

NORTH CAROLINA TRAVEL AND TOURISM BOARD



MEETING MINUTES

BOARD MEMBERS PRESENT: Sally Ashworth, Mike Butts, Chris Cavanaugh, Haddon Clark, Teresa Damiano, Randy Kolls, John Meroski, Lynn Minges, Davin Olsen, Doyle Parrish, Thomas Pashley, Harris Prevost, Ed Phillips, Jamie Reibel, Tom Ruff, Susan Spangler, Steve Thanhauser, Rep. Alice Underhill

BOARD MEMBERS ABSENT: Senator Walter Dalton, Senator A.B. Swindell, Rep. Phil Haire, Penny Leary-Smith, Edward Hay, Jr., Lew Ebert, Leonard Rigsbee, Anne Steketee

LIAISONS, STAFF AND GUESTS PRESENT: Shannon Arnold, Bryan Gupton, Eleanor Talley, Scott Gilmore, John Ketchum, Jennifer Jenkins, Connie Wilson, Libby Smith, Rita Harris, Amy McConkey, Jim Hobbs, Paul Stone

CALL TO ORDER

Chairman Chris Cavanaugh called the meeting to order at 11:11 a.m.

MINUTES APPROVED

John Meroski motioned for approval of the August 19th, 2008 board meeting minutes. Tom Ruff seconded the motion. The motion was unanimously passed.

COMMENTS FROM THE CHAIRMAN

- Introductions were made, including new board member Sally Ashworth.
- Chairman announced this to be his last full meeting as chairman.
- New Chairman search committee members
 - Teresa Damiano, Doyle Parrish and Ed Phillips

THE CURRENT ECONOMIC CLIMATE PRESENTED BY CHRIS CAVANUAGH

- A summary of the recently attended TIA Marketing Outlook Forum in Portland, OR with the information provided focusing on the current travel economy.
- Leisure travel intentions among U.S. adults are stable at 71.4 %. Travelers are still vacationing, but trends show visitors are taking shorter, closer to home trips that are less costly.
- National Business Travel Association expects 2009 will mirror the economic experiences of 2008 with continued uncertainty, fewer travelers and higher costs.
- Airline travel on U.S. carriers is down 2.7% in January through June of 2008. Capacity cuts are expected in the U.S. with a 10% reduction year over year expected through 2011. There was a 7% drop in number of flights worldwide in 4th Quarter 2008 versus 4th Quarter 2007.
- The hotel industry nationally has shown a 2.5% increase in room supply with occupancy down negative 3.1%. RevPar is holding steady with a 0.6% increase.
- The industry forecast sees 2009 as a weaker year with business travel slower than leisure travel. A turnaround is not expected until late 2009 or early 2010 with consumer uncertainty playing a large factor in the travel downturn.

NC DIVISION OF TOURISM, FILM & SPORTS DEVELOPMENT UPDATE BY LYNN MINGES

- The Division focus is on the economy and changes in administration statewide and nationally.
- The last decade has been one of great success for tourism statewide thanks to effective leveraging of resources and strong marketing partnerships, capitalizing on new

communication technologies and consistently measuring investment returns through research based programs.

