

NORTH CAROLINA TRAVEL AND TOURISM BOARD



MEETING MINUTES

August 18, 2009

BOARD MEMBERS PRESENT: Sally Ashworth, Haddon Clark, Senator Don Davis, Randy Kolls, Penny Leary-Smith, James Meacham, Lynn Minges, Davin Olsen, Tom Pashley, Ed Phillips, Harris Prevost, Senator Joe Sam Queen, Susan Spangler, Steve Thanhauser, Richard Thigpen

BOARD MEMBERS ABSENT: Mike Butts, Chris Cavanaugh, Secretary Keith Crisco, Teresa Damiano, Joyce Dugan, S. Lewis Ebert, Rep. Phil Haire, John Meroski, Joan Pulley, Jamie Reibel, Leonard Rigsbee, Tom Ruff, Anne Steketee, Rep. Alice Underhill

LIAISONS, STAFF AND GUESTS PRESENT: Dale Carroll, Bryan Gupton, Russ Haddad, Eleanor Talley, Scott Gilmore, Jennifer Jenkins, Don Lee, Amy McConkey

CALL TO ORDER

Chairman Steve Thanhauser called the meeting to order at 11:20 a.m.

MINUTES APPROVED

James Meacham motioned for approval of the May 12, 2009 meeting minutes. Harris Prevost seconded the motion. The motion was unanimously passed.

COMMENTS AND INTRODUCTIONS FROM THE CHAIRMAN

Steve Thanhauser introduced and recognized new board member Senator Don Davis, appointed by NC Senate President Pro Tem Marc Basnight. He reviewed the agenda highlighting the Travel Promotion Act, welcomed Don Lee from the NC Department of Transportation and mentioned two important upcoming events, the Mid-Year Marketing Update and Travel Leadership Summit both in September.

LYNN MINGES PRESENTED DIVISION UPDATE

Legislative Update

The Division of Tourism was mostly spared in the final version of the budget, although the staff is currently trimming an additional 5 percent based on the Governor's order from early August. The Heritage Tourism program lost 8 positions; 4 vacant and 4 filled. The Division also lost two vacant positions, a key Advertising Director's position in the Division office and a custodian's position at I-77 South in Charlotte, because they were open as of October 1, 2008.

- The Film Incentive Legislation passed and increases film production tax credits to 25% (up from 15%).
- The Wine and Grape Council changed from receipt supported to the General Fund and their budget was reduced by 25% for the current fiscal year.
- Thanks to the efforts of many on the board, the addition of a new 7.5% tax on recreation (including greens fees) and entertainment was averted for the state fiscal year 09/10.
- Gov. Bev Perdue signed House Bill 2, which prohibits smoking in public bars and restaurants. The smoking ban will go into effect on Jan. 2, 2010.
- The Travel and Tourism Special Plate will be revisited in the short session thanks to Representatives Haire and Underhill.
- House bill 1228 clarifies the ABC commission's rules on private clubs, lifting a three-day waiting period for new members and making NC more attractive to tourists and convention business.
- There were no changes to current School Start Legislation on a statewide basis this year.
- Grandfather Mountain was authorized to become a state park in March 2009 and the deal was closed in June.

State of the Industry

NC continues to face challenges in the industry. Hotel occupancy levels are still well below 2008 levels, but on a positive note they have not gotten worse. Year-to-date through June, occupancy statewide is down 12.4 percent; similar to the US level (-9.4 percent YTD) and competitive states.

Attractions in NC are faring relatively well, when considering the general economy. These numbers suggest that daytrips are seeing a surge in 2009, and in-state travel is likely up as well. Overall attraction attendance in NC year-to-date is down about 3.5 percent. State Park attendance is up about 16 percent, while National Park attendance is fairly flat. The NC Zoo, in particular, is having a good year. The month of April 2009 was a

particularly strong one --the second highest April total in zoo history. Fiscal year 08/09 recorded the sixth largest number of annual visitors in zoo history. Other attractions noted to have had good attendance so far this year include Grandfather Mountain, Fort Fisher Aquarium, Airborne & Special Ops Museum and Old Salem.

Overall for the general economy most indicators are still not good, but not as bad as previous months. Economic growth is expected to be weak the remainder of the year though some economists report that the recession could end sometime in the next few months. Oxford Economics predicts that real GDP will decline 2.8 percent for 2009 and increase 1.7 percent in 2010.

