



NORTH CAROLINA TRAVEL & TOURISM BOARD

MEETING MINUTES

May 9, 2017

BOARD MEMBERS PRESENT: Sally Ashworth, John Beatty, Rolf Blizzard, Mike Butts, Christopher Chung, Kevin Corbin, Joel Griffin, Ralph Hise, Tammy O'Kelley, Paula Wilber

BOARD MEMBERS ABSENT: Kevin Baker, Sabrina Bengel, Secretary Anthony Copeland, Robert Danos, Rich Geiger, Mike Hawkins, Pat McElraft, Vinay Patel, Norman Sanderson

LIAISONS, STAFF AND GUESTS PRESENT: Amanda Baker, Jane Duncan, Susan Fleetwood, Guy Gaster, Scott Gilmore, Marcie Gordon, Dana Grimstead, Jim Hobbs, Neel Lattimore, Catherine Locke, Brooks Luquire, Catherine Oliva, Andre Nabors, Hayes Norris, Nick Parker, Kathy Prickett, Michelle Reino, Mark Shore, Eleanor Talley, Marlise Taylor, Cyndi Tomblin, Wit Tuttell, Michelle Walker, Heidi Walters

Tammy O'Kelley, Chairperson, called the meeting to order at 10:08 am.

WELCOME

O'Kelley welcomed Board members and guests to the North Carolina Museum of History and thanked Ken Howard, Director of the North Carolina Museum of History, for letting the Board use the classroom for the meeting.

Howard, welcomed the group and provided an introduction to the seven North Carolina history museums across the state, the NC Museum of History being the largest. There are three maritime museums: The Graveyard of the Atlantic Museum in Hatteras has about 8,000 visitors per year; Maritime Museum in Beaufort gets about 215,000 visitors per year; and the Maritime Museum in Southport gets about 50,000 visitors per year. There is also the Museum of the Albemarle, a regional museum in Elizabeth City. They see between 50 and 60,000 visitors per year. The Museum of the Cape Fear in Fayetteville has approximately 40,000 visitors per year. Old Fort Museum and Heritage Park, the mountain heritage park in Old Fort averages around 3,000 visitors per year. The focus of all the museums is to collect and preserve artifacts in North Carolina history and educate the public on the history of our great state. This is done through exhibits, programs, distance learning programs, streaming events from inside the museums. Tourism is vital to the museum, as well. Last year they received visits from 90 foreign countries, all 50 states and all 100 counties. One-quarter of museum visitors come from out of state. Howard appreciates all the efforts the Board undertakes to help promote the museum. The exhibits in the Museum of History run from permanent exhibits on the history of the state, a 20,000-square foot exhibit on the main floor, to changing exhibits. Currently the changing exhibit is on World War I, which has received worldwide recognition. The museum built actual trenches to give visitors an idea of what it was like during trench warfare. This is a very popular exhibit so far, with more than 40,000 attendees in the first month. The museum also houses the North Carolina Sports Hall of Fame. There are other permanent exhibits on North Carolina military history and exhibits for younger visitors on why we learn history and why it is important.

Last year more than 400,000 visitors visited the NC Museum of History in downtown Raleigh and social outreach reached over \$1 million.

O’Kelley read aloud the Ethics Statement in accordance with Executive Order No. 35.

O’Kelley noted the agenda for the meeting was incorrect, as the one included in the Board member packets is the draft copy and made the following corrections: (1) Reports will come from Representatives Corbin and McElraft; (2) NCTIA will now be represented by Mike Butts; (3) The Travel and Tourism Coalition is now represented by John Beatty.

MINUTES APPROVED

O’Kelley asked for approval of minutes from the February meeting. Joel Griffin made a motion to approve, seconded by Rolf Blizzard; and the minutes were unanimously approved.

