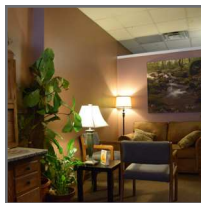


Damascus, Virginia
Economic Restructuring Plan



1.0 Introduction

The purpose of this economic restructuring document is to provide a guide to the strategies and processes that should be undertaken to secure the future well being of Damascus and its businesses. It is a companion to the physical improvement plan completed as part of the downtown revitalization process.

The economic restructuring plan is divided into three sections:

- A **market report** that includes a market definition exercise, demographic study, and market analysis. The market analysis will detail the types and scale of businesses that can be supported in the Damascus market.
- **Business Development** recommendations building off the market research and community input. These recommendations represent strategies for Damascus to pursue business development including business recruitment and retention, branding and marketing, etc.
- All of the recommendations of the plan are then synthesized in the **strategy board**, which provides a work plan for Damascus and its partners to systematically move towards its vision of a vibrant, active, and economically viable community.

2.0 Market Report for Damascus

Understanding the local market through existing economic and demographic conditions provides a solid background from which physical recommendations for downtown can emerge.

This study is an effort to identify market opportunities for Damascus that will further enhance its appeal to a local, regional, and visiting shopper, while also addressing the seasonality of business that is unique to the Damascus community. This report provides baseline data that can be used to recruit business, help existing businesses target customers, target public investment to best yield economic development return, and provide ongoing guidance on implementing a comprehensive marketing strategy.

This retail report is divided into three parts:

- A market definition exercise based on zip code survey work completed by Damascus businesses. It also provides insight into the trade area demographics for Damascus' retail trade area.
- A demographic study of Damascus and its trade areas to provide insight into the community's customer base.
- A retail market analysis that shows the amount of retail sales "leaking" from Damascus' retail trade area. This information is based on the most recent data available and is a reliable source for understanding overall market patterns. This section concludes with some key opportunities for retail that could be used to

both enhance existing businesses and recruit additional businesses to the community.

2.1 Market Definition

To determine the retail trade area for Damascus, a number of local businesses participated in a zip code survey of customers. Unlike other techniques that tend to use arbitrarily picked boundaries for customer trade zones (radial definitions, Reilly’s model), the method used for market definition in Damascus is based on actual customer shopping patterns as determined by zip code tracking. In addition, this zip code survey provides insight into local versus visitor traffic, cross-shopping, and patterns with regard to shop types. Once the trade areas are defined, the demographic study and market analysis can be conducted.

Zip Code Survey

Twenty-three Damascus businesses participated in the zip code survey the week of April 8-14, 2014. Merchants were provided with a form to record customer zip codes and asked to keep the log for all customers during the survey period. In all, 3,134 individual customer visits were recorded during the survey period.


Figure 1: Zip Code Survey for Damascus businesses.

Zip Code Survey of Customers - Damascus, Virginia

Business Name: _____ Dates: _____

Instructions

1. Please record the **residence** zip code for each customer who enters your store. Input visitor zip codes.
2. For the Damascus zip 24236, ask if they live inside or outside town limits.
3. At the end of the week, please write the total number of tallies in the total box to the right.



For more information, contact Aaron Arnett at aaron@arnettmuldrow.com

24236	Damascus	INSIDE	Town Limits	Total

The results of the zip code survey are described below.

- Participating businesses recorded customers from 294 unique American zip codes representing 36 states and 17 countries.
- 41% of customers reported that they lived in the Damascus 24236 zip code.
- The next highest customer visits were from residents of Shady Valley TN 37688 and Laurel Bloomery 37680, with 8% and 6% respectively.
- Residents of Washington County VA accounted for 60% of recorded customer visits, with Johnson County TN next at 19%, Grayson County VA at 5%, and Sullivan County TN at 2%.
- Visitor traffic (from outside of adjacent counties) represented 13% of recorded customer traffic.

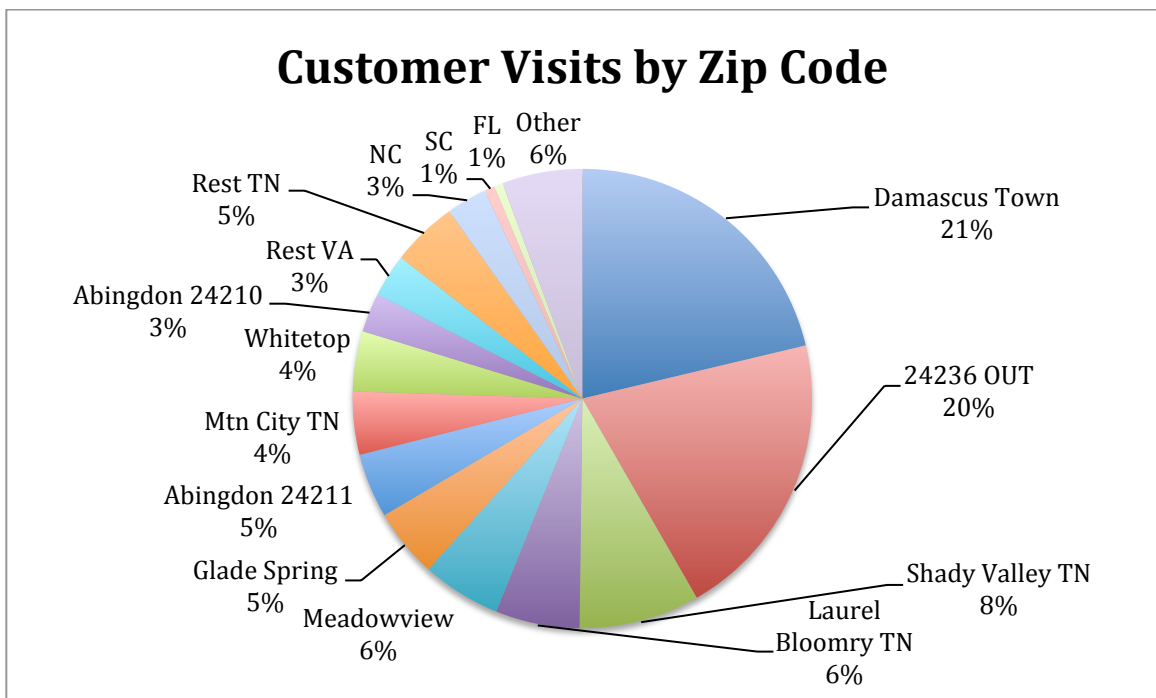


Figure 2: Customer Visits by zip code.

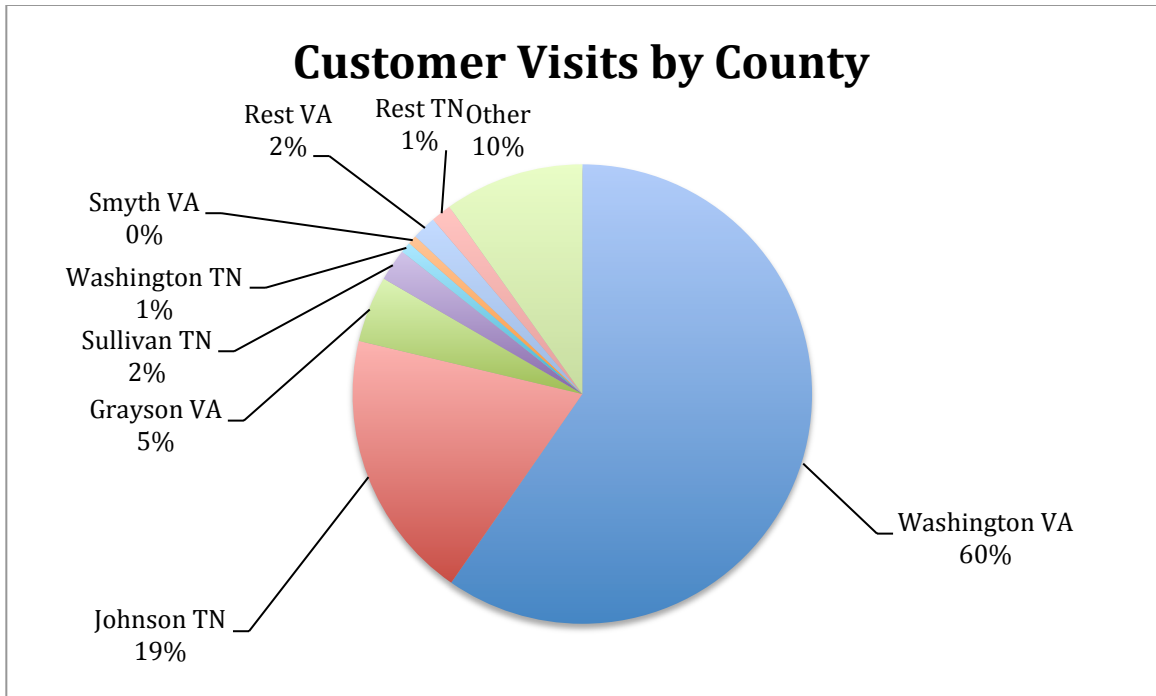


Figure 3: Customer Visits by County.

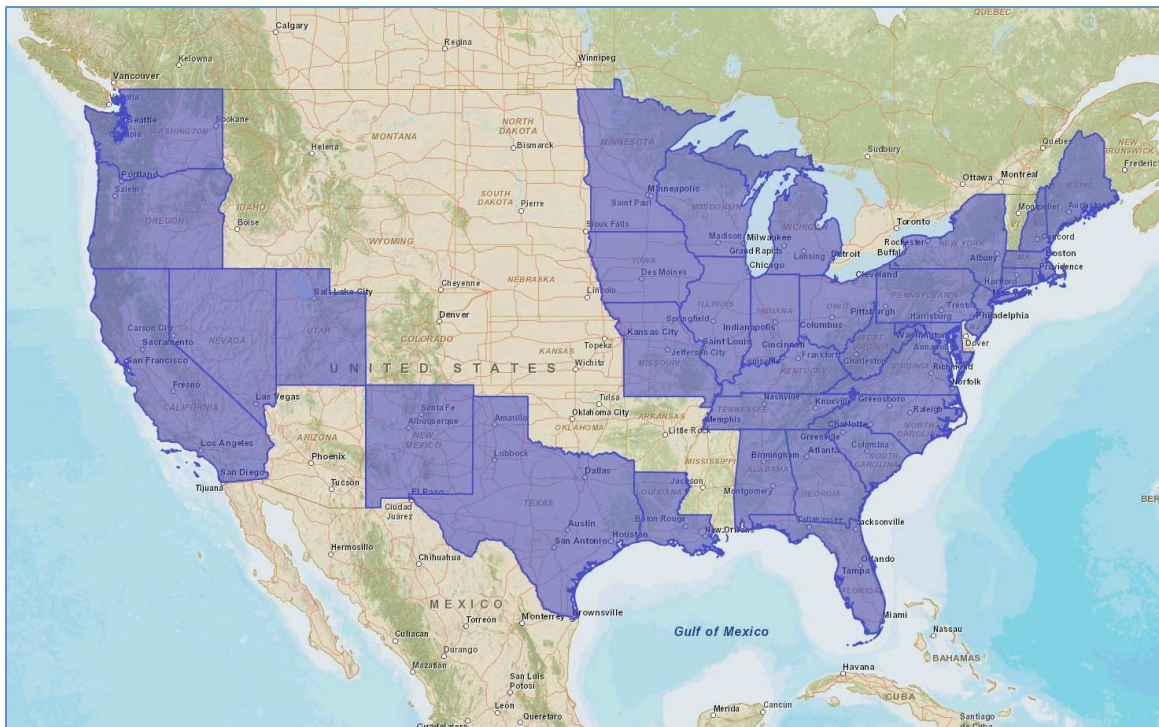


Figure 4: States represented in Damascus zip code survey.

