



TOP IN TOURISM

Standing from left:

Christina York, director of sales and marketing, *Grandover Resort & Conference Center*

Wit Tuttell, executive director, *Visit NC*

Laurie Paolicelli, executive director, *Chapel Hill/Orange County Visitors Bureau*

Phil Werz, president and CEO, *Convention & Visitors Bureau of Pinehurst/Southern Pines/Aberdeen Area*

Michael Applegate, director of travel & tourism, *Gaston County Travel and Tourism*

North Carolina's tourism industry is a major economic force with record visitor spending of \$25.3 billion in 2018, a 5.6% increase that was the largest annual percentage gain since 2011. This month's round table features experts discussing industry trends.

The gathering was hosted by Visit NC and sponsored by the Convention & Visitors Bureau of Pinehurst/Southern Pines/Aberdeen Area, Gaston County Travel and Tourism, Grandover Resort & Conference Center, and the Chapel Hill/Orange County Visitors Bureau. The transcript was edited for brevity and clarity.

HOW HAS BUSINESS BEEN THE LAST YEAR?

APPLEGATE We've done pretty well, and we've had a lot of demand. [Gaston County] went from 2010 to 2019 without a new hotel opening, so we were really maxing out on occupancies. We saw great demand, and that added about 120 rooms or so at a new Hilton Garden Inn property.

Corporate business has always been pretty strong for us on Monday through Thursday. One of the things we've been doing in the last few years is trying to help awareness of getaway weekend travel and outdoor recreation. We're bordered on one side by the Catawba River and on the other side by Crowders Mountain State Park. So a river on one side, 5,500 acres of great recreation on the other, and a lot of great trails and networks in between.

So business, all in all, has been really strong, and we're excited not for what has already happened — but what's getting ready to happen.

PAOLICELLI According to alumni and repeat visitors of Chapel Hill, everything is new. I think one of the tricks right now is allying preservation and growth. We have so much growth coming in, and Chapel Hill's sweet spot — its soul — is really in its history. We still have a lot of people coming in and saying,

"What happened to Pyewacket? Where's The Rat? Where's the flower lady? Where did these tall buildings come from?" There are some mixed responses. Then you have this whole new crop of visitors who say, "This is the most fantastic place I've ever seen."

We also have a divide between preservationists and developers, where preservationists are saying, "No tall buildings, no growth," and developers are saying, "We cannot cast ourselves in amber as a school town that once was." Duke [University] and Durham have really exploded with growth that's attracting and cannibalizing a lot of our visitors. Add that into the economic mix, and people are really divided on where the growth and the town are going.

I love Durham, and I applaud Durham for everything they're doing. I think America loves a rags-to-riches story, and Durham is a quintessential rags-to-riches story, whereas Chapel Hill really thinks that its metamorphosis is going to hurt it.

Our tourism numbers are at an all-time high in Chapel Hill and throughout the state. We're at 70% occupancy, so regardless of opinions, it's not hurting our business bottom line. Our average daily rate is stronger than our contiguous counties.

YORK This time last year, we held a press event announcing the completion of phase 2 of our renovations at the Grandover Resort [in Greensboro]. We started in early 2017 and announced the completion in late 2018. That led into a really great 2019.

We also rebranded the property, and we're telling the story of the Piedmont Triad at Grandover. Throughout the resort you see artifacts. We have a 100-year-old loom from the White Oak denim plant in the lobby, and it gets so much attention.

Prior to the renovations, Grandover has always held its hat on conferences and events. That's been our main businesses, and we did very little to attract leisure business. With this renovation and adding the story to our local roots, we've changed that up over the last couple of years. We've done a lot of really heavy marketing toward the leisure market locally. We've always had this reputation from our hometown community that we're inaccessible, too expensive, a special occasion place and so far out of town, which is silly.

We're no longer just a conference hotel; we are no longer just a conference resort. We are now both a leisure and conference resort, and our numbers are strong as a result of that.

TRAVEL AND TOURISM ROUND TABLE

WHAT'S GOING ON STATEWIDE?

TUTTELL Statewide, I think we're seeing the same thing here. In 2018, we saw a 5.6% increase in visitor spending. That's the highest percentage increase we've seen in nearly a decade.

It's record spending — more than \$25 billion across the state — and we really saw growth in every region of the state. That was tremendously exciting, particularly if you consider the coast is down in the amount of lodging available based on the hurricanes from the last couple years.

What we're doing is trying to maximize that growth, maximize the dollar value that people spend when they come here, and also trying to work out the seasonality. If we can get people to come during those shoulder seasons and extend the seasons, that's going to help us.

WERZ [In the Pinehurst/Southern Pines area,] we're up 14.4%. It was a record in occupancy in the history of our convention and visitors bureau. Visitor spending went from \$481 million to \$520 million, we're the 11th highest tourism economy in the state, and we're still at 3% with our occupancy tax.

