



NORTH CAROLINA TRAVEL & TOURISM BOARD

MEETING MINUTES

December 13, 2016

BOARD MEMBERS PRESENT: Rolf Blizzard, Sabrina Bengel, Richard Geiger, Caleb Miles, Tammy O’Kelley

BOARD MEMBERS VOTING BY PROXY: Kevin Baker, Joel Griffin, Vinay Patel, Jessica Roberts, Paula Wilber.

BOARD MEMBERS PRESENT AND ASSIGNED VOTES BY PROXY CONSTITUTES A VOTING QUORUM.

BOARD MEMBERS ABSENT: Chris Chung, Robert Danos, Sen. Ralph Hise, Rep. Pat McElraft, Sen. Norman Sanderson, Sec. Skvarla

LIAISONS, STAFF AND GUESTS PRESENT: Amanda Baker, Jane Duncan, Steve Dunkley, Denny Edwards, Guy Gaster, Scott Gilmore, Dana Grimstead, Bryan Gupton, Matthew Eisley, Catherine Locke, Brooks Luquire, Andre Nabors, Hayes Norris, Nick Parker, Steve Potts, Kathy Prickett, Michelle Reino, Mark Shore, Eleanor Talley, Marlise Taylor, Cyndi Tomblin, Wit Tuttell, Chris Valauri, Heidi Walters

Tammy O’Kelley, Chairperson, called the meeting to order at 2:02pm.

WELCOME

O’Kelley welcomed Board members and guests to the Economic Development Partnership of North Carolina. She also read aloud the Ethics Statement in accordance with Executive Order No. 35.

MINUTES APPROVED

Rich Geiger made a motion to approve the August meeting minutes, seconded by Sabrina Bengel; and the minutes were unanimously approved.

COMMENTS FROM THE CHAIR

O’Kelley recognized Visit North Carolina’s new Public Relations Manager, Eleanor Talley and thanked the Board, past and present members, for their support of the industry as we close this difficult year and prepare for the future. O’Kelley emphasized that the restructuring of the Board was aimed to reduce the size to a more manageable number in an effort to make the travel and tourism board more impactful. The smaller board will provide more scrutiny and effectiveness to the industry.

Board members, Caleb Miles and Sabrina Bengel voiced concerns with the restructure. While they agree with the restructure and size of the Board, Bengel was concerned that some sections of the state may not be truly represented, citing specifically eastern North Carolina. Miles was concerned that neither DMANC nor NCTIA were included in the restructuring meetings. O’Kelley stated that, nevertheless, DMANC and NCTIA are represented on the Board, and thanked Bengel and Miles for their comments.

LEGISLATIVE PRIORITIES FOR 2017 LONG SESSION

Legislative Priorities, as follows, were presented to the Board for approval as a recommendation from the Executive Committee:

- **FUNDING FOR TOURISM MARKETING AND PROMOTION**

In 2015, domestic travelers spent \$21.9 billion across the state, a record high visitor spending figure. Domestic tourism expenditures directly supported more than 211,000 jobs for North Carolina residents, a record high employment figure. Traveler spending generated \$1.1 billion in state, and \$660 million in local tax revenue. To maintain and expand this vital sector of our economy, the state of North Carolina must invest substantially more in marketing our state to regional, national, and international travelers. Currently, our investment (the advertising and marketing appropriation to the Economic Development Partnership of NC for VisitNC) lags behind that of our competitor states. Tourism creates jobs, promotes economic development, and contributes over \$1.7 billion each year in state and local taxes. Studies show that state investments in tourism advertising and marketing not only repay themselves, but are major net revenue generators for both state and local government. The Board will urge the General Assembly to expand its critical investment in marketing and advertising North Carolina as a destination for business and pleasure travelers.

