

# Destination 2028

DESTINATION STRATEGIC PLAN PRIORITY

## 7. Regional Demand Drivers



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### Priority Focus

Advocate on behalf of those assets and leverage them to continue to extend the destination brand and support new overnight visitor travel into Wake County

### Overarching Goal

As noted in the Background and Current Situation chapter, Wake County has experienced significant growth in residential population and equally significant momentum in economic development and innovative, entrepreneurial business opportunities. This economic momentum has been spurred and sustained, in large part, thanks to the resident higher education assets of the county, as well as the established Research Triangle Park and the many globally known companies and research operations that have made Wake County their home. Because of their combined power to drive economic activity and extend the destination's brand as a technology-led region with a deep labor market (available jobs), a focus area of the DSP is to identify ways destination partners can continually support and leverage these Regional Demand Drivers. The saying "a high tide raises all boats" is also true in the case of the relationship between the Regional Demand Drivers and the destination as a whole. Economic vitality and continued growth will raise Wake County's visibility domestically and internationally, while the attractiveness of Wake County as a visitor destination helps lure potential visitors and companies to "check out" all the county has to offer and could sway site location or career decisions.

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The goal of the Regional Demand Drivers priority is to advocate on behalf of those assets and leverage them to continue to extend the destination brand and support new overnight visitor travel into Wake County.

## Identified Demand Generators

The assets that spur development and drive demand into the region, including Wake County, include corporate entities, higher education institutions and industry clusters. These assets are educating youth, employing some of the brightest minds in the world, and are the source of demand for much of the county's transient business travel. Wake County is a beneficiary of these assets and should continue to drive awareness of their importance to the county's overall economic health, as well as help service those visitor markets. These Regional Demand Drivers, for purposes of the DSP, are identified as follows:

### Regional Demand Drivers

- RDU International Airport
- N.C. State University
- Duke University
- University of North Carolina
- Additional Higher Education Institutions
- Research Triangle Park
- National and International Corporate Business Locations
- Culinary and cultural icons within the region
- Sightseeing and attractions outside the region

Each of these demand generators can each be tied to specific market opportunities. Higher education plays a significant role in all forms of travel to the region including business, convention, leisure, sports, personal and international. The critical mass of the region's higher educational institutions factors heavily into travel decision making. The external business community's level of awareness of Wake County as a destination, both at a corporate brand level and with the Research Triangle Park, also delivers significant opportunity largely in convention, business, meetings and education travel. Within convention, meetings, business and education-related travel segments, destinations typically must compete heavily against one another to secure these bookings. Similarly, sports tournaments require a decision on a singular community. The DSP recommends that GRCVB independently include regional offerings in its packaging for pursuing conventions, meetings and sports.

Domestic leisure opportunities offer more connectivity for regional partnerships. GRCVB must weigh priorities and develop the ability to assemble regional leisure programming.

## International Travel

Impacting international travel decisions depends on a strong regional presence with the “region” being defined primarily around the marketplace being pursued and not municipal jurisdictions. Pursuit of the overseas, long-haul traveler is not an easy or simple process, especially if effectiveness is measured by the immediacy of the ROI. Efforts to cultivate the international market require time to build connections, investments to build awareness and commitment to build product.

Wake County finds itself among this list of smaller regional destinations that see heavy potential for international market growth and development. Successful pursuit of that potential will require a strategy unlike the other second tier destinations vying for recognition and space within the same international marketplace.

Development of the international market is a priority within the DSP, but it is a priority that comes with a major caveat. Wake County should only pursue the overseas marketplace through a formal connected set of regional partnerships. Separate plans and approaches for each overseas, long-haul market should be crafted in partnership with the most advantageous aligned regional partner.

Under no circumstances, however, should Wake County pursue an overseas market independently without collaboration with regional partners. Leveraging regional demand drivers requires collaborative programming with other destinations both within North Carolina and outside the state. Current top markets for producing international travel to North Carolina are projected to change greatly over the next 10 years.

According to the U.S. Department of Commerce, international visitors arrive for a variety of reasons.

Main Purpose of Trip (% of 2015)	China	UK	Germany	India	Mexico	France
Vacation/Holiday	39	66	56	15	51	63
Visit Friends/Relatives	20	19	21	31	20	17
Education	16	1	4	5	4	2
Business	14	9	12	36	18	12
Convention/Conference/Trade Show	10	5	6	12	6	5

*U.S. Dept. of Commerce International Trade Administration National Travel and Tourism Office, 2015 Market Profiles, 2016*

## China Market Potential

In 2016, the 62,000 Chinese visitors to North Carolina placed the market as the fourth ranked international travel market to the state (Visit North Carolina, 2016 International Visitation to North Carolina, 2017). The market has grown by over 400% since 2008 and is on pace to overtake the United Kingdom in visitation within the next five years. China has already moved into the second spot for international spending in North Carolina behind Canada, overtaking the United Kingdom in 2014.

