



NORTH CAROLINA TRAVEL & TOURISM BOARD

MEETING MINUTES

May 7th, 2019

BOARD MEMBERS PRESENT: Rolf Blizzard, Stephanie Brown, Mike Butts, Senator Chuck Edwards, Jonathan Fussell, Senator Rick Gunn, Mike Hawkins, Kim Hufham, Richard Moore, Sharon Sexton

BOARD MEMBERS ABSENT: Sally Ashworth, Christopher Chung, Secretary Anthony Copeland, Representative Kevin Corbin, Representative Holly Grange, Joel Griffin, Joe Pierce, William Traurig, Paula Wilber

LIAISONS, STAFF AND GUESTS PRESENT: Michael Ebert, Beth Gargan, Guy Gaster, Bryan Gupton, Scott Gilmore, Adam Glaser, Ralph Hise, Karen Johns, Madison Lahey, Mark Shore, Marlise Taylor, Cyndi Tomblin, Wit Tuttell, Isabel Villa-Garcia, Heidi Walters, Kara Weishaar

Mike Butts, Chairperson, called the meeting to order at 10:31 am.

WELCOME/COMMENTS FROM THE CHAIR

Butts welcomed Board members and guests to the NC Legislative Building. Liaisons, staff, guests and Board members introduced themselves. Butts read aloud the Ethics Statement in accordance with Executive Order No. 35 and asked for approval of the February meeting minutes. Richard Moore made a motion to approve, seconded by Jonathan Fussell; and the minutes were unanimously approved.

LEGISLATIVE UPDATE

Senator Rick Gunn provided an update on the legislative process, particularly Senate Bill 326 filed by Senators Edwards, Gunn, and Hise for an additional \$3 million in state tourism funding. Senate Bill 326 is in part a notice to the House that now is the time to provide resources needed to market local products for a travel and tourism component. Policy and regulation changes can be just as impactful as additional funding. The modernization of the state's alcohol policy is one such example – leading to NC craft breweries and wineries becoming huge tourism destinations. Senator Gunn noted that extending these beneficial regulations to state distilleries is on the agenda, along with permitting the sale of alcohol at public universities' athletic facilities. Senator Gunn has seen an improvement in state tourism messaging year after year and thanked the Board for all they do to promote travel and tourism in NC. Senator Chuck Edwards yielded his time and voiced affirmation of Senator Gunn's update.

EDPNC UPDATE

Michael Ebert, VP of Research & Marketing at the Economic Development Partnership of North Carolina (EDPNC), provided the Board with an EDPNC update and brief overview of the 2018 Annual Report. The business development and recruitment team worked to bring just under 20,000 new jobs to the state – the second highest total in a decade. Companies supported by the international trade team saw nearly \$1 billion in increased export sales. The Business Link NC team supported and gave assistance to over 20,000 entrepreneurs and small businesses in the state. Visitor spending hit a record high of nearly \$24 billion in 2017, with the tourism team set to release 2018 numbers to the Board later in the meeting.

The EDPNC has developed an ambassador campaign in which executives from companies and industries across the state are recruited to speak on the advantages of doing business in the state. Ambassadors from the tourism and film industries will be needed as the campaign expands. Ebert asked the Board to notify Wit Tuttell of any suggestions they may have. An emphasis has been placed on supporting rural NC, and the EDPNC hosted the first Energizing Rural NC Conference last year. 2019 will see more of a focus on workforce development in rural areas of the state.

There is occasionally the misconception that tourism is not economic development and therefore does not belong under the EDPNC umbrella. Ebert provided two examples proving otherwise. When recruiting companies to the state, what there is to do in a community and quality of life are often compelling factors. Having a department in the same building that specializes in these areas provides an invaluable resource to the business recruitment team. When recruiting an international company that has no knowledge of the state, often tourism marketing acts as a preview into all the state can offer and gets that initial foot-in-the-door. Having tourism under the EDPNC umbrella promotes synergy and allows each department to utilize the others area of expertise.

VISIT NC UPDATE

Marlise Taylor, Director of Tourism Research for Visit NC (VNC), provided an overview of the 2018 state visitor spending statistics. Total visitor spending in NC came to a record high \$25.3 billion – an increase of 5.6% since last year and an increase of 25% in just the last five years. State tax revenues, local tax revenues, employment, and direct tourism payroll all increased to record high numbers. Visitors to the state spent more than \$69 million per day in North Carolina and generated more than \$5.6 million per day in state and local tax revenues. Without this visitor spending, each NC household would have to pay \$532 more in state and local taxes. Taylor confirmed to the Board that these numbers reflect direct domestic visitor spending only.

Direct tourism employment increased to more than 230,000 jobs, an increase of 2.2% and the ninth consecutive year of employment growth. On average, every \$109,000 spent by travelers in NC directly supports one job. Tourism employee payroll saw an increase of 5.3%, topping last year's record high. All industry sectors saw more than a two percent increase in visitor spending, with lodging seeing an increase of almost eight percent. North Carolina's market share for domestic visitors was slightly up from 3.5% to 3.6%, although market share for total visitors has slipped from the 2013 high of 4.4% to 3.6% in 2018. Tennessee's market share increase from 3.1% to 3.3% is one area of concern and is being looked at closely.

Looking at lodging trends for 2018, hotel/motel and shared economy properties saw an increase in the proportion of overnight visitors using these accommodations, with non-paid accommodations (private homes) seeing a decrease in proportion. Taylor presented a graph showing 2018 revenues by type of property and noted that as new data sources - such as AirDNA, become more robust, the "other" portion will decrease, and VNC will eventually be able to look at the data regionally. The Board commented that the increase in Tennessee's market share may be reflective of Nashville's boom in popularity. The Board also noted that tourism funding in Tennessee had seen substantial increases on the state and local levels.

