

**TOWN OF HILTON HEAD ISLAND
ACCOMMODATIONS TAX ADVISORY COMMITTEE**

Date: April 25, 2013 **Time:** 1:00 p.m.

Members Present: Robert Stenhammer, *Chairman*; Mike Alsko, *Vice-Chairman*; John Munro, Frank Soule, Trish Heichel, Stewart Brown

Members Absent: None

Staff Present: Susan Simmons, *Director of Finance*; Brian Hulbert, *Staff Attorney*; Bret Martin, *Deputy Finance Director*; Erica Madhere, *Finance Assistant*

Council Present: John McCann

Others Present: Susan Thomas, Charlie Clark, Ray Deal, Bill Miles, Brenda Ciapanna, Jayme Greco, David Tigges and Representatives from the Hilton Head Island-Bluffton Chamber of Commerce/VCB and Hilton Head Island Marketing Council

Media: Brian Heffernan

1. Call to Order:

The meeting was called to order at 1:00 p.m.

2. FOIA Compliance:

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. Approval of Minutes:

Mr. Brown moved to approve the Minutes of December 13, 2012. Ms. Heichel seconded the motion. The Motion passed unanimously. (6-0)

4. Special Orders

Due to the resignation of former Chairman Bret Martin, a special election was held to appoint a new Chairman and Vice-Chairman for the remainder of Fiscal Year 2013. Ms. Heichel nominated Mr. Robert Stenhammer for Chairman and Mr. Brown seconded the motion. The motion passed unanimously (6-0). Ms. Heichel nominated Mr. Mike Alsko for Vice-Chairman and Mr. Munro seconded. The motion passed unanimously (6-0).

5. Chairman's Report:

Mr. Stenhammer expressed his eagerness to serve as Chairman of the Committee; he thanked the Committee for the vote and thanked the Town for the support. He reviewed the remainder of the 2013 meeting schedule and noted it is a more condensed schedule than in the past in an effort to provide accessibility to the new grants in the beginning of the calendar year. Mr. Stenhammer also mentioned he would like the Committee to review the 2013 grant application and be prepared to discuss possible changes to the 2014 grant application at the next meeting on July 16. He would like to make sure the application asks qualifying questions that prove the organizations provide value to the community, drive overnight visitors or enhance the

experience of overnight visitors, and that they collaborate with other organizations. Members of the Committee have continued to work with Dr. Salazar and the USCB on a program that will allow organizations to collect data, and are hoping to create a program that all qualifying organizations applying for Accommodations Tax Grants will be able to utilize. The data collection, in the form of surveys, can be used as a measurement tool of an organization's return on investment. The results are great for the event/organization, but also are extremely useful to Island tourism as a whole when all results are rolled in together and viewed in aggregate.

6. Unfinished Business:

None

7. New Business:

a. Hearing regarding the Chamber of Commerce and Visitor & Convention Bureau's proposed budget of expenditures for 2013-2014 of the 30% allocation of State Accommodations Tax Funds for advertising of tourism.

Mr. Stenhammer disclosed a potential conflict of interest and left the dais for the duration of the hearing. The required disclosure form is attached.

David Tigges, former Chairman of the Hilton Head Island-Bluffton Chamber of Commerce and Visitor and Convention Bureau and current member of the Hilton Head Island Marketing Council, made opening comments to the Committee. The Hilton Head Island Marketing Council was formed by the Visitor and Convention Bureau in 2012 to provide direct input from the local tourism and hospitality industry into the VCB's Sales and Marketing program. The 13 members of the Marketing Council unanimously approved the Chamber/VCB's 2013-2014 Marketing Plan. Mr. Tigges thanked the Marketing Council's Chairman, Steve Birdwell, for his excellent management of the Council, as well as the Chamber's Staff for their professional work, Susan Thomas for her leadership, and Charlie Clark for her role in earned media and public relations. Additionally, Mr. Tigges recognized the Chamber/VCB's financial integrity, managed by Ray Deal, and congratulated them on receiving an Unqualified Audit year after year.

Susan Thomas, Vice-President of the Hilton Head Island-Bluffton Chamber of Commerce and Visitor and Convention Bureau kicked off the presentation with a recap of the recent successful advertising campaign, specifically the television commercial spot that ran on major networks such as CBS and the Golf Channel leading up to and during the RBC Heritage Classic golf Tournament. The focus of the commercial was based on the branding of Rejuvenation, Refreshment, and Reconnection to what is important to oneself, which was derived from late Sea Pines developer Charles Fraser's concept to come home a better person at the end of the day. The commercial, narrated by audio recordings of Charles Fraser, was produced to build awareness of Hilton Head Island as a destination, and also to drive traffic to the Chamber/VCB's website. During the Heritage week, traffic to the website was up 22%.

Ms. Thomas stated 2012 was a solid year for the national and local travel and tourism industry. In Hilton Head, there was an increase of 3 percent in the number of visitors and a 6.1 percent increase in lodging revenue per available room. As compared to other competitive destinations, Hilton Head Island was in the upper third in occupancy, mid-range for average daily rate, and upper third in web search and conversion. The Chamber has been tracking growth in interest in Hilton Head Island by geographic regions and has noticed a shift from the Southeast to more Northeast, Midwest, and Canadian regions.

The Chamber expects 2013 to be an even stronger year due to the renovations of many major hotels and resorts and the ongoing retail reinvestment. So far, the occupancy rate is up significantly in the first quarter of the year, although there is room for improvement in average daily rate on the Home / Villa side. Year over year visitors to the Chamber's website increased 25%, and part of the 2013-14 Plan is to increase the paid search engine marketing budget to facilitate even more website visitor growth, both on the web and mobile since about 40% of the website visitors were using a mobile device. The Chamber is currently developing more content about what to do once visitors are here due to the large upshift in mobile users. Ms. Thomas explained the prioritized target market segments are Golf, and there is a very robust Golf marketing program already in place, and the Culinary market for which there are many cross promotions, such as a Bike and Dine promo in May and the annual Restaurant Week. They are researching the Tennis market to develop another growing segment.

Ms. Thomas also spoke about a recent generational shift, there are now five generations to reach as the Y Generation is coming into more discretionary income and the Baby Boomers are reaching retirement. This is considered to be the "New Normal", and the challenge is how to appeal to each generation and also to the frugality mind set which surfaced after the last recession and has affected the population regardless of income level. Also part of this shift is an increased importance in wireless and electronic connectivity, which the Town and Private sectors are working diligently on improving.

In summary, Ms. Thomas explained the Marketing Plan is a collaboration between the Public and Private partners, and it has been supported by the travel industry. The goal is to move the needle forward, through investing in research, and to keep Hilton Head Island in the mind of travelers, especially the Affluent Traveler.

The Committee members congratulated the Chamber / VCB on their comprehensive plan and appreciated the content, branding, mobile marketing, and teamwork among the local businesses and the community.

Mr. Brown made a motion to recommend that Town Council approve the budget as presented by the Hilton Head-Bluffton Chamber of Commerce and Visitors & Convention Bureau and Ms. Heichel seconded the motion. The Motion was approved by a vote of 5-0. (Mr. Stenhammer did not participate in the vote due to his recusal as noted above.)

8. Adjournment:

Ms. Heichel moved to adjourn the meeting. Mr. Stenhammer seconded the Motion. The meeting was adjourned at 2:04 p.m.

Approved:

Respectfully submitted:

Robert Stenhammer, Chairman

Erica Madhere, Secretary