



NORTH CAROLINA TRAVEL & TOURISM BOARD

MEETING MINUTES

February 12th, 2019

BOARD MEMBERS PRESENT: Sally Ashworth, Rolf Blizzard, Stephanie Brown, Mike Butts, Christopher Chung, Kevin Corbin, Chuck Edwards, Jonathan Fussell, Holly Grange, Joel Griffin, Rick Gunn, Kim Hufham, Richard Moore, Sharon Sexton, Paula Wilber

BOARD MEMEBERS ABSENT: Anthony Copeland, Mike Hawkins, Joe Pierce, William Traurig

LIASONS, STAFF AND GUESTS PRESENT: Don Cason, Jane Duncan, Beth Gargan, Guy Gaster, Joshua Grant, Bryan Gupton, Scott Gilmore, Adam Glaser, Ralph Hise, Mary Jaeger-Gale, Madison Lahey, Brooks Luquire, Lynn Minges, Ken Mooney, Ellis Noel, Eleanor Talley, Marlise Taylor, Cyndi Tomblin, Wit Tuttell, Isabel Villa-Garcia, Emily Walker, Heidi Walters, Kara Weishaar

Mike Butts, Chairperson, called the meeting to order at 10:32am.

WELCOME/COMMENTS FROM THE CHAIR

Butts welcomed board members and guests to the NC Legislative Building. Butts read aloud the Ethics Statement in accordance with Executive Order No. 35 and asked for approval of the November meeting minutes. Joel Griffin made a motion to approve, seconded by Rick Moore, and the minutes were unanimously approved.

BOARD/VISIT NC OVERVIEW

Butts began with a brief overview of the board – primarily its responsibility to act in the best interest of the state. The North Carolina Travel and Tourism (NCTT) Board members represent communities across the state, and it is imperative that members consider the wellbeing of the entire state when conducting board business. Wit Tuttell, Executive Director of Visit North Carolina (Visit NC), noted that the board provides opportunity for essential interactions between members of the legislature and members of the tourism industry to discuss big picture issues.

Tuttell provided an overview of Visit NC and noted its position in the Economic Development Partnership of North Carolina (EDPNC) – a public-private partnership formed four years ago. The Visit NC mission is to unify and lead the state in positioning NC as a preferred destination. The impact on the state's economic development can be seen directly in out-of-state visitor spending and occupancy taxes. Less obvious effects, such as the "halo effect", aid other EDPNC departments in selling NC as a great place to live and subsequently bring businesses.

Visit NC partners with county and regional tourism offices across the state to help amplify and spread their message to a larger audience. With out-of-state visitors making up 63% of all overnight visits, Visit NC looks to help partners maximize their out-of-state marketing efforts. These visitors spend more and stay longer while also bringing outside money into the state's economy. Through its co-op marketing program Visit NC buys prime advertising and offers spots to partners at a discounted price. Through these programs Visit NC nearly triples its allocated advertising budget, turning a \$5 million budget into a \$13.5 million advertising effort.

Butts reiterated the importance of tourism in creating jobs and opportunities within the state, with one in nine NC residents working in the hospitality industry. Responsibilities of the board include advising the Secretary of Commerce on the formulation of policy, priorities, and a budget to promote travel and tourism within the state. The board is to advise the Secretary every three months on the effectiveness of Visit NC's efforts and ensure that Visit NC is moving in the right direction.

VISIT NC UPDATE

Tuttell began the Visit NC update with news that the Firsts That Last campaign won a gold Adrian Award by the Hospitality Sales & Marketing Association International. The campaign also won nine ADDY awards – four Film, Video, Sound awards, two Cross Platform awards, and three Print Advertising awards.

RESEARCH

Marlise Taylor, Director of Tourism Research, provided an overview of 2018 lodging data. All commercial lodging indicators were at record levels - except for occupancy rate, which tied with 2016's record level. While hurricane recovery had a negative effect, overall the state saw strong demand growth of 4.5%. Visit NC contracted with AirDNA to obtain data on shared economy listings – a rapidly growing segment of lodging. Visit NC also planned to contract with KeyData – a new source for vacation rental data. Both companies will join Smith Travel Research at the Visit NC 365 Conference for a lodging data panel.