COMMENTS FROM THE CHAIR

O’Kelley reported a meeting with Secretary Copeland on Monday, May 8, 2017. The Secretary sends his regrets for today’s meeting, as he is involved in a Department of Commerce announcement. O’Kelley and Secretary Copeland have been in consistent contact since his appointment and confirmation, and states the Secretary is a tourism proponent and is working daily to support the Board’s efforts to promote tourism. O’Kelley asked Susan Fleetwood, Office of the Secretary, to make any comments on Secretary Copeland’s behalf. Fleetwood echoed O’Kelly’s comments, in that Secretary Copeland is committed to the travel and tourism industry and looks forward to working with the Board. O’Kelley thanked Fleetwood for attending.

INTRODUCTIONS

Liaisons, staff, guests and Board members introduced themselves. O’Kelley asked newly appointed Representative Kevin Corbin to provide a special introduction to his district. Representative Corbin has the distinction of traveling the farthest than anyone from the General Assembly. It is 313 miles from the steps of his house to the steps of the General Assembly. Representative Corbin lives in Franklin, in the heart of the Smoky Mountains where tourism is a huge component of the economy. He also has the largest geographic area than any other representative and it takes him two-and-a-half hours to drive across his district. Although it’s a long drive to Raleigh, he appreciates Speaker Moore asking him to serve.

NOMINATING COMMITTEE UPDATE

Rolf Blizzard, chair of the Nominating Committee, provided a recommendation for the Board regarding the chairmanship. As the Nominating Committee finds itself in May, partway through the year, and with the Governor’s appointments not being fully seated, they wish to provide continuity for the Board. They met several weeks ago through email, and concluded the Board nominate Tammy O’Kelley to serve for the remainder of the year, through December 2017, and then charge a new Nominating Committee to come in with a recommendation for the Chairmanship for 2018. This will provide the continuity the Committee feels they need to have moving forward in this transitional time period. With no comments

from other Nominating Committee members, Blizzard put forward a motion to nominate Tammy O’Kelley as Chair by acclamation, seconded by Joel Griffin; and the motion was unanimously approved.

O’Kelley has had on going conversations with the Governor’s Office and with the Secretary. They were hoping to have the two new appointments made in time for this meeting, but the Governor’s office is still vetting candidates. Both offices requested continuity on the Board until they could have these appointments made. O’Kelley stated she is willing to serve through December, but no longer as she feels the Board needs to transition into the new year with new leadership. O’Kelley stated that the NC Travel & Tourism Board’s recommendations and oversight are important to the health of the state’s tourism industry, and Board members should understand and take seriously their commitment to the Board, the EDPNC, and Visit NC. The next meeting will be in August with the last meeting of the year in November.

LEGISLATIVE AND INDUSTRY REPORTS

Representative Corbin reported he is enjoying getting involved in the General Assembly. There is a movement in the GA to cut personal and business tax rates, and he is a co-sponsor of the legislation. Economically, every time you cut taxes and put money back in people’s pockets, it’s good for business, which is good for travel and tourism. Travel and Tourism is up in North Carolina not only this year, but last year, despite all the controversy of House Bill 2. House Bill 142 was passed, it repealed HB2. The GA is business friendly and will continue to be, and representative Corbin looks forward to being a part of the process.

Senator Hise reported he feels good about the position that travel and tourism is in to receive additional funds, though he wished he could do more for the industry. There are a lot of business people in the GA, and they understand how important it is to advertise their businesses to clients; however, those same people sometimes struggle when they contemplate advertising the state with taxpayer dollars, but he continues to move the needle one step at a time. The Senate is also holding a line on all the calendar changes. There was a push to get the GA to understand just how important this is to the travel and tourism industry, and education to get members to understand why this is important is ongoing. Things are developing, relationships with the Governor are developing and growing. Hise hopes that travel and tourism will not become a conflict and that we continue to be a Board that focuses on working together.

O’Kelley noted the PED study on the school calendar law, which was released in February, was eye-opening to many outside the tourism industry. The Elon University poll was interesting because response options on starting school the first week of August was six percent; starting the second week was nine percent; starting the third week was 15 percent; and starting after Labor Day was 43 percent of the respondents. O’Kelley thanked Senator Hise and representatives in the GA for their hard work; the Board continues to follow and support retaining the School Calendar Law as a Legislative Priority for 2017.