Pinehurst Resort is the lynchpin for everything and the anchor for all our success, and they're having one of their top five years of all time since they started in 1895. They report about 55,000 group room nights. A typical U.S. Open year would be 51,000.

I think managing that growth is key, because Pinehurst is a timeless place, and yet we're progressing. Our population is going to go from 17,000 to 30,000 by 2030, so that comes with some growing pains and [the challenge of] maintaining the mystique of what Pinehurst is and always has been.



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CHRISTINA YORK

Grandover Resort & Conference Center

In our survey, 81% of the people who come to Pinehurst come to play golf, and they don't care whether we advertise or not. They know we're there. My job is to grow that 19% with the growing craft-beer movement, with the shopping and everything else we're doing.

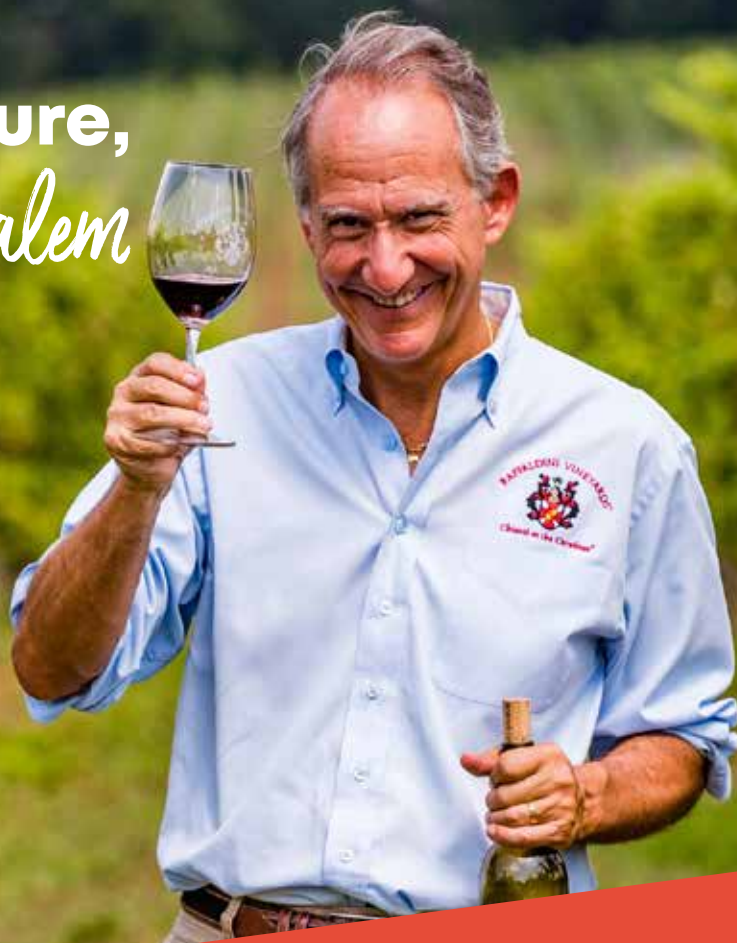
APPLEGATE It's really visionary, what the state has done with creating the Office of Outdoor Recreation Industry and hiring a director. One of the reasons why I was attracted to this position in Gaston County is because I think all of the assets are underneath

the umbrella of outdoor recreation. You're in these great natural spaces in these 13 towns that grew up around mills 100 years ago and are all transitioning from textiles to tourism, textiles to trails.

The outdoor-recreation industry is enormous. It's about \$900 billion nationally, and in our state, we're at about \$28 billion. Remarkably, about 20% of that \$900 billion is people purchasing fishing equipment, camping equipment, [all-terrain vehicles], bikes, kayaks and canoes, and 80% is people going on excursions, traveling and touring to go use their toys.

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Christian Schroeder, Director of Sales & Services
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TRAVEL AND TOURISM ROUND TABLE

So combining those manufacturing and business opportunities with the places where you would use them is exactly where we're trying to take tourism in the state.

WHAT IS THE IMPACT OF THE TRAVEL AND TOURISM INDUSTRY ON THE LOCAL AND STATE ECONOMIES?

APPLEGATE We're up 5.8% from last year, and when you look yearlong at Gaston County, we're ranked No. 17 out of North Carolina's 100 counties with \$276 million in visitor spending.

And then when you tie that to a \$47 million payroll that employs 2,000 people locally in the industry, \$5 million of local tax collections, almost \$15 million of state tax collections, and a savings of about \$238 in taxes per household per year, [you can see] it's big business.

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Tourism is definitely a part of that economic development chain. A lot of the investors are visitors first, and they come in, they love the place, and they want to open a business.

LAURIE PAOLICELLI

Chapel Hill/Orange County Visitors Bureau

TUTTELL I can say from a state standpoint, one out of every 11 jobs in North Carolina is a tourism-related job. We employ nearly 250,000 people across the state in the tourism industry. We are a big economic engine for the state. Tourism saves each household in North Carolina \$532 every year in taxes.