- **CONTINUED OVERSIGHT OF THE ECONOMIC DEVELOPMENT PARTNERSHIP OF NORTH CAROLINA**

The North Carolina Travel & Tourism Board affirms its support for the Travel and Tourism Policy Act as set out in NCGS §143B-434.2, et seq., and specifically the responsibility of the Department of Commerce and the Economic Development Partnership of North Carolina to comply with the Act. The Board believes that in order for the duties and responsibilities of the Department to be effectively executed, the tourism division of the Partnership, Visit NC, must be adequately funded and staffed with professionals with knowledge of and experience in the tourism industry. The Board will continue to support the Department and the Partnership's efforts to ensure the tourism industry is effectively promoted and supported.

- **OPPOSE OTHER TAXES TARGETED AT TRAVEL AND TOURISM INDUSTRY**

The travel and tourism industry is willing to bear its fair share of the cost of government, but opposes taxes targeted at our industry alone. The Board will continue to oppose taxes, such as admission taxes and meals taxes, that are targeted exclusively at our industry.

- **OPPOSE DELEGATION OF TAXING AUTHORITY**

The Board believes the General Assembly must preserve the state's tax base to meet statewide needs, and must maintain fair and consistent tax policies throughout the state. No new local tax should be imposed without passage by the General Assembly of specific authorizing legislation. The Board will oppose legislation that delegates to local government the power to impose taxes on components of the travel and tourism industry without prior legislative authorization.

- **SUPPORT EXISTING SCHOOL CALENDAR LAW**

The Board supports the existing North Carolina law requiring schools to begin in late August, the traditional time for back-to-school. Studies show that starting school in late August produces as much as \$1 billion each year in economic growth through increased tourism-related sales. A

majority of states have late August start dates, with no discernable impact on student learning or test scores.

- **FILM NC**

Film industry projects in the state provide economic benefits and are key to generating publicity and showcasing North Carolina to potential visitors. The Board supports state policies to attract and revitalize our film industry across the state.

- **LEVEL PLAYING FIELD FOR LODGING**

The Board supports legislation to ensure a level playing field for the taxation of short-term rentals facilitated by online companies. **PROTECT OUR ENVIRONMENT.** The travel and tourism industry depends on the voluntary choices people make to visit North Carolina. Many visitors come here because of our beautiful and clean environment. If we spoil our clean air and water, litter our scenic highways, and allow North Carolina to develop a reputation for environmental neglect, this industry and the hundreds of thousands of North Carolinians who depend on it will suffer. The Board will continue to support initiatives of the General Assembly and the Administration to find prompt and effective remedies for these potential harms to our state.

Rolf Blizzard made a motion to approve the Legislative Priorities for the 2017 Session, seconded by Caleb Miles; and the motion was unanimously approved.

LEGISLATIVE AND INDUSTRY REPORTS

Board Member Richard Geiger of the Destination Marketing Association of North Carolina reported that the process of forming a collaborative federation with the NC Travel Industry Association is complete. DMANC, in partnership with NCTIA, is moving forward to work on legislative issues.

Board Member Caleb Miles of the NC Travel Industry Association announced after an extensive process for identifying a new lobbyist and communications company, New Frame has been selected to represent NCTIA. A key attribute of New Frame is their grassroots efforts. NCTIA stands as the main umbrella organization in support of DMANC representing Destination Marketing Organizations; SIG groups dedicated to attraction support; and school groups.

Rolf Blizzard of the NC Travel & Tourism Coalition reported that the coalition held their retreat in November with discussion on their legislative agenda for 2017. Issues of concern include occupancy taxes, the school calendar law, tourism marketing budget, and the public use of oceanfront property.

An Amicus brief was filed to protect the public use of oceanfront property. A school calendar research study is underway, as it remains a priority of the Coalition.

O'Kelley noted that Economic Development and Standards Committee will be added to the Legislative and Industry Reports starting with the next meeting.

Bryan Gupton of NC Visitor Services noted that year-to-date traffic is virtually flat at the welcome centers throughout the state. Hurricane Matthew closed the I-95 welcome center for nearly a week. During that time the call center was open for 24 hours and received over 7,300 calls to the toll-free line. Visitor

Services reported more than one million calls total for the time period, which includes the 511 traffic calls. Moving the 511 to the call center has reduced NCDOT costs by 40%. Post hurricane traffic detours were of major traveler concern. The welcome centers also received media coverage with interviews of people who parked in the visitor center lots post-hurricane. Highlights from the past year include upgraded technology across six of the nine welcome centers, dedication of two additional Blue Star Memorial markers, and local events at Welcome Centers.

