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**To:** David Scholefield, Chairperson  
Tourism Development Commission

**From:** Steve Geiogamah, Tourism Development Manager

**Date:** October 18, 2016

**Subject:** CRUSHBREW Festival Event Sponsorship

The proposed 2017 CRUSHBREW Festival event funding proposal is attached for the commissions review. The event producer West 54 LLC is requesting \$35,000 in support of the event.

The CRUSHBREW Festival has been developed to appeal to the millennial consumer and the producer is planning on providing a multi-faceted, experiential, and destination event. The event is targeting toward the millennial attendee as over one third of craft beer is consumed by millennial.

CRUSHBREW participants are boutique wineries, craft breweries, craft distilled spirits, and hard cider producers from Arizona and throughout the United States. A total of 80 types of beverages will be available.

The two day festival will take place on February 18-19, 2017 on the Scottsdale Waterfront.

#### **Analysis & Assessment**

City staff has evaluated the proposal to identify the potential benefits of the proposal to the City and the local tourism industry.

The Scottsdale destination will be a primary sponsor and will be identified as the events destination in all festival branding and messaging. This branding effort will include all event press and PR.

Pre-event sponsorship and participant sales outreach has spotlighted Downtown Scottsdale and its unique destination assets. The event producer is planning on an extensive digital and social media campaign to reach consumers and visitors.

The event producer is estimating to spend \$52,000 toward event marketing of which \$25,000 will be targeted toward national and regional efforts.

In order to enhance the city's event sponsorship evaluation process, the city has retained a qualified marketing research consultant, Bruce Skinner and Associates, to measure, analyze, and report the media impact and benefits associated with a proposed event sponsorship. The report is attached.

### **Funding Availability & Potential Options**

There are currently event support funds available in the FY 2016/17 Tourism Development Fund for new event development. Pending TDC discussion, the following are options for consideration:

- 1) Recommend new event development funding for all or part of the requested amount of \$35,000.
- 2) Direct staff to further evaluate the event's potential, event development partnership opportunities and the resulting return on investment.
- 3) Take no action or additional event evaluation.

Alternatively, if there are additional questions or information needed for further consideration, staff will proceed accordingly.



**I. Identify the name, date, location of your event, and host hotel if applicable along with the proposed sponsorship request.**

- a. CRUSHBREW® Craft Beverage Festival  
Friday and Saturday, February 18 & 19, 2017  
Scottsdale Waterfront – Southbridge along Canal to Soleri Bridge
- b. The CRUSHBREW® Craft Beverage Festival is requesting \$35,000 in event sponsorship from the City of Scottsdale Event Development Funding Program.

**II. Describe event, participants, attendees, and how you will provide qualitative and quantitative information regarding event attendees and participants.**

- a. The CRUSHBREW® Craft Beverage Festivals’ long-term branding and marketing strategy has been developed to establish a recognized brand in the craft beverage movement with craft beverage producers and enthusiasts alike while creating the foundation for year-over-year growth in exhibitors and attendees. The five-year plan creates an entertainment destination in the heart of Downtown Scottsdale for two days each February.
- b. The participants of the CRUSHBREW® Craft Beverage Festival are boutique wineries from AZ, CA, OR, WA and Italy; craft breweries from AZ, CA, CO, DE, OR and WA; craft distilled spirits from AZ, CA, CO, KY, and TX and hard cider producers from CA, NY, OR and WA. A total of 80 beverages will be represented across all craft beverage categories. Representatives from craft beverage producers will be in attendance from nine plus states. In addition to the craft beverage participants; festival participants will include local and regional artisan food purveyors as well as local and regional chefs. Sponsor representatives from national, regional and local offices will also be participating in the two-day festival.
- c. The CRUSHBREW® Craft Beverage Festival has been developed to appeal to the millennial consumer as a multi-faceted, experiential, destination weekend. The growth of technology in every facet of the millennial life has created the desire to come together in a communal nature. Millennials prefer to collect experiences rather than acquiring tangible goods, millennial spending is markedly different than that of older generations at their age, and is a reflection of their aspirations:

**Key Factors Defining the Millennial Consumer:**

- When it comes to money, ‘experiences’ trumps ‘things’: More than 3 in 4 millennials (78%) would choose to spend money on a desirable experience or event over buying something desirable, and 55% of millennials say they’re spending more on events and live experiences than ever before.