- State Tourism Highlights from 2000 - 2008
 - Visitor spending increased 51%, totaling \$16.5 billion as an industry.
 - Tax receipts increased 44%; totaling \$815 million in state and \$529 million in local taxes.
 - Occupancy tax has grown from \$70 million in 2000 to \$154 million in 2008.
 - Tourism has grown in each of NC's 100 counties – rural and urban.
 - Tourism sustained 375,000 jobs, growing 4.5% in 2007.
 - A total of 9% of NC payroll is directly or indirectly dependant on tourism.
- In the current economic climate thousands of small businesses and jobs in tourism are at risk, and the division has less marketing money available.
 - Occupancy is down 6.1% statewide, while the average daily rate remained strong. Rev PAR is down 2.4%, and room revenues dropped 0.7%.
- Budget Update
 - The division's 2008 fiscal year began with \$1.3 million less than the prior year.
 - An additional 5% (\$541,909) has been cut with reductions in marketing funds, travel, printing, postage, operating expenses, and a freeze on positions and the grant program. The welcome centers have also made cuts by closing on Tuesdays to eliminate part-time.
- VisitNC.com
 - YTD Traffic – 7,831,132 (24% increase)
 - YTD Inquiries – 4,089,766 (4% Increase)
- Fall Color and Holiday PR
 - Fall Color Campaign has generated \$2,321,507 in free publicity and 4,000,000 impressions with articles in Food & Wine Magazine, Greensboro News & Record, Winston-Salem Journal, Raleigh News & Observer, Southern Living Magazine, Family Circle Magazine, WNC Magazine, and Weather.com
- Public Relations Highlights
 - Hosted Canadian TV Show "Entertainment Spotlight", German Press Trip in the Great Smoky Mountains, Editorial Meetings with Southern Progress Publications
 - Media Mission scheduled January 22, 2009 in Atlanta.
- The 2009 Travel Guide includes 740 Attractions and 3,988 Accommodations, and the division gained \$2 million in advertising support from their 182 Partners.
- Domestic Marketing Highlights
 - American Bus Association will be hosted in Charlotte, January 1-12, 2009.
 - Board Member Ed Phillips mentioned Morganton, NC is one of two in final consideration for the Southeast Regional Little League Softball and Baseball Headquarters.
 - 10 Anniversary of Cycle NC – 1,000 cyclists from 34 states and 9 foreign countries participated in a ride across NC in Fall 2008.
 - Sports Business Journal – 16 page advertising spread with support from 12 partners
- International
 - The US State/Provincial Tourism Directors Summit attended by Lynn Minges in China to promote Southern US and NC tourism.
 - New direct flights from Charlotte and Raleigh airports to Paris, France.
 - New international websites were launched.
 - A new research data tool, VisaVue is used to measure the amount international visitors spend by tracking international credit card use in NC.
- Other areas of Interest
 - Travel Industry Association & Travel Business Roundtable merges to become US Travel Association on January 1, 2009.

- The passage of the Travel Promotion Act looks promising, after it passed through the House and is currently in the Senate.
- Key Issues and Highlights
 - 2009 Expansion Budget Request
 - \$500,000 Marketing
 - \$250,000 French Marketing
 - School Start
 - NC Zoo Funding
 - Funding for Visitor Centers – I-73/74 Randolph County
 - March 1-3, 2009 – NC Governor's Conference on Hospitality & Tourism

LKM PRESENTATION BY JENNIFER JENKINS AND SCOTT GILMORE

- Preview and presentation of new VisitNC.com website.
 - John Meroski requested an American Flag be a central photograph on the new website.
 - Steve Thanhauser inquired about an e-commerce link for the new website.
 - Several board members expressed interest in incorporating social networking sites into the website.
- The LKM discovery groups focused on three different life stages; young adults, empty nesters and families. The groups all echoed the common keywords of easy, variety and bonding leading LKM to focus on messages of journeys, sanctuary, come be, freedom and fun. Harris Prevost suggested the message easy and a strategy based around easy. The overall marketing objective is to tap into a younger audience.

UPDATES FOR INDUSTRY ASSOCIATION PARTNERS

- Connie Wilson representing the NC Travel Industry Association discussed a poll paid for by the NCTIA and conducted by Public Opinion Research on the School Calendar Law showing 71% of respondents support the law and 80% wanting school to start in late August.
- Jim Hobbs of the Hospitality Alliance highlighted the importance of the Save our Summers program to the tourism industry as a whole.
- Amy McConkey with NC Travel and Tourism Coalition gave updates on the NC Travel and Tourism Coalition 2008 Annual Retreat, plans to appoint a legislative task force for the division budget, continued monitoring of occupancy tax issues and importance of school calendars to the industry.
- Representative Underhill discussed the proposed visitnc.com license plate bill and encouraged Board members to speak to their Representatives and Senators in the General Assembly about the initiative.