EDPNC/VISIT NC UPDATE

Wit Tuttell, Executive Director, presented an update on the recent accomplishments and results as well as the future goals and strategies for Visit North Carolina.

Tuttell stated that 2016 presented a challenging year after facing media crisis after media crisis. In response, Visit North Carolina has developed several complimentary co-op marketing opportunities for tourism businesses in the areas affected by Hurricane Matthew, the resulting flooding, and the Western North Carolina wildfires. Participation in the programs is limited to core tourism businesses, visitor attractions, and lodging that were closed five business days or more and are located in one of the affected counties. After announcing the program at the end of November, Visit NC has already donated more than \$3,500 in advertising space and continues to work with partners on fulfilling the opportunities – which are available to the affected partners through the end of the current fiscal year. Jimbo’s Farm is one of our first lodging partners to take advantage of the display program. They lost 10 days of rentals due to the fires in Graham County.

HSMAI Adrian Awards – The Hospitality Sales & Marketing Association International (HSMAI) will honor Visit North Carolina with a Gold Adrian Award for Vacation Big Campaign and a Gold for Vacation Big “Scroll” TV Spot and a Bronze for Project 545. The HSMAI Adrian Awards is the largest and most prestigious global travel marketing competition.

Research - Room revenues through October topped \$3 billion, and are eight percent higher than last year. Similarly, room demand is at record levels. Year to date through October, more than 30 million room nights have been sold, an increase of 4.4% from last year. While ADR took longer to drop as a result of the recession and was slower to catch back up, it has grown 17% since 2008 and at nearly \$100, is at record level for the state. Occupancy is also at a record level growing 14% since 2008. Note that the slightly slower growth in occupancy can be attributed to the supply growth statewide. Room supply in NC has grown more than 10% in less than a decade (since 2008). This growth has a significant effect on occupancy - as more rooms are added to inventory, there are more rooms to sell. The good news is that the increase in demand for NC lodging has surpassed supply growth. Even with a dip in demand in 2008 and 2009, since 2008, demand has still increased more than 25%. Both room supply and room demand are at record levels in NC. As a result of both increased demand and increased ADR, lodging revenues statewide have seen tremendous growth over the last several years. Since the dip from 2008 to 2009, revenues have grown more than 68%. At the 10-month mark of 2016, revenues have topped \$3 billion and are up 8.2% from YTD 2015.

#NCFallofFame - The second annual #NCFallofFame user-generated content (UGC) campaign wrapped earlier this month, with eight new inductees chosen from Instagram and Twitter. Throughout the campaign, @VisitNC promoted eight unique themes using fan photos and videos and partner-provided insider tips. A multi-channel content strategy (including the [website](#), e-newsletters and social media) aimed at generating usage of the #NCFallofFame hashtag resulted in 3,319 hashtag mentions and 15.7 million potential impressions. Strong fan engagement from influencers like @oibmickey and @MichaelALanza helped garner a 59 percent increase in total impressions compared to 2015.

Fall TV Campaign - Following the success of last year's "The Scroll" television commercial, VisitNC recently produced a new television commercial which was incorporated into the 2016 fall media mix with the goal of strengthening awareness and interest in travel to North Carolina. With a timeless, evergreen message and appeal, the new brand TV spot titled "Beauty Here" reminds travelers of the striking and disarming beauty North Carolina has always offered. Rather than follow traditional conventions, the commercial takes a more intimate look at the state's core attributes, allure and uplifting spirit. The television spot appeared in six important Southeast drive markets, all close enough for more spontaneous seasonal fall travel. The seven-week cable advertising flight began in late September and extended into early November in the Atlanta, Columbia, Greenville/Spartanburg, Jacksonville, Nashville, and Richmond markets. Traffic to VisitNC.com from these six markets was up 76% year-over-year for the same timeframe (early October through mid-November), and up 131% in Atlanta and 123% in Nashville.

