

Ocracoke Tourism Marketing Research

Office of Planning & Economic Development

County of Hyde

February 2, 2015



Purpose

- Approached by Ocracoke Occupancy Tax Board in Spring 2014
- Set out to evaluate current tourism marketing efforts & provide potential options for improvement
- Overall goal is to increase economic revenue & create jobs through tourism



Findings – Department of Commerce data

- Tourism is a major economic industry for NC
- Domestic travelers in NC spent a record high of \$20.2 billion in 2013
- In 2013, tourism in Hyde County generated:
 - \$32.36 million in revenue
 - \$6.06 million in payroll
 - \$1.71 million in local tax receipts
- According to AccessNC:
 - During 2nd Quarter of 2014, 7 of Hyde County's top 25 employers are tourism related businesses on Ocracoke



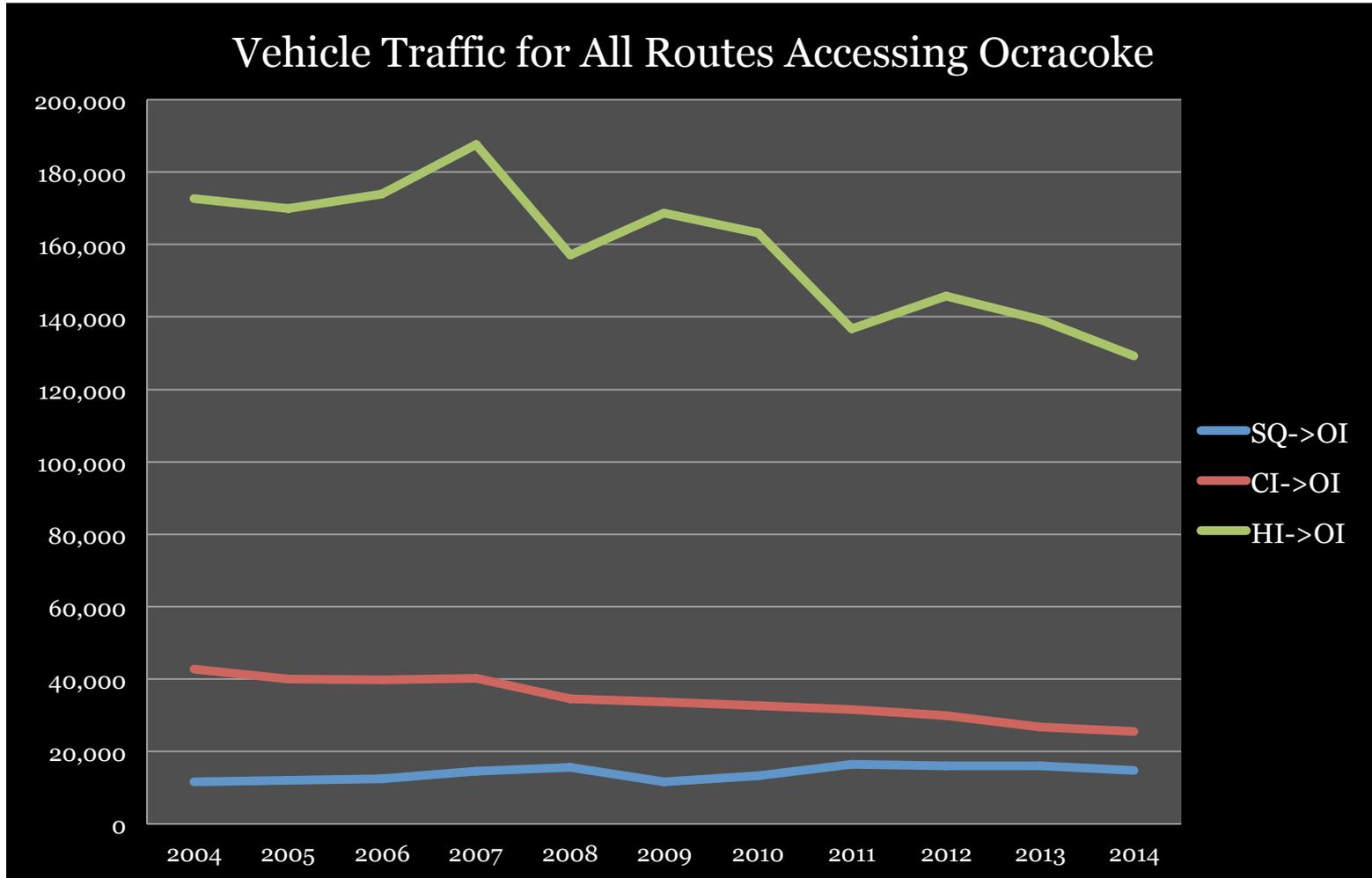
Findings – Department of Commerce data

Hyde County Statistics for year 2013

| Year | Revenues \$(millions) | Change from previous year |
|------|-----------------------|---------------------------|
| 2013 | \$32.36 | 1.16 % |
| 2012 | \$31.99 | 0.95 % |
| 2011 | \$31.69 | 2.55 % |
| 2010 | \$30.90 | 11.56 % |
| 2009 | \$27.70 | -1.46 % |
| 2008 | \$28.11 | 3.00 % |
| 2007 | \$27.29 | -4.11 % |
| 2006 | \$28.46 | 3.53 % |
| 2005 | \$27.49 | 7.59 % |
| 2004 | \$25.55 | 3.95 % |

- Domestic tourism in Hyde County generated an economic impact of \$32.36 million in 2013. This was a 1.16 % change from 2012.
- In 2013, Hyde County ranked 73 in travel impact among North Carolina's 100 Counties.
- More than 370 jobs in Hyde County were directly attributable to travel and tourism.
- Travel generated a \$6.06 million payroll in 2013.
- State and local tax revenues from travel to Hyde County amounted to \$3.21 million. This represents a \$553.35 tax saving to each county resident.