- In 2015 millennials became the nation’s largest spending block, eclipsing baby boomers for the first time. Although some millennials haven’t reached legal drinking age yet (baby boomers still account for at least half the wine market), they represent the future of the wine business. Defined by the U.S. Census Bureau as those born between 1980 and 2000, the millennials number 83.1 million—a quarter of the population of the United States. Overall, the millennial demographic is larger than the baby-boom generation—and it has very different wine tastes, driven by a passion for quality, authenticity and discovery.
  - Millennials crave more experiences: Not shockingly, more than 8 in 10 millennials (82%) attended or participated in a variety of live experiences in the past year, ranging from parties, concerts, festivals, performing arts and races and themed sports—and more so than other older generations (70%). But millennials can’t get enough. 72% say they would like to increase their spending on experiences rather than physical things in the next year, pointing to a move away from materialism and a growing demand for real-life experiences.
  - Experiences help shape identity & create life-long memories: Nearly 8 in 10 (77%) millennials say some of their best memories are from an event or live experience they attended or participated in. 69% believe attending live events and experiences make them more connected to other people, the community, and the world.
  - FOMO drives millennials’ experiential appetite: Nearly 7 in 10 (69%) millennials experience FOMO – “Fear of Missing Out”. In a world where life experiences are broadcasted across social media, the fear of missing out drives millennials to show up, share and engage.
  - Millennials are driving the growth across all craft beverage categories; wine, craft beer, craft distilled spirits, and hard ciders.
- d. The demand for live experiences is happening across all generational segments. Since 1987, the share of consumer spending on live experiences and events relative to total U.S. consumer spending increased 70%. People want to experience more, and businesses are evolving and entering the market to meet that demand.



- e. Quantitative and Qualitative data will be collected over the full-week leading up to the festival, the two-day festival and post festival. Data will be collected from Eventbrite ticketing software, CRUSHBREW® Festival App, Google Analytics, social media monitoring, on-site survey's, as well as post event survey's and in partnership with the W Scottsdale extending a CRUSHBREW® Festival rate. Our data analysis will include; attendee profile – age, city and state of residence, length of stay, gender, ticket revenue, traffic patterns, survey analysis and input from local restaurants receiving festival overflow, hotel revenue; CRUSHBREW® After Party at the W revenue percentage increase, and Uber statistics.

**III. Include all levels of sponsorships in your proposal including the level you are requesting for the City of Scottsdale.**

- a. CRUSHBREW® Craft Beverage sponsorship packages are customized to meet the needs of each supporting sponsor. The City of Scottsdale will be a Primary Sponsor receiving recognition as the destination in all Festival media support; print, broadcast, social, and digital. The CRUSHBREW® Craft Beverage Festival branding will incorporate the **City of Scottsdale** and the **Scottsdale Waterfront** as the festival destination across all event messaging. This branding will extend to all press and PR generated by CRUSHBREW® Craft Beverage Festival public relations outreach.
- b. The requested \$35,000 from the City of Scottsdale through the New Event Development Funding Program will be used to support the pre-event marketing strategy and media buy. The City of Scottsdale will recognize a return on investment through branding in pre-event media, tourism from festival participants, and an increase in local visitors attending the event in the Downtown Scottsdale area and spending money with Scottsdale businesses.
- c. The CRUSHBREW® Craft Beverage Festival sponsorship lineup includes GoVino LLC, DeskHub, Parsus Solutions, Yelp, Uber, Biliner Water, Deep Eddy Vodka, The W Hotel, Alliance Beverage, Hensley Beverage, Phoenix Magazine.

**IV. Describe how the event will contribute to the Scottsdale CVB branding efforts as well as provide exposure nationally, internationally, and/or outside Maricopa County for Scottsdale's attractiveness as a destination to our target upscale resort visitor.**

- a. **The** CRUSHBREW® Craft Beverage Festival pre and post event PR campaign will target craft beverage lifestyle publications – trade and consumer. In all press the festival and destination will be identified as “CRUSHBREW® Craft Beverage Festival Scottsdale Waterfront”, Downtown Scottsdale, AZ. This consistent linking will brand the Downtown Scottsdale Waterfront in a unique and highly effective manner. The post event imagery will



reinforce Scottsdale’s attractiveness as a destination to upscale resort visitors to expect a vibrant, exciting destination embracing the craft beverage movement.

- b. The CRUSHBREW® Craft Beverage Festival pre-event sponsorship and participant sales outreach has shined the spotlight on the Downtown Scottsdale Waterfront to targeted sponsors across the US, as well as producers involved in the craft beverage movement; vineyards, winemakers, breweries, craft brewers, distilleries, craft distillers, and cideries. This concentrated 9-month outreach has resulted in dozens of introductions and one-on-one conversations about the unique assets found the City of Scottsdale, the Scottsdale Waterfront and the surrounding Downtown Scottsdale area.
- c. The extensive digital and social media campaign will reach consumers and potential visitors across the US and internationally introducing them to the City of Scottsdale, the Scottsdale Waterfront and the surrounding Downtown Scottsdale area.