VisitNC.com – The site was recently switched over to our Holiday and Winter seasonal content. VisitNC.com continues to perform at record levels with over 6.3 million visits through the end of November – pacing well ahead of last year's record number by over nine percent. Downstream traffic to our partner sites is strong, sending more than 1.8 million users downstream to partner sites through the end of November.

2017 North Carolina Travel Guide - The *Official 2017 North Carolina Travel Guide* is now available. For the first time, the *Official North Carolina Travel Guide* uses three different covers to reflect the diverse natural beauty found in the state's coast, Piedmont, and mountain regions. The coastal cover captures Hayes Bridge, a wooden structure that crosses Queen Anne Creek to a historic plantation on the Edenton waterfront. From the Piedmont, the cover depicts mountain bikers on a winding trail at Lake Norman State Park near Mooresville. The mountain cover shows Looking Glass Rock, a Brevard-area destination for hikers and rock climbers.

Public Relations - Visit North Carolina recently hired Eleanor Talley as the Public Relations Manager.

Vivian Howard Food Truck Tour – Visit NC partnered with Vivian Howard to extend the North Carolina Hospitality voice through a Food truck tour in support of "Deep Run Roots: Stories & Recipes from My Corner of the South."

North Carolina Film Office Director Guy Gaster and Heidi Walters, VisitNC's Director of Partner and Industry Relations, were recently in London promoting film tourism to the state in conjunction with a blue plaque unveiling at the London home of NC native actress Ava Gardner. The London Blue Plaques, run by the English Heritage, is thought to be one of the oldest programs of its kind in the world and currently has over 900 plaques displayed across the London metro area on buildings. In attendance at the ceremony were representatives of the Ava Gardner Museum—located in Smithfield—and members of the Gardner family as well as close friends of the actress. VisitNC and FilmNC also hosted UK travel writers and tour operators for a special event the night before the plaque unveiling where they pitched North Carolina and its accessibility to locations that have been used in productions that have filmed in the state. The event also included a screening of the NC-filmed feature "The Choice."

Cucalorus Film Festival - The 22nd annual Cucalorus Film Festival wrapped in Wilmington. A new part of this year's event featured the debut of some of the projects made in North Carolina that received funds from the Cucalorus Foundation's Filmed in NC fund, which is sponsored by the N.C. Film Office and awards monies to low-budget projects that are shot in the state by North Carolinians and/or students attending a North Carolina university. In addition to the screenings, the 2016 festival also marked the second year of the business-focused Connect conference, which was sponsored in part by the EDPNC's Business Link North Carolina.

Film Spending Impact – Year – End projections for 2015: More than \$131 million in spending by productions; but job opportunities overall have declined.

International – The partner and industry relations team spent much of the fall on the road traveling. The team attended Travel South International Showcase in Atlanta and welcomed new partners to the tradeshow. Delta Airlines in 2017 plans to boost capacity on Raleigh – Paris CDG service, where it plans to operate Boeing 767-300ER aircraft. The Boeing 767 will begin serving this route from 27MAY17, replacing 757-200. The team visited China with a Travel South delegation this fall and attended the US China Tourism Leadership Summit, which will be in Atlanta next year.

Domestic Group Travel - Group travel has attended the Domestic Sales Mission and Connect Sports marketplace. New this year, Cycle NC Excursions allowed cyclists to see different parts of the state that they wouldn't typically see during the course of the 7-day ride from mountains to coast.

Partner Relations - Appalachian Regional Commission "Bon Appetite Appalachia" media event for the updated map guide and online additions in Waynesville. Hosted the American Association of Retirement Communities Annual Conference in Asheville in November with 10 states represented (TN, SC, AR, MS, GA, NM, NC, VA, MD, FL). Visit NC also plans to attend 6 consumer shows this spring.

