

NEW VISTAS

North Carolina's travel and tourism industry is seeing new heights and challenges.



NORTH CAROLINA ALWAYS HAS BEEN POPULAR WITH TOURISTS AND EVENT PLANNERS.

Its diverse geography, attractions and accommodations provide something for everyone. They've made it the sixth most visited state, according to Raleigh-based N.C. Department of Commerce. In 2016, tourism spending reached \$22.9 billion, up from \$19.4 billion in 2012. But increasing demand hasn't come without challenges. *BUSINESS NORTH CAROLINA* magazine recently assembled a panel of experts to discuss the changes and challenges in this economically important industry.

Participants, from left, in photo on opposite page:

Mark Shore, director of tourism marketing, Visit NC arm of Cary-based Economic Development Partnership of North Carolina Inc.

Bryan Moore, director of marketing, meetings and events, Blowing Rock-based Chetola Resort

Andrew Schmidt, executive director, Greenville-Pitt County Convention and Visitors Bureau

Alison Murray, instructor, Greenville-based East Carolina University's Department of Recreation and Leisure Studies

Roland Vaughan, mayor, town of Edenton

Mark Sherburne, area general manager, Englewood, Colo.-based Destination Hotels' The Carolina Inn and The Rizzo Center in Chapel Hill and Aloft Charlotte Uptown

Rich Phaneuf, executive director and CEO, Raleigh-based Association Executives of North Carolina

Ben Kinney, *BUSINESS NORTH CAROLINA* publisher, moderated the discussion, which was held at Visit NC's Cary headquarters. Support was provided by Greenville-Pitt County CVB. The transcript was edited for brevity and clarity.

THE STATE'S TOURISM INDUSTRY IS GROWING. HOW IS GREATER DEMAND AFFECTING WHAT YOU DO?

MURRAY ECU serves eastern North Carolina. Our department — Recreation and Leisure Studies — helps communities promote tourism. Kinston, for example, is on U.S. 70, which used to be the way to the coast. But beachgoers now use U.S. 64 and Interstate 40. While it has lost exposure, the city is reinventing itself in unique ways such as farm-to-table dining and craft brewing.

PHANEUF AENC membership was up each quarter last year. We're seeing more interest in sponsorships for our events. Our fall conference, for example, had about five sponsors last year. It had more than 20 this year.

VAUGHAN Our downtown is three streets of shops, banks, professional

services and history. You can't find a parking space after 8 p.m. on a Friday. That's unique for a town of 5,000 people in eastern North Carolina. Most of our tourists are from Virginia's Tidewater region. We used a recent grant from [Rocky Mount-based] Golden LEAF Foundation to market toward the west, which brought more visitors from the Triangle. We've seen more weddings over the last year. We rent stand-up paddleboards and kayaks at our waterfront, where a vendor offers tours from a motorboat. The annual budget derived from occupancy tax is about \$135,000. That pays for a tourism marketing person. About 500,000 people come and go to the Outer Banks every summer weekend. Many drive by Edenton. We try to catch some of them by marketing day trips to Edenton. We've seen some impact from that.

MOORE The High Country has had unprecedented growth for seven years straight. It leveled off this year. Chetola is seeing guests stay fewer days. We're a great destination, but I can't make summer longer. Our growth will come Sunday through Wednesday. That's when association business is important for us. We're large enough to affect nearby properties, which see our overflow business. Hopefully that encourages more cooperation. Groups tend to go to the coast, Piedmont or mountains, which to many is Asheville. We have to find the customers who best fit what we offer.

SHERBURNE Attendees are looking at more than the property. They could go anywhere if they only wanted to sit in a hotel room. They want the full experience. If they go to Chapel Hill, they want to visit the Carolina Basketball Museum, see a concert at Cat's Cradle and explore

bustling Franklin Street. They won't return if they only see their hotel room.

IS THE INDUSTRY STILL FEELING THE EFFECTS OF HOUSE BILL 2?

PHANEUF HB2 — the Public Facilities Privacy and Security Act, which required people to use restrooms and changing facilities that correspond to the sex on their birth certificate — negatively impacted the state. But it hasn't slowed the industry. It's inspiring to see resorts, hotels, convention and visitors bureaus, and local governments acknowledge the state's challenges while promoting it as a great place to work, live and play. AENC and its several hundred member associations are spending and traveling more.