North Carolina is not alone in experiencing these dynamic market growth patterns. Destinations across the United States are actively soliciting or preparing to pursue the Chinese outbound market. That the market interest in extending beyond the traditional U.S. travel product mix creates true opportunity for second- and third- tier destinations that are not typically must-visit U.S. destinations for the long-haul overseas traveler. At first glance the Chinese market participates in activities that mirror many other international markets with shopping, sightseeing, experiencing fine dining and National Parks/Monuments being the highest ranked activities pursued by Chinese visitors (U.S. Department of Commerce International Trade Administration National Travel and Tourism Office, 2015 Market Profile: China, 2016). It is a clear difference in trip purposes that distinguishes the Chinese market from other overseas markets and this differentiation is prompting the second and third tier U.S. destinations to formulate targeted market development strategies.

## 2015 Market Profile: China

### Activity Participation While in the United States

Activity Participation While in the U.S. (Multiple responses)	2014 (Percent)	2015 (Percent)	Point Change
Shopping	89	87	-2.0
Sightseeing	79	81	1.5
Experience Fine Dining	51	51	0.1
National Parks/Monuments	40	45	5.2
Art Gallery/Museum	39	42	3.4
Small Towns/Countryside	39	41	1.8
Amusement/Theme Parks	34	36	1.1
Historical Locations	25	30	5.5
Cultural / Ethnic Heritage Sites	22	24	2.7
Guided Tours	22	20	-1.7
Concert/Play/Musical	15	14	-0.7
Casinos/Gamble	13	13	-0.6
Water Sports	11	12	0.7
Environ./Eco. Excursions	11	11	-0.2
Sporting Event	12	10	-2.3
American Indian Communities	8	9	1.5
Camping/Hiking	7	6	-0.7
Nightclubbing/Dancing	6	6	-0.3
Golfing/Tennis	4	4	0.2
Hunting/Fishing	3	3	0.2
Snow Sports	2.3	2.1	-0.2
Other	1.4	0.9	-0.4

The Chinese market lists Vacation/Holiday as the number one main purpose of trip with 39% of the trips taken in 2015. This purpose is followed by Visiting Friends/Relatives at 20%, Education at 16%, Business at 14% and Convention/Conference/Trade Show at 10%. Compared to other international markets, the higher propensity towards Education, Business and Convention/Conference/Trade Show travel creates direct alignment with Wake County assets. The opportunity has been embraced as a priority for the DSP.

For the purposes of this Destination Strategic Plan, four separate opportunities have been identified and development plans established based on their association with market trends.

1. Gateway entry
2. Key Assets
3. Market Development
  - a. Established Market Awareness – Canada and U.K.
  - b. Emerging Markets – France and China
4. Market focus and support services

Other markets could undergo the same level of planning.

#### Gateway Entry

The Raleigh Durham International Airport (RDU) currently has international non-stop flights to the following cities: Cancun, London, Montego Bay, Paris, Punta Cana and Toronto. Advancing enplanements from each of these points of origin is a priority of this long-range plan with GRCVB working collaboratively with regional partners to boost awareness, interest and travel bookings. Brand USA, Travel South and Visit N.C. must factor heavily into this approach.

## Key Assets

The collective technology and educational assets of the Research Triangle form the key drivers of interest in the region from the Chinese marketplace. This market must be approached based on access to businesses and higher education institutions with emphasis placed on prominent brand names. Citrix, North Carolina State University, Red Hat, the University of North Carolina – Chapel Hill and others will be major players in this arena but the established reputations and Chinese connections with Duke University (Kushan Campus), Smithfield Foods



(majority Chinese ownership for this Virginia-based company), Caterpillar, and Lenovo (North American headquarters in Morrisville) provide an enviable brand awareness base from which to build. The regional dynamics of this market stretch the normal concept of a business development region, but the audience being pursued is over 7,000 miles away. This audience will travel to conduct business, seek out educational opportunities and visit friends and relatives.

The pursuit of other long-haul travelers requires a definitively different regional construct. Normal destination marketing jurisdictions are drawn around cities and counties. In the case of the international marketplace, the regional boundaries must be constructed around asset locations. This marketing region would incorporate assets as far as Asheville to the west, Atlanta to the south, the Outer Banks to the east and Washington to the north.

## Market Development (Established and Emerging)

For the North Carolina based marketing region, the Key Attractors introduced above produce great opportunity.

The sites listed above and others must incorporate China ready practices and updates within their operations to be successful, but the base product has potential for this market. The other attractions within the region should not give up hope as the Chinese market is evolving and the types of experiences they seek continues to change. Market understanding and product development will be key dimensions of a China ready program that incorporates Wake County.

Canadian and European long-haul international markets like the United Kingdom and Germany seek more sightseeing and destination activities. The celebrity status food scene of Raleigh combined with historical based tours forms a more traditional product offering for enticing these travelers. Partnerships for tour routes heading towards Asheville, the Outer Banks, Charleston, Savannah and Atlanta or Washington, D.C. can be valuable for itinerary based fly-drive visitation. Partnerships with beach destinations from the Outer Banks to Wilmington can be wielded to provide a new alternative to Florida, especially in August when European and Canadian travelers are seeking vacation spots and North Carolina schools are back in session.

