



NORTH CAROLINA TRAVEL & TOURISM BOARD

MEETING MINUTES

November 14th, 2018

BOARD MEMBERS PRESENT: Mike Butts, Rolf Blizzard, Joel Griffin, Mike Hawkins (called in), Ralph Hise, Kim Hufham, Tammy O'Kelley, Billy Traurig, Paula Wilber

BOARD MEMEBERS ABSENT: Sally Ashworth, Kevin Baker, Christopher Chung, Anthony Copeland, Kevin Corbin, Robert Danos, Pat McElraft, Richard Moore, Joe Pierce, Norman Sanderson

LIASONS, STAFF AND GUESTS PRESENT: Amanda Baker, Peggy Brookhouse, Suzanne Brown, Steve Dunkley, Bryan Gupton, Scott Gilmore, Adam Glaser, Teresa Smith, Marlise Taylor, Cyndi Tomblin, Wit Tuttell, Heidi Walters, Wally Wazan, Kara Weishaar, John White (called in)

Mike Butts, Chairperson, called the meeting to order at 10:07am.

WELCOME/COMMENTS FROM THE CHAIR

Mr. Butts welcomed Board members and guests. Butts read aloud the Ethics Statement in accordance with Executive Order No. 35. Butts called for approval of the August meeting minutes and the minutes were unanimously approved. Butts presented Tammy O'Kelley and Senator Ralph Hise with plaques commemorating their time on the Board and the work they've done for North Carolina tourism. Butts welcomed new Board member Billy Traurig to the Board.

VISIT NC UPDATE

Marlise Taylor, Director of Tourism Research, began by going over the 2017 county-level data. Positive spending growth was seen throughout the state with no counties seeing a decrease in spending for 2017. All three regions saw significant growth – most notably the Coastal region, with spending increasing to nearly \$4.2 billion. Ms. Taylor continued to the 2018 lodging data and noted Visit NC's partnership with AirDNA – a research company specializing in Airbnb data. Visit NC is still analyzing said data and working on the best way to present it in conjunction with commercial lodging data. Because of this Taylor focused on the commercial lodging data provided by STR.

Lodging data YTD through August was presented in comparison to lodging data YTD through September. This was to illustrate how events such as Hurricane Florence can impact the data – primarily demand. Room demand saw growth of 2.3% YTD through August, an increase on par with the U.S. and South Atlantic numbers. Room demand YTD through September saw an increase of 3.1% - largely due to evacuations, relief workers, and other factors stemming from Hurricane Florence. However, average room rates across the state did see a bump over this period - a metric suggesting strong natural growth for September, regardless of Florence. While Hurricane Florence did impact revenue - a metric up YTD by 5.2% - NC was on pace to beat last year's increase, so hopefully the impact was minimal.

ADR YTD through September is \$104, seeing growth of 2.2% YTD and 31% since 2010. Occupancy YTD through September was just under 1.1% - a metric highly effected by supply, which has seen growth of 10% over the past eight years. Demand has kept up, but this significant increase in supply impacts occupancy nonetheless.

Commercial lodging revenue YTD through September was at a record high \$2.9 billion. Commercial lodging demand growth YTD through August put NC in the middle of its competitive set, slightly behind Georgia. As a result of September, demand growth has risen to 3.1% YTD – first in its competitive set.

Through Visit NC's partnership with Omni-Trak, a nation-wide survey was done to gauge the impact of Hurricane Florence on current and future travel to NC. In target markets about four percent of potential visitors either cancelled their trip or chose another state to visit as a result of Hurricane Florence. Considering daily spending on the coast, this works out to a daily \$464,000 lost in visitor spending and tax revenue. Seven percent of potential visitors noted they would be less likely to visit NC as a result of the hurricane. This represents a potential daily \$877,000 in lost visitor spending and tax revenues for the coast. Tammy O'Kelley inquired as to how the question was worded that produced the seven percent less likely to visit figure. Taylor explained that the survey asked how the hurricane impacted their interest in visiting NC as a leisure destination. Rolf Blizzard asked how quickly the survey was sent out following the hurricane - Taylor replied about a month after.

Wit Tuttell took over to speak on the very successful #CAREolinas campaign launched in partnership with Discover South Carolina to help support relief efforts. When such an event occurs, an advisory goes live on VisitNC.com and consistent updates are provided on evacuations, closures and relevant links. Mr. Tuttell noted that the call center plays the most crucial role in this process – fielding calls 24/7 and providing the most up-to-date information. The #CAREolinas campaign saw significant support from a multitude of partners including The Carolina Panthers, Hendrick Motorsports, and Charlotte Motor Speedway. Childress Vineyards created special label wines using #CAREolinas artwork, with all net proceeds going to both states' official relief funds. The shirts were produced by NC-based apparel company Recover and in total raised roughly \$136,000.

Another aspect of the hurricane recovery was publicity and getting the word out that NC is still a viable vacation destination. The new Visit NC PR agency JPR assisted in developing a positive article written by the *New York Times*. Heidi Walters worked to get a positive story in the *Travel Trade Gazette* - a weekly newspaper for the travel industry in the United Kingdom. These PR efforts garnered a total of 125 million positive impressions in media outlets. Visit NC has also implemented a complimentary program for partners in impacted counties. Through this program partners are given various things free of charge – such as complimentary listings or Featured Events on VisitNC.com – to help offset budgetary restrictions incurred from the hurricane. A formal request for additional funding has been presented to Commerce to assist with the recovery programs.