Trade Area Definition

Until this point in the study, customer visits were presented simply as totals from each geographic region. However, zip codes vary by area and total population and cannot be analyzed by total visits alone. For example, there were 133 visits from Whitetop and 174 visits from Meadowview. This may suggest that Damascus has a deeper penetration into Meadowview. However, the total population of Meadowview is nearly 5 times larger than the population of the Whitetop zip. Therefore, there is a deeper penetration into the Whitetop zip (relative to its population) than Meadowview. In other words, market penetration cannot be determined simply by the total number of visits, but by visits in relation to population.

The table below shows customer visits per 1,000 residents for each of the highest representative zip codes.

Zip Code Area	2010 Population	Visits	Visits/1000 Pop
24236 Damascus	3,090	1307	422.98
24292 Whitetop	497	133	267.61
37688 Shady Valley	1,018	266	261.30
37680 Laurel Bloomery	776	186	239.69
24361 Meadowview	5,630	174	30.91
24340 Glade Spring	5,431	152	27.99
24211 Abingdon	10,022	142	14.17
37683 Mountain City	12,863	139	10.81
24378 Troutdale	1,266	8	6.32
24210 Abingdon	17,211	86	5.00
24363 Mouth of Wilson	1,491	5	3.35
24319 Chilhowie	6,739	13	1.93
37620 Bristol	39,147	51	1.30
37640 Butler	3,972	5	1.26
37617 Blountville	13,873	10	0.72
24202 Bristol	12,955	7	0.54
24354 Marion	15,407	6	0.39
27284 Kernersville	51,084	13	0.25
37934 Knoxville	24,103	6	0.25
28602 Hickory	29,384	6	0.20
37601 Johnson City	36,646	7	0.19
37659 Jonesborough	27,543	5	0.18
30033 Decatur	30,281	5	0.17
37604 Johnson City	34,902	5	0.14
37660 Kingsport	40,474	5	0.12
24236 IN Damascus	814	667	819.41
24236 OUT Damascus	2,276	640	281.20

Figure 5: Damascus trade area definition.

ECONOMIC RESTRUCTURING PLAN – DAMASCUS, VIRGINIA

Because the number and type of participating businesses vary from community to community, there is no specific number that determines the primary and secondary trade areas. However, when comparing visits per 1,000 population in relation to the time frame in which the survey was conducted, breaks in the visits per 1,000 will begin to emerge. Whenever these breaks become significant, this determines the differences in trade areas.

By this measure, Damascus' **primary retail trade** area is defined as the following four zip code geographies. These zip codes each had over 239 customer visits per thousand residents and represented **60.4%** of the total visits during the survey.

- Damascus 24236
- Whitetop 24292
- Shady Valley TN 37688
- Laurel Bloomery TN 37680

Four additional zip codes had over 10 visits per thousand residents. These geographies represent Damascus' **secondary trade area** and make up 17% of its market:

- Meadowview 24361
- Glade Spring 24340
- Abingdon 24211
- Mountain City TN 37683

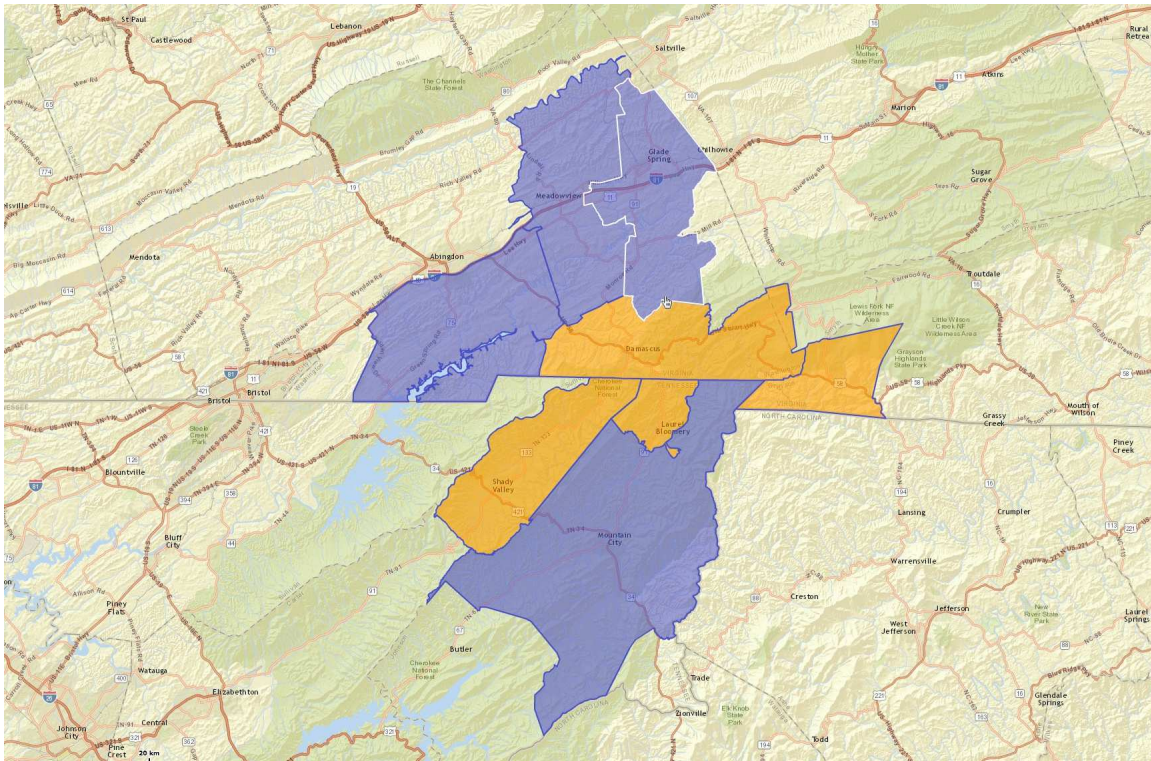


Figure 6: Damascus primary and secondary trade areas.

In the graphic above, Damascus' primary trade area is represented in orange while the secondary trade area is shown in purple.

Market Definition Observations

- While definitely visitor oriented, Damascus’ “bread and butter” market is still local:
 - 21% of customers live in Damascus town limits.
 - 41% live in 24236.
 - 60% Washington County.
- Damascus’ trade areas reach eight zip codes and serve a population base of approximately 39,000 (5,248 in PTA).
- Even with the number of visitors, 87% of customers are from immediate region. Washington (60% and five adjacent counties). Johnson CO TN is next with 19%.
- Abingdon is the primary competitive market.
- Just 13% of customers could be considered “visitors”.
 - This is a number typical of rural communities.
 - If the survey were done at the height of Damascus’ visitor season, the visitor percentage would greatly increase.
 - Overall, the sheer number of states and zips suggest a robust visitor market.
- Town residents are over two and a half times as likely to patronize than the rest of 24236 (based on visits per 1000).
- There is a great deal of visitor browsing where a customer patronizes multiple businesses.

2.2 Market Demographics

Population

Market demographics play a critical role in understanding the potential business growth for Damascus. The primary trade area population in 2014 is estimated to be 5,258, with the secondary trade area being 34,218. This is important because even though Damascus’ population is estimated at just 857 in 2014, the market area it serves is nearly 40,000. As Damascus looks to extend business activity into the winter months, it is this local population that must be catered to.

This is even more important when we look at population change and projections over time. Damascus and its PTA experienced a *decline* in population between 2000 and 2010, and are projected to see a continued slight decline over the next five years. The STA on the other hand shows positive historical population growth as well as future projections. Again, it is this local market area that is very important to Damascus businesses, not simply the people who live within the town limits. In the charts below, the Town of Damascus is shown red, while the PTA and STA are orange and purple respectively.

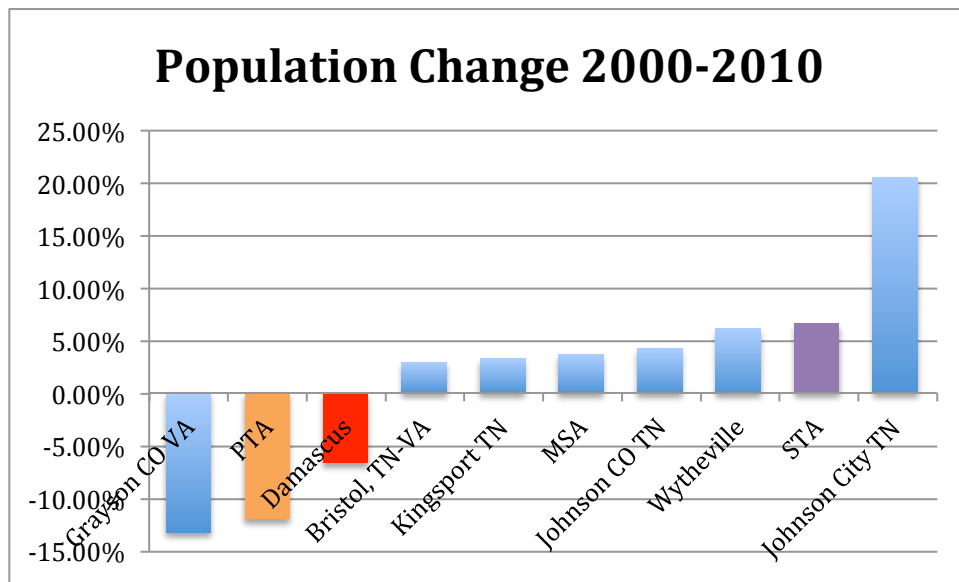


Figure 7: Regional population change 2000-2010. Source: US Census.

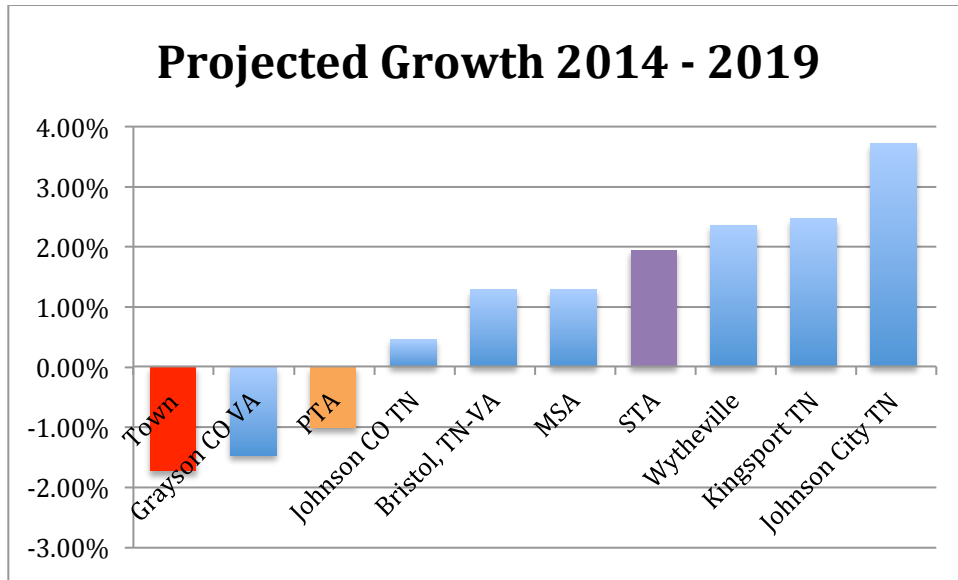


Figure 8: Regional population projections 2014-2019. Source: Claritas Inc.

Income

Median household income in the secondary trade area is estimated at \$42,447 for 2014. This is significantly higher than the estimated figures for the City of Damascus and the Damascus primary trade area. This is an important factor as Damascus tries to expand its offerings to meet the demand of its larger market.