Taylor provided an early look at first quarter (Q1) 2019 data. Commercial lodging demand was up eight percent – the largest Q1 demand increase in nearly 20 years. NC is greatly surpassing the US and South Atlantic growth in all lodging indicators except room supply. The Board inquired as to the extent that hurricane recovery impacted these numbers. Taylor noted that other regions reported similar findings and 2018 pre-September data showed equally strong lodging numbers, suggesting that while there was an impact after September, there would have been increases regardless due to strong business prior to hurricanes. Q1 vacation rental data - provided by KeyData, showed room rates and RevPAR down 20%, with demand seeing an increase of 20%. Q1 shared economy data – provided by AirDNA, showed a decrease of 20% in room demand. The Board voiced appreciation of Taylor’s efforts to capture data on these growing segments of lodging.

MARKETING

Mark Shore, Director of Marketing for VNC, provided an update on the “Firsts That Last” campaign and other marketing efforts. Site sessions on VisitNC.com have increased more than 44% YTD. Site traffic from targeted television markets is up more than 121% since the launch of TV media. Data from Arrivalist shows a 52.5% Arrival Lift in TV markets, compared to 30% nationwide. These are travelers in other states who viewed VNC advertising and subsequently traveled to the state. The 2019-20 Partner Program was unveiled at VNC 365 Conference in Wilmington – new opportunities include vacation rental dashboard research and Google’s new DMO program. As of the meeting date partner commitments exceed \$1 million.

FILM

Guy Gaster, Director of Film NC, provided the film update. Direct in-state spending by film productions in 2019 has already more than doubled 2018 spending. Gaster is currently working with Commerce to ensure available funds in the film grant are accurately reflected and communicated to productions. More than \$31 million has been allocated for the current fiscal year - on track with numbers outlined in legislation. Two more projects are likely coming to the state, bringing current fiscal year allocation closer to \$40 million. “Virginia Cold Case Project” is projected to have in-state spending of \$1.5 million and the “Uncle Frank” feature is projected to have in-state spending of \$4.4 million. Gaster attended AFCI week in April along with representatives from the three regional film commissions. While in LA he also met with several studios to discuss pending projects as well as provide updates on the state’s rebate program. NC-filmed projects “Bolden!” and “Swamp Thing” have been given May release dates while “The Christmas Song” is set to release October 25th.

PARTNER AND INDUSTRY RELATIONS

Heidi Walters provided the partner and industry relations update. Andre Nabors recently represented VNC at two consumer shows in Philadelphia and Washington, DC. Salisbury is currently looking into joining the Retire NC program. Nabors recently spoke at the Civil Wars Trails Board meeting and has been working with The Grammy Museum and the John Coltrane Estate to bring a Coltrane exhibit to the state. Nabors has also been working with the Department of Natural and Cultural Resources, African American Heritage Commission and International Civil Rights Museum to develop a North Carolina Civil Rights Trail.

VNC, in conjunction with partners, hosted a familiarization tour for a group from TUI – a German travel and tourism company. Walters and Mike Butts traveled to Washington, DC to hold meetings with NC Senators and Representatives. VNC recently worked with partners to host a Chinese journalist familiarization tour which was very well received – China continues to be a growing market. VNC traveled to Canada recently – the PR team for a media mission in February and the trade relations team for a sales mission in April. VNC hosted two familiarization tours following the Travel South Domestic Showcase in Myrtle Beach, SC. The trade relations team partnered with Virginia and the Blue Ridge Parkway Association to host an annual Blue Ridge Parkway familiarization tour for 26 AAA and CAA travel counselors.

PUBLIC RELATIONS

Wit Tuttell, Executive Director of VNC, provided the PR update. The PR team recently held their annual NYC media mission with about 35 media attendees. Through a partnership with media conglomerate Meredith, the PR team can hold a pre-media mission tradeshow directly in the Meredith offices in NYC. A freelance writer attendee of last year's NYC media mission recently wrote a piece on NC's spirits industry for Saveur.com which has an audience of 3.5 million. The 2019 Visit NC 365 Conference was recently held in Wilmington with a total 576 attendees and 45 sponsors. Tuttell thanked Board member Kim Hufham for the great job she and her team did. The 2020 Visit NC 365 Conference will be held in Asheville.

OTHER BUSINESS

Chairman Mike Butts provided the Commerce update on behalf of Beth Gargan. Butts read aloud Governor Cooper's Proclamation of May 5–11, 2019 as Travel and Tourism week. Butts thanked the Board for their collective efforts in making this happen.

Bryan Gupton, Director of Visitor Services, provided an update on NC Welcome Centers. Traffic so far in 2019 is up about five percent – I-95 North and I-40 West will be closed most of 2019. 511 calls to the Call Center are down by about 10,000 and Visit NC calls are up by about 300. NC Welcome Center staff recently held a familiarization tour and educational sessions for management and staff from the Southeast Travel Counselors Alliance. Gupton held a well-attended session on working with Welcome Centers at the VNC 365 Conference.

Tuttell brought the Board's attention to a document in each member's folder that highlights VNC accomplishments since moving to the EDPNC five years ago. The current contract will be up for renewal in October of this year. With the new contract will come a new lease for office space which will likely add to expenditure increases. Tuttell also noted that VNC received \$1 million last year in non-recurring funds and without additional funding to offset this the overall marketing budget would decrease by \$1 million.

Butts congratulated Tuttell and the VNC team on a successful and informative 2019 VNC 365 Conference. Meeting was adjourned at 11:44 am.