#### Market Focus and Support Services

Partnerships are critical for success in the long-haul market. When RDU announced the intentional effort to develop non-stop flight to China, the Research Triangle Partnership was specifically slated as organization that should lead the strategic development efforts.

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Throughout the course of this Destination Strategic Plan, strategic leadership will likely change, but change comes with costs. The overseas market is developed through relationships that are cultivated over time. Consistency in representation and approach is enormously critical for success. Key strategic relationships must be fostered within the region to develop the right product mix and overall approach. These regional relationships should require both an investment of time for building the program and dollars for executing the overall promotional strategy. Wake County businesses and organizations should be involved in each of the listed market initiatives, but leadership should be heavily led by private industry. Corporate support would rally funding, provide direction and insight, assist with implementation of support services and connect with arriving visitors through established meetings or educational programming. GRCVB is envisioned to be a tourism leader in partnership with other regional tourism offices. The role of the tourism offices would be twofold, (1) establishing sales and promotional outreach to Chinese market representatives and to receptive tour operators and (2) coordinating the design and placement of visitor support services, particularly signage and language materials.

Leadership for these efforts would be established through concentrated market centric development meetings based on the matrix that follows. Interested organizations, businesses, educational institutions and others from across each loosely defined region would be invited to the organizing meeting. The desired outcome would be articulating the desired approach and constructing short-term and long-range tactics to pursue greater market penetration. Once the tactics were conceived and reviewed, budget prepared and potential partners drafted, assignments would be made and communicated in conjunction with the timeline for implementation.

<b>Priority Markets</b>	Canada	China	France	United Kingdom
<b>Team leader</b>	TBD	TBD	TBD	TBD
<b>Key Convener</b>	Visit North Carolina	RDU/Duke	Visit North Carolina	RDU
<b>Destination organizations</b>	Brand USA, Travel South, Visit NC, GRCVB, & others	Brand USA, Travel South, Visit NC, GRCVB, DCVB, CHOCVB & others	Brand USA, Travel South, Visit NC, GRCVB, DCVB, Asheville, Outer Banks & others	Brand USA, Travel South, Visit NC, GRCVB, DCVB, Asheville, Outer Banks & others
<b>Industry Partners</b>	RBC Wealth Management, Stantec Consulting Services, Linamar Forgings, Inc.	All regional universities, Lenovo, technology companies, Caterpillar, Smithfield Foods, Triangle Tire & others	Arkema, Inc., Schneider Electric USA, Sodexo	GlaxoSmithKline, MedPharm
<b>Key Assets</b>	North/South travel, Geographic proximity to beach and mountains	Industry meetings Higher education	Ease of entry, Geographic proximity to beach and mountains	Ease of entry, Geographic proximity to beach and mountains
<b>Destination Product</b>	Beaches Key Attractors	N.C. Museum of Art N.C. Museum of Natural Sciences	Food Beaches Key Attractors	Food Beaches Key Attractors
<b>Market Approach</b>	Media relations, Travel agents	Business & Higher Education relationships Travel agents Receptive Operators	Receptive Operators	Media relations, Receptive Operators
<b>Support Services</b>	Develop Air service China Ready business practices Language tools	Develop Air service China Ready business practices Language tools	Grow enplanements, Language tools in area businesses	Grow LHR enplanements

Developing the international market will require immersive, region-wide programming. This educational programming will help businesses understand service changes and investments that will be needed to meet or exceed international traveler expectations. These amenities and services will include the following:

- Welcome, directional and instructional signage
- Visitor information that highlights welcoming retail opportunities
- Smaller serving portions within certain restaurants
- Full breakfast included within hotel accommodations, including traditional cultural offerings
- Emphasis on safety and security

For the China market, the need for specific amenities and services would be more extensive, include signage in Mandarin, restaurant menus in picture format, slippers in hotel rooms, etc.

GRCVB will be an important resource for helping implement this approach to engage Regional Demand Drivers, but it should not be the sole leader, convener or organizer. Limited resources prohibit GRCVB from dramatically impact this market potential by itself. Partnering with Wake County industry and educational partners, particularly Lenovo, North Carolina State University, Citrix, Red Hat and others will be valuable for GRCVB's role in this market pursuit. The tactical planning for each market segment, especially with the regional tourism offices will be the most important next step as it redefines each destination region and is a different approach from the current international travel industry sales approach.

Regional partnering among GRCVB, the Durham Convention & Visitors Bureau and Chapel Hill/Orange County Visitors Bureau (CHOCCVB) around the topics of arts and entertainment calendar collaboration and higher education institutions has been in place for a number of years. The programming initiatives focused primarily on creating visitor resources and some limited domestic outreach. Regional programming to advance overseas market results adds a new dimension to these regional affiliations as the investment grows larger, the approach requires more communication and the program does not result in a completed piece of collateral. Long-haul tourism requires that destination organizations and their primary marketing or industry partners go into action for the long-haul.