There was a study done on something called the halo effect. They talked to people who saw tourism ads for North Carolina and asked them whether they thought North Carolina was a great place to start a business. If you saw a tourism ad, you were 20% more likely to say yes, North Carolina is a great place to start a business, even though that's not a business ad.

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As far as states go, we're among the lowest in the Southeast in terms of state tourism office funding, and a big worry for us is that West Virginia just tripled funding for their state tourism office. They're in a lot of similar markets to us with a lot of similar advertising with much bigger guns, because they've got the budget behind them now, and that could have a real impact on our state.

PAOLICELLI Tourism is definitely a part of that economic development chain. A lot of the investors are visitors first, and they come in, they love the place, and they want to open a business. We have so many visitors who visit and stay, who visit and retire.

Also, we're seeing more visitors who come for these wedding parties, which is stunning to me. This wedding industry is phenomenal. It's

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So business, all in all, has been really strong, and we're excited — not for what has already happened — but what's getting ready to happen.

MICHAEL APPLGATE
Gaston County Travel and Tourism

put our summers on the map. Both July and August are through the roof with alumni and former residents wanting that [UNC] Old Well signature shot. They're spending \$30,000 to \$50,000 on their wedding, and many of them are choosing nontraditional venues.

It's a widespread impact that's changing every day. I think tourism is critical to any community's success.

HOW IMPORTANT IS THE MEETING AND CONVENTION INDUSTRY TO YOUR BUSINESS?

YORK The Koury Corp. has been in the meetings business for a very long time. I don't know exactly when The Koury Convention Center at Sheraton [Greensboro at Four Seasons] originally opened, but I know it was 40-plus years ago.



The Old Well, photo courtesy of the University of North Carolina at Chapel Hill



Glasshalfull

Watering hole

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VisitChapelHill.org



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TRAVEL AND TOURISM ROUND TABLE

With the growth of that property over the years and having 1,000 rooms and 250,000 square feet, it was built for meetings and conventions. The hotel, being in Greensboro, would not have any occupancy without meetings and conventions.

Koury Corp. can accommodate every type of group that wants either a convention-center product or a resort product. We have groups that utilize both that will stay at the convention center, come over to Grandover for dinner or a golf afternoon or the spa, and we'll have groups that will have overflow from the Sheraton that stay with us.

Grandover celebrated its 20th anniversary this year and from day one, it was all about meetings and events. Now we're seeing that we can grow beyond the meetings and conventions and add to the leisure part of it as well.

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Pinehurst Resort is the lynchpin for everything and the anchor for all our success, and they're having one of their top five years of all time since they started in 1895.

PHIL WERZ


Convention & Visitors Bureau of
Pinehurst/Southern Pines/Aberdeen Area

HOW DO YOU FEEL ABOUT AIRBNB'S IMPACT ON THE TRAVEL AND TOURISM INDUSTRY?

PAOLICELLI There's a place for it. It's a new economy, and I don't think we can regulate it so intensely that they go underground.

What we're looking at is a balance. We're looking at some form of regulation because we're concerned about the Americans with Disabilities Act. We're concerned about inspections — especially in a college town. There's Hillsborough, which really does not have hotel rooms in the downtown, and they rely on Airbnb.

Carrboro has not seen a tremendous challenge, but Chapel Hill has. The challenge is not the person who has a mother-in-law suite or an add-on, or who wants to rent out his couch or an extra bedroom. It's the out-of-state



SMACK DAB IN IT

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investors coming in, sometimes buying up partial floors of these downtown developments, to put on Airbnb that are completely unregulated, and the neighbors getting a little concerned.

That's kind of forced our Chapel Hill Town Council to appoint a board [a few] weeks ago made up of Airbnb owners, traditional hoteliers and others to look at what we can do to level the playing field.

APPEGATE In the 13 municipalities in Gaston County, only three have hotels: Mount Holly, Belmont and Gastonia. You're looking at another 10 or so that don't. With all that development off of the highway, there are some great water-view properties where you have a dock, you have water toys, and it's a pretty fun place for a little getaway weekend.

When we come across people coming to the visitor center to say, "I have a nice property that I'm trying to rent,"

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We contribute to a sense of place, and employers want to come where people want to live.

WIT TUTTELL
Visit NC

that's great getaway weekend stuff for us. It's a neat way to show that there are some other accommodation experiences. It is, by no means, the bulk of what we do, but it's nice to be able to show off those properties in addition to the chains.

ANY LAST THOUGHTS?

TUTTELL So much of the state's tourism growth has been haphazard, by chance, by speculation, by one or two visionaries. What we're seeing now is more people getting engaged in planning it, and product development is huge. If you look at the areas that have developed the right product, they're the ones that are taking off.

That's the key. It's great to have natural scenic beauty, but you've got to have something else for people to do to get them to stay. ■



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