2) **Not rely heavily upon and require the limited Town Staff, Council Members or volunteers for their implementation success.** This will likely require the usage of an outside firm for the bulk of the labor requirements
- 3) **Minimize the disruption of our resident's typical activities** (e. g., getting mail at the Post Office) or the business patterns of the patrons of the restaurants and retailers in the area
- 4) **Have no inherent safety concerns** which might result in an injury to a participant or come back negatively to the Town either financially or image wise