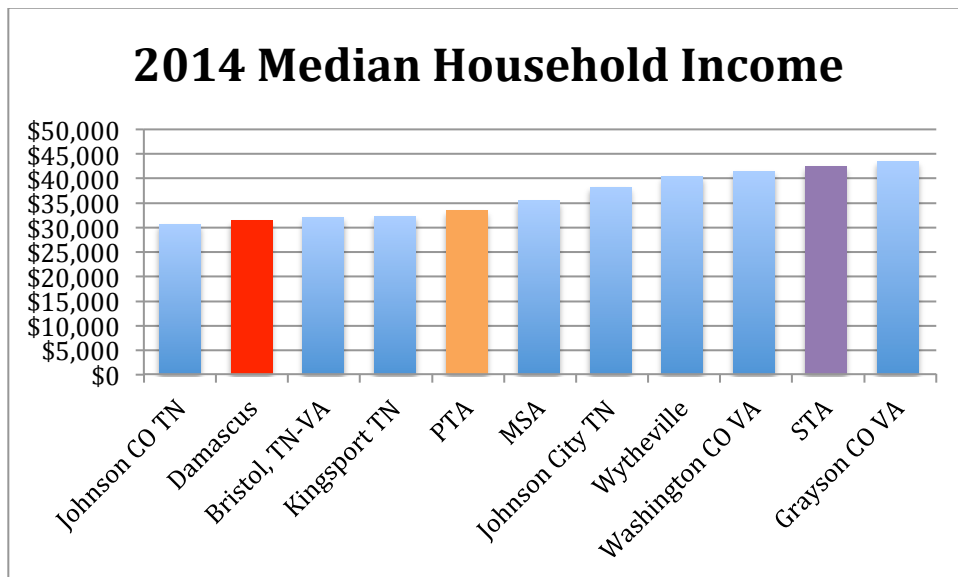


Figure 9: Regional median household income. Source: Claritas Inc.

Market Segmentation

A better understanding of the makeup of Damascus' trade area population can be made by performing a market segmentation study. This analysis breaks down the counts and percentages of social group cluster and will help identify the population based on their demographic groupings including age, gender, income, education, occupation, and ethnic group. Each cluster group will desire specific products.

For this analysis, all data comes from PRIZM NE cluster groups as calculated by Claritas, Inc. The PRIZM cluster groups are centered on four groups of urbanization: Urban, Second Cities, Suburbs, and Town and Rural.

There are 2,350 households in Damascus' primary trade area, all of which are classified as Town and Rural. This urbanization is then broken down into social group and life stage categories as shown in the chart below. (Source: Claritas, Inc.)

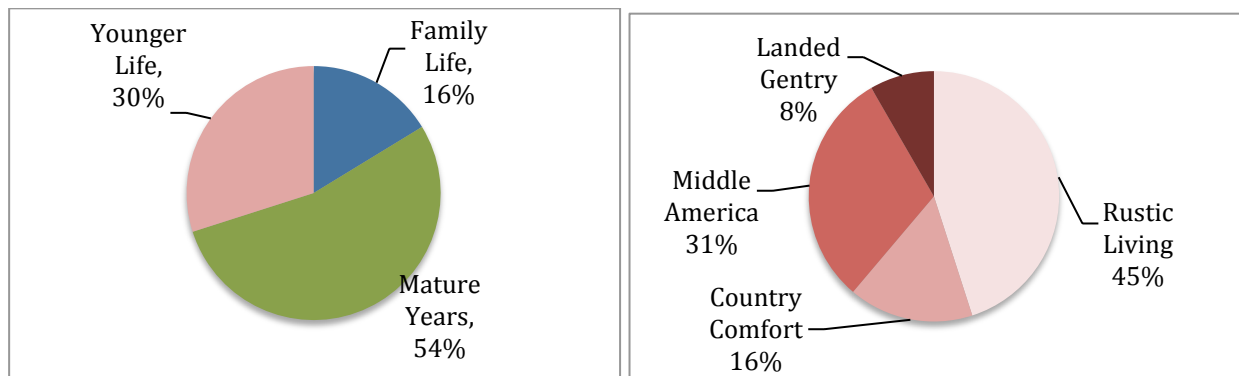


Figure 10: Social Group Segmentation (left) and Life Stage Segmentation (right) for the primary trade area.
Source: Claritas, Inc.

Finally, each of these social and life stage groups can be broken down into detailed subcategories as identified in the chart below. The chart represents a breakdown of all the segments in the overall market base in primary trade area.

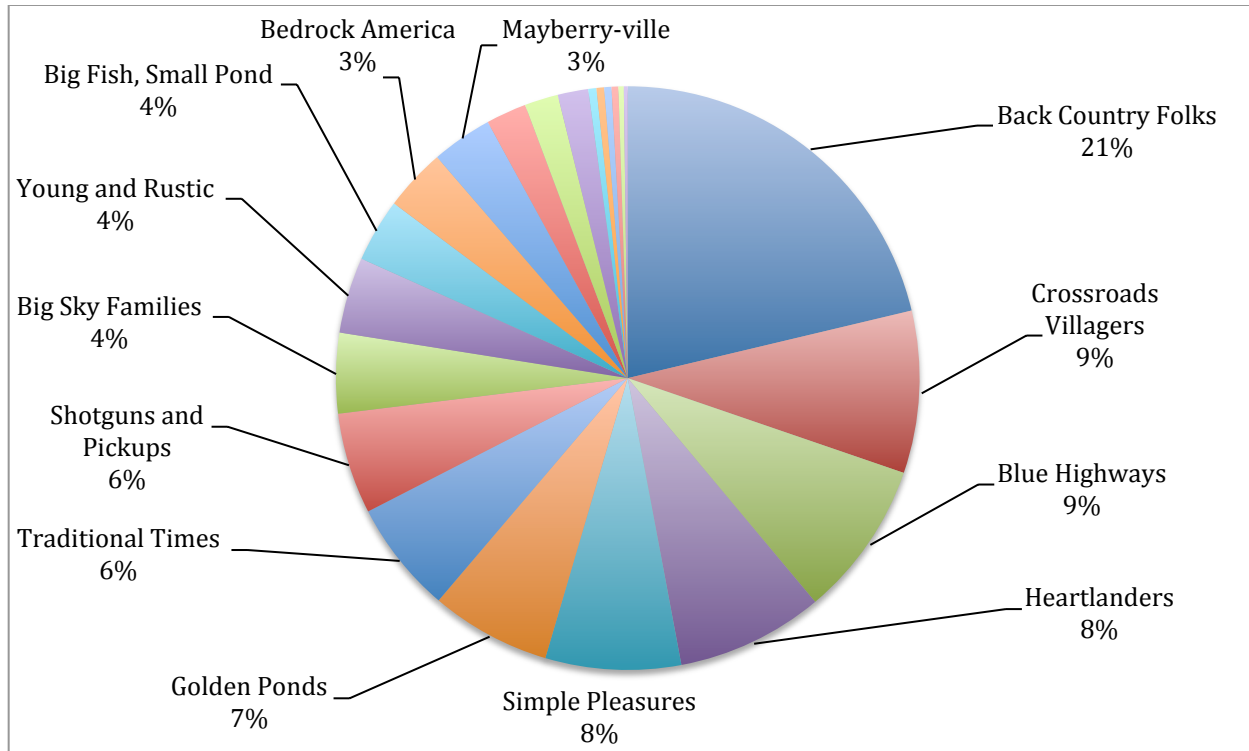


Figure 11: PTA and STA Market Segmentation. Source: Claritas Inc.

Back Country Folks – 21%

58 - Back Country Folks

Downscale Mature Mostly w/o Kids

Strewn among remote farm communities across the nation, Back Country Folks are a long way away from economic paradise. The residents tend to be poor, over 65 years old, and living in older, modest-sized homes and manufactured housing. Typically, life in this segment is a throwback to an earlier era when farming dominated the American landscape.


Social Group: 14 - Rustic Living
Lifestage Group: 11 - Sustaining Seniors

Demographics Traits

- **Urbanicity:** Rural
- **Income:** Downscale
- **Income Producing Assets:** Low
- **Age Ranges:** 65+
- **Presence of Kids:** Mostly w/o Kids
- **Homeownership:** Mostly Owners
- **Employment Levels:** Mostly Retired
- **Education Levels:** High School Grad
- **Ethnic Diversity:** White

Lifestyle & Media Traits

- Shop at Tractor Supply Company
- Own recreational vehicle
- Read VFW Magazine
- Watch Bold & Beautiful
- Chevy Colorado



Crossroads Villagers – 9%

56 - Crossroads Villagers

Downscale Older w/o Kids

With a population of white-collar couples and families, Crossroads Villagers is a classic rural lifestyle. Residents are high school-educated, with downscale incomes and modest housing; one-fifth live in mobile homes. And there's an air of self-reliance in these households as Crossroads Villagers help put food on the table through fishing, gardening, and hunting.



Social Group: 14 - Rustic Living

Lifestage Group: 03 - Striving Singles

Demographics Traits

- **Urbanicity:** Town/Rural
- **Income:** Downscale
- **Income Producing Assets:** Low
- **Age Ranges:** 45-64
- **Presence of Kids:** HH w/o Kids
- **Homeownership:** Homeowners
- **Employment Levels:** WC, Service, Mix
- **Education Levels:** High School Grad
- **Ethnic Diversity:** White, Black, Mix

Lifestyle & Media Traits

- Shop at Rent-A-Center
- Go fresh water fishing
- Read Game & Fish
- Watch The Jerry Springer Show
- Suzuki Equator

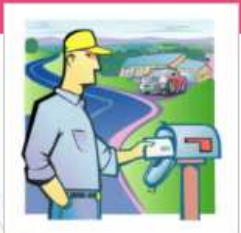


Blue Highways – 9%

45 - Blue Highways

Midscale Older w/o Kids

On maps, Blue Highways are often two-lane roads that wind through remote stretches of the American landscape. Among lifestyles, Blue Highways is the standout for midscale residents who live in isolated towns and farmsteads. Here, Boomer men like to hunt and fish, the women enjoy sewing and crafts, and everyone looks forward to going out to a country music concert.



Social Group: 13 - Middle America

Lifestage Group: 03 - Striving Singles

Demographics Traits

- **Urbanicity:** Rural
- **Income:** Midscale
- **Income Producing Assets:** Below Avg
- **Age Ranges:** 45-64
- **Presence of Kids:** HH w/o Kids
- **Homeownership:** Homeowners
- **Employment Levels:** WC, Service, Mix
- **Education Levels:** High School Grad
- **Ethnic Diversity:** White, Black, Mix

Lifestyle & Media Traits

- Order from drugstore.com
- Do crafting
- Read Bassmaster
- Watch Country Music TV
- Chevrolet Silverado Diesel



Heartlanders – 8%

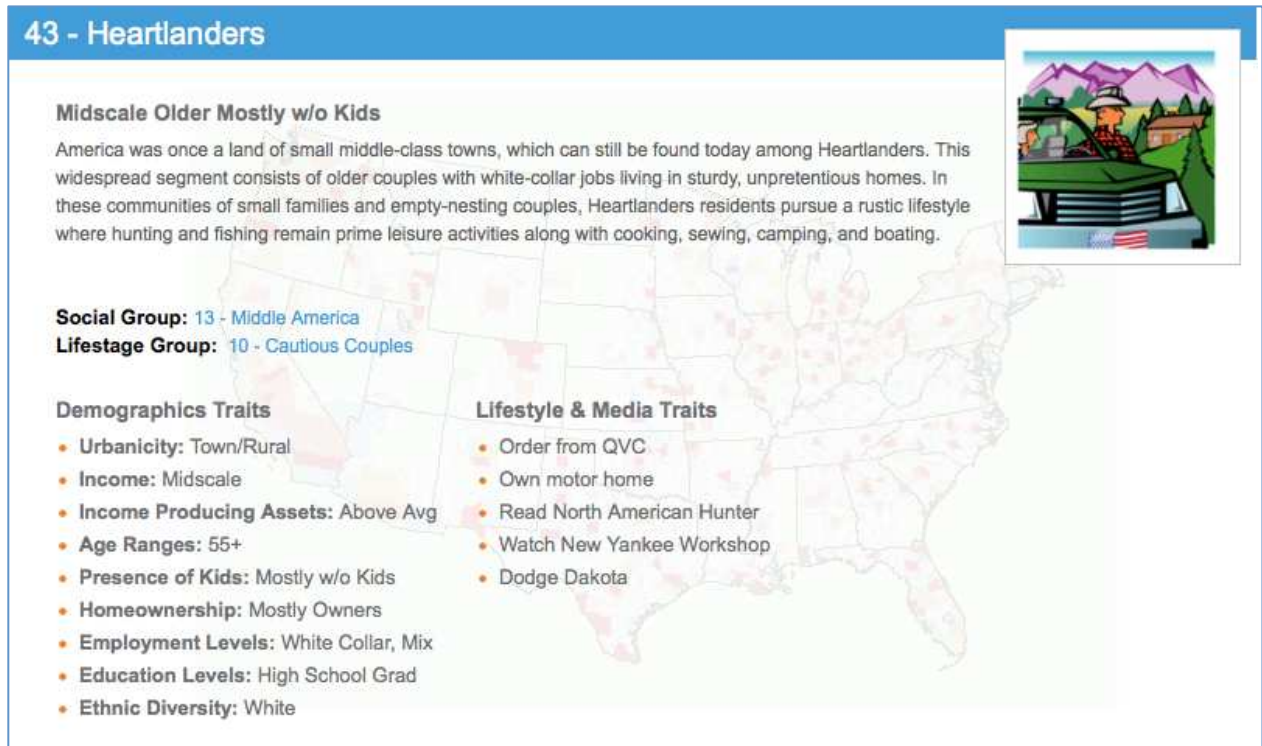


Figure 12: Key Segmentation categories. Source: Claritas Inc.