Mike Butts, DMANC and NC Travel Industry Association, reported that as a new representative he is appreciative of what this Board does, and is dependent on the effectiveness of the EDPNC/Visit NC. He is concerned that funding stays strong, and encouraged the Board to continue to support increased tourism funding.

Joel Griffin, NC Restaurant and Lodging Association, announced the key initiatives have not changed - protecting school calendar and occupancy tax laws. Last week, NCRLA held a rally in Raleigh, which was

very successful and well attended. Another key goal for NCRLA is supporting the NC Brunch Bill, which has not had much movement after crossover.

O'Kelley asked Hise for suggestions on changing the dynamic when Board members and partners and stakeholders come to Raleigh to lobby on behalf of the third largest industry in North Carolina. How can the travel and tourism industry help lawmakers? Hise reported that email campaigns and same color shirt days are often ineffective. The only thing that really moves legislators is outside of the lobbying season they need to hear from individuals in their district about what is important to them and their industry. Personal relationships are what will move the needle.

John Beatty, NC Travel & Tourism Coalition, stated tourism generated \$1.2 billion dollars to NC's general fund last year. The Travel and Tourism Coalition continues to be in support of occupancy tax and school calendar legislation that supports the continued growth of tourism generated dollars.

Bryan Gupton, NC Visitor Services, was not able to attend today due to a minor injury. O'Kelley reported on his behalf that State welcome centers' traffic has increased 1.4 percent over last year. The staff is working diligently on Tourism Week activities; and Wally Wazan will be attending ESTO.

O'Kelley, Economic Development and Standards Commission, stated there is no update on activities at this time. The next meeting is scheduled for Monday, May 15, 2017.

EDPNC UPDATE

Christopher Chung reported that at the next Travel and Tourism Board meeting, he hopes to introduce Mike Hawkins, representative from the Economic Development Partnerships Board of Directors. Under the legislation restructuring the Travel and Tourism Board, it also set an EDPNC designee and Mike Hawkins graciously volunteered to serve in that capacity. Mike Hawkins is a small business owner in Brevard who owns Pisgah Fish Camp.

The GE Shareholders recently held a meeting at the Biltmore in Asheville. This is an example of a unique kind of tourism where GE's board of directors, senior management team from all over the world, financial management team, investors, and all the folks that GE cares about impressing all flew into Asheville for two days for a private shareholders meeting, as well as, a private dinner the night before. Several members had never been to Biltmore or Asheville and they won over several fans. Paula Wilber echoed the community and the destination worked with EDC and GE Aviation to entertain this international group, and it was an amazing opportunity for the community and the destination. Chung stated this is a great example of how business travel is a great form of tourism and one that enhances the ability to be successful on the business attraction front, as well.

Another way business development and tourism promotion resources are teaming up within EDPNC is with the PGA championship. By the time the Board meets again, we will have successfully hosted the PGA championships in Charlotte. This is a great opportunity to showcase Charlotte, but also all of North Carolina for business and tourism audiences. The challenge is to have a marketing presence worthy of that setting, and it requires a good amount of marketing spend. Neither our tourism team or our business development team, could have done it on their own and so tourism is contributing some of their funds, and business development is contributing their funds. We've recruited partners like Visit Charlotte, as well as the Charlotte Chamber and the Charlotte Regional Partnership. We're all going in as funding partners to maintain a marketing presence at the PGA championship. Visit NC and Visit Charlotte will be hosts to

travel writers and tour operators. The Business Development team with the Charlotte Chamber and the regional partnership will focus on hosting site selection consultants and other location advisors. By collating these resources, North Carolina is able to pull off a very nice marketing presence for both tourism and business audiences. This is a synergy of having both these functions, tourism and business development, housed within the EDPNC.