Findings – Ferry traffic trends



Intent

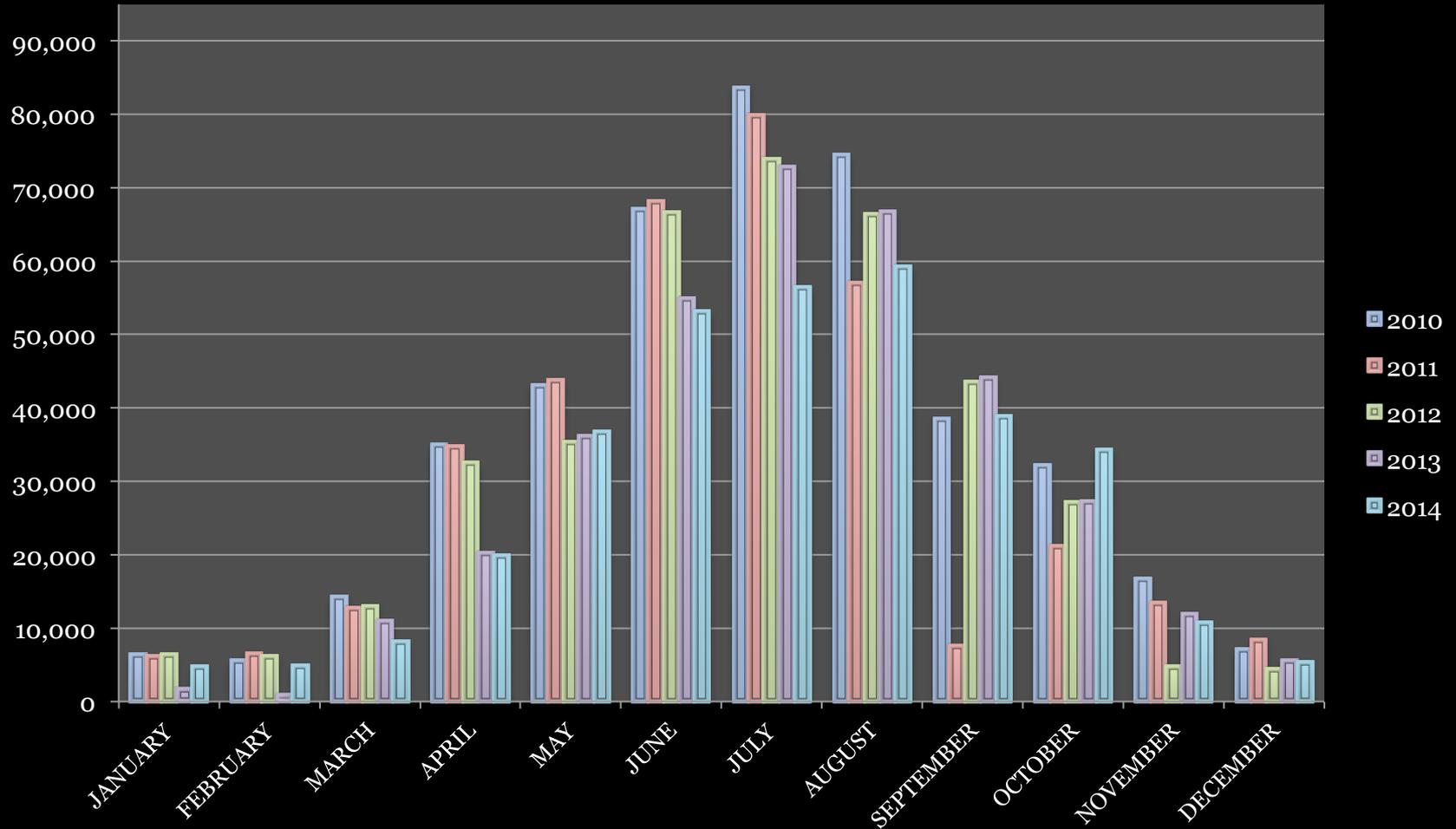
Research

Analysis

Case Studies

Plans of Action

Total Passenger Counts Hatteras to Ocracoke



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Findings – Sales & Use Tax collected countywide

| Hyde County Sales & Use Tax | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| January | \$43,170.81 | \$56,806.82 | \$56,017.99 | \$69,274.84 | \$71,486.44 |
| February | \$56,193.76 | \$59,976.72 | \$64,360.25 | \$51,287.68 | \$64,778.48 |
| March | \$66,879.14 | \$55,669.01 | \$64,729.49 | \$74,130.59 | \$54,418.86 |
| April | \$63,218.71 | \$55,707.09 | \$77,224.74 | \$79,944.76 | \$74,713.06 |
| May | \$93,840.94 | \$116,198.71 | \$96,861.60 | \$88,311.43 | \$89,189.22 |
| June | \$108,100.80 | \$116,944.55 | \$126,935.35 | \$119,640.99 | \$129,895.93 |
| July | \$142,502.39 | \$163,383.40 | \$176,004.29 | \$140,582.70 | \$174,773.19 |
| August | \$179,404.86 | \$186,361.81 | \$181,566.35 | \$201,218.65 | \$179,278.63 |
| September | \$134,183.61 | \$125,191.48 | \$151,961.12 | \$163,871.03 | \$174,510.40 |
| October | \$113,645.19 | \$94,759.65 | \$122,876.36 | \$124,974.41 | \$125,744.15 |
| November | \$114,507.21 | \$95,467.11 | \$178,766.59 | \$102,668.89 | \$107,894.97 |
| December | \$41,483.11 | \$75,455.92 | \$67,756.63 | \$78,858.52 | \$79,873.51 |
| TOTALS | \$1,157,130.53 | \$1,201,922.27 | \$1,365,060.76 | \$1,294,764.49 | \$1,326,556.84 |