The travel economy has a slightly bleaker outlook with the most recent analysis by the US Travel Association estimating that the US travel industry is still months away from the start of a recovery. US domestic travel decreased by just over four percent during the first six months of 2009. Though leisure travel fared better than other sectors, leisure spending was off by about 11 percent. Domestic business travel continues to be the most imperiled sector, specifically the meetings portion of the business sector. International travel to the US is also suffering. Year-to-date through May was down 10 percent below last year. International spending has fallen 14 percent. There are some positives as consumer confidence remains above the lows of the winter. The US Travel Price Index has been in decline since late 2008, which could help stimulate demand for travel.

- Released County by County Visitor Spending Estimates (highlights):
 - 62 of the state's 100 counties saw increases in visitor spending in 2008, including 16 counties that had increases of more than five percent
 - Mecklenburg County received more than \$3.6 billion in domestic travelers' expenditures to lead all of NC's 100 counties. Wake County ranked second with over \$1.5 billion, followed by Guilford County with close to \$1.1 billion.
 - 35 of NC's 100 counties each received more than \$100 million in domestic travelers' expenditures in 2008.
 - 33 counties in NC had 1,000 or more jobs directly supported by domestic travelers during 2008.
 - Onslow County showed the largest percentage increase in visitor spending with an 8.3 percent increase. Other military-heavy counties also showed increases. Wayne County spending increased 6.4 percent, Cumberland County spending increased 5.9 percent and Craven County spending increased 3.1 percent.
 - Of the state's large tourism destinations, Forsyth County showed the largest increase, gaining 5.9 percent.
- The Division continues to work hard in the face of challenging times by introducing new advertising creative designed to speak to the current climate. More efforts are being aimed at in-state and close in drive markets, while highlighting the advantages of co-ops and public relations to leverage resources.
- The Travel Guide sales have been down slightly, but solid. Print totals are \$1,151,237 (down from \$1,382,550 in the prior year, -16 percent difference). Although print totals are down from the 2009 edition, they are actually above the 2008 edition totals. Online totals are \$421,781 (down from \$567,695 in prior year, -25 percent difference)

OTHER HIGHLIGHTS

- Lynn participated in the groundbreaking of a new hotel tower at Harrah's in July, which combined with the passage of alcohol sales at the casino should make it not only the biggest hotel in the state, but one of the premier attractions.
- Much work is happening around the planning for the celebration of the Blue Ridge Parkway 75th Anniversary Celebration with events slated to kick off in November.
- Civil War 150th Anniversary Celebration will take place from 2011-2015. The NC Department of Cultural Resources is leading this effort and several staff members are engaged in this as well, along with representatives from several other agencies.

UPCOMING EVENTS:

- Travel Leadership Summit—Washington, DC. September 16-17
- Midyear Marketing Update—September 22 (1-4:30 PM)
 - Commerce Sec. Keith Crisco; Cultural Resource Sec. Linda Carlisle; Economist Michael Walden, NCSU; update and planning for future marketing activities/coops.

- NC Governors Conference on Tourism—New Bern, March 21-23, 2010.

LKM PRESENTED UPDATES ON NEW AD CAMPAIGN AND VISITNC.COM

Jennifer Jenkins presented the new Simple Pleasures ad campaign emphasizing the clear concise messaging and the renewed focus on ad placement in strong, regional story book publications. The division is working hard to get the best returns for NC and its partners. The new ad campaign debuts in Endless Vacations in August. It works to connect with visitors on an emotional level.

There will be a total of 5 new story ads rolled out over the next 5 years that tell a story through messaging. The first three new ads are starting to run: "City" - targeting urban experiences; "Tree" - showing NC as an outdoor playground; and "Hopscotch" - emphasizing the theme be the child within. The other two ads currently in development will feature the themes affordable indulgences and living the story. Black and white proofs of these ads are being developed for the NC Press Foundation. The new cooperative format of the ads will be featured this fall in the New York Times and Oprah magazine. The ad campaign will also go online at VisitNC.com in October. The new ad campaign will also feature radio ads with 18 fall and 18 spring spots that tie into the story messaging.

The public relations team is also working to promote the new ad campaign through the story message points. Several new promotions begin in public relations in the next few months including the End of Summer, Fall Color, Winter, Spring Blooms, the Blue Ridge Parkway, and Healthy Vacations. The division will also work to generate media missions to emphasize these promotions and other great things happening in NC.

Jennifer also previewed the latest enhancements to VisitNC.com including new journeys, travel offers, videos and sweepstakes. The sweepstakes have been such a great value and success; they are sold out through July 2010. She announced work is being done to improve prioritizing the search function, partner programs, GPS location for events and areas, and a newsletter.

