



August 20, 2012

High Point International Furnishings Market Authority
(dba/High Point Market Authority)

FY 2011-2012 High Point Market activities, objectives, and accomplishments; Itemized expenditures and funding sources.

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Receiving entities:

The Joint Legislative Commission on Governmental Operations
Fiscal Research Division
NC Department of Commerce Fiscal Management Division

Submitting entity:

The High Point Market Authority



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Founded in 1909 in High Point, N.C., the High Point Market was formed to provide the region's furniture makers and retailers with a convenient venue to conduct business. Today, the home furnishings industry is far different from the small, regionalized sector of the economy it was 100 years ago. The High Point Market is the largest, most well-known, and most important furnishings industry trade show in the world. At 11.5 million square feet, it is also the largest trade show in the world, and according to the latest studies, it has a \$1.2 billion impact on the state of North Carolina.

Here are leading facts about the High Point Market:

ECONOMIC IMPACT OF THE HIGH POINT MARKET

The funding that we receive from the State of North Carolina is an investment that yields an incredible return for the State itself:

- \$2 million investment (funding from DOT and DOC) generates an ROI of more than \$40 million in state tax dollars, through sales tax from hotels, restaurants, goods and services used by our 160,000 visitors each year.
- The High Point Market also enjoys the support of the local city and county governments, as well as the more than 2,000 exhibitors at the Market. The City of High Point has contributed \$1 million consistently for the past three years, and Market exhibitors have contributed \$1.5 million each year through a self-taxing stream.
- It is North Carolina's biggest economic event with an annual impact of over \$1 billion.

Compare that to major local events and businesses:

- Wyndham Classic – est \$35 million per year
- HondaJet – \$100 million investment; \$21 million in revenue impact over 12 years
- FedEx - \$300 million investment; total economic impact is estimated to be just under \$1 billion and includes airport construction and highway construction.
- ACC Tournament - \$13 million per event year
- More than 13,000 jobs are created for the High Point Market every year – including construction, design, planning, and logistics.

- More than 69,000 jobs exist locally due to the home furnishings cluster, including manufacturers, corporate offices, distribution centers, design centers, sales offices, fabric and material suppliers, showrooms, and more.
- According to the state, over a 7-year period the NC Job Development Investment Grants Program has been responsible for creating 20,000 jobs and \$3 billion in investments in North Carolina. In that same time period, the High Point Market has created many more thousands of jobs, and has had an economic impact of close to \$7 billion.

HIGH POINT MARKET BY THE NUMBERS

- Market brings 160,000 people from over 100 countries to High Point every year, all of whom contribute to the local economy through hotels, car rentals, restaurants, retail stores, taxis, home rentals, caterers, musicians, and more.
- This single event has the largest concentration of international visitors of any event in the state in a one-week period.
- It includes 180 buildings and over 11.5 million square feet of showspace.
- There are more than 2,000 exhibitors, debuting tens of thousands of products each Market.

THE MARKET AUTHORITY'S ROLE

The High Point Market Authority is the official sponsor and organizer of the Market, and represents all Market constituents. The Market Authority oversees:

- Transportation – including 331,619 rides annually for participating guests, using over 70 vehicles and providing service to 5 cities, 4 counties, and 3 airports (GSO, RDU, CLT). **Half of all Market guests who fly arrive in Raleigh or Charlotte.** Transportation has gone from the Market's number-one complaint to one of its biggest assets.
- Registration – The Market Authority handles registration for all Market attendees, including buyers, exhibitors, and press from over 100 countries, as well as students from universities across the East Coast. Market averages 75,000 to 80,000 registrants each April and October. In addition, 96% of the Top 100 Retailers were in attendance at the Spring 2012 Market.
- Website – The Market Authority runs the official Market website, www.highpointmarket.org, which provides online registration, accommodation reservations, exhibitor listings, social media tools, and more. In the last year, the Website underwent a major upgrade, and traffic to the site has doubled in the last 12 months.