Lodging has grown in all sectors, but none as dramatically as "Entire Place" shared economy listings. These are defined by AirBnB as rentals of full homes and have seen demand grow by 1400% over the last four years. Board member Stephanie Brown asked if data was being looked at regionally. Taylor replied that the contract was just finalized, but regional data would be available. Brown suggested speaking to AirDNA together to request trends in future reports and Taylor said it was something they could discuss at the VNC 365 Conference, if not sooner.

Taylor discussed the recent national hurricane perception studies - done to understand and gauge the immediate effect that the hurricane had on tourism. While the majority indicated no change in perception of NC as a travel destination, there was a negative perception regarding damage done to the coast. A final survey was done in January to gauge the change in perception since November and the results should be available soon. Tuttell noted that enhanced paid social and search spends were made as part of hurricane recovery efforts to promote the coast in the form of a \$10,000 incremental spend. The NC Association of Broadcasters featured two coastal spots from the Firsts That Last campaign, a first for Visit NC, in order to promote positive dialogue within the state regarding the coast.

MARKETING

Jane Duncan with LGA, Visit NC's advertising agency, discussed Visit NC's marketing efforts. Visit NC has begun looking at how far ahead people are planning travel and creating strategy for two types of travelers: Long Plan and Short Plan. Profiles have been created for each type and corresponding media, content, and creative messaging are being planned. The Long Plan Travel strategy involves travel media and messaging across the year with season-agnostic content to inspire longer, higher spending trips. The Short Plan Travel strategy involves new messaging that aligns with season and destination selection timeframe - for instance someone planning their summer vacation.

Brown inquired as to why, in the Long Plan strategy, there was a gap in television advertising during the summer. Duncan replied due to budgetary restrictions it currently just isn't possible. Board member Rolf Blizzard asked how much additional funding would be needed to fund tv advertising during that period. Duncan answered that an additional \$250,000 would be enough to make an impact, however several million would be ideal in order to make an impact in Philadelphia and Florida type markets. Blizzard noted that January is a prime booking month for his area (northern coast) and Brown noted that it was June for her area (Asheville). Duncan stated that next fiscal year January would likely be included. Senator Ralph Hise reminded the board that the television campaign is funded by non-recurring dollars in the budget.

Duncan continued, elaborating on the implementation of new digital media tactics. One such example, PlacelQ, can tap potential visitor's location, purchase, and app data, allowing for very strong audience targeting. The program's robust visitation measurement will be used to supplement data from Arrivalist as well. Visit NC will be shifting focus from Hulu to YouTube as its primary digital TV partner. This in turn will provide better targeting capabilities, more efficient costs, and enormous use as a content and information platform.

FILM

Guy Gaster gave updates on the film program. Total direct spending by productions in the state came to \$55 million. 2019 has already eclipsed 2018, with direct spending amounting to \$65 million thanks to season one of "Swamp Thing" in Wilmington and a Hallmark Christmas Feature shot in Charlotte. A pilot shot in 2018 has been picked up as well, bringing total spending in 2019 to over \$100 million thus far. Gaster noted that availability of film professionals in the state is the primary question being asked by potential productions.

INDUSTRY RELATIONS

Heidi Walters provided an industry relations update, beginning with the Sports NC program. In partnership with the NC Sports Association a new sponsorship structure has been developed to help partners attend the TEAMS and Connect Sports conferences. Andre Nabors, head of Retire NC, recently attended two Ideal Living consumer tradeshows, with much interest shown in North Carolina as a potential place to retire. Amanda Baker, head of Group Travel, recently took 20 partners to the American Bus Association tradeshow to help promote group travel to the state.

Walters mentioned upcoming trade and PR missions in Canada. Visit NC has an international presence in three major markets – Canada, German-speaking Europe, and the United Kingdom. A presence in emerging markets is made possible through a partnership with Travel South USA. Visit NC recently partnered with Greensboro to help host the Religious Conference Management Association, which brought over 700 people to the area.

PUBLIC RELATIONS

Eleanor Talley provided the PR update, highlighting a recent national piece correlating with National Plan Vacation Day. Transylvania County was featured on The Today Show as one of "Five Places to Visit". Transylvania County was able to foster a relationship with Today Show contributor Dayvee Sutton through participation in Visit NC media missions. The prime-time feature garnered over 2 million broadcast impressions and coincided with an online article, which saw over 24 million impressions. Visit NC also partners with the NC Areas Ski Association each year to promote NC winter sports through a co-op advertising campaign.

