



NORTH CAROLINA TRAVEL AND TOURISM BOARD

MEETING MINUTES

December 3, 2013

BOARD MEMBERS PRESENT: Sabrina Bengel, Rolf Blizzard, Secretary Sharon Decker, Denny Edwards, Kim Hufham, Chris Humphrey, Randy Kolls, Lynn Lewis, Diane Nordstrom, Bob O'Halloran, Tammy O'Kelley, Vinay Patel, Jessica Roberts, Sen. Norman Sanderson, Art Schools, Steve Thanhauser, Wit Tuttell, Chris Valauri

BOARD MEMBERS ABSENT: Kevin Baker, Donna Carpenter, Robert Cobb, Robert Danos, S. Lewis Ebert, Rep. Susi Hamilton, Senator Ralph Hise, Rep. Pat McElraft, Jamie Reibel, Leonard Rigsbee, Sen. Norman Sanderson, Paula Wilber

LIAISONS, STAFF AND GUESTS PRESENT: Peggy Brookhouse, Whitney Christensen, Cary Cox, Steve Dunkley, Scott Gilmore, Bryan Gupton, Jim Hobbs, Nicolle Jones, Ashlee Kirk, Secretary Susan Kluttz, Brooks Luquire, Matthew McConnell, Andre Nabors, Amber Skeen, Aaron Syrett, Eleanor Talley, Marlise Taylor, T. Jerry Williams

CALL TO ORDER

Wit Tuttell called the meeting to order at 11:04am

COMMENTS AND INTRODUCTIONS

Tuttell welcomed and thanked everyone for attending. All attendees gave brief introductions. Tuttell then read aloud the Ethics Statement in accordance with Executive Order No. 35.

DIVISION UPDATE

Wit Tuttell, the Division's Acting Secretary of Tourism, presented the Division update. Goals remain focused on growing visitation and spending, recognizing how important it is to align with complementary brands and partners to be able to compete in a marketplace where NC is consistently outspent by its keenest competitors.

Everything that the Division does is measured and quantifiable. All decisions made are based on research such as web analytics, ROI/attitude awareness, visitor research, economic impact, social engagement and partner investment.

2012 Visitor Spending Data: Total domestic travel spending increased 5.4% from 2011 to \$19.4 billion, outpacing the national growth rate. Visitors spend over \$53 million a day in the state and contribute over \$4 million a day in state and local taxes. Each year, North Carolina households save \$423 in taxes as a result of taxes generated by visitor spending. Total domestic travel employment increased 1.8%, better than the 1.0% of total nonfarm job growth and the 1.3% of total private job growth in North Carolina.

County level visitor spending: 6 of the top ten counties in visitor spending growth were classified as rural by the Rural Center. All counties showed an increase in visitor spending over 2011.

Markets of Origin: NC residents account for over 1/3 of overnight visitors. Realizing there is a healthy balance of out-of-state to in-state visitors to maintain, they are an important part of the mix.

NC Travel Industry Partner Marketing Investment: 82 % of partners invest half their marketing dollars or more only in North Carolina. More than half of partners invest more than 75% of their marketing dollars inside the state.

Partnerships: Key to being able to compete more effectively; making the most of every dollar invested. The Division works continually with all 100 counties from mountains to the sea. 200 plus industry partner contacts across the state, at least one in every county, have access to the Division's Extranet to help ensure data is current and accurate for their own communities. Partners include other state departments including State Parks and Agriculture for agritourism. These partners include regional economic development organizations as well as host groups.

Target Audience: The Division reaches out primarily to females, who are responsible for making and/or influencing most of household purchasing decisions including travel. From a paid advertising perspective, the focus is on females, ages 35-54, household incomes of \$75K plus.

Project 543: In fall 2012 the Division introduced an all-new blog dedicated to the stories of unique destinations and attractions across North Carolina. Complementary tool for the brand advertising effort, and the “deeper connections” strategy; getting “inside the state’s beauty” to inform, inspire and prompts sharing.

Program Integration/Content Strategy: An 18-month content strategy planning calendar is the most efficient tool to effectively align all tourism programs. Marketing and PR lead the effort working in tandem with content strategy team members at LGA. New content strategy focused on more relevant, shareable content has increased engagement across the entire program, including expanded social media efforts.

Official North Carolina Travel Guide: Destinations, attractions (885) and accommodations (3,900) listed for free. 174-page guide, 600K copies distributed annually. 120 NC travel industry advertisers invest \$1.1 million which as a result, the Guide is published at no expense to the state. The Division has two covers: North Carolina Zoo (highlighting multiple gorilla babies); Pinehurst Resort (to promote the United States Golf Association’s U.S. Open and U.S. Women’s Open Championships in 2014)

Highlights from Lodging Reports: Room Demand (2000-2013) – 14% growth overall. Average Daily Rates (2000-2013) 33% growth overall. Room revenues (2000-2013) 50% growth.

Consequences of future budget restrictions: NC market share is at risk moving forward. While NC total market share hovers between 3.8 and 4.0, competitor states with larger budgets are gaining ground. Both Georgia and Tennessee increased their total market share in 2012, as did Florida, Pennsylvania, and Texas. Georgia has gone from #10 in overall travel volume in 2010 to #7 in 2012. Tennessee has gone from #13 in overall travel volume in 2010 to #10 in 2012.