- Marketing – The Market Authority promotes the Market to the world, through advertising, direct mail, email, press releases, social media, telemarketing, and video. Marketing materials are translated into 10 languages. During Market, the Market Authority also runs the Media Center visited by 500 members of the press from dozens of countries, as well as the International Buyer Center, a business center for our international visitors. We also have partnered with the North Carolina Department of Tourism to develop programs that promote North Carolina as a tourism destination to business travelers who wish to extend their stay before and after Market.
- Internationally, we had an uptick in buyers from the Caribbean, Mexico, and South America where we saw a 40% increase – those have been specific target areas for our ad and editorial partnership with Televisa Publications and it is definitely paying off.
- Staff – Eight full time staff. 200+ part-time help during Market. Market facilities include information booths, center stage area, seminars, food & beverage, international buyer center, media center but these are all leased structures. **No State funds are used for Market Authority staff or payroll.**

Fiscal Year 2011-2012 Programs and Accomplishments

All of North Carolina Department of Commerce Funding is used to promote and market the High Point Market. The following is a summary of the marketing program activities, objectives, and accomplishments of the High Point Market in FY 2011-12.

MARKETING GOALS AND OBJECTIVES

- Solidify the High Point Market brand. The High Point Market brand is well-known internationally. In fact, our marketing outreach has strengthened the brand to such an extent that the top 98 out of 100 keyword searches for the market include the words “High Point.”
- Increase attendance. The primary goal of the High Point Market Authority is to attract more buyers. To achieve that:
 - We added more modern marketing tools including an updated website; the MyMarket online planning and scheduling tool for buyers; additional social media, including a partnership with Pinterest, the hottest social media tool online today; and retooled data information systems to allow us to better target our marketing messages.
 - HPMA also has refocused its traditional marketing formats, targeting our advertising directly to the international markets and to interior designers – both are key growth targets.

- Expanded partnerships with other industry associations have given us better marketing lists and updated information about our key buyers, as well as new retailers and designers entering the market.
- HPMA has purchased new lists of buyers and designers, particularly in new target areas for us such as outdoor furnishings retailers, bedding retailers, and home accent stores. We've also focused attention on online and lifestyle retailers, which has allowed us to reach new audiences and to strengthen our lists of existing groups.

COMMUNICATIONS AND MARKETING OUTREACH

- HPMA has added new communication vehicles and programs to increase our visibility as the go-to source for all information about home furnishings, including the times between Markets.
- We also produce an enormous amount of printed and online content, including monthly eNewsletters to an opt-in list of over 45,000; quarterly CEO updates; weekly article postings online; monthly video updates; and daily social media updates and posts.
- The communications outreach for market includes direct mail, telemarketing, print and online advertising, brochures and collateral, eblasts, billboards and banners. We promote the High Point Market to a total audience of 240,000. We have a vault of our collateral available on our website:
- HPMA also operates as the industry's PR agency, pitching articles, products, companies and ideas to media around the world. We have realized over 1 billion media impressions this year alone.
- The Market Authority produces 20 major events during Market Week each year, including keynote addresses, concerts, panel discussions, and seminars that include Continuing Education Credits for participants.
- HPMA's marketing department also works closely with local companies to produce ideas and programs that promote local goods and services. For example, we are partnering with Krispy Kreme for special offers during Market, we are exploring an event that will highlight NC breweries and barbecue restaurants, and more. HPMA wants to promote its home state as often as possible and in as many ways as possible. We have also kicked off a new tourism program that promotes travel itineraries for popular NC sites to market visitors, helping them extend their stay when they come to the High Point Market.

LOOKING AHEAD

In the next year we will continue fine tuning our current programs and continue to explore new ways to increase qualified attendance to the High Point Market. Please visit our website, www.highpointmarket.org.