VISIT NC UPDATE

Wit Tuttell, Executive Director, wished everyone a happy National Travel and Tourism week. Tourism statewide spending numbers are in and Marlise Taylor provides the Board an overview of these numbers.

In 2016, North Carolina's tourism industry statewide generated:

- \$22.9 billion in direct visitor spending
- \$1.2 billion in state taxes to the General Fund
- More than 218,000 jobs for North Carolinians
- \$63 million in visitor spending per day in North Carolina
- 45,000 businesses in North Carolina that directly serve travelers
- \$497 in savings for each North Carolina household in state and local taxes
- \$693 million in local taxes for communities across North Carolina
- \$5.1 million per day from visitors in state and local tax revenues

2016 was another record year for tourism. In terms of direct domestic visitor spending, travelers spent nearly \$23 billion across all 100 counties, which was a roughly four percent increase from 2015. This 4.3 percent increase was better than the national growth for domestic travel spending, which was three percent. NC is leading the country in our visitor spending growth. Visitor spending has increased 24 percent in the last five years, which equates to about \$62 million per day.

State tax receipts as a result of visitor spending increased five percent last year; and has increased about 50 percent in the last 10 years. As well, local tax receipts increased five percent last year to \$693 million. That equates to \$5 million a day in state and local tax revenues as a result of visitor spending. Every North Carolina household on average saves \$497 in state and local taxes.

Tourism employment increased three percent last year, on top of the three percent from the year before to more than 218,000 direct jobs. This was the seventh consecutive year of employment increases. This outpaced the national growth of tourism jobs which was about 2.5 percent last year. Indirect and induced jobs result in more than 400,000 jobs tracked back to tourism spending in North Carolina. That's about nine percent of all payroll employment in NC. For every \$100,000 spent by travelers in North Carolina, one job is directly supported.

Payroll increased six percent in 2016. Every dollar spent by travelers to North Carolina, nearly a quarter (\$0.25) of wage and salary income is generated in North Carolina.

Total visitors to and within North Carolina was about 48 million, which was a bit of a decrease from the year prior, about 11 percent. The good news is visitors stayed longer on average than they had in previous years. While visitor volume decreased, length of stay has been increasing. Length of stay increased roughly 13 percent from 2016 to 2015. Business visitors had a shorter length of stay, while leisure visitors had an increase in length of stay. Market share in 2016 also decreased meaning there are more people traveling within the United States and North Carolina is getting fewer of them. While length of stay was longer and more room nights were sold last year than ever before, a smaller portion of visitors were staying in paid accommodations. More people were staying in private homes last year.

Mark Shore, Director of Tourism Marketing, shared an update on the spring target market campaign in Nashville, Washington, D.C., and Atlanta. We are about halfway through the spring campaign, but results are showing we are up about 98 percent of where we were last year. As part of the spring target market campaign, this is the first year we will be doing advertising in movie theatres. The 60 second "Beauty Here" commercial will be running prior to several spring feature films. Next spring, we are offering transit advertising in Atlanta and Washington, D.C. as part of the spring co-op program. On May 24, ABC will be premiering the Dirty Dancing TV feature. Visit NC will be targeting Atlanta and Nashville with a 60-second "Beauty Here" commercial. Visit NC will also be engaging with followers on social media. The ABC feature was filmed in North Carolina. We have seen substantial success partnering with Arrivalist and Quantcast.

Eleanor Talley, Public Relations Manager, updated the Board on the PR efforts of Visit NC. We hosted four influencers from Canada, who took over our Instagram accounts for four days. Each influencer having between 3,000 to 5,000 followers on Instagram. We are beginning to expand our efforts with digital influencers to reach different consumers and markets. We also just finished with Beer Month in April and had over 80 breweries and dozens of destinations to participate. New this year was the #PassThePint initiative taking over the Brewers Guild accounts with various beer month people take over the account to feature different aspects of the industry beyond just breweries. We also hosted over nine journalists with the inaugural beer marketing tourism conference in Asheville and several stories have already come out of those efforts. April 20th was the New York Media Mission with over 26 partners participating. It was the strongest attendance ever with over 71 media in attendance. Visit NC has already generated stories from this event. On May 2nd Visit NC was in D.C. for the D.C. Media mission where 15 partners participated, and a number of very qualified media. It was a great success.