Tuttell discussed a new Google DMO co-op program being implemented that will allow DMO's to better manage the search results for their area. Brown noted that Asheville has been using the program with great success. The program will be one topic of discussion at the Visit NC 365 Conference being held in Wilmington, March 31st – April 2nd.

EDPNC UPDATE

Board member Chris Chung provided the EDPNC update and a look back on the previous year. 2018 saw 143 wins for the Business Recruitment and Existing Industry Divisions – 99 of those being in tier one and tier two counties and resulted in just over 19,500 new jobs across the state. Roughly 600 companies were assisted by the International Trade Division, this ranged from detailing basic initial international export requirements to providing strategies for breaking into specific international markets. These companies reported close to \$1 billion in new export sales for 2018. The Business Link North Carolina Division responded to over 23,000 individual phone calls in 2018 assisting new NC businesses with initial permits and licenses while also ensuring they abide by federal and state regulations.

Tuttell spoke on Tourism's transition from Commerce to the EDPNC - with the primary goal being increasing efficiency and effectiveness. Administrative and payroll expenses have been cut from 20% of the budget to 9%, with that money moved into marketing expenses. Partner participation initially decreased during the transition but has ultimately increased 34% since moving to the EDPNC, totaling over \$2 million for 2018. Data from Arrivalist indicates potential visitors who see Visit NC advertising are 92.4% more likely to visit the state. Visit NC operates with one of the lowest budgets and second smallest staff size of its southeast competitor states. Despite efforts, Visit NC's budget has not grown enough to match inflation over the last 20 years.

Chris Chung took a moment to address the recent evaluation from the Program Evaluation Division (PED). One finding was a perceived lack of synergy between tourism and other business-facing departments, something the EDPNC disagrees with and addressed in its official reply. All too often tourism is not seen as economic development, and the report's authorship seems to hold this sentiment. Chung reiterated tourism's position in economic development, with NC seeing \$24 billion and 220,000 jobs as a direct result of the tourism industry.

The report recommends forming a legislative study commission to decide between three options: bring visitor services currently in Commerce to the EDPNC, bring Visit NC back to Commerce, or combine visitor services with Visit NC and form a separate public-private entity. Another recommendation is to raise the required private investment from \$1.25 million to \$2 million. Chung noted that such a substantial increase could potentially infringe on partners local efforts across the state. The third recommendation was for greater collaboration and communication between the EDPNC and Commerce. Chung stated that while there was some merit to this, the lack of communication was minimal and being addressed. It's important to note that the EDPNC was formed only four years ago and moving functions from government to an independent entity often takes time to work in perfect synchronization.

Other recommendations in the report included possible changes to the sites and buildings database, implementing a regulatory commission that provides oversight, and a change to performance metrics. The PED committee also surveyed 500 members of the North Carolina Economic Development Association - 85% of respondents felt the EDPNC had improved economic development competitiveness. Chung noted that many of the initial skeptics have seen the EDPNC improve on intangibles while providing solid results and are now

proponents of the organization. Butts inquired if any board members had been approached by the PED committee during this process – they had not.

Board member Rolf Blizzard noted that the continued evaluation of Visit NC was one of the board's primary responsibilities. Butts agreed, saying the board needs to be included in the next assessment. Blizzard recommended sending a letter to the committee and legislature requesting that the NCTT Board act as the regulatory commission outlined in the PED recommendation. Brown agreed that a resolution making this communication formal would be best. Butts asked for consensus on sending a formal letter and the resolution was unanimously approved. Lynn Minges noted the absence of tourism partner investment in the report. Board member Sen. Chuck Edwards noted that the report seemed to target the EDPNC structure more than Visit NC. Blizzard asked Sen. Edwards if a letter from the board would be helpful. Sen. Edwards replied that it would.

OTHER BUSINESS

Beth Gargan provided the Commerce update - she will be attending in place of John White moving forward. Gargan stated that as a strong advocate of tourism and Visit NC, she works to ensure that the Governor's office understands its importance and would be providing any necessary assistance to the board.

Bryan Gupton provided an update on NC Welcome Centers – 2018 saw 8.3 million visitors, down 11% from the previous year. This change can largely be attributed to closures due to construction and weather. Traffic in January is up 7.6% and the I-95 Welcome Center's renovation has been pushed back to April. The NC Call Center finished 2018 with 14,400 more calls than last year – primarily due to weather situations. Gupton provided the board with an open invitation to the Call Center.

Butts thanked the board for their service. Meeting was adjourned.