SHORE About five states still have North Carolina travel bans. We're hosting American Bus Association in Charlotte in January. Some people can't attend because of those

bans. There's no one in those states to push for lifting the ban after North Carolina repealed the legislation in April. That's a challenge. A recent advocacy meeting hosted by trade group Destinations International discussed the effectiveness of and industry response to the "weaponization" of travel such as boycotts.

SCHMIDT The issue was personal for many people. For a while they wouldn't talk to us for the simple fact we were from North Carolina. That's over. We're getting in front of people, and people are coming back.

HOW ARE ONLINE HOSPITALITY SERVICES SUCH AS AIRBNB RESHAPING THE INDUSTRY?

SHORE Some places they're a zoning issue, such as where a person owns multiple properties but lives elsewhere. And they're an opportunity for a resident

with a backyard guest house in a community without a hotel. We're searching for balance. Some of their success is tied to consumers' desire for low prices. But they also supply a deeper experience at the destination. In response, individual hotels are shedding their cookie-cutter appearance. It's good for the industry because it's focused on the visitor. Airbnb began collecting and remitting occupancy tax on a corporate level about 18 months ago. It comes as a lump sum, so it's hard to tell which properties are on board.

MOORE If a business group wants accommodations for 50 people, I'll give it meeting space. But if some of those people stay elsewhere, then I'm charging for the meeting space. It's an incentive that you don't need to offer when times are good. I believe that Airbnb will run its course because hospitality and cleanliness rule. The people listing there aren't held to a



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SHERBURNE They're on everyone's radar, but no one has figured out how to deal with them. Brand loyalty may be one way. Most people stay where they receive loyalty points. If they're with Hilton, then that's where they stay.

SCHMIDT Length of stay affects whether or not an Airbnb is used. Greenville-based Vidant Medical Center, for example, employs more than 7,000 people. Some of them are traveling nurses, who are more likely to want a home than hotel for the extended period of time that they're here.

MURRAY Airbnb is a big trend among millennials, who are less loyal to brands. I've worked with many communities that have downplayed the economic benefits of the hospitality industry because it's notoriously low paying. If you earn a hospitality degree and have the opportunity to manage an Airbnb or something similar, the chance to make your own money might be more appealing than starting at the front desk and working your way up the corporate ladder.

HOW HAS THE INDUSTRY'S WORKFORCE EVOLVED?

MOORE We employ about 150 people, but that changes with the season. It's about 100 in late fall. When I started in this industry, a 200-room hotel had 200 employees. But labor is the largest expense, so that's where the first cuts are made to boost the bottom line. It's challenging to keep housekeeping staff. They have the hardest job in a hotel. We need ways to stop them from choosing to clean an Airbnb house for 50 cents more an hour.

SHERBURNE Ten years ago, if you were hired to work the front desk, that's what you did. Now, that person is cleaning the lobby, making deliveries to guests and countless other duties.

We hosted three consecutive statewide conventions in September. They had more than a \$1 million direct impact on the community. But I'm more interested in the exposure they generate.

ANDREW SCHMIDT
Greenville-Pitt County
Convention and Visitors Bureau

SCHMIDT We're trying to keep millennials in our community. They're doing great things and making my job easier. Kelsey Curtis, for example, started [Greenville-based] Knee Deep Adventures LLC, which uses a fleet of kayaks to take people on the Tar River. She expanded that concept into midnight paddles, eco tours, history paddles and more. She did Halloween paddles, where instead of exploring a haunted house, you're paddling a haunted river.

WHAT ARE THE LONG-TERM ECONOMIC-DEVELOPMENT EFFECTS OF AN EVENT?