LEGISLATIVE UPDATES

Senator Queen

- Recommends using cross-promotion with other divisions to utilize all state resources
- Revolutionary War needs more cross marketing between Cultural Resources and the Division
- Supports Specialty Plates allows individual areas and non-profits to build lots of support for their causes at little cost; new study centered on these plates, they may be in danger

Senator Davis

- Thanked the board members for their warm reception; pleased to be a member; tourism is a critical lifeline to rural communities helping to keep them thriving in tough times; happy to help out with any specific issues

TRAVEL PROMOTION ACT

Lynn Minges briefed the board on the Travel Promotion Act. The bill is expected to be introduced and passed in the Senate in early September. US Senate Majority leader Harry Reid and Minority Leader Mitch McConnell have show great leadership in their agreement to move the bill as the first order of business following the Senate's August recess. The legislation will deliver \$4 billion in new spending annually to the economy by attracting millions of additional international visitors to the United States. Championed by Senators Byron Dorgan and John Ensign, the bill has the strong bipartisan support of 51 additional Senators.

The Travel Promotion Act creates a non-profit corporation to better communicate American's travel policies. It would promote the United States as a premier travel destination. No US taxpayer dollars are used to fund the program. The program is funded by the private sector and a \$10 fee collected by the Department of Homeland Security from travelers who do not pay \$131 for a visa to visit the US. Nearly every developed nation other than the US operates a multi-million dollar promotion program to attract foreign visitors. These countries are competing with America for overseas travelers, yet the US spends almost nothing to keep up. The bill currently being considered by Congress would allow the US to compete on the global stage for the billions of dollars and immeasurable goodwill that would come with additional overseas travelers.

RUSS HADDAD PRESENTS TOURISM DEVELOPMENT PROGRAM UPDATE

Program is being reorganized due to cuts by the General Assembly. The new organization will feature Tourism Development officers in each of three regions-Mountain, Piedmont and Coast, as well as a Tourism Development Officer for the Blue Ridge Parkway 75th Anniversary.

The Program will maintain its regional focus on a broader level to showcase the rich product of the state, continuing to enhance collaboration and partnerships. Even with fewer resources the program aims to maximize service by successfully reaching out within the Division for larger impact on developed programs. The officers have a diverse set of special skills that will help to enhance the services offered by the Tourism Development Program.

The Tourism Development Program continues to focus on developing the Revolutionary War Trail, Textiles Trails, the Outer Banks Scenic Byway and many other projects across the state to enhance tourism for communities and visitors. The Civil War Trail Marker Program has been extended through December 2010 in anticipation of the upcoming celebration of the 150th Anniversary of the Civil War beginning in 2011. The goal is to have a marker in every county to maximize exposure for the anniversary.

DON LEE PRESENTS DOT WILDFLOWER PROGRAM UPDATE

State Roadside Environmental Engineer Don Lee of the North Carolina Department of Transportation updated the Board on the current status of the state's Wildflower Program, which began in 1985 as an integral part of highway beautification. He told the Board that wildflower beds are installed and maintained across the state by Roadside Environmental personnel in each of the fourteen highway divisions, but that the current program has been suspended for several months because of budget shortfalls. That will be evident this fall, but the program has been reinstated at 50 percent of its previous funding. He thanked the Board for its ongoing support of roadside beautification efforts, including litter removal and prevention. He noted that the DOT recognizes the importance of those efforts to North Carolina's natural scenic beauty and its tourism industry.

BRYAN GUPTON PRESENTS WELCOME CENTER UPDATE

North Carolina's Welcome Centers have returned to a seven-day operation, promoting the state's attractions, accommodations and events to visitors on Tuesdays for the first time since November. Governor Bev Perdue recently signed the state's 2009-2011 budget, leaving funding for the Welcome Center program largely intact and allowing the centers to return to a seven-day operation. Although the current hiring freeze has kept two travel counselor positions from being filled, the only position that was cut from the Welcome Center program was a custodian's position at I-77 South in Charlotte. Virginia and South Carolina have also recently returned their Welcome Centers to seven-day operations, but Georgia is now facing closures.

Additionally, the N.C. Dept. of Transportation is expected to complete work next month on a renovation of the Mecklenburg County Rest Area, which includes an exterior makeover of the Welcome Center building and replacement of the public restrooms. The I-77 South Welcome Center now has a more prominent entrance directly off the visitor parking area and a slightly enlarged display area.

DALE CARROLL ADDRESSES THE BOARD

Deputy Commerce Secretary Dale Carroll thanked the Board for its important work and said promoting Lynn Minges from Executive Director of the Division of Tourism, Film and Sports Development to Assistant Secretary for Tourism, Marketing and Global Branding has proven to be an invaluable decision. He offered his support to the Board and its mission.

Meeting adjourned at 2:15 p.m.