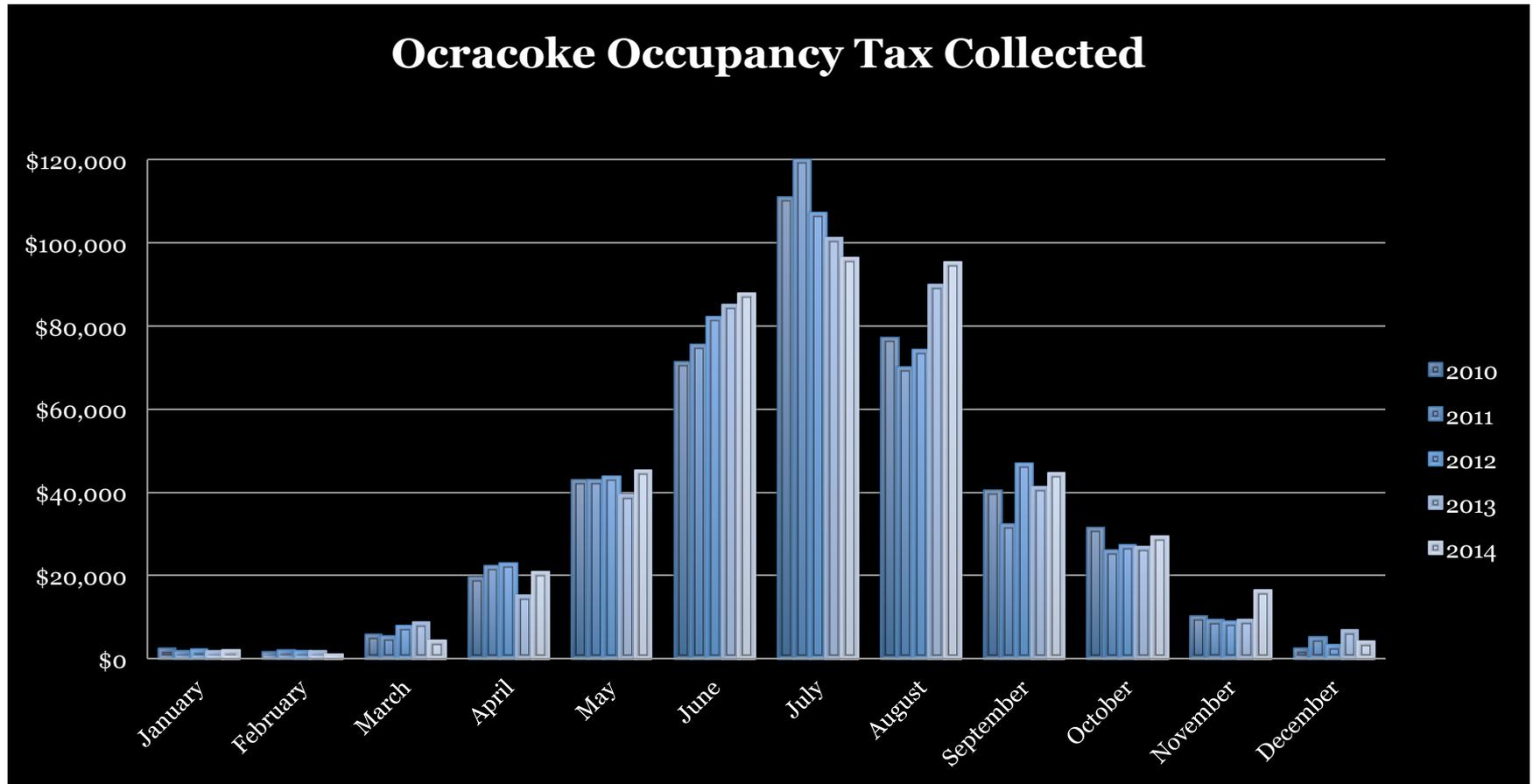
Data source: NC Dept. of Revenue, Sales & Use Tax, Total Allocations Before Adjustment

Findings – Ocracoke occupancy tax

| Total Ocracoke Occupancy Tax Collected | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| January | \$2,327.01 | \$1,678.30 | \$1,952.36 | \$1,617.17 | \$1,861.02 |
| February | \$1,415.92 | \$1,827.79 | \$1,712.43 | \$1,592.78 | \$1,017.79 |
| March | \$5,685.59 | \$5,317.02 | \$7,738.77 | \$8,605.48 | \$4,295.17 |
| April | \$19,549.21 | \$22,114.77 | \$22,804.03 | \$14,892.28 | \$20,856.63 |
| May | \$42,810.73 | \$42,896.56 | \$43,780.50 | \$39,265.75 | \$45,103.26 |
| June | \$71,262.06 | \$75,417.30 | \$82,052.75 | \$84,829.24 | \$87,680.90 |
| July | \$110,835.76 | \$119,889.62 | \$107,129.14 | \$101,166.84 | \$96,218.32 |
| August | \$77,004.00 | \$70,021.38 | \$74,087.41 | \$89,740.04 | \$95,106.39 |
| September | \$40,309.75 | \$32,054.37 | \$46,893.80 | \$41,141.75 | \$44,482.56 |
| October | \$31,435.91 | \$25,968.97 | \$27,221.20 | \$26,768.03 | \$29,410.53 |
| November | \$10,090.66 | \$9,038.99 | \$8,739.05 | \$9,368.20 | \$16,315.12 |
| December | \$ 2,451.95 | \$4,968.15 | \$3,138.59 | \$6,670.04 | \$4,032.79 |
| TOTALS | \$415,178.55 | \$411,193.22 | \$427,250.03 | \$425,657.60 | \$446,380.48 |