Demographic Observations

- The region shows generally steady but slow population growth. Washington County’s growth is moderate. Damascus shows decline as typical of rural towns.
- The region is projected to continue slight growth, with Damascus’ secondary trade area seeing positive change.
- Damascus’ primary trade area shows slight population decline over the next five years.
- Segmentation:
 - Life Stage: 54% of Damascus’ market is categorized as mature years. These families are 65+ generally, and are empty nesters or are approaching retirement.
 - Social Group: 61% of Damascus’ market is Rustic Living or Country Comfort. These households generally have middle to lower levels of income.

- Total Segmentation: The top four segments are shown above, representing nearly half of Damascus' market. This shows that Damascus' trade areas are aging, with income levels at downscale to middle-range levels. Damascus should try to market itself to grow new residential segments, including retirees with disposable incomes, as well as younger families with household members involved in creative industries.

2.3 Market Analysis

Damascus is a retail center serving the market defined above. In this section the retail market of this area will be examined to identify potential opportunities for new retail development by examining retail trade patterns. This will allow the community to assess what kind of additional stores might be attracted to Damascus as a whole and more specifically to downtown. This data will also help individual existing businesses understand how they might diversify product lines to be attractive to more customers.

It is important to recognize, however, that pent up retail demand is but one reason why a store might be successful in a setting. There are many reasons why a store may succeed or fail beyond market forces alone. This research should be used as a resource to incorporate into a thorough business plan for store expansions or new store locations. It is also important to note that the figures shown below represent a macro view of the market forces at work in the region.

Having said that, the opportunities presented below represent a conservative look at retail market potential for Damascus for two important reasons. First, these figures examine local customers' trade patterns and not the potential for Damascus to attract more regional customers and visitors from elsewhere which it is already doing very successfully. Second, this information is a "snapshot" in time and does not account for any positive growth in number of households or household spending.

Trade Area Retail Leakage

"Retail leakage" refers to the difference between the retail expenditures by residents living in a particular area and the retail sales produced by the stores located in the same area. If desired products are not available within that area, consumers will travel to other places or use different methods to obtain those products. Consequently, the dollars not spent in local stores in the designated area are said to be "leaking." If a community is a major retail center with a variety of stores it may be "attracting" rather than "leaking" retail sales. Even large communities may see leakage in certain retail categories while some small communities may be attractors in certain categories.

The data presented below come from Claritas, Inc., a national retail marketing service used by town planners, retail and restaurant site planners, and national chains for their market research. Claritas gets its data from a number of sources. Sales expenditures primarily come from the Census for Retail Trade gathered on a county level by the US Census Bureau. Claritas updates the data each year using local trade associations, local sales tax data, wage and employment data, then allocates it block group levels. Overall, the sales data come from the following sources: Census of Retail Trade; Annual Survey of Retail Trade; Claritas Business Facts; Census of Employment and Wages; Sales Tax Reports; and various trade associations.

For the year 2013,

- Stores in Damascus' primary trade area sold \$58 million in merchandise in 2014. Consumers living in the Damascus PTA spent \$82 million in merchandise. Therefore, Damascus' PTA **leaked \$29 million** in sales last year.
- Stores in Damascus' secondary trade area sold \$625 million in merchandise, while residents in the same area spent \$557 million in merchandise. Therefore, STA **gained \$68 million** in sales last year. HOWEVER, virtually all of the gain in the secondary trade area is in a single category – building materials. In fact, the majority of commercial categories show demand.
- Damascus alone gained \$496,000, while Washington County gained \$430 million.

The table below shows the retail patterns for Damascus's retail trade area in each of the retail categories studied for this report. Numbers in red represent areas where Damascus exceeds expectations for retail sales. Numbers in black represent opportunities to meet unmet demand in the local market. Please note that some categories are subsets of larger categories. Also, note that in some cases where Damascus has only one example of a retail category, the sales number may be withheld to protect the market data of one merchant.

ECONOMIC RESTRUCTURING PLAN – DAMASCUS, VIRGINIA

Opportunity Gap - Retail Stores	PTA			STA		
	(Consumer Expenditures)	(Retail Sales)	Leakage (Inflow)	(Consumer Expenditures)	(Retail Sales)	Leakage (Inflow)
Total Retail Sales Incl Eating and Drinking Places	82,551,309	53,342,336	29,208,973	557,952,949	625,981,026	(68,028,077)
Motor Vehicle and Parts Dealers-441	14,217,747	1,030,633	13,187,114	103,074,959	25,480,327	77,594,632
Automotive Dealers-4411	11,139,960	1,003,630	10,136,330	82,292,264	9,153,581	73,138,683
Other Motor Vehicle Dealers-4412	1,840,145	15,398	1,824,747	12,469,389	15,029,928	(2,560,539)
Automotive Parts/Accsrs, Tire Stores-4413	1,237,642	11,605	1,226,037	8,313,306	1,296,818	7,016,488
Furniture and Home Furnishings Stores-442	1,420,506	10,053	1,410,453	10,040,253	2,012,765	8,027,488
Furniture Stores-4421	714,613	0	714,613	5,173,366	1,232,869	3,940,497
Home Furnishing Stores-4422	705,893	10,053	695,840	4,866,887	779,896	4,086,991
Electronics and Appliance Stores-443	1,323,348	1,523	1,321,825	9,777,622	424,155	9,353,467
Appliances, TVs, Electronics Stores-44311	974,362	0	974,362	7,082,143	0	7,082,143
Household Appliances Stores-443111	190,788	0	190,788	1,326,490	0	1,326,490
Radio, Television, Electronics Stores-443112	783,574	0	783,574	5,755,653	0	5,755,653
Computer and Software Stores-44312	326,278	1,523	324,755	2,470,525	424,155	2,046,370
Camera and Photographic Equipment Stores-44313	22,708	0	22,708	224,954	0	224,954
Building Material, Garden Equip Stores -444	8,562,859	1,838,927	6,723,932	57,569,995	367,519,291	(309,949,296)
Building Material and Supply Dealers-4441	7,230,638	878,863	6,351,775	48,773,638	325,522,772	(276,749,134)
Home Centers-44411	2,895,256	130,858	2,764,398	19,584,953	23,670,057	(4,085,104)
Paint and Wallpaper Stores-44412	119,350	0	119,350	817,435	0	817,435
Hardware Stores-44413	730,824	1,140	729,684	4,895,920	1,267,671	3,628,249
Other Building Materials Dealers-44419	3,485,208	746,865	2,738,343	23,475,330	300,585,044	(277,109,714)
Building Materials, Lumberyards-444191	1,334,397	279,503	1,054,894	8,941,895	112,489,392	(103,547,497)
Lawn, Garden Equipment, Supplies Stores-4442	1,332,221	960,064	372,157	8,796,357	41,996,519	(33,200,162)
Outdoor Power Equipment Stores-44421	452,181	453,069	(888)	2,978,880	862,459	2,116,421
Nursery and Garden Centers-44422	880,040	506,995	373,045	5,817,477	41,134,060	(35,316,583)
Food and Beverage Stores-445	11,187,489	11,210,351	(22,862)	70,653,487	65,663,453	4,990,034
Grocery Stores-4451	7,420,299	11,210,351	(3,790,052)	46,215,150	41,008,788	5,206,362
Supermarkets, Grocery (Ex Conv) Stores-44511	6,902,021	11,210,351	(4,308,330)	43,020,966	37,966,593	5,054,373
Convenience Stores-44512	518,278	0	518,278	3,194,184	3,042,195	151,989
Specialty Food Stores-4452	879,626	0	879,626	5,492,518	48,592	5,443,926
Beer, Wine and Liquor Stores-4453	2,887,564	0	2,887,564	18,945,819	24,606,073	(5,660,254)

ECONOMIC RESTRUCTURING PLAN – DAMASCUS, VIRGINIA

Opportunity Gap - Retail Stores	PTA			STA		
	(Consumer Expenditures)	(Retail Sales)	Leakage (Inflow)	(Consumer Expenditures)	(Retail Sales)	Leakage (Inflow)
Health and Personal Care Stores-446	5,785,633	1,306,445	4,479,188	35,422,744	24,486,143	10,936,601
Pharmancies and Drug Stores-44611	4,670,801	1,306,445	3,364,356	28,520,205	19,523,071	8,997,134
Cosmetics, Beauty Supplies, Perfume Stores	420,926	0	420,926	2,556,481	0	2,556,481
Optical Goods Stores-44613	170,701	0	170,701	1,154,258	1,786,717	(632,459)
Other Health and Personal Care Stores-44619	523,205	0	523,205	3,191,800	3,176,355	15,445
Gasoline Stations-447	9,021,146	12,988,251	(3,967,105)	58,390,825	79,606,955	(21,216,130)
Gasoline Stations With Conv Stores-44711	6,692,115	12,315,787	(5,623,672)	42,926,610	43,480,661	(554,051)
Other Gasoline Stations-44719	2,329,031	672,464	1,656,567	15,464,215	36,126,294	(20,662,079)
Clothing and Clothing Accessories Stores-448	2,966,642	320	2,966,322	22,103,468	1,006,432	21,097,036
Clothing Stores-4481	1,652,364	320	1,652,044	12,067,129	616,365	11,450,764
Men's Clothing Stores-44811	83,967	0	83,967	629,398	24,915	604,483
Women's Clothing Stores-44812	391,375	0	391,375	2,894,152	0	2,894,152
Childrens, Infants Clothing Stores-44813	99,203	0	99,203	683,106	0	683,106
Family Clothing Stores-44814	861,078	320	860,758	6,274,162	176,942	6,097,220
Clothing Accessories Stores-44815	69,960	0	69,960	521,655	414,508	107,147
Other Clothing Stores-44819	146,781	0	146,781	1,064,656	0	1,064,656
Shoe Stores-4482	279,357	0	279,357	1,887,838	0	1,887,838
Jewelry, Luggage, Leather Goods Stores-4483	1,034,921	0	1,034,921	8,148,501	390,067	7,758,434
Jewelry Stores-44831	897,893	0	897,893	7,188,229	390,067	6,798,162
Luggage and Leather Goods Stores-44832	137,028	0	137,028	960,272	0	960,272
Sporting Goods, Hobby, Book, Music Stores-451	1,382,698	11,998,188	(10,615,490)	10,360,883	7,779,899	2,580,984
Sportng Goods, Hobby, Musical Inst Stores-4511	1,215,989	11,998,188	(10,782,199)	8,787,387	7,334,693	1,452,694
Sporting Goods Stores-45111	614,580	11,998,065	(11,383,485)	4,534,490	6,657,798	(2,123,308)
Hobby, Toys and Games Stores-45112	357,245	0	357,245	2,508,377	0	2,508,377
Sew/Needlework/Piece Goods Stores-45113	141,840	0	141,840	957,735	676,895	280,840
Musical Instrument and Supplies Stores-45114	102,324	123	102,201	786,785	0	786,785
Book, Periodical and Music Stores-4512	166,709	0	166,709	1,573,496	445,206	1,128,290
Book Stores and News Dealers-45121	142,896	0	142,896	1,388,268	445,206	943,062
Book Stores-451211	121,199	0	121,199	1,232,962	445,206	787,756
News Dealers and Newsstands-451212	21,697	0	21,697	155,306	0	155,306
Prerecorded Tapes, CDs, Record Stores-45122	23,813	0	23,813	185,228	0	185,228