HIGH POINT INTERNATIONAL HOME FURNISHINGS MARKET AUTHORITY CORPORATION

STATEMENTS OF ACTIVITIES

FOR THE ONE MONTH AND TWELVE MONTHS ENDED JUNE 30, 2012

	CURRENT PERIOD AMOUNT	CURRENT PERIOD BUDGET	CURRENT PERIOD VARIANCE	CURRENT YTD AMOUNT	CURRENT YTD BUDGET	CURRENT YTD VARIANCE	ANNUAL BUDGET
REVENUE							
SHOWROOM LICENSE	\$ 5,859.23	\$.00	\$ 5,859.23	\$ 1,541,463.53	\$ 1,500,000.00	\$ 41,463.53	\$ 1,500,000.00
OCCUPANCY TAX	49,974.04	20,000.00	29,974.04	284,412.84	275,000.00	9,412.84	275,000.00
HPCVB	12,500.00	12,500.00	.00	150,000.00	150,000.00	.00	150,000.00
CITY OF HIGH POINT	115,000.00	115,000.00	.00	1,000,000.00	1,000,000.00	.00	1,000,000.00
GUILFORD COUNTY	18,750.00	18,750.00	.00	75,014.18	75,000.00	14.18	75,000.00
NCDOT	464,000.00	500,000.00	(36,000.00)	928,000.00	1,000,000.00	(72,000.00)	1,000,000.00
NCDOC	57,121.00	57,125.59	(4.59)	685,507.00	685,507.00	.00	685,507.00
SPONSORSHIPS	.00	.00	.00	95,300.00	53,000.00	42,300.00	53,000.00
INTEREST INCOME	70.11	583.37	(513.26)	5,613.15	7,000.00	(1,386.85)	7,000.00
MISCELLANEOUS	.00	.00	.00	5,000.00	.00	5,000.00	.00
TOTAL REVENUE	<u>\$ 723,274.38</u>	<u>\$ 723,958.96</u>	<u>\$ (684.58)</u>	<u>\$ 4,770,310.70</u>	<u>\$ 4,745,507.00</u>	<u>\$ 24,803.70</u>	<u>\$ 4,745,507.00</u>
EXPENSES							
EXEC. LEADERSHIP & MGMT.	\$ 43,758.72	\$ 43,767.75	\$ (9.03)	\$ 462,740.43	\$ 487,363.00	\$ (24,622.57)	\$ 487,363.00
TRANSPORTATION	17,934.00	16,844.83	1,089.17	1,406,043.30	1,438,238.00	(32,194.70)	1,438,238.00
BUYER PARKING	7,550.00	7,289.47	260.53	133,829.00	135,700.00	(1,871.00)	135,700.00
CENTRALIZED REG.	8,717.00	3,974.33	4,742.67	236,921.72	261,700.00	(24,778.28)	261,700.00
MARKETING	176,292.96	61,833.34	114,459.62	1,671,549.98	1,703,436.00	(31,886.02)	1,703,436.00
GUEST ENTERT. CONCIERGE	62,576.69	5,405.84	57,170.85	488,132.48	549,070.00	(60,937.52)	549,070.00
CONTINGENCY	.00	7,500.00	(7,500.00)	.00	90,000.00	(90,000.00)	90,000.00
UBI TAX	380.00	.00	380.00	3,043.00	.00	3,043.00	.00
DEPRECIATION	5,341.65	6,666.63	(1,324.98)	64,099.80	80,000.00	(15,900.20)	80,000.00
TOTAL EXPENSES	<u>\$ 322,551.02</u>	<u>\$ 153,282.19</u>	<u>\$ 169,268.83</u>	<u>\$ 4,466,359.71</u>	<u>\$ 4,745,507.00</u>	<u>\$ (279,147.29)</u>	<u>\$ 4,745,507.00</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	<u>\$ 400,723.36</u>	<u>\$ 570,676.77</u>	<u>\$ (169,953.41)</u>	<u>\$ 303,950.99</u>	<u>\$.00</u>	<u>\$ 303,950.99</u>	<u>\$.00</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.

TENTATIVE FOR DISCUSSION PURPOSES ONLY