*90% managed by Ocracoke OT Board, 10% to County Finance Dept. for administrative fees

Findings – Ocracoke occupancy tax



Intent

Research

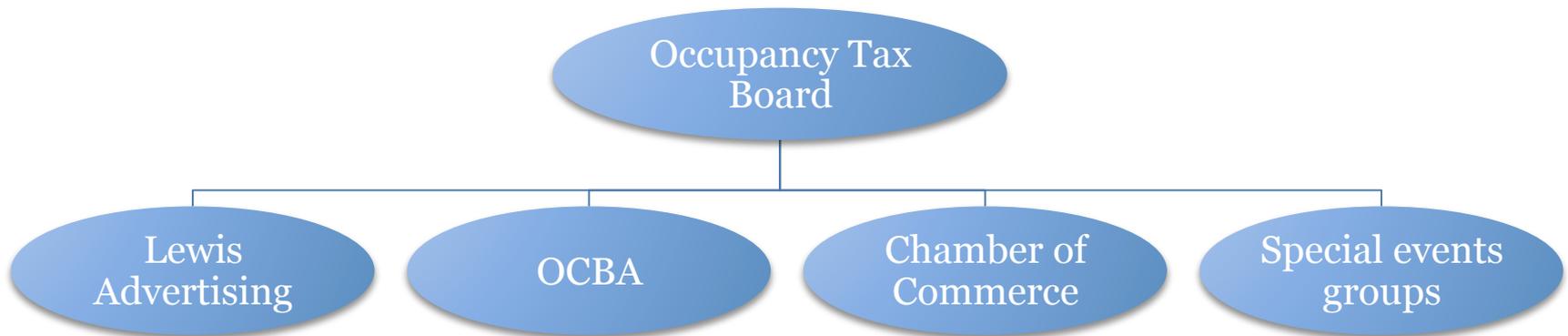
Analysis

Case Studies

Plans of Action

Findings – Current tourism marketing

- 3% occupancy tax levied on all lodging
 - 10% of funds go to Hyde County for administrative costs
 - 90% of funds managed by Ocracoke Occupancy Tax Board
 - “Any public purpose” – NC SL 1991-230
 - “Only for the direct benefit of the island” – NC SL 1991-806