ECONOMIC RESTRUCTURING PLAN – DAMASCUS, VIRGINIA

Opportunity Gap - Retail Stores	PTA			STA		
	(Consumer Expenditures)	(Retail Sales)	Leakage (Inflow)	(Consumer Expenditures)	(Retail Sales)	Leakage (Inflow)
General Merchandise Stores-452	9,768,098	5,493,400	4,274,698	64,513,886	14,845,651	49,668,235
Department Stores Excl Leased Depts-4521	3,855,248	0	3,855,248	26,394,011	6,775,254	19,618,757
Other General Merchandise Stores-4529	5,912,850	5,493,400	419,450	38,119,875	8,070,397	30,049,478
Miscellaneous Store Retailers-453	2,438,621	158,005	2,280,616	16,186,966	5,548,074	10,638,892
Florists-4531	84,442	14,211	70,231	566,380	41,937	524,443
Office Supplies, Stationery, Gift Stores-4532	992,740	0	992,740	7,024,161	969,783	6,054,378
Office Supplies and Stationery Stores-45321	473,401	0	473,401	3,396,085	0	3,396,085
Gift, Novelty and Souvenir Stores-45322	519,339	0	519,339	3,628,076	969,783	2,658,293
Used Merchandise Stores-4533	130,855	8,298	122,557	1,036,030	47,108	988,922
Other Miscellaneous Store Retailers-4539	1,230,584	135,496	1,095,088	7,560,395	4,489,246	3,071,149
Non-Store Retailers-454	6,964,192	0	6,964,192	47,246,482	8,637,176	38,609,306
Foodservice and Drinking Places-722	7,512,330	7,306,240	206,090	52,611,379	22,970,705	29,640,674
Full-Service Restaurants-7221	3,340,686	932,952	2,407,734	23,621,321	8,870,499	14,750,822
Limited-Service Eating Places-7222	3,040,387	5,332,686	(2,292,299)	21,096,090	8,897,203	12,198,887
Special Foodservices-7223	816,871	1,040,602	(223,731)	5,663,237	5,203,003	460,234
Drinking Places -Alcoholic Beverages-7224	314,386	0	314,386	2,230,731	0	2,230,731
GAFO *	17,854,032	17,503,484	350,548	123,820,273	27,038,685	96,781,588
General Merchandise Stores-452	9,768,098	5,493,400	4,274,698	64,513,886	14,845,651	49,668,235
Clothing and Clothing Accessories Stores-448	2,966,642	320	2,966,322	22,103,468	1,006,432	21,097,036
Furniture and Home Furnishings Stores-442	1,420,506	10,053	1,410,453	10,040,253	2,012,765	8,027,488
Electronics and Appliance Stores-443	1,323,348	1,523	1,321,825	9,777,622	424,155	9,353,467
Sporting Goods, Hobby, Book, Music Stores-451	1,382,698	11,998,188	(10,615,490)	10,360,883	7,779,899	2,580,984
Office Supplies, Stationery, Gift Stores-4532	992,740	0	992,740	7,024,161	969,783	6,054,378

Figure 13: Primary and Secondary Trade Area retail leakage. Source: Claritas Inc.

Space Demand Analysis

While there is a certain amount of leakage in specific categories, Damascus cannot reasonably expect to recapture 100% of the sales leaking from its trade areas. Consumers will continue to travel to the Tri-Cities or shop online for certain goods and services. Therefore, we must use a potential capture scenario that illustrates the potential for additional retail should some of the lost revenues be captured in the categories where retail leakage exists.

Through strategic recruitment, economic development and marketing, a community can reasonably expect to recapture a certain amount of sales that are leaking out of the area. Typically, a community could capture 20% of leakage from the primary trade area (one in every five dollars) and 10% of the leakage from the secondary trade area (one in every ten dollars).

The table on the following page illustrates the new or expanded retail space that could be supported in Damascus by capturing some of the leaking sales. The table also shows supportable retail space by square footage for individual retail categories. The sales per square foot for retail store types have been obtained from *Dollars and Cents of Shopping Centers*, published by ULI.

ECONOMIC RESTRUCTURING PLAN – DAMASCUS, VIRGINIA

Retail Stores	20% of PTA Outflow	10% of STA Outflow	Potential Capture	Sales per Square Foot	Calculated Capture
Selected Retail Categories Below	1,696,423	-12,942,974			109,360
Furniture Stores	142,923	394,050	536,972	141.84	3,786
Home Furnishing Stores	139,168	408,699	547,867	167.75	3,266
Household Appliances Stores	38,158	132,649	170,807	245.44	696
Radio, Television, Electronics Stores	156,715	575,565	732,280	207.17	3,535
Computer and Software Stores	64,951	204,637	269,588	207.17	1,301
Camera and Photographic Equipment Stores	4,542	22,495	27,037	542.63	50
Building Material and Supply Dealers	1,270,355	-27,674,913		142.38	0
Hardware Stores	145,937	362,825	508,762	121.08	4,202
Grocery Stores	-758,010	520,636		371.79	0
Health and Personal Care Stores	895,838	1,093,660	1,989,498	247.29	8,045
Clothing and Clothing Accessories Stores	330,409	1,145,076	1,475,485	164.60	8,964
Women's Accessory & Specialty	78,275	289,415	367,690	164.60	2,234
Shoe Stores	55,871	188,784	244,655	158.81	1,541
Jewelry Stores	179,579	679,816	859,395	263.92	3,256
Luggage and Leather Goods Stores	27,406	96,027	123,433	198.82	621
Sporting Goods Stores	-2,276,697	-212,331		153.46	0
Hobby, Toys and Games Stores	71,449	250,838	322,287	146.28	2,203
Sew/Needlework/Piece Goods Stores	28,368	28,084	56,452	74.91	754
Book Stores	24,240	78,776	103,015	161.16	639
General Merchandise Stores	854,940	4,966,824	5,821,763	133.90	43,478
Florists	14,046	52,444	66,491	149.82	444
Gift, Novelty and Souvenir Stores	103,868	265,829	369,697	168.55	2,193
Foodservice and Drinking Places	41,218	2,964,067	3,005,285	201.63	14,905
Drinking Places -Alcoholic Beverages	62,877	223,073	285,950	88.07	3,247

Figure 14: 20/10 Retail capture scenario. Source: Arnett Muldrow, Claritas Inc.

Market Analysis Conclusions

- Damascus lies at the edge of an extremely competitive market.
 - Damascus town = \$13 million sales
 - PTA = \$53 million
 - Washington CO = \$1.6 BILLION
- As strong as Damascus' visitor market is, it struggles to sustain year-round success.
- It is therefore critical that Damascus businesses look to provide needed goods and services for its local trade areas, and even the larger region. Businesses cannot simply survive on visitor trade alone.
- Even though Damascus' trade areas are gaining overall, there is still demand for up to 109,360 square feet within the trade areas, much of which could potentially be supported in Damascus. This is a great deal of demand considering Damascus likely doesn't have that much space overall.
- Key opportunities include:
 - **Restaurants**
 - PTA leaks \$200k and STA leaked over \$29 million.
 - There is demand for up to 14,000 square feet new restaurant space. The demand is split between "full service" and "limited" restaurants, with the PTA having more demand for full-service.
 - Typical independent restaurant can run between 2,000 – 5,000 sf.
 - **General Merchandising**
 - There is up to 43,000 sf of demand for this category.
 - As a frame of reference, a typical Wal-Mart is about 250,000 square feet, nearly five times this demand.
 - However, a smaller product, such as an independent general store like Mast General could fill a portion of this need.
 - **Health & Personal Care**
 - There is a demand for up to 8,000 square feet in this category.
 - A typical standalone drug store like CVS is often 11,000 sf and higher.
 - Damascus could potentially support one of these stores, or perhaps an expansion of the existing drug store located in town.
 - **Clothing**
 - There is up to 9,000 sf of demand.
 - This potential could possibly be met with recreation- based clothing establishment catering to the outdoor enthusiast.
 - This could include the expansion of an existing store.
 - **Furniture & Home Furnishings**
 - There is up to 7,000 square feet of space demand.
 - This demand coupled with the leakage in used merchandising, suggest potential for a furniture/home furnishings establishment that may cater to antiques or estate furniture.

- **Hardware**
 - With demand for about 4,000 square feet, a hardware store could be successful in Damascus.
 - It may also be more of a general store and meet demand for general merchandising as well.
 - A small, independent general store with hardware would fit well within the character and identity of Damascus and could draw customers from throughout the trade areas.
- **Other categories showing potential**
 - Electronics
 - Jewelry
 - Hardware
 - Gifts

3.0 Economic Restructuring Recommendations

These economic restructuring recommendations are focused on business growth and development, building off of the market research presented above as well as the ongoing public input. Overall, they are intended to provide a framework for Damascus and its partners to create a growing and prosperous environment for its businesses, while providing an active environment in downtown for its citizens and visitors.

The actions below are based on four core strategic areas that have been identified through community engagement and market research.

- **Business Development**
- **Reaching New Markets**
- **Branding & Marketing Strategy**
- **Partnerships**

3.1 Business Development

Goal: Damascus will focus on the needs of its local market through basic recruitment activities, improving the downtown business environment, and recruiting asset-based businesses.

First Steps – 2015-2016

- ***Create Damascus Ambassadors to promote expansion opportunities in Damascus:*** Damascus has actually seen other communities come to its town to seek interest in investing in their home communities. The Town, perhaps through its management team, should create an informal ambassador program where community leaders are armed with talking points, market research, and promotional material. These leaders should always be at the ready whenever they are engaging partner organizations, or simply within another community, to share this information with partners and potential investors. More formalized engagement could also be planned through these ambassadors. For example, based on the market data mentioned above, Damascus may see a potential target in an operation like Mast General Store. If so, it could create a recruitment package, and approach the owners of Mast General in their Valle Crucis home office to promote Damascus.
- ***Recruit commercial businesses based on quantified potential identified in market analysis:*** This market analysis identifies a number of retail and business needs based on current trade patterns. Focusing recruitment on these local needs is critical to creating a year round market for Damascus. Within the trade areas, there is demand for at least 109,000 square feet of new space, much of which could be captured in Damascus. Key opportunities include:

- Restaurants – demand for at least two to four, full-service restaurants. Damascus has seen a couple of restaurants close recently, but demand shows there is support, simply within the local market.
- General Merchandising/Hardware – Damascus has a downtown Dollar General, but there is demand for additional general merchandising in town. Perhaps an independent operation like Mast General (Boone, Valle Crucis, NC) or even a small town hardware store that provides general sales could be targeted.
- Clothing – There is significant demand for clothing stores, and perhaps new or existing businesses could expand their offerings with a focus on recreation-based or outdoor technical offerings.
- Specialty shopping – There is various demand for jewelry, gifts, electronics, shoes, hobby & toy, and even used merchandise (antiques). There is localized demand for each of these, and all complement a visitor environment.
- ***Make market research readily available to all existing and potential businesses:*** The market analysis provides data that should be actively distributed to all interested parties including businesses, realtors and economic development agencies. Damascus has a complex market with a robust visitor market and season, coupled with a small population that creates demand in the off-season. This data should be part of any new business plan and business owners should understand the true needs in the local market.
- ***Coordinate with VA Highlands SBDC to program business support services & training:*** Understanding the complexities of Damascus' visitor and local market, it is critical that local businesses take advantage of area support services that exist. Virginia Highlands Small Business Development Center provides training for business planning, networking, financial planning, marketing, and mentoring. Most businesses simply don't know these services exist, or the services aren't tailored to the specific needs of the local business owners. Damascus can serve as the conduit between the business and small business support systems to promote and design training programs.

