



## **Annual Report on Efforts To Promote Historically Underutilized Businesses**

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**Receiving Entities:**

The Joint Legislative Commission on Governmental Operations  
The Fiscal Research Division

**Submitting Entity:**

Division of Tourism, Film and Sports Development  
North Carolina Department of Commerce

The Division of Tourism, Film and Sports Development contracts with various companies and individuals to fulfill its mission to unify and lead the state in developing North Carolina as a major destination for leisure travel, group tours, meetings and conventions, sports events and film production.

The Division develops and executes effective marketing programs to accomplish these goals for the benefit of the travel, film, sports and wine industries; the economy; and the citizens of North Carolina. The Division staff has carefully reviewed the General Assembly's reporting requirements regarding historically underutilized businesses and has summarized the requested information below.

The Division strictly adheres to Department of Commerce policies regarding its contract procedures and is not involved in the recruitment of firms to respond to its requests for proposals. The Division promotes approximately 14,000 small tourism-related businesses across all of its platforms—including, print advertising, public relations, Welcome Centers, Call Center, VisitNC.com, online advertising, travel guide, international marketing, trade shows, radio, television and more. The Division's database of tourism attractions, accommodations and events is comprised of information submitted by designated local tourism contacts at the county level.

Following is an update on the status of the Division's efforts during the 2010-2011 fiscal year to promote historically underutilized businesses, supplier diversity and advertising in minority media outlets. If there are questions from Members or staff, the Division staff is available to respond.

### **Marketing Contracts**

The Division enters into four major multi-year marketing contracts in its key target markets in the global economy, including the United States, Canada, the United Kingdom and Germany. Throughout 2010-2011, three-quarters of these contracts were with historically underutilized businesses.

Developed with these contractors, the Division's cooperative advertising and marketing programs are evaluated and selected based on their ability to effectively and efficiently reach North Carolina's target consumer. The North Carolina overnight visitor gender breakdown is 61 percent female and 39 percent male. More than half (61.4%) of the visitors are married and 19 percent of the region's visitors are divorced, widowed or separated. The largest proportion of North Carolina's overnight visitors classifies itself as white (84%), and 11.1 percent classify themselves as black/African American. More than half (62.5%) of North Carolina overnight visitor parties have a household head with a college degree or higher. The average visitor is 47 years old, with over half (52.9%) being 45 years old or older. More than forty percent (44%) of the visitor parties that traveled to North Carolina in 2010 had household incomes \$75,000 or higher. Twelve percent had a household income of over \$125,000. The Division uses no paid media within North Carolina, focusing instead on key out of state markets. The top states of origin of overnight visitors to North Carolina were Virginia (9.8%), South Carolina (7.6%), Georgia (5.6%), Florida (7.3%) and New York (4.3%).

A complete overview of North Carolina's [visitor profile](#) is available on the Commerce website, with [regional versions](#) also available. The Division's complete strategic marketing plan is available at <http://partners.visitnc.com>. These programs combine paid media placement in a variety of platforms relevant to the Division's core audience. All media placements are recommended and contracted through the Division's marketing contractors; the Division does not contract for these services directly.

In 2010-2011, the Division completed the fifth year of a five-year contract with its domestic marketing agency, Loeffler Ketchum Mountjoy (LKM). The Division initiated the RFP process as the fiscal year began, and Luquire George Andrews (LGA) was awarded the contract in April in a competitive bidding process. While LGA is not a historically underutilized business, this contract was awarded through the Purchase and Contract Division of the Department of Administration, following State policies and procedures.

The Division's three three-year international marketing contracts began on July 1, 2010, following State procurement policies and procedures. The Division reviewed submissions and requested oral presentations from several highly qualified vendors.

The State awarded a three-year contract to Connect-Worldwide in Canada, a historically underutilized business. The State also awarded a three-year contract to Wiechmann Tourism Service in Germany, a historically underutilized business. Finally, the State awarded a three-year contract to Hills Balfour Synergy, a historically underutilized business in the United Kingdom.

Three of the Division's four marketing contracts—fully 75 percent—are currently held by historically underutilized businesses (see chart below).

<b>Marketing Contracts</b>	<b>FY 10-11</b>
Domestic Marketing	No
Canadian Marketing	Yes
United Kingdom Marketing	Yes
German-Speaking European Marketing	Yes
<b>% Historically Underutilized Businesses</b>	<b>75%</b>

### **Travel Guide Publishing Contract**

In April, 2009, the Division began a three-year contract with Journal Communications to produce *The Official North Carolina Travel Guide* at no cost to taxpayers. *The 2011 Official North Carolina Travel Guide* includes feature stories and listings for over 770 attractions and 4,000 accommodations located in all 100 counties of the state, primarily small businesses.

The Division strictly adhered to Department of Commerce policies regarding its contract procedures and was not involved in the recruitment of firms to respond to its requests for proposals. Two firms presented proposals. While Journal Communications is not a historically underutilized business, this contract was awarded through the Purchase and Contract Division of the Department of Administration, following State policies and procedures.

### Other Contracts

The Division also has contractual relationships with a number of other entities, including:

<b>Meeting planner:</b>	The Solution Center, Durham, NC
<b>Waste removal:</b>	Allied Waste/Republic Services, Raleigh, NC
<b>Warehouse lease:</b>	Palm Park, Raleigh, NC
<b>Tourism economic impact:</b>	(sole source) U.S. Travel Association, Washington, DC
<b>Film location management:</b>	(sole source) ReelScout, Charlotte, NC
<b>Inmate labor:</b>	(sole source) NC Department of Correction, Division of Prisons

These contracts were awarded following State policies and procedures, through the Department of Commerce Purchasing Division and/or the Purchase and Contract Division of the Department of Administration.

### Guidelines for Participation

The Division makes all of its partner programs—both free and paid programs—available to all tourism-related businesses in North Carolina, including historically underutilized businesses.

The Division's database of tourism attractions, accommodations and events is comprised of information submitted by designated local tourism contacts at the county level. Submissions are reviewed by Division staff and subsequently populate the database. This database is used to provide material for virtually all Division programs, including the Division's official travel planning website for consumers, [www.VisitNC.com](http://www.VisitNC.com); *The Official North Carolina Travel Guide*; the Division's 1-800-VISITNC call center; events newsletters; and a variety of other applications.

Guidelines for inclusion in the Division's database of tourism attractions, accommodations and events are published at: <http://www.nccommerce.com/tourism/visitnc.com/visitnc-partner-database>.

Guidelines for inclusion in *The Official North Carolina Travel Guide* are published at: <http://www.nccommerce.com/tourism/visitnc.com/travel-guide>.

Guidelines for brochure distribution in the State's nine Welcome Centers are published at:  
<http://www.nccommerce.com/tourism/programs-services/welcome-centers/brochure-policy> .

The Division's cooperative advertising opportunities are published at:  
<http://www.nccommerce.com/tourism/partner-opportunities>.