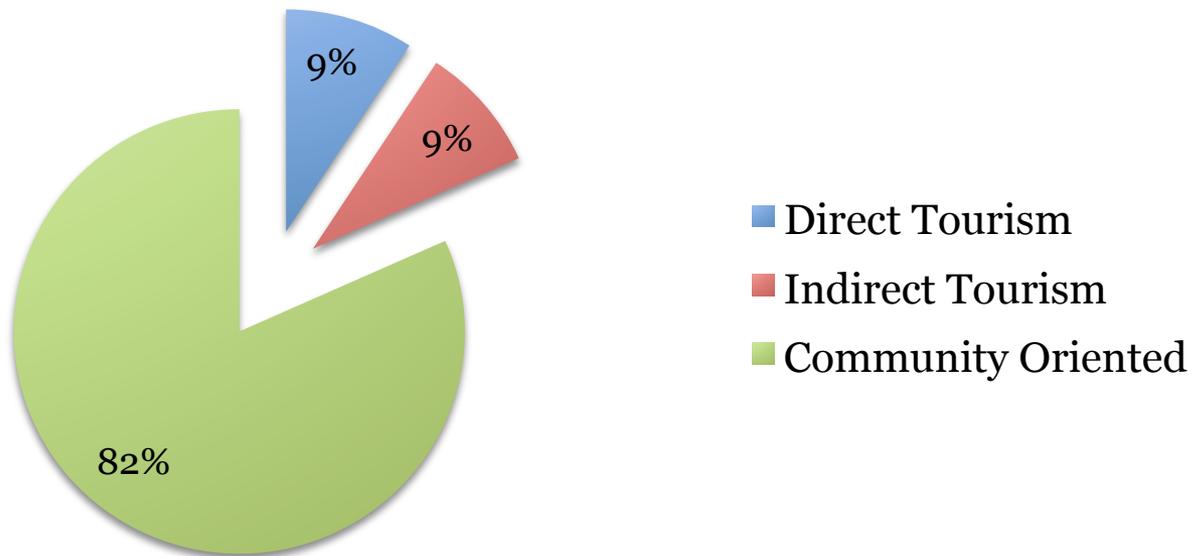


Findings – Current tourism marketing

- Ocracoke OT Board appropriations FYs 2013-2015
 - For direct tourism promotion (~\$53-56K each FY)
 - \$30K for spring marketing campaign via Lewis Advertising
 - \$10K to OCBA for part-time travel & tourism position
 - ~\$11-13K to OCBA for tourism promotion
 - \$2.5K to Hyde Chamber for printing & mailing brochures/maps
 - For indirect tourism promotion (~\$30-55K each FY)
 - \$4.5K for Ocracoke Festival
 - ~\$2K for British Cemetery Ceremony
 - ~\$8-12K for Fourth of July celebration
 - \$26K for Blackbeard's Pirate Jamboree (FY 14-15 only)
 - \$10K for lifeguard funding (FY 14-15 only)

Findings – Current tourism marketing

FY 14-15 Ocracoke Occupancy Tax Appropriations



Findings – Survey & interview results

- Received survey results from 9 lodging businesses on Ocracoke
- Marketing doesn't stop
 - 3 of 9 are open year-round, but 8 advertise on ongoing basis
- All marketing is done in house with annual expenditures below:
 - \$100-500 = 1 business
 - \$2,500-5,000 = 2 businesses
 - \$5,000-10,000 = 3 businesses
 - \$10,000-25,000 = 3 businesses
- Combination of marketing mediums
 - All 9 advertise in online directories
 - 8 utilize rack cards, local news (print/online), or local radio
 - 4 advertise in regional news, radio, or TV
- Repeat customers & referrals are essential

Findings – Survey & interview results

- Desire for collaboration
 - 9 of 9 are OCBA members
 - 7 of 9 are members of Hyde Chamber of Commerce & OBX Chamber of Commerce
 - 2 belong to Think Ocracoke, 1 belongs to other umbrella organizations
- Publications they would like to feature Ocracoke include:
 - Our State (5 of 9)
 - Southern Living (3 of 9)
 - Regional newspapers (2 of 9)
 - Coastal Living & NC TV (1 of 9)
- Other comments
 - Spring & fall advertising needs to be improved
 - Relationship between Ocracoke & OBX Chamber/Visitors Center needs improvement
 - OCBA does a great job
 - 1 business owner expressed concern about occupancy tax rates increasing

SWOT analysis

- **Strengths:**
 - Located within strong tourism region (OBX & IBX), several unique travel destinations
 - Dedicated, repeat customer base
 - Pro-active entrepreneurs & small business owners
 - Ocracoke walking map
 - Variety of special events & festivals spread across the calendar year
- **Weaknesses:**
 - Lack of cohesion, no unified source of information, inefficient use of funds
 - Lack of continuity in personnel & funding
 - Lack of accountability & transparency
 - Lackluster web presence
 - Missing out on regional & statewide networks of tourism promotion

SWOT analysis

- **Opportunities:**
 - Increase tourism on Ocracoke in Spring & Fall
 - Tie into existing tourism promotion networks, state assistance & resources
 - Tap into adjacent tourism markets
 - New & improved website, more comprehensive & visually striking
 - Generate revenue specifically for tourism promotion
- **Threats:**
 - Turnover of staff & volunteers within OCBA, OT Board & Chamber
 - Competition for limited funding via OT Board & general fund
 - Tension between Ocracoke & mainland Hyde
 - Decreasing length of stay
 - Longer ferry route, ORV pass, travel issues on Hwy 12