Next Steps – 2016-2018

- ***Asset-based recruitment: Diversify offerings targeting outdoor businesses not currently represented such as fishing supplies, canoeing & kayaking:*** Damascus has a great deal of bike shuttle operations and outfitters that cater to cyclists and hikers. However, there are a number of other outdoor activities within the immediate region that are not represented in the retail or service offerings. Damascus should look to recruit additional investment (or encourage existing

operations to expand) that supports fishing, canoeing and kayaking. This could include fishing and watercraft guide services.

- **Asset-based recruitment: Recruit creative people and businesses to complement Trails Artware, Briar Patch, microbrewery, etc.:** Similarly, Damascus and the region have a natural environment and quality of life that draw creative minds to live and practice their craft in the area. There are a number of artists, artisans and creative businesses already in Damascus and beyond, and the Town should look to expand its creative economy. Unlike a traditional business recruitment pitch, the town should promote the town as a residential destination, as well as its access to Heartwood, Round the Mountain, and the larger creative network. The Damascus ambassadors mentioned above can approach desired businesses in other communities, or simply promote the town to those within the larger region that may need a physical location to promote and sell their work.
- **Asset-based business: Create partnership among area artists and artisans and designate downtown location for regional gallery.** One way of accomplishing this would be to create a cooperative gallery location in downtown Damascus that is used as a retail location for area artists and artisans. This could be a satellite of Heartwood or Round the Mountain, and could potentially be attached to a future trails center. Or, it could be a private cooperative space owned by the artists represented, similar to the Woolworth Walk or the Ariel Gallery, both in downtown Asheville. Damascus should engage area craft and art partners to gauge the potential and interest for such an operation.
- **Conduct zip-code survey on quarterly basis to better understand year-round market:** The zip-code survey was conducted in April, which is the beginning of the ramp-up to the visitor season. The exercise provided an understanding of the local and regional trade areas (which will not change during the course of the year) and a snapshot of the visitor market. The town should simply conduct the survey again at various points of the year – Summertime at the height of visitor traffic, Fall when colors are changing, and Winter when only local and regional customers are likely. It could even conduct the survey during key events like Trail Days.

Final Steps – 2019-2024

- **Create incentives for new and existing businesses:** Damascus has limited resources from which to build incentives, but there are a number of potential enticements that could be created over time, particularly as Damascus' tax base grows. These incentives could be small in scale (\$500 and up) and could include business license abatement, meals tax abatement, marketing assistance. Any incentive should be tied to desired, needed businesses with active business plans.
- **Update market analysis and refocus recruitment strategies:** Over time, market opportunities within Damascus will change, particularly as the Town focuses on economic development and business recruitment outlined in this plan. It is therefore

recommended that the community update the market research every five years, and revisit the recommendations in this plan based on those new findings.

3.2 Reaching New Markets

Goal: Damascus will focus on extending its season by recruiting businesses to support the local market, marketing to the larger region, and building off-season activities.

First Steps – 2015-2016

- ***Recruit business to support demand within a 30-mile rural radius from Damascus to Tri-Cities:*** Damascus has just under 900 people that live in town, but its geographic market, according to the zip code survey, serves a population of over 39,000 people. This is critically important as Damascus tries to extend its off-season business. There are opportunities for asset-based recruitment as mentioned above, but this should not be done in absence of shoring up the local market. The market demand analysis in this report details the need within the primary and secondary trade areas, but Damascus should also look for consumer needs within the 30-mile rural area surrounding downtown.
- ***Create social media strategy using Facebook, Twitter, and Instagram that targets this same regional geography:*** One of the most effective ways of reaching the consumer base in these local regions is through social media. Damascus does an excellent job of getting information out through the town website, and residents of the community seem to be appropriately informed. However, there is no active Facebook, Twitter or Instagram accounts promoting the town. Giving residents a way to be informed that also connects to their own networks is incredibly effective marketing. The town should not only post about town activities, but also promote businesses and community events.
- ***Recruit new restaurants that provide year-round offerings:*** Consumers will travel to a good restaurant, even if it is located in a rural area. A good restaurant is not constrained by limited population or being in a rural area. Not to mention, Damascus serves a population of over 39,000 in its local trade areas, and exists within the Tri-Cities MSA which is over 300,000 people. Damascus should recruit one to two restaurants that cater not only to trail users and outdoor adventurers, but that are committed to providing for regional diners, even in off season. One way to accomplish this is by approaching a successful regional restaurant, and gauge its interest in expanding into Damascus.
- ***Recruit businesses and activities that support Damascus resident's lifestyle.*** The majority of Damascus residents have chosen to live here. Some have been born and raised in the region, while others came from far away. All have been drawn to Damascus because of its safe and friendly environment, passive and active outdoor opportunities, and overall slower pace of life. These residents have similar values and passions, and Damascus should look to provide activities and business that cater to their needs. Many residents mentioned businesses such as health food

stores, organic restaurants, downtown farmers market, events for children, and activities for seniors as being desired.

Next Steps – 2016-2018

- **Partner with regional schools to provide environmental and outdoor recreation interpretation to area youth:** Damascus can follow other communities that have worked with the local school system to get the community more actively engaged in the town, its businesses and activities. In Damascus' case, it can be with environmental and outdoor recreation interpretation. It could be programmed nature hikes, cycling education, river ecology classes, etc. Towns like St Paul have award winning environmental educational programming as an example.
- **Place branded marketing materials in Abingdon hotels, restaurants, and Visitor Center:** Marketing to the larger region and an expanded tourism base can be as simple as just providing Damascus marketing materials in Abingdon hotels and restaurants, as well as the Virginia Welcome Center in Bristol. Let Abingdon and Virginia Tourism do the heavy lifting with tourism marketing, and find ways to capitalize on that tourist once they are in the region.
- **Plan events that target regional users such as bike race, triathlon, fishing tournaments:** Unlike the annual Trail Days event that brings in thousands to the community and takes a year or more to plan, Damascus should look for opportunities to create smaller, easier to plan events that are tailored to users that live in the region. These events should be planned during slower times of the year or perhaps during the week in the height of the visitor season and can include bike races, a triathlon, fishing tourneys, etc.



- ***Create regular events in downtown Damascus geared towards the greater Damascus population:*** Similarly, simple recurring events such as Thursday night music, Saturday morning farmers and crafts market, or Friday evening movies have been incredibly successful in other communities in connecting to local residents and bringing activities to downtown businesses. The events could occur at the Town Park, or perhaps in improved public spaces identified in the master plan.
- ***Work with regional real estate professionals to promote Damascus as place to live.*** Damascus businesses cannot survive on visitors alone. Similarly, the downtown itself cannot be vibrant if it is populated primarily by businesses that choose to be closed for four months each year. Not to mention the fact that the town has lost population over the past 15 years, with continued decline over the next 5 years. The town simply must grow its residential base in order for its non-visitor businesses to be successful. The town should create a list of regional (Tri-Cities, Abingdon) realtors and provide market information and advertising materials, or simply inform them of residential opportunities in Town. An annual meeting with the Southwest Virginia Association of Realtors should be coordinated in Damascus each year, and all realtors should have relocation packages provided by the town with information on town real estate, schools, businesses, activities and events.

Final Steps – 2019-2024

- ***Place Billboards in Tri-cities, along I-81 promoting town as destination for outdoor enthusiast:*** Similar to the previous recommendations, the Abingdon CVB and VA Tourism are bringing people to the region. Damascus can capitalize on this by marketing itself once they are here. Billboards on I-81 and in the Tri-Cities can be extremely effective in marketing Damascus as a destination, but more importantly reintroducing Damascus to regional residents.
- ***Develop improved access to the River:*** The physical master plan addresses this, but by creating river access (both passive and active) will expand off-trail opportunities for residents and even open up potential for other recreation-based businesses.
- ***Develop and promote active, full season, single-track mountain biking trails.*** Similarly, developing mountain bike trails and sanctioned mountain bike events will provide additional opportunities for the regional outdoors enthusiast to come to Damascus.
- ***Determine feasibility of off-season activity such as synthetic or temporary ice-rink.*** Other communities like Greenville, SC have created temporary ice-rinks in their downtowns to help bring off-season activity to their local businesses. Others have used synthetic ice rinks as an alternative. Each of these has associated costs

with infrastructure and maintenance, and the town should conduct feasibility exercise to determine their costs and potential impact.



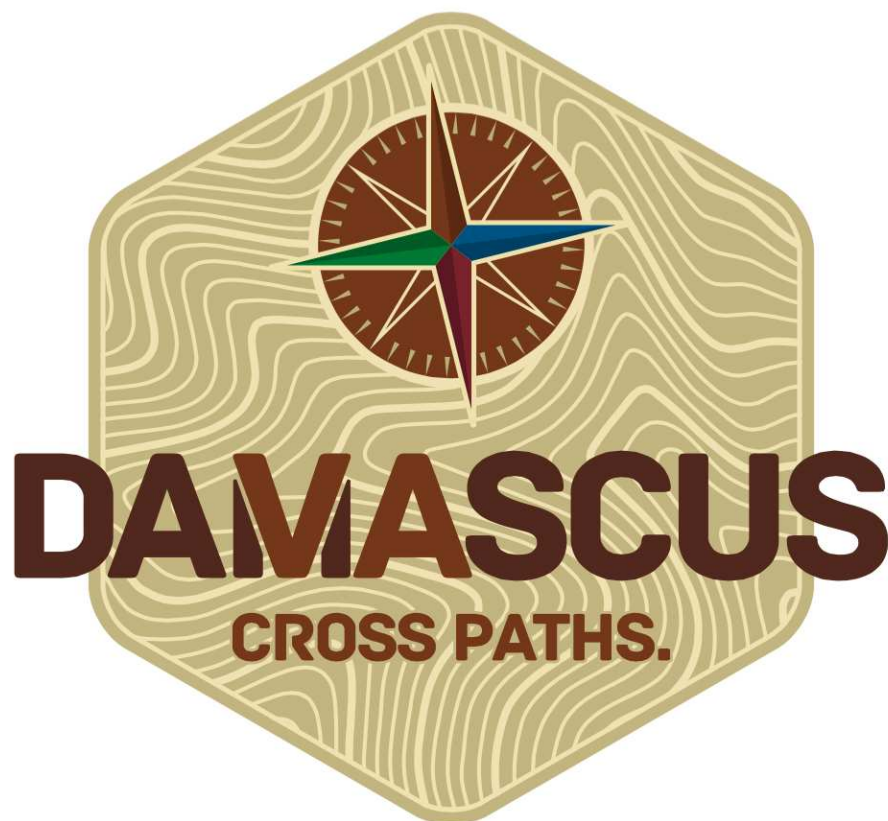
- **Create branded gateway signage.** As a long-term goal due to expense, Damascus should create new gateway signs at key entries to town, utilizing the new brand identity.
- **Develop Town Green and Amphitheater.** According to the physical improvement plan, develop the town green and amphitheater to create a venue for both local and regional events.