PHANEUF AENC held a conference in Winston-Salem last summer. We went to boutique hotel The Graylyn Estate, which was a new experience for many attendees. We're headed to Greenville next year. We're excited about the different attractions, from river rafting to exploring downtown. It's the totality of the experience — dining, accommodations, entertainment and return trips. We're

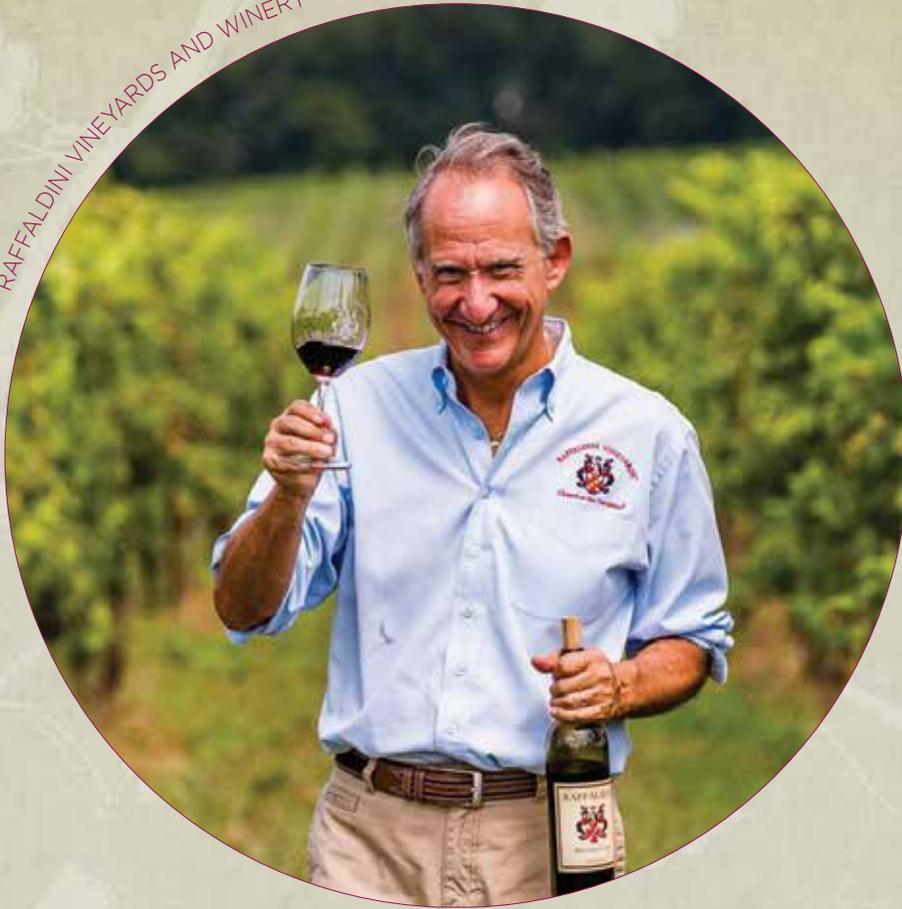
selling more than 50 rooms at \$150 a night, and there lies the greatest opportunity for the industry. We have to improve the quantification of an event's total economic impact on a community and share it. Those figures, which aren't currently readily available, will amplify the industry's voice. Many people would be shocked at the size of its impact.

SCHMIDT We hosted three consecutive statewide conventions in September. They had more than a \$1 million direct impact on the community. But I'm more interested in the exposure they generate. We ask visitors where they are from and when they were here last. They see the changes in Greenville and Pitt County. Downtown Greenville, for example, will see about \$700 million of investment over the next two years. You never know who is in the crowd. It could be someone who's developing a business or someone searching for a host for an upcoming event. North Carolina League of Municipalities met in Greenville in September. Our community leaders were involved, which helped them better understand the importance of our work.

SHORE We're realizing the impact that tourism marketing, meetings and conventions are doing for the state's economy. We worked with [Toronto, Ontario, Canada-based] research company Longwoods International several years ago. It wrote a white paper about tourism's halo effect. It found that people who see tourism advertising for a particular place see that place as a better place to live and work than someone who hasn't seen the advertising. It's even better if they see the ad and visit.

VAUGHAN Many Edenton residents arrived as tourists. Edenton hosts Cycle North Carolina every three years. It first brought about 500 riders nine years ago. Last spring it had 1,600. They stay for three days and ride all over the region. I recently ran into a couple from Ohio who had been here previously with Cycle North Carolina. That happens often. ■

RAFFALDINI VINEYARDS AND WINERY



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