Other approaches to tourism

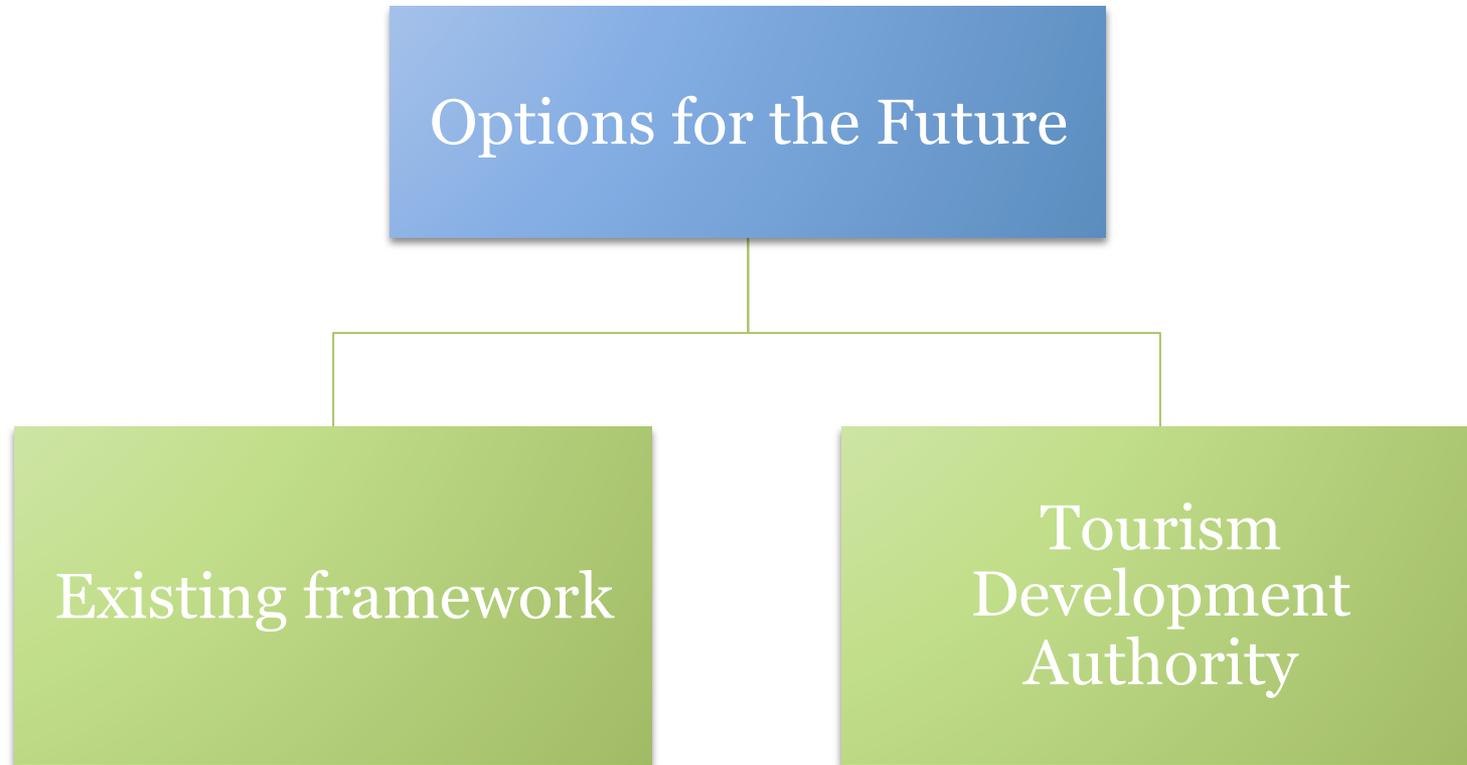
- Occupancy rate comparison
 - Majority of NC coastal towns & counties have 5-6% occupancy tax rate
 - Carteret & Dare Counties = 5%
 - Majority of counties that border coastal counties are also 5-6%
 - Authorization by NC General Assembly required to raise rate
- Hyde is 1 of 2 counties to use occupancy tax for any lawful purpose
 - Typically use of revenue is restricted to:
 - Tourism promotion
 - Beach nourishment
 - Convention centers, performing arts centers
- Administered by tourism development authority (TDA), visitors bureau, or local government

Other approaches to tourism

- State networks
 - Visit NC
 - Promotion & technical assistance to communities
 - Official NC travel guide, welcome centers
 - Tourism Resource Assistance Center
- Regional networks
 - Northeast Tourism group (NET)
 - Liaison to state tourism agencies
 - Collaborative marketing
 - Regional trail & group tour development
 - Coast Host
- Chambers of Commerce
 - Promote tourism as a way to support businesses development