Marketing Investment: While NC ranks 10th in population, the state’s tourism marketing budget ranks 26th, outspent by seven peer Southern states. Many states growing their budgets including competitors Virginia, South Carolina, Tennessee, Kentucky, Alabama and Florida. Despite being outspent, through strong partnerships, North Carolina is the sixth most visited destination.

Advertising Awareness: The Division has partnered with Longwoods International on two comprehensive awareness and ROI studies: Common, industry standard for awareness and ROI tracking research for destinations.

Advertising awareness scores, while still very positive, slipped approximately 15 percent between 2005 and 2010, reflecting the impact of the gap between the Division’s budget and competitors’.

Upcoming Events:

Men’s & Women’s U.S. Open Championships in Pinehurst: First time ever the Men’s and Women’s Championships will be held back to back at the same location. The Division will be working to make the most of the global focus on Pinehurst next summer and expand the glow of that exposure across the entire state.

NC Beer Month: Another signature event is the month-long beer tourism promotion in April where the Division collaborates with the North Carolina Brewers’ Guild. Capitalizing on North Carolina’s emergence as the #1 destination for craft breweries in the Southeast. This initiative received over 253MM impressions and an ad equivalency of \$2.3MM via the coverage garnered in pubs like The New York Times, USA Today, Philadelphia Inquirer and others.

PRESENTATION BY SECRETARY DECKER

Secretary Decker opened with the statistics of the partnership with the parks: The Fall color reports grew page views by 134%.

Commerce will continue to move forward with the partnership and Wit will be involved including how to look at the staffing and organization of the Division. Tourism will not be making any moves until the middle of next year. The movement to the Economic Development Partnership of North Carolina will begin with Business & Industry as currently planned.

Secretary Decker also reported that it is important to fully integrate tourism into the full understanding of what economic development is for the state, although this is improving.

It was also noted that the partnership with Cultural Resources, Ecotourism, and Agritourism is important to the state as a whole and needs to be emphasized going forward.

Wit Tuttell highlighted the Department of Cultural Resources as a great partner and Secretary Susan Kluttz appreciated the relationship as well. Secretary Kluttz noted the budget challenges that will be faced in keeping historic sites open and how the partnership will help maintain these resources that are have throughout the state. Secretary Decker would like to see the state focus more on funding Cultural Tourism.

Secretary Decker reported that the US Open will be a great way to tie tourism and business development together due to the international exposure.

Secretary Decker concluded with a request to all Board members to visit the Welcome Centers and thank the employees for being great ambassadors for the state, as they are often the first people with which a visitor to the state will interact.

MINUTES APPROVED

Randy Kolls motioned to approve the August 6, 2013 meeting minutes. The motion was seconded by Sabrina Bengel and unanimously approved.

COMMENTS FROM THE CHAIR

Rolf Blizzard recognized Mitzi York, Randy Kolls and Steve Thanhauser for their work on the Board over the past few years and plaques were given in appreciation of their service.

Blizzard then announced there would be a nominating committee of Kim Hufham, Steve Thanhauser, and Rolf Blizzard as members of the nominating committee for a new Board Chair. The Chair will be voted on at the February meeting.

DIVISION UPDATE CONTINUED

Fall Campaign always emphasizes statewide coverage. Good success this fall partnering with DENR, State Parks and Marine Fisheries on fall color and fishing reports. In fact, rangers from 28 different parks contributed. Overall, there were 44 individual participants and 153 fall reports submitted.

Tammy O'Kelley made a motion that the Travel and Tourism Board support an extension of the Film Incentive by 5 years (beyond 2015, into 2020). The motion was seconded and the Motion carried unanimously. A resolution will be created and distributed that encompasses the Board's discussion of this issue.

The website has rolled over to winter promotions including partnerships with the North Carolina Ski Association and holidays are being promoted up until January and then a pure winter message will continue through the season.

LEGISLATIVE AND INDUSTRY REPORTS CONTINUED

Rolf Blizzard of the North Carolina Travel & Tourism Coalition reported that there was a long discussion of the public private partnership at the recent annual retreat. Nothing has changed as far as issues go for the Coalition and they look forward to the upcoming legislative session.

Randy Kolls of the North Carolina Restaurant and Lodging Association gave a report of the recent legislative activities involving the hospitality industry: Kolls reported that the NCRLA fundraiser held at the Angus Barn on October 28th and

was very successful raising \$25,000 for the NCRLA PAC and \$70,000 for the National Restaurant Association PAC. In recent rankings released by the North Carolina Center for Public Policy Research, NCRLA's PAC was ranked as the 25th largest. Continue to monitor efforts on the Congressional level to increase the minimum wage. NCRLA has signed on to a letter to encourage Congress to keep the National Parks open to prevent negative impact to the restaurant and lodging industry.

Lynn Lewis of the North Carolina Travel Industry Association reported that the Tourism Leadership Conference was very successful with about 100 attendees.

Denny Edwards of the Destination Marketing Association of North Carolina reported that they had some discussion of concerns regarding the morale and turnover of the Division staff and want to continue to encourage the same funding model for the marketing plan and to keep it separate as it has been in the past. There is a hope that the funding structure for marketing efforts will remain the same, as many local DMOs are already tapped out.

Discussion followed amongst the Board regarding the staffing of the Division and the outlook for the future. It was noted that a few staff have departed, but that a sports person should be hired soon.

Meeting adjourned at 1:25 pm.