Guy Gaster provided an update on Film NC. There are two productions shooting in North Carolina presently: Love it or List it (22-month shoot schedule) and Good Behavior (Season 2 in Wilmington). We have also extended an offer to Toyota and their advertising agency that could result in at least 20 Toyota commercials being filming in the state annually. We have seen the number of calls and inquiries increase in the last two months, then we had for the first part of the year and the end of last year. Film NC was recently at the AFCI Annual Location Trade Show in California and received very positive feedback and a different experience than before. For the third year in a row, Film NC was recognized as one of the most creative booths at the tradeshow. The booth space was differentiated this year with a skeet ball machine, touting the rebate program and the tagline "That's how we roll". Previously mentioned, the Dirty Dancing ABC TV remake is coming up in May. There were five western counties (Polk, Transylvania, Jackson,

Buncombe, and Henderson) that played integral parts in the film, each having a pivotal scene in the premier. Visit NC is running advertising during the premier.

Heidi Walters, Partner and Industry Relations, and her team promote the area at different events and get partner involvement and send lead to partners. Walters provided a spotlight on the international program French market. Three years ago, Visit NC partnered with Travel South USA to do a global partner program in some of our emerging markets (France being one of those markets). At the time, we had one seasonal flight into Charlotte. Last year, Delta began a flight into RDU. During the summer season, these two flights are daily in both regions. The partnership with Travel South, the new flight, and additional outreach in France to PR outlets and tour operators provided an increase from 22 itineraries in 2015 to 36 itineraries in 2016. Based on this research, we've seen a 61 percent increase in this market. In the group tour market, Amanda Baker has attended the Canadian Sales and Media Mission, with seven partners. Amanda also led the delegation at the Travel South Domestic Showcase, with 20 partners participating in Branson, Missouri. A week ago, Amanda participated in the Blue Ridge Parkway fam. Each year we partner with the association, Virginia, and parts of Tennessee to sponsor the fam and take AAA agents from all feeder regions into the Blue Ridge Mountains. Andre Nabors recently attending the Ideal Living Show in D.C. and generated over 1,200 leads from that show. He also attended the Adventure show in Philadelphia. There are two new certified retirement communities: Washington and Roanoke Rapids. Bringing our total to 17 communities.

Tuttell stated that the Visit NC 365 Conference in Greenville was a great success in March. Greenville did an amazing job as host to the tourism conference. We had 500 attendees and rolled out the new co-op programs for our partners. We act as an extension for partners, providing them the opportunity to do things such as Arrivalist and transit advertising. We use our money to buy a bigger space and then partners buy into the co-op at a cheaper rate, and get placement in a branded North Carolina section. Typically, we get about \$800,000 to \$1 million from advertising, which all gets funneled back into buying additional advertising. Last year at the conference we did about \$500,000. This year we did over \$800,000 co-op dollars at the conference. And just last week, we hit the \$1 million mark in partner commitment. This is a fantastic way to extend our reach and these dollars go back into the program to buy new advertising. As we work on our budget and continue to be a research based program we see the increases of these important research projects continuing to increase. As the partnership continues, costs are increasing and we are always looking at ways to extend that, as well. We are operating more efficiently, but costs are still increasing. We also do a Longwoods study every time we refresh the campaign where they measure advertising effectiveness, as an independent group. We need to refresh the campaign and website as we get into next year.

In total for EDPNC to do the same five functions at commerce they had 80 people. The EDPNC has 64 people doing those same jobs.

ADJOURNMENT

The next Board meeting is planned for August 15th, 10 a.m. Location to be announced. The meeting was adjourned at 11:55 am.