**V. Describe how the event will stimulate the fundamental decision to travel and visit Scottsdale and generate room nights as well as enhance the length of stay.**

- a. The CRUSHBREW® Craft Beverage Festival has an established partnership the W Scottsdale in the heart of Downtown Scottsdale. The expected length of stay is minimum of 3 nights for out-of-state attendees.
- b. The festival organizers have developed a CRUSHBREW® Craft Beverage Festival package which includes: VIP Tickets for Two to the Festival, a preferred hotel rate at the W Scottsdale, and an exclusive invitation to the “Maker” Celebration at the W Scottsdale following the conclusion of the festival on Saturday evening.
- c. The CBF VIP Package is being marketed extensively through social media, industry trade publications, email campaigns, and craft beverage influencer blogs.
- d. The detailed information package provided to purchasers of the CBF VIP Package will include a list of recommendations for restaurants and establishments in the Downtown Scottsdale area that are “friends” of the CRUSHBREW® Festival.
- e. In addition to the festival attendee room nights generated, employees and staffing from the seventy participating craft beverage brands will be generating multiple room nights for each beverage brand at a minimal of three nights per stay encompassing festival set-up, festival, and festival break-down.





**VI. Outline how evidence of room nights in Scottsdale hotels as a result of the event will be provided.**

- a. Festival tickets sales are being generated through Eventbrite which will provide qualitative data of all out-of-state visitors attending the CRUSHBREW® Craft Beverage Festival.
- b. Festival exhibitors will be surveyed on the number of staff and employees traveling into the Scottsdale market to support their participation in the festival.
- c. Partnership with the W Scottsdale in Old Town; will be tracking usage of the CRUSHBREW® Festival room rate and will provide quantitative data on overall room nights as a result of the festival. The W Scottsdale will be promoted on the CRUSHBREWFestival.com website.
- d. Marketing outreach to additional Scottsdale hotel properties will enable the festival organizers to collect additional qualitative data on room nights as a result of the CRUSHBREW® Craft Beverage Festival.

**VII. Events eligible for consideration should fit one or more of these drivers in order to be considered: Art and Culture, Culinary, Golf, Sports and Recreation, and Western.**

- a. The CRUSHBREW® Craft Beverage Festival falls under the “Art and Culture” and “Culinary” event drivers. The craft beverage movement has been fueling the growth in the culinary industry over the past decade while picking up considerable steam as the millennial generation has begun reaching drinking age. The craft beverage movement crosses beverage categories including small production boutique wineries, craft beers, artisan distilled spirits and hard cider.
- b. The craft movement fastest-growing audience is the millennial consumer. Highly individualized and independent, America’s young adults have both the group-conscience to want to change the world for the better and the self-assuredness to believe they know how to do it.
- c. Craft beverages reflect their particular preference for local, environmentally sustainable products, and while these beverages may cost a little more, they're affordable luxuries that reflect this generation’s idea of sophistication and education. Enough of this generation is happy to pay a bit more to drink something they believe is special to shift the whole market upscale. If that preference becomes a habit, craft will become the main event in alcoholic beverages.



- d. The CRUSHBREW® Craft Beverage Festival is the first consumer festival in the US celebrating the makers and craftspeople behind the movement across all beverage categories; wine, beer, spirits and hard cider. This first to market position will garner national and international attention on the CRUSHBREW® Craft Beverage Festival and the City of Scottsdale.
- e. National and international exposure will facilitate year-over-year growth for the CRUSHBREW® Craft Beverage Festival, generating tourism into the Downtown Scottsdale area from across North America and international visitors.
- VIII. **A detailed, itemized list of what sponsorship benefits the City of Scottsdale will be receiving as part of the sponsorship package. Please include impression values, quantity, distribution methods.**
- a. **Media**
- i. **Broadcast** – CBS Radio is the broadcast media partner for the CRUSHBREW® Craft Beverage Festival. The City of Scottsdale and the Scottsdale Waterfront will be included in all radio spots as THE FESTIVAL destination. This paid and promotional partnership will generate 10,000,000+ impressions.
    - **TOTAL Broadcast Media Impressions: 10,000,000**
  - ii. **Print** – Phoenix Magazine and AZ Wine Lifestyle are supporting print partners for the CRUSHBREW® Craft Beverage Festival. The City of Scottsdale and the Scottsdale Waterfront will be included in all print ads as THE FESTIVAL destination. This paid and promotional partnership will generate – impressions. Additional print media buys will include the New Times, Arizona Republic and small community papers.
    - **TOTAL Print Media Impressions: 1,500,000**
  - iii. **Digital** – Banner ads will be placed across industry related websites. The City of Scottsdale and the Scottsdale Waterfront will be included as THE FESTIVAL destination.
    - **TOTAL Digital Media Impressions: 3,000,000**
  - iv. **Social** – An aggressive social media campaign will begin January 1, 2017, The City of Scottsdale and the Scottsdale Waterfront will be included as THE FESTIVAL destination.