3.3 Branding & Marketing Strategy

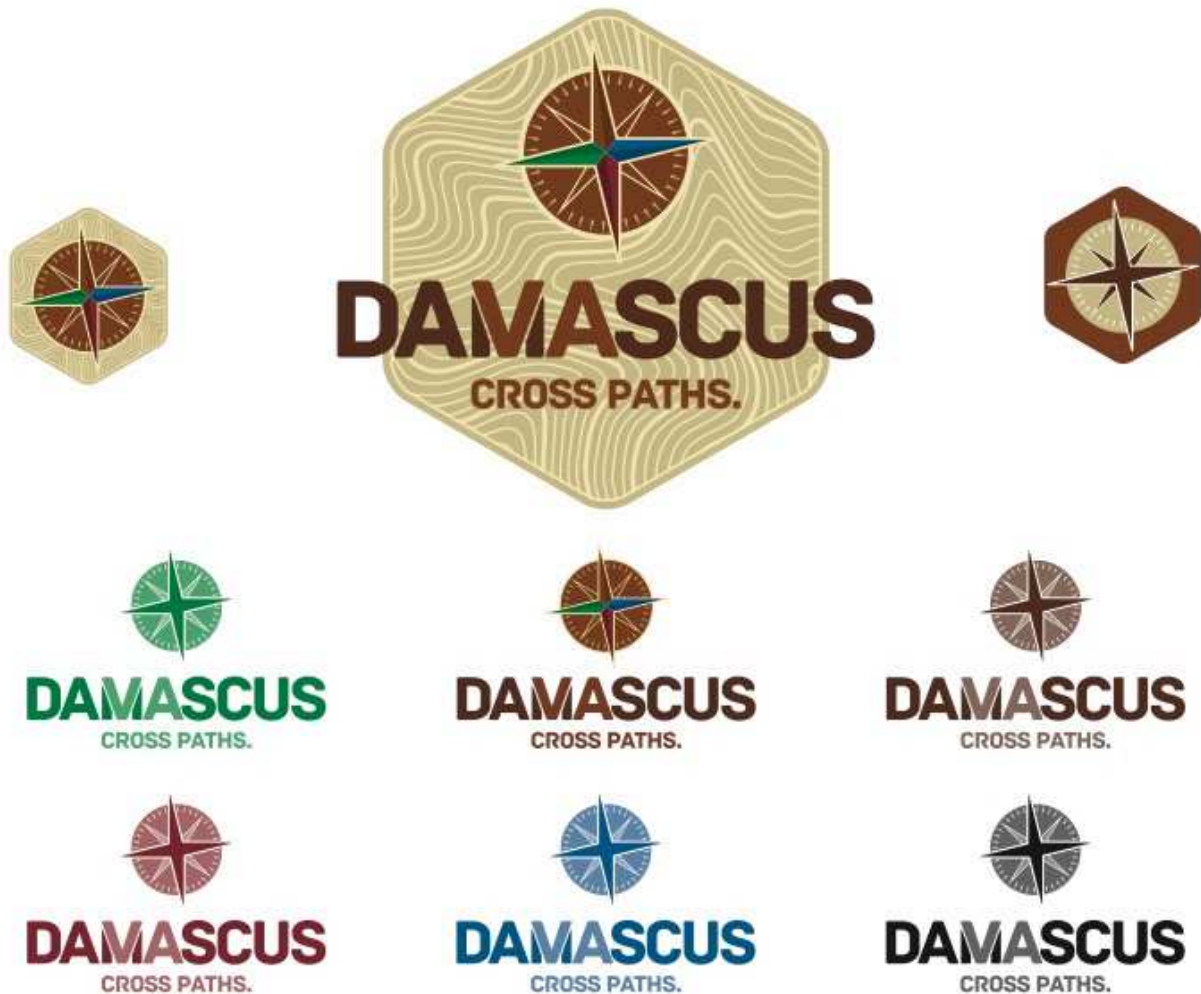
Goal: Damascus will create a “brand identity” focusing on targeting the outdoor enthusiast, whether that is a visitor coming for the trails, or a new resident looking for an active community to live.

First Steps – 2015-2016

- ***Adopt a unified brand system as a cornerstone of a seamless marketing strategy to recruit customers and new investment:*** A community brand is a consistent and connected system that a community uses to communicate and promote itself to its various target markets, whether that be visitors needing to know what recreational activity exists, or a prospective investor. A comprehensive marketing brand contains several elements:
 - Color Palette
 - Typeface
 - Graphic Icon
 - Market Position
 - Brand Extension
 - Marketing Collateral



- **Style** – The overall composition is based on a bold design to act as an emblem that can incorporate many of the area’s amenities. The topographical texture is the actual topography of the Mount Rogers area and even mimics a wood texture.
- **Icon** – The compass rose is offset at 7° to represent the seven trails that pass through Damascus.
- **Color** – The color palette was taken directly from the natural surroundings and brick from the downtown area.
- **Font** - The font is a bold font to establish the exhilarating adventures found in Damascus. It has been modified to create a stenciled look with the VA for Virginia embedded in Damascus. The secondary font is a slightly textured cursive for a softer contrast to the main typeface.



- ***Market position should focus on broadening Damascus' identity as a destination for the outdoor enthusiast.*** As the confluence of seven different nationally known trail systems, Damascus is known as Trail Town USA. It has marketed itself as this, and even has the tagline on a downtown mural to be seen by any visitor or resident. This identity and tagline are important and should continue to be used, but the community should look to broaden that identity to other outdoor activities and perhaps even the quality of life that draws people to live in the community.

The messaging should also promote Damascus' as a laid-back community with excellent quality of life, a place to reconnect to nature, where you choose your own pace. The adopted brand statement should be:

We are Damascus, Virginia

Damascus is known best as Trail Town USA, where seven nationally known trails intersect within our borders, but we are so much more! We are a place of stunning natural beauty, where the hills of the Appalachians and the murmuring of our creeks inspire you, whether your calling is outdoor adventure, or simply living in an authentic small town.

We cherish the Damascus lifestyle that this affords us.

.... it's the sounds of families enjoying the Creeper Trail,

.... it's the creativity found in our downtown artisans,

.... it's the sights of thousands of hikers celebrating the AT at our annual Trail Days.

.... It's the conversation at the downtown coffee shop.

.... It's the smell of the burger cooking on the grill at the local diner.

.... It's the taste of the signature beer at our microbrewery,

.... it's sitting on the porch listening to the bustling dam

The Damascus lifestyle is adventurous and creative, yet laid-back and well-paced. It's a place where you can be super-active, or where you reconnect to nature, rejuvenate, and find your inner peace. Most importantly, it's a place where you can choose your own path.

We cherish this lifestyle, and know you will too.

- **Extend brand imagery to existing events, Town government, DBG, etc.:** Graphic elements of the adopted brand (color, fonts, iconography) should be used to create new graphics and logos for the Town of Damascus and the Damascus Business Group among others. In creating an effective brand message, it is important that the different graphics in the community be consistent and connected.



- **Apply brand to existing website, brochures, mural program, etc.:** The Town of Damascus currently publishes a community brochure and has an active website. One of the first marketing actions should simply be to incorporate the new consistent brand identity to these existing resources. The website can be done immediately, and the cover of the community brochure can be updated on the next print run.

Next Steps – 2016-2018

- **Create a branded trail guide that includes maps of all trails in Damascus:** Damascus should create a “Damascus Trail Guide” that showcases all of the seven trails that cross in town, not simply the AT & the Creeper. It should also highlight the trail-based businesses and similar outdoor activities, such as the zip line.
- **Create a branded shopping and dining guide:** A similarly branded shopping & dining guide can also be created. In Damascus, this would likely be more in the form of a single insert or rack card rather than a brochure, simply due to the fact that Damascus is so small and has limited establishments. The existing Damascus brochure, trail guide, and shopping guide should be consistent in design as a set.
- **Create branded takeaways from community.** More so than most other communities in Southwest Virginia, Damascus has more people coming there specifically for the Damascus experience, particularly with the Creeper and the AT. Damascus should create branded takeaways that fit that experience, including trail stamps, stickers, and backpack patches. These can be distributed at little or no cost, but more importantly, the user will continually market Damascus as other people see the sticker on their bike, or the patch on their pack.



- **Create branded materials and advertisements to target new residents, preferably year-round.** As mentioned previously, Damascus shows continued population decline. In order for businesses to continue to have local support, part of Damascus' economic strategy should be to bring in new residents. Advertisements placed in regional publications (to capitalize on visitors in the region) as well as lifestyle magazines (senior living, retiree, Southern Living, etc), should promote Damascus' pace of life, small town character, and family-oriented community.

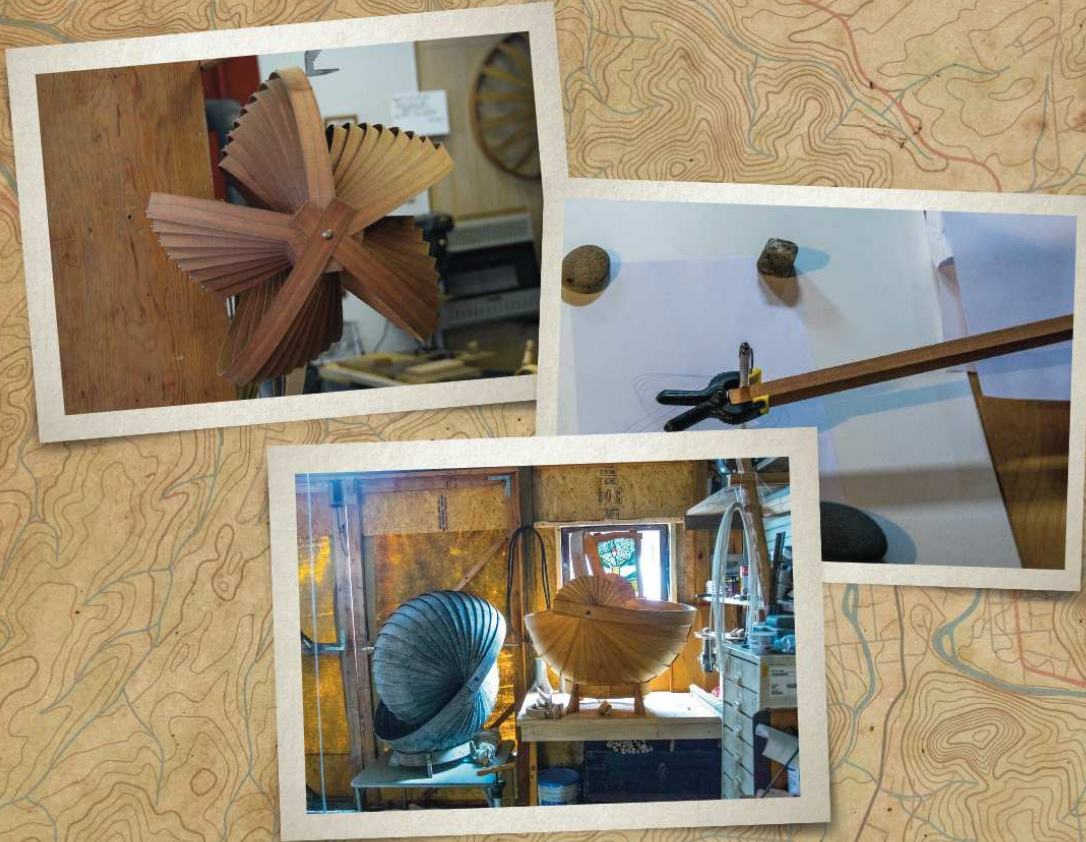
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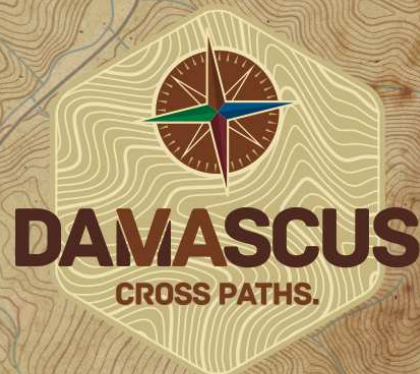
DAMASCUS
CROSS PATHS.

The art of the matter.