Audience Research – Visit NC contracted with Bellomy to conduct an Audience and Understandings research study. Preliminary findings in hand, and final report is still pending some additional data cuts and analysis. They looked more deeply into our target audiences, how they're interests are evolving, what motivates them to travel, and what will most inspire them to visit North Carolina. This research

complements our ongoing research program, drills deeper into what motivates people to travel here, and will be very helpful as we craft our marketing and communications strategy moving forward. While the study shows very favorable and encouraging perceptions of North Carolina overall, there have been many questions from the Board and others regarding the impact of HB2 on visitation, interest in visiting, and the travel sector in the state overall. We did not pose any direct questions regarding HB 2. These are unaided responses to the question “Why will you never consider a leisure trip to North Carolina?” Of the more than 2,500 travelers completing the survey, 516, or approximately 25% indicated they would never consider a leisure trip to NC. Breakdown of the leading reasons those 516 travelers would never consider visiting include:

- Not interested - 27% (139 out of more than 2,500 respondents)
- Not sure what there is to do there - 15% (77 people)
- No reason to visit - 11% (56 people)
- General negative perception of the state - 10% (51 people)
- HB 2 related concerns - 7% (36 people)
- Too far away - 4% (20 people)

Staff will report in more detail at the February meeting, and at that time share how the findings are helping to sharpen our strategic focus and continue to grow our success as we move forward.

Inner Banks Retirement Program – Tuttell reported on Commerce’s plan to have Visit NC do specific Inner Banks Marketing.

COMMENTS FROM THE BOARD

Board members expressed concern about many aspects of the Inner Banks Retirement Marketing Program, and asked for clarification from the Department of Commerce with regards to the following:

- How is the Inner Banks Retirement Program being funded?
- As Visit NC is already overseeing the Retire NC program, how is this project different and not a duplication of efforts?
- How much Visit NC staff, time, and what other resources does the Department of Commerce estimate will have to be dedicated to this program; and for how long?
- What will be the process for the distribution of leads generated by this effort? Will the Department of Commerce form partnerships with local governments and municipalities to handle leads follow-up, or will these be forwarded to private investors and real estate developers?

Members present feel this project sets a precedent for marketing and promotion that is outside the scope of work normally undertaken by Visit NC, whose mission is to market the entire state. As outlined in § 143B 434.1: The North Carolina Travel and Tourism Board – creation, duties, membership, it is the duty of the Board to promote policies that support tourism in North Carolina. This project does not meet the Board’s standard as an effort that will support the growth of statewide tourism in North Carolina, and

members suggest that these funds would be better served supporting statewide tourism marketing and/or business development initiatives.

Sabrina Bengel made a motion to request that the Inner Banks Retirement Program be placed on immediate hold, seconded by Caleb Miles; and the motion was unanimously approved. Because this item was not on the agenda, Dana Grimstead distribute the motion to all Board members, and the vote will be ratified at the February meeting. In the meantime, O'Kelley will prepare a memo to be sent to Sec. Skvarla at NC Commerce requesting clarification, as directed by attendee's today's meeting, regarding the project.

EDPNC/VISIT NC UPDATE

Visit NC 365 Conference - The annual conference on Tourism, Visit NC 365, is North Carolina's largest gathering of tourism professionals. The conference will be held March 19-21, 2017 at the Greenville Convention Center in Greenville, NC. Keynote speakers include Luke Williams and Andrew Davis. Online registration is now available including special early bird rates through Jan. 1. There is also a special Board member rate. Board members were advised to see Dana Grimstead to be registered at the special rate.

COMMENTS FROM THE CHAIR

O'Kelley named a nominating committee to be tasked with recommending a member to serve as Chair of the Board, as follows: Christopher Chung, Jessica Roberts, Caleb Miles, Paula Wilber, Rolf Blizzard, and Kevin Baker. Their recommendation will be presented at the February meeting.

ADJOURNMENT

The next Board meeting is planned for February 7, 2017; location to be determined. The meeting was adjourned at 4:48pm.