



Legislation Text

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Report to Carson Reclamation Authority

Tuesday, April 04, 2017

Consent

SUBJECT:

**APPROVAL OF AGREEMENT FOR RETAIL AND TOURISM ANALYTIC SERVICES
WITH THE BUXTON COMPANY OF FORT WORTH, TEXAS**

I. SUMMARY

The proposed Agreement between the Carson Reclamation Authority (Authority) and The Buxton Company of Fort Worth, Texas, for access to retail demographic and site selection analytics for the Former Cal Compact Landfill Site located at 20400 Main Street (Site).

The term of the contract would be from May 1, 2017 to April 30, 2020 and would be for a not-to-exceed amount of \$60,000 for the first year and \$50,000 for years two and three.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE Term, Fees and Delivery for Retail Recruitment Solution between the Carson Reclamation Authority and The Buxton Company of Fort Worth, Texas; and
2. AUTHORIZE Chairman to execute such Agreement.

III. ALTERNATIVES

TAKE another action the Authority Board deems appropriate.

IV. BACKGROUND

As the development of the Former Cal Compact Landfill (CCLF) continues to move forward and the Authority has assumed the Master Developer function previously performed by Carson Marketplace, it is negotiating with Macerich on Cell 2 and with other developers on the balance of the site, including the developers of potential hotels.

While the Authority will not ultimately be responsible for marketing the businesses at the site, as part of the development effort (and the related effort with the 600 acres surrounding the site in the Vision Plan area), understanding the market and the market potential of the area will be really key to the economic success of the project.

Buxton Company of Fort Worth, Texas has proprietary demographic and psychographic models to provide the Authority with cutting-edge analytics for retail attraction. Their data goes well past demographic analysis, into psychographic analysis based on lifestyle segmentation, and has now added data from actual transactions from its partnership with Visa.

In 2011, Buxton entered a partnership with credit card processing giant Visa, which allows them to analyze actual sales activity made in a specific geographic area or during a specific period with this card. While many demographic packages provide insight into residents' demographics and buying preferences, cities often partner with Buxton to help identify who their tourists and other visitors (translation: shoppers) actually are, and where those large concentrations of non-resident shoppers are coming from to increase tourism or other visitor attraction efforts, and also to align local businesses with the consumer preferences of visitors. The Visa card component is an additional cost of \$10,000 (see the last page of the attachment) for the first year, thus, the need for \$60,000. The information obtained from this service can be important to the City as it develops targeted programs for business attraction and retention not only for this project but other projects in the City's longer term.

This CCLF project is in the early stages, and obviously has no tenants. Additionally, the developers will do most of the actual retail recruitment. Still, the recruitment of tenants is often a collaborative effort between a landlord and a city, with the city often providing the bulk of the information about the community. Carson will need to identify who currently visits the city, where they are coming from and how they are spending their money. While Carson is not generally considered a "tourist" destination, the idea behind understanding visitors to the community is not far-fetched: the StubHub Center is a regional draw and their radius is likely to expand over the next several years when the Chargers begin to play NFL football there; Cal State Dominguez Hills, like any university, will have a mix of local-serving uses and other out of area visitors (students, parents, faculty, conference or event attendees, etc.); and, the Porsche Experience Center has now introduced a population of super-affluent visitors to the city. Other "attractions" in Carson include IKEA, which draws from a wide trade area.

Additionally, the Macerich project on Cell 2, a fashion outlet mall, will have a much more significant drive time radius than traditional retail, as all factory outlet malls do, reaching completely different populations. The outlet mall could have a 45-minute radius or more vs. a traditional center with no more than a 15 minute radius. (Most retail radii are determined by drive time, since customers shop by convenience, measuring distance based on time, not mileage.) That will require that the Authority look at both populations - local and out of the area.

Buxton uses over 250 consumer and business databases that are updated regularly and compares potential sites to the universe of all competing sites operating in the U.S. The

community profile will analyze every household in Carson's drive-time trade area. Based on more than 7,500 categories of lifestyles, purchase behaviors, and media reading and viewing habits (psychographics), the households in our current trade area are assessed to gain an understanding of the types of retailers that would be attracted to the site. This is particularly significant for the developers of Cells 3, 4, and 5 which propose a lifestyle center (which would have more of a local trade radius) and hotels (which would obviously be visitor serving).

For analyzing visitor demographics, Buxton pioneered Buxton Tourism Insights, which can capture "tourist" demographic information over a 12-month period, giving the user a significant sample for better understanding of these tourists' preferences. Their analysis would reveal:

- What type of tourist visits Carson. This would review the data to determine what percent of Carson's tourism dollars come from its Top 10 customer market segments. This would give the Authority a detailed profile of people who are currently most likely to visit Carson, 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 would analyze which of the 210 Direct Marketing Areas (DMA) in the United States are represented in the Carson transactions over the 12-month period. They would use a market prioritization index to rank the DMAs based on the greatest number of people with a propensity to visit Carson. Based on the type of draw Carson represents, it is likely that the vast majority of visitors to the city still come from Southern California, and perhaps other areas of California.
- How they spent their money. Buxton can break down their information into nine different categories, from apparel to specialty retail to full-service restaurants. From this analysis, we will be able to determine which DMAs are most important to Carson within each category of retail spending.

Buxton can develop unique profiles of Carson visitors by analyzing all Visa expenditures for a recent twelve (12) month period where the cardholder's originating address is located outside the designated regions. Expenditures are consolidated at the ZIP+4 level so as to de-identify individual cardholder information and respect card-holder privacy laws while still providing Buxton with a way to develop an accurate visitor profile of the visitors to Carson. This solution will provide the Authority with insights into more than 7,500 categories of lifestyles, purchase behaviors, and media reading and viewing habits of current Carson visitors.

The marketing potential of this data is significant, even beyond the CCLF Project. Using a highly targeted approach, tourism providers, for example (e.g. StubHub and Porsche) 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.

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 once the outlet center is developed.

V. FISCAL IMPACT

The not-to-exceed contract amount of \$60,000 for year 1 is included in the Authority's FY 2016-17. Years 2 and 3 will be budgeted in their respective Fiscal Year budgets.

VI. EXHIBITS

1. Buxton Retail Recruitment Solution Proposal with Term Sheet. (pgs. 5-13)

Prepared by: John Raymond, Executive Director