Potential plans of action



Option A: Work within our existing framework

Increase efficiency

- Set aside \$ for tourism
- Regular reports from organizations that receive \$ for tourism
- Monitor & react to economic trends

Unify

- Tourism subgroup or joint meetings
- Collaboration between Chamber & OCBA
- Collaborate with NC Ferry & NPS

Expand reach

- RFP for revised marketing
- Consider fall marketing
- Consider target audiences
- Improve websites



Option B: Tourism Development Authority (TDA)

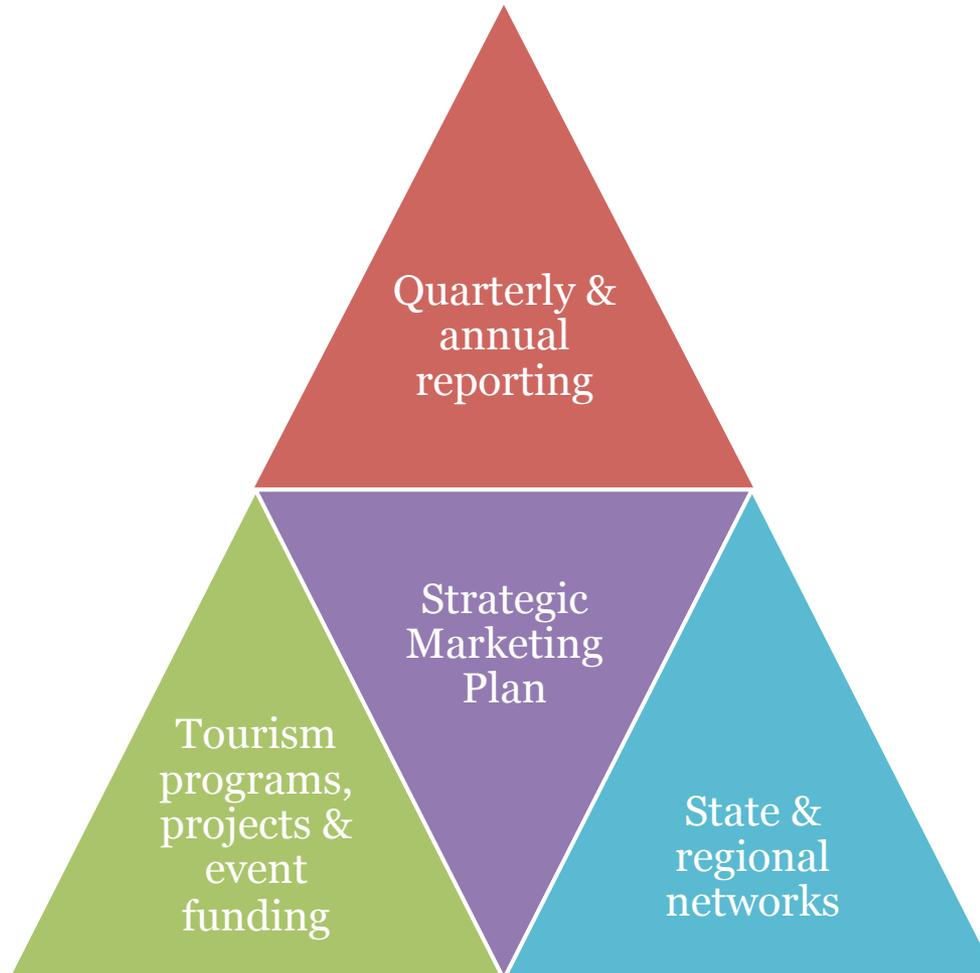
- NC Session Law 2006-128
 - Additional 2% occupancy tax in Ocracoke Township Taxing District
 - Ocracoke Township TDA
 - $\geq 2/3$ to promote travel & tourism
 - Remainder for tourism related expenditures in the district
- Additional 2% \approx \$275-295K per year
 - “None of the proceeds may be used to promote travel or tourism in areas within Hyde County that are outside of the district or for tourism-related expenditures in the county that are outside of the district.” – NCSL 206-128



Option B: Tourism Development Authority (TDA)



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Thank you

Please see Appendix for further details