- **TOTAL Social Media Impressions: 5,000,000**

v. **Email Marketing** – a series of promotional emails will begin January 8, 2016 to an opt-in email database of over 50,000 plus boutique wine, craft beer, distilled spirits, and hard cider enthusiasts. The City of Scottsdale and the Scottsdale Waterfront will be included as THE FESTIVAL destination.

- **TOTAL Email Marketing Impressions: 65,000**

vi. **Festival App** – festival attendees are encouraged to download the CRUSHBREW® Festival App replacing the Festival program guide. The City of Scottsdale and the Scottsdale Waterfront will be included as THE FESTIVAL destination.

- **Total App Impressions: 5,000**

vii. **Public Relations** – a public relations outreach campaign began December 1, 2017. The City of Scottsdale and the Scottsdale Waterfront will be included as THE FESTIVAL destination.

- **TOTAL PR impressions: 25,000**

**b. On Site:**

- The City of Scottsdale and the Scottsdale Waterfront will be included in all on-site signage.
- The City of Scottsdale and the Scottsdale CVB will receive a profile page and outbound link on the CRUSHBREW® Festival.com website and festival app.
- The City of Scottsdale and the Scottsdale CVB will be provide a booth on-site at the festival.

**IX. Approved funds are based on a dollar-for-dollar match. For example, if an event is approved to receive \$30,000, the total cost of pre-event marketing expenditures required is \$60,000.**

**Of which pre-event public relations value can be considered up to 50%.**

- The broadcast media buy with CBS Radio is valued at \$50,000.00
- The print media buy with Phoenix Magazine, AZ Wine Lifestyle, the New Times, and local city newspapers is valued at \$32,000.00
- The digital media buy is valued at \$10,000.00
- The social media campaign outreach is valued at \$17,000.00
- The email marketing campaign outreach is valued at \$12,000.00



vi. The PR campaign is valued at \$7,500.00

**X. Provide economic study of impact results of the event and the estimated impact on Scottsdale.**

- a. The vision is to produce a world-class festival attracting craft beverage enthusiasts and participates from across the globe. The potential to establish the City of Scottsdale as an entertainment destination supporting the craft and maker movement offers a significant economic potential beyond the CRUSHBREW® Craft Beverage Festival weekend.
- b. Being the second year of the event, the impact of the CRUSHBREW® Craft Beverage Festival is expected to grow. Over the two-day period in 2016, there were 4,200 attendees including 700 VIP. This year, the Festival is expected to attract 6,000 attendees from around the globe. The event generated approximately 200 room nights for hotels across the valley last year, and the hotel and lodging projections for 2017 are expected to increase to 500 room nights over the two-day festival weekend. Direct and in-direct spending in restaurants, bars, grocery, taxi, and shopping in the Downtown Scottsdale area are an additional source of revenue tax dollars.
- c. The increased exposure and media outreach will shine the spotlight on the City of Scottsdale and the Downtown area with the potential to attract new breweries, wine tasting rooms, and distilleries.
- d. The craft beverage tourism industry is expanding and as individual craft beverage producers in the State of Arizona continue to gain national recognition and news coverage; from the recent sale of Four Peaks Brewery to Anheuser Busch, to winemakers in Arizona's wine industry now receiving Wine Spectator 90-point ratings, to the recent awards Arizona Distilling Company received in the San Francisco Spirits Competition, the spotlight is on the State of Arizona and the CRUSHBREW® Craft Beverage Festival will focus this national attention and recognition directly on the City of Scottsdale.
- e. The festival producers West 54<sup>th</sup> Media will work with the City of Scottsdale and Scottsdale CVB to provide a full economic impact study post-event.



## **2017 CRUSHBREW Craft Beverage Festival Scottsdale Waterfront Review of the Event & Tourism Impact**

### **Situational Analysis**

The CRUSHBREW Craft Beverage Festival will be held Feb. 18-19 in 2017 on the Scottsdale Waterfront – from Southbridge along the Canal to Soleri Bridge.