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- **Create testimonial ads focusing on businesses that chose to locate in Damascus:** Damascus businesses have located here for various reasons. Whether it is opportunities afforded within the community, the outdoor recreation activities, community character, or simply family connections, these people have chosen to invest here. Damascus should create branded marketing ads highlighting businesses like the Damascus Brewery, Damascus Old Mill, and Trail ArtWare. Testimonial ads are a powerful marketing piece for business recruitment.
- **Create branded organization materials:** Create branded materials for the town to communicate to citizens and its partners. This would include letterhead, business cards, stationery, PowerPoint templates, etc. Similar materials for the Damascus Business Group should also be created.
- **Host Tri-Cities media day in town.** One way to get Damascus on the regional radar screen while also getting free advertising, is to host a Tri-cities area media weekend where local reporters are shown the town. The event should have a specific agenda, whereby reporters dine at the best restaurants, tour the town's recreational, and even tour some of Damascus' key businesses. The town can put the reporters up at the Old Damascus Inn, and the event can culminate with a reception whereby local leaders present Damascus' recreational, residential, and business opportunities.

Final Steps – 2019-2024

- **Create citywide branded wayfinding system:** A hierarchical system of signage will direct visitors and residents to civic, cultural, and recreational resources. A typical wayfinding system utilizes a community’s marketing brand graphics and includes gateways, vehicular and pedestrian directional signage, street banners, district & parking signs, building markers, and informational kiosks.



- **Wayfinding system should include interpretive sign panels for the AT, other trails, and Crooked Road:** In Damascus, that system can be complemented by signage that highlights and interprets the AT and Damascus’ six other national trail systems. To the degree possible, the community can be promoted on the trails themselves.

3.4 Partnerships

Goal: Damascus will build strong partnerships with regional agencies, create grass roots ownership in the plan, and empower local businesses and stakeholders to participate in implementation.

First Steps – 2015-2016

- ***Establish Damascus Business Group (DBG) as an official business organization:*** The Damascus Business Group was established initially to facilitate a grant for developing a map. However, the members of the organization have expressed a desire and need for the organization to “graduate” to an actual business support organization with by-laws, membership, etc. Its focus should be marketing first, with business communication and networking second. The DBG can and should play a significant role in the implementation of this plan.
- ***Town adopts plans and presents to regional partner organizations for buy in and commitments.*** The Town of Damascus cannot implement this plan on its own. It has limited financial and personnel resources. With a part time town administrator, town clerk, and volunteer management team, its resources are limited. Other partner agencies should buy in to this plan both in concept, as well as in its implementation. Upon adoption, the town should present this plan to its regional partners (either as a summit, or individually), to get their support for the plan.
- ***Management team meets regularly to evaluate progress of economic restructuring plan:*** The management team should be the “owner” and primary facilitator of this plan, with the Town serving as staff to the group. With a town the size of Damascus and its limited financial resources, the implementation of this plan will continue to be grass roots.
- ***Management team approaches Washington County Chamber and Abingdon CVB to establish ongoing line of communication, present plan, solicit support.*** In particular, the town should engage the Washington County Chamber (for business support) and the Abingdon CVB (for marketing) to ensure that these agencies are representing Damascus in the most effective ways. Damascus must rely on its area partners to provide services they are positioned to do. For example, Damascus benefits from a robust visitor environment due primarily its favorable location with the Creeper and the AT, yet the town really does little marketing currently. Others may assume Damascus is well positioned to market itself to visitors, but in point of fact, it has fewer resources than most communities in Southwest Virginia.
- ***Town places itself as leading partner in Appalachian Spring initiative, Mount Rogers regional brand efforts:*** Finally, Damascus is the lynchpin of a number of regional initiatives and should place itself on leadership roles in each of these efforts. The Appalachian Spring outdoor recreation effort for the entire 19-county region, as well as the marketing strategy for the Mount Rogers National Recreation Area each should have Damascus as a primary anchor.

Next Steps – 2016-2018

- ***Town continues to focus on securing grants, and funding for infrastructure improvements, special projects:*** The DHCD business district revitalization process can lead to a significant grant for implementation. Damascus has bigger visions for a trail center and other initiatives, and must continue to locate grant funding for outdoor recreation, small business development, infrastructure improvement, environmental improvements, etc. The town should look to engage an area grants writer to consult with to pursue additional funding. In doing so, it should continue to partner with the Southwest Virginia Cultural Heritage Foundation.
- ***Work with Abingdon CVB to provide Damascus experience as part of planned itineraries:*** Damascus should insert itself in area tourism marketing, primarily by working with the CVB to ensure that it is included as a day trip on planned itineraries for visitors staying more than a single night.
- ***Create newsletter (print/digital) geared towards town residents:*** The town currently does an excellent job of communication on the town's website, as well as continuing to grow an email database. It should consolidate its communication into a Constant Contact or MailChimp template to inform its citizens and partners of town initiatives, celebrate successful projects, and promote new businesses.
- ***Create lodging group to cooperatively plan itineraries, market overnight stays, etc:*** Damascus has a variety of lodging establishments from beds & breakfasts, camping, to the Damascus Old Inn. The community will continue to grow the total number of beds in town, so it will be important to form a group (similar to the DBG) of lodging establishments to cooperatively market overnight stays and plan itineraries for visitors.
- ***Work with DHCD to coordinate entrepreneurial development efforts in Damascus targeting creative and recreation based businesses:*** The Department of Housing and Community Development offers unique entrepreneurial development services. Damascus should simply stay engaged ensuring that its local entrepreneurs are properly aware of the regional efforts.

Final Steps – 2019-2024

- ***Coordinate artisan group in Damascus to co-market, network, and provide shared gallery space:*** Similar to the DBG or the recommended lodging group, Damascus should look to coordinate a comparable consortium of area artists and artisans. This partnership should focus on networking and marketing, but also creating a shared gallery space downtown.
- ***Conduct annual economic restructuring meetings with Town, DBG, management team to update, refine this plan:*** As this plan is implemented, long-term tasks and business development efforts have the potential to become more complex, while opportunities become greater. It is at this time that the Town, management team, and regional partners should meet to determine what, if any, changes are needed to the economic restructuring framework.

Town of Damascus, Virginia – Economic Restructuring Plan

The strategies below represent the Town of Damascus’s economic restructuring plan, as part of the larger revitalization of the downtown. The tasks are presented in four key strategic areas. Each strategy is accompanied by short, medium, and long tasks to meet the larger vision.

Strategies	First Steps: 2015	Next Steps: 2016-2017	Final Steps: 2018-2020	Goal
<p style="text-align: center;">Business Development</p>	<ul style="list-style-type: none"> ▶ Create Damascus Ambassadors with talking points, market growth opportunities when engaging partner organizations, visiting regional businesses to promote expansion opportunities in Damascus. ▶ Recruit commercial businesses based on quantified potential identified in market analysis. ▶ Make market research readily available to all existing and potential businesses. ▶ Coordinate with VA Highlands SBDC to program business support services & training. Make local businesses, entrepreneurs aware of existing programming, provide satellite programming in town. 	<ul style="list-style-type: none"> ▶ Asset-based recruitment: Diversify offerings targeting outdoor businesses not currently represented such as fishing supplies, canoeing & kayaking. ▶ Asset-based recruitment: Recruit creative people and businesses to complement Trails Artware, Briar Patch, microbrewery, etc. ▶ Asset-based business: Create partnership among area artists and artisans and designate downtown location for regional gallery. ▶ Conduct zip-code survey on quarterly basis to better understand year-round market. 	<ul style="list-style-type: none"> ▶ Create incentives for new and existing businesses such as business license abatement, meals tax abatement, marketing assistance. Tie incentives to desired, needed businesses with active business plans. ▶ Update market research every five years. 	<p style="text-align: center;">Damascus will focus on the needs of its local market through basic recruitment activities, improving the downtown business environment, and recruiting asset-based businesses.</p>
<p style="text-align: center;">Reaching New Markets</p>	<ul style="list-style-type: none"> ▶ Recruit business to support demand within a 30-mile rural radius from Damascus to Tri-Cities. ▶ Create social media strategy using Facebook, Twitter, and Instagram that targets this same regional geography. ▶ Recruit restaurants that cater not only to trail users and outdoor adventurers, but that are committed to providing for regional diners, even in off season. ▶ Recruit businesses/activities that support Damascus resident’s lifestyle such as health foods store, farmers market, etc. 	<ul style="list-style-type: none"> ▶ Partner with regional schools to provide environmental and outdoor recreation interpretation to area youth. ▶ Place branded marketing materials in Abingdon hotels, restaurants, and Visitor Center. ▶ Plan events that target regional users such as bike race, triathlon, fishing tournaments ▶ Create regular events in downtown Damascus geared towards the greater Damascus population – music, food, craft, farmers market, etc. Especially during off-season. ▶ Work with regional real estate professionals to promote Damascus as place to live. Develop relo guide. 	<ul style="list-style-type: none"> ▶ Place Billboards in Tri-cities, along I-81 promoting town as destination for outdoor enthusiast. ▶ Develop improved access to River. ▶ Develop and promote active, full season, single-track mountain biking trails. ▶ Determine feasibility of off-season activity such as synthetic or temporary ice-rink. ▶ Create branded gateway signage. ▶ Develop town green & amphitheater. 	<p style="text-align: center;">Damascus will focus on extending its season by recruiting businesses to support the local market, marketing to the larger region, and building off-season activities.</p>
<p style="text-align: center;">Branding & Marketing Strategy</p>	<ul style="list-style-type: none"> ▶ Adopt a unified brand system as a cornerstone of a seamless marketing strategy to recruit customers and new investment. ▶ Focus on broadening Damascus’ identity from Trail Town USA to positioning it as a destination for the outdoor enthusiast. ▶ Messaging should also promote Damascus’ as a laid-back community with excellent quality of life, a place to reconnect to nature, choose your own pace. ▶ Extend brand imagery to existing events, Town government, DBG, etc. ▶ Apply brand to existing website, brochures, mural program, etc. 	<ul style="list-style-type: none"> ▶ Create a branded trail guide that includes maps of all trails in Damascus. ▶ Create a branded shopping and dining guide. ▶ Create branded materials and advertisements to target new residents, preferably year-round. Promote pace of life, small town, family-oriented community. ▶ Create branded takeaways – trail stamp, stickers, backpack patch. ▶ Create testimonial ads focusing on businesses that chose to locate in Damascus – brewery, artist, Old Mill. ▶ Org materials (letterhead, cards) for Town, DBG. ▶ Host Tri-Cities media day in town. Entertain, show town. 	<ul style="list-style-type: none"> ▶ Develop a branded wayfinding system directing visitors to downtown and area destinations. ▶ Wayfinding system should include interpretive sign panels for the AT, other trails, and Crooked Road. 	<p style="text-align: center;">Damascus will create a “brand identity” focusing on targeting the outdoor enthusiast, whether that is a visitor coming for the trails, or a new resident looking for an active community to live.</p>
<p style="text-align: center;">Organizing & Building Partnerships</p>	<ul style="list-style-type: none"> ▶ Establish Damascus Business Group (DBG) as an official business organization with by-laws, membership, etc. Focus on marketing. ▶ Town adopts plans and presents to regional partner organizations for buy in and commitments. ▶ Management team meets regularly to evaluate progress of economic restructuring plan. ▶ Management team approaches Washington County Chamber and Abingdon CVB to establish ongoing line of communication, present plan, solicit support. ▶ Town places itself as leading partner in Appalachian Spring initiative, Mount Rogers regional brand efforts. 	<ul style="list-style-type: none"> ▶ Town continues to focus on securing grants, and funding for infrastructure improvements, special projects. ▶ Work with Abingdon CVB to provide Damascus experience as part of planned itineraries. ▶ Create newsletter (print/digital) geared towards town residents. Inform of town initiatives, celebrate successes, new businesses. Distribute on website. ▶ Create lodging group to cooperatively plan itineraries, market overnight stays, etc. ▶ Work with DHCD to coordinate entrepreneurial development efforts in Damascus targeting creative and recreation based businesses. 	<ul style="list-style-type: none"> ▶ Coordinate artisan group in Damascus to co-market, network, and provide shared gallery space. ▶ Conduct annual economic restructuring meetings with Town, DBG, management team to update, refine this plan. 	<p style="text-align: center;">Damascus will build strong partnerships with regional agencies, create grass roots ownership in the plan, and empower local businesses and stakeholders to participate in implementation.</p>