Turning focus to the website, Tuttell noted that site traffic has been relatively on par with last year's visitation – due in part to the revamped website, but also due to Google's new focus on providing travel information for destinations. Instead of fighting Google, Visit NC plans to become part of the "Google Intelligence Panel" for NC. In this position Visit NC will be able to work with Google to insure accurate information and correct photography is being used for destinations across NC. Tuttell continued to the 2019 NC Travel Guide – set to launch in mid-December with three different covers. Augmented reality will be implemented in all three travel guide covers – an option Meredith Travel is providing for free. The travel guide covers will become moving images when viewed through a cell phone that has downloaded the corresponding app.

Visit NC has begun working with Manhattan-based JPR for all public relations efforts. Suzanne Brown gave the Board a brief summary of the recent Washington, DC media mission that was very well attended and extremely successful. A cooperative effort by Visit NC's public relations team and state government partners led to full-page coverage of the North Carolina Tourism Call Center in *USA Today*. The 300th anniversary of Blackbeard's demise led to significant coverage for the Coast. One such example is a recent article in *Forbes* - a result of writer Gretchen Kelly's participation in the April 2018 Blackbeard Familiarization Group Tour led by Visit NC.

Tuttell passed it over to Guy Gaster for a Film NC update. There is still a prevailing misconception throughout the film industry that NC does not offer any sort of incentive. To combat this Film NC has taken steps to re-educate the local crew base as well as the industry on incentive specifics. In September the film office delivered 400 Krispy Kreme doughnuts to key production companies and contacts in the Los Angeles area. A newly created Film NC information booklet was provided as well, which outlined the perks to filming in North Carolina. Gaster said the campaign was enormously successful – resulting in the quickest response rate seen in any Film NC marketing campaign. In addition to this, 75% of respondents said they had no previous knowledge of any NC film incentives. The film office saw multiple leads and sales calls resulting from the campaign. Filming is starting on new Warner Brothers series *Swamp Thing*, set to film in Wilmington in early 2019. Warner Brothers is the first member of the MPAA to film in North Carolina in three years, and the film office hopes to see it trigger a domino effect with other MPAA members. The "harmful to minors" clause is still confusing to production companies and Film NC is working with Commerce to better explain the clause and what may fall under it.

Heidi Walters provided an update on Partner and Industry Relations for Visit NC. On the International front, Ms. Walters took a delegation of partners to Orlando to call on receptive tour operators as well as meet with American Tours International. Walters recently returned from the World Travel Market in London – citing it as the best WTM in her 14 years of attending. Amanda Baker took a group of partners to Atlanta and Savannah, GA on a domestic sales mission and is preparing for upcoming group travel shows in the Fall and Summer. Andre Nabors represented Retire NC at a recent show in Washington, DC. Nabors is currently working with the DNCR and African American Heritage Commission to gather inventory of NC Civil Rights Sites to develop an NC Civil Rights Trail.

Tuttell returned to speak on Cycle NC, an annual ride in which around 1,000 people cycle across the state. Through a partnership with Cycle NC, Visit NC has begun offering "excursions" each day for riders who want a day off from riding. These daily excursions brought groups of up to 25 participants to attractions throughout 13 rural counties with a total of 90 participants throughout the week. One of the participants, Margaret Bishop, provided a video testimonial of her enjoyment on the excursions. To conclude, Tuttell announced that the annual tourism conference, Visit NC 365, will be in Wilmington March 31st – April 2nd and registration is now open.

Senator Ralph Hise inquired about the request for additional funding from Commerce and what kind of rollout would occur with said funds. Tuttell answered that it would likely be a two-phased approach. The first phase would focus on the state recovering from the hurricane, and the second phase focusing on a more traditional tourism message touting all NC has to offer. Senator Hise asked about funding for a standardized disaster response package and where that fund would be located. Tuttell stated that ideally Visit NC would have an

emergency contingency plan set aside that a Board, likely the Travel & Tourism Board, would manage. Kim Hufham noted that the Wilmington & Beaches Convention & Visitors Bureau have a small amount of the budget allocated for "crisis communication". They are also utilizing a two-phase rollout to combat negative perceptions and encourage travel to the area. Paula Wilber noted that the Buncombe County TDA as well as The Biltmore each have contingency funds built into their budgets and reiterated their importance. Mike Butts noted that Visit Charlotte also has contingency funds that were used during the HB2 crisis and that on the state level it's a conversation that needs to be had.

Senator Hise noted that the EDPNC's contractual relationship complicates things, but figuring out how much is needed in the fund and who could manage it would help move things along. Ms. Hufham reiterated the importance of getting the ball rolling on this as many are already booking Spring travel plans. Butts informed Senator Hise that both the North Carolina Travel Industry Association and the North Carolina Travel and Tourism Coalition are in support of an allocation for the proposed recovery program. Senator Hise said there should be ample opportunity for allocation of additional funds in the upcoming budget, and that non-recurring funds is a much better ask than recurring funds. Tuttell mentioned another issue that partners are dealing with – the loss of occupancy tax revenue due to relief workers and families staying over 90 days. Senator Hise noted that this reiterates why a final conclusion on statewide occupancy tax would be so helpful.

OTHER BUSINESS

John White spoke to the Board on behalf of the Department of Commerce. Mr. White requested follow-up on the Legislative request and to see the hurricane response survey in its entirety as well as the corresponding response rate.

Bryan Gupton provided the Welcome Center update. Traffic was down 11% through October primarily due to weather and construction. The 2 most visited Welcome Centers will be closing soon for rest area renovations - I-40W closing December through July and I-95N closing January to October. All full-time Travel Counselors will soon be renewing their national certification upon passing an updated test currently being developed by Wally Wazan. Mr. Gupton concluded by thanking Wally Wazan and Teresa Smith for their hard work at the Call Center during the hurricane.