The Festival is targeting the millennial consumer as part of an event that is a multi-faceted, experiential, destination weekend. It definitely appeals to that generation – over one-third of craft beer is consumed by millennials, and they are 38 per cent more likely to drink the product.

In addition to craft beer providers, CRUSHBREW participants will include boutique wineries, craft distilled spirits and hard cider producers, coming from six states and Italy. In addition to the 80 beverages, festival participants will include local and regional artisan food purveyors as well as local and regional chefs.

Driven by the millennial age group, the demand for live experiences has increased by 70 percent. FOMO – “Fear of Missing Out” – drives the millennials’ experiential appetite. In a world where life experiences are broadcast across social media, FOMO drives millennials to be adventurous. Craft beer is made from a brewery which is small and independent - it’s anything but your typical Budweiser or Coors. Millennials support businesses that have the power to make a difference in their life.

The CRUSHBREW Craft Beverage Festival is requesting \$35,000 in sponsorship from the City of Scottsdale Event Development Funding Program. For that, it will promote Scottsdale as the event’s destination and provide other benefits.

### **Pertinent Questions**

1. Regarding attendance, how many fans are anticipated to be true visitors, or travelling from outside Maricopa County?
2. What’s the projected economic impact and how many room nights will be generated?
3. How will marketing dollars be spent inside and outside of Maricopa County to promote the event?

4. How will Scottsdale be promoted and branded in pre-event marketing and publicity?

### **General Assumptions**

- The City of Scottsdale will be a primary sponsor, receiving recognition in all Festival media support – print, broadcast, social and digital. The CRUSHBREW Craft Beverage event branding will incorporate the City of Scottsdale and Scottsdale Waterfront as the festival destination across all event messaging.
- Because it is a great experiential event, attendees will have the opportunity to try products from the fast developing craft beverage industry.
- Although there are many events that feature craft beers, organizers say that the Scottsdale event is the first consumer festival in the U.S. to celebrate products across all beverage categories – wineries, craft beers, artisan distilled spirits and hard cider.
- The CRUSHBREW Festival falls under the City’s “Culinary” and “Art and Culture” categories.

### **Economic and Media Impact**

The CRUSHBREW Festival has established a partnership with the W Scottsdale. A package has been created that includes VIP tickets for two to the event, a preferred hotel rate at the W Scottsdale, and an exclusive invitation to the “Maker” Celebration at the W following the conclusion of the festival.

However, it is questionable if this event will generate much in the way of economic impact. According to event organizers, there were 4,200 attendees for the inaugural event last year, with only 200 room nights generated for hotels across the Valley.

They expect the event to increase to 6,000 attendees and 500 room nights in 2017. With only a limited amount of promotion and traditional media being placed outside of the metro area, there will probably be modest growth in the number of hotel room stays. And without a developed brand, it is doubtful that people will travel for the event.

On the promotion side, CRUSHBREW has developed an extensive media plan including broadcast, print, digital, and social – the latter being an important category for a millennial event that is embracing “Fear of Missing Out” behavior.

Organizers are making a significant investment with local CBS Radio, which will provide Scottsdale with a heavy dose of exposure via that medium (\$22,500 in cash, \$153,000 in trade). Other local/ regional cash/trade investments will be made with Phoenix New Times, Google Adwords, Facebook, Local Wine Events, and Phoenix Magazine. National buys will be made with

Brewers and Decanter Magazine (\$11,100 in trade in-kind value) and Tasting Panel and Wine Enthusiast (\$5,136 in purchased media).

The Festival also says that banner ads will be placed across industry related websites in the digital category (3 million impressions), and that an aggressive social media campaign will be conducted (5 million impressions). Organizers say that they will also conduct email marketing and public relation campaigns.

## **Summary**

The event is an innovative one, as it will feature all craft beverages, instead of just beer. However, it is mostly a local affair and will do little to promote Scottsdale's overall image and its "product" outside of Maricopa County. Therefore, it also won't increase national or international visibility for Scottsdale as a desirable tourist destination to hotel and resort visitors. Many out of the area visitors who attend the event are probably in town for another reason.

However, organizers have put together a media plan that will generate exposure in the State of Arizona for Scottsdale, especially since the city will be listed as a destination.

Although it lacks television, it is a well-rounded plan that includes print, digital, social, email and especially radio. It also has the potential to generate impressions for Scottsdale in public relations efforts, as it does have news value.

There will be economic impact generated by visitors from other cities in Maricopa County and the rest of the State, who might dine and spend money in other retail establishments before/after the event, thus generating sales tax.

Respectfully submitted,

**Bruce Skinner and Associates**